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Plot No. 23, Sector 22,
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sanofi-aventis Pakistan limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**
FOR THE HALF YEAR ENDED
JUNE 30, 2016

(UN-AUDITED)



SANOFI



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Company Information

Board of Directors

Syed Babar Ali
Dr. Asim Jamal
Arshad Ali Gohar
Syed Hyder Ali
Patrick Aghanian
Franck Vidor
Patrick Chocat
Yasser Pirmuhammad
Javed Iqbal

Chairman
Chief Executive Officer

Chief Financial Officer

Company Secretary

Saad Usman

URL

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

Auditors

E Y Ford Rhodes
Chartered Accountants

Bankers

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

Legal Advisors

Hashmi & Hashmi
Ghani Law Associates
Saadat Yar Khan & Co.

Registered Office

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

Registrars & Share

Transfer Office

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

Postal Address

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

Contact

Tel: +92 21 35060221-35
contact.pk@sanofi.com



Directors' Report to the Shareholders

The Board of Directors of sanofi-aventis Pakistan limited is pleased to present the un-audited interim condensed financial statements of your Company, for the half year ended June 30, 2016. 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 Ordinance, 1984. In case where requirements differ, the provision of directives issued under the Companies Ordinance, 1984 have been followed.

The Company's net sales for the half year ended June 30, 2016 amounted to Rs. 5,716 million registering a growth of 5.3% over comparative prior period. The net sales of Company's pharmaceutical business for the half year reached Rs. 5,344 million recording an increase of 10.2% over the comparative prior period. The vaccines business net sales for the half year reached Rs. 235.9 million respectively recording a decline of 18.3% over the comparative prior period. During the half year, exports to Afghanistan registered a decline of 51.7% over comparative prior period, to reach Rs.135.9 million.

Gross margin as a percentage of net sales increased to 33.9% for the half year from 28.0% during the comparative prior period. The increase in margin is primarily attributable to favorable exchange impact on foreign currency imports as well as marginal increase in prices of pharmaceutical products affected last year. These elements combined with the cost cutting and efficiency measures taken by the management during the period resulted in improvement of gross margins.

Pursuant to increase in sales, the distribution and marketing expenses during the half-year grew by 11.6%, over the comparative prior period, whereas administrative expenses for the same period increased by 2.9%.

Other operating cost which includes statutory charges (i.e. Workers' Profit Participation Fund, Workers' Welfare Fund and Central Research Fund), increased over comparative prior period as these are all linked with profit.

The Company's financing cost during the half year decreased by 44.7% over comparative prior period, consequent to reduction in borrowing levels since the beginning of the current year as well as lower interest rates.

Profit before and after taxes for the half year increased by Rs. 233.3 million (99%) and Rs.123.9 million (104.4%) respectively over the comparative prior period because of the reasons explained above.

The Company's management gives paramount importance to cash flow management and regularly monitors its day to day working capital and other financing requirements. During the half year the Company spent Rs. 87.6 million (2015: Rs.176.5 million) on capital expenditure and paid Rs. 28.8 million (2015: Rs. 67.1 million) in dividends.

The Company expects that the growth of the pharmaceutical business during the year shall be close to market growth barring major unforeseen adverse events. The Company however, is concerned about the Drug Pricing Policy 2015 (DPP2015) issued by the Drug Regulatory Authority of Pakistan (DRAP) in March 2015 wherein it recommended, amongst other points, that the MRP of all drugs be frozen at the approved level of MRP as on October 31, 2013. The proposed freeze would continue till June 30, 2016. In addition, the DPP2015 further proposed that the reduction of originator drugs/brands prices to the extent of 10% every subsequent year. The pharma industry has strongly objected to salient provisions / clauses of the DPP2015 and has filed a Constitutional Petition in the Honorable Sindh High Court. The Honorable Sindh High Court has granted a stay against the price freeze and the matter is currently pending decision.

On behalf of the Board of Directors, we would like to acknowledge the hard work put in by all the employees of the Company.

