

*sanofi-aventis Pakistan Limited*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED

June 30, 2021

(UN-AUDITED)



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# Company Information

## Board of Directors

Syed Babar Ali  
Asim Jamal  
Yasser Pirmuhammad  
Syed Hyder Ali  
Arshad Ali Gohar  
Imtiaz Ahmed Husain Laliwala  
Shahid Zaki  
Rehmatullah Khan Wazir  
Naira Adamyan  
Hermes Martet  
Marc-Antoine Lucchini

Chairman  
Chief Executive Officer  
Chief Financial Officer

## Company Secretary

Muhammad Yousuf

## URL

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

## Head of Internal Audit

Muhammad AbuBakar Siddiq

## 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  
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 are pleased to present the un-audited interim condensed financial statements of your Company, for the half year ended June 30, 2021. 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.

Net sales for the half year ended June 30, 2021 stands at Rs. 8,071 million which grew by 22% compared to same period last year. This growth was mainly driven by Flagyl®, Haemaccel® and Clexane® which grew by 39%, 571% and 32% respectively.

The gross margin improved slightly to 22.8% from 22.1% as compared to same period last year on account of pricing as well as appreciation/stability in exchange rate in first half of the year. Distribution and marketing expenses reduced to 11% of net sales from 14.28% last year mainly due to substantial growth in top line as well as savings in travelling and promotional expenses this year as most of the promotional activities were conducted digitally. Administrative expenses also reduced to 3.4% of net sales from 3.9% last year.

Due to the reasons explained above, profit before tax for the half year ended June 30, 2021 amounted to Rs. 714 million. While profit after tax amounted to Rs. 444 million translating into earnings per share of Rs. 46.02 as compared to loss per share of Rs. 10.70 in same period last year.

Currently, the Country has entered in the fourth wave of COVID-19 pandemic which has now resulted in smart lockdowns in various parts of the country specially in the province of Sindh. The Company is continuously 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.

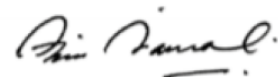
The learning over the past one year has enabled us to develop a robust yet flexible operating model which enables the business to quickly adapt to the changing scenario whilst ensuring employee wellbeing, business continuity and growth.

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 stay safe and ensure compliance with the directives of the government to fight this pandemic.

By order of the Board



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer

Karachi: August 26, 2021

## ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے ۳۰ جون، ۲۰۲۱ء کو ختم شدہ ششماہی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS) - "انٹرم فنانشل رپورٹنگ" کے مطابق اور کمپنیز ایکٹ، ۲۰۱۷ء کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز ایکٹ، ۲۰۱۷ء کی ہدایات پر عمل کیا گیا ہے۔

۳۰ جون، ۲۰۲۱ء کو ختم شدہ ششماہی میں کمپنی کی نیٹ سیلز گزشتہ سال میں اسی دورانیہ کے مقابلے میں ۲۲ فیصد اضافے کے ساتھ ۸۰۷۱ ملین روپے رہی۔ اس اضافے کی بنیادی وجہ فلیجبل، ہیماکسل اور گلگیزین کی نیٹ سیلز میں اضافہ ہے جن میں بالترتیب ۳۹ فیصد، ۵۷ فیصد اور ۳۲ فیصد اضافہ ریکارڈ کیا گیا۔

سال کی پہلی ششماہی میں قیمتوں میں اضافے کے ساتھ زرمبادلہ کی شرح میں استحکام کی بنا پر مجموعی منافع گزشتہ سال اسی دورانیہ کے مقابلے میں ۲۲ فیصد سے تھوڑا سا بڑھ کر ۲۲۸ فیصد ہو گیا۔ ڈسٹری بیوشن اور مارکیٹنگ اخراجات گزشتہ سال نیٹ سیلز کے ۱۲۶۲۸ فیصد کے مقابلے میں کم ہو کر ۱۱ فیصد تک آگئے جس کی بنیادی وجوہات میں سفری اور تشہیری اخراجات میں بچت شامل ہے، کیونکہ زیادہ تر تشہیری سرگرمیوں کے لیے ڈیجیٹل طریقہ کار کو اپنایا گیا۔ انتظامی اخراجات گزشتہ سال نیٹ سیلز کے ۳۹ فیصد کے مقابلے میں کم ہو کر ۳۴ فیصد کی سطح پر آگئے۔

