

*sanofi-aventis Pakistan Limited*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2022  
(UN-AUDITED)



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# Company Information

## Board of Directors

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

Chairman  
Chief Executive Officer  
Chief Financial Officer

## Company Secretary

Muhammad AbuBakar Siddiq

## URL

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

## Auditors

EY Ford Rhodes,  
Chartered Accountants

## Bankers

Citibank, N.A.  
Deutsche Bank AG  
MCB Bank Limited  
Allied Bank Limited  
Habib Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited

## Legal Advisors

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

## Registrars & Share Transfer Office

FAMCO Associates (Private) Limited  
8-F, Near Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi  
Tel: +92 21 34380101-5  
URL: [www.famco.com.pk](http://www.famco.com.pk)

## Registered Office

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

## Postal Address

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

## Contact

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

## Directors' Report to the Shareholders

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

The Company started the year on a positive note and continued to exhibit stable growth despite substantial macro-economic challenges. Total net sales for the nine months ended September 30, 2022 stands at Rs. 14,045 million which grew by 18% compared to same period last year. This growth was mainly driven by Flagyl®, Claforan® and No-Spa® which grew by 40%, 27.1% and 27.4% respectively.

The gross margin improved to 27.3% from 21.8% as compared to same period last year on account of pricing, better product mix and improved performance throughout the period.

Distribution and marketing expenses increased to 14% of net sales from 12% last year's comparative period mainly on account of increase in travelling and promotional activities and engagement with Healthcare Professionals in order to maintain the strong sales growth. Further, the increase is also attributable to rise in logistics cost and enhanced efforts on recovery of outstanding receivables. Administrative expenses also marginally increased to 4.14% of net sales from 3.3% compared to same period last year.

Other expenses increased to 4% of net sales from 1% last year's comparative period mainly on account of adverse exchange rate movement during the period.

Due to the reasons explained above, profit before tax for the nine months ended September 30, 2022 amounted to Rs. 834 million. Profit after tax amounted to Rs. 213 million. The significant decrease in the profit after tax is primarily due to the imposition of 'Super Tax' on current and prior period which reduced our net profit margin to 2% from 3% compared to same period last year. Resultantly the earnings per share was Rs. 22.09 as compared to Rs. 36.21 in same period last year.

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

### **Holding Company**

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

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

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

On August 23, 2022, the mandatory tender offer for the acquisition of shares from the public by the Consortium under Pakistan's takeover laws was successfully completed.

On October 11, 2022 an Extra-Ordinary General Meeting of the Company was held to pass Special Resolutions regarding post closing agreements, transfer of shares (from Seller to Purchaser), appointment of authorised signatories and board restructuring (Post-Acquisition).

Closing of the transaction is subject to customary closing conditions, including relevant approvals by regulatory authorities.

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

By order of the Board



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer

Karachi: October 27, 2022

ڈائریکٹر کی جانب سے جائزہ

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

کمپنی نے سال کے آغاز میں ایک مثبت انداز میں کیا اور میکرو اکنامک کے چیلنجز کے باوجود مستحکم ترقی کا مظاہرہ جاری رکھا۔ 30 ستمبر 2022 کو اختتام پذیر ہونے والی نو ماہی کے لیے خالص فروخت 14,045 ملین روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 18 فیصد زیادہ ہے۔ یہ ترقی بنیادی طور پر فلجیل، کلا فورن، نو-اسپا (Flagyl, Claforan & No-Spa) کے ذریعے لائی گئی جس میں بالترتیب 40 فیصد، 27.1 فیصد اور 27.4 فیصد اضافہ دیکھنے میں آیا۔

قیمتوں کا تعین، بہتر پروڈکٹ مکس اور اس مدت میں بہتر کارکردگی کے باعث مجموعی مارجن گزشتہ سال کی اسی مدت کے مقابلے میں 21.8 فیصد بڑھ کر 27.3 فیصد ہو گیا۔

ڈسٹری بیوٹن اور مارکنگ کے اخراجات گزشتہ سال کی تقابلی مدت کے 12 فیصد سے بڑھ کر خاص فروخت کا 14 فیصد ہو گئے، سیلز کی اس مضبوط نمو کو برقرار رکھنے کے لیے سفری اور پروموشنل سرگرمیوں میں اضافے کے ساتھ ہیلتھ کیئر پرفیشنلز کے ساتھ مشغولیت ضروری ہے۔ مزید برآں، یہ اضافہ بقایا وصولیوں کے سلسلے میں بڑھتی ہوئی کوششوں سے بھی منسوب ہے، جبکہ انتظامی اخراجات بھی گزشتہ سال کی اسی مدت کے مقابلے میں 3.3 فیصد سے بڑھ کر خالص فروخت کا 4.14 فیصد ہو گئے۔

