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Condensed Interim
Financial Statements for the
Six Months Period Ended
June 30, 2024 (Unaudited)

**HALF YEAR
REPORT
2024**

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Company Information

Board of Directors

Syed Babar Ali (Chairman)
Syed Hyder Ali
Mr. Arshad Ali Gohar
Mr. Imtiaz Ahmed Husain Laliwala
Syed Anis Ahmad Shah
Mr. Muhammad Salman Burney
Ms. Saadia Naveed
Ms. Iqra Sajjad
Mr. Sajjad Iftikhar

Chief Executive Officer

Mr. Sajjad Iftikhar

Chief Financial Officer

Mr. Yasser Pirmuhammad

Company Secretary

Syed Muhammad Taha Naqvi

Head of Internal Audit

Mr. Feroze Polani

Auditors

A.F. Fergusons & Co.
Chartered Accountants

Legal Advisors

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

Share Registrar

FAMCO Share Registration Services (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.famcosrs.com

Bankers

Allied Bank Limited
Bank Al Habib Limited
Deutsche Bank AG
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered (Pakistan) Limited

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@hoechst.com.pk

Web presence

www.hoechst.com.pk

Hoechst Pakistan Limited (formerly Sanofi Aventis Pakistan Limited)

Directors' Review Report to the Shareholders

The Directors are pleased to present the un-audited condensed interim financial statements of your Company, for the half year ended June 30, 2024. These un-audited condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case requirements differ, the provisions of directives issued under the Companies Act, 2017 have been followed.

Key Financial Highlights

Amounts in Million	Half year ended		Quarter ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Revenue	13,331	10,048	7,043	5,285
Gross Profit	3,785	2,546	2,158	905
Gross Profit %	28%	25%	31%	17%
Operating Profit / (Loss)	1,679	(170)	987	11
Finance Cost	(60)	(130)	(27)	(23)
Profit / (Loss) After Tax	826	(522)	490	(165)
Earnings / (Loss) Per Share (Rupees)	85.64	(54.16)	50.82	(17.13)

Total net sales for the half year ended June 30, 2024, stand at PKR 13,331 million, which grew by 33% compared to the same period last year. This growth was mainly driven by business growth in brands operating in Diabetes, Consumer Healthcare and Gen Med Classics portfolio.

The gross margin increased to 28% from 25% when compared to the same period last year. The Company has managed to maintain its Distribution & Marketing and Administrative costs at 11% and 4% of net sales in line with same period last year ratios that indicates enhanced focus on supply chain and production efficiencies. The exchange rate remained stable during first half of 2024 as compared to 26% devaluation during same period last year that resulted in exchange loss of PKR 1,070 million.

It is pertinent to mention that the Company has posted Profit after tax of PKR 826 million in first half of 2024 as compared to loss after tax of PKR 522 million in corresponding period of 2023.

The Board of Directors of the Company, in its meeting held on August 22, 2024, have declared an interim cash dividend of Rs. 25.00 per share for the half year ended June 30, 2024.

The management will continue to focus on working capital management, increasing product availability, production and supply chain efficiencies to generate better operating results during the remaining part of 2024.

Hoechst Pakistan Limited (formerly Sanofi Aventis Pakistan Limited)

Incorporation of new subsidiary

The Board of Directors of the Company in its meeting held on April 24, 2024 has approved formation of a wholly owned local subsidiary, which will be engaged in the business of manufacturing and distributing wellness and nutraceutical products subject to applicable regulatory approvals. The Company is in the process of completion of formalities for incorporation of the subsidiary company.

Future outlook

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your Company remains focused on delivering high-quality medicines to customers, while also making concrete efforts to improve profitability through innovation, improved efficiency and effective cost containment initiatives to maximize shareholders' returns.

The Company continues to face the dual challenges of escalation in costs owing to inflation and other macroeconomic indicators which may adversely affect the Company's operations. However, we are confident that through effective management and leadership, the Company would be able to navigate through those challenges.