مندرجہ بالا اسباب کی وجہ سے ۳۰ جون، ۲۰۲۱ء کو ختم شدہ ششماہی میں قبل از ٹیکس منافع ۱۴ ملین روپے رہا۔ جبکہ بعد از ٹیکس منافع ۴۴۴ ملین روپے ریکارڈ کیا گیا، اسی طرح گزشتہ سال اسی دورانیہ میں ۴۶۰۲ روپے فی حصص خسارے کے مقابلے میں ۱۰۷۰ روپے فی حصص منافع ریکارڈ کیا گیا ہے۔

ملک میں COVID-19 کی چوتھی لہر آچکی ہے جس کے نتیجے میں ملک کے مختلف علاقوں خاص طور پر صوبہ سندھ میں سمارٹ لاک ڈاؤن لگائے جا رہے ہیں۔ کمپنی صورتحال کا مسلسل جائزہ لے رہی ہے اور اپنے ملازمین، صارفین، سپلائرز اور اسٹیک ہولڈرز کے بہترین مفاد میں وفاقی، صوبائی حکومتوں یا مقامی انتظامیہ کی ہدایات کے مطابق مزید اقدامات اٹھا سکتی ہے۔

گزشتہ ایک سال کے حالات نے ہمیں اس قابل بنادیا ہے کہ ہم نے بدلتے حالات کے تحت اپنے کاروبار کو بھی تیزی سے صورتحال کے مطابق ڈھال دیتے ہیں جبکہ کاروبار میں تسلسل اور ترقی کے ساتھ ملازمین کی بھلائی کو بھی یقینی بنایا جاتا ہے۔

بورڈ آف ڈائریکٹرز موجودہ نازک حالات میں کمپنی کے تمام شراکت 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۔

*Asi Kamil*

عاصم جمال

چیف ایگزیکٹو آفیسر

بحکم بورڈ

*Salman*

سید باہر علی

چیئر مین

کراچی، ۲۶ اگست، ۲۰۲۱ء



EY Ford Rhodes  
Chartered Accountants  
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## 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 2021** 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 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-months ended 30 June 2021.

#### **Scope of Review**

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

#### **Conclusion**

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

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

**Chartered Accountants**

**Place:** Karachi

**Date:** 26 August 2021

sanofi-aventis Pakistan Limited  
Condensed Interim Statement of Financial Position  
As at June 30, 2021

	Note	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
----- Rupees in '000 -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	1,610,826	1,741,583
Right-of-use assets	5	9,030	21,790
Intangible assets		4,495	3,604
		<u>1,624,351</u>	<u>1,766,977</u>
Long-term loans		3,090	3,119
Long-term deposits		15,983	13,643
Deferred taxation - net		155,156	123,773
		<u>1,798,580</u>	<u>1,907,512</u>
<b>CURRENT ASSETS</b>			
Stores and spares		52,367	48,273
Stock-in-trade - net	6	3,881,940	3,210,363
Trade debts - net		518,351	538,646
Loans and advances		149,618	88,694
Trade deposits and short-term prepayments		458,414	427,861
Other receivables - net		222,605	966,953
Taxation - net		1,292,135	1,411,809
Cash and bank balances		191,965	53,235
		<u>6,767,395</u>	<u>6,745,834</u>
<b>TOTAL ASSETS</b>		<u><u>8,565,975</u></u>	<u><u>8,653,346</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Authorised			
10,000,000 Ordinary shares of Rs.10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up		96,448	96,448
Reserves			
Capital reserves		362,391	353,307
Revenue reserves		4,363,278	4,112,343
		<u>4,725,669</u>	<u>4,465,650</u>
		4,822,117	4,562,098
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		98,641	163,622
Deferred liabilities		35,921	42,274
Lease liabilities	5	-	1,340
		<u>134,562</u>	<u>207,236</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities		51,816	57,927
Trade and other payables	7	3,338,204	3,396,136
Current maturity of long-term financing		179,272	143,758
Current maturity of deferred liabilities		9,410	16,340
Current maturity of lease liabilities	5	3,661	22,140
Accrued mark-up		1,503	5,599
Unclaimed dividend		10,152	9,279
Short-term borrowings	8	15,278	232,833
		<u>3,609,296</u>	<u>3,884,012</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,565,975</u></u>	<u><u>8,653,346</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, 2021 (Un-audited)