By order of the Board

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director

شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

سنوئی۔ اینٹس پاکستان لمیٹڈ کا بورڈ آف ڈائریکٹرز آپ کی کمپنی کے 30 جون، 2016 کو ختم شدہ نصف سال کے غیر آڈٹ شدہ عبوری مختصر فنانسشل اسٹیٹمنٹس پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔ یہ فنانسشل اسٹیٹمنٹس انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز 34 (IAS)۔ ”انسیرم فنانسشل رپورٹنگ“ کے مطابق اور کمپنیز آرڈیننس، 1984 کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز آرڈیننس، 1984 کی ہدایات پر عمل کیا گیا ہے۔

30 جون 2016 کو ختم شدہ نصف سال میں کمپنی کی نیٹ سیلز 5,716 ملین روپے رہی، جو کہ گزشتہ سال اسی دورانیہ کے مقابلے میں 5.3% زیادہ ہے۔ کمپنی کے فارماسیوٹیکل بزنس کی نیٹ سیلز برائے نصف سال 5,344 ملین روپے ریکارڈ کی گئی اور گزشتہ سال اسی دورانیہ کے مقابلے میں 10.2% اضافہ ریکارڈ کیا گیا۔ ویکسین بزنس کی نیٹ سیلز برائے نصف سال 235.9 ملین روپے تک رہی اور گزشتہ سال اسی دورانیہ کے مقابلے میں 18.3% کمی کا رجحان رہا۔ نصف سال کے دوران، افغانستان کو برآمدات کا کاروبار گزشتہ سال اسی دورانیہ کے مقابلے میں 51.7% کمی کے ساتھ 135.9 ملین روپے تک رہا۔

نیٹ سیلز میں شرح اضافے کا مجموعی مارچن گزشتہ سال اسی دورانیہ کے مقابلے میں 28.0% سے بڑھ کر 33.9% تک جا پہنچا ہے۔ اس مارچن میں اضافے کی ابتدائی وجوہات فارن کرنسی امپورٹس کے آپکھنچ ریش میں بہتری کے ساتھ گزشتہ سال کے مقابلے میں فارماسیوٹیکل پروڈکٹس کی قیمتوں میں اضافہ ہے۔ اس کے علاوہ انتظامیہ کی جانب سے اخراجات میں کمی اور منوٹرڈ کارکردگی کے لیے اٹھائے گئے اقدامات کے نتیجے میں مجموعی منافع میں بہتری آئی۔

سیلز میں اضافے کی وجہ سے، نصف سال کے دوران ڈسٹری بیوشن اور مارکیٹنگ کے اخراجات گزشتہ سال اسی دورانیہ کے مقابلے میں 11.6% بڑھ گئے، جبکہ انتظامی اخراجات میں بھی 2.9% اضافہ ریکارڈ کیا گیا۔

دیگر اخراجات بشمول اسٹیپیوٹری چارجز (یعنی ورکرز پروفٹ پارٹی سسٹیشن فنڈ، ورکرز ویلفیئر فنڈ اور سینٹرل ریسرچ فنڈ) میں بھی گزشتہ سال اسی دورانیہ کے مقابلے میں اضافہ ہوا ہے جو کہ منافع میں اضافے سے منسلک ہے۔

کمپنی کے فنانسنگ اخراجات میں نصف سال کے دوران گزشتہ سال اسی دورانیہ کے مقابلے میں 44.7% کمی آئی ہے، جس کی وجہ رواں سال کی ابتدا سے ہی قرضے کے بوجھ پر قابو پانا اور انٹریسٹ کی شرح میں کمی ہے۔

مذکورہ بالا وجوہات کی بنا پر گزشتہ سال اسی دورانیہ کے مقابلے میں اسمال ٹیکسز کی ادائیگی سے پہلے اور بعد میں نصف سال کے منافع میں بتدریج 233.3 ملین روپے (99%) اور 123.9 ملین روپے (104.4%) اضافہ ریکارڈ کیا گیا۔