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

By order of the Board



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer

Karachi: August 22, 2024

پکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

شیئر ہولڈرز کو ڈائریکٹرز کی روٹیورپورٹ

ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی بیانات پیش کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز - 34 (IAS) انٹرم فنانشل رپورٹنگ اور کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات اور ان کی دفعات کے تقاضوں کے مطابق تیار کیے گئے ہیں۔ اگر ضروریات مختلف ہونے کی صورت میں کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات کی دفعات پر عمل کیا گیا ہے۔

اہم مالیاتی جھلکیاں

سہ ماہی مدت		ششماہی مدت		روپے ملین میں
جون 31، 2023	جون 30، 2024	جون 30، 2023	جون 30، 2024	
5,285	7,043	10,048	13,331	خالص فروخت
905	2,158	2,546	3,785	مجموعی منافع
17%	31%	25%	28%	مجموعی منافع %
11	987	(170)	1,679	آپریٹنگ منافع / (خسارہ)
(23)	(27)	(130)	(60)	مالیاتی لاگت
(165)	490	(522)	826	بعد از ٹیکس منافع / (خسارہ)
(17.13)	50.82	(54.16)	85.64	آمدنی فی حصص (روپے)

30 جون 2024 کو ختم ہونے والے ششماہی کے لیے کل خالص فروخت 13,331 ملین روپے ہے، جو گزشتہ سال کی اسی مدت کے مقابلے میں 33 فیصد زیادہ ہے۔ یہ ترقی بنیادی طور پر ذیابیطس، کنزیومر ہیلتھ کیئر اور جنرل میڈ کلاسکس کے پورٹ فولیو میں کام کرنے والے برانڈز میں کاروبار کی ترقی کی وجہ سے ہوئی۔

مجموعی مارجن گزشتہ سال کی اسی مدت کے مقابلے میں 25% سے بڑھ کر 28% ہو گیا۔ کمپنی نے گزشتہ سال کی اسی مدت کے تناسب کے مطابق اپنی تقسیم اور مارکیٹنگ اور انتظامی اخراجات کو خالص فروخت کے 11% اور 4% پر برقرار رکھنے کا انتظام کیا ہے جو سپلائی چین اور پیداواری صلاحیتوں پر توجہ مرکوز کرنے کی نشاندہی کرتا ہے۔ ایکسچینج ریٹ 2024 کی پہلی ششماہی کے دوران مستحکم رہا جبکہ گزشتہ سال کی اسی مدت کے دوران 26 فیصد کی قدر میں کمی ہوئی جس کے نتیجے میں 1,070 ملین روپے کا ایکسچینج نقصان ہوا۔

یہ بات قابل ذکر ہے کہ کمپنی نے 2024 کی پہلی ششماہی میں PKR 826 ملین کا بعد از ٹیکس منافع حاصل کیا ہے جبکہ 2023 کی اسی مدت میں بعد از ٹیکس نقصان PKR 522 ملین رہا۔

بکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

کمپنی کے بورڈ آف ڈائریکٹرز نے 22 اگست 2024 کو ہونے والے اپنے اجلاس میں 30 جون 2024 کو ختم ہونے والے ششماہی کے لیے 25.00 روپے فی شیئر کے عبوری نقد منافع کا اعلان کیا ہے۔

کمپنی کی انتظامیہ 2024 کے بقیہ حصے کے دوران بہتر آپریٹنگ نتائج پیدا کرنے کے لیے ورکنگ کیپیٹل مینجمنٹ، مصنوعات کی دستیابی میں اضافہ، پیداوار اور سپلائی چین کی افادیت پر توجہ مرکوز رکھے گی۔

نئی ذیلی کمپنی کی تشکیل

کمپنی کے بورڈ آف ڈائریکٹرز نے 24 اپریل 2024 کو ہونے والی اپنی میٹنگ میں ایک مکمل ملکیتی مقامی ذیلی کمپنی کے قیام کی منظوری دی ہے، جو صحت اور غذائیت سے متعلق مصنوعات کی تیاری اور تقسیم کے کاروبار میں مصروف ہوگی۔ یہ تشکیل قابل اطلاق ریگولیٹری منظوریوں سے مشروط ہے۔ کمپنی ذیلی کمپنی کی تشکیل کے لیے رسمی کارروائیوں کی تکمیل کے عمل میں ہے۔

مستقبل کا نقطہ نظر

جیسا کہ ہم اس سال میں آگے کی طرف دیکھتے ہیں، ہم اپنی قابلیت کو بڑھانا جاری رکھیں گے اور اپنی حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ یہ یقینی بنایا جا سکے کہ وہ مقامی اور عالمی مارکیٹ میں بدلتی ہوئی حرکیات کے مطابق متعلقہ اور موزوں رہیں۔ آپ کی کمپنی صارفین کو اعلیٰ معیار کی ادویات کی فراہمی پر توجہ مرکوز رکھتی ہے، جبکہ حصص یافتگان کے منافع کو زیادہ سے زیادہ کرنے کے لیے جدت، بہتر کارکردگی اور مؤثر لاگت پر قابو پانے کے اقدامات کے ذریعے منافع کو بہتر بنانے کے لیے ٹھوس کوششیں بھی کرتی ہے۔

