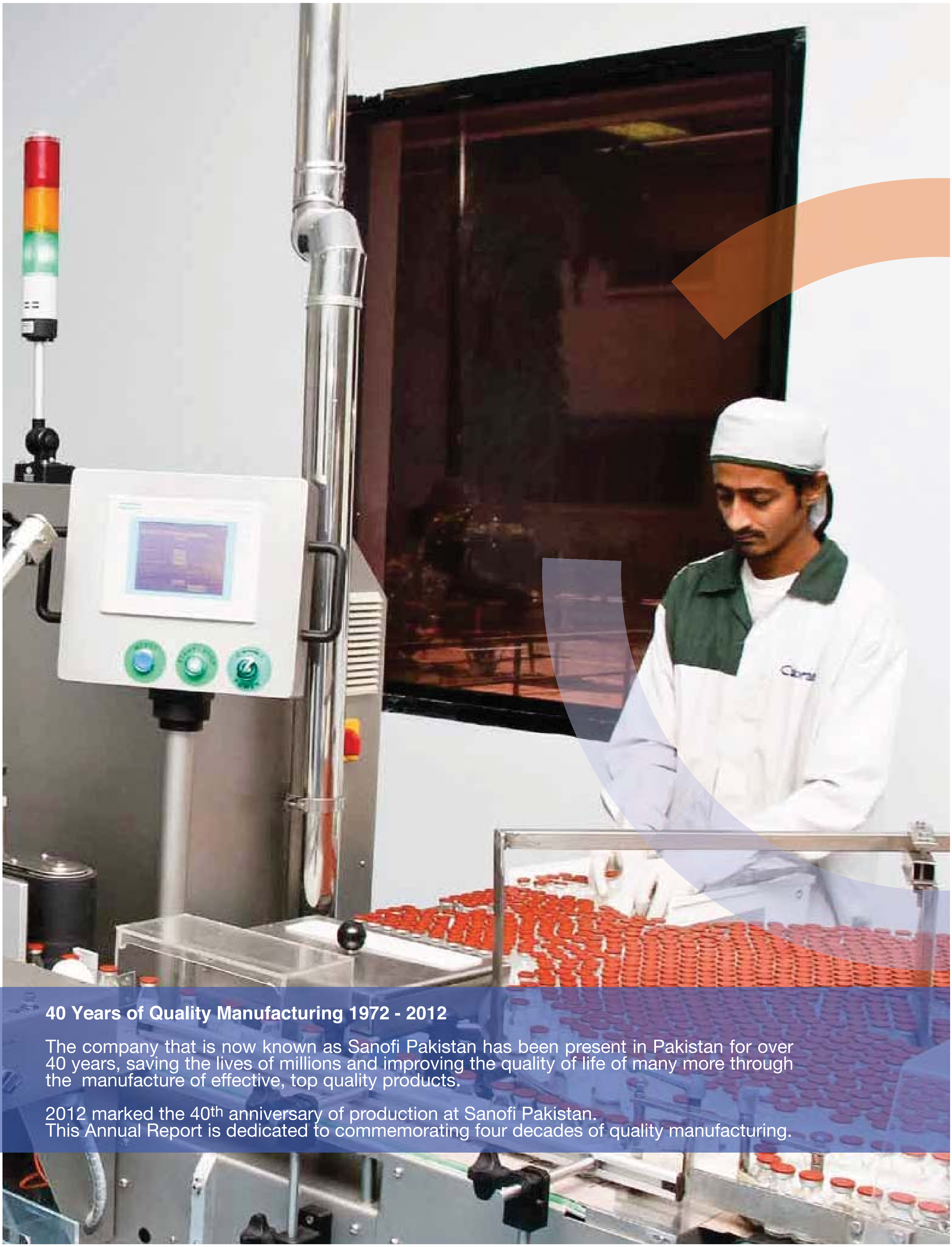
SANOFI

ANNUAL REPORT 2012

Four decades of quality manufacturing



40 Years of Quality Manufacturing 1972 - 2012

The company that is now known as Sanofi Pakistan has been present in Pakistan for over 40 years, saving the lives of millions and improving the quality of life of many more through the manufacture of effective, top quality products.

2012 marked the 40th anniversary of production at Sanofi Pakistan.
This Annual Report is dedicated to commemorating four decades of quality manufacturing.

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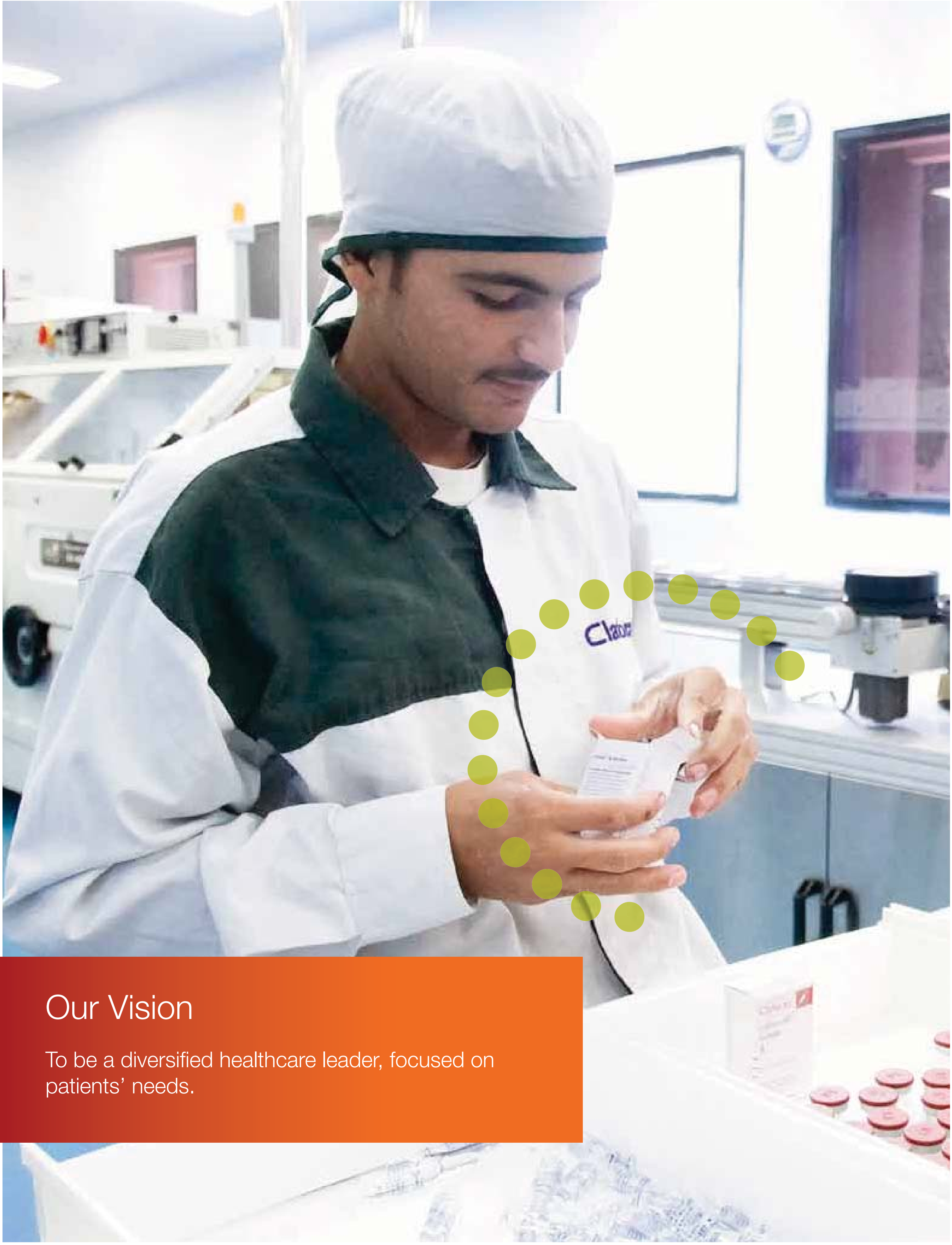


Our Vision

To be a diversified healthcare leader, focused on patients' needs.

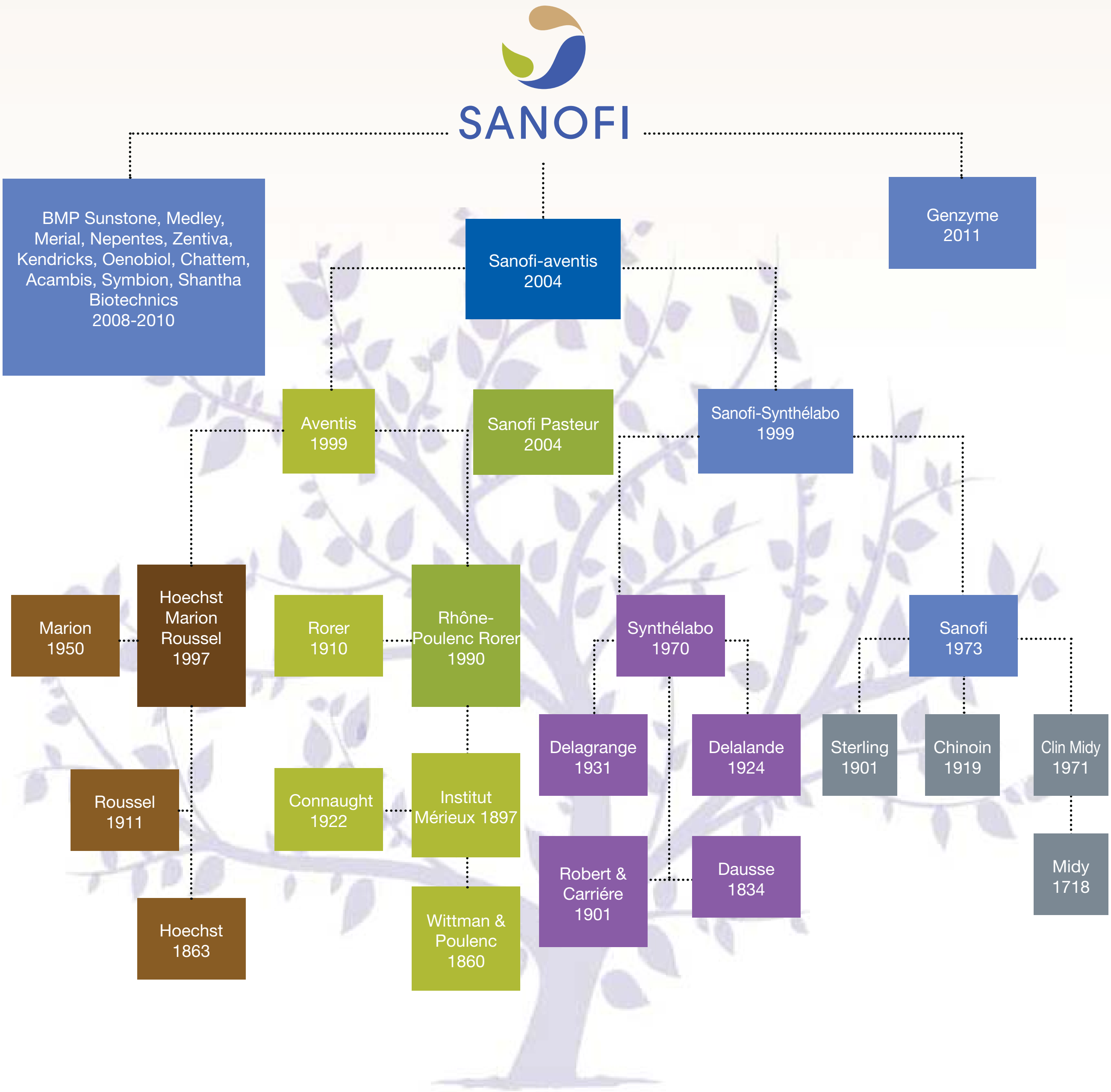
Our Mission

To enhance the quality of life of the greatest number through providing a continuum of care by answering unmet medical needs of the community and promoting access to quality healthcare.

Group Profile

Sanofi, a global and diversified healthcare leader, discovers, develops and distributes therapeutic solutions focused on patients' needs. Sanofi has core strengths in healthcare, with 7 growth platforms: diabetes solutions, human vaccines, innovative drugs, consumer healthcare, emerging markets, animal health and the new Genzyme. Through the acquisition of Genzyme, Sanofi has strongly reinforced its footprint in rare diseases.

Group History



A **global healthcare leader**

A **diversified offering** of medicines, consumer healthcare products, generics and animal health

A world leader in **human vaccines**

A broad and **balanced presence** in both traditional and emerging markets

More than **110,000 employees** in 100 countries

2012 net sales: **€34.9 billion**


for Injection USP)
Each vial contains: 1.048g
Sodium equivalent to 1.0g
Cefotaxime USP. Dosage as
physician. Keep out of the
006058
000007
Pakistan limited

Our Culture, Our Sanofi

Culture defines who we are, collectively as a group. It is how we interact with each other and with our partners, how we make decisions and above all, it is what makes us unique as an organization.

It is our culture that drives us where we want to go and guides us on how to get there. It is important we achieve results, but how we achieve them will influence the pride we have in being part of Sanofi Group.

“Our House” is symbolic of “Our Sanofi”; each layer describes a facet of our culture.

COMMITMENT

The underlying purpose of the organisation and a motivating and vivid picture of how the organisation will look, feel and be in the future.

AMBITION

A clear and compelling road map of how we will achieve our goals.

VALUES

Deep, long term moral convictions about what is right or wrong that give a framework for making decisions, particularly decisions of judgment. The intangible mindset that describes the shared way in which we approach our work.

MANAGEMENT

The concepts that guide how the organisation should be organised, managed and take decisions.

COMPETENCIES

The characteristics that are recognised and rewarded in an organisation and serve as predictors of future success. Can include traits, abilities and preferences.

The visible and measurable actions that a person takes to demonstrate a competency. Behaviours are always tangible and measurable.

UNIQUENESS

The attributes of Sanofi that define and differentiate us from all other companies.

Our Values

Confidence

Standing Out

We dare

We are confident; standing up for what we believe in and pursuing our goals passionately. Always resilient, we dare to challenge the norm.

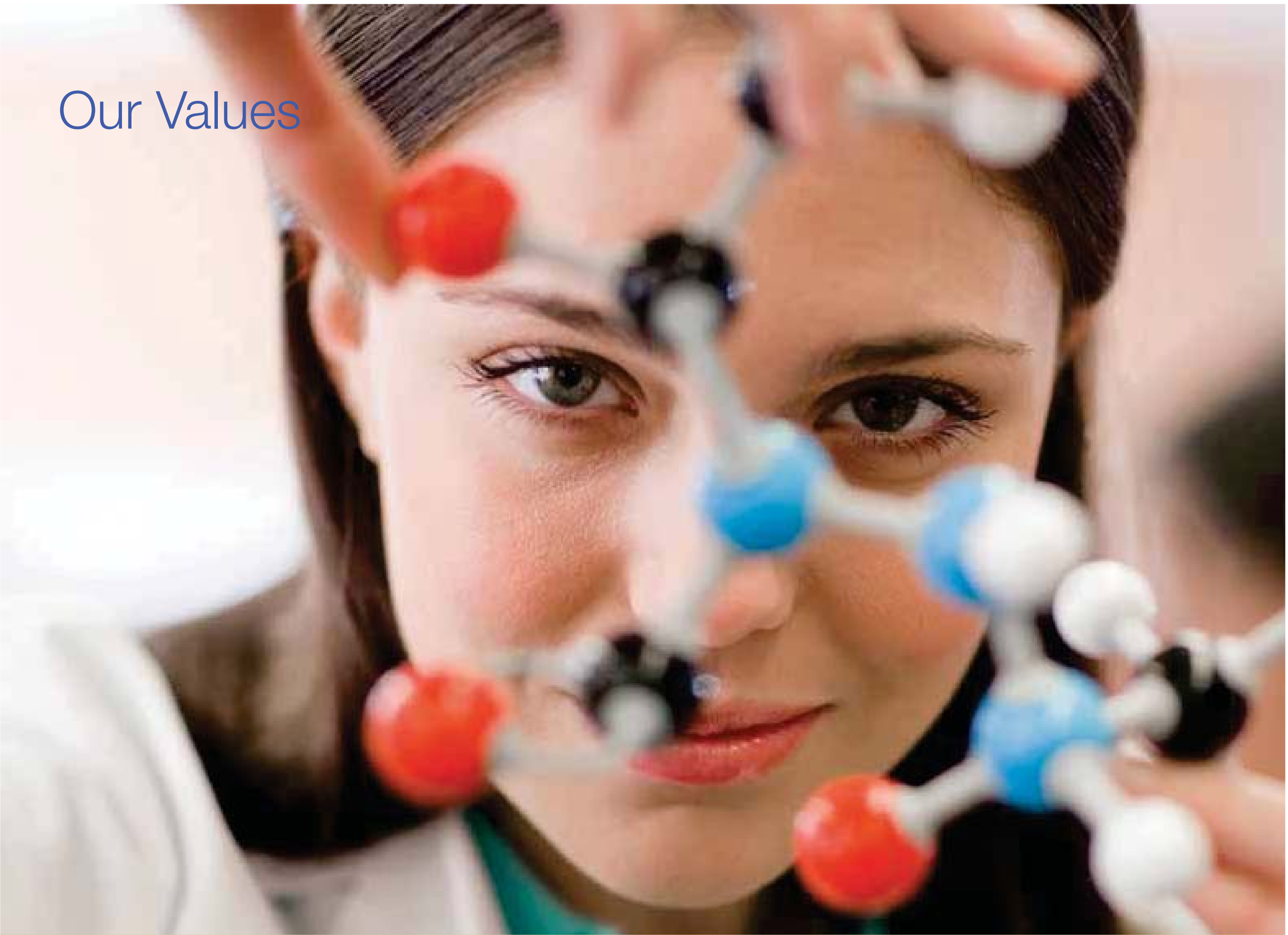
Integrity

Acting Ethically

We commit

We commit to maintain the highest ethical and quality standards without compromise.

Our Values



Innovation

Forward Thinking

We inspire

We encourage our people and partners to embrace creative solutions and excel through entrepreneurship.

Our Values

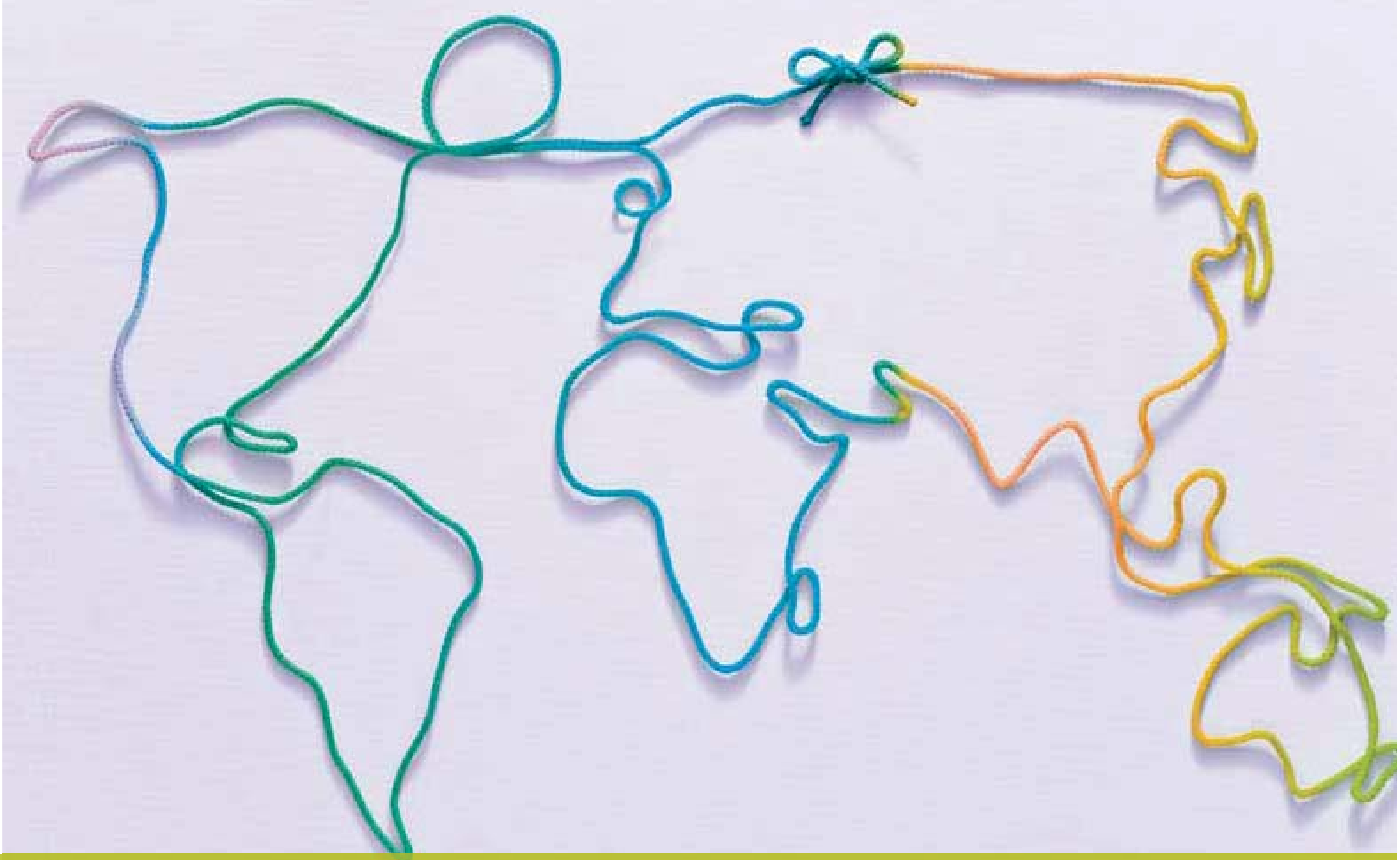
Respect

Embracing Difference

We respect

We recognise and respect the diversity and needs of our people, patients and partners, ensuring transparent and constructive interactions through mutual trust.

Our Values



Solidarity

Socially Responsible

We care

We are united in shared responsibility for our actions, our people, the well being of our patients and in achieving a sustainable impact on the environment.


EXIT

Strategic Objectives

"We are masters of our own destiny. We can create our future, with the products, with the people, with the means to fulfill our ambition: become a diversified healthcare leader, focused on patients' needs."

At the heart of everything we do are people. Through our vaccines and medicines, we help prevent and where needed, treat those in need. As economies and societies evolve, we need healthy populations to meet future challenges. Healthcare needs have changed and will continue to do so and as an industry we have to adapt to meet these needs.

To have a real impact, we have to build a sustainable business to invest in delivering innovative solutions. At the same time we need to improve access to medicines and improved healthcare. In order to move along in this ambition, we continue to push forward with our key strategic priorities:

Increasing innovation in Research & Development

R&D has always been and will continue to be the cornerstone of our company. The advancements in science mean that more targeted, more effective treatments are in reach and we are ready to take on this challenge.

Developments in the pharmaceutical industry have undermined the traditional model on which R&D is based. Today, R&D needs a new approach if it is to continue to stimulate sustainable growth. The challenge is clear: it's about writing a new textbook for successful R&D; it's about moving faster, from bench to bedside. By focusing on patients' needs, we aim at making Sanofi R&D one of the undisputed best - if not the very best - R&D organization in the world.

Seizing external growth opportunities

The changing face of the industry, healthcare needs and scientific discovery has all led to the realization that we need to diversify and look outside at partnerships and acquisitions to grow the business. We have been successful in searching out the best science, the best companies to acquire. We have strongly reinforced our business in particular areas such as diabetes, oncology, rare diseases and consumer healthcare.

A **strategy** built region by region.

Driven by **patients' needs** and **creating value** for payers.

A company which is competitive in terms of market presence, **growth** and **efficiency.**

A growth coming from **innovation,** global **expansion** and **diversification.**

Some of our prescription pharmaceuticals are vulnerable to patent expiry and that has contributed to a strategy of diversification. We aim at building business activities like vaccines, consumer healthcare and generics, to create a basis for more sustainable growth. If we remain strongly attached to innovation, we will also reply to future global healthcare challenges with a broader platform of offerings.

Group strategy is based on a structured policy of acquisitions and partnerships, which form or strengthen platforms for long-term growth.

Adapting the Group to future challenges

The successful companies of tomorrow are those that go beyond delivering products to delivering real solutions and services. We have identified growth platforms that will drive the business - emerging markets, diabetes, vaccines, consumer healthcare, innovation products and animal health.

To create more sustainable growth we have to identify the resources and the competencies we need to improve. We are growing in markets as diverse as patients' needs. New technologies open new avenues of research. Vaccines, biologicals, generics and consumer healthcare (CHC) require Sanofi teams to move out of the classical pharmaceutical mindset. Our company has a history of adapting to opportunity and we will build upon this strength.

Corporate Profile

The company was incorporated on December 8, 1967 as Hoechst Pakistan Limited. Manufacturing of pharmaceuticals and specialty chemicals started in 1972. In 1977 the company went public and was listed on the Karachi Stock Exchange. Agrochemical formulation started in 1985.

In 1996, the Agriculture business was spun off into a separate legal entity called AgrEvo Pakistan (Private) Limited, and the following year, Specialty Chemicals business was sold to Clariant Pakistan Limited. Hoechst Pakistan Limited changed its name to Hoechst Marion Roussel (Pakistan) Limited in June 1996, and the core business was then restricted to pharmaceutical activities.

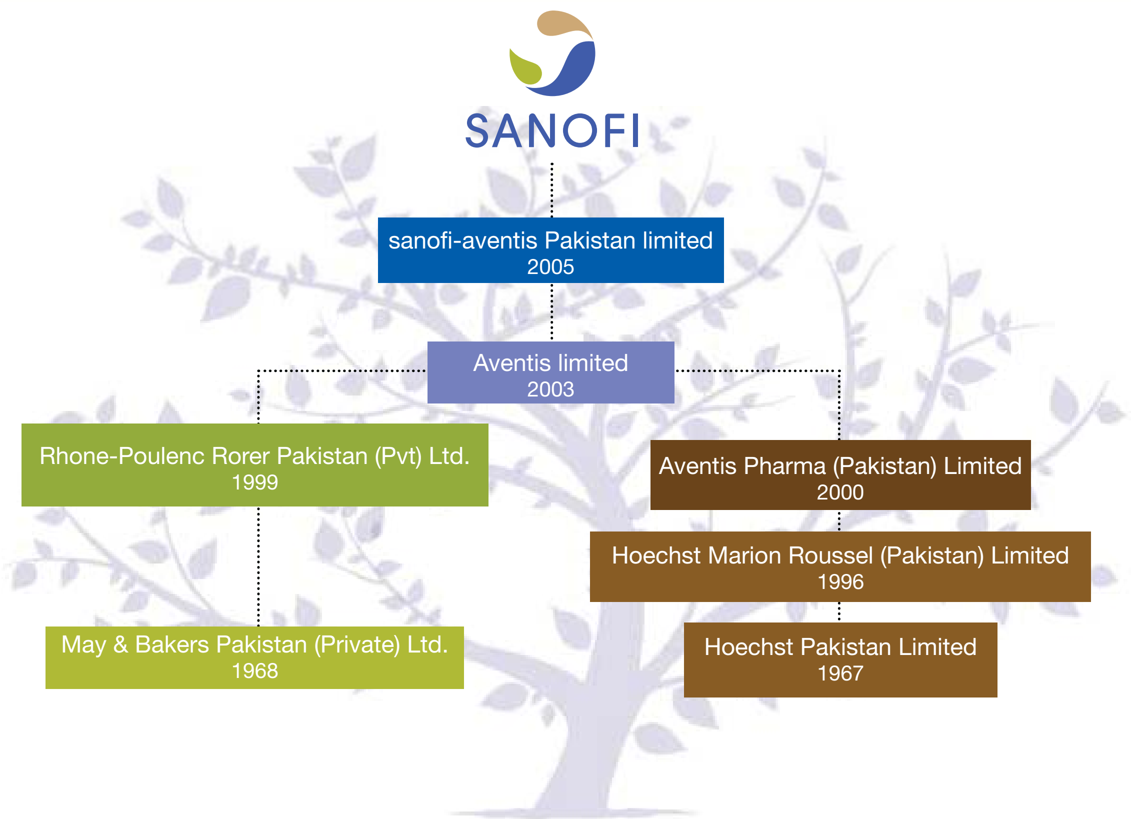
In December 1999, Hoechst AG & Rhone Poulenc S.A. globally merged their life sciences business into a new company known as Aventis S.A. The name of the company in Pakistan was changed to Aventis Pharma (Pakistan) Limited in November 2000.

In line with the amalgamation globally, Aventis Pharma (Pakistan) Limited was merged locally with Rhone Poulenc Rorer Pakistan (Private) Limited and the company changed its name to Aventis Limited from April 2003.

During 2004 Aventis S.A. was acquired by sanofi synthelabo to form a company called sanofi-aventis S.A. Consequently in September 2005 the name of the company was changed to sanofi-aventis Pakistan limited.

In 2011, sanofi-aventis changed its identity to Sanofi. However, the legal entity continues to remain the same i.e sanofi-aventis Pakistan limited.

Today, Sanofi is the 7th largest pharmaceutical company in Pakistan with a market share and growth rate of 4.2% (2011: 4.1%) and 12% (2011: 16%) respectively. Today, Sanofi S.A. France, is one of the world's leading diversified healthcare companies offering medicines, consumer healthcare products, generics and animal health products.