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees in '000 -----			
NET SALES	8,070,617	6,616,429	4,492,770	3,195,361
Cost of sales	(6,234,109)	(5,151,468)	(3,541,475)	(2,464,554)
GROSS PROFIT	1,836,508	1,464,961	951,295	730,807
Distribution and marketing expenses	(891,397)	(944,899)	(459,394)	(375,978)
Administrative expenses	(270,914)	(261,312)	(137,287)	(126,852)
Other expenses	(74,459)	(251,030)	(38,509)	(166,439)
Other income	129,872	29,144	33,781	12,342
	(1,106,898)	(1,428,097)	(601,409)	(656,927)
OPERATING PROFIT	729,610	36,864	349,886	73,880
Finance costs	(15,658)	(22,606)	(7,392)	(10,333)
PROFIT BEFORE TAXATION	713,952	14,258	342,494	63,547
Taxation - Current	(303,121)	(187,341)	(162,729)	(95,461)
- Deferred	32,999	69,898	18,348	13,142
	(270,122)	(117,443)	(144,381)	(82,319)
PROFIT/(LOSS) AFTER TAXATION	443,830	(103,185)	198,113	(18,772)
EARNINGS/(LOSS) PER SHARE - basic and diluted (Rupees)	46.02	(10.70)	20.54	(1.95)

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, 2021 (Un-audited)

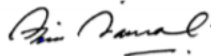
	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees in '000 -----			
Profit/ (loss) after taxation	443,830	(103,185)	198,113	(18,772)
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>				
Actuarial gain/(loss) on defined benefit plans	-	-	-	-
Deferred tax on actuarial gain/(loss) on defined benefit plans	-	-	-	-
Total other comprehensive income	-	-	-	-
<b>Total comprehensive income/ (loss)</b>	<b>443,830</b>	<b>(103,185)</b>	<b>198,113</b>	<b>(18,772)</b>

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


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Syed Babar Ali  
 Chairman



Asim Jamal  
 Chief Executive Officer



Yasser Pirmuhammad  
 Chief Financial Officer

sanofi-aventis Pakistan limited  
 Condensed Interim Statement of Cash Flows  
 For the six months period ended June 30, 2021 (Un-audited)

	Note	June 30, 2021	June 30 2020
-----Rupees in '000-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		713,952	14,258
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation / amortization		175,168	178,232
Impact of lease modification		(1,122)	-
Impact of lease termination		(115)	
(Gain) / loss on sale of operating fixed assets		(1,938)	83
Release of deferred liabilities		(13,283)	-
Expenses arising from equity settled share based payment plans		9,084	13,954
Retirement benefits		58,938	72,354
Interest income		(6)	(2)
Finance costs		15,658	22,606
		956,336	301,485
<b>(Increase) / decrease in current assets</b>			
Stores and spares		(4,094)	3,673
Stock-in-trade		(671,577)	(1,422,949)
Trade debts		20,295	(86,106)
Loans and advances		(60,924)	(24,588)
Trade deposits and short-term prepayments		(30,553)	(164,488)
Other receivables		745,816	540,692
		(1,037)	(1,153,766)
		955,299	(852,281)
<b>(Decrease) / increase in current liabilities</b>			
Contract liabilities		(6,111)	(27,192)
Trade and other payables (excluding liabilities for employees' pension and gratuity funds)		(54,488)	1,063,755
<b>Cash generated from operations</b>		894,700	184,282
Finance costs paid		(19,345)	(26,629)
Interest on lease liability paid		(2,298)	(170)
Income tax paid		(181,830)	(201,879)
Retirement benefits paid		(63,851)	(90,599)
Long-term loans		29	582
Long-term deposits		(2,340)	-
<b>Net cash generated from/ (used in) operating activities</b>		625,065	(134,413)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(61,396)	(168,646)
Sale proceeds from sale of operating fixed assets		25,985	10,159
Interest received		6	2
<b>Net cash used in investing activities</b>		(35,405)	(158,485)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(192,022)	(76,916)
Repayment of lease liability		(11,886)	(15,793)
Repayment of long-term financing		(29,467)	-
Proceeds from long-term financing		-	328,428
<b>Net cash (used in)/ generated from financing activities</b>		(233,375)	235,719
<b>Net Increase / (decrease) in cash and cash equivalents</b>		356,285	(57,179)
Cash and cash equivalents at the beginning of the period		(179,598)	(416,774)
Cash and cash equivalents at the end of the period	10	176,687	(473,953)