کمپنی کو افراط زر اور دیگر معاشی اشاریوں کی وجہ سے اخراجات میں اضافے کے دوہری چیلنجوں کا سامنا کرنا پڑ رہا ہے جو کمپنی کے کاموں کو بری طرح متاثر کر سکتے ہیں۔ تاہم، ہمیں یقین ہے کہ موثر انتظام اور قیادت کے ذریعے، کمپنی ان چیلنجوں سے گزرنے کے قابل ہوگی۔

بورڈ آف ڈائریکٹرز ملازمین کی کوششوں اور ان کی لگن کو سراہتے ہیں۔

بحکم بورڈ



سجاد افتخار
چیف ایگزیکٹو آفیسر



سید بابر علی
چیئر مین

کراچی: 22 اگست 2024



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited) Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited) as at June 30, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and notes thereto for the quarters ended June 30, 2024 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2024.

Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is Waqas Aftab Sheikh.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: August 28, 2024

UDIN: RR202410069gdzD2laSy

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Condensed Interim Statement of Financial Position

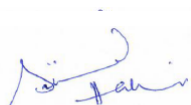
As at June 30, 2024

		June 30, 2024	December 31, 2023
	Note	----- Rupees in '000 ----- (Un-audited) (Audited)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,854,346	1,777,765
Intangible assets		6,354	13,081
Investment properties		30,337	31,212
Long-term loans		3,863	4,146
Long-term deposits		27,446	15,983
Deferred tax asset - net	5	192,700	211,903
		<u>2,115,046</u>	<u>2,054,090</u>
CURRENT ASSETS			
Stores and spares		87,826	87,709
Stock-in-trade	6	5,927,691	4,094,840
Trade debts - net	7	579,643	572,014
Loans and advances	8	284,281	99,762
Trade deposits and short-term prepayments	9	772,684	451,443
Other receivables		33,665	65,483
Short-term investments	10	930,628	889,082
Income tax recoverable		1,125,988	1,438,566
Cash and bank balances		161,953	117,373
		<u>9,904,359</u>	<u>7,816,272</u>
TOTAL ASSETS		<u><u>12,019,405</u></u>	<u><u>9,870,362</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,448	96,448
Reserves		5,911,650	5,374,990
		<u>6,008,098</u>	<u>5,471,438</u>
CURRENT LIABILITIES			
Trade and other payables	12	5,631,380	4,272,677
Contract liabilities		363,501	104,714
Accrued mark-up		248	2,034
Current maturity of deferred liabilities		4,500	9,000
Unclaimed dividend		9,201	8,216
Unpaid dividend		2,477	2,283
		<u>6,011,307</u>	<u>4,398,924</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u><u>12,019,405</u></u>	<u><u>9,870,362</u></u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Condensed Interim Statement of Profit or Loss

For the half year ended June 30, 2024 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Rupees in '000					
REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	14	13,330,791	10,047,849	7,043,482	5,285,241
Cost of sales		(9,546,020)	(7,501,502)	(4,885,248)	(4,380,143)
GROSS PROFIT		3,784,771	2,546,347	2,158,234	905,098
Distribution and marketing costs		(1,512,659)	(1,197,665)	(839,973)	(533,032)
Administrative expenses		(524,222)	(422,483)	(264,644)	(241,068)
Other expenses	15	(219,255)	(1,193,443)	(156,941)	(200,451)
Other income		150,338	96,933	90,465	79,982
		(2,105,798)	(2,716,658)	(1,171,093)	(894,569)
OPERATING PROFIT / (LOSS)		1,678,973	(170,311)	987,141	10,529
Finance costs	16	(60,289)	(130,185)	(27,175)	(22,540)
PROFIT / (LOSS) BEFORE MINIMUM TAX DIFFERENTIAL, FINAL TAX AND INCOME TAX		1,618,684	(300,496)	959,966	(12,011)
Minimum tax differential		(177,076)	(212,781)	(110,945)	(119,669)
Final tax		(30,939)	(2,904)	(16,271)	-
PROFIT / (LOSS) BEFORE INCOME TAX		1,410,669	(516,181)	832,750	(131,680)
Income tax - Current		(565,463)	(6,916)	(370,777)	(3,458)
- Deferred		(19,203)	767	28,214	(30,049)
		(584,666)	(6,149)	(342,563)	(33,507)
PROFIT / (LOSS) FOR THE PERIOD		826,003	(522,330)	490,187	(165,187)
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)		85.64	(54.16)	50.82	(17.13)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Condensed Interim Statement of Comprehensive Income