دیگر اخراجات گزشتہ سال کی اسی مدت کے دوران 1 فیصد سے بڑھ کر خالص فروخت کے 4 فیصد تک پہنچ گئے، یہ بنیادی طور پر شرح مبادلہ کے منفی اثرات کے باعث عمل میں آیا۔

مندرجہ بالا بیان کی گئیں وجوہات کی بنا پر، 30 ستمبر 2022 کو اختتام پذیر ہونے والی نو ماہی کے لیے قبل از ٹیکس منافع 834 ملین روپے تھا جبکہ بعد از ٹیکس منافع 213 ملین روپے رہا۔ بعد از ٹیکس منافع میں نمایاں کمی بنیادی طور پر موجودہ اور سابقہ مدت میں ”سپر ٹیکس“ کے نفاذ کی وجہ سے ہے جس نے گزشتہ سال کی اسی مدت کے مقابلے میں ہمارے خالص منافع کا مارجن 3 فیصد سے کم کر کے 2 فیصد کر دیا۔ نتیجتاً، فی شیئر آمدنی گزشتہ سال کی اسی مدت میں 36.21 روپے کے مقابلے میں 22.09 روپے رہی ہے۔

امریکی ڈالر اور یورو کے مقابلے میں روپے کی قدر میں کمی کے ساتھ غیر مستحکم اقتصادی اور سیاسی صورتحال کے باعث قدر میں مزید کمی کی توقع عام طور پر فارماسیوٹیکل کمپنیوں کے لیے ایک اہم تشویش بنی ہوئی ہے کیونکہ زیادہ تر ”فعال دواسازی کے اجراء“ اور تیار شدہ سامان درآمد کیا جاتا ہے۔ جبکہ فنانس ایکٹ 2022 میں سپرنٹیکس کے نفاذ کے باعث فارماسیوٹیکل شعبے نے کمپنی کے بائٹ لائن منافع کو بری طرح متاثر کیا ہے۔ کرنسی میں اس عدم استحکام کے ساتھ ساتھ اقتصادی اور سیاسی صورتحال سے درپیش چیلنجز کے باوجود کمپنی اپنی مصنوعات کے مرکب اور مارکیٹ کی مستحکم ترقی کے باعث کاروباری نقطہ نظر کے بارے میں پرامید ہے۔ بورڈ کی قیادت میں انتظامیہ اس بات کو یقینی بنانے کے لئے تمام تر کوششیں کر رہی ہے کہ کمپنی پر منفی اثرات کو کم کرنے کے لیے مناسب اقدامات کیے جائیں۔

## ہولڈنگ کمپنی

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

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


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


23 اگست 2022 کو کنسورشیم کی جانب سے پاکستان کے ٹیک اور تو انین کے تحت عوام سے شیئرز کے حصول کے لیے مینڈیٹری ٹینڈر کی پیشکش کا میابی کے ساتھ مکمل ہوئی۔

11 اکتوبر 2022 کو کمپنی کی ایک غیر معمولی جنرل میٹنگ کا انعقاد کیا گیا جس میں اختتامی معاہدوں، شیئر ٹرانسفر (بیچنے والے سے خریدار تک)، مجاز دستخط کنندگان کی تقرری اور بورڈ کی تنظیم نو (پوسٹ ایکویزیشن) کے حوالے سے خصوصی قراردادیں منظور کی گئیں۔

ٹرانزیکشن کی بندش روایتی بندش کی شرائط کے ساتھ مشروط ہے، بشمول ریگولیٹری حکام کی متعلقہ منظوری۔  
اس کے ساتھ ساتھ بورڈ آف ڈائریکٹرز کمپنی کے ملازمین کی کاوشوں اور ان کے عزم کا تہہ دل سے اعتراف کرتے ہیں۔

بورڈ کی جانب سے

  
عاصم جمال  
چیف ایگزیکٹو آفیسر

  
سید بابر علی  
چیرمین


کراچی: 27 اکتوبر 2022

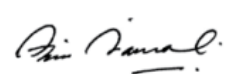


sanofi-aventis Pakistan Limited  
 Condensed Interim Statement of Financial Position  
 As at September 30, 2022