Company Information

Board of Directors
Syed Babar Ali - Chairman
Tariq Wajid - Chief Executive
Arshad Ali Gohar
Syed Hyder Ali

Shailesh Ayyangar
(Alternate Laila Khan)

Francois Jean Louis Briens
(Alternate Shakeel Mapara)

Jean-Marc Georges
(Alternate Syed Muhammad Ali Hasani)

Mohammad Ibadullah
Amanullah Khan

Company Secretary
Saad Usman

Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors
Abid Hameed Puri
Bilal Law Associates
Fazle Ghani Advocates
Ghani Law Associates
Haidermota & Co.
Khan & Hafiz Associates
Saadat Yar Khan & Co.

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

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

Contact
Tel: +92 21 3506 0221-35
contact.pk@sanofi.com

URL
www.sanofi.com.pk
www.sanofidiabetes.com.pk

Registrars & Share Transfer Office
FAMCO Associates (Pvt.) Ltd.
First Floor, State Life Building No.1-A,
I.I. Chundrigar Road, Karachi - 74000.
Telephone No.+92 21 32420755, 32427012
URL: www.famco.com.pk

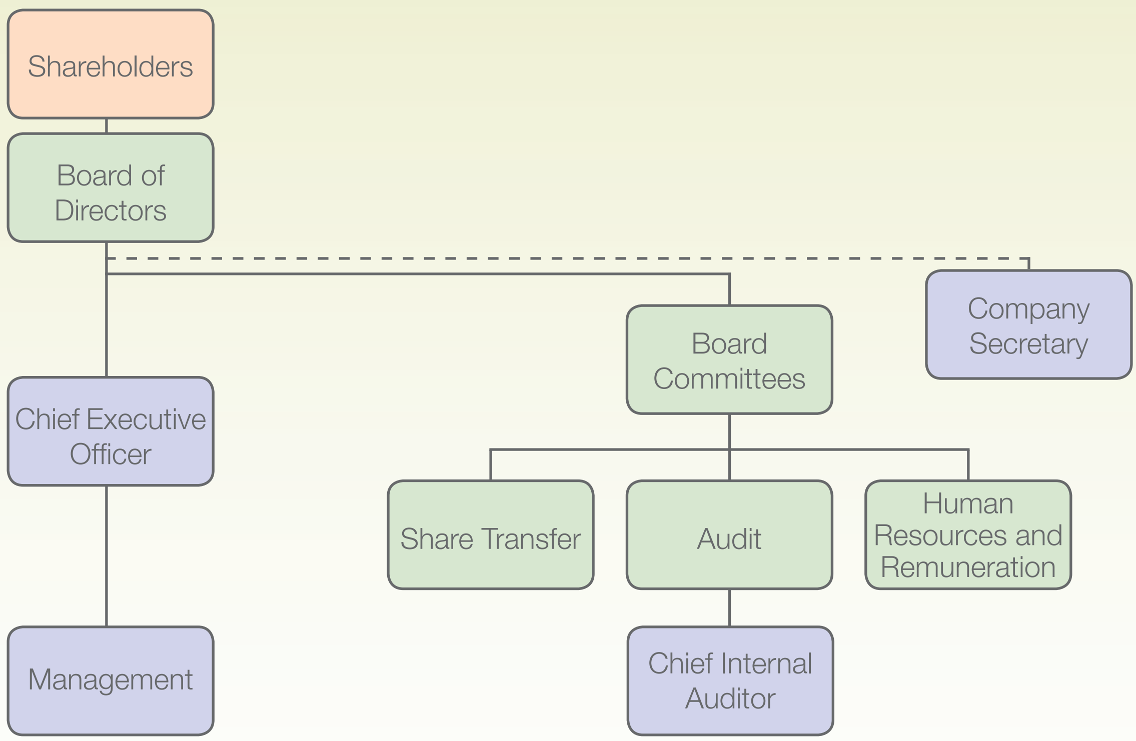
Bankers
Bank of Tokyo-Mitsubishi UFJ, Limited
Citibank, N.A.
Deutsche Bank AG
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank

Directors' Profile

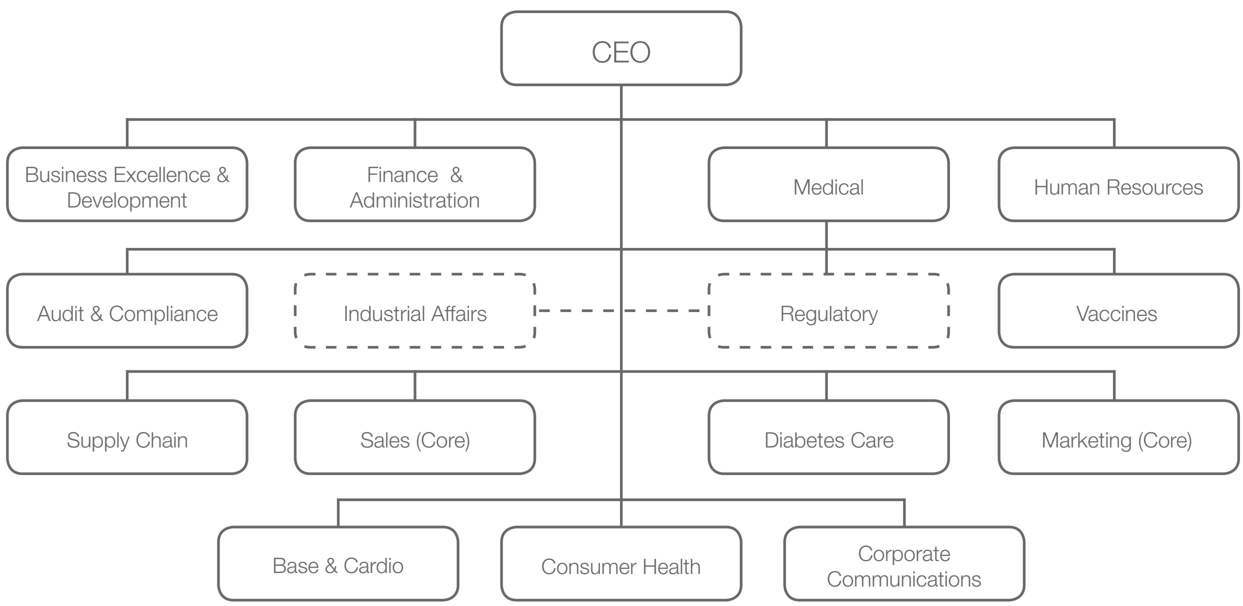
Name of Director	Date of joining board	Other engagements
Syed Babar Ali Chairman (Non-Executive Director)	Prior to the listing of the company in 1977	**Chairman:** • Ali Institute of Education • Babar Ali Foundation • Coca Cola Beverages Pakistan Limited • Gurmani Foundation • IGI Insurance Limited • IGI Investment Bank Limited • Industrial Technical & Educational Institute • National Management Foundation • Syed Maratib Ali Religious & Charitable Trust Society • Tetra Pak Pakistan Limited • Tri-Pack Films Limited **Director:** • Nestle Pakistan Limited **Pro-Chancellor:** • Lahore University of Management Sciences (LUMS)
Tariq Wajid Chief Executive (Executive Director)	April 28, 2003	**Chairman:** • Pharma Bureau **Member:** • Pakistan Business Council • Management Committee of the Overseas Investors Chamber of Commerce & Industry • Board of Governors of National Management Foundation • Advisory Board for e-MBA Corporate Management Program of the Institute of Business Administration
Arshad Ali Gohar (Non-Executive Director)	February 11, 2011	**Director:** • Ali Gohar & Company (Private) Limited • Eli Lilly Gohar (Private) Limited • AGT Holdings (Private) Limited

Name of Director	Date of joining board	Other engagements
Amanullah Khan	March 29, 2011	Member: • Board of Trustees of sanofi-aventis Pakistan limited Provident Fund • Board of Trustees of sanofi-aventis Pakistan limited Gratuity Fund • Board of Trustees of sanofi-aventis Pakistan limited Pension Fund
Syed Hyder Ali (Non-Executive Director)	February 22, 1987	Director: • Babar Ali Foundation • IGI Insurance Limited • International Steel Limited • National Management Foundation • Nestle Pakistan Limited • Packages Lanka (Pvt) Limited • Packages Limited • Pakistan Business Council • Pakistan Centre of Philanthropy • Syed Maratib Ali Religious & Charitable Trust Society • Tetra Pak Pakistan Limited • Tri-Pack Films Limited Member: • Ali Institute of Education • International Chamber of Commerce (ICC) Pakistan • Lahore University of Management Sciences
Shailesh Ayyangar (Non-Executive Director)	February 11, 2011	Managing Director: • Aventis Pharma Limited - India • sanofi-synthelabo (India) Limited Director: • sanofi-aventis Lanka Limited • Shantha Biotechnics Limited
Francois Jean Louis Briens (Non-Executive Director)	March 29, 2011	None
Jean-Marc Georges (Non-Executive Director)	February 13, 2008	None
Mohammad Ibadullah (Executive Director)	October 27, 2011	Member: • Board of Trustees of sanofi-aventis Pakistan limited Provident Fund • Board of Trustees of sanofi-aventis Pakistan limited Gratuity Fund • Board of Trustees of sanofi-aventis Pakistan limited Pension Fund • Board of Trustees of sanofi-aventis Pakistan limited Workers' Profits Participation Fund

Corporate Structure



Organizational Structure



Management Committee

The Management Committee provides direction & leadership to the organization by:

- Setting strategic direction.
- Formulating policies and implementing risk management and internal control procedures.
- Ensuring effective management of resources.
- Monitoring activities to ensure objectives are met in a transparent, ethical manner in line with the values of the organization.

The Management Committee comprises:

Tariq Wajid	General Manager & Chief Executive
Mohammad Ibadullah	Director Finance & Administration
Syed Muhammad Ali Hasani	Director Industrial Sites
Amanullah Khan	Director Medical / APH
Shakeel Mapara	Director Human Resources, Training & OD
Shujauddin Shaikh	Director Regulatory Affairs
Masaud Ahmad	Director Sales (Core Business)
Zubair Rizvi	Director Diabetes Business Unit
Aamer Waheed	Director Base, Cardio & Specialty Business Unit
Munawar Uqaili	Associate Director Vaccines Business Unit
Masood A. Khan	Associate Director Supply Chain
Laila Khan	Associate Director Corporate Communications
Yasser Pirmuhammad	Associate Director Audit & Compliance
Harris Mohammed Sheikh	Head of Marketing (Core Business)

Corporate Governance

Corporate governance is a system of structures and processes for the direction and control of organizations. It is a process through which balance of duties and responsibilities between shareholders, management and the board are defined, enabling an organization to maintain the right balance of power and accountability while striving to achieve its objective of enhancing shareholder value. Sanofi in Pakistan fully implements the principles of Corporate Governance in general and the Code of Corporate Governance in specific.

Orientation on Corporate Governance

The company ensures that the directors are well versed with the principles of corporate governance and are fully aware of the changes in the laws related to the governance of the organization. Consequent to the issuance of the new code of Corporate Governance in April 2012, the company arranged a detailed orientation on the new Code of Corporate Governance, specially focusing on the changes in requirement and the impact of the changes required to be implemented at sanofi. The Company is fully compliant with the new requirements which are applicable as at December 31, 2012.

Composition of Board and Directors' Independence

In line with good governance practices, the Chairman of the board is a non-executive director. The board comprises of 9 directors out of which 6 are non-executive directors. The roles of Chairman and the CEO have been segregated and responsibilities have been clearly defined. The CEO is responsible for operations of the company whereas the board, under the Chairman, performs oversight responsibilities.

Performance Evaluation

In line with best practices of corporate governance, criteria for evaluating performance of the Board and the Chief Executive have been defined.

Performance Evaluation of the Board

The board, being the trustee of the shareholders, has set the following broad criteria for evaluation of its performance:

- Ensure maximum attendance at board meetings to enhance the quality of decision making as well as effective discharge of its roles & responsibilities
- Review and approval of strategic plans and significant policies
- Monitor company's performance against the planned objectives and advise the management on strategic initiatives
- Review of business risks and compliance with applicable laws & regulations
- Establish adequate internal control system in the company and its regular assessment through internal audit activities
- Ensure orientation of the board of directors including new appointments so that each member is fully aware of his/ her roles & responsibilities

Performance Evaluation of the Chief Executive

The performance of the Chief Executive (CEO) is based on the criteria defined by the sanofi group, which takes into account both qualitative as well as quantitative parameters. The Board is fully aware of the criteria and is involved in the assessment of the performance of the CEO.

Board Committees

In order to discharge its responsibilities and in line with the Code of Corporate Governance, the Board has formed the following committees.

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities, including reviewing the financial reporting process, the system of internal controls over financial reporting, risk management and internal audit process and the company's process for monitoring compliance with laws and regulations.

The Audit Committee comprises three directors, two of whom are non-executive. The Chairman of the committee is a non-executive director. The committee is structured as follows:

Syed Hyder Ali	Chairman	Non-executive Director
Francois-Jean Louis Briens		Non-executive Director
Amanullah Khan		Executive Director
Yasser Pirmuhammad	Secretary	Associate Director Audit & Compliance

During the year 2012, the Audit Committee met 5 times, including one meeting which was attended by a representative of the external auditor.

Human Resource and Remuneration Committee

The committee assists the Board of Directors in fulfilling its responsibilities in the formulation and implementation of Human Resource Policies and in the appointment, remuneration and succession of CEO, CFO, Company Secretary, Head of Internal Audit and other senior positions.

The Committee comprises of two non-executive and one executive director. The Chairman of the committee is a non-executive director. The committee is structured as follows:

Arshad Ali Gohar	Chairman	Non-executive Director
Syed Hyder Ali		Non-executive Director
Tariq Wajid		Executive Director (CEO)
Shakeel Mapara	Secretary	Director Human Resource

Share Transfer Committee

The Share Transfer Committee has been authorized by the Board to approve transfer of shares. All share transfer resolutions are ratified by the Board of Directors in subsequent meetings. The committee is structured as follows:

Tariq Wajid	General Manager and Chief Executive
Mohammad Ibadullah	Director Finance and Administration


Nilfisk


sanofi aventis

Therapeutic Areas and Products

Diabetes

Worldwide, 366 million people are currently living with diabetes, and this population will grow to 552 million before 2030[1].

Building upon its century long history in this field, Sanofi is committed to improving diabetes management and has the ambition to become the leader in the fight against diabetes worldwide.

Sanofi in its various incarnations has led the field in insulin manufacturing as well as in diabetes research and development for almost a century: from the first manufacture of insulin through to the development of Lantus® – launched a little over a decade ago and up to the present day, where we are now investigating the possibility of regenerating the insulin-producing cells in the body.

In collaboration with healthcare charities and research organisations, we are actively working to improve the lives of people with diabetes. By understanding and listening to people with diabetes, solving problems through innovation, and making innovation a reality, we strive to increase our reach and add value to the lives of even more people with diabetes worldwide.

As well as our insulin products, we have a range of award-winning delivery devices, oral therapies, and innovative blood glucose monitoring system, so that, together with our personalised services, we can offer a patient-centric partnership to people with diabetes.

Sanofi's Rich Heritage of Developing Effective Solutions for Diabetes Patients

End of 19th century

At the end of the nineteenth century, Oscar Minkowski highlighted the important role played by the pancreas in controlling blood sugar. Also at this time the French physician Lanceraus established a clear distinction between the two forms of diabetes.

1. International Diabetes Federation, Diabetes Atlas, 5th edition.

1921
Insulin is indentified for the first time in Canada by Frederick Banting and Charles Best, who use a crude pancreatic extract to save the life a young boy in a coma.

1923
Hoechst (later sanofi-aventis) is the first company to produce insulin.

1936


Hoechst develops the crystallization process which allows better purification of insulin and improves its tolerance. This is the beginning of a long process of research into the disease.

1953
Development of "long insulin Hoechst" with a 20-hour action.

1976
Researchers produced the first sample of human insulin. Genetic engineering drove considerable progress, up until the production of the glargine insulin - Lantus®.

2000
The launch of Lantus® using recombinant DNA, the first basal insulin analogous to slow-action human insulin, which acts with no pronounced peak and makes it possible to maintain a low, regular level of insulin for 24 hours using a single daily injection.

2006
Launch of Apidra® in the United States-a new fast-acting insulin analog, for the treatment of Type 1 and Type 2 diabetes in adults.

2010
Global licensing agreement with **Metabolex** concerning an oral agent for the innovative treatment of Type 2 diabetes.

Partnership with Juvenile Diabetes Research Foundation to improve existing therapies and research into a treatment for Type 1 diabetes.

Exclusive Worldwide Lincense Agreement with **Cure DM** on Regeneraive Compound to Treat Diabetes.

Worldwide Agreement with **AgaMatrix** on Blood Glucose Monitoring (BM) Solutions.

A history of answering the needs effectively of patients in Pakistan

1970 | Daonil® (Glibenclamide)
Making treatment accessible

1998 | Neodipar® (Metformin HCl)
Providing complete solution

1998 | Amaryl® (Glimepiride)
Offering best-in-class OAD

2005 | LANTUS (insulin glargine)
True basal insulin

2007 | APIDRA (insulin glulisine) The speed you need. When you need it.
Supporting basal-bolus regimen

2011 | Amaryl® M S.R.
Control, convenience, compliance

2012 | INSUMAN®
It's all in the mix

2013 | Daonil® M (Glibenclamide + Metformin HCl)
Enhanced efficacy

Oral Anti-Diabetics

Amaryl® Amaryl® M S.R.

(Glimepiride & Metformin HCl)

Amaryl® and Amaryl M® are oral blood glucose-lowering drugs of the sulfonylurea class, administered once a day to treat Type 2 diabetes in combination with diet and exercise measures. The combination of Amaryl® or Amaryl M® and Lantus® is effective, if oral treatment alone does not give adequate control of blood glucose.

Daonil®
Glibenclamide

Daonil® is an oral hypoglycemic agent belonging to sulphanylurea class. Daonil® is used in the treatment of non-insulin dependent diabetes. Daonil® is used in conjunction with proper diet and exercise to decrease blood sugar levels.

Neodipar®

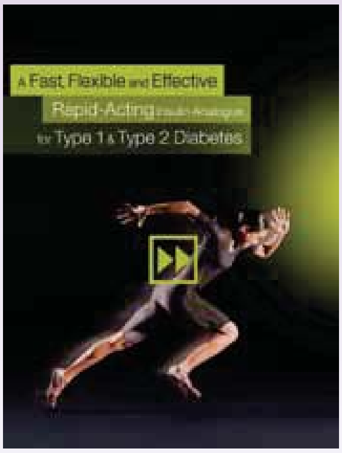
(Metformin HCl)

Neodipar® is an oral diabetes medicine that helps control blood sugar levels. It is used for the management of type 2 diabetes. At times this is used in combination with insulin or other medications for more efficient blood glucose control.

Insulins

LANTUS®
insulin glargine

Sanofi improved significantly diabetes management with Lantus® - our 24-hour, once-daily basal insulin injection. With our clinical experience covering more than 100,000 patients, as well as post-marketing surveillance arising from over 30 million patient-years of experience, Lantus® has demonstrated a strong efficacy and safety profile over the past 10 years – and remains the subject of ongoing studies even now, to optimise its use for people with diabetes.

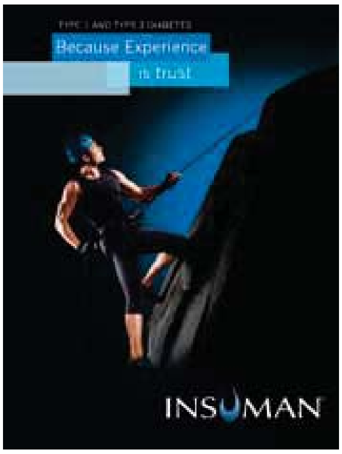


APIDRA
insulin glulisine

Apidra® is a fast-acting insulin for people with Type 1 and advanced Type 2 diabetes. It is usually combined with long-acting insulin or basal insulin analogues, such as Lantus®. Apidra® is more flexible than fast-acting human insulin because it is administered subcutaneously just before or immediately after meals.

SoloSTAR®

SoloSTAR® is a pre-filled, disposable pen that enables patients to inject up to 80 units of insulin, if necessary in one shot. It was designed to meet the everyday needs of people with diabetes. They can easily see the insulin dose and the injection is almost painless, as slight pressure suffices to inject the right dose (30% less force than similar devices).



INSUMAN®

New Launch

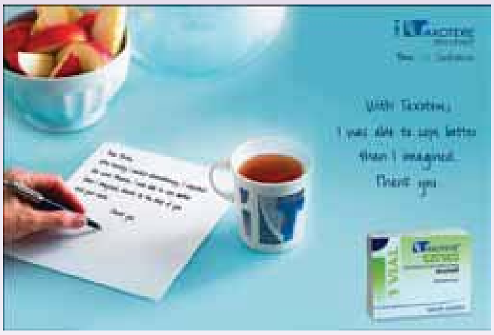
Insuman® is human insulin that is available in a range from rapid-acting and long-acting to a combination mix.

Insuman Rapid® is fast-acting and only works for a short time. It is taken shortly before a meal to help regulate the rapid rise of glucose levels in the blood after eating a meal to bring blood glucose levels back to normal. Such insulins are known as “meal time” or “prandial” insulins.

Insuman Basal® is an insulin that is released gradually into the bloodstream after it has been injected, and lasts for up to 20 hours. This fairly constant supply of insulin helps to control blood glucose between meals. The relatively slow release of Insuman Basal® means that insulin levels in the blood should not get too high between meals or during the night.

Insuman Combo 25® is a ‘premixed’ insulin which contains the rapid and basal components in varying ratios. The combined effect of the fast and longer-acting types of insulin is designed to mimic the way the pancreas naturally produces insulin in a person who does not have diabetes.

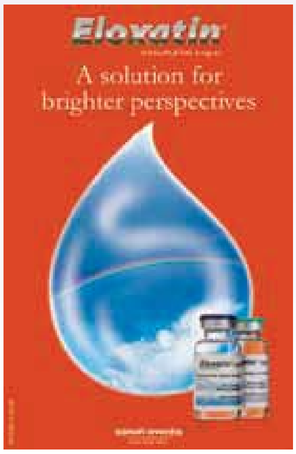
Oncology



TAXOTERE®
(docetaxel)

Taxotere® is a drug in the taxoid class, which inhibits cancer cell division by essentially "freezing" the cell's internal skeleton, comprised of microtubules which assemble and disassemble during a cell cycle. Taxotere® promotes assembly and blocks disassembly, thereby preventing cancer cells from dividing and resulting in their death.

Eloxatin®
OXALIPLATIN 5 mg/ml



Eloxatin® is a new-generation platinum salt that has brought major progress in the treatment of metastatic colorectal cancer by making surgery possible for a significant proportion of patients with isolated hepatic metastases by rapidly and significantly reducing metastasis size. Eloxatin® holds out the hope of an extended lifespan and possible recovery for these patients.

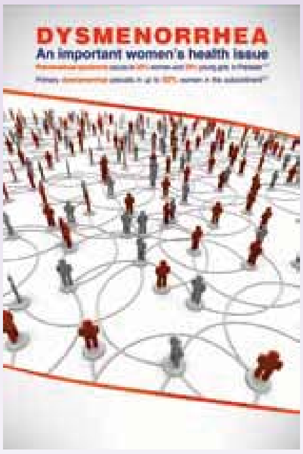
Fludara®
fludarabine phosphate

Fludara® is a chemotherapy drug used in the treatment of hematological malignancies (cancers of blood cells such as leukemias and lymphomas). It causes the death of cancer cells by interfering with their growth and reproduction. Fludara® is used to treat a type of cancer known as chronic lymphocytic leukemia (CLL) in people for whom other treatments have not worked. The injectable form of this medication may also be used to treat low-grade non-Hodgkin's lymphoma (Lg-NHL) in people for whom other treatments have not worked.

genzyme
A SANOFI COMPANY

Genzyme is a Sanofi biotech company that works to develop new medicines, improve existing therapies, and ensure that patients have access to these treatments. Fludara® is the first Genzyme product that Sanofi Pakistan has introduced.

Pain Management



NO-SPA®

(Drotaverine HCl)

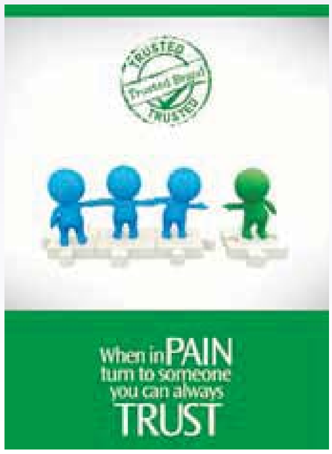
This is used as an antispasmodic in the management of biliary-tract, urinary-tract, and gastrointestinal spasm. This drug is indicated in the management of irritable bowel syndrome, renal colic, biliary colic, and the management of severe pain during menstruation.

New Launch

Gardan®

(Mefenamic Acid)

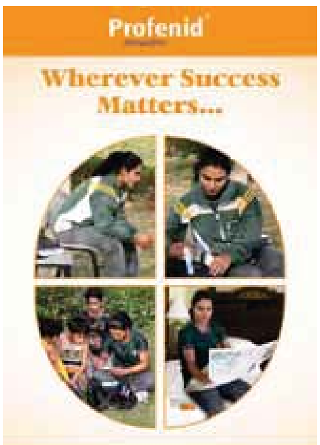
Gardan® is used to relieve mild to moderate pain including soft tissue injuries, other painful musculoskeletal conditions, headache, dental pain, post-operative pain & dysmenorrhea.



Muscoril®

(Thiocolchicoside)

Muscoril® is a muscle relaxant drug bundled with anti-inflammatory and analgesic properties. It is used for treating muscular spasms, and rheumatologic, orthopedic, and traumatologic disorders.



Profenid®

(Ketoprofen)

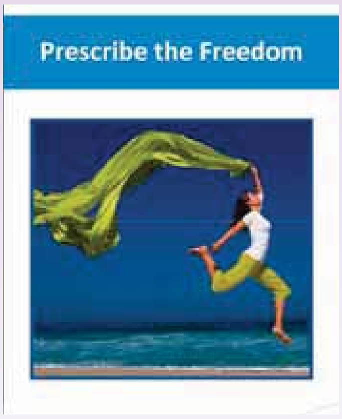
An anti-inflammatory analgesic and antipyretic. Profenid® is used in the treatment of rheumatoid arthritis, osteoarthritis and to alleviate moderate pain.

Sosegon

Pentazocine

This is a narcotic medication used to manage moderate to severe pain.

Allergy Management

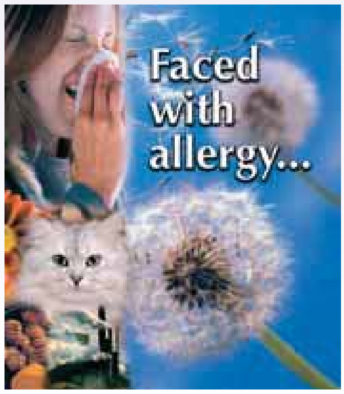


Telfast®
Fexofenadine HCl

Telfast® is an effective and potent antihistaminic agent, devoid of sedative effects and with a prolonged duration of action allowing administration once every 12 or 24 hours. It is indicated for the treatment of hay fever and chronic idiopathic urticaria. The Telfast-D® formulation combines this antihistaminic with a prolonged-release decongestion agent.

Avil®
(Pheniramine maleate)

One of the oldest and most trusted antihistamine with relatively strong sedative effects, Avil® is used to treat allergic conditions such as hay fever or urticaria.



ONCE DAILY Nasacort® AQ
(triamcinolone acetonide) Nasal Spray

Nasacort® Allergy Nasal Spray is a once-a-day treatment for hayfever. Nasacort® prevents the body from releasing the chemicals that cause the symptoms of hayfever (sneezing, itching and a runny or blocked nose) and controls symptoms.

PHENERGAN®
PROMETHAZINE HCl TABLET/ELIXIR

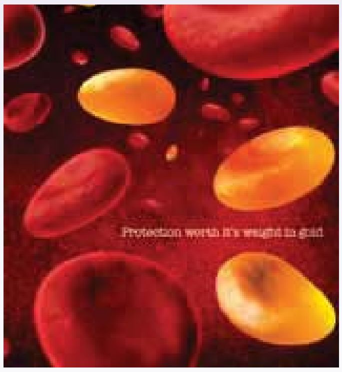
Phenergan® is one of the most established antihistamines in the local market. It is useful in perennial and seasonal allergic rhinitis, allergic conjunctivitis, urticaria and pruritis. Phenergan® also prevents motion sickness, and treats nausea and vomiting after surgery and is effective in the relief of apprehension and inducing light sleep from which a patient can easily be aroused.

Antibiotics

Tarivid®
(Ofloxacin)

Tarivid® is a fluroquinolone antibiotic with a broad anti-bacterial spectrum. Tarivid® is prescribed for acute, chronic or recurrent lower respiratory tract infections, skin and soft tissue infections, bone and joint infections, urinary tract infections and infections of the genital organs.

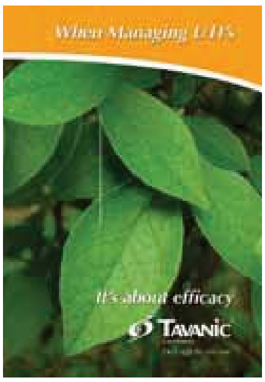
Claforan®
(Cefotaxime sodium)



Claforan® is a third-generation cephalosporin injectible antibiotic for the treatment of a wide range of infections including those of the respiratory tract, skin and soft tissues, urinary tract, and meningitis due to susceptible pathogens in both adults and children. It is also indicated for surgical prophylaxis (i.e. prevention of surgical infections). Claforan®is manufactured in a state of the art facility located in Karachi.