For the half year ended June 30, 2024 (Un-audited)

	Half Year Ended		Quarter Ended	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
	----- Rupees in '000 -----			
PROFIT / (LOSS) FOR THE PERIOD	826,003	(522,330)	490,187	(165,187)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>826,003</u>	<u>(522,330)</u>	<u>490,187</u>	<u>(165,187)</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

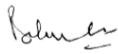
Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)


Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2024 (Un-audited)

	Reserves							Total
	Capital Reserves				Revenue Reserves			
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Other capital reserve	Difference of share capital under scheme of arrangement for amalgamation	Share-based payments reserve	General reserve	Unappropriated profit	
	----- Rupees '000 -----							
Balance as at January 01, 2023 (Audited)	96,448	5,935	-	18,000	366,704	3,535,538	1,007,067	5,029,692
Staff cost in relation to share-based payments	-	-	-	-	12,201	-	-	12,201
Loss for the period	-	-	-	-	-	-	(522,330)	(522,330)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(522,330)	(522,330)
Balance as at June 30, 2023 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>-</u>	<u>18,000</u>	<u>378,905</u>	<u>3,535,538</u>	<u>484,737</u>	<u>4,519,563</u>
Balance as at January 01, 2024 (Audited)	96,448	5,935	-	18,000	375,210	3,535,538	1,440,307	5,471,438
Transfer from general reserves to other capital reserve (note 11)	-	-	2,000,000	-	-	(2,000,000)	-	-
Transactions with owners								
Final dividend @ Rs. 30 per ordinary share for the year ended December 31, 2023	-	-	-	-	-	(289,343)	-	(289,343)
Profit for the period	-	-	-	-	-	-	826,003	826,003
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	826,003	826,003
Balance as at June 30, 2024 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>2,000,000</u>	<u>18,000</u>	<u>375,210</u>	<u>1,246,195</u>	<u>2,266,310</u>	<u>6,008,098</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer

Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Condensed Interim Statement of Cash Flows

For the half year ended June 30, 2024 (Un-audited)

	June 30, 2024	June 30, 2023 (Restated)
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before income tax	1,410,669	(516,181)
Adjustment for non-cash items:		
Depreciation and amortization	149,532	151,402
Allowance for expected credit loss	59,281	90,173
Unrealised foreign exchange differences	135,740	573,427
Gain on disposal of operating fixed assets - net	(475)	(3,851)
Amortisation of deferred liabilities	(4,500)	(4,500)
Expense related to share-based payments	-	12,201
Provision against defined contribution fund	16,710	-
Charge for defined benefit plans	29,207	56,295
Interest income	(2,094)	(9,644)
Dividend income on mutual funds	(86,427)	-
Income from investment properties	(32,196)	(35,269)
Finance costs	60,289	130,185
Minimum tax differential	177,076	212,781
Final tax	30,939	2,904
	<u>1,943,751</u>	<u>659,923</u>
Working capital changes:		
(Increase) / Decrease in current assets:		
Stores and spares	(117)	(3,536)
Stock-in-trade	(1,832,851)	137,564
Trade debts	(66,910)	268,108
Loans and advances	(184,519)	27,086
Trade deposits and short-term prepayments	(321,241)	1,362,832
Other receivables	6,324	(2,288)
	<u>(2,399,314)</u>	<u>1,789,766</u>
Increase in current liabilities:		
Trade and other payables	1,206,680	871,769
Contract liabilities	258,787	86,158
	<u>1,009,904</u>	<u>3,407,616</u>
Cash generated from operations	<u>1,009,904</u>	<u>3,407,616</u>
Finance costs paid	(62,075)	(126,456)
Interest received	2,094	9,644
Minimum tax differential paid	(177,076)	(212,781)
Final tax paid	(19,904)	(2,904)
Income tax paid	(263,920)	(155,690)
Retirement benefits paid	(3,713)	-
Long-term loans	283	(904)
Long-term deposits	(11,463)	-
	<u>474,130</u>	<u>2,918,525</u>
Net cash generated from operating activities	<u>474,130</u>	<u>2,918,525</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(242,205)	(97,020)
Sale proceeds from disposal of operating fixed assets	24,169	51,858
Short-term investments made	(14,726,498)	-
Sale proceeds from disposal of short-term investments	14,684,952	-
Dividend income received on mutual funds	86,427	-
Income from investment properties	32,196	35,269
	<u>(140,959)</u>	<u>(9,893)</u>
Net cash used in investing activities	<u>(140,959)</u>	<u>(9,893)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(288,164)	(35)
Repayment of principal portion of long-term financing	-	(41,053)
	<u>(288,164)</u>	<u>(41,088)</u>
Net cash used in financing activities	<u>(288,164)</u>	<u>(41,088)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>45,007</u>	<u>2,867,544</u>
NET FOREIGN EXCHANGE DIFFERENCES	<u>(427)</u>	<u>8,093</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>117,373</u>	<u>(1,358,459)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>161,953</u>	<u>1,517,178</u>