کمپنی کی انتظامیہ نے کیش فلو کے انتظام کو انتہائی زیادہ اہمیت دی اور اپنے ورکنگ کیپٹل اور دیگر مالی ضروریات کی مستقل نگرانی کی۔ نصف سال کے دوران کمپنی نے 87.6 ملین روپے (2015: 176.5 ملین روپے) کیپٹل اخراجات پر خرچ کیے اور 28.8 ملین روپے (2015: 67.1 ملین روپے) منافع منقسمہ کی مد میں ادا کیے۔

کمپنی کو توقعات ہیں کہ اس سال کے دوران فارماسیوٹیکل بزنس مارکیٹ کے اعتبار سے فروغ حاصل کرے گا لیکن کچھ ناایدہ بڑے خطرات کا خدشہ بھی ہے۔ کمپنی کو مارچ 2015 میں ڈرگ ریگولیری اتھارٹی آف پاکستان (DRAP) کی جاری کردہ ڈرگ پرائسنگ پالیسی 2015 (DPP 2015) پر اعتراضات ہیں، جس میں سفارش کی گئی ہے کہ تمام دواؤں کی MRP کو 31 اکتوبر 2013 کو منظور ہونے والی سطح پر محدود کر دیا جائے۔ قیمتوں میں یہ انجماد 30 جون 2016 تک جاری رہے گا۔ اس کے علاوہ، DPP 2015 میں مزید تجویز دی گئی ہے کہ آئندہ ہر سال اوتھورٹی ڈرگس / برانڈز کی قیمتوں میں 10% کمی کی جائے۔ فارما انڈسٹری نے DPP 2015 کے مذکورہ حصوں اشقیوں پر شدید اعتراض کیا ہے اور سندھ ہائی کورٹ میں ایک آئینی چیلنجیشن دائر کر دی ہے۔ سندھ ہائی کورٹ نے قیمتوں کو منجمد کرنے کے خلاف حکم انتظامی جاری کر دیا ہے اور مزید فیصلہ زیر التوا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے، ہم کمپنی کے تمام ملازمین کی جانب سے سخت محنت پر انھیں خراج تحسین پیش کرتے ہیں۔

بکلم بورڈ

Dr. Farooq

ڈاکٹر فاروق جمال
چیف ایگزیکٹو آفیسر اینڈ
میجنگ ڈائریکٹر

Sulaiman

سید باہر علی
چیئرمین



Auditors' report to the members on review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of sanofi-aventis Pakistan Limited as at 30 June 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Chartered Accountants
Engagement Partner : Khuram Jameel
Date : 26th August, 2016
Place: Karachi



Condensed Interim Balance Sheet

As at June 30, 2016

	Note	June 30, 2016	December 31, 2015
	Rupees in `000.....	
		(Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,932,211	2,013,546
Intangible asset		1,129	1,467
		<u>1,933,340</u>	<u>2,015,013</u>
Long-term loans	5	6,306	6,738
Long-term deposits	6	13,195	12,816
		<u>19,501</u>	<u>19,554</u>
CURRENT ASSETS			
Stores and spares		50,581	54,710
Stock-in-trade		2,992,218	2,851,317
Trade debts		641,002	1,002,472
Loans and advances	7	89,675	118,239
Trade deposits and short-term prepayments	8	173,466	211,803
Other receivables		33,822	43,636
Taxation - payment less provision		1,179,768	1,064,942
Cash and banks balances	9	80,936	25,484
		<u>5,241,468</u>	<u>5,372,603</u>
TOTAL ASSETS		<u>7,194,309</u>	<u>7,407,170</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
10,000,000 Ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid-up		96,448	96,448
Reserves			
Capital reserves		220,154	206,753
Revenue reserves		2,320,463	2,106,825
		<u>2,540,617</u>	<u>2,313,578</u>
		<u>2,637,065</u>	<u>2,410,026</u>
NON-CURRENT LIABILITIES			
Long-term financing		500,000	500,000
Deferred taxation		121,229	98,015
		<u>621,229</u>	<u>598,015</u>
CURRENT LIABILITIES			
Trade and other payables		2,228,180	2,002,832
Accrued mark-up		16,821	43,422
Short term borrowings	10	1,130,000	1,800,000
Running finances utilized under mark-up arrangements		61,014	52,875
Current maturity of long-term financing		500,000	500,000
		<u>3,936,015</u>	<u>4,399,129</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>7,194,309</u>	<u>7,407,170</u>