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, 2021 (Un-audited)

	Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid-up share capital	long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappropriated profit / (loss)	
	-----Rupees '000-----						
Balance as at January 1, 2020 (Audited)	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	13,954	-	-	13,954
Final dividend @ Rs.8 per ordinary share for the year ended December 31, 2019	-	-	-	-	-	(77,158)	(77,158)
Loss after taxation	-	-	-	-	-	(103,185)	(103,185)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(103,185)	(103,185)
Balance as at June 30, 2020	96,448	5,935	18,000	311,606	3,535,538	(44,464)	3,923,063
Balance as at January 1, 2021 (Audited)	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	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

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

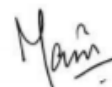
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Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# sanofi-aventis Pakistan limited

## Notes to the Condensed Interim Financial Statements

### For the six months period ended June 30, 2021 (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 carrying shareholding at 52.87% and incorporated in 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' (IAS 34) , issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017 (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, 2020.
- 2.3** The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended June 30, 2021 and June 30, 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended June 30, 2021 and June 30, 2020.
- 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, 2020 except, as stated in note 3 of these condensed interim financial statements.

#### 3. ACCOUNTING POLICIES

##### SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2020, except for the adoption of amendments to approved accounting standards which became effective for the current period:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The adoption of above ammendments approved accounting standards did not have any material effect on the condensed interim financial statements of the Company.

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	Note	June 30, 2021 -----Rupees in '000----- (Un-audited)	December 31, 2020 -----Rupees in '000----- (Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	1,548,988	1,586,496
Capital work-in-progress	4.2 & 4.3	61,838	155,087
		<u>1,610,826</u>	<u>1,741,583</u>
<b>4.1 Operating fixed assets</b>			
Opening net carrying value		1,586,496	1,546,805
Additions / transfers from capital work-in-progress	4.1.1	152,252	433,035
Disposals during the period / year	4.1.1	(24,047)	(54,616)
Write-off during the period / year		-	(800)
Depreciation charge for the period / year		(165,713)	(337,928)
Closing net carrying value		<u>1,548,988</u>	<u>1,586,496</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----			
Buildings on leasehold land	37,590	16,483	-	-
Plant and machinery	51,178	223,555	-	-
Furniture and fixtures	-	566	1,124	-
Factory and office equipment	16,774	84,623	1,112	-
Motor vehicles	46,710	107,808	21,811	54,616
	<u>152,252</u>	<u>433,035</u>	<u>24,047</u>	<u>54,616</u>

	June 30, 2021 -----Rupees in '000----- (Un-audited)	December 31, 2020 -----Rupees in '000----- (Audited)
<b>4.2 Capital work-in-progress</b>		
Buildings on leasehold land	7,783	50,264
Plant and machinery	24,381	51,941
Others	29,674	52,882
	<u>61,838</u>	<u>155,087</u>

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

	June 30, 2021 -----Rupees in '000----- (Un-audited)	December 31, 2020 -----Rupees in '000----- (Audited)
Opening balance	155,087	103,308
Additions during the period / year	5,439	88,377
Transferred to operating fixed assets	(98,688)	(36,598)
Closing balance	<u>61,838</u>	<u>155,087</u>

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## Notes to the Condensed Interim Financial Statements

### For the six months period ended June 30, 2021 (Un-audited)

		June 30, 2021	December 31, 2020
	Note	-----Rupees in '000-----	
		(Un-audited)	(Audited)
<b>5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES</b>			
Opening balance		21,790	2,828
Additions during the period / year		-	36,382
Impact of lease modification	5.1	(3,432)	-
Depreciation charge for the period / year		(7,953)	(17,420)
Impact of termination of lease	5.2	(1,375)	-
Closing balance		<u>9,030</u>	<u>21,790</u>

Set out below are the carrying amount of lease liabilities and the movement during the year:

Opening balance		23,480	2,999
Additions during the period / year		-	36,382
Accretion of interest for the period / year		409	2,261
Payments		(14,184)	(18,162)
Impact of lease modification	5.1	(4,554)	-
Impact of termination of lease	5.2	(1,490)	-
Closing balance		<u>3,661</u>	<u>23,480</u>
Non-current lease liabilities		-	1,340
Current maturity of lease liabilities		<u>3,661</u>	<u>22,140</u>
		<u>3,661</u>	<u>23,480</u>

**5.1** The Company modified its contracts for two sales offices resulting in reduction in scope of lease. Right-of-use assets and lease liabilities have been adjusted accordingly as per the requirements of IFRS-16.