17

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Syed Babar Ali
Chairman

Sajjad Iftikhar
Chief Executive Officer

Yasser Pirmuhammad
Chief Financial Officer

Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Notes to the Condensed Interim Financial Statements

For the half year ended June 30, 2024 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited) (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 (PSX). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.
- 1.2 On April 28, 2023, the Consortium led by Packages Limited that included IGI Investments (Private) Limited, and affiliates of Arshad Ali Gohar Group acquired 52.87% shares of the Company held by Sanofi Foreign Participations B.V. (the former parent company), registered in Netherlands under the Shares Purchase Agreement. Accordingly, effective April 29, 2023, Packages Limited became the parent company by virtue of 66.07% shareholding (including 41.07% direct shareholding) in the Company. The name of the Company was changed from sanofi-aventis Pakistan Limited to Hoechst Pakistan Limited effective from September 27, 2023. This change of name had no effect on the principal line of business of the Company. The Company is now in the process of seeking approvals for name change on its products from the Drug Regulatory Authority of Pakistan.
- 1.3 The Board of Directors of the Company in its meeting held on April 24, 2024 has approved formation of a wholly owned local subsidiary, which will be engaged in the business of manufacturing and distributing wellness and nutraceutical products subject to applicable regulatory approvals. As of reporting date, the Company is in process of completion of formalities for incorporation of subsidiary company.

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. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Act; and
 - Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements 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 therefore should be read in conjunction with the financial statements of the Company for the year ended December 31, 2023.
- 2.3 These condensed interim financial statements of the Company for the half year ended June 30, 2024 are unaudited. However, these have been subject to limited scope review by the statutory auditors of the Company and are submitted to the shareholders as required under Section 237 of the Act and PSX listing regulations. The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and notes forming part thereof for the quarters ended June 30, 2024 and June 30, 2023 have not been reviewed by the statutory auditors of the Company as they are only required to review the cumulative figures for the half years ended June 30, 2024 and 2023.

3 MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN

- 3.1 The material accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2023, except for the following:

The Institute of Chartered Accountants of Pakistan has issued application guidance on accounting of minimum and final taxes vide its circular No. 07/2024 dated May 15, 2024 (the Guidance), whereby unrecoverable minimum taxes in excess of normal tax liability and tax deducted at source under final tax regime are out of scope of IAS 12 'Income Taxes' and fall in the ambit of IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Accordingly, the Company in line with the Guidance has changed its accounting policy to recognise such taxes as 'levies' which were previously being recognised as 'income tax'. Such a change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures for condensed interim statement of profit and loss, condensed interim statement of comprehensive income and condensed interim statement of cashflows have been restated. The change has no impact on profit / (loss) after tax, earnings / (loss) per share and other comprehensive income of the Company.

The effects of change in accounting policy are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
----- Rupees in '000 -----			
Effects on condensed interim statement of profit or loss			
For the half year ended June 30, 2024			
Minimum tax differential	-	(177,076)	(177,076)
Final tax	-	(30,939)	(30,939)
Profit before income tax	1,618,684	(208,015)	1,410,669
Income tax	(792,681)	208,015	(584,666)
For the quarter ended June 30, 2024			
Minimum tax differential	-	(110,945)	(110,945)
Final tax	-	(16,271)	(16,271)
Profit before income tax	959,966	(127,216)	832,750
Income tax	(469,779)	127,216	(342,563)
For the half year ended June 30, 2023			
Minimum tax differential	-	(212,781)	(212,781)
Final tax	-	(2,904)	(2,904)
Profit before income tax	(300,496)	(215,685)	(516,181)
Income tax	(221,834)	215,685	(6,149)
For the quarter ended June 30, 2023			
Minimum tax differential	-	(119,669)	(119,669)
Final tax	-	-	-
Loss before income tax	(12,011)	(119,669)	(131,680)
Income tax	(153,176)	119,669	(33,507)

The related changes to the statement of comprehensive income and statement of cashflows with respect to the amount of profit / (loss) before taxation have been made as well.