Aventriax®
(Ceftriaxone Sodium)

Aventriax® is a third-generation cephalosporin antibiotic. Like other third-generation cephalosporins, it has broad spectrum activity against Gram-positive and Gram-negative bacteria. This drug is indicated for the treatment of lower respiratory tract infections, acute bacterial otitis media, skin infections, bone and joint infections, intra-abdominal and urinary tract infections, pelvic inflammatory disease (PID), uncomplicated gonorrhea, bacterial septicemia, and meningitis. Ceftriaxone injection is also given before certain types of surgery to prevent infections that may develop after the operation.



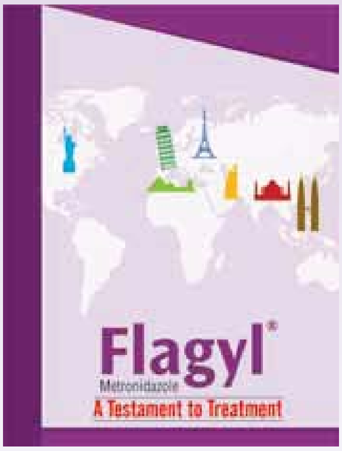
TAVANIC®
(Levofloxacin)

Tavanic® is used to treat bacterial infections. Levofloxacin works by killing the bacteria that are causing an infection. As levofloxacin is effective against a large number of bacteria, it is used to treat a range of infections, including infections of the chest, urinary tract and skin.

RULID®
Roxithromycin

This antibiotic targets a wide range of bacterial infections and is commonly used to treat respiratory tract conditions such as acute bronchitis, tonsillitis and pneumonia. Rulid® also combats bacterial infections in the body's genitals, gastrointestinal tract and soft tissues.

Diarrhea

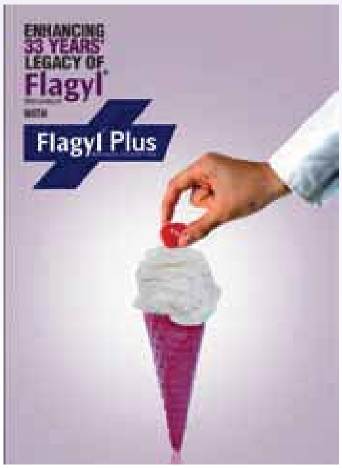


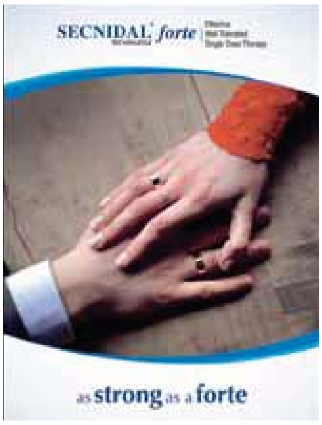
Flagyl®
Metronidazole

Today a household name and among the top-selling drugs in the country, Flagyl® is effective for the treatment of parasitic infections caused by Trichomonas vaginalis or Entamoeba histolytica known to cause diarrhoeal disease.

Flagyl® Plus
Metronidazole + Diloxanide Furoate

Flagyl® Plus combines Metronidazole (Flagyl®) and Diloxanide Furoate. This combination provides broad spectrum amoebicidal activity through the coverage of both tropozoites & cysts forms, providing not only cure in symptomatic Amoebiasis but also actively preventing the spread of the disease.





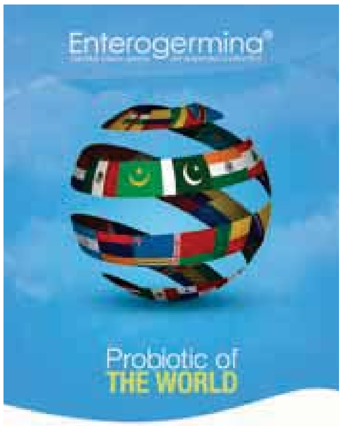
SECNIDAL®
SECNIDAZOLE

Secnidal® is an antibiotic that fights bacteria in the body. It is used to treat certain infections caused by bacteria, such as infection of the intestines or vagina. It is also used to treat certain sexually transmitted infections.

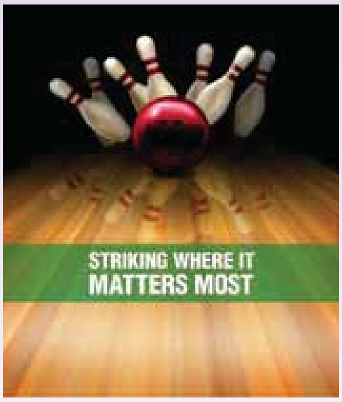
New Launch

Enterogermina®
bacillus clausii spores oral suspension 2 billion/5ml

Enterogermina® is an oral suspension probiotic offered in single doses. It restores the intestinal bacteria balance in case of an intestinal disorder. Enterogermina® can be used for preventive or curative treatment.



Gastric Disease



Xerosec®
(Omeprazole)

Proton pump inhibitors (PPI) block the production of acid by the stomach. Xerosec® is used in the treatment of dyspepsia, peptic ulcer disease (PUD), gastroesophageal reflux disease (GORD/GERD) and Zollinger-Ellison syndrome, all caused by stomach acid. Omeprazole blocks the enzyme in the wall of the stomach that produces acid.

New Launch

More with **MELDERE®**
ESOMEPRAZOLE

Meldere® also belongs to the PPI class and is used to treat the symptoms of gastroesophageal reflux disease (GERD), a condition in which backward flow of acid from the stomach causes heartburn and possible injury of the esophagus. It belongs to a class of medications called proton pump inhibitors and works by decreasing the amount of acid made in the stomach.

It may also be used to decrease the chance of development of ulcers in patients taking non-steroidal anti-inflammatory drugs (NSAIDs). It is also used with other medications to treat and prevent the return of stomach ulcers caused by a certain type of bacteria (H. pylori).

Cough & Cold

Rhinathiol®
(Carbocisteine)

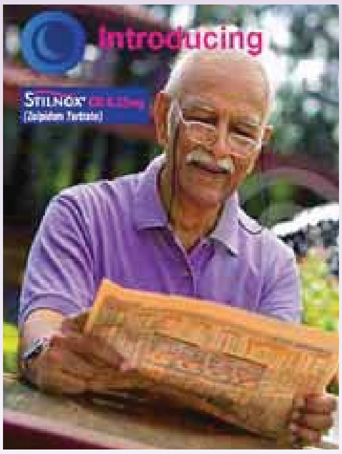
Rhinathiol® is a mucolytic agent for the adjunctive therapy of respiratory tract disorders characterized by excessive, viscous mucus, including otitis media with effusion (glue ear) and chronic obstructive airway disease.

Anti-malaria

Nivaquine-P®
(Chloroquine Phosphate B.P.) Tablet / Syrup

Nivaquine® syrup contains the active ingredient chloroquine sulphate, which is an antimalarial medicine. Chloroquine works by attacking the parasites once they have entered the red blood cells. It kills the parasites and prevents them from multiplying further.

Sleep Disorders



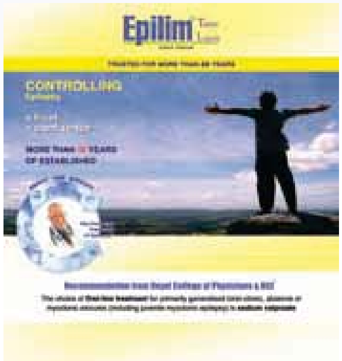
Stilnox®
Zolpidem 10mg scored tablets

Stilnox® is the leading hypnotic worldwide and is indicated in the short-term treatment of insomnia. It rapidly induces sleep that is qualitatively close to natural sleep and devoid of certain side effects that are characteristic of the benzodiazepine class as a whole. Its action lasts for a minimum of six hours, and it is generally well tolerated, allowing the patient to awake with a reduced risk of impaired attention, decreased alertness or memory lapses throughout the day.

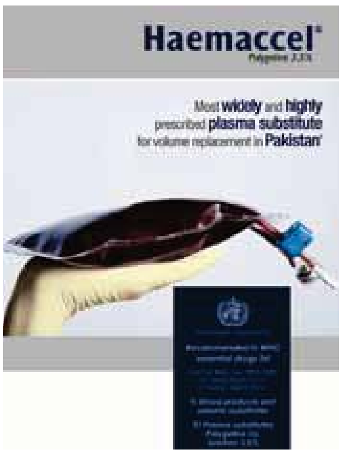
Epilepsy

Epilim® Tablet Liquid
Sodium Valproate

Epilim® belongs to a group of medicines called anticonvulsants and is used for the treatment of epilepsy in children and adults.



Emergency Care



Haemaccel®
Polygeline 3.5%

Haemaccel® is a plasma substitute for volume replacement used to correct or avert circulatory insufficiency due to plasma / blood volume deficiency, resulting from bleeding or from a shift in plasma volume between the circulatory compartments. It is a ready-for-use solution for intravenous infusion and can also be used as a carrier solution for various medicines.

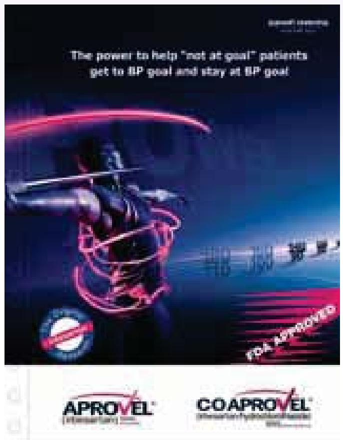
Cardiology

Plavix
(Clopidogrel) 75 mg

Millions of patients all over the world are being treated with Plavix® for the prevention of ischemic events caused by atherothrombosis, confirming the favourable benefit-to-risk ratio of long-term management of atherothrombosis. In Pakistan, Plavix® is rapidly consolidating its position as the foremost platelet antiaggregate agent for the secondary prevention of stroke.

APROVEL®
(irbesartan) Tablets 150 mg, 300mg

Aprovel® is indicated for the treatment of hypertension and diabetic nephropathy in patients with Type 2 diabetes. It acts by blocking the effect of angiotensin, the hormone responsible for the contraction of blood vessels, thereby permitting the normalization of arterial blood pressure.



COAPROVEL®
(irbesartan/hydrochlorothiazide)
Tablets 150/12.5 mg 300/12.5 mg 300/25 mg

A new form of CoAprovel® helps more at-risk hypertensive patients to reach their blood pressure goals. It is also indicated in cases of severe and moderate hypertension, the first fixed dose combination of a sartan and hydrochlorothiazide indicated as treatment for initial use in hypertensive patients who are likely to need multiple drugs to achieve their blood pressure goals.

CLEXANE®
enoxaparin sodium™

Clexane® is the most widely studied and used low molecular weight heparin (LMWH) in the world & is approved for more clinical indications than any other LMWH. Clexane® is an anti-coagulant used to inhibit the formation of clots in veins and arteries, thereby preventing possible acute or chronic complications associated with deep vein or arterial thrombosis.

TRITACE®
Ramipril

Tritace® contains the active ingredient ramipril, which is a type of medicine called an ACE inhibitor. It is used to lower blood pressure and control hypertension (high blood pressure). It may also be used as treatment following a heart attack (myocardial infarction) complicated with heart failure or to reduce the risk of heart attack, stroke, kidney problems and heart failure.

Co-Tritace®
(Ramipril / Hydrochlorothiazide)

Co-Tritace® is a combination product with two active ingredients: ramipril and hydrochlorothiazide. Ramipril relaxes blood vessels and makes the heart pump more efficiently. Hydrochlorothiazide belongs to the class of medications known as diuretics and helps control blood pressure by eliminating excess salt and water from the body.

Winstor®
(Atorvastatin)

Winstor® is a member of the drug class known as statins, used for lowering blood cholesterol. It also stabilizes plaque and prevents strokes through anti-inflammatory and other mechanisms. This drug is indicated to prevent heart attacks, strokes, to lower cholesterol and other harmful types of cholesterol in the body and to slow the progress of heart disease.

Over a century of specializing in vaccines

Louis Pasteur (1822 – 1895) : a scientific visionary

Louis Pasteur was a French chemist and microbiologist. He is best known for his remarkable breakthroughs in the causes and preventions of disease. His discoveries reduced mortality from puerperal fever, and he created the first vaccine for rabies.

Louis Pasteur made a series of discoveries throughout his career that revolutionized modern medicine. His contributions stem from the “germ theory of disease” – the discovery that infectious diseases are caused by microorganisms. Further to this theory, Pasteur found that injecting a weakened form of a microorganism could protect the body from the diseases that it causes. This discovery led to the development of a number of vaccines, including the rabies vaccine, first administered to a human in 1885. Pasteur’s work also resulted in changes to hospital infection practices and food safety.

He was best known to the general public for inventing pasteurization, a process that destroys disease-causing and other undesirable organisms in liquids, cheese and various other products.

The world leader in vaccines

- More than 1 billion doses of vaccines produced yearly to immunize more than 500 million people in the world
- Largest product range against 20 infectious diseases
- More than €1 million invested every day in R&D
- More than €1.9 billion invested in the last 5 years in production capacity

Protecting and improving human health is the main mission of Sanofi Pasteur. It plays an active role by providing one of the world’s largest ranges of superior, innovative vaccines for the prevention and treatment of disease.

Sanofi, with its vaccines division Sanofi Pasteur, is a world leader in the field of immunization with five major product segments:

- pediatric combination vaccines
- influenza vaccines
- booster vaccines for adolescents and adults
- meningitis vaccines
- travel / endemic vaccines

The Future

Dengue disease burden

- Dengue is a threat to nearly half of the world's population. Currently, there is no specific treatment available for dengue. It is a health priority in many countries of Latin America and Asia where epidemics occur regularly.
- Each year, 500,000 people, mostly children, are affected with dengue hemorrhagic fever (DHF), the severe form of the disease.
- DHF is a leading cause of hospitalization, placing tremendous pressure on health system and strained medical resources with a heavy economic and social impact.
- The WHO has set the target to reduce dengue mortality by 50% and reduce morbidity by 25% by 2020.

Dengue vaccine (in development)

"Today, we are very excited to be in the last stage of clinical development. We are confident that we will be the first with a dengue vaccine within a few years. A dengue vaccine will fulfill an unmet medical need and change the lives of millions of people across the world."
Olivier Charmeil, President and CEO, Sanofi Pasteur.

Dengue fever poses a global public health challenge and Sanofi Pasteur is committed to help address it. Currently, there is no specific treatment for this disease, and it is a threat to nearly half of the world's population.

In 2010 - 2011, our under-development tetravalent vaccine for dengue progressed to the next phase of development. In June 2010, the U.S. FDA granted fast track status to Sanofi Pasteur candidate dengue vaccine and in October 2010 the dengue vaccine entered phase III clinical study, the ultimate steps in the clinical development of a vaccine before its introduction.

In September 2012, the phase III clinical study results were published showing the ability of its vaccine candidate to protect against dengue fever caused by three dengue virus types. The results of the world's first efficacy study confirm the excellent safety profile of Sanofi Pasteur's dengue vaccine candidate.

"Because mosquito control has failed to control this disease, an effective vaccine will be a critical tool that can change the life of millions living in endemic countries. I see this success as the beginning of a new era of effective control", said Professor Duane Gubler, Program on Emerging Infectious Diseases, Duke-NSU Graduate Medical School, Singapore.

Business Development

At Sanofi today, Business Development comprises a number of tasks and processes generally aiming at developing and implementing growth opportunities for the affiliate. Business Development stands for creating strong inorganic growth opportunities, life-cycle management and exploring new potential segments.

Business Development Strategies are key drivers for realizing the vision of the affiliate. The typical way of operating its functions, Business Development uses a cross-functional team that ensures contribution of the whole organization in the orchestration.

Business Development at Sanofi Pakistan is equipped with skills & competencies to feed market intelligence, fuel excellence in execution, and identify diversification areas.

Business Development is continuously exploring new ways of doing business and integrating them into current business in the form of pre-launch planning for new product launches and new business additions to existing and new markets. Additionally, diversification of portfolio; identification of new channels and geographies for business expansion and external alliances and partnerships are all strategies which will help move towards this vision.

Line Extensions and New Products in 2012:

- Enterogermina® Suspension
- Flagyl® Plus Suspension
- Insuman Basal® Injection
- Insuman Comb-25® Injection
- Insuman Rapid® Injection
- Stilnox® CR Tablets
- Daonil® M Tablets
- Selsun Blue®
- Meldere® Capsules
- Fludara® Injection
- Gardan® Suspension

Consumer Healthcare

Initially owned globally by Abbott Laboratories, Selsun Blue was introduced in Pakistan in the late 80's. Chattem, a US based consumer healthcare company acquired by the Sanofi Group, acquired Selsun from Abbott globally in 2002 but the brand was licensed to Abbott for Manufacturing, Marketing and Sales.

In early 2012, Sanofi Pakistan acquired Selsun Blue from Abbott locally and subsequently launched its first Consumer Healthcare brand, Selsun Blue dandruff shampoo.

Future Outlook

In terms of future outlook, the team along with its cross-functional partners, essential for the success of the projects, is working on a number of short, medium and long-term projects, which include but are not limited to:

1. Commercialization of Genzyme business in Pakistan: bolting on Sanofi's global acquisition of the company, thereby enhancing Sanofi's position in the specialty segment by introducing specialized biotech products.

2. Introducing Branded Generics in Pakistan: fulfilling the need of customers by providing access to quality economical products. This is being planned and executed through an innovative alliance with some top local partners to cope with the challenges of capacity constraints, and to manage the timing issues associated with registration and stability studies.

   With our presence of quality generics in diabetes, anti-infectives and gastroenterology we are working hard to expand our horizon to penetrate other therapeutic segments as well.

3. Diversifying the business by introducing Chattem, a US based consumer healthcare company acquired by the Sanofi Group.

   Aligning ourselves with the Group, Sanofi Pakistan has taken over the Chattem product, Selsun Blue shampoo. This is the first product, a household name for the treatment of dandruff, that was re-launched in 2012. Our future endeavors will focus on expanding the Chattem range in Pakistan in the areas of topical analgesics, mouthwashes, diaper rash creams and various other categories.

4. Continuing in line with the strategy of diversification, Sanofi Pakistan also aspires to enter the Animal Health Market in the future through the introduction of Merial Products, a well-known Animal Health company in US. This is again one of the many benefits which Sanofi Pakistan will capitalize upon, as a result of global acquisition by the Sanofi Group. Products in the areas of poultry, livestock and pets are part of the Merial portfolio, currently being managed by a third party in Pakistan.

5. Afghanistan Export is another milestone that Sanofi Pakistan crossed in 2012. This market is now managed by the Pakistan affiliate and presents a good opportunity to establish Sanofi products further through professional and ambitious management.

Medical

The Medical team at Sanofi Pakistan has a dynamic vision to be a population centered department that sets standards for clinical, scientific and operational excellence and is a leader in compliance.

Engaging Key Opinion Leaders (KOL's) of the country in clinical research to improve patient care has been, and will continue to be the hallmark of the Medical team.

Today, Sanofi Pakistan is held in high esteem by the local medical academia. In 2011– 2012, as many as **18 clinical studies** were conducted, involving **637 investigators,** targeting a **patient pool of over 15,000.** These studies are aligned with our strategic focus on Diabetes, Oncology, Cardiology and Anti-infectives.

With a focus on Diabetes, the team initiated a first, large-scale disease registry on detection of undiagnosed T2DM (Type2 Diabetes Mellitus) patients at the Primary Care level. This project engaged 100 Family Physicians & Diabetologists who screened 10,000 individuals for T2DM across the country. This initiative was well-received by physicians and patients alike.

Abstracts of two local registries viz. VISION and CAMPAIGN (on eye and kidney complications of diabetes, respectively) were accepted and presented at the World Diabetes Congress by the International Diabetes Federation in December, 2011.

Keeping the strategic interest towards the flagship brand of Plavix® in mind, the PROOF study on clopidogrel engaged 100 General Practitioners and 1000 patients were enrolled in 2012. The study provided insight into the profile of patients on clopidogrel.

In support of the Antibiotic portfolio, the Medical team undertook local disease registries in support of the indications of typhoid & pelvic inflammatory disease (Tarivid®), community acquired pneumonia (Aventriax®) and surgical prophylaxis (Claforan®). Studies like TIP, RAPID, APTCARE and NASPAK provided valuable data which will help doctors in disease management. These results were also presented at symposia and congresses.

Our Medical Information Service (MIS) for doctors is highly appreciated and valued by the physicians of the country. Medical queries to address research needs or to improve quality of care of patients are forwarded to MIS and a response is usually provided within 48 hours.

One of the key principles at Sanofi is to monitor the safety and quality of our products. Medical at Sanofi Pakistan has a robust Pharmacovigilance system in place. All employees across the organization receive training on a regular basis in order to be cognizant of the importance of timely (24hrs) Adverse Drug Reaction (ADR) reporting.

The Medical Department is aware of future challenges and is prepared for transitioning smoothly into new diversified initiatives.

Industrial Affairs

This year, Sanofi Karachi site experienced the highest-ever volume growth since its inception in 1972. The volume growth for the year 2012 was 22%, strongly reflecting the team's commitment to explore new horizons in the pharmaceutical industry and keep pace with future challenges.

The Karachi facility celebrated 40 years of quality manufacturing in 2012. During this 40 year journey the site evolved from a single punch tableting function to a diversified manufacturing facility capable of manufacturing single and double layer tablets, capsules, cream and gels, oral liquids, sterile ampoules, cephalosporin vials and a very sophisticated blood plasma substitute.

In 2013, the site is targeting production of over 2 billion tablets, 20 million sterile ampoules and vials, and 50 million oral liquids. High volume growth coupled with increasing cost in competitive environment is a big challenge for the site and to address these challenges, numerous initiatives have been taken including simplification and standardization of plant internal flow, productivity improvements, process robustness, induction of LEAN attitude, principles and building a LEAN culture are few examples to change the paradigm from a reactive to proactive environment.

What Is LEAN ?

Lean means creating more value with fewer resources. A lean organization understands customer value and focuses key processes to continuously increase it. The ultimate goal is to provide perfect value to the customer through a perfect value creation process that has zero waste. To accomplish this, lean thinking changes the focus of management from optimizing separate technologies, assets, and vertical departments to optimizing the flow of products and services through entire value streams that flow horizontally across technologies, assets, and departments to customers. Eliminating waste along entire value streams, instead of at isolated points, creates processes that need less human effort, less space, less capital, and less time to make products at far less costs and with much fewer defects, compared with traditional business systems.

Alongside efficiency improvements, the site has gone through the development of its long range plan for each work center addressing capacity needs over the next five years and proposing to management an approach towards high speed and high tech machineries to solve capacity hiccups. This capacity improvement plan also addresses challenges related to HSE, Quality Control, Utilities and other support functions.

Key features of each production unit to depict this culture change are summarized below:-

Pharma Manufacturing Plant

Capable of wet/dry granulations, compression, film/enteric/sugar coating, encapsulation and blister/strip, alu-alu strip packaging with comprehensive utilities (purified water distribution system, boiler, chilled and hot water, air compressor and HT electricity), the Pharma manufacturing plant is the oldest building at site.

A new granulation suite of 450 kg capacity has been created to address growing market demand of solid dosage forms. The granulation activity is in a complete closed AZO system complying the latest HSE standards and guidelines to avoid exposure of materials to operators. This is a true example of absolute HSE focus of this site.

The sterile unit in Pharma Manufacturing Plant has also gone through equipment up-gradation and a new compact, high speed vial filling line was commissioned in early 2012. This European line is fully automatic, PLC controlled and capable of online vial washing, de-pyrogenation, filling, rubber plugging and sealing. A new Water For Injection (WFI) manufacturing plant was also added to the inventory to synchronize WFI needs of this vial filling line.

Segregation of primary and secondary packaging areas is key to the latest cGMP guidelines and to address this need the segregation project was completed towards the end of 2012.

Haemaccel® Plant

The Haemaccel® plant produces the market's leading brand of blood plasma substitute. This plant experienced a great achievement in 2012, improving productivity by 20% within the same resources. The Haemaccel® plant can now produce up to 2.4 million packs per year against the installed capacity of 2 million packs. Planning and validation is underway to enhance production volumes even further in order to address the growing demand of Haemaccel®.

Claforan® Plant

This is a dedicated Cephalosporin building, capable of sterile powder filling in vials and online packaging. During the year 2012, the quality control facility was also dedicated within this plant, hence complying with the global cGMP and HSE standards.

Historically in Claforan® plant only one ampoule could be inserted to the final pack, but there was a need to synchronize two WFI ampoules insertion during online vial filling and packing. The Claforan® team delivered the objective and now two WFI ampoules, supplied as ancillary component of the product, are being packed in a synchronized fashion. With the implementation of this project, the non-value adding activity has been eliminated resulting in productivity improvement and ultimately freeing the capacity of the facility.

Oral Liquid Plant

Oral liquid manufacturing plant is a unique plant at the site with respect to its automation, technological soundness and delivering the customer need on real time basis. During the month of June-2012, there was an overwhelming customer demand for oral liquid preparations, the team responded to this situation by producing over 7.6 million packs, breaking all previous standards. This was achieved through integration of the value chain system.

Under the umbrella of continuous improvement program, the oral liquid production team has delivered objective of efficiency by implementing lean concepts and utilizing the advantage of efficiency of the filling line.

Industrial Quality And Compliance

The quality systems are an integral part of any manufacturing organization and its importance is magnified in the pharmaceutical industry where a good quality system provides assurance to physicians, pharmacists and consumers that a given product performs uniformly and in a manner satisfactory for the purpose for which it is recommended.

Karachi site quality system is equipped with latest chromatographic techniques, spectrophotometry and conventional quality control testing systems for routine and real time testing of API, raw and packaging materials. Extensive usage of Near Infra-Red (NIR) spectroscopy for 100% identification of materials enabled the quality system to carry out analysis of a variety of raw materials with a single instrument in a more efficient and satisfactory manner.

Human Resources: rising to the challenges of growth

As the name embodies, a company's true source of competitive advantage and sustainable growth lies in the quality of its people. At Sanofi we take pride in the excellence of our human asset and our team's continued commitment for organizational success. Our human resource policies, development programs and promotion / incentive activities all revolve around creating an exemplary team.

Talent Acquisition

A critical aspect of our corporate strategy is to identify, induct and engage diverse talent from across Pakistan. We not only recruit experienced talent but also provide opportunities to potential talent, young university graduates eager to make their mark. The Company boasts of a robust Internship Program which helps students to familiarize themselves with the healthcare industry and corporate environment. Furthermore, our Internship Program also enables students to attain a stronger understanding of their specific area of interest.

We have been actively engaged in conducing Career Counseling workshops and participating at job fairs in the country's leading educational Institutes, reflecting our determination and enthusiasm to pursue new talent and build a dynamic and highly competent team.

Our Internal Job Posting process affords existing employees the opportunity to apply for vacant positions across functions throughout the company, aiding their professional growth and enabling them to meet personal career aspirations. Our case-studies, role plays and behavior-based interview guides are developed considering real life situations. This gives us a clear idea about the candidates' thought process and ability, thereby enabling us to recruit the best.

Every year, our new recruits go through a comprehensive orientation program, called 'Know Your Company', designed to enhance their understanding of the Company, business and future outlook.

Training & Development

The year 2012, saw a number of programs dedicated to human talent recognition, development and career progression. The Company imparted training of 2998 days to employees of the Company focusing on improving capability, capacity and performance. With a total human asset force of 950, representing different areas of organizational growth, the human resource department designed and conducted a wide variety of training and development programs. Some of the development initiatives for the field force included:

- Extensive training on technical aspects & sales certification process.
- Business Management Certification - a prestigious 2 year program as a joint venture with IBA (Batch – II) to 45 employees.
- New Product Training to around 300 employees.
- Business Management Development Program - District Managers' training for new/promoted DMs to develop their capabilities.
- In continuation of last year's Talent Management Program (to nurture employees through a structured career program), employees were sent abroad for management training programs on Leadership Development called 'Evolve', Hong Kong University Management workshop and Training seminar at Singapore.
- Mapping for Leadership - an advanced leadership program for all supervisors including the Managing Committee. This focused on training around Leadership Competencies.
- I2I (Imagination 2 Inspiration) a customized, technical program for the vaccine business focusing on enhancing in-clinic performance of the sales force.
- Focus was also made to improve the in-clinic performance through enhancing knowledge of disease and product areas.

Organizational Development

The Company believes in a strong culture and the HR team initiated various employee-related development and engagement projects that focused on enhancing organizational effectiveness.

The Talent Management Program is one such initiative. Extensive discussions about employees, between HR and respective department heads, enable the organization to identify talents. Through this program, employees demonstrated or required competencies and skills are highlighted. Development plans are subsequently chalked out for their improvement and success.

The Company has a structured career program which promotes healthy competition and nurtures excellence. A management training program for senior managers is organized annually by the Group. This intense academic program refreshes employees' theoretical perspective, enabling them to link it to their profession.

A new version of the Performance & Recognition Program was launched in 2012 and was rolled out to all employees. The appraisal cycle is given due importance to encourage dialogue between supervisors and employees to discuss the strengths and areas of improvement. We continuously strive to keep our compensation packages competitive with the market and thus participate in both international and local salary surveys to benchmark our key positions.

Sanofi values its employees and the community. Due importance is given to maintaining a strong Health, Safety and Environment (HSE) culture. Safety at work and especially for the Field Force is taken extremely seriously. To continuously promote healthier lifestyles, awareness is created for employees to use the gymnasium, tennis, badminton and cricket or football facilities at the Karachi site.

Sanofi values its employees and the community. Due importance is given to maintaining a strong Health, Safety and Environment (HSE) culture. Safety at work and especially for the Field Force is taken extremely seriously.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

A shared culture of social responsibility

We are a healthcare company with deep moral commitments. Acting ethically and responsibly is in our DNA; it is an innate part of our culture.