	Note	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
----- Rupees in '000 -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	1,694,465	1,654,157
Right-of-use assets		-	1,878
Investment properties		33,398	34,710
Intangible assets		2,334	2,829
		<u>1,730,197</u>	<u>1,693,574</u>
Long-term loans to employees		3,175	2,398
Long-term deposits		15,983	15,983
Deferred taxation - net		182,917	236,330
		<u>1,932,272</u>	<u>1,948,285</u>
<b>CURRENT ASSETS</b>			
Stores and spares		71,334	59,670
Stock-in-trade	5	4,110,978	3,919,660
Trade debts		754,021	455,428
Loans and advances		234,293	163,212
Trade deposits and short-term prepayments	6	2,337,339	470,424
Other receivables		518,907	250,411
Taxation - net		987,609	1,223,096
Cash and bank balances		49,637	784,295
		<u>9,064,118</u>	<u>7,326,196</u>
<b>TOTAL ASSETS</b>		<u><u>10,996,390</u></u>	<u><u>9,274,481</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		96,448	96,448
Reserves		4,939,663	5,122,073
		<u>5,036,111</u>	<u>5,218,521</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		-	35,016
Deferred liabilities		13,500	18,000
		<u>13,500</u>	<u>53,016</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities		156,144	57,302
Trade and other payables	7	5,206,561	3,753,519
Current maturity of long-term financing		82,143	164,214
Current maturity of deferred liabilities		9,627	15,274
Current maturity of lease liabilities		-	1,594
Accrued mark-up		2,548	1,397
Unclaimed dividend		10,609	9,644
Short-term borrowings	8	479,147	-
		<u>5,946,779</u>	<u>4,002,944</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>10,996,390</u></u>	<u><u>9,274,481</u></u>

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

  
 Syed Babar Ali  
 Chairman

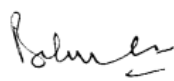
  
 Asim Jamal  
 Chief Executive Officer

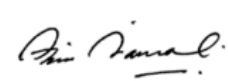
  
 Yasser Pirmuhammad  
 Chief Financial Officer


sanofi-aventis Pakistan limited  
 Condensed Interim Statement of Profit or Loss  
 For the nine months ended September 30, 2022 (Un-audited)

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- Rupees in '000 -----			
NET SALES	14,045,248	11,919,819	4,521,404	3,849,202
Cost of sales	(10,209,007)	(9,318,249)	(3,392,044)	(3,084,140)
GROSS PROFIT	3,836,241	2,601,570	1,129,360	765,062
Distribution and marketing expenses	(1,900,816)	(1,417,941)	(562,575)	(526,544)
Administrative expenses	(581,558)	(392,941)	(195,056)	(122,027)
Allowance for expected credit losses	(43,245)	-	(18,231)	-
Other expenses	(507,174)	(112,515)	(222,010)	(38,056)
Other income	52,104	69,569	13,176	(60,303)
	(2,980,689)	(1,853,828)	(984,696)	(746,930)
OPERATING PROFIT	855,552	747,742	144,664	18,132
Finance costs	(21,716)	(19,816)	(8,822)	(4,158)
PROFIT BEFORE TAXATION	833,836	727,926	135,842	13,974
Taxation - Current	(408,213)	(425,344)	(142,013)	(122,223)
- Prior	(187,700)	-	-	-
- Deferred	(24,911)	46,638	30,326	13,639
	(620,824)	(378,706)	(111,687)	(108,584)
PROFIT / (LOSS) AFTER TAXATION	213,012	349,220	24,155	(94,610)
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)	22.09	36.21	2.50	(9.81)

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

  
 Syed Babar Ali  
 Chairman

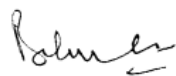
  
 Asim Jamal  
 Chief Executive Officer

  
 Yasser Pirmuhammad  
 Chief Financial Officer

sanofi-aventis Pakistan limited  
 Condensed Interim Statement Of Other Comprehensive Income  
 For the nine months ended September 30, 2022 (Un-audited)