- 3.2** There are certain amendments to accounting and reporting standards which became effective during the current period. However, these are considered not to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.
- 3.3** There are certain standards and amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.
- 3.4** The preparation of these condensed interim financial statements, in conformity with approved accounting and reporting 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 financial statements of the Company for the year ended December 31, 2023.
- 3.5** Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	Note	June 30, 2024 ----- Rupees in '000 ----- (Un-audited)	December 31, 2023 ----- (Audited)
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,695,169	1,653,580
Capital work-in-progress	4.2 & 4.3	159,177	124,185
		<u>1,854,346</u>	<u>1,777,765</u>
4.1 Operating fixed assets			
Opening net carrying value		1,653,580	1,606,792
Additions / transfers from capital work-in-progress	4.1.1	207,213	419,026
Disposals during the period / year	4.1.1	(23,694)	(69,303)
Depreciation charge for the period / year		(141,930)	(302,935)
Closing net carrying value		<u>1,695,169</u>	<u>1,653,580</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----			
Buildings on leasehold land	-	70,328	-	-
Plant and machinery	96,688	206,248	-	456
Furniture and fixtures	96	766	-	-
Factory and office equipment	20,855	38,306	259	67
Motor vehicles	89,574	103,378	23,435	68,780
	<u>207,213</u>	<u>419,026</u>	<u>23,694</u>	<u>69,303</u>

June 30, 2024	December 31, 2023
----- Rupees in '000 -----	
(Un-audited)	(Audited)

4.2 Capital work-in-progress

Plant and machinery	93,237	104,353
Motor vehicles	65,940	19,832
	<u>159,177</u>	<u>124,185</u>

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

Opening balance	124,185	277,468
Additions during the period / year	176,447	200,497
Transferred to operating fixed assets	(141,455)	(353,780)
Closing balance	<u>159,177</u>	<u>124,185</u>

5 DEFERRED TAX ASSET - NET

Deferred tax is recognised for tax losses, minimum tax, alternative corporate tax, depreciation and other deductible temporary differences available for carry forward to the extent that realisation of the related tax benefit through future taxable profits, based on projections, is probable. As of reporting date, deferred tax asset amounting to Rs. 16.23 million (December 31, 2023: Rs. 16.23 million), in respect of minimum tax credits, has not been recognised in these condensed interim financial statements.

Note	June 30, 2024	December 31, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)

6 STOCK-IN-TRADE

Raw and packing material

In hand		1,972,086	2,000,372
In transit		295,640	312,670
		<u>2,267,726</u>	<u>2,313,042</u>
Provision against raw and packing material	6.1	(44,402)	(57,430)
		<u>2,223,324</u>	<u>2,255,612</u>

Work-in-process		279,408	99,848
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Finished goods

In hand		2,419,551	1,706,331
In transit		1,068,663	245,936
		<u>3,488,214</u>	<u>1,952,267</u>
Provision against finished goods	6.2	(63,255)	(212,887)
		<u>3,424,959</u>	<u>1,739,380</u>
		<u>5,927,691</u>	<u>4,094,840</u>

	June 30, 2024	December 31, 2023
----- Rupees in '000 -----	(Un-audited)	(Audited)

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

Opening balance	57,430	103,521
Charge for the period / year	22,572	31,245
Reversal for the period / year	(35,600)	(60,456)
Write-off during the period / year	-	(16,880)
Closing balance	44,402	57,430

6.2 Movement of provision against finished goods is as follows:

Opening balance	212,887	171,169
Charge for the period / year	13,117	127,433
Reversal for the period / year	(10,570)	(7,966)
Write-off during the period / year	(152,179)	(77,749)
Closing balance	63,255	212,887

7 TRADE DEBTS - NET

This is net of allowance for expected credit loss (ECL) against the trade debts considered doubtful amounting to Rs. 313.5 million (December 31, 2023: Rs. 254.2 million). During the period, the Company has recognised an ECL charge of Rs. 59.3 million (December 31, 2023: Rs. 63.4 million).

8 LOANS AND ADVANCES

Includes advances to contractors and suppliers amounting to Rs. 269.2 million (December 31, 2023: Rs. 91.3 million).

9 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 609.5 million (December 31, 2023: Rs. 288.1 million).

