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Plot No. 23, Sector 22,
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Karachi-74900

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sanofi-aventis Pakistan limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2018

(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
David Khougazian
Ana Arcos
Thomas Rouchout

Chairman
Chief Executive Officer
Chief Financial Officer

Company Secretary
Muhammad Yousuf

URL
www.sanofi.com.pk

Auditors

E Y Ford Rhodes,
Chartered Accountants

Bankers

Citibank, N.A.
Deutsche Bank AG
MCB Bank Limited
Allied Bank Limited
Habib Bank Limited
National Bank of Pakistan
Bank of Tokyo-Mitsubishi UFJ, Limited
Standard Chartered Bank (Pakistan)
Limited
Industrial & Commercial Bank of China
Limited

Legal Advisors

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

Registered Office

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

Registrars & Share Transfer Office

FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S.
Sharah-e-Faisal, Karachi - 74000
Tel. No: +92 21 34380101-5
Fax No: +92 21 34380106
URL: www.famco.com.pk

Postal Address

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

Contact

Tel. No: +92 21 35060221-35
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 nine months ended September 30, 2018. 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's net sales for the nine months ended September 30, 2018 amounted to Rs.10,099 (2017: Rs.9,768) million registering a growth of 3.4% over comparative prior period. The net sales of Company's pharmaceutical business for the nine months reached to Rs.9,860 (2017: Rs.8,982) million recording a steady growth of 9.8% over the comparative prior period. The growth was mainly driven by Flagyl®, Lantus® and No-Spa®, which grew by 26.0%, 15.5% and 15.2% respectively.

This strong growth in the pharmaceutical business was partially offset by the decline in vaccines business, with negligible public tender business during the year, declining by 97% over comparative prior period. However vaccines private business showed a strong growth during the nine months ended September 30, 2018 reaching to Rs.222 million (2017: Rs.153 million).

The gross margin for the period stands at 32.3% of net sales, compared to 37.3% in comparative prior period, resulting in a decline of 5% mainly due to continuous devaluation of Pakistan Rupee of approximately 12% since the start of the year, resulting in significant foreign exchange loss during the period.

As a percentage of net sales, distribution and marketing expenses remained at the same level over the comparative prior period. The administration expenses reached to 3.5% compared to 3.0% of net sales for comparative prior period, mainly due to increase in ITS costs, repairs and maintenance and staff costs.

Profit after tax for the nine months ended September 30, 2018 amounted to Rs.588 million (2017: 947 million) because of the reasons explained above.

The economy of the country has been under pressure with widening current account deficit and depletion in foreign currency reserves. The impact of Pakistan Rupee depreciation remains a major cause of concern for the pharmaceutical industry in general as majority of active pharmaceutical ingredients and finished goods are imported.

The management is confident that the growth of the Company in rest of the year will be aligned with the market growth of MNCs, barring any unforeseen event.

The Board of Directors would like to acknowledge the efforts of the employees in the operations of the Company.

By order of the Board

Syed Babar Ali
Chairman

Asim Jamal
Chief Executive Officer

شیر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے 30 ستمبر، 2018 کو ختم شدہ نو ماہ کے غیر آڈٹ شدہ عبوری فنانشل اسٹیٹمنٹس پیش کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ فنانشل اسٹیٹمنٹس انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز (IAS) 34 - 'انٹیم فنانشل رپورٹنگ' کے مطابق اوکیٹیز ایکٹ، 2017 کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز ایکٹ، 2017 کی ہدایات پر عمل کیا گیا ہے۔

30 ستمبر، 2018 کو ختم شدہ نو ماہ کے دوران کمپنی کی نیٹ سیلز 10,099 ملین روپے رہی، جو کہ 2017 میں اسی عرصے کے دوران 9,768 ملین روپے کے مقابلے میں 3.4% زیادہ ہے۔ مذکورہ نو مہینوں کے اختتام پر کمپنی کے فارماسیوٹیکل بزنس کی نیٹ سیلز 9,860 ملین روپے تک جا پہنچی، جو کہ 2017 میں اسی عرصے کے دوران 8,982 ملین روپے کے مقابلے میں 9.8% زیادہ ہے۔ اس عرصے میں فیلج، لینیس اور نو سپا کی سیلز میں بالترتیب 26%، 15.5% اور 15.2% کا اضافہ ریکارڈ کیا گیا ہے۔