As a healthcare company, Sanofi has placed the concept of social responsibility at the heart of its strategy and growth. Its approach to Corporate Social Responsibility (CSR) inspires all its activities while focusing on four main dimensions:

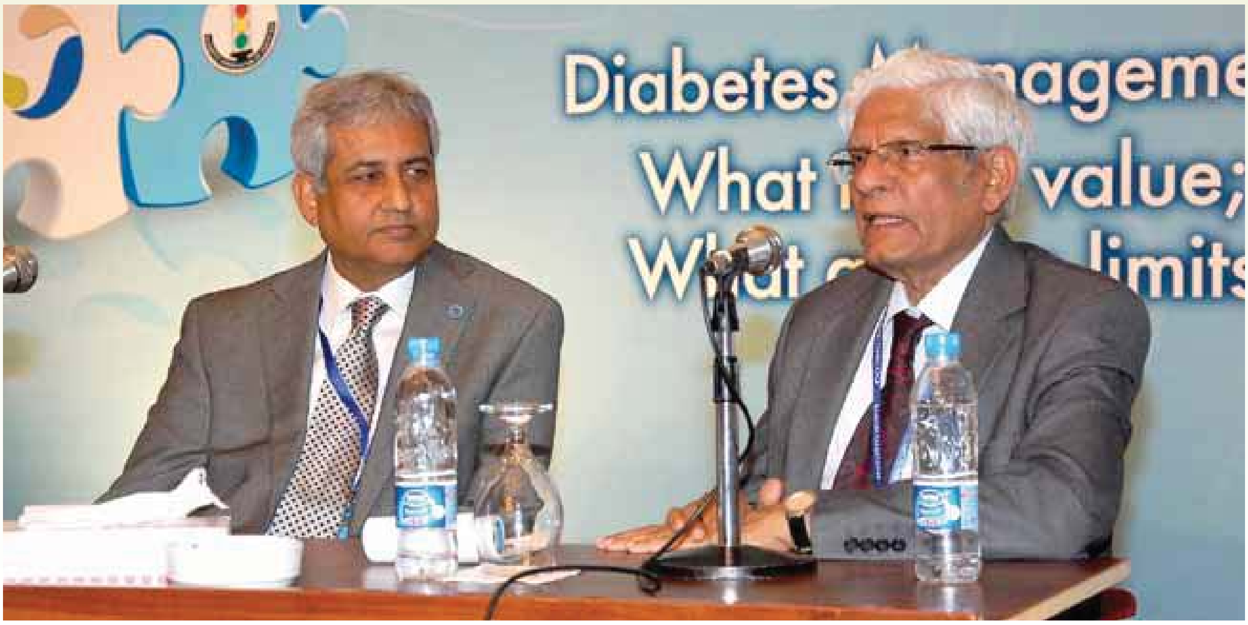
Addressing patients' needs - Patient
Ensuring ethical integrity in business and research - Ethics
Promoting social commitments - People
Limiting the Group's impact on the environment - Planet

Diabetes

“Sanofi Kawish”

Impact: 850 Physicians.

A collaboration was forged with Diabetes Association of Pakistan (DAP) for a nationwide initiative called “Sanofi Kawish” (Sanofi Endeavor) to improve standards of diabetes management in Pakistan. The on-going program comprises a series of workshops designed and implemented by DAP to educate healthcare providers and general practitioners on proper diabetes management.



“Preserving Feet”

Impact: 600 Physicians. 300 Nurses.

This program aimed to train primary care physicians for screening diabetic patients with high risk feet for optimal diabetes care. A collaborative effort of Sanofi Pakistan and National Diabetes & Diabetic Foot Program (Project of Baqai Institute of Diabetes & Endocrinology and World Diabetes Federation & International Working Group on Diabetic Foot), “Preserving Feet” was based on the workshop model with practical aspects of diabetic foot care and management. Through this program, 600 physicians in 10 cities were engaged in 20 workshops across Pakistan. In addition, 300 nursing staff was also trained on wound care management in diabetic patients.

Diabetes Screening

Impact: 187,500 free blood glucose tests. HbA1c screening of 64,000 patients.

Diabetes testing / screening camps were conducted throughout the country to evaluate patients at high-risk, improve diagnosis and increase awareness regarding the importance of regular screening for detection of diabetes.

Diabetes Website

www.sanofidiabetes.com.pk

A website dedicated to diabetes awareness and effective management was developed and launched. The objective was to answer the needs of Pakistani patients by providing information, tools and guidance that is more relevant to our environment.

Cardiovascular

Plavix® Price Reduction

Impact: 163 % volume growth.

Following global patent expiry and the major health crisis in the Punjab Institute of Cardiology where over 100 heart patients died due to the consumption of an essential drug for the treatment of cardiac disease, the price of Plavix® was reduced.

The objective was to facilitate an increased number of patients to access the original, premium quality product.

"Minerva" - Wisdom in Hypertension

Impact: 600 Family Physicians.

The "Minerva" (Wisdom in Hypertension) program was designed in collaboration with faculty members of high-profile medical institutes. It focuses on raising awareness of healthcare providers in the management of hypertension.

BMJ Masterclasses

Impact: 350 Family Physicians.

Sanofi Pakistan collaborated with British Medical Journal (BMJ) for a unique web-based distance learning conference. This was the first program of its kind to be conducted in the Pakistan pharmaceutical industry. Through this unique initiative, 350 leading Family Physicians from three major cities of Pakistan received simultaneous 'BMJ Masterclasses' from reputed healthcare professionals based in the United Kingdom. BMJ Masterclasses provide doctors with essential updates on the latest evidence, important advances and current issues that are relevant to their daily medical practice.

Patient Support

Impact: 3000 patients.

Cardiovascular patients were provided support kits containing devices and tools such as pedometer, BMI measuring tape, pillbox, pill cutter etc. to help patients in managing their condition.

Oncology

City Tumor Board

Impact: 384 patients.

The first ever independent tumor board in Pakistan was established with the aim of facilitating treatment of oncology patients through the development of a multi-disciplinary approach. The board consists of 25 specialists, (Radiologist, Oncologist, Surgeon etc.) who sit for a bi-monthly session to discuss the cases of 8-10 patients (per session). City Tumor Board is a non-territorial board, where specialists from all across Pakistan gather on one platform to discuss their cases and reach consensus regarding the treatment of oncology patients.

Breast Cancer Awareness

Impact: 1,000 women

During Breast Cancer Awareness month (October), Sanofi Oncology partnered with the Institute of Nuclear Medicine & Oncology (INMOL) in Lahore to organize a patient awareness session for women.

“My child matters”

“My child matters” is an innovative global partnership between Sanofi and the International Union Against Cancer (UICC). It was launched in Pakistan in 2009. The program aims to step up the fight against childhood cancer in countries where paediatric oncology is still struggling to become established.

The program supports hospitals, foundations and NGOs to develop pragmatic approaches to improve awareness, early diagnosis, access to care and treatment, pain control and better management of the social and cultural aspects of the disease.

The “My child matters” program continues to fund projects in Karachi and Lahore:

The Children’s Hospital & Institute of Child Health, Lahore.

- Pediatric Palliative Care Unit
- Basic training of community doctors/nurses

Children’s Cancer Foundation, Karachi.

- Outreach Training Program for Pediatric Oncology in Sindh and Balochistan to Improve Diagnosis and Treatment for Childhood Cancers.

Workforce Development

Business Management Certification Program

Impact: 40 employees.

A unique employee development initiative was devised in partnership with the Institute of Business Administration (IBA), Karachi in 2010, offering a two-year program of IBA Certificate in Business Administration.

The high-quality program imparts advanced education and analytical skills to junior members of the Company's sales team in order to prepare them for future leadership roles. The first batch of 40 Sanofi Field Executives graduated in 2012. Assessment tests were conducted in late 2012 to enroll a similar number for the 2nd batch due to commence in 2013.

Volunteer Programs

Collaboration with TCF

140 man hours dedicated for voluntary activities by a group of Sanofi employees, who remained actively engaged with school children in under-privileged communities for the Rahbar Program & Career Counseling Programs of The Citizens Foundation held in 2012.

Academic Excellence

Sanofi ACCSEL (ACCess to Skill based Learning)

Impact: 160 Postgraduates & 10 leading teaching hospitals engaged

A Memorandum of Understanding was signed between Sanofi and Pakistan Medical Association (PMA) to improve patient management in Pakistan by building core competencies and skills of medical professionals. Eligible post-graduates from leading teaching hospitals were enrolled for the session and received free courses in various areas of Clinical & Research methodology, from esteemed medical educationists and consultants.

Code of Ethics

Ethics & Compliance

Ethics is an integral part of the culture at sanofi-aventis Pakistan & guides the behavior and conduct of all employees. The Code of Ethics is circulated to all employees annually and declaration for compliance with the Code is obtained. New joiners go through an orientation session in order to have adequate knowledge of the Code, enabling them to meet objectives efficiently, transparently and fairly. The Code of Ethics is also available on the Company's intranet in both English and Urdu languages.

Our Code of Ethics comprises of the following core principles:

- Respect for the Individual
- Respect for Privacy and Personal Data Protection
- Respect for Health, Safety and Environment
- Confidentiality and Protection of Sensitive Information
- Protecting our image: social media
- Prevention of Conflicts of Interest
- Prevention of Insider Dealing
- Financial Information and Responses to Enquiries
- Involvement in Political and Public Life
- Respect for Free Competition
- Fighting Bribery and Corruption
- Good Promotional Practices
- Security in dealings with contractors
- Duty to Inform

In order to implement the Code of Ethics, we have developed a comprehensive compliance program which includes:

- Code of Ethics
- Supplemental codes & guidelines
- Training for employees
- Communication channels
- Whistle blowing mechanism
- Monitoring compliance
- Taking corrective actions

In addition to the Code of Ethics, Sanofi has implemented various policies to guide the employees in specific areas. These include, but are not limited to:

Financial code of ethics

This code defines the acts and omissions to be followed by senior executives, especially those responsible for public disclosure and financial information.

Complaints management policy (whistle blowing procedure)

The company has an elaborate whistle blowing policy, relative to financial, accounting, internal control and anti-corruption matters. Global as well as local channels are defined for employees to communicate their concerns.

Principles of good promotional practices

This document defines the fundamental promotional rules recommended by the World Health Organization and the International Federation of Pharmaceuticals Manufacturers Association.

Personal data protection charter

This charter outlines sanofi-aventis corporate rules for the collection, processing, use, dissemination, transfer, and storage of personal data, in order to secure an adequate level of protection within the group.

Code for prevention of insider trading

This code defines rules for prevention of insider trading within the sanofi-aventis group.

Ethical charter for buyers

This document defines the rules applicable to and the behavior required from all sanofi-aventis employees who are involved in the buying process.

Anti-bribery policy

This policy provides additional guidance and procedures for sanofi-aventis employees to comply with applicable anti-corruption and anti-bribery laws and regulation.

Conflict of interest directive

This policy demonstrates sanofi's strong commitment to implement a proactive mechanism to identify and detect early detection of conflict of interest situations and provide a standard methodology to assess and address any actual or potential conflict situations.

Policy on interactions with Health Care Providers (HCP)

In order to avoid the negative perceptions about influencing and conflict of interest in our interaction with HCP's, sanofi has implemented processes to ensure transparency and objectivity in our interaction with HCP's.

Information protection charter

This policy defines the code of conduct for employees for using the information technology assets of sanofi. In addition to usage, the charter also provides guidance on protecting information assets of sanofi.

Review Report to the Members

on Statement of Compliance with the Best Practices of Code of the Corporate Governance

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2012 prepared by the Board of Directors of sanofi-aventis Pakistan limited (the Company) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control systems to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulation No. 35 require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 31 December 2012.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Karachi: 27 February 2013

A member firm of Ernst & Young Global Limited

Statement of Compliance

with the code of corporate governance for the year ended December 31, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation no. 35 of the Karachi Stock Exchange (Guarantee) Limited, listing regulation no. 35 of the Lahore Stock Exchange (Guarantee) Limited and chapter XI of the listing regulations of the Islamabad Stock Exchange (Guarantee) Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1) The Board comprises of 9 directors, out of which 6 are Non-Executive Directors. The composition of the Board is as follows:

Category	Name
Non-Executive Director	Syed Babar Ali
Executive Director	Tariq Wajid
Non-Executive Director	Syed Hyder Ali
Non-Executive Director	Arshad Ali Gohar
Non-Executive Director	Shailesh Ayyangar
Non-Executive Director	Francois Jean Louis Briens
Non-Executive Director	Jean-Marc Georges
Executive Director	Mohammad Ibadullah
Executive Director	Amanullah Khan

2) The directors have confirmed that none of them is serving as a director in more than ten listed companies including this company.

3) All the resident directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4) Syed Babar Ali is a director of sanofi-aventis Pakistan limited, who also holds similar position in IGI Investment Bank Limited which is the holding company of IGI Finex Securities Limited, a company engaged in the business of stock brokerage. However, Syed Babar Ali undertakes that neither he nor his spouse is personally engaged in the business of stock brokerage.

5) No casual vacancy occurred in the Board during the year ended December 31, 2012.

6) The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

7) The Board of directors have ensured that a system of sound internal control is established, which is effectively implemented and maintained at all levels of the company.

8) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of the significant policies along with the dates on which they were approved or amended has been maintained.

9) All the powers of Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and the executive directors, have been taken by the Board.

10) The meetings of the Board were presided over by the Chairman and, in his absence, by the Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

11) During the year, the company arranged briefings for its directors to apprise them of the changes in the Code of Corporate Governance issued in April 2012 and its implications on sanofi and the Board members. Two of the directors are enrolled in the Corporate Governance Leadership Skills (CGLS) Directors' Education Program conducted by the Pakistan Institute of Corporate Governance, Karachi and the certification will be completed in due course. Furthermore, two of the Non-Executive Directors of the company meet the criteria of exemption under clause (xi) of the Code, and accordingly are exempted from attending the director's training program. In future, arrangements will also be made for other directors for acquiring certification under the directors training program.

12) The Board approves the appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and the Head of Internal Audit. During the year, the Board appointed the CFO as the interim Company Secretary after the resignation of the previous Company Secretary. However, a new Company Secretary has subsequently been appointed by the Board.

13) The directors' report for the year ended December 31, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

14) The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

15) The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

16) The company has complied with all the corporate and financial reporting requirements of the Code.

17) The Board has formed an audit committee. It comprises of three members, two of whom are non-executive directors including the Chairman of the committee.

18) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

19) The Board has formed an HR and Remuneration Committee. It comprises of three members, two of whom are non-executive directors including the chairman of the committee.

20) The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on a full time basis.

21) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

22) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23) The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

24) Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

25) All related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevailed in the arms length transactions.

26) We confirm that all other material principles contained in the Code have been complied with.

By order of the Board

Syed Babar Ali	Tariq Wajid
Chairman	Chief Executive

Dated: February 27, 2013

Calendar of Major Events

Month	Event	Description
Meetings of Board of Directors/Audit Committee/shareholders		
February	Board & Audit Committee Meeting	Consider & approve results for the year 2011
April	Board & Audit Committee Meeting	Consider to approve results for Quarter 1' 2012
August	Board & Audit Committee Meeting	Consider to approve results for Quarter 2' 2012
October	Board & Audit Committee Meeting	Consider to approve results for Quarter 3' 2012
December	Audit Committee Meeting	Review and approve budgets and annual audit plan.
April	Annual General Meeting	As required by Company Law.
September	Extra-ordinary General Meeting	To authorize disposal of Company's manufacturing site including plant & machinery and all other assets located at Wah Cantt.
Other Corporate Events		
January – February	Mega Recruitment Drive	Major recruitment, whereby 144 persons were recruited in two months.
April	Orientation on Corporate Governance	Orientation to the members of the Board on the changes in the Code of Corporate Governance and its implications on Sanofi.
April	Scientific Symposium	Symposia held in Lahore & Islamabad to discuss the results of Typhoid Prevalence in adult population attended by approximately 500 family physicians.
May	Compliance training	Conducted compliance training for the field force.
June	ORIGIN Trial	Disseminated ORIGIN results in Karachi, Lahore, Islamabad & Faisalabad. ORIGIN is a six year trial using Lantus® in > 12,000 patients making it the longest and largest trial ever conducted in Pakistan on individuals with dysglycemia who are at high cardiovascular risk.
August	Winstor SMS Campaign	As part of the digital initiative, Scientific messages on Atorvastatin were rolled out to approximately 700 doctors.
October	BMJ Master classes Video conference	This activity was conducted first time ever in Pakistan in collaboration with BMJ (British Medical Journal) Master classes via video conference between UK and 3 major cities of Pakistan.
October	e-launch platform	First ever webcast e-training session conducted with entire Field Force for training programs featuring Stilnox CR launch training and Xatral Geomatrix campaign.
November	Pharma-covigilance	Conducted standardized annual e-Training on Pharmacovigilance and safety issues for all employees.
November	Winstor – Heart Shaped Campaign	Campaign on "Keeps the Heart in Good Shape" was rolled out to capitalize on the heart shaped tablet of Winstor.

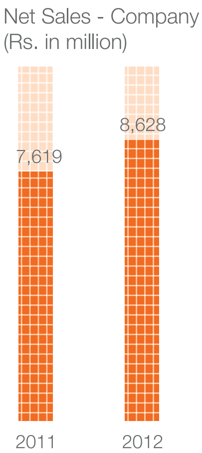
Directors' Report

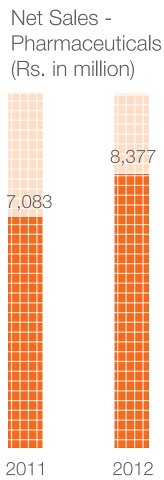
We are pleased to present the Annual Report and the Company's audited financial statements for the year ended December 31, 2012. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xvi of the Code of Corporate Governance, 2012.

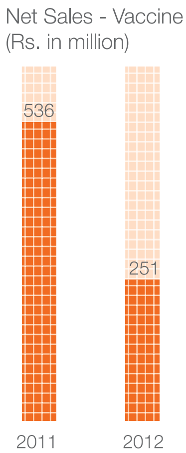
Overview

We are pleased to inform that net sales for the year ended December 31, 2012 at Rs. 8,628 (2011: Rs. 7,619) million registered an overall growth of 13.2% over the last year, comprising of Rs. 8,377 (2011: Rs. 7,083) million and Rs. 251 (2011: Rs.536) million attributable to pharmaceutical and vaccine products, respectively. Thus our pharmaceutical products recorded a growth of 18.3% (2011: 22.3%) over last year. The good results for the pharmaceutical sales during the year were driven mainly by volume growth of major brands, Lantus® (43%), Amaryl® (20%), Flagyl® (15%), Clexane® (29%), Stilnox® (80%), and Eloxatine® (67%). The business also continued on its path of exploring and materializing growth opportunities, including penetration in the Afghanistan pharma market and launch of new products. During the year, four new products and three line extensions were launched. The Gastro esophageal disorders therapeutic area registered successful launch of Enterogermina® in January 2012, Flagyl Plus suspension® (line extension of our flagship product Flagyl®) in March 2012 and Meldere® in July 2012. In Diabetes, the Company launched Insuman® in July 2012 and Daonil M (line extension of Daonil®) in December 2012. As a result of global acquisition of Genzyme by Sanofi group, we have also benefitted from it by launching Fludara® in April 2012 mainly indicated for chronic lymphocytic leukemia (CLL).

Consequent to geographic expansion into Afghanistan market, the export sales to this market reached a level of Rs. 349.1 (2011: 83.1) million during the year ended December 31, 2012.







The vaccines business of the Company recorded a decline of 53% (2011: growth of 46.5%) over last year, comprising of Rs. 50 (2011: Rs. 394) million and Rs. 201 (2011: Rs. 142) million attributable to the vaccines public and private market business respectively. As mentioned in earlier reports, public market business for vaccines is highly volatile and unpredictable because of government tender process with the lowest bidder winning the tender. Therefore, taking into account the variability of the vaccines public market business, the Company's management is continuously taking initiatives to develop the private market business to further accelerate the sales growth.

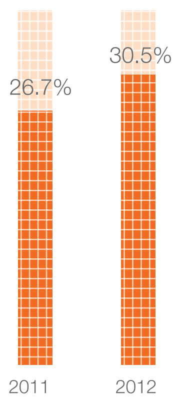
Gross margin for the year ended December 31, 2012 has increased from Rs. 2,034 million to Rs. 2,629 million in absolute terms and from 26.7% to 30.5% as a percentage of Net Sales. The increase in gross margin in absolute terms is attributable to efficiency improvement measures taken by the Company, volume growth as well as reduction in import cost of certain products. The aforesaid increase in gross margin was partly offset by increase in cost of utilities, fuel & power cost due to higher production as well as electricity break down and shortage in supply of water, higher depreciation charge, higher personnel cost due to revision in post-retirement benefits, increase in travelling and conveyance expense due to fuel price volatility, as well as exchange rate devaluation of Pak Rupee versus other major currencies etc.

Distribution and marketing expenses have increased by 12.02% whereas marginally decreased as a % of net sales from 18.36% to 18.16%. The increase is attributable to both the pharmaceuticals as well as vaccines business activities with increased spending on advertising and promotional activities coupled with higher staff cost mainly on account of increase in headcount as well as revision in post-retirement benefits, freight and transportation expenses consequent to sales growth, fuel price volatility as well as export to Afghanistan, adverse exchange parity impact relating to imported items (e.g. medical journals etc.), and the impact on account of general inflation.

Administrative expenses increased by 16.19% due to increases recorded in all cost categories especially personnel cost mainly on account of special allowance given to management staff with relatively low salary income to compensate the inflationary impact, utility expenses, increased costs for security, travelling & conveyance, general inflation etc.

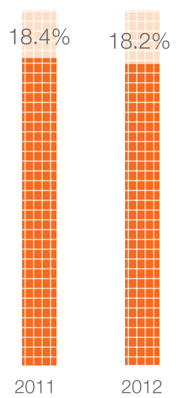
Other operating expenses for the year amounting to Rs. 228.75 (2011: Rs. 71.78) million mainly

Gross Margin



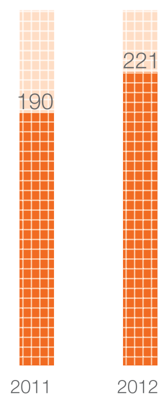
- Gross Margin increase due to:
  - Efficiency improvement
  - Volume growth
  - Reduction in import cost partly offset by
  - Adverse exchange impact
  - Higher cost of utilities

D & M / Net Sales Ratio



- Decrease due to:
  - Sales growth partly offset by
  - Higher staff cost
  - Higher advertising and promotional activities
  - Adverse exchange impact

Administrative Expenses
(Rs. in million)



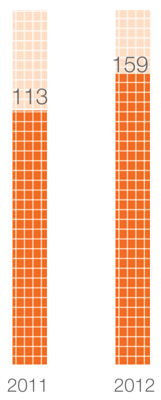
- Increased expenses across all cost categories includes statutory charges (i.e. Workers' Profits Participation Fund, Workers' Welfare Fund and Central Research Fund), which are all related to profit and marginally increased over last year. These also include significantly higher amount of exchange losses amounting to Rs. 157.50 (2011: Rs. 20.09) million backed up by higher imports during the year coupled with significant depreciation of Pak Rupee versus US dollar and the Euro.

Other operating income for the year amounting to Rs. 256.68 (2011: Rs. 163.87) million includes gain of Rs. 227.17 (2011: Rs. Nil) million on disposal of non-current asset held for sale (Wah Manufacturing Site), gain of Rs. 2.38 (2011: Rs. 9.32) million on disposal of operating fixed assets, Rs. 8.92 (2011: Rs. 8.91) million representing rental income from Bayer Pakistan (Private) Limited and scrap sales of Rs. 11.47 (2011: Rs. 13.09) million.

Financing cost increased by 40.47% over last year mainly due to higher borrowings to finance higher capital expenditure, export sales, higher inventory and other working capital requirements.

Profit after tax at Rs. 487.26 (2011: Rs. 229.59) million is significantly higher (112.23%) than 2011 mainly due to gain on sale of Wah Site as well as high sales growth of pharmaceutical products.

Finance Costs
(Rs. in million)



In 2012 approximately 56% (2011: 85%) of our sales were on cash before delivery basis to 16 regional distributors. The remaining 44% sales (2011: 15%) were made on credit to large hospitals, government institutions, certain distributors as well as export sales to Afghanistan. Effective credit control procedures are in place and the debtors' turnover ratio as of December 31, 2012 is 26 days as compared with 11 days last year.

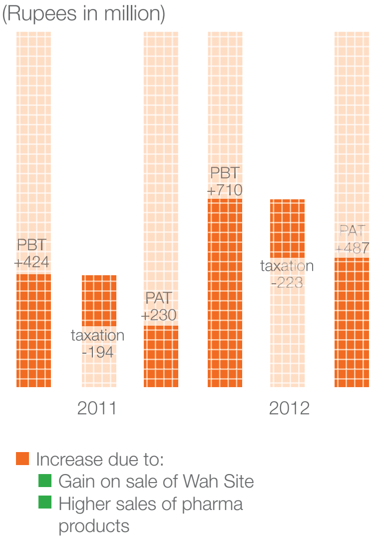
Industry leadership

According to the last IMS market report sanofi-aventis is now ranked 7th in the pharmaceutical industry of Pakistan, with a market share and growth rate of 4.2% (2011: 4.1%) and 12% (2011: 16.0%) respectively. Since the transformation of the group globally, Sanofi is now a ***"Diversified Global Healthcare leader focused on patients' needs"*** offering medicines, consumer healthcare products and generics.

New / Generic Product Including Line Extensions

Our operating environment remains under pressure on various fronts. However, we continue to focus on growth and strengthen our diversified product portfolio. We are also actively engaged in developing our new products pipeline, so as to ensure a balanced business for the future, creating value for our shareholders and providing new and affordable healthcare solutions to patients.

Operational leverage leads to increase in net profit
(Rupees in million)



The Company is continuously exploring new ways of doing business and integrating them into current business in the form of pre-launch planning for new product launches and new business additions to existing and new markets. Additionally, diversification of portfolio; identification of new channels and geographies for business expansion and external alliances and partnerships are all strategies which will help move towards this vision.

Thus, in line with above strategy, the following new / generic products, including line extensions, were added to our portfolio in 2012:

New Launches and Line Extensions of Pharmaceutical Products:

Enterogermina ® Suspension

- Enterogermina®, a probiotic, is widely employed in the prevention and therapy of abnormal alterations of the individual's intestinal flora. Enterogermina® is a revolutionary addition in the choices for the treatment and prevention of diarrhea and other gastrointestinal disorders.

Flagyl Plus® Suspension

- A new line extension of the Flagyl® family launched in the form of suspension mainly for the pediatric population. It's a fixed-dose combination which is more effective than the plain Flagyl alone.

Insuman® Basal Injection

- Insuman® Basal is a fluid (suspension) for injection under the skin. The insulin contained in Insuman® Basal is made by a biotechnology process and is identical with the body's own insulin. It is an insulin preparation with a gradual onset and long duration of action. The insulin is present as tiny crystals of insulin protamine. Insuman® Basal is used to reduce high blood sugar in patients with diabetes mellitus.

Insuman® Comb-25 Injection

- Insuman® Comb 25 contains the active substance insulin human which is made by a biotechnology process and is identical with the body's own insulin. It is an insulin preparation with a gradual onset and long duration of action. Insuman® Comb 25 is used to reduce high blood sugar in patients with diabetes mellitus who need treatment with insulin.

Insuman® Rapid Injection

- The human insulin in Insuman® Rapid is produced by recombinant DNA technology using K 12 strains of Escherichia coli presented in pre-filled disposable pen for the treatment of hyperglycaemic coma and ketoacidosis, as well as for achieving pre-, intra- and post-operative stabilization in patients with diabetes mellitus.

Stilnox® CR Tablets

- Stilnox CR is extended-release tablets formulation that treats insomnia (trouble falling asleep or staying asleep). It works by helping to increase certain natural chemicals in the brain that cause sleep. Stilnox CR is a dual-layer tablet - the first layer is designed to dissolve quickly to help you get to sleep and the second layer is designed to dissolve slowly, to help you stay asleep.

Daonil® M Tablets

- Daonil® M tablet is a fixed-dose combination of metformin; belongs to the class of biguanides and glibenclamide; belongs to the class of sulfonamides urea derivatives. Daonil® M contains extended-release metformin and hence offers a better dose compliance. Daonil® M is used in the treatment of diabetes taken orally.

Consumer Healthcare Business:

As mentioned in the annual report for the year 2011, your Company has also entered into consumer health-care business by taking over Selsun Blue® - a Sanofi group product, which recorded net sales of Rs.60 million for the year ended December 31, 2012..

Capital expenditure

We continued to invest significantly in expansion of production facilities and modernization of plant and machinery. Capital investments were made in various areas of our manufacturing facilities for balancing, modernization and upgrading infrastructure.

During the year under report an amount of Rs. 318.60 (2011: Rs. 385.65) million was incurred on various capital expenditure projects. These mainly included investments on Re-modelling of Packing Area (Rs.72.05 million), Extension of Granulation area (Rs.52.66 million), WFI system with tank & loop (Rs.35.98 million), Sterile Area Renovation (Rs.8 million), Cold Storage Area Extension of Vaccine (Rs.7 million) etc. An amount of Rs.186.48 (2011: Rs.77.35) million was capitalized and transferred to fixed assets.

In addition to the manufacturing facilities, capital expenditure for an amount of Rs.20.16 million and Rs.60.23 million was incurred for the purchase of factory & office equipment and vehicles for management & field force staff respectively.