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

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director



Condensed Interim Profit and Loss Account

For six months ended June 30, 2016 (Un-audited)

Note	Six Months Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	Rupees in `000.....			
NET SALES	5,715,606	5,426,446	3,065,107	3,182,170
COST OF SALES	(3,779,998)	(3,904,920)	(2,006,624)	(2,369,403)
GROSS PROFIT	1,935,608	1,521,526	1,058,483	812,767
Distribution and marketing expenses	(1,165,334)	(1,044,092)	(618,667)	(545,550)
Administrative expenses	(148,609)	(144,380)	(78,754)	(87,419)
Other expenses	(76,393)	(31,343)	(11,426)	(73,935)
Other income	17,342	103,151	9,476	5,265
	(1,372,994)	(1,116,664)	(699,371)	(701,639)
OPERATING PROFIT	562,614	404,862	359,112	111,128
FINANCE COSTS	(93,583)	(169,161)	(42,053)	(79,442)
PROFIT BEFORE TAXATION	469,031	235,701	317,059	31,686
Taxation - Current	(203,245)	(139,600)	(104,120)	(68,187)
- Deferred	(23,231)	22,546	5,514	23,178
	(226,476)	(117,054)	(98,606)	(45,009)
NET PROFIT / (LOSS) FOR THE PERIOD	242,555	118,647	218,453	(13,323)

	Rupees.....			
Basic and diluted earnings / (loss) per share	25.15	12.30	22.65	(1.38)

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

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director



Condensed Interim Statement of Comprehensive Income

For the six months ended June 30, 2016 (Un-audited)

	Six Months Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	Rupees in `000.....			
Net Profit / (Loss) for the period	242,555	118,647	218,453	(13,323)
Other comprehensive income				
Item not be reclassified to profit and loss account in subsequent periods				
Actuarial gain / (loss) recognised directly in equity	-	-	-	-
Related deferred tax	17	-	17	-
Total comprehensive income / (loss) for the period	242,572	118,647	218,470	(13,323)

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

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director





Condensed Interim Cash Flow Statement

For the six months ended June 30, 2016 (Un-audited)

	June 30, 2016	June 30, 2015
Rupees in `000.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	469,031	235,701
Adjustments for non-cash and other items:		
Depreciation / amortization	162,194	153,692
Operating fixed assets written off	-	3,115
Loss / (gain) on disposal of operating fixed assets	384	(1,915)
Liabilities no longer payable - written back	1,170	-
Expenses arising from equity settled share based payment plans	13,401	8,739
Retirement benefits	34,923	31,797
Interest income	(23)	-
Finance costs	93,583	169,161
	<u>305,632</u>	<u>364,590</u>
	774,663	600,291
(Increase) / decrease in current assets		
Stores and spares	4,129	(609)
Stock-in-trade	(140,901)	207,829
Trade debts	361,470	(312,895)
Loans and advances	28,564	(30,785)
Trade deposits and short-term prepayments	38,337	(26,259)
Other receivables	9,814	148,512
	<u>301,413</u>	<u>(14,207)</u>
	1,076,076	586,084
(Increase) / decrease in current liabilities		
Trade and other payables (excluding unclaimed dividend)	224,024	(15,556)
Cash generated from operations	<u>1,300,100</u>	<u>570,528</u>
Finance costs paid	(120,184)	(155,239)
Income tax paid	(318,071)	(228,942)
Retirement benefits paid	(34,923)	(28,203)
Long-term loans and deposits-net	53	180
Net cash generated from operating activities	<u>826,975</u>	<u>158,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(87,553)	(176,467)
Sale proceeds from disposal of operating fixed assets	6,648	2,868
Interest received	23	-
Net cash used in investing activities	<u>(80,882)</u>	<u>(173,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings (repaid) / obtained - net	(670,000)	300,000
Dividends paid	(28,780)	(67,100)
Net cash (used in) / generated from financing activities	<u>(698,780)</u>	<u>232,900</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,313	217,625
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(27,391)	(2,139,587)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>19,922</u>	<u>(1,921,962)</u>