فارماسیوٹیکل بزنس میں اس مستحکم اضافے کے اثر کو ویکسین بزنس میں کمی نے جزوی طور پر متاثر کیا، جس کی وجہ سے سال کے دوران سرکاری ٹینڈر کے ذریعے بزنس میں کمی ہے اور گزشتہ سال اسی عرصے کے مقابلے میں سرکاری ویکسین بزنس میں 97% کمی ریکارڈ کی گئی ہے۔ البتہ ویکسین کے پرائیویٹ بزنس میں 30 ستمبر، 2018 کو ختم شدہ نو ماہ کے دوران بھرپور اضافہ نظر آیا اور یہ 222 ملین روپے تک جا پہنچا جو کہ 2017 میں اسی عرصے کے دوران 153 ملین روپے تھا۔

اسی عرصے کے دوران نیٹ سیلز کی شرح کے لحاظ سے مجموعی منافع میں 5% کمی ریکارڈ کی گئی جو کہ گزشتہ سال اسی عرصے کے دوران 37.3% کے مقابلے میں 32.3% تک رہا، جس کی بڑی وجہ سال کے آغاز سے ہی پاکستانی روپے کی قدر میں مسلسل کمی ہے جو کہ تقریباً 12% ہے، اس کے نتیجے میں اس عرصے کے دوران غیر ملکی زرمبادلہ کی مد میں زیادہ خسارہ ہوا ہے۔

ڈسٹری بیوشن اور مارکیٹنگ اخراجات میں نیٹ سیلز کی شرح کے لحاظ سے گزشتہ سال اسی عرصے کے مقابلے میں کوئی تبدیلی نہیں آئی۔ انتظامی اخراجات نیٹ سیلز کی شرح کے لحاظ سے گزشتہ سال اسی عرصے کے دوران 3.0% کے مقابلے میں 3.5% تک جا پہنچے، جس کی بنیادی وجوہات میں IT سے منسلک اخراجات، مرتبی اخراجات اور ملازمین پر آنے والے اخراجات میں اضافہ شامل ہے۔

مذکورہ بالا اسباب کی وجہ سے 30 ستمبر، 2018 کو ختم شدہ نو ماہ میں بعد از ٹیکس منافع 588 ملین روپے رہا جبکہ 2017 میں اسی عرصے کے دوران یہ منافع 947 ملین روپے تھا۔

ملکی کرنٹ اکاؤنٹ خسارے اور غیر ملکی زرمبادلہ کے ذخائر میں کمی کی وجہ سے ملکی معیشت دباؤ میں ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے مجموعی طور پر فارماسیوٹیکل انڈسٹری کو مشکلات کا سامنا کرنا پڑ رہا ہے کیونکہ فارماسیوٹیکل مصنوعات کے زیادہ تر اجزاء درآمد کیے جاتے ہیں۔

انتظامیہ پر امید ہے کہ کمپنی MNCs کی مارکیٹ کے اعتبار سے فروغ حاصل کرے گی، لیکن کچھ نادیہ خطرات کا بھی خدشہ ہے۔

بورڈ آف ڈائریکٹرز کمپنی کے تمام ملازمین کی جانب سے سخت محنت اور اعتماد پر ان کے شکر گزار ہیں۔

بحکم بورڈ

Asim Iqbal
عاصم جمال
چیف ایگزیکٹو آفیسر

Salman
سید باغلی
چیرمین




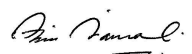
Condensed Interim Statement of Financial Position