Profit, finance & taxation

The Company's total turnover has significantly increased over the last year due to a combination of strategies adopted by the Company's management to ensure the overall sustainability as well as appropriate return for the shareholders.

During the year the profit before and after tax also increased over last year mainly due to gain on sale of Wah Site during the year. However, on a continuing basis, the overall profitability is an area of concern for the management especially in the challenging business environment and adverse impact on profitability due to price freeze maintained on our products, Pak Rupee depreciation, double digit inflation etc.

The profit, taxation and proposed appropriations are stated in the table below:

A good return & payout to shareholders is one of the primary objectives of the Company. The directors of the Company are pleased to recommend a final dividend of Rs.12.50 per share (125%), for approval by the shareholders. Further, taking into account the overall borrowings of the Company as of December 31, 2012 and capital commitments, the directors approved a transfer of Rs.250 million from unappropriated profit to general reserve.

Cash flow

Total bank borrowings as at December 31, 2012 of Rs. 1,543.4 (2011: Rs. 1,216.1) million comprised of long term financing and short

	(Rs. in '000')
Profit for the year before taxation	710,366
Taxation :	
Current - for the year	(225,814)
Deferred	2,705
	(223,109)
Profit after taxation	487,257
Unappropriated profit brought forward	20,158
Actuarial loss recognized directly in equity–net off deferred taxation	(3,287)
Profit available for appropriations	504,128
Appropriations :	
Proposed final dividend @125% out of Profits for the year ended December 31, 2012	(120,560)
Transfer to general reserve	(250,000)
	(370,560)
Unappropriated profit carried forward	133,568

term borrowing amounting to Rs. 125 (2011: Rs. 300) million and Rs. 1,418.4 (2011: Rs. 916.1) million respectively. These have increased significantly by Rs. 327.3 million mainly due to payment of income tax amounting to Rs. 339.4 million, finance cost of Rs. 147.8 million, capital expenditure of Rs. 318.6 million and dividend payments of Rs. 96.0 million, retirement benefits of Rs. 21.2 million which is partly offset by positive cash generated from operations amounting to Rs. 368.8 million and sale proceeds from the sale of Wah Site amounting to Rs. 225 million.

Business risks and challenges

Important factors that could cause actual financial, business or operating results to differ materially from expectations are disclosed in the respective notes to the financial statements, including without limitation the following risk factors. In addition to the risks listed below, we may be subject to other material risks that, as of the date of this report, are not currently known to us or that we deem immaterial at this time.

Our pension and gratuity liabilities are affected by factors such as the performance of plan assets, interest rates, actuarial data and experience and changes in laws and regulations

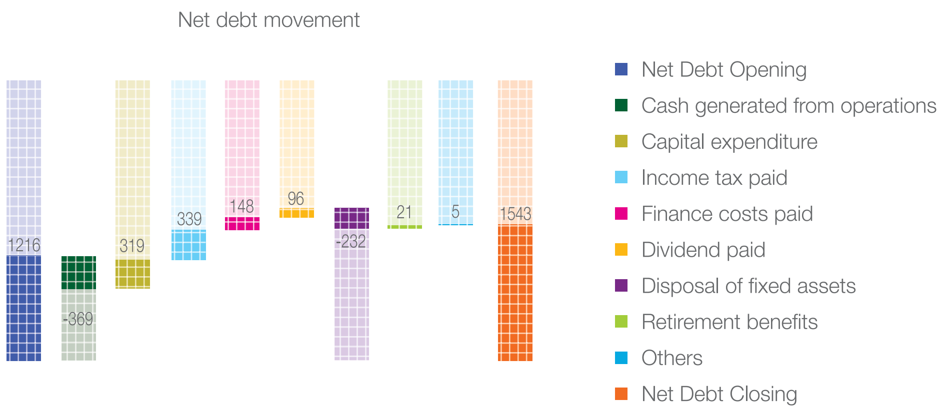
Our future funding obligations for our defined-benefit pension and gratuity plan depend on changes in the future performance of assets held in trust for these plans, the interest rates used to determine funding levels (or company liabilities), actuarial data and experience, inflation trends, the level of benefits provided for by the plans, as well as changes in laws and regulations. Adverse changes in those factors could increase our unfunded obligations under such plans, which would require more funds to be contributed and hence negatively affect our cash flows and results.

We face uncertainties over the pricing of pharmaceutical products

The commercial success of our products depends in part on the pricing mechanism of our product portfolio, in order to compensate for the local inflation and depreciation of Pak Rupee.

However, as mentioned in our earlier reports, we were granted price increase only on some of our products with the freeze on selling prices since December 2001 continuing on the remaining products despite significant currency depreciation and cost increases across all cost categories.

We face uncertainties over the quota allocation of various controlled raw materials



Some of our products require raw materials, the import of which is regulated and controlled by the Government (Narcotics Division). There have been instances in the past when the Government banned the import of such materials for some months at a stretch, resulting in shortage of products which require these raw materials.

A slowdown of economic growth could have negative consequences for our business

The future growth of the pharmaceutical market also depends on the growth of national economy, any decline in which could negatively affect the pharmaceutical market and, as a result, adversely affect our business.

We rely on third parties for the manufacture and supply of a substantial portion of our raw materials, active ingredients and medical devices

Third parties supply us with a substantial portion of our raw materials, active ingredients and medical devices, which exposes us to the risk of a supply interruption in the event that our suppliers experience financial difficulties or are unable to provide a sufficient supply of our products meeting requisite quality standards. It also increases the risk of quality issues, even at the most scrupulously selected suppliers. Even though we aim to have backup sources of supply whenever possible, however, we cannot be certain that they will be sufficient if our principal sources become unavailable.

Counterfeit products could harm our business

The prescription drug supply has been increasingly challenged by vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in the market. Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product, and could harm the business of companies such as sanofi-aventis.

As mentioned last year, the management of the Company together with other pharmaceutical Companies in the country is devising a strategy to minimize the exposure consequent to above risk facing the pharmaceutical industry as a whole.

Changes in mark-up rates could affect our profits before tax

Since the Company's cash flow management is dependent on the committed credit facilities, accordingly, changes in mark-up rates could also significantly impact Company's operating results. In order to mitigate the above risk, the Company's management is taking initiatives as described in detail below (see "Future Outlook – Cash Flow Management").

We are subject to the risk of non-payment by our customers

We run the risk of non-payment by our customers, which consist principally of distributors, pharmacies, hospitals and government institutions. In order to minimize the credit risk exposure we mainly sell our products on cash basis to the distributors which comprise approximately 56% of our sales. We also seek to manage our credit risk exposure as described in note 33.2 to the financial statements.

We rely on our patents and proprietary rights to provide exclusive rights to market certain of our products, and if such patents and other rights were limited or circumvented, our financial results could be materially and adversely affected

Through patent and other proprietary rights we hold exclusivity rights for a number of our products. Patent rights are limited in time and do not always provide effective protection for our products: competitors may successfully avoid patents through design innovation, we may not hold sufficient evidence of infringement to bring suit, manufacturers of generic products are also increasingly seeking to challenge patents before they expire, and our infringement claim may not result in a decision that our rights are valid, enforceable or infringed.

Product liability claims could adversely affect our business, results of operations and financial condition

Product liability is a significant business risk for any pharmaceutical company. Substantial damage awards and/or settlements have been handed down in some countries against pharmaceutical companies based on claims for injuries allegedly caused by the use of their products. Often the side effect profile of pharmaceutical drugs cannot be fully established based on preapproval clinical studies involving only several hundred to several thousand patients. Routine review and analysis of the continually growing body of post-marketing safety surveillance and clinical trials provide additional information and may cause product labeling to evolve, including restrictions of therapeutic indications, new contraindications, warnings or precautions, and occasionally even the suspension or withdrawal of a product marketing authorization.

Product liability claims, regardless of their merits or the ultimate success of our defense, are costly, divert management attention, may harm our reputation and can impact the demand for our products.

Claims and investigations relating to competition law, marketing practices, pricing, compliance issues, as well as other legal matters, could adversely affect our business, results of operations and financial condition.

The marketing of our products is heavily regulated. Our business covers an extremely wide range of activities and involves numerous partners. Governments and regulatory authorities have been strengthening enforcement activities in recent years.

Despite our efforts any failure to comply directly or indirectly (including as a result of a business partners' breach) with law could lead to substantial liabilities.

We may lose market share to competing remedies or generic brands if they are perceived to be equivalent or superior products.

We are faced with intense competition from generic products and brand-name drugs. Doctors or patients may choose these products over ours if they perceive them to be safer, more reliable, more effective, easier to administer or less expensive, which could cause our revenues to decline and affect our results of operations.

Risks relating to Financial Markets

Exchange rate fluctuations could affect our operating profits

Since significant parts of the Company's operations are based on imported raw material and active ingredients, exchange rate fluctuations can significantly impact the Company's operations as well as cash flow management. We are particularly sensitive to movements in exchange rates for the Euro and the U.S. dollar. The management policy to manage the currency risk has been described in note 33.1.1 to the financial statements.

Related party transactions

All related party transactions, during the year 2012, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the Board previously. The Company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 31 to the financial statements.

Financial statements

The financial statements of the Company have been audited and approved without qualification by the auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants.

Contribution to the national exchequer

During the year the Company paid over Rs. 823.6 (2011: Rs. 784.5) million to the government and its various agencies on account of various government levies including custom duty, income tax and Workers Welfare Fund.

Contribution to the country's economy

At Sanofi, our aim has always been to make noteworthy contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities. Supporting a large industrial and sales workforce, we have also been a prominent employment provider through third party contractors.

Our contribution to the corporate social responsibility program has been a cornerstone in the quest towards the betterment of the society at large and specifically to the improvement of healthcare standards, details of which are given below. We also prefer buying goods / material from local vendors over imports provided these meet the requisite quality standards in order to support local industry and economy.

Corporate social responsibility

The Company operates in a socially responsible manner and is committed to the highest standards of corporate behaviour. Accordingly, the Company's CSR program has a very wide scope encompassing initiatives in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Following is a snapshot of the Company's CSR initiatives during the year, brief detail of which are given on page 54 to page 64 to the Annual Report:

- Established an independent tumor board with the aim of facilitating treatment of oncology patients by developing a multi-disciplinary approach. The board consists of 25 specialists.

- The price of Plavix was reduced to provide access to a wider group of cardiology patients.

- Partnered with Institute of Nuclear Medicine & Oncology (INMOL) to organize a breast cancer awareness session for women during Breast Cancer Awareness month (October).

- Collaborated with Diabetes Association of Pakistan (DAP) for a nationwide initiative called "Sanofi Kawish" (Sanofi Endeavor) to improve standards of diabetes management in Pakistan.

- Free HbA1c testing and free sugar testing camps were conducted throughout the country to increase awareness amongst people in respect of regular screening for detection of diabetes.

- To raise awareness of healthcare providers in the treatment of hypertension, a program called "Minerva" (Wisdom in Hypertension) was designed in collaboration with the faculty of medical institutes.

- Organized a web-based distance learning conference with the British Medical Journal (BMJ) to help clinicians use the latest evidence and recent guidelines in practice.
- A series of workshops focusing on foot-related complications of diabetes, "Preserving Feet", were conducted to train Primary Care Physicians for screening diabetic patients with high risk feet for optimal diabetes care.

- Patient support kits were provided to cardiovascular patients containing devices/ tools such as pedometer, BMI measuring tape, pillbox, pill cutter etc. to aid better disease management.

- The Company has developed a new website dedicated for the public education and awareness about diabetes, its effective management, nutrition tips etc. The website address is www.sanofidiabetes.com.pk

Information technology

In line with our continuous endeavors to regularly upgrade information systems we continued with our policy to invest more and more in information technology (IT) and to upgrade related infrastructure, thereby continuously improving and enhancing both qualitative and quantitative aspects of management reporting including decision making processes. IT spending during the year amounted to Rs. 18.2 (2011: Rs. 19.6) million.

Following are some of the highlights relating to IT activities during the year:

Infrastructure

- Implementation in progress of SAP Warehouse Management System, which shall manage five warehouses, expected go-live in April 2013.

Business solutions

- Integration of IMS Sales Analyzer with in-house software (eTMS) to gain market insight at brick level.

- Support provided to Marketing in respect of product-specific Segmentation & Targeting (S&T) of doctors.

- Online Development Program - Sales Force, which is an online self-evaluation quiz for the development of sales force on disease and product knowledge to enhance their in-clinic performance.

- Customized dashboards developed for sales & marketing to monitor corporate KPIs.

Trainings

- Ten training sessions conducted during the year on Windows 7 and Microsoft Office 2010 to improve the skills of the end-users.

Business process improvements

As part of our drive to improve further on our business processes, we are continuously investing in workflow projects for internal efficiency. Some of our business process projects have been very successful and included:

- Electronic User Maintenance Form for SAP to minimize the approval time.

- Employee Self Services (ESS) portal to facilitate employees in accessing information pertaining to personnel data, payroll, employee loans, provident fund and leave balances.

Product Quality

At Sanofi, we are committed to our responsibility towards patients and the community. Our products carry a promise of Quality and we take issues related to the quality of our products very seriously. In order to handle concerns on product quality, a "Quality" page has been added on the sanofi corporate website. Users can now use the form on the website or simply email their concerns to the attention of our Commercial Quality Head at quality.pk@sanofi.com

Website

All our stakeholders and general public can visit the sanofi-aventis Pakistan limited website, www.sanofi.com.pk, which has a dedicated section for investors containing information related to annual and quarterly financial statements.

In addition, information pertaining to Company products, social responsibility initiatives, product quality as well as general health related issues can be found. Sanofi also maintains a dedicated website on diabetes www.sanofidiabetes.com.pk which contains information for public awareness related to diabetes.

Health, Safety & Environment

The Company is committed to maintain the standards of health, safety and environment (HSE) at the highest level. The Company has a dedicated HSE department to oversee the implementation of HSE objectives and reports to the Executive Management.

Some of the key HSE highlights of the year 2012 were as follows:

- Segregation between Primary and Secondary Packaging.

- Fire Protection System in Haemaccel® Plant.

- HSE Culture Training by Regional HSE Head.
- No MSDs and Occupational disease reported during the period.
- Enhancement of green belt.
- Fire and Safety Audit during the year conducted by MARSH with no major observation.
- Energy Conservation Program – Energy Audit conducted by an external consultant, gaps are identified, action plan in place to fill the gaps.
- Hand Injury Prevention Program initiated.
- ISO Certification process initiated.
- Twelve HSE training sessions conducted during the year attended by 220 employees.
- No occupational disease and CMR exposure reported during the year.
- In-house medical center with ambulance round the clock.
- Annual medical check-ups for employees working in sterile areas and directly exposed to the non-sterile products.
- Specific test for employees performing specific jobs includes- eye testing, audiometry, pulmonary function test and sensitivity test.

Our commitment to Health, Safety & Environment is manifested in all our activities as no major accident was reported during the year.

Environment risks of our industrial activities

Following measures are being taken by sanofi-aventis Pakistan limited to keep the environment clean and free from any of its contaminants:

Manufacturing waste

All waste generated from site is stored in designated places. Hazardous waste is incinerated in certified incinerators while non-hazardous waste is recycled through third party.

Retention tank

Site has fire water retention tank for collection of any large spillage which helps in preventing the soil from contamination.

Waste water treatment plant

All waste water, as well as chemical and biological waste is collected in the waste water treatment plant prior to treatment and release in the sewerage lines. The company's management ensures that the treated water which is tested by third parties also complies with National Environmental Quality Standards (NEQS).

Emission

Emissions from boilers and generators are regularly monitored and comply with NEQS.

Biological waste

Biological waste from microbiological laboratory is first autoclaved to kill all bacteria prior to landfill.

Hazardous chemicals

All hazardous chemical waste from Quality Control is stored in an approved safety container until incinerated.

Retention bay

All hazardous chemicals are stored in area having retention bay or having secondary containment to prevent soil contamination in case of spillage.

Directors

During the year, Dr. Asim Jamal (alternate director for Dr. Shailesh Ayyangar) resigned from the Board on account of his transfer to sanofi-aventis Bangladesh Limited with effect from August 27, 2012. In his place, the Board appointed Ms. Laila Khan to fill the casual vacancy. The Board would like to express its appreciation for the support received from Dr. Asim Jamal during the tenure of his office and would like to wish him the best for his future endeavors.

Compliance with the Code of Corporate Governance

The Stock Exchanges have included in their Listing Rules, the Code of Corporate Governance (Code) issued by the Securities & Exchange Commission of Pakistan. The Company has adopted the Code and is implementing the same in letter and spirit.

Code of Conduct

Ethics is an integral part of the culture at sanofi-aventis Pakistan and guides the behavior and conduct of all employees. The "Sanofi Code of Conduct", which has been approved and adopted by the Board, is circulated to all employees annually and declarations for compliance with this Code are obtained from existing employees annually and from new employees at the time of joining. This Code is also available on the Company's Intranet in both English and Urdu languages.

Anti-Corruption Measures

In order to prevent corruption in business dealings by Sanofi employees, an anti-bribery and corruption policy has been put in place. This policy supplements the Sanofi Code of Conduct and applies to all employees and to third parties engaged in business with Sanofi, such as suppliers, distributors, consultants etc.

Training of the Board of Directors

As required by clause (xi) of the Code of Corporate Governance, all listed companies are required to make appropriate arrangements to carry out orientation courses for their directors to acquaint them with the Code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders.

Accordingly during the year the Company arranged presentations and orientation for the members of the Board of Directors on the Code of Corporate Governance issued in April 2012. In addition, two of the directors have enrolled in the training programs as required by the Code.

Audit committee

The audit committee comprises of following members:

- Syed Hyder Ali
  Chairman (Non-Executive Director)
- Mr. Francois Jean Louis Briens
  Member (Non-Executive Director)
- Dr. Amanullah Khan
  Member (Executive Director)

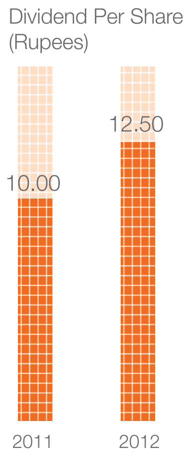
Mr. Yasser Pirmuhammad
Secretary (Associate Director Audit & Compliance)

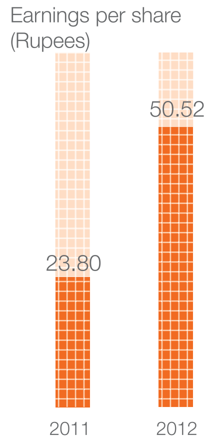
Pattern of shareholding

A statement of the pattern of shareholding is shown on page 128 to the financial statements.

Earnings per share

The earnings per share after tax was Rs. 50.52 (2011: Rs. 23.80).





Holding company

The company is a subsidiary of SECIPE, France, holding 5,099,469 (2011: 5,099,469) ordinary shares of Rs.10 each constituting 52.87% of the issued share capital of the company. The ultimate parent of the Group is sanofi S.A., France.

Auditors

The present external auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants shall retire at the conclusion of Annual General Meeting on April 25, 2013 and being eligible; have offered themselves for reappointment for the year 2013. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending December 31, 2013.

Corporate and financial reporting framework

- The financial statements, prepared by the management of the Company, present fairly, its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.

- Accounting policies have been consistently applied in the accounts in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts regarding the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.

- Significant deviations from last year in operating results have been explained in detail together with the reasons thereof in the earlier pages to this report.

- Key operating and financial data for the last six years is shown on pages from 133 to 137.

- The value of investments of provident, gratuity and pension funds based on their accounts (audit in progress) as at December 31, 2012 was as follows:

	Rs. in 000
Provident Fund	391,698
Gratuity Fund	272,204
Pension Fund	311,282

- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.

- During the last year four meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of director	No. of meetings attended
Syed Babar Ali	4
Tariq Wajid	4
Syed Hyder Ali	4
Arshad Ali Gohar	3
Shailesh Ayyangar	None
Francois Jean Louis Briens	None
Jean-Marc Georges	None
Mohammad Ibadullah	4
Dr. Amanullah Khan	4
Syed Muhammad Ali Hasani (Alternate for Jean-Marc Georges)	3
Shakeel Mapara (Alternate for Francois Jean Louis Briens)	4
Dr. Asim Jamal (Alternate for Shailesh Ayyangar)	2
Ms. Laila Khan (Alternate for Shailesh Ayyangar)	2

Leave of absence was granted to directors who could not attend the Board meetings and they were represented by their respective alternates.

- No trade was carried out in the shares of the company by the directors, CEO, CFO, Company Secretary, Executives and their spouses & minor children during the year except for Mr. Arshad Ali Gohar who purchased 269,300 shares of the Company during the year. This was duly reported to the Directors and the relevant statutory returns were also filed.

Future outlook

Operations – pharmaceutical business sales & profitability.

The Pharmaceutical Environment both globally and locally is posing new challenges and becoming tougher with each passing day for the existing industry players primarily due to patent expiration; NCE / generic registration; pricing challenges and GMP practices etc. On the other hand it is also creating an opportunity for the global companies in the emerging markets known as *"Pharmerging Markets".*

Therefore, in order to accelerate sales growth and further extend the pharmaceutical portfolio we also plan to launch a few more new products, including branded generics and line extensions to our existing portfolio of products which shall also contribute to our top line.

The Company also plans to commercialize Genzyme business in Pakistan following Sanofi's global acquisition of the company, thereby enhancing Sanofi's position in the Specialty segment by introducing specialized biotech products.

Notwithstanding unforeseen events, we believe the Company has the potential to maintain sales growth in line with the industry trend and the Company's management is continuously focused in taking initiatives for improving business performance as well as overall profitability.

Operations – Consumer Healthcare (CHC) business

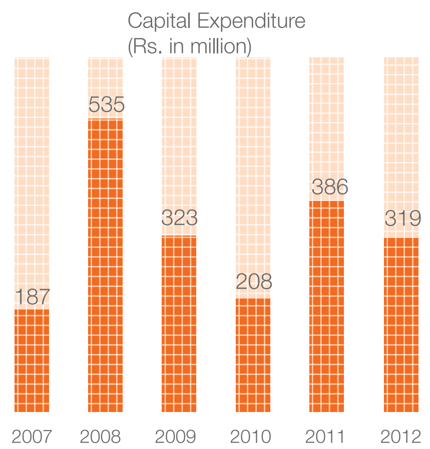
As part of our strategy to become *"A diversified healthcare leader focused on patients' needs"*, we plan to further our presence in the consumer healthcare business. Following the acquisition of Chattem by Sanofi Group worldwide and re-launch of Selsun® Blue Shampoo, the Company is focusing on expanding the Chattem range in Pakistan in the areas of topical analgesics, mouthwashes, diaper rash creams and various other categories.

Operations – Animal Health business

Continuing in line with the strategy of diversification, the Company also plans to enter into the Animal Health market through the introduction of Merial Products, a well-known Animal Health company in US acquired globally by Sanofi group. Products in the areas of poultry, livestock and pets are part of the Merial portfolio, currently being managed by a third party in Pakistan.

Capital expenditure

A total of Rs. 318.6 million (Rs.1.96 billion in total since 2007) was spent on various projects during the year 2012 with a plan to spend over Rs. 648.0 million in the year 2013. Significant portion of the capital expenditure pertains to expansion, modernization, balancing, and upgrading of our production facilities.



Cash flow management

The Company devotes utmost importance to cash flow management and regularly monitors its day to day working capital requirements. These requirements are financed internally through cash flows from operating activities and adequate committed credit facilities. The Company's gearing ratio as of December 31, 2012 at 43% (2011: 43%), is the resultant of higher capital expenditure, export sales to Afghanistan, higher inventory and other working capital requirements partly offset by the Company's sales growth. As disclosed in note 13 to the financial statements, the Company's Wah manufacturing facility has been disposed off during the year, significant portion of the proceeds from disposal have been received by the Company which has helped to contain the Company's gearing as well as the associated borrowing costs.

General

The Board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss Company's performance during the year 2012, and is thankful for the trust and confidence reposed in the Board by the shareholders.

We are exceedingly grateful to our employees as good results are first and foremost due to people, and thank them for their efforts which played a major role in the results achieved in 2012.

By order of the Board

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive Officer

Karachi: 27th February, 2013

Auditors' Report to the Members

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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We have audited the annexed balance sheet of SANOFI-AVENTIS PAKISTAN LIMITED as at 31 December 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.3 to the accompanying financial statements with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 27th February 2013
Place: Karachi

A member firm of Ernst & Young Global Limited

Balance Sheet

As at December 31, 2012

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant & equipment	3	1,628,173	1,531,071
Intangible assets	4	38	28,188
		1,628,211	1,559,259
Long-term loans	5	7,976	6,848
Long-term deposits		5,029	4,669
CURRENT ASSETS			
Stores and spares	6	48,102	43,450
Stock-in-trade	7	1,972,178	1,652,235
Trade debts	8	942,657	301,715
Short-term loans and advances	9	28,573	24,230
Trade deposits and short-term prepayments	10	61,652	58,658
Other receivables	11	36,600	139,990
Taxation - payment less provision		719,785	606,203
Cash at banks	12	4,944	3,469
		3,814,491	2,829,950
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	13	-	4,827
TOTAL ASSETS		5,455,707	4,405,553
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	14	96,448	96,448
Reserves	15	1,918,933	1,504,887
		2,015,381	1,601,335
NON-CURRENT LIABILITES			
Long-term financing		-	125,000
Liability against asset subject to finance lease		-	2,433
Deferred taxation	16	156,283	160,759
		156,283	288,192
CURRENT LIABILITIES			
Trade and other payables	17	1,694,420	1,389,751
Accrued mark-up		43,730	32,526
Running finances utilized under mark-up arrangements - secured	18	1,418,440	916,099
Current maturity of long term financing	19	125,000	175,000
Current maturity of liability against asset subject to finance lease		2,453	2,650
		3,284,043	2,516,026
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		5,455,707	4,405,553

The annexed notes 1 to 37 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 27th February 2013

Profit and Loss Account

For the year ended December 31, 2012

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
NET SALES	21	8,628,385	7,619,460
Cost of sales	22	(5,998,992)	(5,585,930)
GROSS PROFIT		2,629,393	2,033,530
Distribution and marketing expenses	22	(1,567,101)	(1,398,922)
Administrative expenses	22	(220,855)	(190,085)
Other operating expenses	23	(228,752)	(71,779)
Other operating income	24	256,682	163,868
		(1,760,026)	(1,496,918)
OPERATING PROFIT		869,367	536,612
Finance costs	25	(159,001)	(113,196)
PROFIT BEFORE TAXATION		710,366	423,416
Taxation	26	(223,109)	(193,826)
NET PROFIT FOR THE YEAR		487,257	229,590
EARNINGS PER SHARE - basic and diluted (Rupees)	27	50.52	23.80

The annexed notes 1 to 37 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 27th February 2013

Statement of Comprehensive Income

For the year ended December 31, 2012

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
Net profit for the year		487,257	229,590
Other comprehensive loss for the year			
Actuarial losses recognized directly in the equity		(5,058)	(29,308)
Deferred tax on actuarial losses recognized directly in the equity		1,771	7,531
Total other comprehensive loss - net of tax		(3,287)	(21,777)
Total comprehensive income for the year		483,970	207,813

The annexed notes 1 to 37 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 27th February 2013

Cash Flow Statement
For the year ended December 31, 2012

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	368,763	483,042
Finance costs paid		(147,797)	(107,919)
Income tax paid		(339,396)	(380,583)
Long-term loans (net)		(1,128)	(1,189)
Retirement benefits paid		(21,181)	-
Long-term deposits (net)		(360)	-
Net cash used in operating activities	29	(141,099)	(6,649)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(318,603)	(385,648)
Sale proceeds from disposal of operating fixed assets	3.1.2	7,413	13,708
Sale proceeds from disposal of assets classified as held for sale	13.1	225,000	-
Interest received		49	863
Net cash used in investing activities		(86,141)	(371,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(175,000)	(200,000)
Repayment of liability against asset subject to finance lease		(2,630)	(2,246)
Dividends paid		(95,996)	(96,024)
Net cash used in financing activities		(273,626)	(298,270)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(500,866)	(675,996)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(912,630)	(236,634)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	(1,413,496)	(912,630)

The annexed notes 1 to 37 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 27th February 2013

Statement of Changes in Equity

For the year ended December 31, 2012

	Issued, subscribed and paid-up share capital	Capital Reserves: long term liabilities forgone	Capital Reserves: Difference of share capital under scheme of arrangement for amalgamation	Capital Reserves: Other	Revenue Reserves: General reserve	Revenue Reserves: Unappropriated profit	Total
	-----------	-----------	-----------	Rupees '000	-----------	-----------	-----------
Balance as at January 1, 2011	96,448	5,935	18,000	50,241	1,060,538	230,241	1,461,403
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	28,567	-	-	28,567
Final dividend @ Rs.10.00 per ordinary share of Rs. 10 each for the year ended December 31, 2010	-	-	-	-	-	(96,448)	(96,448)
Transfer to general reserve	-	-	-	-	125,000	(125,000)	-
Net profit for the year	-	-	-	-	-	229,590	229,590
Other comprehensive loss for the year	-	-	-	-	-	(21,777)	(21,777)
Total comprehensive income for the year	-	-	-	-	-	207,813	207,813
Balance as at December 31, 2011	96,448	5,935	18,000	78,808	1,185,538	216,606	1,601,335
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	26,524	-	-	26,524
Final dividend @ Rs. 10.00 per ordinary share of Rs. 10 each for the year ended December 31, 2011	-	-	-	-	-	(96,448)	(96,448)
Transfer to general reserve	-	-	-	-	100,000	(100,000)	-
Net profit for the year	-	-	-	-	-	487,257	487,257
Other comprehensive loss for the year	-	-	-	-	-	(3,287)	(3,287)
Total comprehensive income for the year	-	-	-	-	-	483,970	483,970
Balance as at December 31, 2012	96,448	5,935	18,000	105,332	1,285,538	504,128	2,015,381

The annexed notes 1 to 37 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 27th February 2013

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1967 under the Companies Act, VII of 1913 (now the Companies Ordinance, 1984), as a Public Limited Company. The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in the manufacturing and selling of pharmaceutical and consumer products.