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


Syed Babar Ali
Chairman


Dr. Asim Jamal
Chief Executive Officer &
Managing Director





Condensed Interim Statement of Changes in Equity

For the six months ended June 30, 2016 (Un-audited)

	Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid-up share capital	Long term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappropri- ated profit	
	Rupees in '000						
Balance as at January 1, 2015	96,448	5,935	18,000	165,047	1,735,538	371,179	2,392,147
Employee benefits cost under IFRS - 2 "Share based payment"	-	-	-	8,740	-	-	8,740
Final dividend @ Rs.7/- per ordinary share for the year ended December 31, 2014	-	-	-	-	-	(67,513)	(67,513)
Transfer to general reserve	-	-	-	-	200,000	(200,000)	-
Net profit for the period	-	-	-	-	-	118,647	118,647
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	118,647	118,647
Balance as at June 30, 2015	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>173,787</u>	<u>1,935,538</u>	<u>222,313</u>	<u>2,452,021</u>
Balance as at January 1, 2016	96,448	5,935	18,000	182,818	1,935,538	171,287	2,410,026
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	13,401	-	-	13,401
Final dividend @ Rs.3/- per ordinary share for the year ended December 31, 2015	-	-	-	-	-	(28,934)	(28,934)
Transfer to general reserve	-	-	-	-	100,000	(100,000)	-
Net profit for the period	-	-	-	-	-	242,555	242,555
Other comprehensive income for the period	-	-	-	-	-	17	17
Total comprehensive income for the period	-	-	-	-	-	242,572	242,572
Balance as at June 30, 2016	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>196,219</u>	<u>2,035,538</u>	<u>284,925</u>	<u>2,637,065</u>

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


 Syed Babar Ali
 Chairman


 Dr. Asim Jamal
 Chief Executive Officer &
 Managing Director



Notes to the Condensed Interim Financial Statements

For the six months ended June 30, 2016 (Un-audited)

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 Pakistan Stock Exchange. 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. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2015.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2015 except as disclosed below:

The Company has adopted the following accounting standards which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments and improvements to accounting standards did not have any material effect on these condensed interim financial statements.

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
.....Rupees in `000.....			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,719,427	1,842,490
Capital work-in-progress	4.2	212,784	171,056
		<u>1,932,211</u>	<u>2,013,546</u>



Notes to the Condensed Interim Financial Statements

For the six months ended June 30, 2016 (Un-audited)

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
.....Rupees in `000.....			
4.1 OPERATING FIXED ASSETS			
Opening book value		1,842,490	1,822,726
Additions during the period / year	4.1.1	45,826	370,760
Disposals during the period / year	4.1.1	(7,035)	(30,436)
Write offs during the period / year		-	(1,243)
Depreciation charged during the period / year		161,854	(319,317)
		<u>1,719,427</u>	<u>1,842,490</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at book value)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
.....Rupees in `000.....				
Building	2,680	17,212	-	-
Plant & Machinery	10,713	191,443	-	1,387
Furniture & Fixtures	583	4,744	-	45
Factory & office equipment	14,652	69,447	3	2,691
Motor Vehicles	17,198	87,914	7,032	26,313
	<u>45,826</u>	<u>370,760</u>	<u>7,035</u>	<u>30,436</u>

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
.....Rupees in `000.....			
4.2 Capital work-in-progress			
Building		19,376	10,458
Plant and machinery		168,470	110,260
Motor vehicles		11,281	3,603
Others		13,657	46,735
		<u>212,784</u>	<u>171,056</u>

5. LONG-TERM LOANS

These carry interest rate of 9% (December 31, 2015: 9%) per annum.

6. LONG-TERM DEPOSITS

Represent interest free deposits.