As at September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note		
.....Rupees in `000.....			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	1,592,189	1,701,285
Intangible assets		<u>2,872</u>	<u>1,041</u>
		1,595,061	1,702,326
Long-term loans		5,882	6,479
Long-term deposits		13,643	13,643
Deferred Taxation		<u>35,224</u>	<u>5,106</u>
		1,649,810	1,727,554
CURRENT ASSETS			
Stores and spares		50,657	51,173
Stock-in-trade	6	2,564,027	2,406,335
Trade debts		758,439	683,932
Loans and advances		170,952	59,939
Trade deposits and short-term prepayments		310,634	198,227
Other receivables	7	27,343	23,175
Taxation - net		1,532,704	1,458,883
Cash and bank balances		<u>58,119</u>	<u>15,844</u>
		5,472,875	4,897,508
TOTAL ASSETS		<u>7,122,685</u>	<u>6,625,062</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
10,000,000 (2017: 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		280,435	262,044
Revenue reserves		<u>3,944,220</u>	<u>3,790,126</u>
		4,224,655	4,052,170
		<u>4,321,103</u>	<u>4,148,618</u>
CURRENT LIABILITIES			
Trade and other payables	8	2,685,780	2,198,390
Accrued mark-up		1,433	1,435
Short-term borrowings		105,503	271,296
Unclaimed Dividend		<u>8,866</u>	<u>5,323</u>
		2,801,582	2,476,444
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		<u>7,122,685</u>	<u>6,625,062</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



Condensed Interim Statement of Profit or Loss (Un-audited)

For the nine months ended September 30, 2018

	Nine Months Ended		Three Months Ended	
	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2017
	Rupees in '000.....			
NET SALES	10,099,022	9,767,953	3,329,142	3,138,836
Cost of sales	(6,837,318)	(6,123,933)	(2,433,653)	(1,967,423)
GROSS PROFIT	3,261,704	3,644,020	895,489	1,171,413
Distribution and marketing expenses	(1,675,505)	(1,613,300)	(585,176)	(491,154)
Administrative expenses	(353,860)	(294,998)	(107,029)	(96,375)
Other expenses	(277,446)	(348,888)	(91,331)	(138,232)
Other income	20,011	35,858	6,995	8,242
	(2,286,800)	(2,221,328)	(776,541)	(717,519)
OPERATING PROFIT	974,904	1,422,692	118,948	453,894
Finance costs	(12,164)	(29,405)	(5,608)	(2,017)
PROFIT BEFORE TAXATION	962,740	1,393,287	113,340	451,877
Taxation - Current	(418,709)	(437,119)	(131,814)	(154,810)
- Prior	13,959	(46,723)	-	-
- Deferred	30,461	37,855	2,693	37,622
	(374,289)	(445,987)	(129,121)	(117,188)
NET PROFIT / (LOSS) FOR THE PERIOD	588,451	947,300	(15,781)	334,689
BASIC AND DILUTED EARNINGS / (LOSS) Per Share (Rs. Per Share)	61.01	98.22	(1.64)	34.70

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



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended September 30, 2018

	Nine Months Ended		Three Months Ended	
	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2017
	Rupees in '000.....			
Net profit / (Loss) for the period	588,451	947,300	(15,781)	334,689
Other comprehensive loss items not to be reclassified to profit or loss account in subsequent periods				
Actuarial gain/ (loss) recognized directly in equity	-	-	-	-
Related deferred tax	(343)	(210)	-	-
Total comprehensive income / (Loss) for the period	588,108	947,090	(15,781)	334,689

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




**Condensed Interim Statement of
Cash Flows (Un-audited)**
For the nine months ended September 30, 2018

	September 30, 2018	September 30, 2017
Rupees in `000.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	962,740	1,393,287
Adjustments for non-cash charges and other items:		
Depreciation / amortization	255,511	251,026
Loss on disposal of operating fixed assets	1,595	921
Expenses arising from equity settled share based payment plans	18,391	22,033
Retirement benefits	61,697	58,744
Interest income	(16)	(18)
Finance costs	12,164	29,405
	1,312,082	1,755,398
 (Increase) / Decrease in current assets		
Stores and spares	516	(3,326)
Stock-in-trade	(157,692)	277,352
Trade debts	(74,507)	(195,263)
Short-term loans and advances	(111,013)	(10,376)
Trade deposits and short-term prepayments	(112,407)	(4,323)
Other receivables	(4,168)	(921)
	(459,271)	63,143
	852,811	1,818,541
 Increase in current liabilities		
Trade and other payables (excluding unclaimed dividend)	487,390	646,202
Cash generated from operations	1,340,201	2,464,743
 Finance costs paid		
Income tax paid	(12,166)	(34,500)
Retirement benefits paid	(478,571)	(539,685)
Long-term loans and advances	(61,697)	(18,448)
	597	(61)
Net cash generated from operating activities	788,364	1,872,049
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(171,868)	(120,753)
Sale proceeds from disposal of operating fixed assets	22,027	10,266
Interest received	16	18
Net cash used in investing activities	(149,825)	(110,469)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings repaid	-	(500,000)
Long-term financing repaid	-	(500,000)
Dividends paid	(430,471)	(287,990)
Net cash used in financing activities	(430,471)	(1,287,990)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 208,068	 473,590
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	 (255,452)	 (125,001)
 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	 10 (47,384)	 348,589

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





**Condensed Interim Statement of
Changes in Equity (Un-audited)**
For the nine months ended September 30, 2018

	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	Unappropri- ated profit	
	Rupees in '000						
Balance as at January 1, 2017	96,448	5,935	18,000	209,083	2,035,538	1,047,336	3,412,340
Employee benefits cost under IFRS - 2 "Share based payment"	-	-	-	22,033	-	-	22,033
Final dividend @ Rs. 30 per ordinary share for the year ended December 31, 2016	-	-	-	-	-	(289,343)	(289,343)
Transfer to general reserve	-	-	-	-	700,000	(700,000)	-
Net profit for the period	-	-	-	-	-	947,300	947,300
Other comprehensive loss for the period	-	-	-	-	-	(210)	(210)
Total comprehensive income for the period	-	-	-	-	-	947,090	947,090
Balance as at September 30, 2017	96,448	5,935	18,000	231,116	2,735,538	1,005,083	4,092,120
Balance as at January 1, 2018	96,448	5,935	18,000	238,109	2,735,538	1,054,588	4,148,618
Employee benefits cost under IFRS 2 - "Share based payment"	-	-	-	18,391	-	-	18,391
Final dividend @ Rs. 45 per ordinary share for the year ended December 31, 2017	-	-	-	-	-	(434,014)	(434,014)
Transfer to general reserve	-	-	-	-	600,000	(600,000)	-
Net profit for the period	-	-	-	-	-	588,451	588,451
Other comprehensive loss for the period	-	-	-	-	-	(343)	(343)
Total comprehensive income for the period	-	-	-	-	-	588,108	588,108
Balance as at September 30, 2018	96,448	5,935	18,000	256,500	3,335,538	608,682	4,321,103

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



Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2018

1. THE COMPANY AND ITS OPERATIONS

Sanofi-aventis Pakistan Limited (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 SECIPE, France (the Parent Company). The Ultimate Parent of the Company is Sanofi S.A., France. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi. The Company is engaged in the manufacturing and selling of pharmaceutical and consumer products.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the nine months period ended September 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statement of the Company for the nine months ended September 30, 2018 are unaudited and do not include all the information and disclosures as 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, 2017.

These condensed interim financial statements are being submitted to the shareholders as required by the Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

3.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2017, except as disclosed below:

New / Revised Standards, Interpretations and Amendments.

IFRS 2	Share-based Payments - Classification and Measurement of Share-based Payments Transaction (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)
IAS 28	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice (Amendment)
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above standards did not have any effect on the condensed interim financial statements.

3.2 The Company follows the practice of conducting actuarial valuation annually at the year end. Hence, the impact of re-measurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.



**Notes to the Condensed Interim
Financial Statements (Un-audited)**
For the nine months ended September 30, 2018

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of these condensed interim financial statements is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments 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. However, actual results may differ from these estimates.
- 4.2 During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2017.

		(Un-audited)	(Audited)
Note	September 30,	December 31,	December 31,
	2018	2017	2017
.....Rupees in `000.....			

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	1,462,914	1,584,463
Capital work-in-progress	5.2	129,275	116,822
		<u>1,592,189</u>	<u>1,701,285</u>

5.1 OPERATING FIXED ASSETS

Opening net book value		1,584,463	1,703,331
Additions during the period / year - at cost	5.1.1	156,916	233,957
Disposals during the period / year	5.1.1	(23,622)	(17,966)
Depreciation charged during the period / year		(254,843)	(334,859)
Closing net book value		<u>1,462,914</u>	<u>1,584,463</u>

- 5.1.1. Additions to operating fixed assets, including transfers from capital work-in-progress and the disposals made during the period were as follows:

	Additions (at cost)		Disposals (at net book value)	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2017
.....Rupees in `000.....				
Building on leasehold land	11,705	26,756	-	-
Plant and machinery	82,304	89,025	-	1,589
Furniture and fixtures	3,465	321	-	-
Factory and office equipment	27,727	29,320	165	167
Motor vehicles	31,715	24,098	23,457	9,432
	<u>156,916</u>	<u>169,520</u>	<u>23,622</u>	<u>11,188</u>

		(Un-audited)	(Audited)
	September 30,	December 31,	December 31,
	2018	2017	2017
.....Rupees in `000.....			

5.2 Capital work-in-progress

Building on leasehold land		5,074	13,314
Plant and machinery		96,620	83,988
Others		27,581	19,520
		<u>129,275</u>	<u>116,822</u>

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

Opening balance		116,822	163,124
Additions during the year		87,450	77,595
Transferred to operating fixed assets		(74,997)	(123,897)
Closing balance		<u>129,275</u>	<u>116,822</u>



**Notes to the Condensed Interim
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For the nine months ended September 30, 2018

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
.....Rupees in `000.....			
6. STOCK-IN-TRADE			
Raw and packing material			
in hand		1,161,939	1,042,678
in transit		111,855	103,421
		<u>1,273,794</u>	<u>1,146,099</u>
Provision against raw and packing material	6.1	(116,340)	(118,992)
		<u>1,157,454</u>	<u>1,027,107</u>
Work-in-process		95,585	37,598
Finished goods			
in hand		1,359,774	1,343,652
in transit		193,053	160,159
		<u>1,552,827</u>	<u>1,503,811</u>
Provision against finished goods	6.2 & 6.3	(241,839)	(162,181)
		<u>1,310,988</u>	<u>1,341,630</u>
		<u>2,564,027</u>	<u>2,406,335</u>
6.1 Movement of provision against raw and packing material			
Opening balance		118,992	107,464
(Reversal) / Charge for the period / year		(2,652)	21,654
Write off during the period / year		-	(10,126)
Closing balance		<u>116,340</u>	<u>118,992</u>
6.2 Movement of provision against finished goods			
Opening balance		162,181	122,317
Charge for the period / year		87,639	47,382
Write off during the period / year		(7,981)	(7,518)
Closing balance		<u>241,839</u>	<u>162,181</u>
6.3			
Includes write down of finished goods costing Rs. 167.181 (2017: Rs. 33.531) million, to their net realizable value of Rs. 142.515 (2017: Rs. 24.345) million.			
7. OTHER RECEIVABLES			
Includes Rs. 6,122 (2017: Rs. 5,607) million receivable from related parties.			
		(Un-audited) September 30, 2018	(Audited) December 31, 2017
.....Rupees in `000.....			
8. TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties		860,204	552,834
Other trade creditors		210,137	161,724
		<u>1,070,341</u>	<u>714,558</u>
Other payables			
Accrued liabilities		909,620	793,857
Provision for Infrastructure Development Cess		293,848	222,009
Employees' Pension Fund		88,812	88,812
Employees' Gratuity Fund		15,454	15,453
Amount payable under voluntary separation scheme		-	70,725
Advances from customers		29,111	34,341
Workers' Profits Participation Fund		44,223	80,909
Workers' Welfare Fund		87,084	67,270
Central Research Fund		10,203	17,050
Compensated absences		111,605	69,111
Security deposits		775	775
Contractors' retention money		2,483	1,850
Withholding income tax payable		-	8,335
Sales tax payable		22,221	13,335
		<u>1,615,439</u>	<u>1,483,832</u>
		<u>2,685,780</u>	<u>2,198,390</u>



**Notes to the Condensed Interim
Financial Statements (Un-audited)**
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9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There is no change in the status of contingencies, as disclosed in note 18.1 to the annual financial statements of the Company for the year ended December 31, 2017 except for the following:

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. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. During the period, the CIR(A) has remanded back the proceedings for fresh consideration to the Deputy Commissioner Inland Revenue.

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. 131.113 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 Company filed an appeal before the CIR(A), wherein the CIR(A) vide order dated July 18, 2018, has deleted the addition for gain on disposal of WAH Site while remanded back on the additions relating to sales promotion and advertisement. An appeal has been filed with the ATIR against the said decision of the CIR(A) on the issues remanded back.

For the year ended December 31, 2015, the tax department conducted monitoring proceedings under section 161 of the Ordinance and raised the demand of Rs. 44.633 million. The company filed an appeal before CIR(A). CIR(A) vide his order dated 31 January 2018 has remanded back the matter to the Officer. Appeal has been file with ATIR which is yet to be fixed for hearing.

The management, based on tax advise, is confident for a favourable outcome, hence no provision is made in respect of these order.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
Rupees in `000.....	
9.2 Commitments		
Commitments for capital expenditure	<u>64,381</u>	<u>92,609</u>
Post-dated cheques issued to Collector of Cutoms	<u>21,440</u>	<u>21,440</u>
Outstanding letters of credit	<u>174,630</u>	<u>111,829</u>
Outstanding bank guarantees	<u>388,871</u>	<u>370,524</u>
Outstanding bank contracts	<u>283,342</u>	<u>73,745</u>
	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
Rupees in `000.....	

10. CASH AND CASH EQUIVALENTS

Cash and bank balances	58,119	348,589
Short term borrowings	<u>(105,503)</u>	-
	<u>(47,384)</u>	<u>348,589</u>

11. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of Associates, employees' retirement funds, directors and key management personnel. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

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:



**Notes to the Condensed Interim
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	September 30, 2018 (Un-audited)				September 30, 2017 (Un-audited)			
	Associates	Retirement benefit plans	Key management personnel	Total	Associates	Retirement benefit plans	Key management personnel	Total
	Rupees in `000							
i) Gross Sales	15,161	-	-	15,161	11,576	-	-	11,576
ii) Purchase of goods	3,622,518	-	-	3,622,518	2,933,594	-	-	2,933,594
iii) Purchase of services	142,544	-	-	142,544	8,748	-	-	8,748
iv) Insurance claim received	2,477	-	-	2,477	6,736	-	-	6,736
v) Contribution paid								
- Provident fund	-	41,574	-	41,574	-	38,692	-	38,692
- Gratuity fund	-	30,045	-	30,045	-	9,563	-	9,563
- Pension fund	-	31,652	-	31,652	-	8,884	-	8,884
vi) Remuneration of key management personnel	-	-	201,455	201,455	-	-	151,788	151,788

12. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at 31 December 2017. There has been no change in any risk management policies since the year end.

13. FAIR VALUES OF ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities are estimated to approximate their fair values. There were no transfers amongst levels during the period.

14. ENTITY WIDE INFORMATION

14.1 The Company constitutes a single reportable segment, the principal classes of products provided are pharmaceutical and vaccine products.

14.2 Information about classes of products - net sales

	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
Rupees in `000.....	
Pharmaceutical	9,859,566	8,982,192
Vaccine	239,456	785,761
	<u>10,099,022</u>	<u>9,767,953</u>

14.3 Information about geographical areas - net sales

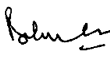
Pakistan	10,042,083	9,623,607
Afghanistan	41,778	132,770
Others	15,161	11,576
	<u>10,099,022</u>	<u>9,767,953</u>


15. DATE OF AUTHORISATION FOR ISSUE


These condensed interim financial statements were authorized for issue on October 25, 2018 by the Board of Directors of the Company.

16. GENERAL

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


Syed Babar Ali
Chairman


Asim Jamal
Chief Executive Officer


Yasser Pir Muhammad
Chief Financial Officer