10 SHORT-TERM INVESTMENTS

	June 30, 2024		December 31, 2023	
	Number of units	Rupees in '000	Number of units	Rupees in '000
	(Un-audited)		(Audited)	
At fair value through profit or loss				
Investment in mutual funds:				
Faysal Islamic Cash Fund	4,613,017	461,943	-	-
Bank Al Habib Money Market Fund	4,036,202	403,620	8,867,360	887,680
NBP Income Fund - Cash Plan II	6,506,521	65,065	91,725	919
MCB Pakistan Cash Management Fund	-	-	9,557	483
	15,155,740	930,628	8,968,642	889,082

11 RESERVES

During the period, the Company has transferred Rs. 2,000 million from general reserve to other capital reserve as approved by the Board of Directors (the Board) in its meeting held on February 22, 2024 for the purposes of issuance of bonus shares, if any, from time to time as the Board may deem fit. Such a transfer has been made under the guidance issued by the Securities and Exchange Commission of Pakistan through circular no. 4 of 2024 dated February 15, 2024.

	June 30, 2024	December 31, 2023
	----- Rupees in '000 ----- (Un-audited)	(Audited)
12 TRADE AND OTHER PAYABLES		
Trade creditors		
Related parties	34,352	5,041
Other trade creditors	<u>2,497,152</u>	<u>1,835,906</u>
	<u>2,531,504</u>	<u>1,840,947</u>
Other payables		
Accrued liabilities	1,816,282	1,307,062
Refund liabilities	94,687	83,556
Infrastructure Development Cess	838,455	728,223
Workers' Profit Participation Fund	87,106	48,911
Workers' Welfare Fund	101,928	85,372
Central Research Fund	17,460	9,866
Compensated absences	109,147	122,434
Security deposits	15,576	15,576
Contractors' retention money	6,359	8,846
Sales tax payable	12,876	21,884
	<u>3,099,876</u>	<u>2,431,730</u>
	<u>5,631,380</u>	<u>4,272,677</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no material changes in the contingencies as disclosed in note 23.1 of the annual financial statements of the Company for the year ended December 31, 2023 except for the following:

- 13.1.1** The Deputy Commissioner Inland Revenue (DCIR) passed an order dated April 30, 2015 under section 122(1) of the Income Tax Ordinance, 2001 (ITO) for the Tax Year 2013, increasing the tax liability of the Company by Rs.179.153 million on the contention that the Company understated the gain on sale of property and disallowed certain expenses related to sales promotion and advertisement. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], wherein the CIR(A) vide order dated July 19, 2018, deleted the addition for gain on disposal of property and remanded back the additions related to sales promotion and advertisements. An appeal dated October 2, 2018, was filed with the Appellate Tribunal Inland Revenue (ATIR) against the said decision of the CIR(A) on the issue remanded back which is still pending.

The DCIR vide order dated June 30, 2021 passed an appeal effect order to give effect to matters remanded back and deleted by CIR(A). The Company also filed rectification appeal against the order for certain computational errors and not giving credit for refund adjustment at Rs 72.137 million [debited from the tax year 2014] which was rectified by DCIR vide its order dated July 29,2021 and accordingly the Company's tax refundable was increased to Rs. 110.343 million.

The Company filed an appeal with CIR(A) against the said order of DCIR in respect of certain additions maintained, which was concluded on January 26, 2023 and the refund adjustment was reversed among other aspects addressed, resulting in tax refundable of Rs. 49.460 million. Based on verification of the refund filed by the Company, the DCIR through its order dated April 2, 2024 under section 170(4) of the ITO has issued tax refund of Rs. 19.734 million under section 170 of the ITO whilst the remaining refund of Rs. 29.917 million is pending for verification with tax authorities.

13.1.2 In respect of the matter disclosed in note 23.1.9 to the annual financial statements, during the period on March 15, 2024, the Islamabad High Court (IHC) issued a favourable order, whereby, the IHC decided that 6% incremental super tax is not applicable retrospectively on tax year 2023 and prior periods. Further, the IHC also ruled that the super tax should be calculated excluding all the income which falls under the final tax regime. The Federal Board of Revenue (FBR) has filed an intra court appeal with the IHC against the said order, which is pending adjudication. Accordingly, the Company on account of prudence has continued to maintain its provision in respect of 6% incremental super tax in these condensed interim financial statements.