	Nine months		Three Months Ended	
	September 2022	September 30, 2021	September 2022	September 30, 2021
	----- Rupees in '000 -----			
Profit / (loss) after the period	213,011	349,220	24,154	(94,610)
<b>Other comprehensive income Items that will not to be reclassified to profit or loss in subsequent periods (net of tax)</b>				
Actuarial loss on defined benefit plans	(90,067)	-	-	-
Deferred tax on actuarial loss on defined benefit plans	(28,501)	-	-	-
Total other comprehensive income	(118,568)	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>94,443</b>	<b>349,220</b>	<b>24,154</b>	<b>(94,610)</b>

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



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer

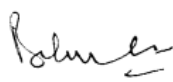



Yasser Pirmuhammad  
Chief Financial Officer

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

	September 30, 2022	September 30 2021
Note	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	833,836	727,926
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation / amortization	211,598	257,121
Impact of lease modification	-	(1,122)
Impact of lease termination	-	(115)
Allowance for expected credit loss	43,245	-
Unrealised foreign exchange difference	103,525	47,009
Gain on sale of operating fixed assets	(446)	(5,331)
Release of deferred liabilities	(10,147)	(17,047)
Staff cost in relation to share based payment plans	12,490	12,453
Expense in relation to defined benefit plans	204,735	86,837
Interest income	(955)	(543)
Finance costs	21,716	19,816
	<u>1,419,597</u>	<u>1,127,004</u>
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(11,664)	(4,705)
Stock-in-trade	(191,318)	(1,013,120)
Trade debts	(341,838)	(19,874)
Loans and advances	(71,081)	(76,055)
Trade deposits and short-term prepayments	(1,866,915)	(16,387)
Other receivables	(262,653)	627,580
	<u>(2,745,469)</u>	<u>(502,561)</u>
	<u>(1,325,872)</u>	<u>624,443</u>
<b>(Decrease) / increase in current liabilities</b>		
Contract liabilities	98,842	46,242
Trade and other payables (excluding liabilities for employees' pension fund)	1,125,412	249,698
<b>Cash generated from operations</b>	<u>(101,618)</u>	<u>920,383</u>
Finance costs paid	(20,552)	(23,821)
Interest on lease liability paid	(22)	(2,354)
Income tax paid	(360,424)	(299,886)
Retirement benefits paid	(87,411)	(63,850)
Long-term loan to employees	(777)	398
Long-term deposits	-	(2,340)
<b>Net cash (used in) / generated from operating activities</b>	<u>(570,804)</u>	<u>528,530</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(294,065)	(89,021)
Sale proceeds from sale of operating fixed assets	46,289	42,233
Interest received	955	543
<b>Net cash used in investing activities</b>	<u>(246,821)</u>	<u>(46,245)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(288,378)	(192,033)
Repayment of lease liability	(1,585)	(12,908)
Repayment of long-term financing	(117,088)	(71,239)
<b>Net cash used in financing activities</b>	<u>(407,051)</u>	<u>(276,180)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(1,224,676)</u>	<u>206,105</u>
Net foreign exchange difference	10,871	4,948
Cash and cash equivalents at the beginning of the period	784,295	(179,598)
	<u>11</u>	<u>31,455</u>

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

  
 Syed Babar Ali  
 Chairman


  
 Asim Jamal  
 Chief Executive Officer


  
 Yasser Pirmuhammad  
 Chief Financial Officer

sanofi-aventis Pakistan limited  
 Condensed Interim Statement of Changes in Equity  
 For the nine months ended September 30, 2022 (Un-audited)

	Capital Reserves			Revenue Reserves		Total	
	Issued, subscribed and paid-up share capital	long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Share based payments reserve	General reserve		Unappropriated profit / (loss)
	Rupees '000						
Balance as at January 1, 2021 (Audited)	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Staff cost in relation to share-based payments	-	-	-	12,453	-	-	12,453
Final dividend @ Rs.20 per ordinary share for the year ended December 31, 2020	-	-	-	-	-	(192,895)	(192,895)
Profit after taxation	-	-	-	-	-	349,220	349,220
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	349,220	349,220
Balance as at September 30, 2020	96,448	5,935	18,000	341,825	3,535,538	733,130	4,730,876
Balance as at January 1, 2022 (Audited)	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521
Staff cost in relation to share-based payments	-	-	-	12,490	-	-	12,490
Final dividend @ Rs.30 per ordinary share for the year ended December 31, 2021	-	-	-	-	-	(289,343)	(289,343)
Profit after taxation	-	-	-	-	-	213,011	213,011
Other comprehensive income	-	-	-	-	-	(118,568)	(118,568)
Total comprehensive income for the period	-	-	-	-	-	94,443	94,443
Balance as at September 30, 2022	96,448	5,935	18,000	362,457	3,535,538	1,017,733	5,036,111