7. LOANS AND ADVANCES

Current maturity of long term loans	5	4,335	4,648
Advances	7.1	85,340	19
		<u>89,675</u>	<u>4,667</u>

7.1 Represent interest free advances.

8. Trade Deposits and short-term prepayments

Trade deposits	8.1	141,083	195,462
Short-term prepayments		32,383	16,341
		<u>173,466</u>	<u>211,803</u>

8.1 Represent interest free deposits.

9. Cash and Bank Balances

Cash in hand		15	77
Bank Balances in current accounts (conventional banking)		80,921	25,407
		<u>80,936</u>	<u>25,484</u>



Notes to the Condensed Interim Financial Statements

For the six months ended June 30, 2016 (Un-audited)

10. SHORT TERM BORROWINGS

During the current period, the Company has obtained a short term loan from a commercial bank amounting to Rs. 280 million. This carries mark-up rate of 6 months KIBOR, repayable in December 2016. This is secured by first pari passu hypothecation charge over all present and future stocks and receivables of the Company amounting to Rs. 350 million.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed in note 20.1 to the annual financial statements of the Company for the year ended December 31, 2015, except for the following:

- The Inland Revenue, Enforcement & Collection has framed the assessment for tax year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order is Rs. 123.4 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending for hearing.
- The Inland Revenue, Enforcement & Collection has framed order after completing sales tax audit for tax year 2014 and raised demand of Rs. 9.6 million on account of input-output adjustments and withholding of sales tax on fixed assets. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending for hearing.

The management, based on legal advice is confident for a favourable outcome, hence, no provision is made in these condensed interim financial statements in respect of the above matters.

11.2 Commitments

	(Un-audited)	(Audited)
	June 30, 2016	December 31, 2015
Rupees in `000.....	
Commitments for capital expenditure	<u>56,992</u>	<u>55,738</u>
Post-dated cheques issued to Collector of Customs	<u>21,440</u>	<u>20,613</u>
Outstanding letters of credit	<u>93,949</u>	<u>34,247</u>
Outstanding bank contracts	<u>224,314</u>	<u>230,123</u>

12. OTHER EXPENSES

Include exchange loss amounting to Rs. 23.405 million (June 30, 2015: Nil) arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of the associates, retirement funds, directors and key management personnel. Details of transactions with related parties during the period are as follows:

	June 30, 2016 (Un-audited)				June 30, 2015 (Un-audited)			
	Associates	Retirement funds	Key management personnel	Total	Associates	Retirement funds	Key management personnel	Total
Rupees in `000.....							
Sales	18,337	-	-	18,337	11,451	-	-	11,451
Purchase of goods	1,956,163	-	-	1,956,163	1,805,678	-	-	1,805,678
Purchase of services	9,267	-	-	9,267	8,206	-	-	8,206
Contribution paid								
- Provident fund	-	23,744	-	23,744	-	22,570	-	22,570
- Gratuity fund	-	19,637	-	19,637	-	16,947	-	16,947
- Pension fund	-	15,287	-	15,287	-	11,256	-	11,256
Remuneration / benefits of key management personnel	-	-	104,424	104,424	-	-	99,111	99,111

14. ENTITY WIDE INFORMATION

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



**Notes to the Condensed Interim
Financial Statements**
For the six months ended June 30, 2016 (Un-audited)

14.2 Information about classes of products - net sales

	(Un-audited) June 30, 2016	(Audited) June 30, 2015
Rupees in `000.....	
Pharmaceutical Vaccine	5,479,695 235,911 <u>5,715,606</u>	5,137,674 288,772 <u>5,426,446</u>

14.3 Information about geographical areas - net sales


Pakistan	5,579,731	5,145,321
Afghanistan	117,538	269,674
Others	18,337	11,451
	<u>5,715,606</u>	<u>5,426,446</u>


15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 26, 2016 by the Board of Directors of the Company.

16. GENERAL

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


Syed Babar Ali
Chairman


Dr. Asim Jamal
Chief Executive Officer &
Managing Director