	June 30, 2024	December 31, 2023
	----- Rupees in '000 ----- (Un-audited)	(Audited)
Commitments for capital expenditure	<u>64,725</u>	<u>324,317</u>
Outstanding letters of credit	<u>449,136</u>	<u>568,377</u>
Outstanding bank guarantees	<u>1,387,436</u>	<u>845,428</u>
Outstanding bank contracts	<u>5,638,348</u>	<u>3,017,725</u>

14 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Half Year Ended (Un-audited)		Quarter Ended (Un-audited)	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----			
Gross sales				
Local	13,845,828	10,738,307	7,317,699	5,871,168
Export	<u>787,206</u>	<u>341,141</u>	<u>408,805</u>	-
	<u>14,633,034</u>	<u>11,079,448</u>	<u>7,726,504</u>	<u>5,871,168</u>
Toll manufacturing	<u>13,414</u>	<u>82,185</u>	<u>13,414</u>	<u>82,185</u>
	<u>14,646,448</u>	<u>11,161,633</u>	<u>7,739,918</u>	<u>5,953,353</u>
Less:				
- Trade discounts	(1,115,678)	(929,892)	(593,246)	(552,950)
- Sales returns	(58,360)	(72,346)	(38,000)	(58,686)
- Sales tax	<u>(141,619)</u>	<u>(111,546)</u>	<u>(65,190)</u>	<u>(56,476)</u>
	<u>13,330,791</u>	<u>10,047,849</u>	<u>7,043,482</u>	<u>5,285,241</u>

15 OTHER EXPENSES

Includes net exchange gain amounting to Rs. 80.8 million (June 30, 2023: net exchange loss of Rs. 1,069.8 million).

16 FINANCE COSTS

Includes bank charges and mark-up on running finance facilities amounting to Rs. 60.1 million and Nil (June 30, 2023: Rs. 49.8 million and Rs. 68.7 million), respectively.

	June 30, 2024	June 30, 2023
	----- Rupees in '000 ----- (Un-audited)	(Audited)
Cash and bank balances	161,953	317,178
Short-term investments	<u>-</u>	<u>1,200,000</u>
	<u>161,953</u>	<u>1,517,178</u>

17 CASH AND CASH EQUIVALENTS

18 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed at agreed terms duly approved by the Board of Directors of the Company. There are no transactions with key management personnel other than under the terms of employment.

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

	June 30, 2024 (Un-audited)						June 30, 2023 (Un-audited)					
	Parent Company (Note 1.2)	Former Parent and Group Companies (Note 1.2)	Associated undertakings	Retirement benefits plans	Key management personnel	Total	Parent Company (Note 1.2)	Former Parent and Group Companies (Note 1.2)	Associated undertakings	Retirement benefits plans	Key management personnel	Total
Rupees in '000												
Sales	-	-	1,506	-	-	1,506	-	-	544	-	-	544
Purchase of goods	-	-	273,112	-	-	273,112	-	3,086,631	21,918	-	-	3,108,549
Services received	54,057	-	22,674	-	-	76,731	-	-	-	-	-	-
Insurance claims received	-	-	15,194	-	-	15,194	-	-	-	-	-	-
Insurance premium	-	-	117,576	-	-	117,576	-	-	64,658	-	-	64,658
Subscription fee paid	-	-	-	-	-	-	-	-	50	-	-	50
Donations paid	-	-	7,216	-	-	7,216	-	-	-	-	-	-
Contribution paid:												
- Provident fund	-	-	-	37,903	-	37,903	-	-	-	34,130	-	34,130
- Gratuity fund	-	-	-	3,713	-	3,713	-	-	-	-	-	-
Remuneration of key management personnel	-	-	-	-	278,932	278,932	-	-	-	-	182,398	182,398

19 FINANCIAL RISK MANAGEMENT

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, 2023. There have been no changes in any risk management policies since the year-end.

20 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values.

Fair value hierarchy

The Company classifies its financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company held the following financial assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds				
- June 30, 2024	<u>-</u>	<u>930,628</u>	<u>-</u>	<u>930,628</u>
- December 31, 2023	<u>-</u>	<u>889,082</u>	<u>-</u>	<u>889,082</u>

21 ENTITY WIDE INFORMATION

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

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Un-audited)
Sales to external customers - net of returns and discounts		
Pakistan	12,636,828	9,757,445
Afghanistan	693,963	290,404
	<u>13,330,791</u>	<u>10,047,849</u>

22 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Company.

23 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed an interim cash dividend for the year ending December 31, 2024 of Rs. 25.00 per share amounting to Rs. 241.119 million in its meeting held on August 22, 2024.

24 GENERAL

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

24.2 Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification during the period.



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer



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