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

  
 Syed Babar Ali  
 Chairman

  
 Asim Jamal  
 Chief Executive Officer

  
 Yasser Pirmuhammad  
 Chief Financial Officer

# sanofi-aventis Pakistan Limited

## Notes to the Condensed Interim Financial Statements

### For the nine months ended September 30, 2022 (Un-audited)

#### 1. THE COMPANY AND ITS OPERATIONS

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

During the period and with reference to note 16.1 of the annual audited financial statements for the year ended December 31, 2021, Packages Limited made a public announcement of the finalization of purchase price and terms and conditions of the Proposed Transaction between the Investor Consortium (comprising of Packages Limited, IGI Investments (Private) Limited and affiliates of Arshad Ali Gohar Group) and Sanofi Foreign Participants B.V. upon conclusion of due diligence. The negotiated purchase price for the Proposed Transaction is Rs. 940 / share (excluding transaction costs). On April 29, 2022, Sanofi Foreign Participations B.V. and Investor Consortium have executed a binding Share Purchase Agreement for the sale of 52.87% shares held by Sanofi Foreign Participations B.V. On October 11, 2022 an Extra-Ordinary General Meeting of the Company was held to pass Special Resolutions regarding post closing agreements, transfer of shares (from Seller to Purchaser), appointment of authorised signatories and board restructuring (Post-Acquisition).

#### 2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Act and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2021.

2.4 The preparation of these condensed interim financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended December 31, 2021.

#### 3. ACCOUNTING POLICIES

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

##### Amendments to accounting standards

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

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

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

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

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

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

	Note	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
-----Rupees in '000-----			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	1,473,911	1,489,951
Capital work-in-progress	4.2 & 4.3	220,554	164,206
		<u>1,694,465</u>	<u>1,654,157</u>
<b>4.1 Operating fixed assets</b>			
Opening net carrying value		1,489,951	1,586,496
Additions/transfers from capital work-in-progress	4.1.1	236,721	260,601
Transfer to investment properties		-	(14)
Disposals during the period / year	4.1.1	(45,843)	(39,015)
Write-off during the period / year		-	(184)
Depreciation charge for the period / year		(206,918)	(317,933)
<b>Closing net carrying value</b>		<u>1,473,911</u>	<u>1,489,951</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021
-----Rupees in '000-----				
Buildings on leasehold land	7,942	82,153	-	-
Plant and machinery	102,965	95,734	-	-
Furniture and fixtures	2,977	-	-	1,124
Factory and office equipment	42,681	33,229	18	1,017
Motor vehicles	80,156	49,485	45,825	36,874
	<u>236,721</u>	<u>260,601</u>	<u>45,843</u>	<u>39,015</u>

**4.2 Capital work-in-progress**

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
-----Rupees in '000-----		
Buildings on leasehold land	46,965	30,185
Plant and machinery	133,266	121,435
Others	40,323	12,586
	<u>220,554</u>	<u>164,206</u>

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

	September 30, 2022	December 31, 2021
-----Rupees in '000-----		
Opening balance	164,206	155,087
Additions during the period / year	171,100	136,700
Transferred to operating fixed assets	(114,752)	(127,581)
Closing balance	<u>220,554</u>	<u>164,206</u>

**5. STOCK-IN-TRADE**

**Raw and packing material**

	Note	September 30, 2022	December 31, 2021
-----Rupees in '000-----			
In hand	5.3	1,041,165	1,151,419
In transit		215,711	500,717
		<u>1,256,876</u>	<u>1,652,136</u>
Provision against raw and packing material	5.1	(133,142)	(134,457)
		<u>1,123,734</u>	<u>1,517,679</u>
Work-in-process		113,690	160,160

**Finished goods**

	Note	September 30, 2022	December 31, 2021
-----Rupees in '000-----			
In hand	5.3	2,459,855	2,033,904
In transit		677,001	316,063
		<u>3,136,856</u>	<u>2,349,967</u>
Provision against finished goods	5.2	(263,302)	(108,146)
		<u>2,873,554</u>	<u>2,241,821</u>
		<u>4,110,978</u>	<u>3,919,660</u>

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

September 30, 2022  
-----Rupees in '000-----  
(Un-audited)

December 31, 2021  
(Audited)