The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IFRS 7 – Financial Instruments: Disclosures - Enhanced De-recognition Disclosure Requirements (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any material effect on the financial statements.

2.4 Property, plant and equipment

(i) Operating fixed assets

These are stated at cost less accumulated depreciation, except for freehold land and capital work-in-progress, which are stated at cost.

Cost of leasehold land is amortised over the period of the lease. Depreciation on all other assets is charged to profit and loss account applying the straight-line method whereby the cost of an asset less residual value, if not insignificant, is written off over its estimated useful life. The rates used are stated in note 3.1 to the financial statements.

In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month the asset is in use. Additional depreciation at the rate of fifty percent of the normal rate is charged on such machinery which is operated on double shift during the year.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company accounts for impairment by reducing its carrying value to the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

Subsequent costs are not recognised as assets unless it is probable that future economic benefits associated with these costs will flow to the Company and the cost can be measured reliably.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

(ii) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of tangible fixed assets in the course of their construction and installation.

2.5 Intangible asset – computer software and product license

Computer software licenses acquired by the Company are stated at cost less accumulated amortization. Cost represents the cost incurred to acquire the software licenses and bring them to use. The cost of computer software is amortised over the estimated useful life as disclosed in note 4 to the financial statements.

Cost associated with maintaining computer software's are charged to profit and loss account.

Separately acquired product licenses are shown at historical cost. These have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of product licenses over their estimated useful lives as disclosed in note 4 to the financial statements.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to useful lives is recognised prospectively as a change of accounting estimate.

2.6 Long term loans and deposits

Long term loans and deposits are stated at cost less an allowance for uncollectible amounts, if any.

2.7 Stores and spares

These are valued at cost less provision for slow moving and obsolete stores and spares. Cost is determined on moving average basis except for the stores and spares in transit, which are stated at invoice price plus other charges incurred thereon up to the balance sheet date. Value of items are reviewed at each balance sheet date to record provision for any slow moving items, where necessary.

2.8 Stock-in-trade

These are valued at lower of cost and net realisable value. Goods in transit are valued at cost, comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date. Cost signifies standard costs adjusted by variances.

Cost in relation to work-in-process and finished goods represent direct cost of materials, direct wages and appropriate manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred to make the sale. Provision is made for slow moving and expired stock where necessary.

2.9 Trade debts and other receivables

These are recognised and carried at original invoice amount, being the fair value, less an allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection is no longer probable. Bad debts are written-off when identified.

2.10 Employees benefits

Defined benefit plans

The Company operates an approved funded gratuity scheme and an approved funded non-contributory pension scheme in respect of all permanent employees and senior management staff respectively excluding expatriates. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes.

The amounts of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

The liabilities recognized in respect of gratuity and pension schemes are the present values of the defined benefit obligations under each scheme at the balance sheet date less the fair value of respective plan assets.

The gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuation in this regard was carried out as at December 31, 2012. The present values of the obligations are determined by discounting the estimated future cash outflows using interest rates of high quality government securities that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in equity in the statement of comprehensive income in the period in which they arise.

Defined contribution plan

The Company also operates a recognized provident fund scheme for all permanent employees excluding expatriates. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10 percent of basic salary.

2.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any and under the Final Tax Regime (FTR). The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is recognized using the liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the profit and loss account except for deferred tax arising on recognition of actuarial loss or gain which is charged or directly credited to equity in the statement of comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks net of outstanding balance of running finance facilities availed by the Company.

2.13 Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

(ii) Non-Financial assets

Carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.14 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable.

The Company measures its non-current assets classified as held for sale at the lower carrying amount and fair value less cost to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

2.15 Leases

(i) Finance leases

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalized at the commencement of the lease term of the lower of fair value of leased assets and the presently value of minimum lease payment, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs. The assets acquired under finance lease are depreciated over the shorter of the useful life of the asset or the lease term.

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight line basis over the period of the lease.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.17 Compensated absences

The Company provides for compensated absences of its employees on unavailed leave balances in the period in which the leave is earned on the basis of accumulated leaves and the last drawn pay.

2.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.19 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.20 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for atleast twelve months after the balance sheet date.

2.21 Revenue recognition

- Sales and toll manufacturing income are recorded on despatch of goods;
- Return on deposits is recognised on accrual basis; and
- License fee is recognised on accrual basis.

2.22 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2.23 Financial Instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

2.24 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. The Company enters into derivative transactions mainly to hedge foreign currency liabilities or firm commitments and these are designated as fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in fair value of the hedged liability that are attributable to the hedged risk.

2.25 Off-setting of financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.26 Dividends and appropriation to general reserve

Dividend distribution to the Company's shareholders and appropriation to general reserve are recognized in the financial statements in the period in which these are approved by the Company's shareholders.

2.27 Share based compensation

The economic cost of awarding shares of Group Companies to employees is reflected by recording a charge in the profit and loss account, equivalent to the fair value of shares on the grant date over the vesting period, with a corresponding reserve created to reflect the equity component.

2.28 Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following judgments, estimates and assumptions which are significant to the financial statements:

(i) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

(ii) Provision for doubtful debts and stocks

The Company has used judgements, based on the history of the transactions, for making provisions for the doubtful debts whereas provision for stocks is based on the current market conditions. Management believes that the changes in the outcome of estimates will not have significant effect on the financial statements.

(iii) Post retirement benefits

The Company has post retirement benefit obligations, which are determined through actuarial valuations using various assumptions as disclosed in note 11.4. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(iv) Share based compensation plans

The Company has share-based transactions involving group companies shares accounted for using various assumptions as disclosed in note 15.1 below. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(v) Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities while recognizing provision for income tax. The amounts have not been provided for matters, disclosed in note 20.1(b), where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that the matters in appeals will be decided in favour of the Company. Management believes that if the final outcome of the cases differs from the management's assessment, such differences will impact the income tax provision in the period in which such determination is made.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There have been no critical judgements made by the Company's management in applying the accounting policies that would have a significant effect on the amounts recognised in the financial statements.

2.29 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation			Effective date (accounting periods beginning on or after)
IFRS 7	-	Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 1, 2013
IAS 1	-	Presentation of Financial Statements – Presentation of items of other comprehensive income	July 1, 2012
IAS 19	-	Employee Benefits – (Revised)	January 1, 2013
IAS 32	-	Offsetting Financial Assets and Financial liabilities – (Amendment)	January 1, 2014
IFRIC 20	-	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard			Effective date (accounting periods beginning on or after)
IFRS 9	-	Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10	-	Consolidated Financial Statements	January 1, 2013
IFRS 11	-	Joint Arrangements	January 1, 2013
IFRS 12	-	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	-	Fair Value Measurement	January 1, 2013

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	1,371,570	1,281,457
Capital work-in-progress	3.2	256,603	249,614
		1,628,173	1,531,071

3.1 OPERATING FIXED ASSETS

	Leasehold land	Buildings on lease-hold land	Plant & Machinery	Furniture & Fixtures	Factory & Office Equipment	Motor Vehicles Owned	Motor Vehicles Held under finance lease	Total
	------------	------------	------------	Rupees in '000	------------	------------	------------	------------
NET CARRYING VALUE BASIS								
Year ended December 31, 2012								
Opening net carrying value	327	520,001	606,597	20,185	52,421	77,898	4,028	1,281,457
Additions	-	24,549	201,951	4,721	20,158	60,235	-	311,614
Disposals	-	-	-	-	(946)	(4,084)	-	(5,030)
Write offs	-	(14)	(50)	(21)	(102)	-	-	(187)
Depreciation charge	(6)	(34,426)	(127,614)	(3,864)	(18,075)	(29,674)	(2,625)	(216,284)
Closing net carrying value	321	510,110	680,884	21,021	53,456	104,375	1,403	1,371,570
GROSS CARRYING VALUE BASIS								
As at December 31, 2012								
Cost	480	755,832	1,585,219	41,437	137,045	186,790	10,503	2,717,306
Accumulated depreciation	(159)	(245,722)	(904,335)	(20,416)	(83,589)	(82,415)	(9,100)	(1,345,736)
Net carrying value	321	510,110	680,884	21,021	53,456	104,375	1,403	1,371,570
NET CARRYING VALUE BASIS								
Year ended December 31, 2011								
Opening net carrying value	333	530,868	608,375	23,365	41,420	78,099	6,653	1,289,113
Additions	-	22,688	107,228	893	27,480	27,553	-	185,842
Disposals	-	-	(1,289)	(209)	(617)	(2,268)	-	(4,383)
Write offs	-	-	(608)	(295)	(116)	-	-	(1,019)
Depreciation charge	(6)	(33,555)	(107,109)	(3,569)	(15,746)	(25,486)	(2,625)	(188,096)
Closing net carrying value	327	520,001	606,597	20,185	52,421	77,898	4,028	1,281,457
GROSS CARRYING VALUE BASIS								
As at December 31, 2011								
Cost	480	731,392	1,383,577	37,094	155,168	138,413	10,503	2,456,627
Accumulated depreciation	(153)	(211,391)	(776,980)	(16,909)	(102,747)	(60,515)	(6,475)	(1,175,170)
Net carrying value	327	520,001	606,597	20,185	52,421	77,898	4,028	1,281,457
Depreciation rate % per annum	1.23	5	10	10	7 to 33	20	20	

3.1.1 The Company has granted two exclusive licences to Bayer Pakistan (Private) Limited, Karachi, for the use of the land for a period of 20 years, commencing April 12, 1997 and October 1, 1997, respectively. The fee for each licence for the first three years was Rs.2.60 million and Rs.0.82 million, respectively. Thereafter, the fee is being enhanced every year on the anniversary of the agreements on the basis of the rate of inflation in Pakistan calculated on a twelve months moving average in the official Consumer Price Index published prior to the relevant anniversary of the agreement.

3.1.2 The details of operating fixed assets disposed off during the year are as follows:

Description	Cost	Accumulated Depreciation	Net Carrying value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	----------	----------	Rupees in '000	----------	----------		
Plant & machinery							
Items having carrying value less than Rs.50,000 each	176	176	-	50	50	Various	Various
	176	176	-	50	50		
Factory & Office Equipment	937	279	658	680	22	Company Policy	ASIM JAMAL (Ex-Director) 111-A, 16th Street, Main Khayaban-e-Nishat, Phase VI, D.H.A., Karachi
	780	543	237	-	(237)	---do---	MAMOONA FIRDOUS NAQVI (Ex-Director) House No. 2&3, Shah Faisal Town, Karachi
Items having carrying value less than Rs.50,000 each	10,869	10,818	51	689	638	Various	Various
	12,586	11,640	946	1,369	423		
Vehicles	1,970	755	1,215	1,576	361	Company Policy	ASIM JAMAL (Ex-Director) 111-A, 16th Street, Main Khayaban-e-Nishat, Phase VI, D.H.A., Karachi
	1,859	1,239	620	372	(248)	---do---	MAMOONA FIRDOUS NAQVI (Ex-Director) House No. 2&3, Shah Faisal Town, Karachi
	1,428	881	547	187	(360)	---do---	SALMAN AHMED (Ex-Executive) House No. 143/1, Street No. 8, Phase VI, Khayaban-e-Bukhari, Karachi
	776	91	685	700	15	Insurance Claim	IGI Insurance limited D-32, Block-2, Kehkashan Clifton, Karachi
	776	103	673	740	67	---do---	---do---
	622	347	275	650	375	---do---	---do---
Items having carrying value less than Rs.50,000 each	4,428	4,359	69	1,769	1,700	Various	Various
	11,859	7,775	4,084	5,994	1,910		
	24,621	19,591	5,030	7,413	2,383		

	December 31, 2012	December 31, 2011
	------- Rupees in '000	-------
3.2 Capital work-in-progress		
Building on leasehold land	62,128	10,140
Plant and machinery	174,758	211,473
Others	6,170	7,800
	243,056	229,413
Advances to contractors and suppliers - vehicles	4,699	7,004
- others	8,848	13,197
	256,603	249,614

4. INTANGIBLE ASSETS – computer software & product license

	December 31, 2012	December 31, 2011
Net carrying value basis		
Year ended December 31,		
Opening net carrying value	28,188	339
Addition during the year	-	70,000
Amortization charge	(28,150)	(42,151)
Closing net carrying value	38	28,188
Gross carrying value basis		
As at December 31,		
Cost	72,418	72,418
Accumulated amortization	(72,380)	(44,230)
Net carrying value	38	28,188
Amortization rate per annum	33% & 80%	33% & 80%
Remaining useful life	0.25 year	1.25 years

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
5. LONG-TERM LOANS			
Considered good – unsecured			
Employees	5.1	11,767	9,709
Current maturity shown under current assets	9	(4,605)	(3,838)
		7,162	5,871
Considered good – unsecured			
Vendor	5.2	1,367	1,303
Current maturity shown under current assets	9	(553)	(326)
		814	977
		7,976	6,848

5.1 Reconciliation of carrying amount of loans to employees:

	December 31, 2012	December 31, 2011
Opening Balance as at January 1,	9,709	9,058
Disbursements	7,477	7,865
Repayments	(5,419)	(7,214)
Closing Balance as at December 31,	11,767	9,709

These represent loans for the purchase of motor cars, motor cycles and personal expenses, in accordance with the Company's policy. Loans for the purchase of motor cars and motor cycles are interest free whereas personal loans, representing capital goods fund and housing scheme, carry mark-up / interest at the rate of 9% (2011: 9%) and 14% (2011: 15%) per annum, respectively. These are repayable within five years in equal monthly installments, except for capital goods fund which are repayable over a period of three years.

5.2 Loans to vendor are interest free and are repayable over a period up to 3 years in variable installments.

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
6. STORES AND SPARES			
Stores		17,181	16,603
Spares		31,046	26,972
Provision against obsolete spares		(125)	(125)
		30,921	26,847
		48,102	43,450
7. STOCK-IN-TRADE			
Raw and packing material and auxiliaries			
In hand	7.1	813,501	862,866
In transit		178,375	114,868
		991,876	977,734
Provision against slow moving raw and packing material		(1,084)	-
		990,792	977,734
Work-in-process		54,189	43,435
Finished goods			
In hand	7.2 & 7.3	810,324	531,183
In transit		169,503	139,696
		979,827	670,879
Provision against slow moving finished goods	7.4	(52,630)	(39,813)
		927,197	631,066
		1,972,178	1,652,235

7.1 This includes raw and packing material held with third parties, aggregating to Rs.29.111 (2011: Rs.1.417) million, at the end of the current year.

7.2 This includes cost of physician samples, aggregating to Rs.16.282 (2011: Rs. 10.529) million, at the end of the current year.

7.3 This includes finished goods costing Rs.268.622 (2011: Rs. 148.085) million, valued at their net realizable value of Rs.216.621 (2011: Rs. 108.705) million.

7.4 During the current year, provisions aggregating to Rs.12.817 (2011: 29.189) million were booked in respect of slow moving finished goods.

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
8. TRADE DEBTS – unsecured			
Considered good	8.1	942,657	301,715
Considered doubtful		1,464	1,464
		944,121	303,179
Provision against debts considered doubtful		(1,464)	(1,464)
		942,657	301,715

8.1 No amount is due from any related party at the end of the current year (2011: Nil). However, maximum amount due from related parties at the end of any month during the year was Rs.100 (2011: Rs. 8.144) million.

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
9. SHORT-TERM LOANS AND ADVANCES			
Considered good - unsecured			
Loans			
Current maturity of long-term loans to employees	5	4,605	3,838
Current maturity of long-term loans to vendor	5	553	326
		5,158	4,164
Advances			
Executives	9.1	1,155	883
Employees		5,922	5,264
Contractors and vendors		16,338	13,919
		23,415	20,066
		28,573	24,230

9.1 The maximum aggregate amount due from Executives at the end of any month during the year was Rs.3.607 (2011: Rs. 1.914) million.

	December 31, 2012	December 31, 2011
	------- Rupees in '000 -------	
10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits		
Tender deposits	43,644	29,780
Margin against letters of credit	4,072	8,545
	47,716	38,325
Provision against tender deposits considered doubtful	(591)	(591)
	47,125	37,734
Short-term prepayments	14,527	20,924
	61,652	58,658

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
11. OTHER RECEIVABLES			
Considered good			
Due from - related parties	11.1 & 11.2	1,785	102,292
- others	11.3	19,941	-
Employees' Pension Fund	11.4	-	36,716
Employees' Gratuity Fund	11.4	7,057	-
Insurance claim		7,145	-
Miscellaneous		672	982
Considered doubtful			
Amounts due from ex-employees		245	245
Provision against receivable from ex-employees	11.7	(245)	(245)
		-	-
Sales tax refundable		5,918	7,541
Provision against sales tax refundable	11.8	(5,918)	(7,541)
		-	-
		36,600	139,990

11.1 This represents reimbursements due from the following related parties:

Sanofi-aventis Singapore Pte Limited	312	66,671
Sanofi Pasteur SA	577	25,964
Bayer Pakistan (Private) Limited	-	5,533
Sanofi Winthrop Industries	-	4,124
Sanofi-aventis Bangladesh Limited	896	-
	1,785	102,292

11.2 The maximum amount due from related parties at the end of any month during the year was Rs.102.098 (2011: Rs. 102.461) million.

11.3 This includes Rs. 15 million receivable against sale of Wah Site from M/s COMSATS Institute of Information Technology as explained in note 13.1 to the financial statements.

11.4 The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2012 were as follows:

	Pension Fund		Gratuity Fund	
	2012	2011	2012	2011
	---------- Rupees in '000 ----------		---------- Rupees in '000 ----------	
Balance sheet reconciliation as at Decemebr 31,				
Fair value of plan assets	320,348	313,580	272,210	197,773
Present value of defined benefit obligation	(350,668)	(276,086)	(267,323)	(230,840)
Unrecognized past service cost	(282)	(778)	2,170	3,551
Net asset / (liability) in balance sheet	(30,602)	36,716	7,057	(29,516)
Movement in asset / (liability)				
Prepayment / (payable) as at January 1,	36,716	54,596	(29,516)	4,267
Charge for the year	(28,666)	(6,681)	(18,201)	(15,674)
(Paid to the Company) / Employer contribution	(29,516)	(8,578)	50,696	8,578
Actuarial (loss) / gain recognized in Equity	(9,136)	(2,621)	4,078	(26,687)
Prepayment / (payable) as at December 31,	(30,602)	36,716	7,057	(29,516)

	Pension Fund 2012	Pension Fund 2011	Gratuity Fund 2012	Gratuity Fund 2011
	---------- Rupees in '000 ----------		---------- Rupees in '000 ----------	
Expense recognized				
Current service cost	11,411	14,398	17,700	14,801
Past service cost	18,748	-	-	-
Interest cost	33,598	32,045	27,906	25,707
Expected return on plan assets	(34,595)	(39,266)	(28,786)	(26,215)
Annual amortization of unrecognized past service cost	(496)	(496)	1,381	1,381
	28,666	6,681	18,201	15,674
Actual return on plan assets	50,885	43,334	38,926	14,257
Movement in the defined benefit obligation				
Obligation as at January 1,	276,086	234,829	230,840	191,643
Current service cost	11,411	14,398	17,700	14,801
Interest cost	33,598	32,045	27,906	25,707
Past service cost	18,748	-	-	-
Benefits paid	(14,601)	(11,875)	(15,186)	(16,040)
Actuarial loss	25,426	6,689	6,063	14,729
Obligation as at December 31,	350,668	276,086	267,323	230,840
Movement in fair value of plan assets				
Fair value as at January 1,	313,580	290,699	197,773	190,978
Expected return on plan assets	34,595	39,266	28,786	26,215
(Paid to the Company) / Employer contribution	(29,516)	(8,578)	50,696	8,578
Benefits paid	(14,601)	(11,875)	(15,186)	(16,040)
Actuarial gain / (loss)	16,290	4,068	10,141	(11,958)
Fair value as at December 31,	320,348	313,580	272,210	197,773

	Pension Fund 2012	Pension Fund 2011	Gratuity Fund 2012	Gratuity Fund 2011
Key actuarial assumptions used are as follows				
Discount factor used	12.5%	12.5%	12.5%	12.5%
Expected rates of return per annum on plan assets	12.5%	12.5%	12.5%	12.5%
Expected rate of increase in future salaries per annum	12.5%	12.5%	12.5%	12.5%
Indexation of pension	7.75%	7.0%	-	-
Retirement age (years)	60 years	60 years	60 years	60 years

	2012 Rs in '000	2012 %	2011 Rs in '000	2011 %
Plan assets comprise of:				
Funded pension plan				
Debt	252,822	78.92	254,818	81.26
Equity	64,894	20.26	57,175	18.23
Others (includes cash and bank balances)	2,632	0.82	1,587	0.51
	320,348	100.00	313,580	100.00
Funded gratuity plan				
Debt	218,400	80.24	183,822	92.95
Equity	41,613	15.28	4,668	2.36
Others (includes cash and bank balances)	12,197	4.48	9,283	4.69
	272,210	100.00	197,773	100.00

Comparison for five years:

	2012	2011	2010	2009	2008
	---------------------------- Rupees in '000 ----------------------------				
Funded pension plan					
Fair value of plan assets	320,348	313,580	290,699	251,794	255,466
Present value of defined benefit obligation	(350,668)	(276,086)	(234,829)	(177,316)	(177,919)
(Deficit) / Surplus	(30,320)	37,494	55,870	74,478	77,547
Experience adjustment					
Actuarial (loss) / gain on obligation	(25,426)	(6,689)	(10,097)	(79)	146
Actuarial gain/(loss) on plan assets	16,290	4,068	(5,950)	(1,688)	985
Funded gratuity plan					
Fair value of plan assets	272,210	197,773	190,978	171,991	166,410
Present value of defined benefit obligation	(267,323)	(230,840)	(191,643)	(165,756)	(171,279)
(Deficit) / Surplus	4,887	(33,067)	(665)	6,235	(4,869)
Experience adjustment					
Actuarial (loss) / gain on obligation	(6,063)	(14,729)	627	14,977	(7,204)
Actuarial (loss) / gain on plan assets	10,141	(11,958)	7,159	9,368	5,107

11.5 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan at the beginning of the period.

11.6 Based on the actuarial advice, the amount of expected contribution to Gratuity and Pension Funds during the year 2013 will be Rs.21.950 million and Rs.17.685 million, respectively.

11.7 During the current year, an amount of Rs.1.623 million was written back (2011: Rs.5.918 million provided for) in respect of sales tax refundable.

12. CASH AT BANKS

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
In current accounts - local currency	12.1	3,250	3,469
- foreign currency		1,694	-
		4,944	3,469

12.1 Included herein is a sum of Rs.0.675 (2011: Rs. 0.675) million, representing refundable deposits received from distributors, transporters and suppliers.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
Freehold land	13.1	-	149
Building on freehold land – at written down value	13.1	-	3,500
Plant & machinery – at written down value	13.1	-	1,178
		-	4,827

13.1 During the year, the Company sold its Wah Site (comprising land, building and plant & machinery thereon) to M/s COMSATS Institute of Information Technology (the buyer). The Company received a sum of Rs 225 million during the year from the buyer against the sale whilst a post-dated cheque amounting to Rs 15 million has also been received which shall be realized following the transfer of title of land in the name of the buyer.

The legal formalities with respect to the sale have been completed and transfer of title of land shall be effected following approval from the relevant land authority. The Company however, has transferred possession of the said property to the buyer, which has started its commercial activities thereon.

Description	Cost	Accumulated Depreciation	Carrying value	Sale proceeds - net of expenses	Gain	Particulars of buyer
	------------------------------ Rupees in '000 ------------------------------					
Freehold land	149	-	149			COMSATS - Institute of Information Technology, Wah Cantt. The Mall, Quaid Avenue, Wah Cantt.
Building on freehold land	40,954	37,454	3,500			
Plant & machinery	36,792	35,614	1,178			
	77,895	73,068	4,827	232,000	227,173	

14. SHARE CAPITAL

No. of shares December 31, 2012	No. of shares December 31, 2011		December 31, 2012	December 31, 2011
			------- Rupees in '000 -------	
		Authorized Share Capital		
10,000,000	10,000,000	Ordinary shares of Rs.10 each	100,000	100,000
		Issued, subscribed and paid up capital		
2,757,783	2,757,783	Ordinary shares of Rs.10 each fully paid in cash	27,578	27,578
		Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash:		
687,500	687,500	- against plant and equipment	6,875	6,875
140,000	140,000	- against loan	1,400	1,400
2,700,000	2,700,000	- in exchange for 450,000 Ordinary shares of Rs.10 each of former Rhone Poulenc Rorer Pakistan (Private) Limited	27,000	27,000
3,527,500	3,527,500		35,275	35,275
3,359,477	3,359,477	Ordinary shares of Rs.10 each issued as fully paid bonus shares	33,595	33,595
9,644,760	9,644,760		96,448	96,448

SECIPE (a wholly owned subsidiary of sanofi S.A) held 5,099,469 (2010: 5,099,469) Ordinary shares of Rs.10 - each, aggregating to Rs.50,994,690, constituting 52.87% of issued share capital of the Company, at the end of the current year. The ultimate parent of the group is sanofi S.A (formerly sanofi-aventis S.A.).

15. RESERVES

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
Capital reserves			
Long-term liabilities forgone		5,935	5,935
Difference of share capital under scheme of arrangement for amalgamation		18,000	18,000
Others	15.1	105,332	78,808
		129,267	102,743
Revenue reserves			
General reserve		1,285,538	1,185,538
Un-appropriated profit		504,128	216,606
		1,789,666	1,402,144
		1,918,933	1,504,887

15.1 Share-based compensation plans

As at December 31, 2012, the Company had following equity settled share-based compensation plans:

Stock Option Plans:

sanofi S.A., France (the "Parent Company") granted a number of equity-settled share-based payment plans (stock option plans) to some of its employees, including employees of sanofi-aventis Pakistan limited (the "Subsidiary Company"). These plans entitled the eligible employees to acquire shares of the Parent Company by exercising options granted to them, subject to the fulfillment of the vesting conditions.

In accordance with IFRS-2 (Share-Based Payment), services received from employees as consideration for stock options are recognised as an expense in the profit and loss account, with the corresponding entry recorded as equity. The expense corresponds to the fair value of the stock option plans of the shares of the Parent Company and is charged against income on a straight-line basis over the four-year vesting period of the plan.

The fair value of stock option plans is measured at the date of grant, using the Black & Scholes valuation model, taking into account the expected life of the options.

The benefit cost recognised therefore relates to rights that vested during the reporting period for all plans granted by sanofi S.A., France.

Details of the terms of exercise of stock subscription options granted under the various plans are presented below in sanofi S.A., France, share equivalents. These options have been granted to certain corporate officers and employees of the Group companies, including the Company.

The table shows stock subscription option plans granted by sanofi S.A., France to the employees of sanofi-aventis Pakistan limited and accounted for under IFRS-2, which are still outstanding.

Origin	Date of grant	Vesting period (years)	Options granted (number)	Start date of exercise period	Expiration Date	Exercise price (€)	Options outstanding at December 31, 2012 (number)
sanofi S.A., France	31/05/2005	4	13,500	01/06/2009	31/05/2015	70.38	10,500
sanofi S.A., France	14/12/2006	4	13,300	15/12/2010	14/12/2016	66.91	11,300
sanofi S.A., France	13/12/2007	4	13,900	14/12/2011	13/12/2017	62.33	11,900
sanofi S.A., France	02/03/2009	4	7,595	04/03/2013	01/03/2019	45.09	7,035
sanofi S.A., France	01/03/2010	4	8,035	03/03/2014	28/02/2020	54.12	7,860
TOTAL			56,330				48,595

The exercise of each option will result in the issuance of one share of sanofi S.A., France.

Summary of stock option plans:

A summary of stock options outstanding at each balance sheet date, and of changes during the relevant periods, is presented below:

	Number of options	Weighted average exercise price per share (€)
Options outstanding at January 1, 2011	50,330	61.17
Of which exercisable	22,300	68.54
Options granted	-	-
Options exercised	-	-
Options cancelled	(1,560)	(57.61)
Options forfeited	-	-
Options outstanding at December 31, 2011	48,770	61.28
Of which exercisable	33,700	66.37
Options granted	-	-
Options exercised	-	-
Options cancelled	(175)	(54.12)
Options forfeited	-	-
Options outstanding at December 31, 2012	48,595	61.31
Of which exercisable	33,700	66.37

The expense recognised for stock option plans, and the corresponding entry taken to equity, amounted to Rs.2.874 (2011: Rs.5.354) million.

As of December 31, 2012, the total cost related to non-vested share-based compensation arrangements amounted to Rs.2.572 (2011: Rs.5.630) million to be recognised over a weighted average period of 0.7 year (2011: 1.67 years).

Restricted share plan:

The Board of Directors of sanofi Group, in a meeting held on March 5, 2012, decided to award a restricted share plan comprising 4,900 shares to some of the employees of the Company, which will vest after a four-year service period.

In compliance with IFRS-2, the Company has measured the fair value of this plan by reference to the fair value of the equity instruments awarded, representing the fair value of the services rendered during the period.

The plans were measured as of the date of grant. The fair value of each share awarded is equal to the listed market price of the share as of that date, adjusted for dividends expected during the vesting period. The fair value of each share awarded as on March 5, 2012 amounted to € 42.85.

This amount is being recognized as an expense over the vesting period, with the matching entry recorded directly in equity.

An expense of Rs.23.651 (2011: Rs. 23.213) million was recognized for this plan during the year ended December 31, 2012.

The number of restricted shares outstanding as of December 31, 2012 were 25,321 (2011: 21,706).

16. DEFERRED TAXATION

	December 31, 2012	December 31, 2011
	------- Rupees in '000	-------
Credit balances arising from:		
Accelerated tax depreciation allowance	190,784	174,511
Recognition of actuarial (loss)/gain on retirement benefit plans	(6,202)	1,851
Debit balances resulting from:		
Short-term provisions against:		
- trade debts	(385)	(377)
- stock in trade	(13,864)	(9,992)
- stores and spares	(319)	(32)
- unrealized exchange loss	(11,952)	(3,048)
- others	(1,779)	(2,154)
	156,283	160,759

		Note	December 31, 2012	December 31, 2011
			------- Rupees in '000 -------	
17.	TRADE AND OTHER PAYABLES			
	Trade creditors			
	Related parties		722,885	449,899
	Other trade creditors		199,660	308,112
			922,545	758,011
	Other payables			
	Accrued liabilities		581,982	490,875
	Employees' Pension Fund	11.4	30,602	29,516
	Amount payable under voluntary separation scheme	22.1.1	38,000	38,000
	Advances from customers		616	1,818
	Workers' Profit Participation Fund	17.1	38,743	22,960
	Workers' Welfare Fund		23,295	8,642
	Central Research Fund		7,034	4,277
	Compensated absences		39,060	31,724
	Security deposits		675	675
	Contractors' retention money		9,068	905
	Unclaimed dividend		2,800	2,348
			771,875	631,740
			1,694,420	1,389,751
17.1	Workers' Profit Participation Fund			
	Balance at the beginning of the year		22,960	21,785
	Allocation for the year		38,762	22,979
			61,722	44,764
	Interest on funds utilised in Company's business		377	851
			62,099	45,615
	Amount paid to the Trustees of the Fund		(23,356)	(22,655)
			38,743	22,960

18. RUNNING FINANCE UTILIZED UNDER MARK-UP ARRANGEMENTS – Secured

The facilities for running finances available from various banks under mark-up arrangements aggregated to Rs.1,801 (2011: Rs.1,306) million. These facilities expire on various dates, latest by November 30, 2013. The rates of mark-up are at Karachi Interbank Offer Rate (KIBOR) plus 0.4% (2011: KIBOR plus 0.4%).The facilities are secured against first pari passu charge on stock-in-trade and book debts of the Company.

Out of the facilities of Rs.810 (2011: Rs.1,095) million for opening the letters of credit, guarantees and bill discounting, the unutilised amount was Rs.552 (2011: Rs. 904) million as at the end of the year.

		December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
19.	CURRENT MATURITY OF LONG TERM FINANCING		
	Current maturity of long term financing	125,000	175,000

This represents current maturity of long-term loan obtained from a commercial bank which was repayable in four equal semi-annual installments commencing from October 2, 2011 and is secured by way of an equitable mortgage of Rs.1,167 million over all present and future assets of the Company. The loan carries mark-up at the rate of 1.15% over 6 months KIBOR payable on semi-annual basis, without any floor or cap.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

(a) Claims not acknowledged as debt amounted to Rs.6.2 (2011: Rs. 6.2) million at the end of the year.

(b) In finalising the tax assessment of former Rhone Poulenc Rorer Pakistan (Private) Limited for the assessment years 1994-95 to 1997-98, the Taxation Officer (TO) made additions mainly on the alleged contention that the Company had paid excessive amounts for importing certain raw materials and disallowances of sales promotion expenses. The said additions and disallowances have been set aside by the Income Tax Appellate Tribunal (ITAT). However, the department has filed appeals against the decision of the ITAT before the High Court who has remanded the cases back to ITAT where fresh hearing has not been initiated.

The management of the Company is of the view that the final outcome of the above referred matters will be in favour of the Company and, hence, provision amounting to approximately Rs.72.9 million has not been made in these financial statements, pending a final decision in these matters.

20.2 Commitments

(a) Commitments in respect of capital expenditure contracted for amounted to Rs.134.368 (2011: Rs. 125.893) million at the end of the year.

(b) Post dated cheques aggregating to Rs.46.047 (2011: 21.142) million at the end of the current year have been given to Collector of Customs in respect of exemption of levies on import of machine accessories & raw material.

	December 31, 2012	December 31, 2011
	------- Rupees in '000	-------
(c) Outstanding letters of credit	73,153	61,495
(d) Outstanding bank contracts	264,041	938,162

21. NET SALES

	December 31, 2012	December 31, 2011
Gross sales		
Local	8,976,711	8,095,473
Export	472,248	129,708
	9,448,959	8,225,181
Toll Manufacturing	68,883	45,252
	9,517,842	8,270,433
Returns	(15,029)	(28,174)
Discounts	(874,428)	(622,799)
	(889,457)	(650,973)
	8,628,385	7,619,460

Notes to the Financial Statements

For the year ended December 31, 2012

22. OPERATING COST

	Cost of sales		Distribution and marketing expenses		Administrative expenses		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rupees in '000							
Raw, auxiliary and packing material consumed	3,947,064	3,472,587	-	-	-	-	3,947,064	3,472,587
Stores and spares consumed	29,590	20,239	-	-	-	-	29,590	20,239
Reversal of provision against obsolete stores & spares	-	(1,065)	-	-	-	-	-	(1,065)
Stationery and supplies consumed	3,414	3,399	4,739	4,443	2,328	1,210	10,481	9,052
Staff costs (note 22.1)	427,777	346,725	512,096	421,044	124,293	98,598	1,064,166	866,367
Fuel and power	219,428	180,470	3,007	3,034	17,326	19,888	239,761	203,392
Rent, rates and taxes	24,839	12,340	7,259	6,679	3,386	1,855	35,484	20,874
Lease rentals	-	-	-	397		-	-	397
Insurance	3,504	2,322	7,312	6,656	1,193	1,091	12,009	10,069
Repairs and maintenance	45,825	42,432	4,952	3,225	12,587	10,559	63,364	56,216
Raw, auxiliary and packing materials written off	8,701	10,707	-	-	-	-	8,701	10,707
Provision/(reversal of provision) against slow moving raw and packing material	1,084	(2,313)	-	-	-	-	1,084	(2,313)
Depreciation / amortization	166,621	144,038	60,387	69,955	17,426	16,254	244,434	230,247
Travelling and conveyance	49,644	42,003	264,088	218,164	20,327	20,224	334,059	280,391
Handling, freight and transportation		-	117,485	89,850		-	117,485	89,850
Communication	2,387	2,215	25,115	16,383	6,240	6,419	33,742	25,017
Security and maintenance	6,072	6,502	2,536	1,738	3,796	2,912	12,404	11,152
Publication and subscription	123	667	639	3,545	3,279	3,030	4,041	7,242
Advertising, samples and sales promotion	-	-	485,049	469,098	-	-	485,049	469,098
Commission expenses	-	-	53,418	70,431	-	-	53,418	70,431
Software license / maintenance fee	9,685	2,436	433	632	4,973	3,598	15,091	6,666
Other expenses	9,914	7,457	18,586	13,648	3,701	4,447	32,201	25,552
	4,955,672	4,293,161	1,567,101	1,398,922	220,855	190,085	6,743,628	5,882,168
Recovery of service charges from outside parties	(10,106)	(8,907)	-	-	-	-	(10,106)	(8,907)
	4,945,566	4,284,254	1,567,101	1,398,922	220,855	190,085	6,733,522	5,873,261
Opening work in process	43,435	59,579						
Closing work in process	(54,189)	(43,435)						
Cost of goods manufactured	4,934,812	4,300,398						
Opening stock of finished goods	670,879	599,363						
Finished goods purchased	1,412,400	1,362,068						
Finished goods written off	30,477	31,660						
Cost of samples issued under distribution and marketing expenses	(82,566)	(65,869)						
Provision against slow moving finished goods	12,817	29,189						
Closing stock of finished goods	(979,827)	(670,879)						
	5,998,992	5,585,930						

22.1 Staff Costs

	Cost of sales 2012	Cost of sales 2011	Distribution and marketing expenses 2012	Distribution and marketing expenses 2011	Administrative expenses 2012	Administrative expenses 2011	Total 2012	Total 2011
Salaries, wages and other benefits – note 22.1.1	393,318	322,392	446,832	376,456	102,090	82,880	942,240	781,728
Training expenses	3,176	726	13,586	7,907	2,773	267	19,535	8,900
Defined benefit plan	16,590	9,265	22,936	9,023	7,341	4,067	46,867	22,355
Defined contribution plan	9,057	7,939	15,433	13,134	4,510	3,744	29,000	24,817
Share based payments	5,636	6,403	13,309	14,524	7,579	7,640	26,524	28,567
	427,777	346,725	512,096	421,044	124,293	98,598	1,064,166	866,367

22.1.1 The Company had initiated a plan to achieve rationalization and restructuring. As a result of above project and fulfilment of social responsibility, a provision of Rs 38 million on account of voluntary separation scheme (refer note 17) for planned staff redundancy in respect of some of the factory employees was made during the year 2010. Although, there has been no movement in respect of the aforesaid provision, however, the full amount of provision is expected to be utilized during the year 2013.

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
23 OTHER OPERATING EXPENSES			
Auditors' remuneration	23.1	1,882	1,671
Workers' Profits Participation Fund	17.1	38,560	22,979
Workers' Welfare Fund		14,500	8,642
Central Research Fund		7,174	4,277
Legal and consultancy charges		7,594	6,949
Donations	23.2	1,142	225
Exchange losses – net		157,499	20,099
Fixed assets written off		187	1,019
Provision against sales tax refund considered doubtful		-	5,918
Others		214	-
		228,752	71,779
23.1 Auditors' remuneration			
Audit fee		847	770
Review of half yearly financial statements		254	231
Special certification and reporting		605	495
Out-of-pocket expenses		176	175
		1,882	1,671

	Note	December 31, 2012	December 31, 2011
24. OTHER OPERATING INCOME			
Income from financial assets			
Interest on loans to employees		49	96
Interest income on term deposits		-	767
		49	863
Income from related parties			
Contribution to support the vaccine business		-	65,670
Contribution to support the pharmaceutical business		-	64,983
Income from non-financial assets			
Gain on sale of - operating fixed assets	3.1.2	2,383	9,325
- non-current assets classified as held for sale	13	227,173	-
Others			
License fee	3.1.1	8,916	8,907
Liabilities no longer payable written back		650	235
Scrap sales		11,472	13,089
Insurance claim		6,003	-
Export rebate claims		36	796
		27,077	23,027
		256,682	163,868

Notes to the Financial Statements

For the year ended December 31, 2012

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000 -------	
25. FINANCE COSTS			
Mark-up on:			
long-term financing		29,754	61,341
running finances utilized under mark-up arrangements		121,247	42,966
short-term borrowings		1,045	2,280
		152,046	106,587
Interest on Workers' Profit Participation Fund	17.1	377	851
Interest on finance lease		392	811
Bank charges		6,186	4,947
		6,955	6,609
		159,001	113,196
26. TAXATION			
Current		225,814	157,739
Prior		-	5,995
Deferred		(2,705)	30,092
		223,109	193,826
26.1 Explanation of relationship between accounting profit and tax expense:			
Accounting profit before taxation		710,366	423,416
Income tax at the applicable tax rate 35%		248,628	148,196
Effect of tax on sale of Wah Site land		(67,431)	-
Effect of tax under FTR, minimum tax and other adjustments – net		32,629	29,637
Effect of tax on share based payments		9,283	9,998
Effect of prior years' tax charge		-	5,995
		223,109	193,826
27. EARNINGS PER SHARE - basic and diluted			
Net profit for the year		487,257	229,590
		Number of shares	
Weighted average number of Ordinary shares		9,644,760	9,644,760
		------- Rupees -------	
Earnings per share - basic and diluted		50.52	23.80

27.1 There is no dilutive effect on the basic earnings per share of the Company.

28. CASH GENERATED FROM OPERATIONS

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000	-------
Profit before taxation		710,366	423,416
Adjustment for non-cash charges and other items:			
Depreciation / amortization		244,434	230,247
Gain on sale of operating fixed assets		(2,383)	(9,325)
Gain on sale of non current assets classified as held for sale		(227,173)	-
Fixed assets written off		187	1,019
Expenses arising from equity settled share based payment plans		26,524	28,567
Retirement benefits		46,867	22,355
Interest income		(49)	(863)
Finance costs		159,001	113,196
Working capital changes	28.1	(589,011)	(325,570)
		368,763	483,042

28.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spares	(4,652)	(4,272)
Stock-in-trade	(319,943)	(504,077)
Trade debts	(640,942)	(145,168)
Loans and advances	(4,343)	(8,508)
Trade deposits and short-term prepayments	(2,994)	(8,263)
Other receivables – net	88,731	(39,589)
	(884,143)	(709,877)
Increase in current liabilities:		
Trade and other payables – net (excluding accruals for unclaimed dividend)	295,132	384,307
	(589,011)	(325,570)

29. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)

Cash receipts from customers	8,515,863	7,474,292
Cash paid to suppliers / service providers and employees	(8,147,100)	(6,991,250)
Financial charges paid	(147,797)	(107,919)
Taxes paid	(339,396)	(380,583)
Long-term loans (net)	(1,128)	(1,189)
Retirement benefits paid	(21,181)	-
Long-term deposits (net)	(360)	-
Net cash used in operating activities	(141,099)	(6,649)

30. CASH AND CASH EQUIVALENTS

	Note		
Cash and cash equivalents comprise of the following items:			
Cash at bank – current accounts	12	4,944	3,469
Running finances utilized under mark-up arrangement	18	(1,418,440)	(916,099)
		(1,413,496)	(912,630)

31. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, employees' provident fund, employees' gratuity fund, employees' pension fund, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, remuneration of Executives and the Chief Executive are disclosed in the relevant notes.

There are no transactions with key management personnel other than under the terms of employment.

Terms and conditions of transactions with related parties

The transactions with the related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. Other material transactions with related parties are given below:

		December 31, 2012				December 31, 2011			
		Group Companies	Associated undertaking by virtue of Common Directorship	Retirement benefits plans	Total	Group Companies	Associated undertaking by virtue of Common Directorship	Retirement benefits plans	Total
		Rupees in '000				Rupees in '000			
i)	Gross Sales	39,789	-	-	39,789	28,842	-	-	28,842
ii)	Purchase of goods	3,292,430	331	-	3,292,761	2,808,298	253	-	2,808,551
iii)	Purchase of services	-	6,417	-	6,417	-	5,839	-	5,839
iv)	Contribution received	222,105	-	-	222,105	130,652	-	-	130,652
v)	Contribution paid / (receipts)								
	- Provident fund	-	-	28,947	28,947	-	-	24,245	24,245
	- Gratuity fund	-	-	50,697	50,697	-	-	8,578	8,578
	- Pension fund	-	-	(29,516)	(29,516)	-	-	(8,578)	(8,578)

31.1 The impact of benefits available to the Chief Executive and Others recognised by the Company in the expenses during the year on account of share-based payment plans aggregate Rs.3.382 (2011: Rs. 3.537) million and Rs.23.142 (2011: 25.030) million respectively.

31.2 The outstanding balances of related parties as at December 31, 2012 are included in trade debts and other receivables. These balances are unsecured and are settled in accordance with the terms and conditions of the transactions.

32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rupees in '000							
Managerial remuneration	13,069	11,703	7,955	5,776	129,618	97,594	150,642	115,073
Profit sharing bonus	10,771	3,666	1,600	869	22,701	10,083	35,072	14,618
Retirement benefits	2,395	2,145	1,307	869	21,214	16,424	24,916	19,438
Perquisites and benefits:								
Rent and utilities	7,188	6,437	3,913	2,705	63,653	49,720	74,754	58,862
Medical expenses	55	249	114	90	5,357	4,734	5,526	5,073
Club subscription	60	73	54	90	197	3,042	311	3,205
	33,538	24,273	14,943	10,399	242,740	181,597	291,221	216,269
Number of persons	1	1	2	3*	94	74	97	77

In addition to the above remuneration, the Chief Executive, Directors and certain Executives are also provided with free use of the Company maintained cars and household equipment in accordance with the terms of employment.

* During the last year, a retiring Executive Director was replaced by the appointment of another Executive Director on Board of Directors.

Further, the impact of benefits available to the Chief Executive, Directors and certain Executives recognised by the Company in the expense during the year on account of share-based payment plans aggregated to Rs.3.382 (2011: Rs. 3.537) million, Rs.0.933 (2011: Rs. 0.937) million and Rs.22.209 (2011:Rs.24.093) million, respectively.

Aggregate amount charged in the financial statements in respect of fee to Directors other than working Directors was Rs.6,000 (2011: Rs. 4,000).

The above remuneration of Directors does not include amounts paid or provided by the related parties.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's financial liabilities mainly comprise liability against asset subject to finance lease, trade and other payables, short-term borrowing and accrued mark-up. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise trade debts, loans to employees, deposits, other receivables, and cash and bank balances.

The management reviews and agrees policies for managing each of these risks as explained below:

33.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range, and the management manages these risks as explained in the following paragraphs.

33.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies primarily relating to its operating activities. The Company uses forward contracts to hedge its exposure to foreign currency risk, where appropriate.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk in major currencies is as follows:

	December 31,		December 31,	
	2012	2011	2012	2011
	Euro in '000		USD in '000	
Trade receivables	-	-	1,141	958
Other receivables	10	-	208	1,536
Trade and other payables	(5,412)	(3,420)	(498)	(523)
	(5,402)	(3,420)	851	1,971

Sensitivity analysis

The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all major currencies applied to assets and liabilities as at December 31, 2012 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		December 31, 2012	December 31, 2011
Change in exchange rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	7,423	3,116
Effect on equity (Rs.000's)	±	4,528	2,025

33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of change in market interest rate relates primarily to the Company's liability against asset subject to finance lease, term finance loan and running finance utilized under mark-up arrangements with floating interest rates. At December 31, 2012, the Company's entire borrowings are at floating rate of interest.

The Company's policy is to keep its running finances utilized under mark-up arrangements at the lowest level by effectively utilizing the positive cash and bank balances.

Interest rate profile of financial instruments

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Effective rates (%)		---------- Rupees '000 ---------	
Financial assets				
Loans to employees	9.00 & 13.00	9.00 & 15.00	779	1,109
Financial liabilities				
Liability against asset subject to finance lease	Six months KIBOR + 2.25	Six months KIBOR + 2.25	2,453	5,083
Long-term financing	Six months KIBOR + 1.15	Six months KIBOR + 1.15	125,000	300,000
Running finances utilized under mark-up arrangements	KIBOR+0.4	KIBOR+0.4	1,418,440	916,099
			1,545,893	1,221,182

Sensitivity analysis

A change of 100 basis points (1%) in interest rate at the reporting date would have changed Company's profit before tax for the year and equity by the amounts shown below, with all other variables held constant.

		December 31, 2012	December 31, 2011
Change in interest rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	14,499	11,513
Effect on equity (Rs.000's)	±	9,424	7,483

33.1.3 Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

33.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. To reduce the exposure to credit risk on trade debts, the company has developed a formal approval process, where by credit limits are applied to its customers. The company also ensures that sales of products and services are made to customers with appropriate credit history and credit worthiness. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk. Provision is made against those balances which are considered doubtful of recovery.

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2012	December 31, 2011
	------- Rupees in '000 -------	
Trade debts	942,657	301,715
Loans to employees	11,767	9,709
Loan to vendor	1,367	1,303
Deposits and margin against letter of credit	52,154	42,403
Other receivables	29,543	103,252
Bank balances	4,944	3,469
	1,042,432	461,851

The management does not expect any losses from non-performance by these counter parties.

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or default history of counter parties as shown below:

33.2.1 Trade debts

The carrying values of trade receivables that are neither past due nor impaired are analyzed as follows:

Customers with no defaults in the past one year	292,364	243,507

The ageing of trade debts past due but not impaired at the reporting date is as under. These relate to a number of independent customers from whom there is no history of default.

1 – 30 days	433,585	22,412
31 – 60 days	188,698	14,045
61 – 90 days	5,937	5,779
91 – 120 days	2,652	5,282
121 – 150 days	8,705	3,302
151 – 180 days	5,391	-
181 – 270 days	3,512	1,490
Over 365 days	1,813	5,898
	650,293	58,208
	942,657	301,715

The maximum exposure to credit risk for trade debts as at the reporting date by type of counter parties was:

Government institutions and hospitals	175,495	169,795
Private institutions and hospitals	82,240	133,384
Credit Distributors	575,770	-
Export customer	110,616	-
	944,121	303,179
Provision for doubtful debts	(1,464)	(1,464)
	942,657	301,715

	December 31, 2012	December 31, 2011
	------- Rupees in '000	-------

33.2.2 Cash and bank

The carrying values of bank balances are analyzed as follows:

	December 31, 2012	December 31, 2011
held with banks having a rating of A1+	3,201	3,469
held with banks having a rating of A1	1,743	-
	4,944	3,469

33.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains flexibility in funding by maintaining availability under control committed credit lines.

The table below summarizes the maturity profile of the Company's financial liabilities as at reporting date.

	Carrying Amount	Less than 12 months	1 to 2 years	2 to 5 years
	--------------------	Rupees in '000	--------------------	
Financial liabilities				
December 31, 2012				
Liability against asset subject to finance lease	2,453	2,453	-	-
Long-term financing	125,000	125,000	-	-
Trade and other payables	1,594,382	1,594,382	-	-
Accrued mark-up	43,730	43,730	-	-
Running finance utilized under mark-up arrangements	1,418,440	1,418,440	-	-
	3,184,005	3,184,005	-	-
December 31, 2011				
Liability against asset subject to finance lease	5,083	2,650	2,433	-
Long-term financing	300,000	175,000	125,000	-
Trade and other payables	1,320,891	1,320,891	-	-
Accrued mark-up	32,526	32,526	-	-
Running finance utilized under mark-up arrangements	916,099	916,099	-	-
	2,574,599	2,447,166	127,433	-

33.4 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The major portion of the company's financial instruments are short term in nature and would be settled in the near future. The fair values of these instruments are not materially different from their carrying values except for loans to employees which are valued at their original cost less repayment.

33.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may regulate the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings less cash and bank balances. Total capital is calculated as equity, as shown in the balance sheet plus net debt.

The gearing ratio as at December 31, 2012 and 2011 were as follows:

	Note	December 31, 2012	December 31, 2011
		------- Rupees in '000	-------
Long-term financing (including current maturity)		125,000	300,000
Liability against asset subject to finance lease		2,453	5,083
Running finances utilized under mark-up arrangements	18	1,418,440	916,099
Total borrowings		1,545,893	1,221,182
Less: Bank balances	12	(4,944)	(3,469)
Net debt		1,540,949	1,217,713
Total equity	14 & 15	2,015,381	1,601,335
		3,556,330	2,819,048
Gearing ratio		43%	43%

34. CAPACITY AND PRODUCTION

The capacity and production of the Company's manufacturing facility is undeterminable as it is a multiproduct plant involving varying processes of manufacture.

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 27, 2013 by the Board of Directors of the Company.

36. MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on February 27, 2013 (i) approved the transfer of Rs. 250 million from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs.12.50 per share for the year ended December 31, 2012, amounting to Rs.120.560 million for approval of members at the Annual General Meeting to be held on April 25, 2013. These financial statements do not include the effect of the aforementioned proposed dividend.

37. GENERAL

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

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 27th February 2013

Pattern of Shareholding

As at December 31, 2012

No. of Shareholders	Shareholding From	Shareholding To	Number of shares held	Percentage
345	1	100	13,307	0.14
329	101	500	101,860	1.06
77	501	1,000	60,667	0.63
57	1,001	5,000	102,077	1.06
11	5,001	10,000	74,680	0.77
3	15,001	20,000	54,228	0.56
4	20,001	25,000	89,280	0.93
2	50,001	55,000	102,342	1.06
1	85,001	90,000	89,700	0.93
1	200,001	205,000	204,099	2.12
1	225,001	230,000	229,461	2.38
1	255,001	260,000	255,700	2.65
1	340,001	345,000	342,602	3.55
1	470,001	475,000	473,337	4.91
1	510,001	515,000	510,212	5.29
1	1,840,001	1,845,000	1,841,739	19.09
1	5,095,001	5,100,000	5,099,469	52.87
837			9,644,760	100.00

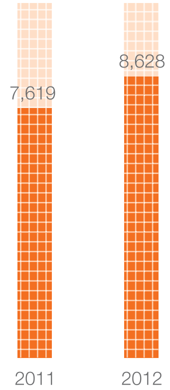
S.No.	Categories of Shareholders	Number of shareholders	Number of shares held	Percentage
1	Associated Companies, undertaking and related parties.	4	7,082,350	73.43
2	Mutual Funds	2	234,470	2.43
3	Directors, Chief Executive Officer, their spouse and minor children.	8	1,391,903	14.43
4	Public Sector Companies and Corporations	2	459,799	4.77
5	Banks Development Financial Institutions, Non-Banking Financial Institutions.	2	21,883	0.23
6	Insurance Companies	1	19,200	0.20
7	Others	14	28,580	0.30
8	Individuals	804	406,575	4.21
		837	9,644,760	100.00

Information as required under Code of Corporate Governance

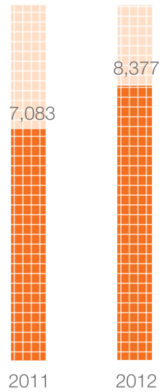
Shareholder's category	Number of shareholders	Number of shares held
Associated Companies, Undertakings and Related Parties		
IGI Insurance Limited	1	1,841,739
Ali Gohar & Co. (Pvt.) Limited	1	51,442
SECIPE of Paris (France)	1	5,099,469
AGT Holdings (Pvt.) Limited	1	89,700
		7,082,350
Mutual Funds		
National Bank of Pakistan-Trustee Department	2	234,470
Directors, CEO and their spouse and minor children		
Syed Babar Ali	1	510,212
Syed Hyder Ali	1	16,914
Mr. Arshad Ali Gohar	2	815,939
Mrs. Naiyar Zamani Gohar	1	7,434
Mrs. Perwin Babar Ali	1	22,690
Syeda Henna Babar Ali	2	18,714
		1,391,903
Public Sector Companies and Corporations	2	459,799
Banks, Development Finance Institutions, Non-Banking Finance Institutions	2	21,883
Insurance Companies	1	19,200
Shareholders Holding five percent or more Voting Rights in the Listed Company		
SECIPE of Paris (France)	1	5,099,469
IGI Insurance Limited	1	1,841,739
Syed Babar Ali	1	510,212

Analytical Review

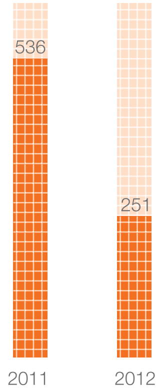
Net Sales - Company
(Rs. in million)



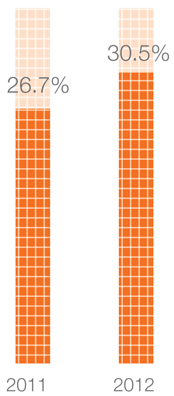
Net Sales -
Pharmaceuticals
(Rs. in million)



Net Sales - Vaccine
(Rs. in million)

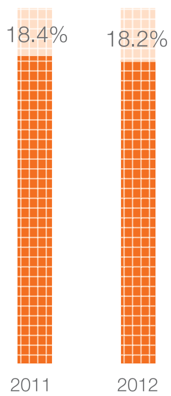


Gross Margin



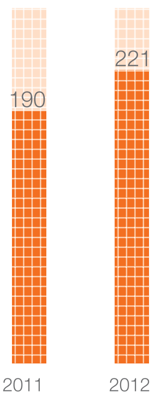
- Gross Margin increase due to:
  - Efficiency improvement
  - Volume growth
  - Reduction in import cost partly offset by
  - Adverse exchange impact
  - Higher cost of utilities

D & M / Net Sales Ratio



- Decrease due to:
  - Sales growth partly offset by
  - Higher staff cost
  - Higher advertising and promotional activities
  - Adverse exchange impact

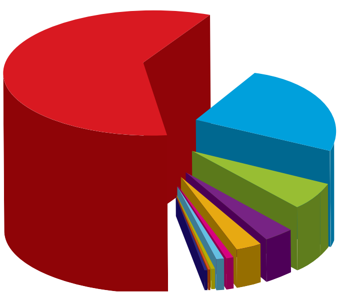
Administrative Expenses
(Rs. in million)



- Increased expenses across all cost categories

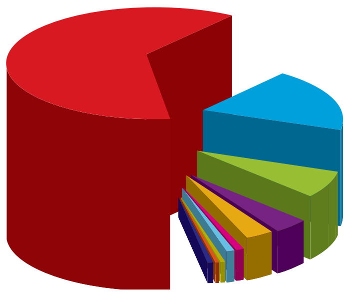
Cost of Goods Sold

2011



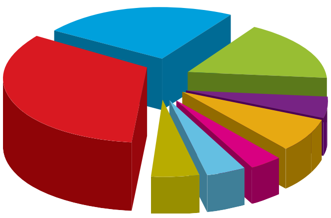
2011		2012
61.3%	Raw, packing & auxiliary	64.2%
24.2%	Finished goods consumed	19.1%
6.2%	Staff cost	7.1%
3.2%	Fuel & power	3.7%
2.6%	Depreciation	2.8%
0.8%	Repairs & maintenance	0.8%
0.8%	Traveling & conveyance	0.8%
0.4%	Store & spares	0.5%
0.2%	Rent rates & taxes	0.4%
0.3%	Others	0.6%

2012

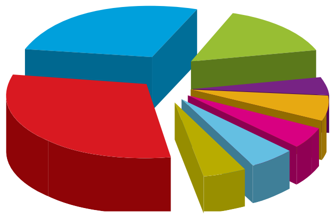


Distribution & Marketing Expenses

2011

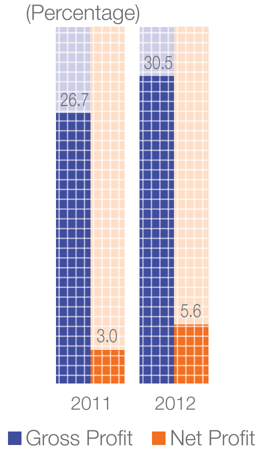


2012



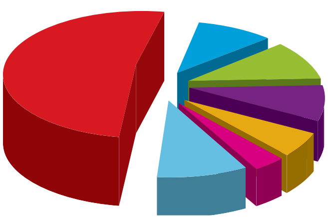
2011		2012
32.7%	Staff cost	30.1%
25.7%	Advertising & sales promotion	28.8%
16.9%	Travelling & conveyance	15.6%
5.3%	Cost of sample issued	4.7%
7.5%	Handling freight & transportation	6.4%
3.4%	Commission expense	5%
3.9%	Deprectiation	5%
4.6%	Others	4.4%

Gross Profit vs. Net Profit (Percentage)

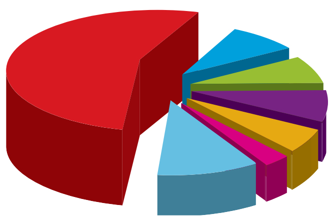


Administrative Expenses

2011

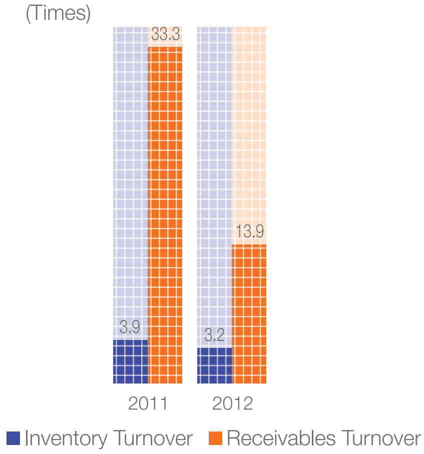


2012



2011		2012
51.9%	Staff cost	56.3%
10.6%	Travelling & conveyance	9.2%
10.5%	Fuel & power	7.8%
8.6%	Depreciation	7.9%
5.6%	Repairs & maintenance	5.7%
3.4%	Communication	2.8%
9.4%	Others	10.3%

Inventory Turnover & Receivables Turnover (Times)



Statement of Value Added

	2012 Rs.000	%	2011 Rs.000	%
VALUE ADDED				
Net sales	8,628,385	100	7,619,460	100
Materials and services	(6,206,970)	(72)	(5,511,042)	(72)
	2,421,415	28	2,108,418	28
Employees				
Staff cost	1,064,166	44	866,367	41
Workers' Profit Participation Fund	38,743	2	22,374	1
	1,102,909	46	888,741	42
Government				
Income tax	339,396	14	380,583	18
Custom duty, Sales Tax & Others	460,976	19	395,255	19
Workers' Welfare Fund	23,295	1	8,670	-
	823,667	34	784,508	37
Capital Providers				
Dividend to shareholders	96,448	4	96,448	5
Mark-up on borrowed funds	152,815	6	108,249	5
	249,263	10	204,697	10
Society				
Donation towards education, health and environment	1,142	-	225	-
Depreciation and amortisation for reinvestment				
Depreciation / amortisation	244,434	10	230,247	11
	2,421,415	100	2,108,418	100

Wealth Distribution

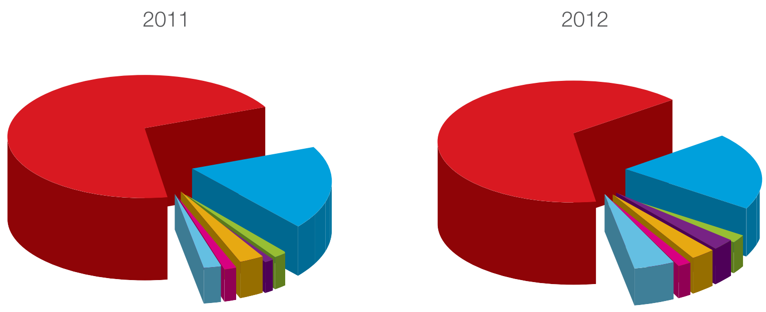
Operating & Financial Highlights

		2012	2011	2010	2009	2008	2007
Liquidity Ratios							
Current Ratio	Times	1.2	1.1	1.4	1.0	1.0	1.3
Quick Ratio	Times	0.5	0.5	0.5	0.4	0.3	0.4
Cash to current liabilities	Times	(0.4)	(0.4)	(0.2)	(0.7)	(0.5)	(0.4)
Cash flow from Operations to Sales	%	4.3	6.3	19.1	0.9	8.4	5.4
Net Working Capital	Rs. 000	530,448	313,924	555,195	(38,124)	(27,776)	382,834
Net Assets	Rs. 000	2,015,381	1,601,335	1,461,403	1,292,449	1,116,612	1,114,124
Operating Cycle	Days	30	35	53	46	57	70
Current assets / Total assets	%	69.9	64.2	57.5	59.2	59.3	66.9
Inventory / Current Assets	%	53.0	59.9	61.7	57.7	64.7	68.9
Inventory / Total Assets	%	37.0	38.5	35.5	34.2	38.4	46.1
Activity Ratios							
Inventory Turnover	Times	3.2	3.9	3.7	4.4	2.9	2.9
Average No of Days inventory in stock	Days	113	94	98	83	124	125
Accounts Receivable Turnover	Times	13.9	33.3	24.5	27.0	30.0	27.3
Average Collection Period	Days	26	11	15	14	12	13
Creditors Turnover	Times	4.4	6.0	6.0	7.1	4.6	5.3
Creditors Turnover	Days	81	60	60	51	79	68
Fixed Assets Turnover	Times	5.3	4.9	4.4	4.8	3.6	4.9
Operating Fixed Assets Turnover	Times	6.3	5.9	4.8	8.7	6.7	6.0
Total Assets Turnover	Times	1.6	1.7	1.8	2.0	1.5	1.6
Leverage							
Interest Earned	Times	5.5	4.7	4.1	2.9	2.0	2.8
Fixed Assets to Equity	Times	0.8	1.0	1.0	1.1	1.1	0.7
Financial Leverage	Times	0.7	0.7	0.4	1.1	0.8	0.5
Profitability Ratios							
Sales Growth	%	13.2	23.7	(8.4)	54.7	11.6	2.0
COGS as a % of Net Sales	%	69.5	73.4	71.5	75.8	75.7	72.2
EBITDA* as a % of Net Sales	%	12.9	10.0	11.4	7.6	6.3	7.0
Profit before tax as a % of Net Sales	%	8.2	5.6	6.5	3.8	1.9	3.0
Net Profit Margin	%	5.6	3.0	3.6	2.5	0.9	1.9
Gross Profit Margin	%	30.5	26.6	28.5	24.2	24.3	27.8
Operating Profit Margin	%	10.1	7.0	8.6	5.7	3.9	4.6
Return on Assets	%	8.9	5.2	6.7	4.9	1.3	3.1
Return on Equity	%	24.2	14.3	15.3	12.9	3.4	6.8
Return on Capital Employed	%	26.0	12.9	14.3	13.9	3.4	6.8
Admin. Dist. & Mktg. Exp./Net Sales	%	20.7	20.9	20.6	17.9	20.2	22.1
Admin. Dist. & Mktg. Exp. Variance	%	12.5	25.2	5.7	36.5	2.1	9.0
Financial Charges / Net Income	%	32.6	49.3	58.0	78.3	227.6	86.3
Market Value							
Market Value Per Share	Rs.	370	145	142	145	211	276
Market / Book Ratio	Times	0.7	0.3	0.4	0.4	0.7	1.1
Earnings per share (before tax)	Rs.	73.6	43.9	41.64	26.2	8.75	12.02
Earnings per share (after tax)	Rs.	50.52	23.8	23.23	17.4	3.97	7.81
Price Earnings Ratio	Times	7.3	6.1	6.1	8.4	53.2	35.4
Dividend per Share	Rs.	12.50	10.00	10.00	7.00	1.40	4.40
Dividend Yield	%	8.6	7.0	7.0	4.8	0.7	1.6
Dividend Cover	Times	4	2.2	2.2	3.0	2.6	3.7
Payout Ratio (after tax)	%	24.7	42.0	43.1	40.3	35.3	56.4
Market Capitalisation	Rs. M	3,568	1,398	1,370	1,398	2,035	2,662
Break-up Value per Share	Rs.	208.96	166.03	151.52	134.00	115.77	115.52

* EBITDA = Earnings before interest, taxes, depreciation & amortization

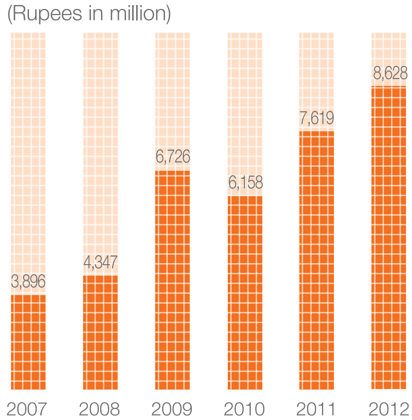
Operating & Financial Highlights

Application of Revenue

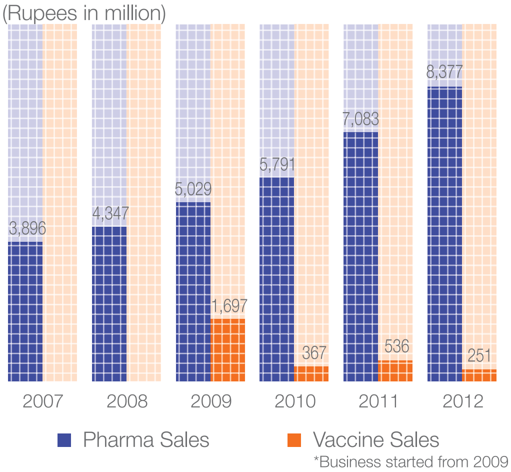


2011		2012
71.77%	Cost of sales	67.52%
20.42%	Admin & Selling Expenses	20.12%
1.45%	Finance Costs	1.79%
0.92%	Other Charges	2.57%
2.49%	Taxation	2.51%
1.24%	Dividend	1.36%
1.71%	Retained Profit	4.13%

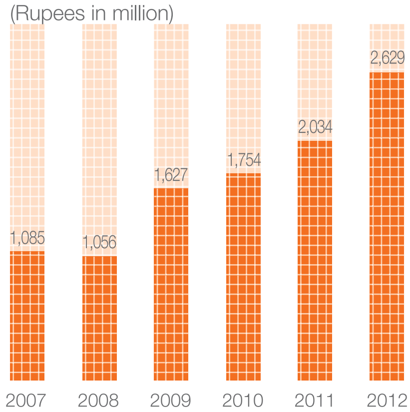
Total company net sales
(Rupees in million)



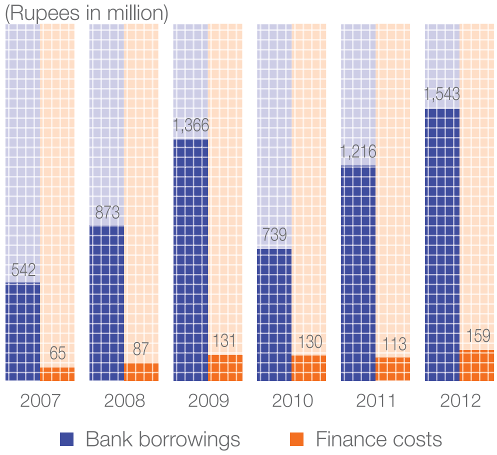
Pharma & Vaccine Net Sales
(Rupees in million)



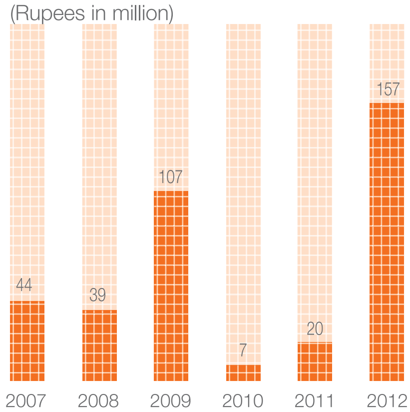
Gross Profit
(Rupees in million)



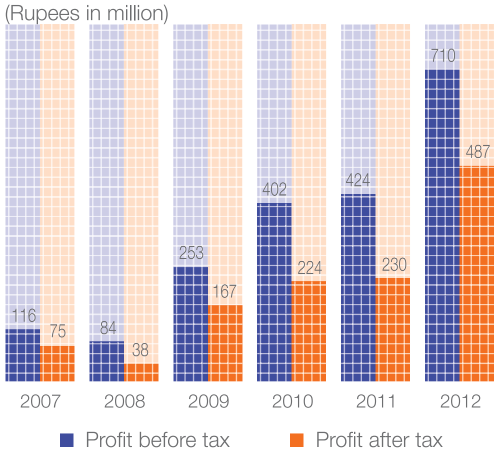
Bank borrowings & Finance costs
(Rupees in million)



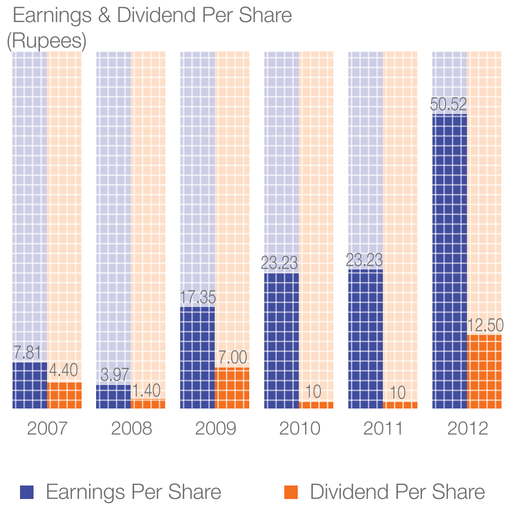
Exchange Loss
(Rupees in million)

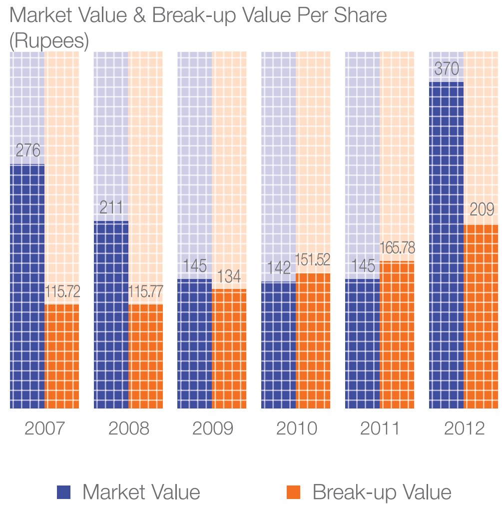


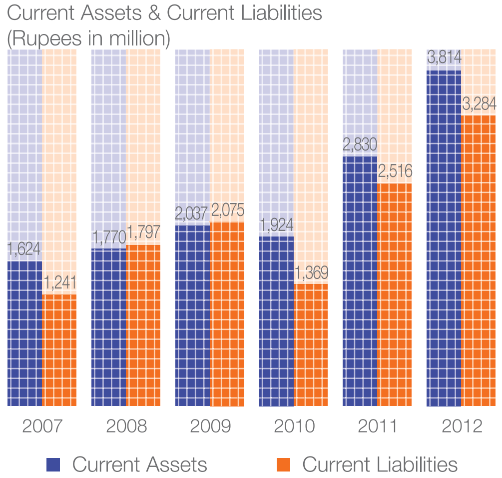
Profit before tax & Profit after tax
(Rupees in million)

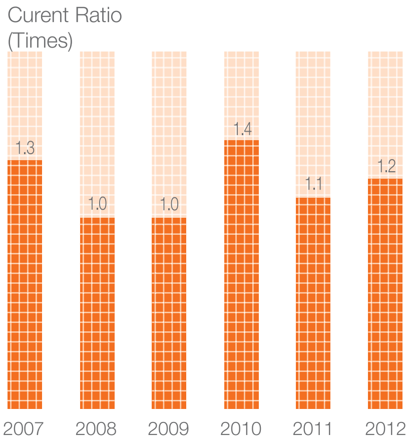


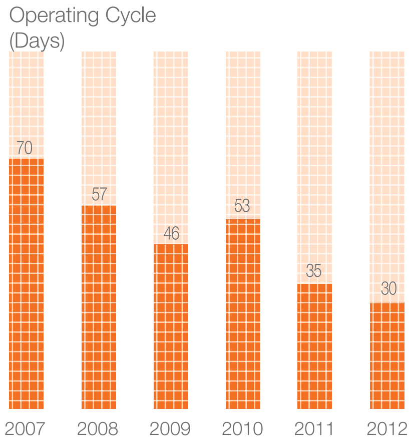
Operating & Financial Highlights

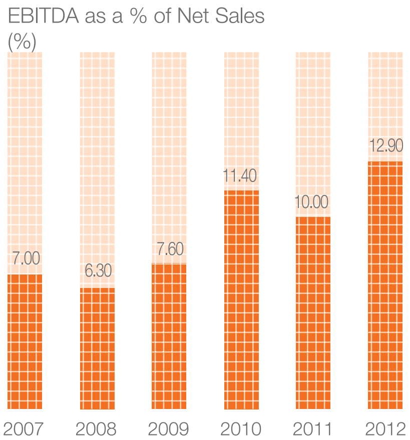


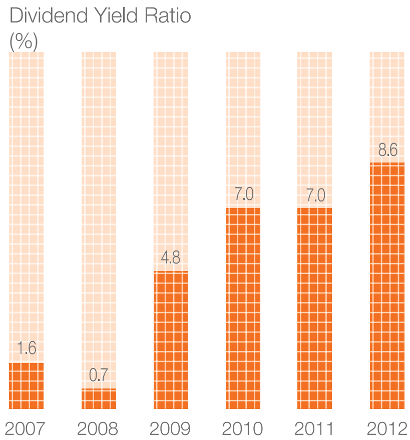





Curent Ratio
(Times)
1.3
1.0
1.0
1.4
1.1
1.2
2007
2008
2009
2010
2011
2012


Operating Cycle
(Days)
70
57
46
53
35
30
2007
2008
2009
2010
2011
2012


EBITDA as a % of Net Sales
(%)
7.00
6.30
7.60
11.40
10.00
12.90
2007
2008
2009
2010
2011
2012


Dividend Yield Ratio
(%)
1.6
0.7
4.8
7.0
7.0
8.6
2007
2008
2009
2010
2011
2012

Horizontal Analysis

	2012 Rs	12 Vs. 11 %	2011 Rs	11 Vs. 10 %	2010 Rs	10 Vs. 09 %	2009 Rs	09 Vs. 08 %	2008 Rs	08 Vs. 07 %	2007 Rs	07 Vs. 06 %
Operating Results (Rupees in million)												
Net sales	8,628	13.2	7,620	23.7	6,158	(8.4)	6,726	54.7	4,347	11.6	3,896	2.0
Cost of sales	(5,999)	7.4	(5,586)	26.8	(4,405)	(13.6)	(5,099)	54.9	(3,291)	17.0	(2,812)	9.3
Gross profit	2,629	29.3	2,034	16.0	1,753	7.7	1,627	54.1	1,056	(2.6)	1,084	(12.9)
Distribution,selling and administrative expenses	(1,788)	12.5	(1,589)	25.2	(1,269)	5.7	(1,201)	36.5	(880)	2.1	(862)	9.1
Other operating expenses	(229)	218.1	(72)	33.3	(54)	(62.2)	(143)	150.9	(57)	(9.5)	(63)	50.0
Other operating income	257	56.7	164	60.8	102	1.0	101	94.2	52	136.4	22	22.2
Operating profit	869	61.8	537	0.9	532	38.5	384	124.6	171	(5.5)	181	(58.0)
Finance costs	(159)	40.7	(113)	(13.1)	(130)	(0.8)	(131)	50.6	(87)	33.8	(65)	(14.5)
Profit before taxation	710	67.5	424	5.5	402	58.9	253	201.2	84	(27.6)	116	(67.3)
Taxation	(223)	14.9	(194)	9.0	(178)	107.0	(86)	87.0	(46)	12.2	(41)	(68.0)
Net profit	487	111.7	230	2.7	224	34.1	167	339.5	38	(49.3)	75	(67.0)
Balance Sheet (Rupees in million)												
Fixed assets	1,628	4.4	1,559	10.6	1,409	1.1	1,393	16.6	1,195	50.9	792	12.8
Other non current assets	13	8.3	12	20.0	10	11.1	9	(10.0)	10	(16.7)	12	(20.0)
Current assets	3,814	34.8	2,830	47.1	1,924	(5.5)	2,037	15.1	1,770	9.0	1,624	27.8
Non-current assets classified as available for sale	-		5	-	5	-	-	-	9	-	-	-
Total assets	5,455	23.8	4,406	31.6	3,348	(2.6)	3,439	15.2	2,984	22.9	2,428	22.1
Ordinary share capital	96	-	96	-	96	-	96	-	96	-	96	-
Reserves	1,919	27.5	1,505	10.3	1,365	14.0	1,197	17.2	1,021	0.3	1,018	(0.2)
Non-current liabilities	156	(45.8)	288	(44.4)	518	629.6	71	1.4	70	(4.1)	73	386.7
Current liabilities	3,284	30.5	2,517	83.9	1,369	(34.0)	2,075	15.5	1,797	44.8	1,241	44.8
Total equity and liabilities	5,455	23.8	4,406	31.6	3,348	(2.6)	3,439	15.2	2,984	22.9	2,428	22.1
Cash Flows (Rupees in thousand)												
Cash generated from/(used in) operations	368,763	(23.7)	483,042	(58.9)	1,175,506	1,943.5	57,523	(84.3)	366,877	75.5	209,070	(73.0)
Cash flows (used in) / from operating activities	(509,862)	4.1	(489,691)	65.9	(295,174)	1.5	(290,735)	72.6	(168,484)	(5.9)	(179,000)	(32.4)
Cash flows used in investing activities	(86,141)	(76.8)	(371,077)	101.4	(184,246)	(24.9)	(245,214)	(49.6)	(486,365)	164.5	(183,874)	39.2
Cash flows from / (used in) financing activities	(273,626)	(8.3)	(298,270)	200.5	(99,247)	(119.3)	515,279	(1,319.0)	(42,271)	(81.7)	(230,778)	(39.0)
Net increase / (decrease) in cash and cash equivalents	(500,866)	(25.9)	(675,996)	(213.3)	596,839	1,519.5	36,853	(111.2)	(330,243)	(14.1)	(384,582)	113,346.0
Number of Employees												
Number of permanent employees at year end	896		777		756		773		789		846	

Vertical Analysis

	2012		2011		2010		2009		2008		2007	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Operating Results (Rupees in million)												
Net sales	8,628	100.0	7,620	100.0	6,158	100.0	6,726	100.0	4,347	100.0	3,896	100.0
Cost of sales	(5,999)	(69.5)	(5,586)	(73.3)	(4,405)	(71.5)	(5,099)	(75.8)	(3,291)	(75.7)	(2,812)	(72.2)
Gross profit	2,629	30.5	2,034	26.7	1,753	28.5	1,627	24.2	1,056	24.3	1,084	27.8
Distribution,selling and administrative expenses	(1,788)	(20.7)	(1,589)	(20.9)	(1,269)	(20.6)	(1,201)	(17.9)	(880)	(20.2)	(862)	(22.1)
Other operating expenses	(229)	(2.7)	(72)	(0.9)	(54)	(0.9)	(143)	(2.1)	(57)	(1.3)	(63)	(1.6)
Other operating income	257	3.0	164	2.2	102	1.7	101	1.5	52	1.2	22	0.6
Operating profit	869	10.1	537	7.1	532	8.7	384	5.7	171	4.0	181	4.7
Finance costs	(159)	(1.8)	(113)	(1.5)	(130)	(2.1)	(131)	(1.9)	(87)	(2.0)	(65)	(1.7)
Profit before taxation	710	8.3	424	5.6	402	6.6	253	3.8	84	2.0	116	3.0
Taxation	(223)	(2.6)	(194)	(2.5)	(178)	(2.9)	(86)	(1.3)	(46)	(1.1)	(41)	(1.1)
Net profit	487	5.7	230	3.1	224	3.7	167	2.5	38	0.9	75	1.9
Balance Sheet (Rupees in million)												
Fixed assets	1,628	29.8	1,559	35.4	1,409	42.1	1,393	40.5	1,195	40.1	792	32.6
Other non current assets	13	0.2	12	0.3	10	0.3	9	0.3	10	0.3	12	0.5
Current assets	3,814	70.0	2,830	64.2	1,924	57.5	2,037	59.2	1,770	59.3	1,624	66.9
Non-current assets classified as available for sale	-	-	5	0.1	5	0.1	-	-	9	0.3	-	-
Total assets	5,455	100.0	4,406	100.0	3,348	100.0	3,439	100.0	2,984	100.0	2,428	100.0
Ordinary share capital	96	1.8	96	2.2	96	2.9	96	2.8	96	3.2	96	4.0
Reserves	1,919	35.2	1,505	34.2	1,365	40.8	1,197	34.8	1,021	34.2	1,018	41.9
Non-current liabilities	156	2.9	288	6.5	518	15.5	71	2.1	70	2.3	73	3.0
Current liabilities	3,284	60.1	2,517	57.1	1,369	40.8	2,075	60.3	1,797	60.3	1,241	51.1
Total equity and liabilities	5,455	100.0	4,406	100.0	3,348	100.0	3,439	100.0	2,984	100.0	2,428	100.0
Cash Flows (Rupees in thousand)												
Cash generated from/(used in) operations	368,763	(54.6)	483,042	(71.5)	1,175,506	197.0	57,523	156.1	366,877	(111.1)	209,070	(54.4)
Cash flows (used in) / from operating activities	(509,862)	75.4	(489,691)	72.4	(295,174)	(49.5)	(290,735)	(788.9)	(168,484)	51.0	(179,000)	46.5
Cash flows used in investing activities	(86,141)	12.7	(371,077)	54.9	(184,246)	(30.9)	(245,214)	(665.4)	(486,365)	147.3	(183,874)	47.8
Cash flows from / (used in) financing activities	(273,626)	44.2	(298,270)	44.2	(99,247)	(16.6)	515,279	1,398.2	(42,271)	12.8	(230,778)	60.1
Net increase / (decrease) in cash and cash equivalents	(500,866)	100.0	(675,996)	100.0	596,839	100.0	36,853	100.0	(330,243)	100.0	(384,582)	100.0
Number of Employees												
Number of permanent employees at year end	896		777		756		773		789		846	

Notice of Meeting

Notice is hereby given that the forty fifth Annual General Meeting of the company will be held on Thursday, 25 April, 2013 at 11:30 hours in the Banquet Hall of the Beach Luxury Hotel, Molvi Tamizuddin Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on 24 April, 2012 and Extra-ordinary General Meeting held on 28 September, 2012.

2. To receive and adopt the Balance Sheet and Profit & Loss Account for the year ended 31 December, 2012 together with the Directors' and Auditors' reports thereon.

3. To approve and declare dividend on the ordinary shares of the company. The directors have recommended a cash dividend of Rs.12.50 (125%) per share.

4. To appoint Auditors for the year ending 31 December, 2013 and to fix their remuneration. The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants being eligible, have offered themselves for re-appointment. The Audit Committee and Board of Directors have also recommended appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as Auditors for the year ending December 31, 2013.

5. Transact any other business with the permission of the chair.

By Order of the Board

Saad Usman
Company Secretary

Karachi, April 4, 2013

Notes:

1. The Share Transfer Books of the Company shall remain closed from April 19, 2013 to April 25, 2013 (both days inclusive).

2. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in his own right. Instrument appointing proxy must be deposited at the registered office of the Company at least 48 hours before the time of the Meeting.

3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their original computerized national identity card and account number in the CDC for verification.

4. CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

Proxy Form

I/We ____ of ____________________________
____ (full address) being a member of sanofi-aventis Pakistan limited hereby appoint ______________________________________
of ____
(full address) or failing him ____
of ____
(full address) as my / our proxy to attend and vote for me / us and on my / our behalf at the 45th Annual General Meeting of the company to be held on Thursday, April 25, 2013 and at any adjournment thereof.

As witness my / our hand this __________ day of __________ 2013.

Witness No.1

Name ______________________________
Address ____________________________
C.N.I.C. No. _________________________

Rs. 5/= Revenue Stamp

____
Signature of Member(s)

Witness No.2

____
(Name in Block Letters)

Name ______________________________
Address ____________________________
C.N.I.C. No. _________________________

Folio No. ______________________
Participant ID No. _______________
Account No. in CDS _____________

Important

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in Circular No.1 of 2000 of SECP.
2. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her, no person shall act as a proxy, who is not a member of the Company except that a Corporation may appoint a person who is not a member.
3. The instrument appointing a proxy, together with the Board of Directors' resolution/Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time for holding the meeting.
4. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is corporation it's common seal should be affixed to the instrument

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AFFIX
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The Company Secretary

sanofi-aventis Pakistan limited
Plot 23, Sector 22, Korangi Industrial Area,
Karachi - 74900 Pakistan

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sanofi-aventis Pakistan limited

Plot 23, Sector 22, Korangi Industrial Area, Karachi-74900.
P.O.Box 4962, Karachi-74000