**5.2** The Company terminated one contract for sales office due to its early closure. Right-of-use asset and lease liability have been adjusted accordingly as per the requirements of IFRS-16.

		June 30, 2021	December 31, 2020
	Note	-----Rupees in '000-----	
		(Un-audited)	(Audited)
<b>6. STOCK-IN-TRADE</b>			
<b>Raw and packing material</b>			
In hand		1,568,262	1,364,825
In transit		396,512	79,069
		<u>1,964,774</u>	<u>1,443,894</u>
Provision against raw and packing material	6.1	(330,732)	(221,054)
		<u>1,634,042</u>	<u>1,222,840</u>
Work-in-process		94,074	96,071
<b>Finished goods</b>			
In hand		1,713,931	1,853,682
In transit		614,735	209,692
		<u>(174,842)</u>	<u>(171,922)</u>
Provision against finished goods	6.2	<u>2,153,824</u>	<u>1,891,452</u>
	6.3	<u>3,881,940</u>	<u>3,210,363</u>

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For the six months period ended June 30, 2021 (Un-audited)

	June 30, 2021	December 31, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>6.1</b>	<b>Movement of provision against raw and packing material</b>	
Opening balance	221,054	151,162
Charge for the period / year	119,399	86,216
Write-off during the period / year	(9,721)	(16,324)
Closing balance	<u>330,732</u>	<u>221,054</u>
<b>6.2</b>	<b>Movement of provision against finished goods</b>	
Opening balance	171,922	179,616
Charge for the period / year	6,816	49,451
Write off during the period / year	(3,896)	(57,145)
Closing balance	<u>174,842</u>	<u>171,922</u>
<b>6.3</b>	Includes write down of raw and packing material costing Rs. 816 million (December 31, 2020: nil) to their net realizable value of Rs. 669 million (December 31, 2020: nil). Also includes write down of finished goods costing Rs. 1,671 million (December 31, 2020: Rs 349.7 million) to their net realizable value of Rs. 1,621 million (December 31, 2020: Rs 273.6 million).	
<b>7.</b>	<b>TRADE AND OTHER PAYABLES</b>	
	June 30, 2021	December 31, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>Trade creditors</b>		
Related parties	993,106	1,029,599
Other trade creditors	485,251	360,760
	<u>1,478,357</u>	<u>1,390,359</u>
<b>Other payables</b>		
Accrued liabilities	890,833	1,050,350
Refund liabilities	30,082	27,347
Provision for Sindh Development and Maintenance of Infrastructure Cess	431,443	403,546
Employees' Pension Fund	318,468	321,912
Workers' Profit Participation Fund	41,681	50,291
Workers' Welfare Fund	97,134	95,967
Central Research Fund	7,249	9,054
Compensated absences	28,389	27,107
Security deposits	1,775	1,775
Contractors' retention money	3,251	5,156
Sales tax payable	9,542	13,272
	<u>1,859,847</u>	<u>2,005,777</u>
	<u>3,338,204</u>	<u>3,396,136</u>

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### For the six months period ended June 30, 2021 (Un-audited)

	June 30, 2021	December 31, 2020
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>8. SHORT-TERM BORROWINGS</b>		
Running finance utilized under mark-up arrangements	<u>15,278</u>	<u>232,833</u>

Represents utilized portion of running finance facilities from various commercial banks under mark-up arrangements. The total running finance facilities available aggregates to Rs. 2,800 million (December 31, 2020: Rs. 2,800 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% (December 31, 2020: KIBOR + 0.15% to KIBOR + 0.40%) per annum. These facilities will expire latest by March 31, 2022.

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There are no changes in the status of contingencies, as set out in note 20.1 to the annual financial statements of the Company for the year ended December 31, 2020 except for the following:

- 9.1.1** During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection had framed the assessment for Tax Year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order was Rs.123.4 million. During the year 2018, the Commissioner Inland Revenue (Appeals) [CIR(A)] had remanded back the proceedings for fresh consideration to the Deputy Commissioner Inland Revenue (DCIR).The Company had filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the directions of CIR(A) for remand back proceedings. During the year 2019, the DCIR reduced the withholding tax demand from Rs.123.4 million to Rs.39.4 million in respect of matters pertaining to short withholding on imports. Therefore, balance of Rs.84 million was refundable to the Company, out of which an amount of Rs.49 million was refunded to the Company in the form of cash payments and the remaining amount of Rs.35 million was adjusted against the tax liability for the Tax Year 2021. During the period, appeal was filed with CIR(A) for the disputed amount of Rs.39.4 million which was rejected by CIR(A) therefore, the appeal was filed before the ATIR.
- 9.1.2** During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001 (Ordinance), 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. However, the Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending. Appeal effect order was issued by the officer disallowing the same, therefore, appeal was filed with CIR(A). During the period, CIR(A) has sustained the demand of Rs.44.6 million which is pursued in appeal with the ATIR.
- 9.1.3** The DCIR passed an order under section 122(5) of the Income Tax Ordinance, 2001 for the year ended December 31, 2012, increasing the tax liability by Rs. 131.1 million on the contention that the Company understated the gain on sale of WAH Site and disallowance of certain expenses related to sales promotion and advertisement. The appeal was filed with CIR(A), matter related to gain on disposal of WAH site was deleted and additions relating to sales promotion and advertisements were remanded back. An appeal was filed with CIR(A) against the order issued by Commissioner on remand back proceedings to obtain the desired relief.



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9.2 Commitments

June 30, 2021 December 31, 2020  
-----Rupees in '000-----  
(Un-audited) (Audited)

Commitments for capital expenditure	<u>117,992</u>	<u>99,512</u>
Outstanding letters of credit	<u>202,982</u>	<u>214,422</u>
Outstanding bank guarantees	<u>438,455</u>	<u>417,220</u>
Outstanding bank contracts	<u>2,304,556</u>	<u>808,339</u>

10. CASH AND CASH EQUIVALENTS

June 30, 2021 June 30, 2020  
-----Rupees in '000-----  
(Un-audited) (Un-audited)

Cash and bank balances	<u>191,965</u>	152,051
Short-term borrowings	<u>(15,278)</u>	(626,004)
	<u>176,687</u>	<u>(473,953)</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:

	June 30, 2021 (Un-audited)					June 30, 2020 (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	2,132	-	-	-	2,132
ii) Purchase of goods	3,917,327	5,801	-	-	3,923,128	3,663,354	9,530	-	-	3,672,884
iii) Purchase of services	25,768	14,159	-	-	39,927	31,588	8,281	-	-	39,869
iv) Insurance claims received	-	39,011	-	-	39,011	-	10,571	-	-	10,571
v) Contribution paid										
- Provident fund	-	-	31,778	-	31,778	-	-	33,786	-	33,786
- Gratuity fund	-	-	21,572	-	21,572	-	-	36,318	-	36,318
- Pension fund	-	-	42,279	-	42,279	-	-	54,281	-	54,281
vi) Remuneration of key management personnel	-	-	-	131,884	131,884	-	-	-	140,351	140,351

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**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, 2020. There have been no changes in any risk management policies since the year-end and 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:

	<b>June 30, 2021</b> (Un-audited)	June 30, 2020 (Un-audited)
-----Rupees in '000-----		
<b>Sales to external customers- net of returns and discounts</b>		
Pakistan	<b>7,814,828</b>	6,455,732
Afghanistan	<b>239,082</b>	158,565
Other exports	<b>16,707</b>	2,132
	<b><u>8,070,617</u></b>	<u>6,616,429</u>

**14. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on August 26, 2021 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.

*STA*

*Syed Babar Ali*

Syed Babar Ali  
Chairman

*Asim Jamal*

Asim Jamal  
Chief Executive Officer

*Yasser Pirmuhammad*

Yasser Pirmuhammad  
Chief Financial Officer