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

Opening balance	134,457	221,054
Charge for the period/year	4,867	52,787
Reversal for the year	-	(47,717)
	4,867	5,070
Write-off during the period/year	(6,182)	(91,667)
Closing balance	133,142	134,457

5.2 Movement of provision against finished goods is as follows:

Opening balance	108,146	95,790
Charge for the period/year	219,073	69,599
Reversal for the period/year	(27,126)	(35,794)
	191,947	33,805
Write-off during the period/year	(36,791)	(21,449)
Closing balance	263,302	108,146

5.3 Includes write down of raw and packing material costing Rs. Nil million (December 31, 2021: Rs. 427.0 million), to their net realizable value of Rs. Nil (December 31, 2021: 403.9 million). Also includes write down of finished goods costing Rs. 545.3 million (December 31, 2021: Rs 996.8 million), to their net realizable value of Rs. 518.2 million (December 31, 2021: Rs 807.6 million).

6. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 1,982.635 million (December 31, 2021: Rs. 149.5 million). During the period, State Bank of Pakistan, has instructed banks, to obtain 100 percent cash margin on the import of items vide BPRD Circular letter no. 9, of 2022 resulting in a significant increase in the balance as at the reporting date.



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

	September 30, 2022 -----Rupees in '000----- (Un-audited)	December 31, 2021 (Audited)
<b>7. TRADE AND OTHER PAYABLES</b>		
<b>Trade creditors</b>		
Related parties	1,492,710	1,164,328
Other trade creditors	<u>826,478</u>	<u>558,824</u>
	<u>2,319,188</u>	<u>1,723,152</u>
<b>Other payables</b>		
Accrued liabilities	1,300,883	846,407
Refund liabilities	43,587	27,438
Infrastructure Development Cess	556,599	445,402
Employees' Pension Fund	650,739	438,997
Workers' Profit Participation Fund	47,577	79,487
Workers' Welfare Fund	101,322	109,988
Central Research Fund	8,521	15,059
Payable to provident fund	-	13,227
Compensated absences	114,136	37,921
Security deposits	15,576	1,775
Contractors' retention money	-	3,251
Sales tax payable	48,433	11,415
	<u>2,887,373</u>	<u>2,030,367</u>
	<u>5,206,561</u>	<u>3,753,519</u>

**8. SHORT-TERM BORROWINGS**

This represents running finance facilities availed from various commercial banks under mark-up arrangements. These financing facilities are secured against joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These financing facilities are for one year and carry mark-up rates ranging between KIBOR + 0.10% to KIBOR + 0.40% (2021: KIBOR + 0.10% to KIBOR + 0.40%) per annum.

**9. CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

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

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

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

The Company, in consultation with its lawyer, filed an appeal before the Supreme Court of Pakistan (SCP) against the High Court of Sindh's order dated June 04, 2021 jointly with other petitioners. SCP provided leave to appeal against the orders of High Court of Sindh vide CP No. 4913/2021 dated September 01, 2021 with the directions that till the further order of SCP, the operations of impugned judgment of the High Court of Sindh dated June 04, 2021 and recovery of the impugned levy shall remain suspended. The petitioners were ordered to submit fresh bank guarantees equivalent to the amount of levy for all future consignments of imported goods. Based on the discussion with the legal advisor, the Company has booked provision amounting to Rs. 111.197 million from the date of SCP order.

**9.1.2** The Deputy Commissioner Inland Revenue (DCIR), initiated monitoring proceedings u/s 156/161 for Tax Year 2009 vide letter dated November 12, 2010. Company filed constitutional petition before the High Court of Sindh who remanded back the matter vide order D-573/2011 dated December 24, 2012. After disposal of constitutional petition, the proceedings were reinitiated by DCIR vide his letter dated December 26, 2012 requiring Company to explain its position on advertisement and sales promotion expenses amounting to Rs. 203.963 million.

In the order dated April 29, 2013, issued under section 161/205 of the Ordinance, the DCIR had imposed tax under section 161 of the Ordinance amounted to Rs 11.663 million for non deduction of tax under section 156 of the Ordinance from certain payments under the head 'Advertisement and sales promotion.

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

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

The Company then filed appeal before CIR(A) against the impugned order. The CIR(A) disposed-off the appeal vide order dated August 25, 2015 remanding back the matter to the department. The Company filed an appeal against the CIR(A)'s order before the ATIR dated October 05, 2015. The ATIR passed an order on December 24, 2021 against the Company and dismissed the appeal. The company filed a reference before Honorable High Court of Sindh in March 2022 hearing of which is still pending.

- 9.1.3 The Deputy Commissioner Inland Revenue (DCIR), initiated audit proceedings u/s 177 read with 214C and clause 72B of Part-IV of 2nd Schedule for Tax Year 2016 by issuing a notice dated March 06, 2019 which was responded by the Company on April 09, 2019. Upon completion of the proceedings u/s 177(6), notice u/s 122(9) was issued by DCIR on May 06, 2022 against which the Company filed constitutional petition before Honorable High Court of Sindh which has granted an interim stay order to the Company dated May 24, 2022 and has restrained the tax department from finalizing the proceedings.
- 9.1.4 The Company's case was selected in the Parametric balloting done for selection of cases for audit for the Tax Year 2011 on February 25, 2013 by the Federal Board of Revenue (FBR) under section 214C of the Ordinance. The company filed a representation against the said selection before the review panel of FBR in terms of circular dated February 25, 2013. Without prejudice to the representation against the audit selection, the company made complete compliance to the Information Document Request (IDR) notice dated April 04, 2013. Subsequently the DCIR issued the show cause notice under section 122(9) to which the company made compliance. However, DCIR amended vide order dated June 17, 2014 and made additions of Rs. 124.115 million on various expenses. The company had filed appeal against the DCIR order before CIR-A, who vide order dated September 10, 2015 had disposed-off the appeal but upheld additions of sundry promotional expenses of Rs. 36.973 million. Accordingly, the company has filed appeal before ATIR which maintained the disallowance of Rs. 36.973 million vide their order dated July 14, 2021. Thus, for the same purpose, rectification application has been filed by the Company dated September 06, 2021. The ATIR passed order in favor of the Company and allowed the aforementioned expenses via order dated November 29, 2021. Further, the department's appeal for tax year 2011 challenging Commissioner Appeal's verdict to delete the disallowances at Rs 87.142 million has been dismissed by the Tribunal vide order dated July 06, 2022. The Department has then filed an appeal before High Court against ATIR order.

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

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	-----Rupees in '000-----	
<b>9.2 Commitments</b>		
Commitments for capital expenditure	<u>216,999</u>	<u>118,333</u>
Outstanding letters of credit	<u>300,405</u>	<u>271,030</u>
Outstanding bank guarantees	<u>576,261</u>	<u>523,308</u>
Outstanding bank contracts	<u>3,498,844</u>	<u>2,885,426</u>

**10. TAXATION**

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

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	-----Rupees in '000-----	
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	49,637	784,295
Short-term borrowings	<u>(429,147)</u>	<u>-</u>
	<u>(429,510)</u>	<u>784,295</u>

**12. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed at agreed terms duly approved by the Board of Directors of the Company.

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

Details of transactions with related parties during the period are as follows:

	September 30, 2022 (Un-audited)					September 30, 2021 (Un-audited)				
	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total
	----- Rupees in '000 -----									
i) Gross Sales	-	-	-	-	-	16,707	-	-	-	16,707
ii) Purchase of goods	4,891,046	19,899	-	-	4,910,945	6,068,237	8,055	-	-	6,076,292
iii) Purchase of services	54,424	25,071	-	-	79,495	41,769	14,159	-	-	55,928
iv) Insurance claims received	-	-	-	-	-	-	39,011	-	-	39,011
v) Contribution paid										
- Provident fund	-	-	48,606	-	48,606	-	-	47,051	-	47,051
- Gratuity fund	-	-	33,146	-	33,146	-	-	21,571	-	21,571
- Pension fund	-	-	54,265	-	54,265	-	-	42,279	-	42,279
vi) Remuneration of key management personnel	-	-	-	228,448	228,448	-	-	-	199,953	199,953

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

**13. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND OTHERS**

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

**14. ENTITY WIDE INFORMATION**

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

	September 30, 2022 (Un-audited)	September 30, 2021 (Un-audited)
	-----Rupees in '000-----	
<b>Sales to external customers- net of returns and discounts</b>		
Pakistan	13,348,221	11,527,787
Afghanistan	697,027	375,325
Exports	-	16,707
	<u>14,045,248</u>	<u>11,919,819</u>

**15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on October 27, 2022 by the Board of Directors of the Company.

**16. GENERAL**

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

**16.2** Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer