SANOFI

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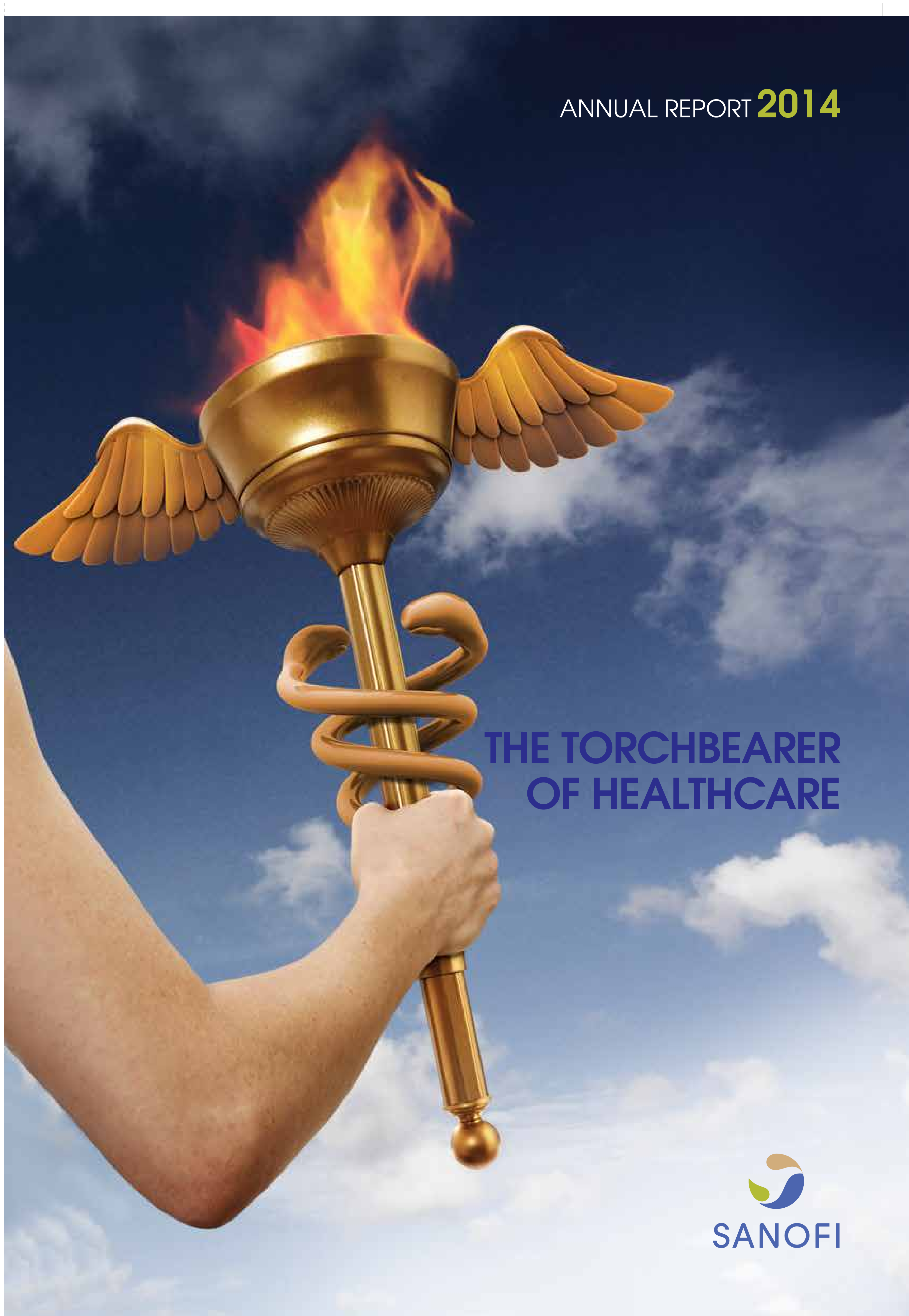

SANOFI

The Torchbearer of Healthcare

With so many leading products in the market, Sanofi is not only redefining the healthcare category - it is pioneering it. This theme creatively merges the symbol of leadership (torch) with the symbol of medicine (Caduceus), creating a new and unique icon that visually depicts Sanofi's leadership qualities and how we, as an organization, are poised to become leaders in the healthcare industry.

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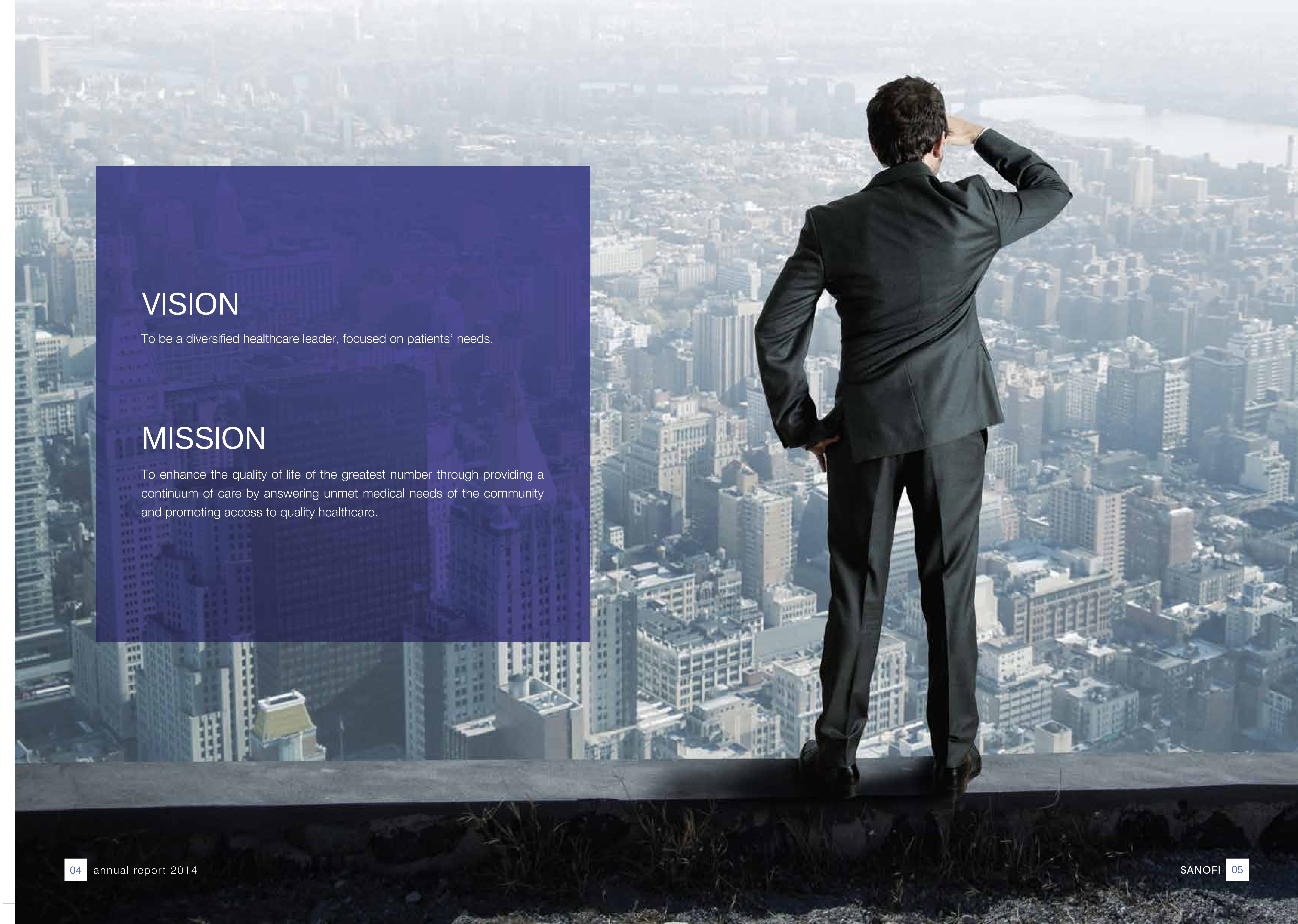


VISION

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

MISSION

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

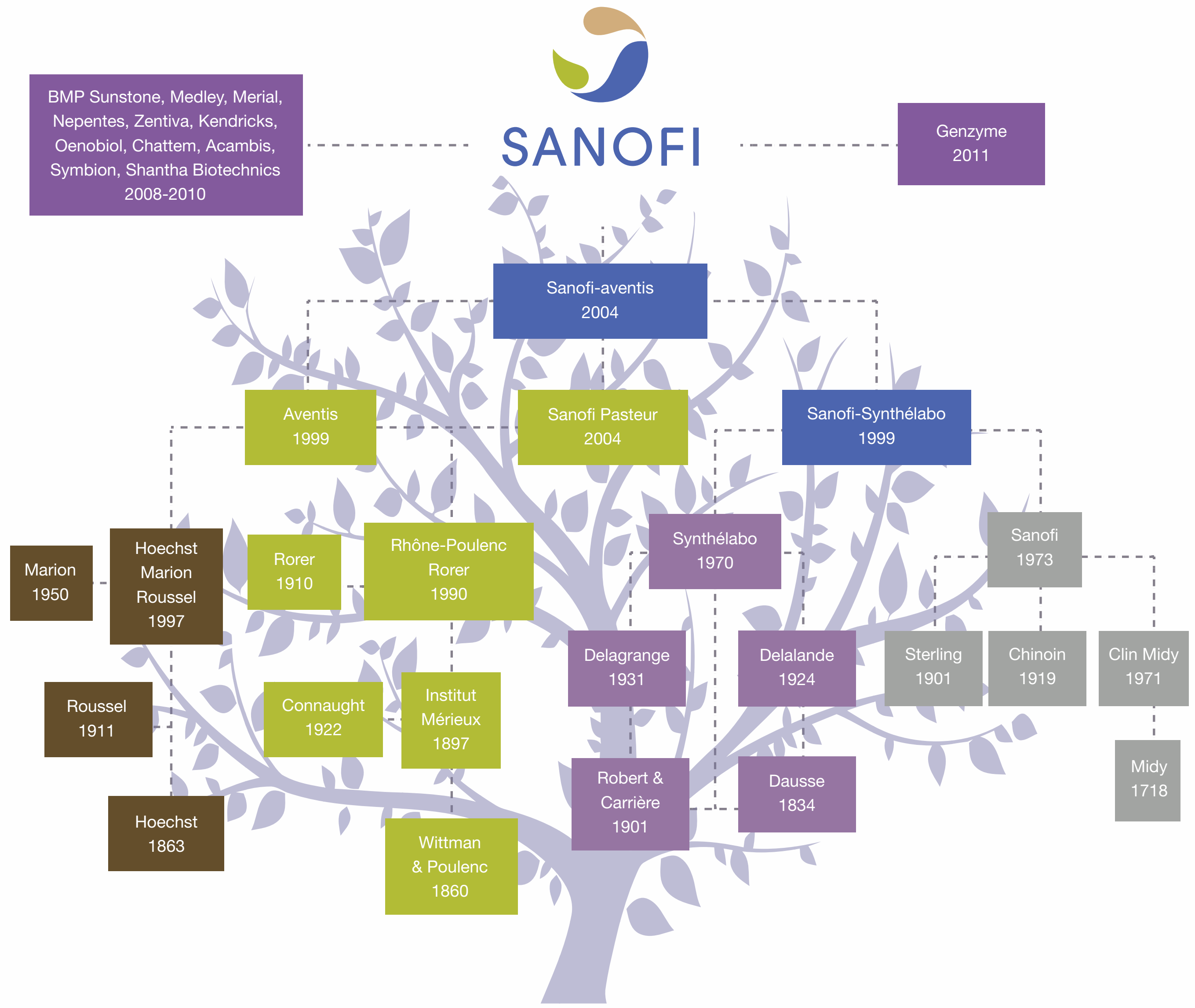
GROUP PROFILE

Committed to 7 billion people

Over the years, Sanofi has evolved to meet the new challenges of healthcare worldwide. Today, Sanofi is a global healthcare leader focused on one ultimate goal: to improve the lives of patients around the world. Patients are at the heart of our approach. We listen to their needs, support them in their disease and treat them. We have reinvented our research & development approach to accelerate both the pace of innovation and the development of breakthrough health solutions for patients.

Through our diversified portfolio of medicines, vaccines and innovative therapeutic solutions, we strive to protect the health and meet the needs and hopes of the world's 7 billion people.

GROUP HISTORY



INNOVATING

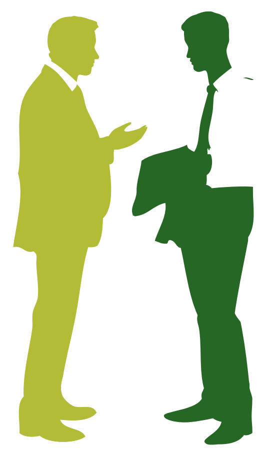
To make tomorrow's therapeutic solutions real, we seek to innovate with our partners, who, like us, aim for excellence and efficiency.

DEDICATING

In all of our activities, we commit our energy and expertise to patients and address the veritable needs and realities of each market. Our passion is a cornerstone of what we do, because health matters.

STANDING TOGETHER

We are a company committed to the cause of health. Acting with ethics and responsibility is weaved into the very fabric of who we are. Helping, be it during emergencies or in daily life, means going beyond our obligations to protect and serve the greatest possible number of people.



BEING TRANSPARENT

We recognize the importance of transparency as a means to build trust with stakeholders including the public and most importantly the patient as the ultimate recipient of care.

SANOFI PROFILE

A global healthcare leader

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

A world leader in human vaccines

A broad and balanced presence on both traditional and emerging markets

More than 110,000 employees in over 100 countries

2014 Net Sales

€33.7 Billion

PRESENT IN MORE THAN **100** COUNTRIES

112 INDUSTRIAL SITES IN 41 COUNTRIES

82 SITES
PHARMACEUTICS
(INCLUDING GENZYME)

12 SITES
VACCINES

18 SITES
ANIMAL HEALTH

OUR PEOPLE

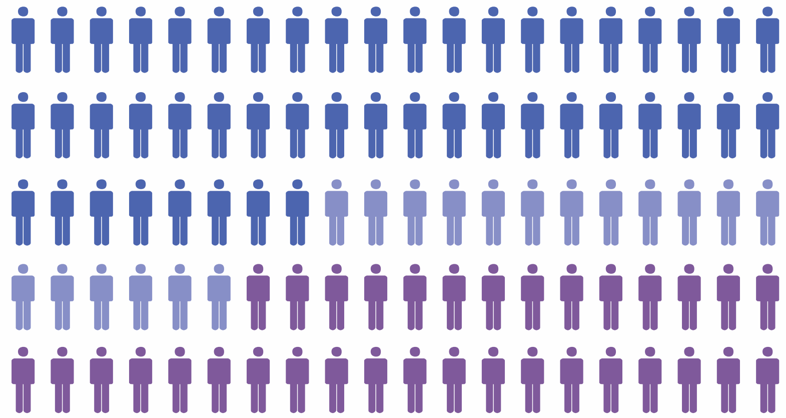
MORE THAN 110 000 COLLABORATORS

EUROPE
53,880

FRANCE
27,537

NORTH AMERICA
18,795

OTHER COUNTRIES
39,453



WE ARE THE VACCINE LEADER
delivering 1 billion doses of vaccines to immunize more than 500 million people

WE ARE A HISTORICAL PLAYER IN DIABETES
n° 1 worldwide in insulin

WE ARE A WORLD LEADER IN ANIMAL HEALTH
in vaccines and medicines for animals

WE ARE A TOP 3 GLOBAL PLAYER
in Consumer Healthcare

WE ARE THE 1ST HEALTHCARE COMPANY in emerging countries

OUR CULTURE, OUR SANOFI

Culture defines who we are, collectively as a group. It is how we interact with each other and with our partners, how we make decisions and above all, it is what makes us unique as an organization.
It is our culture that drives us where we want to go and guides us on how to get there. It is important we achieve results, but how we achieve them will influence the pride we have in being part of Sanofi Group.

"OUR HOUSE" IS SYMBOLIC OF "OUR SANOFI"; EACH LAYER DESCRIBES A FACET OF OUR CULTURE.

COMMITMENT

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

MANAGEMENT

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

AMBITION

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

COMPETENCIES

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

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

VALUES

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

UNIQUENESS

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

OUR VALUES

OUR VALUES

THIS IS HOW WE DO THINGS

Values

Deep, long-term moral convictions about what is right and wrong that give a framework for making decisions, particularly decisions of judgment.

INNOVATION

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

INNOVATION

CONFIDENCE

CONFIDENCE

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

RESPECT

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

RESPECT

SOLIDARITY

SOLIDARITY

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

INTEGRITY

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

INTEGRITY

STRATEGIC OBJECTIVES

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

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

1. Be a global healthcare leader with synergistic platforms

We have significantly transformed the Group to be focused on the seven strategic growth platforms of diabetes, vaccines, consumer healthcare, rare diseases & multiple sclerosis, other innovative products, animal health and emerging markets. Not only will these enable us to improve access to quality healthcare and meet unmet needs, but they will also deliver the sustainable growth required to allow us to continue to invest in innovative research & development.

Our ambition is to offer an integrated set of businesses within the healthcare space with opportunities to create synergies across activities, both upstream and at an R&D level and downstream in the market place.

2. Bring innovative products to the market

R&D has always been and will continue to be the cornerstone of our company. The advancements in science mean that more targeted, more effective treatments are within reach and we are ready to take on this challenge. We have built a revitalized R&D organization centered on patients' needs and delivering truly innovative solutions.

3. Seizing value-enhancing growth opportunities

The changing face of the industry, healthcare needs and scientific discovery led us to the realization that we need to diversify to grow the business. We need to look outside at partnerships and acquisitions to succeed in delivering future innovative solutions. We have been successful in searching out the best science and the best companies to acquire and partner with. We have strongly reinforced our business in particular areas such as diabetes, oncology, rare diseases and consumer healthcare. We will continue to look for opportunities and partner with the best, whomever and wherever they may be.

4. Adapt structure for future challenges and opportunities

The successful companies of tomorrow are those that go beyond delivering products to delivering real solutions and services. We have identified and delivered on our growth platforms and we have undergone a deep organizational transformation. We have evolved our R&D model and have expanded our footprint in biotechnology through the acquisition of Genzyme and refocused regional and global operations to be ready to meet the next challenge and opportunity around the corner.

Our seven growth platforms

With the patent cliff behind us, we are en route to growth. Our seven growth platforms are projected to be the main source of sales and earnings growth and should account for 80 percent of our business in 2015.

Emerging Markets: answering the healthcare needs of developing economies	Vaccines: playing an active role in the prevention of epidemics and protection of lives
Animal Health: from treatment to prevention, from animal health to public health	Genzyme: a focus on Rare Diseases and Multiple Sclerosis
Diabetes: tackling the global epidemic	Consumer Healthcare: meeting the needs of people who make decisions about their own health
Innovative Products: Bringing solutions with high medical value to patients	

Statement from Sanofi Board of Directors

Paris, France - Oct 29, 2014 - The Board of Directors held a meeting on October 29th and decided unanimously to remove Christopher A. Viehbacher as Chief Executive Officer of Sanofi. As a consequence Christopher A. Viehbacher resigned as a director of Sanofi.

The Board of Directors thanks Christopher A. Viehbacher for all the work done during the last six years, which has enabled the Group to move through a sensitive and important transition phase.

Going forward, the Group needs to pursue its development with a management aligning the teams, harnessing talents and focusing on execution with a close and confident cooperation with the Board.

The Board confirms its commitment to continuing the strategy and the international expansion of the Group based on research and innovation and its growth platforms.

Pending the decision on the appointment of a new Chief Executive Officer, the Board asked Serge Weinberg to fulfill jointly, as of today and on a temporary basis, the functions of Chairman and Chief Executive Officer. As soon as a new Chief Executive Officer will be appointed, the Group's governance will return to a Chairman and a separate Chief Executive Officer.

CORPORATE PROFILE

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

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

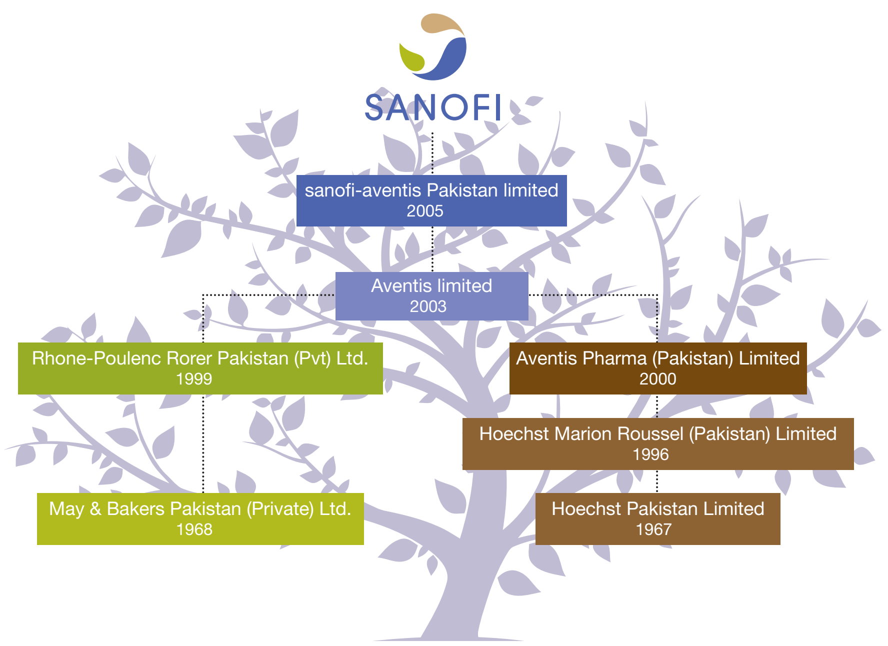
In December 1999, Hoechst AG & Rhone Poulenc S.A. globally merged their life sciences business into a new company known as Aventis S.A. The name of the company in Pakistan was changed to Aventis Pharma (Pakistan) Limited in November 2000.

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

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

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

Today, Sanofi is the 7th largest pharmaceutical company in Pakistan with a market share of 3.8% and growth rate of 5.8%.



COMPANY INFORMATION

Board of Directors

Syed Babar Ali	Chairman
Ayub Ahmed Siddiqui	Chief Executive
Arshad Ali Gohar	
Syed Hyder Ali	
Patrick Aghanian	(Alternate Laila Khan)
Francois Jean Louis Briens	(Alternate Shakeel Mapara)
Jean-Marc Georges	(Alternate Mohammad Ali Hasani)
Mohammad Ibadullah	
Javed Iqbal	

Company Secretary

Saad Usman

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

Bilal Law Associates
Ghani Law Associates
Haidermota & Co.

Registered Office

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

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

Contact

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

URL

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

Registrars & Share Transfer Office

FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi
Tel: (9221) 34380101-5
Fax: (9221) 34380106
URL: www.famco.com.pk

Bankers

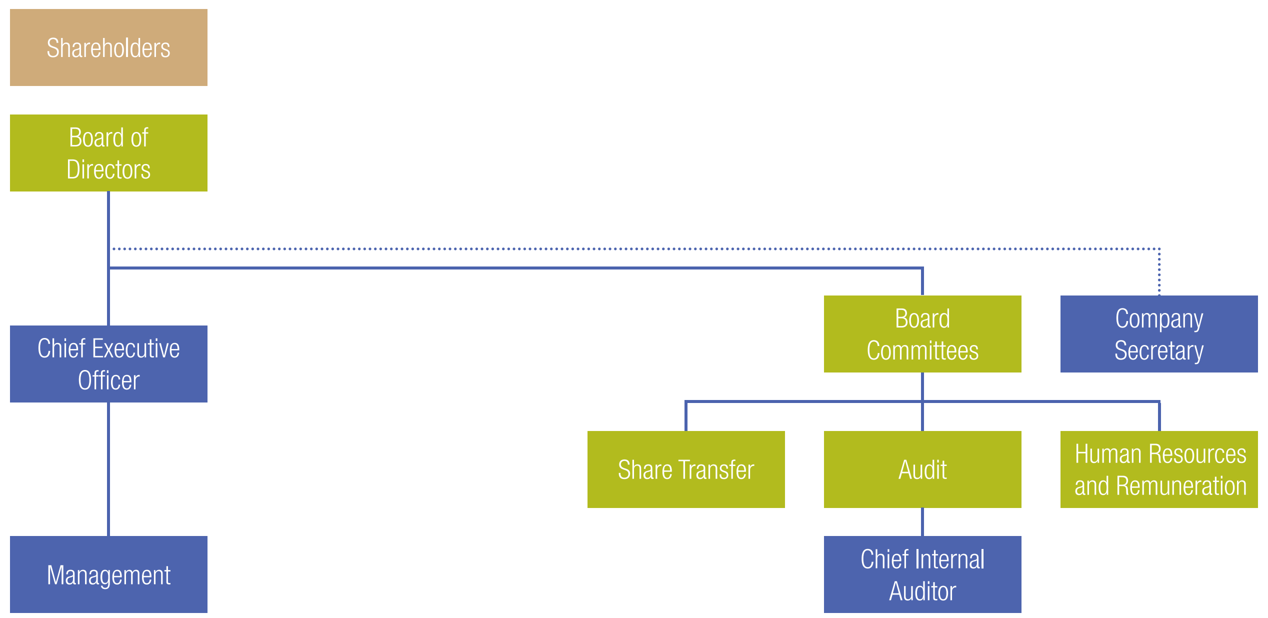
Bank of Tokyo-Mitsubishi UFJ, Limited
Barclays Bank PLC
Citibank, N.A.
Deutsche Bank AG
Habib Bank Limited
MCB Bank Limited.
National Bank of Pakistan
Standard Chartered Bank

DIRECTORS' PROFILE

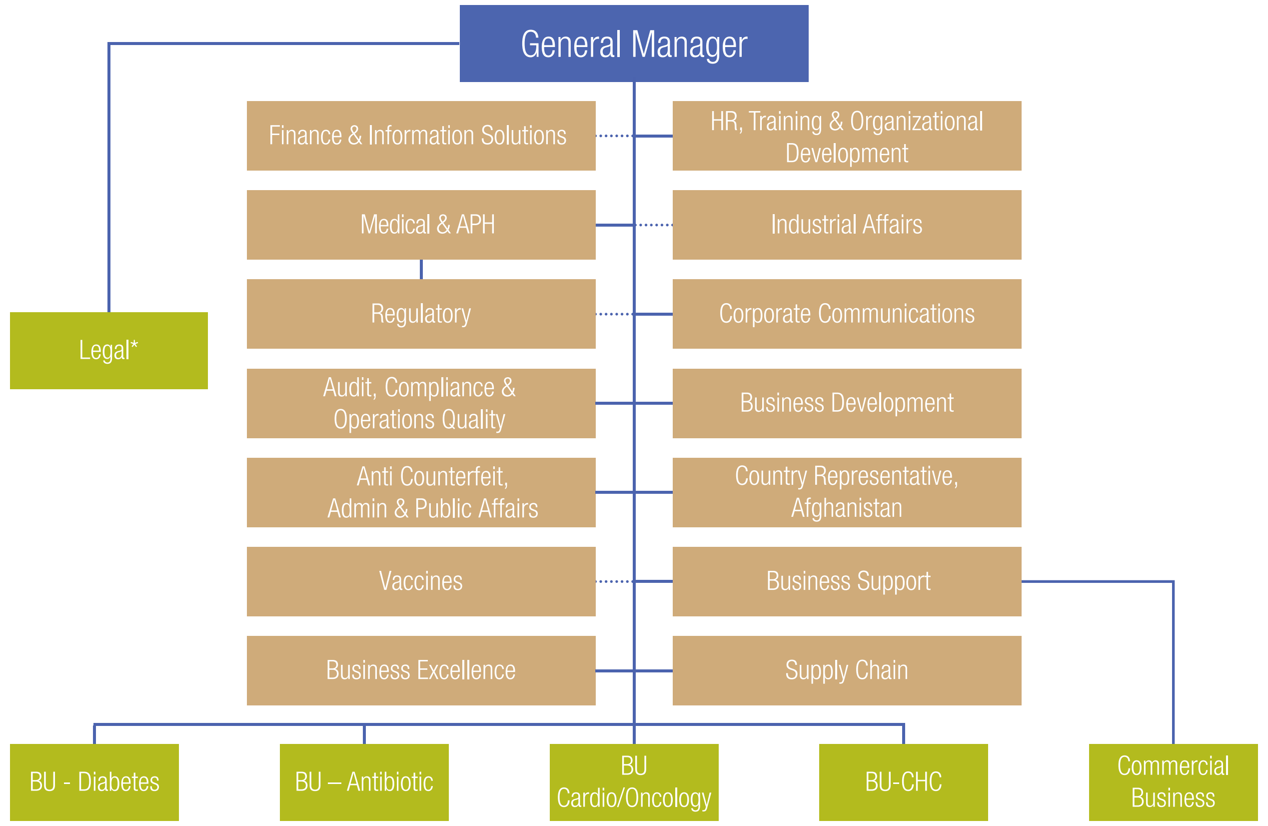
Name of director	Date of joining board	Other engagements
Syed Babar Ali Chairman (Non-Executive Director)	Prior to the listing of the company in 1977	**Chairman:** • Ali Institute of Education • Babar Ali Foundation • Coca Cola Beverages Pakistan Limited • Gurmani Foundation • IGI Insurance Limited • IGI Investment Bank Limited • Industrial Technical & Educational Institute • National Management Foundation • Syed Maratib Ali Religious & Charitable Trust Society • Tetra Pak Pakistan Limited • Tri-Pack Films Limited **Director:** • Nestle Pakistan Limited **Pro-Chancellor:** • Lahore University of Management Sciences (LUMS)
Ayub Ahmed Siddiqui Chief Executive (Executive Director)	April 25, 2014	**Member:** • Pharma Bureau • Pakistan Business Council • Management Committee of the Overseas Investors Chamber of Commerce & Industry • France Business Alliance
Arshad Ali Gohar (Non-Executive Director)	February 11, 2011	**Director:** • Ali Gohar & Company (Private) Limited • AGT Holdings (Private) Limited • AGC (Private) Limited
Syed Hyder Ali (Non-Executive Director)	February 22, 1987	**Director:** • Bulleh Shah Packaging (Private) Limited • IGI Insurance Limited • IGI Life Insurance Limited • International Steels Limited • KSB Pumps Company Limited • Nestle Pakistan Limited • Packages Lanka (Pvt) Limited • Packages Limited • Pakistan Business Council • Pakistan Centre for Philanthropy • Tetra Pak Pakistan Limited • Tri-Pack Films Limited **Member - Board of Governors/Executive Committee** • Babar Ali Foundation • National Management Foundation • Syed Maratib Ali Religious & Charitable Trust Society • Ali Institute of Education • International Chamber of Commerce, Pakistan • Lahore University of Management Sciences

Name of director	Date of joining board	Other engagements
Javed Iqbal (Independent Director)	April 25, 2014	**Director:** • Samba Bank Ltd • THK Associates (pvt) Ltd
Francois Jean Louis Briens (Non-Executive Director)	March 29, 2011	None
Jean-Marc Georges (Non-Executive Director)	February 13, 2008	None
Patrick Aghanian (Non-Executive Director)	March 12, 2015	None
Mohammad Ibadullah (Executive Director)	October 27, 2011	**Member:** • Board of Trustees of sanofi-aventis Pakistan limited Provident Fund • Board of Trustees of sanofi-aventis Pakistan limited Gratuity Fund • Board of Trustees of sanofi-aventis Pakistan limited Pension Fund • Board of Trustees of sanofi-aventis Pakistan limited Workers' Profits Participation Fund

CORPORATE STRUCTURE



ORGANIZATION CHART



* Manager legal reports directly to GM, however is not a member of Management Committee.

MANAGEMENT COMMITTEE

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

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

Ayub Ahmed Siddiqui	General Manager & Managing Director
Laila Khan	Director Corporate Communications
Ali Hasani	Director Industrial Affairs
Mohammad Ibadullah	Director Finance & Information Solutions
Shujauddin Shaikh	Director Regulatory Affairs
Amanullah Khan	Director Medical & Affiliate Pharmacovigilance Head
Munawar Uqaili	Director Business Unit Vaccines
Masood A. Khan	Director Supply Chain
Aamer Waheed	Director Business Support
Zubair Rizvi	Director Business Unit Diabetes
Syed Ahmed Iqbal	Director Business Unit Consumer Healthcare
Shakeel Mapara	Director Human Resources, Training & Organizational Development
Yasser Pirmuhammad	Associate Director Audit, Compliance & Operations Quality
Col. Amjad Javed	Associate Director Anti Counterfeit, Administration & Public Affairs
Saiyed Raza	Associate Director Business Excellence
Saifullah Khan	Associate Director Business Development
Harris Sheikh	Associate Director Business Unit Antibiotics & Speciality Care
Munzir Ishaq Rajput	Associate Director Business Unit Cardiology & Oncology

CORPORATE GOVERNANCE

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

COMPOSITION OF BOARD AND DIRECTORS' INDEPENDENCE

The board comprises of 9 directors out of which 6 are non-executive directors, 1 independent director and 2 executive directors The Chairman of the board is a non-executive directorrepresenting minority interest.The roles of Chairman and the CEO have been segregated and responsibilities have been clearly defined. The CEO is responsible for operations of the company whereas the Board, under the Chairman, performs oversight responsibilities.

BOARD OF DIRECTORS

Syed Babar Ali
Chairman
(Non-Executive Director)

Ayub Ahmed Siddiqui
CEO
(Executive Director)

Arshad Ali Gohar
(Non-Executive Director)

Syed Hyder Ali
(Non-Executive Director)

Patrick Aghanian
(Non-Executive Director)

Francois Jean Louis Briens
(Non-Executive Director)

Jean-Marc Georges
(Non-Executive Director)

Mohammad Ibadullah
CFO
(Executive Director)

Javed Iqbal
(Independent Director)

BOARD COMMITTEE

The Board has formed the following Committees in line with the Best Practices of Corporate Governance and the requirements of the Code of Corporate Governance:

BOARD AUDIT COMMITTEE

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

The Audit Committee comprises three directors, two of which are non-executive and 1 independent. The Chairman of the committee is a non-executive director. The committee is structured as follows:

Syed Hyder Ali
Chairman
(Non-Executive Director)

Francois Jean Louis Briens
(Non-Executive Director)

Javed Iqbal
(Independent Director)

Yasser Pirmuhammad
(Secretary)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

This Committee assists the Board of Directors in fulfilling its responsibilities in the formulation and implementation of Human Resource Policies and in the appointment, remuneration and succession of CEO, CFO, Company Secretary, Chief Internal Auditor and other senior positions, reporting directly to the CEO.

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

Arshad Ali Gohar Chairman (Non-Executive Director)	**Ayub Ahmed Siddiqui** CEO (Executive Director)
Syed Hyder Ali (Non-Executive Director)	**Shakeel Mapara** (Secretary)

BOARD SHARE TRANSFER COMMITTEE

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

Ayub Ahmed Siddiqui (Executive Director)	**Mohammad Ibadullah** (Executive Director)

BOARD PERFORMANCE EVALUATION

The Code of Corporate Governance 2012 stipulates that the Board should put in place a mechanism for an annual evaluation of its own performance. In line with this requirement, the Board had set the following broad criteria for the evaluation of its performance:

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

To have a more detailed evaluation, the Board has now approved a revised criterion, which focuses on the following categories:

- Board's Effectiveness
- Role of Non-Executive Directors
- Effectiveness of Board Committees
- Role of the Chairman

The new performance criteria comprises of 33 questions. The first evaluation on the revised criteria was carried out during the year.

PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVE

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

THERAPEUTIC AREAS & PRODUCTS

DIABETES

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

Worldwide, 387 Million people are currently living with diabetes, and this population will grow to 592 Million before 2035[(1)]

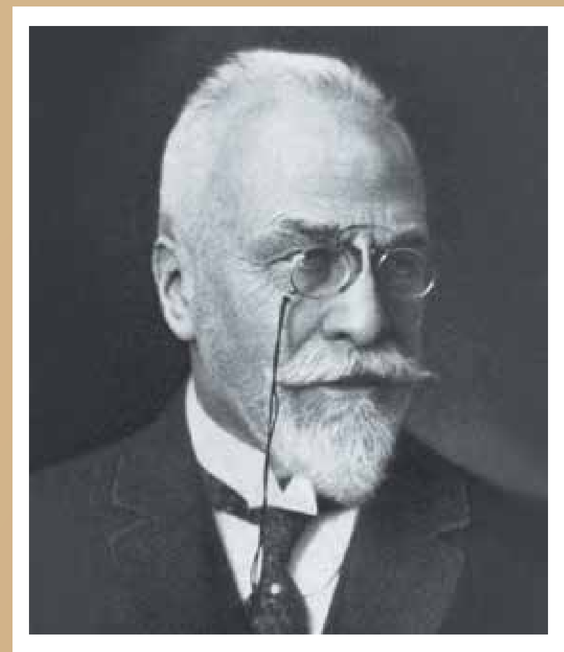
Sanofi in its various incarnations has led the field in insulin manufacturing as well as in diabetes research and development for almost a century: from the first manufacture of insulin through to the development of Lantus® - launched a little over a decade ago and up to the present day, where we are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

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

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

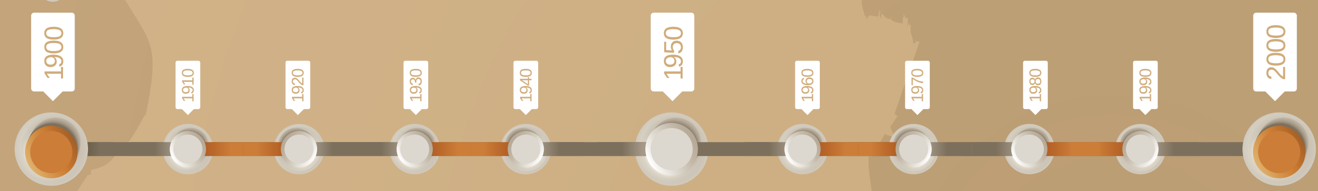
1. International Diabetes Federation, Diabetes Atlas, 6th edition.

SANOFI'S RICH HERITAGE OF DEVELOPING EFFECTIVE SOLUTIONS FOR DIABETES PATIENTS



END OF 19TH CENTURY

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

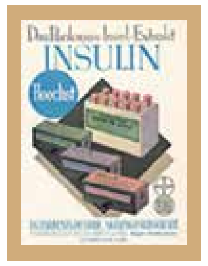


OUR HERITAGE IN DIABETES MANAGEMENT

1921

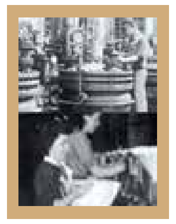
Insulin is indentified for the first time in Canada by **Frederick Banting** and **Charles Best**, who use a crude pancreatic extract to save the life a young boy in a coma.

1923



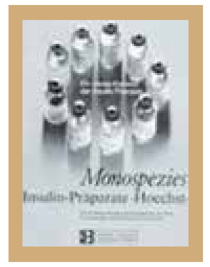
Hoechst (later sanofi-aventis) is the first company to produce insulin.

1936



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

1953



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

1976

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

2000

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

2006

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

2010

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

Signature of a partnership with **JDRF** (Juvenile Diabetes Research Foundation) to improve existing therapies and research into a treatment for Type 1 diabetes.

Signature with **Cure DM** of an Exclusive Worldwide License Agreement on Regenerative Compound to Treat Diabetes.

Signature of a Worldwide Agreement with **AgaMatrix** on Blood Glucose Monitoring (BGM) Solutions.

A HISTORY OF ANSWERING THE NEEDS EFFECTIVELY OF PATIENTS IN PAKISTAN

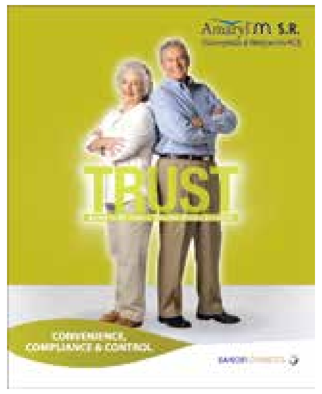
- **1970** – Daonil® (Glibenclamide): Making treatment accessible
- **1988** – Neodipar® (Metformin HCl): Providing complete solution
- **1998** – Amaryl®: Offering best-in-class OAD
- **2005** – LANTUS® (insulin glargine): True basal insulin
- **2007** – APIDRA (insulin glulisine): Supporting basal-bolus regimen
- **2011** – Amaryl® M S.R. (Glimepiride & Metformin HCl): Control, convenience, compliance
- **2012** – INSUMAN: It's all in the mix
- **2013** – Daonil® M (Glibenclamide + Metformin HCl): Enhanced efficacy

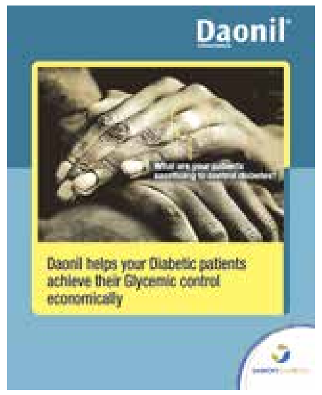
ORAL ANTI-DIABETICS

Amaryl® Amaryl M S.R.

(Glimepiride & Metformin HCl)

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





Daonil®

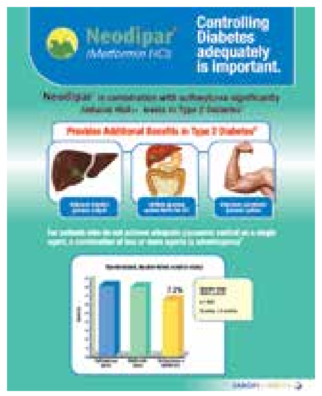
Glibenclamide

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

Neodipar®

(Metformin HCl)

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

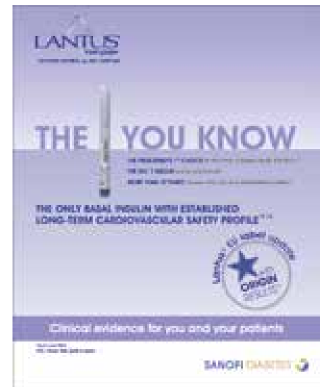


INSULINS

LANTUS®

insulin glargine

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



APIDRA

insulin glulisine

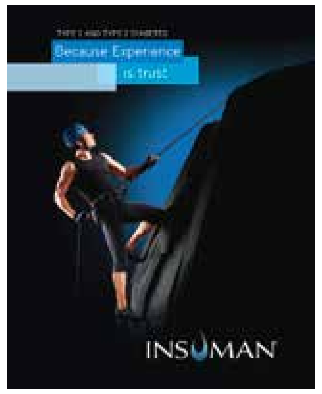
Apidra® is a fast-acting insulin for people with Type 1 and advanced Type 2 diabetes. It is usually combined with long-acting insulin or basal insulin analogues, such as Lantus®. Apidra® is more flexible than fast-acting human insulin because it is administered subcutaneously just before or immediately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

SoloSTAR®

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

INSUMAN®

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



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

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

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

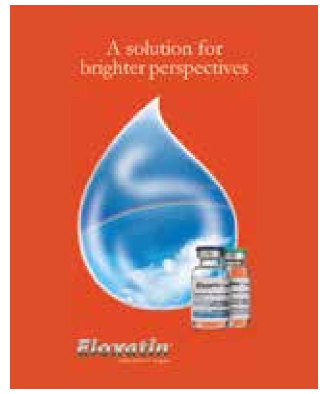
ONCOLOGY

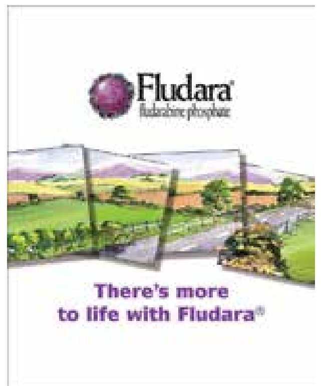
TAXOTERE® (docetaxel)

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

Eloxatin®
OXALIPLATIN 5 mg/ml

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





Fludara®
fludarabine phosphate

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

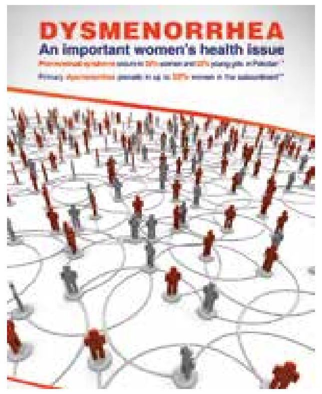
JEVTANA® (cabazitaxel) Injection

Jevtana® is a prescription anti-cancer medicine used with the steroid medicine prednisone. Jevtana® is used to treat people with prostate cancer that has worsened (progressed) after treatment with other anti-cancer medicines, including docetexal (Taxotere®). Jevtana® works by making cancer cells unable to divide properly. It can also attack other rapidly growing cells like those in our hair roots. Every cell in our body contains supporting structures, like a miniature skeleton .Jevtana® makes the skeleton in some cancer cells very stiff, so that the cells can no longer grow or divide.

PAIN MANAGEMENT

NO-SPA®
(Drotaverine HCl)

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

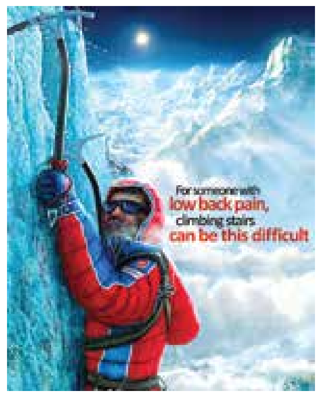


Gardan®
(Mefenamic Acid)

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

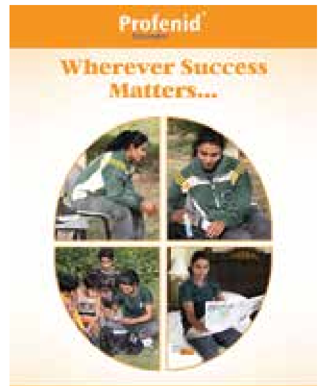
Muscoril®
(Thiocolchicoside)

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



Profenid®
(Ketoprofen)

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

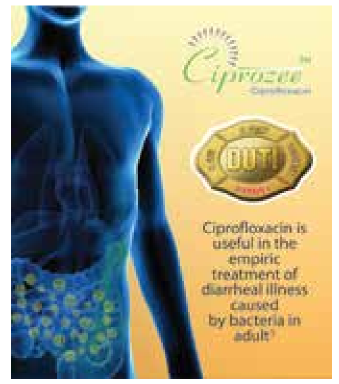


Sosegon®
Pentazocine

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

Ciprozee™
Ciprofloxacin

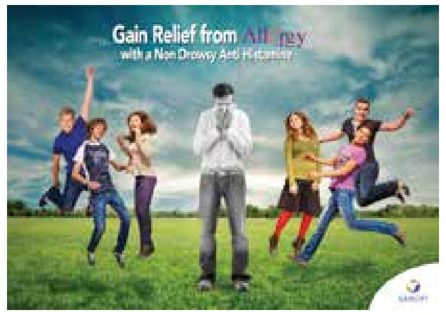
Under the umbrella of branded generics, Sanofi launched Ciprozee® (Ciprofloxacin), a broad-spectrum anti-microbial agent in May 2014. The brand further strengthened the antibiotic portfolio of the organization and provided a complete solution to patients and their caregivers. The brand fights against multiple diseases, such as infectious diarrhea, urinary tract infections, typhoid, skin infections, intra-abdominal and others.

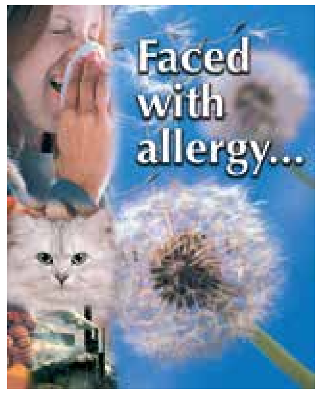


ALLERGY MANAGEMENT

Telfast®
Fexofenadine HCl

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





Avil®
(Pheniramine maleate)

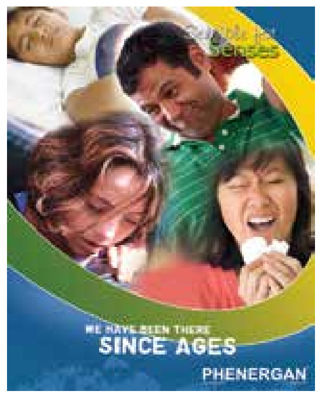
One of the oldest and most trusted antihistamine with relatively strong sedative effects, Avil® is used to treat allergic conditions such as hay fever or urticaria.

ONCE DAILY NasacortAQ®
(triamcinolone acetonide) Nasal Spray

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

PHENERGAN®
PROMETHAZINE HCI TABLET/ELIXIR

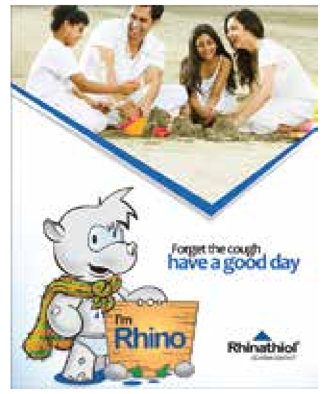
Phenergan® (promethazine) is one of the most established antihistamines in the local market. It is useful in perennial and seasonal allergic rhinitis, allergic conjunctivitis, urticaria and pruritis. Phenergan also prevents motion sickness, and treats nausea and vomiting after surgery and is effective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



COUGH & COLD

Rhinathiol®
(Carbocisteine)

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



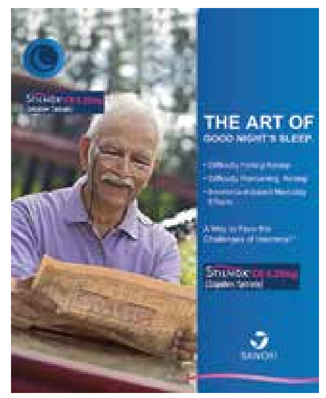
Tixylix®
Linctus

Tixylix is a brand of cough syrup for children containing promethazine hydrochloride and pholcodine in a pleasant Black currant flavour. Tixilix is indicated for the symptomatic relief of cough and as an adjuvant in the treatment of upper respiratory tract infections in children. It is also useful for the relief of irritating night cough and spasm of whopping cough in children.

SLEEP DISORDERS

Stilnox®
Zolpidem 10mg scored tablets

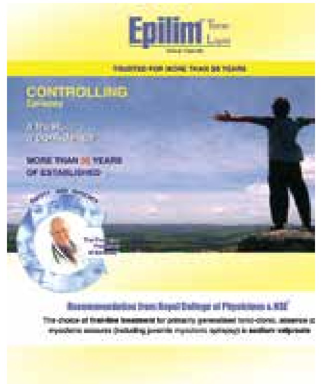
Stilnox® is the leading hypnotic worldwide and is indicated in the short-term treatment of insomnia. It rapidly induces sleep that is qualitatively close to natural sleep and devoid of certain side effects that are characteristic of the benzodiazepine class as a whole. Its action lasts for a minimum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



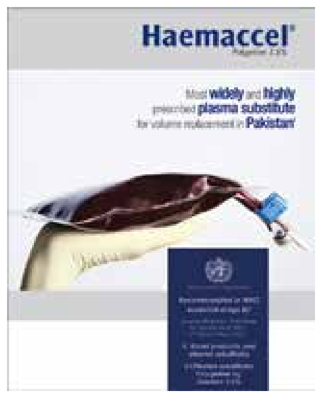
EPILEPSY

Epilim® Tablet Liquid
Sodium Valproate

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



EMERGENCY CARE



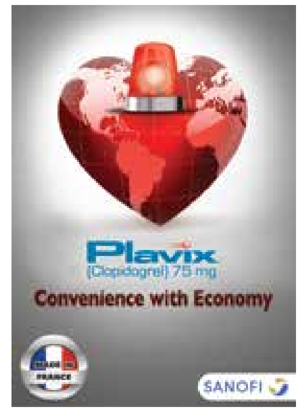
Haemaccel®
Polygeline 3.5%

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

CARDIOLOGY

Plavix
(Clopidogrel) 75 mg

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



APROVEL® (irbesartan) Tablets 150 mg, 300mg

COAPROVEL® (irbesartan/hydrochlorothiazide) Tablets

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

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

CLEXANE®
enoxaparin sodium

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

TRITACE®
Ramipril

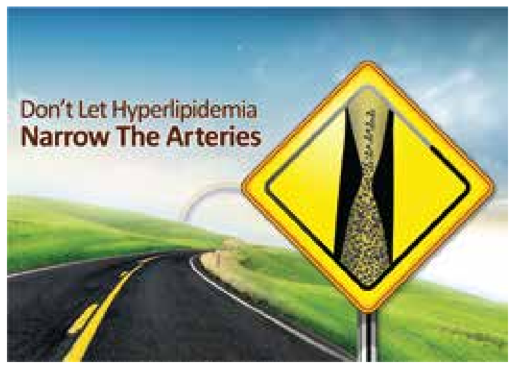
Tritace® contains the active ingredient ramipril, which is a type of medicine called an ACE inhibitor. It is used to lower blood pressure and control hypertension (high blood pressure). It may also be used as treatment following a heart attack (myocardial infarction) complicated with heart failure or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

Co-Tritace®
(Ramipril / Hydrochlorothiazide)

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

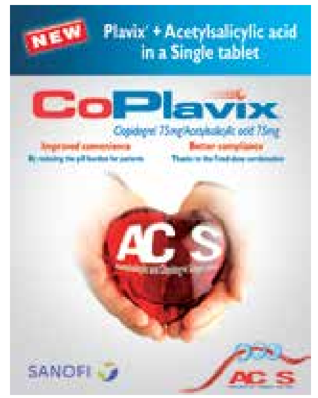
Winstor®
(Atorvastatin)

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



CoPlavix
Clopidogrel 75mg/Acetylsalicylic acid 75mg

Co-Plavix® is a fixed-dose combination of clopidogrel and aspirin. CoPlavix® is used to prevent blood clots forming in hardened blood vessels (a process known as atherothrombosis) which can lead to events such as stroke, heart attack or death.. CoPlavix® was launched earlier in 2014 in Pakistan at a very economical price. Physicians have warmly welcomed this combination and have already started transferring its benefits to patients.



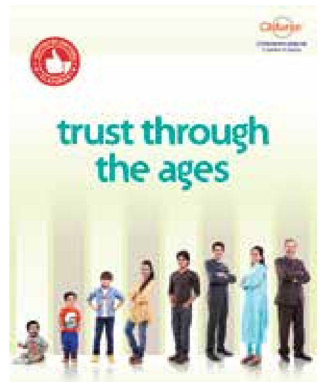
ANTIBIOTICS

Tarivid®
(Ofloxacin)

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

Claforan®
(Cefotaxime sodium)

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



RULID®
Roxithromycin

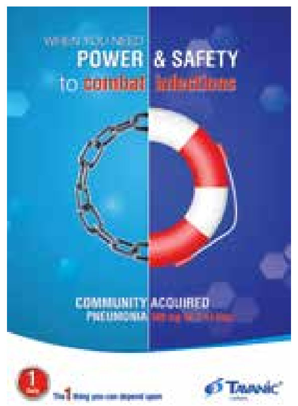
This antibiotic targets a wide range of bacterial infections and is commonly used to treat respiratory tract conditions such as acute bronchitis, tonsillitis and pneumonia. Rulid also combats bacterial infections in the body's genitals, gastrointestinal tract and soft tissues.

Aventriax®
(Ceftriaxone Sodium)

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

TAVANIC®
(Levofloxacin)

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



ONCE-A-DAY TARGOCID® IM IV
Teicoplanin

Targocid® injection is an antibiotic. It is used to kill bacteria responsible for infections which can occur in your blood, bones or joints. This antibiotic is generally used when the bacteria causing the infection are not satisfactorily eliminated by other antibiotics or when patients may be allergic to other antibiotics.

DIARRHEA

DIARRHEA

Flagyl®
Metronidazole

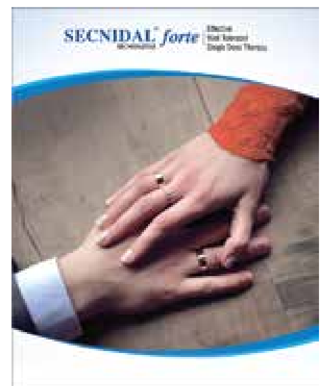
Today a household name and among the top-selling drugs in the country, Flagyl® is effective for the treatment of parasitic infections caused by Trichomonas vaginalis or Entamoeba histolytica known to cause diarrhoeal disease.

Flagyl Plus

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

SECNIDAL®
SECNIDAZOLE

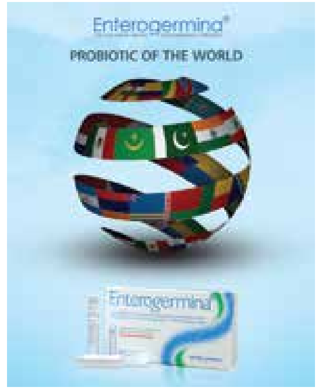
Secnidal® is an antibiotic that fights bacteria in the body. It is used to treat certain infections caused by bacteria, such as infection of the intestines or vagina. It is also used to treat certain sexually transmitted infections.

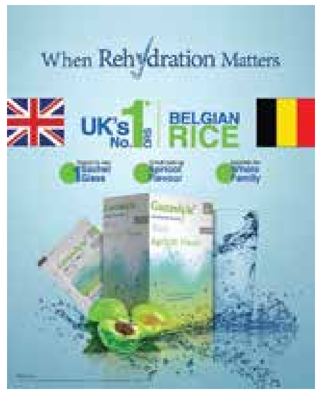


Enterogermina®

bacillus clausii spores oral suspension 2 billion/5ml

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





Gastrolyte™ Rice

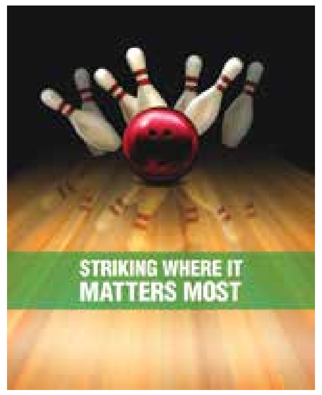
A low-osmolarity ORS, Gastrolyte® contains a balanced solution of glucose and electrolytes for the prevention of dehydration that usually occurs with severe diarrhea. Gastrolyte Rice is used for the treatment of fluid and electrolyte loss associated with acute diarrhea. One glass per sachet of rice-based Gastrolye® not only replenishes lost fluids but also provides additional nutrients of rice.

GASTRIC DISEASE

Xerosec®

(Omeprazole)

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



More with MELDERE®

ESOMEPRAZOLE

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

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

ANTI MALARIA

Nivaquine®

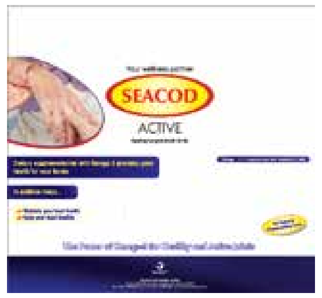
Nivaquine syrup contains the active ingredient chloroquine sulphate, which is an antimalarial medicine. Chloroquine works by attacking the parasites once they have entered the red blood cells. It kills the parasites and prevents them from multiplying further.

CONSUMER HEALTHCARE

Selsun blue

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

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



SEACOD ACTIVE

Seacod is a health supplement. Packed with essential Omega- 3 Fatty Acids, Seacod is a natural source of Vitamin A and Vitamin D, which builds immunity and offers protection from diseases. Seacod helps build immunity, prevent cough and cold, and maintains all-round health naturally.

COLLAFLEX

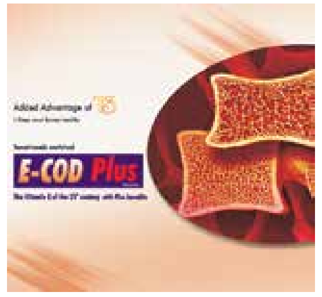
The Next Generation of Joint Health Management

CollaFlex improves joint flexibility, and helps keep joints healthy. CollaFlex is for individuals who wish to avoid or manage conditions such as osteoarthritis.

FreeFlex Forte

Your joint health partner

FreeFlex Forte supplements contain Glucosamine & Condroitin which help keep the cartilage in joints healthy. It is beneficial for people with osteoarthritis (OA). This supplement not only relieves pain usually experienced by patients of OA, but also to a large extent prevents the process of cartilage breakdown.



E-COD Plus

E-Cod Plus comes with the added advantage of T3 (Tocotrienol), which keeps the heart healthy by maintaining good cholesterol levels. It also contains Vitamin E which helps prevent leg cramps. The additional benefits of Cod liver oil in E-Cod Plus keeps muscles healthy.

Mega FreeFlex

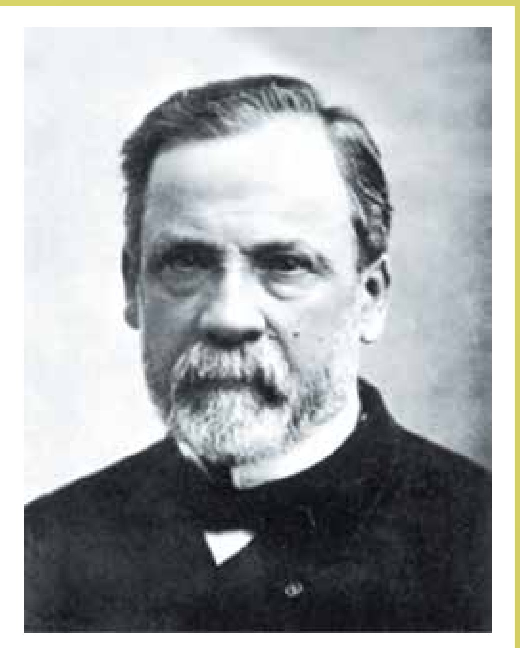
Glucosamine 750 mg + Chondroitin 600 mg Tablets

Mega FreeFlex tablets contain higher strengths of Glucosamine and Chondroitin. Mega FreeFlex has the added strength, convenience and benefit for patients with joint problems to keep limbs movement steady.

E-COD ω

E-Cod contains vitamin E, extracts of palm oil, wheat oil and cod liver oil. E-Cod Omega has various benefits, some of which include relief in pregnancy-related cramps, regeneration of cells, improvement of muscle growth, and relief of muscle spasm, muscle fatigue and pain.

OVER A CENTURY OF SPECIALIZING IN VACCINES



LOUIS PASTEUR (1822 – 1895) :
A SCIENTIFIC VISIONARY

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

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

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

THE WORLD LEADER IN VACCINES

OUR VISION

Immunization saves more than 3 million lives every year in all age groups from diphtheria, tetanus, pertussis and measles – but more than 3 million people still die due to lack of access to vaccines.

Our vision is a world in which no one suffers or dies from a vaccine-preventable disease.

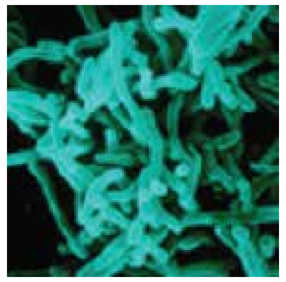
Sanofi Pasteur has the broadest available range of vaccines,protecting against 20 infectious diseases:

- World’s leading provider of inactivated poliomyelitis vaccine
- Broadest range of modern pediatric combination vaccines for children throughout the world
- World’s main provider of meningococcal vaccines with an unfaltering commitment to provide meningococcal vaccine for outbreaks control in West Africa
- Largest portfolio of vaccines for travelers and people living in tropical areas: typhoid, rabies, yellow fever, Japanese encephalitis, meningococcal meningitis, cholera, hepatitis A, hepatitis B
- More than 1 billion doses of vaccines produced yearly to immunize more than 500 million people in the world.

BACTERIAL DISEASES

CHOLERA

Cholera is caused by a bacterium, vibrio cholerae, which produces a toxin that affects the intestines. This bacterium has been at the origin of devastating epidemics worldwide throughout history.



DIPTHERIA

Diphtheria is a bacterial infection caused by Corynebacterium diphtheriae. Before the introduction of routine vaccination, the disease ranked among the leading causes of infant mortality.

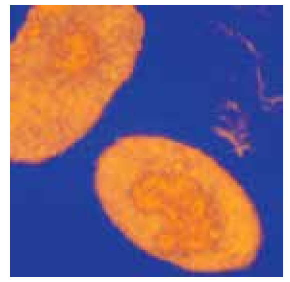
HAEMOPHILUS INFLUENZAE TYPE B (HIB) INFECTIONS

Haemophilus influenzae type b infections are widespread throughout the world. Hib infections may develop under various forms but meningitis is the most frequent one. Hib infections occur in children under the age of five years, and mostly during the first year of life.

MENINGOCOCCAL INFECTIONS

Meningococci are a major cause of bacterial meningitis and septicemia. There are several meningococcal serogroups, but serogroups A, B, C, Y, and W135 account for 99% of cases of invasive infection.

PERTUSSIS

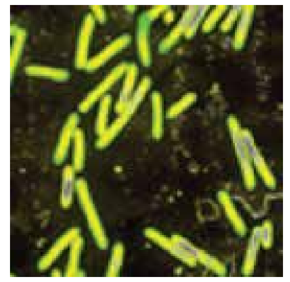


Pertussis is a highly contagious infection of the lower respiratory tract caused by the bacterium Bordetella pertussis. Pertussis is a slowly progressing disease (several weeks) that is particularly severe among young infants.

PNEUMOCOCCAL INFECTIONS

Pneumococcal bacteria can cause various invasive (meningitis, bacteremic pneumonia and bacteremia) and non-invasive (pneumonia, otitis, sinusitis, and bronchitis) infections caused by any serotype of the bacterium Streptococcus pneumoniae.

TETANUS

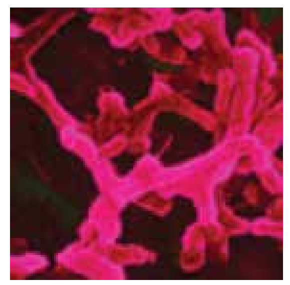


Tetanus is an often fatal infectious disease caused by the toxigenic strains of the tetanus bacillus. Tetanus is a devastating disease in developing countries and has not yet entirely disappeared from industrialized countries.

TUBERCULOSIS

Tuberculosis is a contagious bacterial disease caused by the bacillus Mycobacterium tuberculosis. With 8 million new cases each year, tuberculosis is the second leading cause of death from infectious diseases throughout the world, after acquired immune deficiency syndrome (AIDS).

TYPHOID FEVER

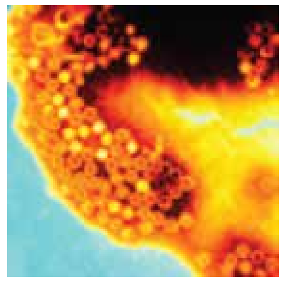


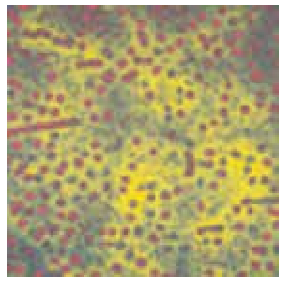
Typhoid fever is a bacterial infection that has become rare in industrialized countries, but that is still common in countries with poor hygiene where it is responsible for 600,000 cases each year. (28)

VIRAL DISEASES

HEPATITIS A

Hepatitis A is a virus that causes an acute inflammation of the liver and is the most common form of all viral hepatitis. Hepatitis A is encountered frequently in the most disadvantaged geographical regions. Improvements in hygiene and sanitation have led to a reduction in the circulation of the virus, but not to its complete disappearance.



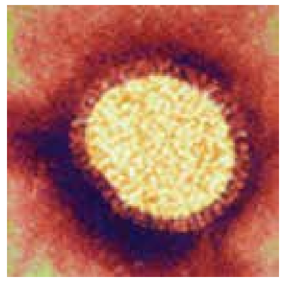


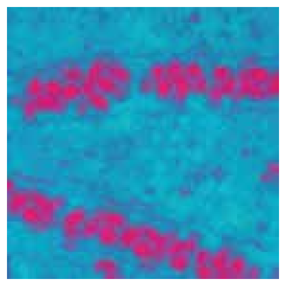
HEPATITIS B

Hepatitis B is a virus (HBV) that causes an inflammation of the liver. Severe outcomes may be observed following acute hepatitis, but they mainly result from the complications of chronic HBV infection (e.g., liver cirrhosis and cancer).

INFLUENZA

Influenza, commonly known as flu, is a highly contagious, acute, viral respiratory infection. Influenza viruses exhibit a high degree of variability. Depending on the extent of the genetic mutations from one year to another, the degree of protection in the population varies and influenza epidemics of variable intensity will occur. An influenza pandemic can occur when a totally new influenza virus against which the human population has no immunity emerges, usually from animals.



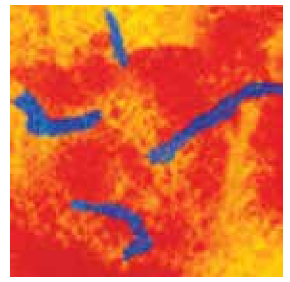


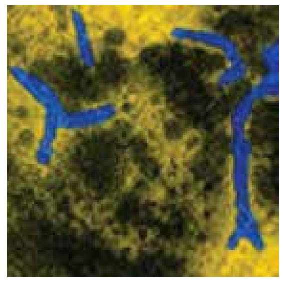
JAPANESE ENCEPHALITIS

Japanese encephalitis is a viral infection that was first observed in Japan in 1870. Japanese encephalitis is a vector-borne disease caused by an arbovirus transmitted by a mosquito. With approximately 50,000 cases and 10,000 deaths reported each year, Japanese encephalitis is the most frequent and most severe viral encephalitis, and the leading cause of viral neurological infection among children in Asia.

MEASLES

Measles is an acute, viral, eruptive, and extremely contagious disease which affected practically all children prior to the introduction of vaccination. Today, measles is well controlled and has even been eliminated in many industrialized countries, but remains endemic in many other countries.



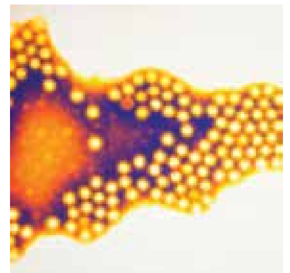


MUMPS

Mumps is caused by a virus exhibiting glandular and nervous tissue tropism. Although mumps is considered a rather benign childhood disease, in some instances it can result in severe complications.

POLIOMYELITIS

Poliomyelitis is a contagious disease caused by three different serotypes of poliovirus (types 1, 2, and 3). It is responsible for incapacitating paralysis and death.

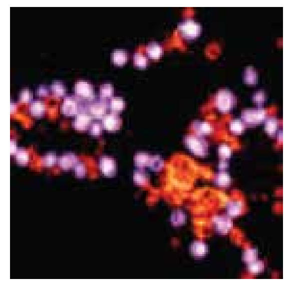


RABIES

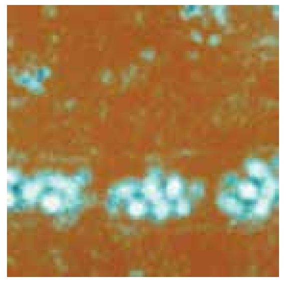
Rabies is a disease of viral origin that affects both wild and domestic animals. In developing countries, where it is transmitted mainly by rabid stray dogs, rabies is still considered a major public health concern and continues to cause 55,000 human deaths each year.

RUBELLA

Rubella is an acute viral eruptive disease. It is not always symptomatic and goes unnoticed in about half of the cases. Rubella is particularly serious for a fetus when transmission of the virus by the mother occurs during the early stages of pregnancy, a condition known as congenital rubella syndrome or CRS.



YELLOW FEVER



Yellow fever is a viral hemorrhagic fever that is transmitted by mosquitoes. Each year, 200,000 cases of yellow fever occur of which 30,000 are fatal. The disease is a threat for over three million travelers visiting endemic regions each year.

SMALLPOX

eradicated in 1980 (vaccine produced as a measure in response to the threat of bioterrorism)

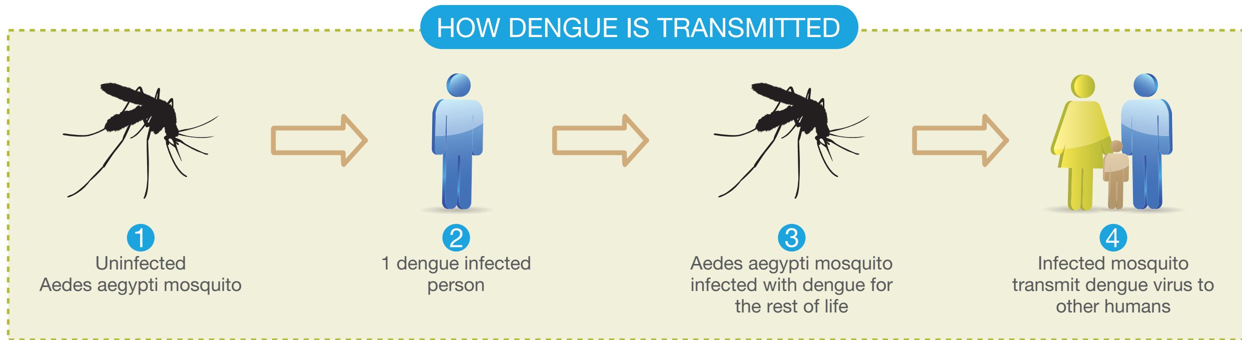
Smallpox is an acute contagious disease caused by variola virus, a member of the orthopoxvirus family. Smallpox, which is believed to have originated over 3,000 years ago in India or Egypt, is one of the most devastating diseases known to humanity. For centuries, repeated epidemics swept across continents, decimating populations and changing the course of history. Smallpox was eradicated by a collaborative global vaccination program led by the World Health Organization. The last known natural case was in Somalia in 1977.

THE FUTURE

THE FUTURE

DENGUE DISEASE BURDEN

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



A GLOBAL PUBLIC HEALTH CHALLENGE

- There is no specific treatment and vaccination is the only efficient means of fighting against dengue fever.
- Sanofi Pasteur, a world leader in vaccines, has taken on the challenge of providing the first dengue vaccine for individuals living in endemic areas and developing countries as well as for those who plan to travel to those areas.

DENGUE VACCINE (IN DEVELOPMENT)

About Sanofi Pasteur's dengue vaccine clinical program

Sanofi Pasteur has been working on a dengue vaccine for more than 20 years. The company's goal is to make dengue the next vaccine-preventable disease with a safe and effective dengue vaccine accessible in all regions of the world where dengue is a public health issue. The company is committed to support the WHO's ambition to reduce dengue mortality by 50 percent and morbidity by 25 percent by 2020.

Two pivotal phase III efficacy studies involved more than 31,000 volunteers from Asia (Indonesia, Malaysia, the Philippines, Thailand and Vietnam) and Latin America and the Caribbean (Brazil, Colombia, Honduras, Mexico and Puerto Rico). The phase III evaluations provide pivotal data on efficacy, safety, and immunogenicity of the vaccine candidate in a broad population and different epidemiological environments and assess the potential impact of the vaccine on the disease burden.

Sanofi Pasteur's dengue vaccine candidate is the most clinically and industrially advanced vaccine candidate in development. Over 40,000 volunteers participated in the Sanofi Pasteur dengue vaccine clinical study program (phase I, II and III).

Additional information, photos and videos about Sanofi Pasteur's dengue vaccine candidate are available on the internet at http://www.dengue.info and at http://es.dengue.info/

- First vaccine candidate to successfully complete final landmark Phase III clinical efficacy study in Latin America. Phase III is the ultimate step in the clinical development of a vaccine before its introduction.
- Initial safety data are consistent with the favorable safety profile documented in all previous studies (phase I, II, III).
- 15 endemic and non-endemic countries included in the Sanofi Pasteur global clinical study program (completed, ongoing and planned studies).
- Globally, nearly 40,000 volunteers are participating in the Sanofi Pasteur clinical study program.

"For the first time ever, after 20 years of research and industrial commitment, dengue is set to become a vaccine preventable disease. The data generated from our comprehensive research and clinical program involving 40,000 children, adolescents and adults from 15 countries, will be submitted to the health authorities in countries where dengue is a public health priority."

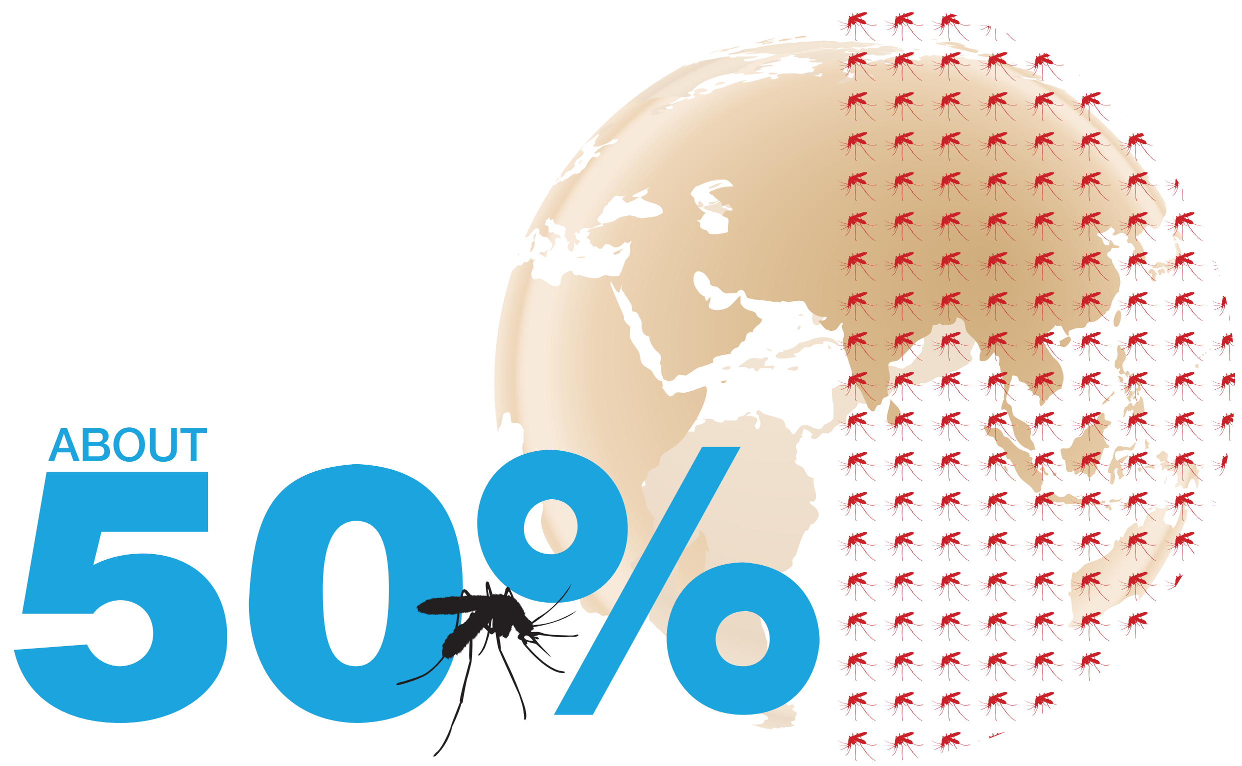
Olivier Charmeil
President and CEO,
Sanofi Pasteur.

"These compelling phase III results demonstrate the efficacy and good safety profile of this vaccine candidate against dengue. For the first time, we have a vaccine candidate that has the potential to offer protection to people who are at risk of dengue."

Dr. Rivaldo Cunha
MD, Infectious Disease Specialist,
Associate Professor, Faculty of Medicine,
Universidade de Mato Grosso do Sul, Brazil,
and a principal investigator in the study.

"These new positive phase III results from Latin America are very encouraging because they are consistent with the results reported in July in the Asian phase III trial. Together, the results of these trials suggest that for the first time, a vaccine solution that can help control dengue, is on the horizon.Scientific and public health experts will now be in a position to define the best way to implement dengue vaccination effectively, based on the country epidemiology, the vaccine profile and the goals defined by WHO to reduce the disease burden by 2020."

Prof. Duane Gubler
Professor and Founder of the Signature Research Program on Emerging Infectious Diseases, Duke-NUS Graduate Medical School, Singapore, and Chairman of the Partnership for Dengue Control.



OF THE WORLD'S POPULATION IS AT THE RISK OF DENGUE

1. WHO Dengue and severe dengue. Fact Sheet N 117,
January 2012. Available at http://www/who/int/mediacentre/factsheets/fs117/en/index.html. Accessed july 2012.

BUSINESS DEVELOPMENT

BUSINESS DEVELOPMENT

Business Development drives Sanofi's growth by providing strategic direction and connecting Sanofi's resources to external opportunities and innovation.

Business Development at Sanofi Pakistan primarily identifies and implements external growth opportunities for the affiliate by realizing the place of partnering in strategy. The mission of Business Development is to:

- articulate the affiliate's strategic priorities that create value for all our stakeholders
- seek and execute internal and external growth initiatives to address those priorities
- manage alliances, partnerships and life-cycle of our existing portfolio

There is focus on exploring inorganic growth opportunities including new potential segments, collaborations, innovations and life-cycle management of our product portfolio.

NEW LAUNCHES OF 2014

Ciprozee™ Ciprofloxacin

250mg & 500mg tablets (Branded generic, in-licensed)

Claforan® 2g (Cefotaxime Sodium)

(Line extension, locally developed)

CoPlavix Clopidogrel 75mg/Acetylsalicylic acid 75mg

(Line extension)

Plavix (clopidogrel hydrogen sulphate) 300mg tablets

300 tablets (Line extension)

JEVTANA® (cabazitaxel) Injection

(New product from Group's R&D)

FUTURE OUTLOOK

The primary objectives for the future are:

- to maximize effectiveness and value for Sanofi.
- to avoid operational discontinuity
- to minimize risks of third party contractual relationships

Business Development at Sanofi Pakistan will continue to focus on:

BRANDED GENERICS

Fulfilling the needs of customers by providing access to high quality economical treatments. This is being planned and executed through an innovative alliance with local partners to cope with the challenges of capacity constraints, and to manage issues associated with changing regulations and products development.

CHC BUSINESS

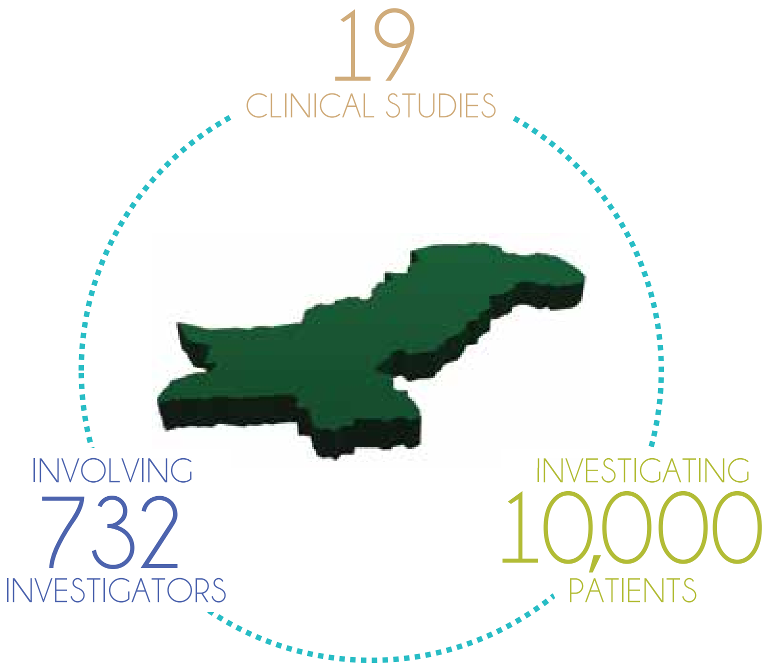
In alignment with Group structure, Sanofi Pakistan has a dedicated CHC Business Unit today. In the future, we will focus on expanding in the range of various CHC products categories.

MEDICAL

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

2014 has been a strong year for clinical research. The medical department has been continuously productive in its contribution to studies in the therapeutic fields of Diabetes, Oncology, Anti-Infectives, Cardiology and Consumer Health Care (CHC). The year also saw robust communication of studies which have culminated in the near past with dissemination of various researches to local academia in congresses. Also, in order to reach a wider physician audience, two studies were published in the Journal of the Pakistan Medical Association (JPMA) which is a prestigious peer-reviewed and indexed journal.

Sanofi Pakistan is held in high esteem by the local medical academia. In 2013–2014, as many as 19 clinical studies were conducted involving 732 investigators, involving a pool of over 10,000 patients. These studies are aligned with our strategic focus on Diabetes, Anti-infectives, Oncology, and Cardiology. These studies are largely geared to understand disease distribution and its epidemiology.



In 2014, four active studies in Diabetes reflected our focus in this therapeutic area. The latest to kick-off in December 2014 is a local study which aims to assess the satisfaction of the SoloSTAR® device in the Pakistani population. This study will engage Family Physicians, Diabetologists and Internists and will assess the use of the SoloSTAR® device in patients with Diabetes across the country. SoloSTAR® is the winner of the prestigious 'Good Design' award in 2008. The device is the result of a process involving both patients and a design team leading to the development of a tailor-made device taking patients' needs into account in the pen design.

During the year, studies conducted in support of the Diabetes portfolio were presented at the 17th National Health Sciences Research Symposium on Non-communicable Diseases of the The Aga Khan University (February, 2014) and the Golden Jubilee Symposium of the Jinnah Postgraduate Medical Center (March, 2014). These included the VISION, Diabetic Foot & CAMPAIGN studies addressing the most common complications seen in Type 2 diabetes related to the eyes, feet and the kidneys. The CAMPAIGN study was awarded the best e-poster at the JPMC Golden Jubilee Symposium.

Another disease area of focus was diarrhoeal disease which is a major burden on the health of Pakistani children. Severe gastroenteritis claims the life of many children under 5 in our country. A key paediatrician from Pakistan was invited to be a part of the regional Advisory Board to discuss the scope of Probiotics. The Advisory Board is geared to provide insights into management of patients with diarrhea. Since its meeting in November 2013, a local paediatric study (MANDATE) has been designed under supervision of a leading Professor of paediatrics from Pakistan. The MANDATE study is currently gathering data on the severity of gastroenteritis and its management at home and by physicians in Pakistani children.

Infections continue to haunt the health of our populace. Antibiotics have to be prescribed rationally to preserve their longevity. The MRSET study, a local initiative which has been published in 2014 in JPMA, brings into focus the need to preserve the life of antibiotics as innovations in the field of antibiotics are rare. The study authors also recommended that antimicrobial resistance surveillance should be performed routinely in all hospitals in Pakistan.

Another infection that prevails in the community is Community Acquired Pneumonia (CAP). The APTCARE study assessed physician decisions related to inpatient or outpatient care of patients with CAP. This study is the first in Pakistan to showcase a simple measurement tool using which physicians can decide on the need for outpatient vs inpatient care for patients with CAP. This rational approach towards hospitalization can help reduce unnecessary burden on the health care system and avoid contracting of hospital-acquired infection by patients otherwise at low risk. Results from the APTCARE study were presented at the European Respiratory Society Congress (ERS) in September 2014. The APTCARE study was also presented and well-received at the 11th Pakistan Chest Society Biennial Conference on Lung Health (Chestcon April, 2014) in Islamabad.

Pelvic Inflammatory Disease (PID) is a major debilitating infection in women. This disease was the focus of a study called RAPID in which prevalence of the organism causing PID was determined via the latest genetic technology available. The results of this study were presented by a leading Professor of Gynecology at the Congress of the Royal College of Obstetrics & Gynecology in Hyderabad Deccan, India in March, 2014.

Amongst males, in Pakistan, prostate cancer is documented as the third commonest malignancy comprising almost 7% of all malignant neoplasms in males. Doctors have also observed that majority of cancers are advanced (like most other cancers in our country) when they are first diagnosed or treated. Close liaison between different specialties is needed for early detection. In the regional Oncology Advisory Board, Pakistan was represented in the Middle East by two leading physicians in the fields of Oncology and Urology from a premier teaching institution. The board is geared towards new projects that will add value and improve therapeutic management of prostate cancer. Its aim is also to foster closer working relationship between Oncologists and Urologists.

An emergent cancer epidemic facing Pakistan are cancers of the Head and Neck (H&N). It is known that the use of tobacco, including cigarettes, chewing tobacco, and snuff greatly increase the chance of these cancers. In Pakistan, H&N cancer is already one of the most common cancers in the overall population. To address this growing issue, a local clinical trial (DECIDE) for locally advanced H&N cancer patients took off in 2014. The study will assess response rates of a particular chemotherapy regime in patients from study sites in Karachi, Multan and Faisalabad.

A latest addition: the chemotherapeutic agent Zaltrap, is an important extension to the Metastatic Colorectal Cancer (mCRC) treatment landscape and helps to fill a critical treatment gap. It has been recorded as being the first and only agent to statistically significantly improve survival in these patients. In order to benefit mCRC patients in Pakistan with this latest therapy not yet registered locally, the medical department participated in a global named patient program. The program enables patients to receive drugs after special approvals from the Drug Regulatory Authority of Pakistan. Zaltrap was imported after obtaining special permission for three individuals who had been prescribed this critical therapy by their physicians.

A significant population of our country suffers from Hypertension. The ACTION study explored the rate of control of Hypertension in the local population. The study was accepted for presentation at the World Cardiology Congress in Melbourne in May 2014. A prominent Cardiologist from Karachi shared the results of the study.

Another key publication in 2014 was the HEAL study. It was published in July 2014 in JPMA. It showed that nearly 50% patients with typical gastroesophageal reflux disease symptoms were overweight, and a majority consumed spicy meals. Proton-pump inhibitors were widely prescribed by physicians.

A strong cross-functional liaison ensures smooth functioning in an organization. Medical Excellence including design, review and approval of promotional material is a robust and creative process at Sanofi. The medical team organized a creative workshop for members from the marketing, communication, regulatory, compliance and creative agencies' teams. The hands-on workshop was focused on apprising all participants on the latest Sanofi SOPs related to the promotional material approval processes.

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

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

The Medical Department is cognizant of future challenges and has diversified into areas related to clinical operations, pharmacovigilance, medical information, marketing support & medical governance.

QUALITY MATTERS

At Sanofi, we are committed to our responsibility towards patient safety, which is why we take issues related to the quality of our products very seriously. Local manufacturing and Quality function complies with Sanofi's global standards. Despite strict checks and balances, we recognize that issues may still arise, technical issues or those related to packaging or physical appearance. Some examples of this could be:


Discoloration


Broken or missing tablet


Melted capsule


Particles in the solution

Mislabeling (misprinted text, batch No. &/or missing expiry


Cracked vial/ bottle or ampoule

If you come across any such issue or any other concern with a Sanofi product, please communicate immediately on the quality page on **www.sanofi.com.pk** or simply email at **quality.pk@sanofi.com** with the following details:

- Your name and contact details
- Sanofi product name and dosage
- Batch number of the product
- Quality issue or complaint
- Name and location of chemist from where you purchased the product
- Availability of product on which you have concern

Thank you for being part of our Patient Safety initiative!

INDUSTRIAL AFFAIRS

INDUSTRIAL AFFAIRS

THE MANUFACTURING FACILITY THAT GIVES HOPE TO PATIENTS

The manufacturing site of Sanofi Pakistan is the largest and one of the most complex sites within the Asia Pacific and Japan Region. This is due to the diverse nature of products manufactured here from single and double layer tablets, capsules, cream and gels, oral liquids, sterile ampoules, cephalosporin vials to an extremely sophisticated blood plasma substitute--Haemaccel®.

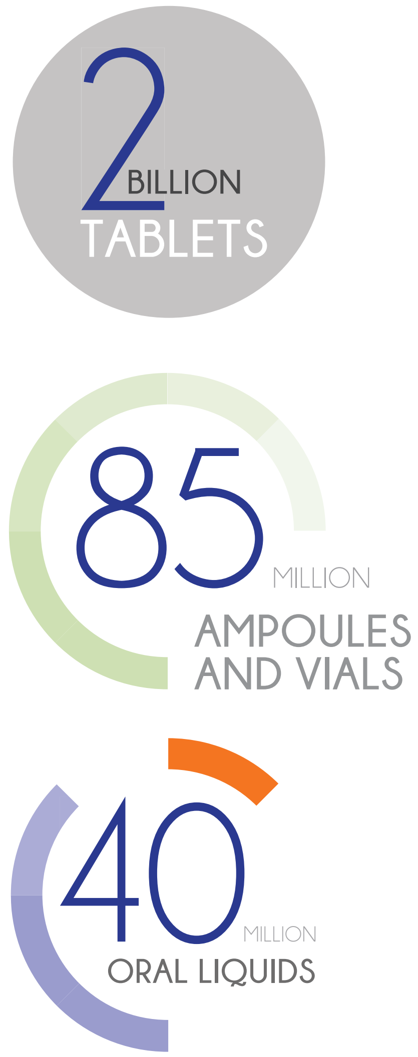
The site is producing over 2 billion tablets, 85 million ampoules and vials, and 40 million oral liquids.

2014 has been a year of change and transformation for the site. In 2014, the site has reinforced a quality and safety based culture.

- A barcode system was implemented in all the plants to enhance accuracy in production activity and eradicate any risk of mix-up of label, cartons and leaflet.
- One blister machine was installed in Pharma Solids, doubling production capacity. The site now boasts two blistering lines, dedicated for packaging of Flagyl® tablets, enabling speed to market.
- Investment of PKR 90 million in the Pharma Sterile Unit on installing systems through which capacity has been increased by to meet the demand till 2018.
- The site has enhanced its Haemaccel® production capacity by 13%, allowing the plant to meet the growing demand of this blood plasma substitute.
- Brand extension for Claforan® 2g injection was successfully launched. Record production of 9.7 million Claforan® vials produced against the target of 9.3 million. This is the highest production since more than ten years of Claforan plant's operation.
- Oral liquid plant will produce 40 million packs this year. Spare capacity maybe utilized for export opportunities.
- One million safe man-hours achieved! No TRI (total reportable incident) in 2014.

Motivated employees are productive employees:

- Safety Champions program launched to reward individuals who actively participate in the safety observation program, deliver safety talks, share learning experiences and thus strengthen the HSE culture.
- Reward walk initiated on the production floor by HR and Production, to ensure adherence to cGMP and HSE directives. Machine operators and workers on the floor are appreciated for consistent compliance over the quarter.
- A cross-functional team from Production, Quality and Engineering was sent to the Turkey Site for acquiring / learning insight into a different site's Sterile Plant practices.
- Two Production employees were exposed to the Ankleshwar Site in India, to enhance their learning. The Karachi site is working towards learning from other sites through partnerships.



QUALITY AT THE HEART OF OUR ACTIVITIES

Quality and Compliance play a key role in any pharmaceutical manufacturing organization for producing quality products. This is not only instrumental in building trust in physicians, patients, and customers for the good quality of products but also to generate a high level of trust and confidence in the robust processes for manufacturing quality products.

The Karachi site quality systems are well-equipped with the latest chromatographic techniques, spectrophotometry and conventional analytical techniques for routine and real time testing of API, raw, packaging materials and finished products. Near Infra-Red (NIR) spectroscopy technology is being used for 100% identification of materials, which has simplified the process of raw material testing by reducing lead time of end-to-end process of producing finished products.

In 2014, restructuring of the Industrial Quality & Compliance (IQC) organization led to the establishment of a Quality Management System (QMS) department. This has facilitated stronger controls, to systematically manage Quality Systems and documentation.

Effective deployment of SAP based PHENIX System involving change control processes and risk management modules have significantly strengthened regulatory measures to manage, monitor and follow-up risk assessments and change controls in a very meticulous and timely manner.

HUMAN RESOURCES

HUMAN RESOURCES

RISING TO THE CHALLENGES OF GROWTH

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

TALENT ACQUISITION

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

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

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

INDUCTION

In order to accelerate the assimilation of new employees into the organization, they attend a comprehensive orientation program, called 'Know Your Company'. This is designed to enhance their quick understanding of the Company, business and future outlook.

New inductees are also assigned a "Buddy" as a reference point, to help them understand processes and procedures specific to Sanofi. The "Buddy" program facilitates greater knowledge-sharing and fosters stronger connections by paring people across disciplines and departments.

Colleagues from different departments and roles exchange ideas and views with the GM over a networking session called "T with GM"

A group photo of the participants of'KYC-Know Your Company'. KYC is designed to enhance new employees' understanding of the company, business and future outlook.

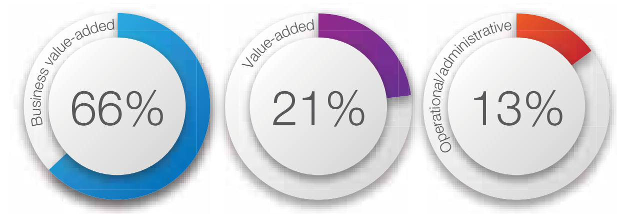
"GM 1 to 1" aims at fostering open communication between employees and the GM. The interaction allows the GM to garner employees' views and feedback on bringing continuous improvement and excellence in the processes.

TRAINING & DEVELOPMENT

In early 2014,the Marketing and Sales organization underwent a restructuring. As a result, there was a change to the needs of the business from the Training & Development function.

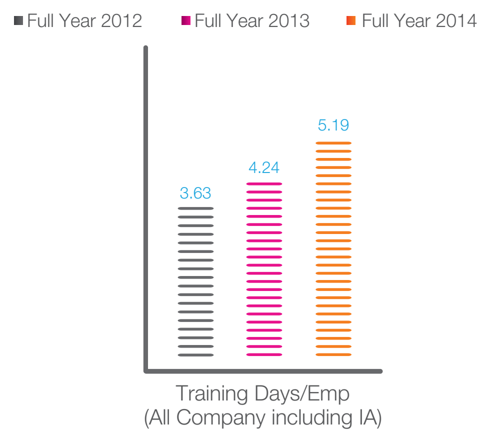
A Change Management process was implemented followed by customized programs that addressed top priorities and answered requirements arising specifically from the new structure. Topics addressed ranged from leadership and people management to technical aspects of the business.

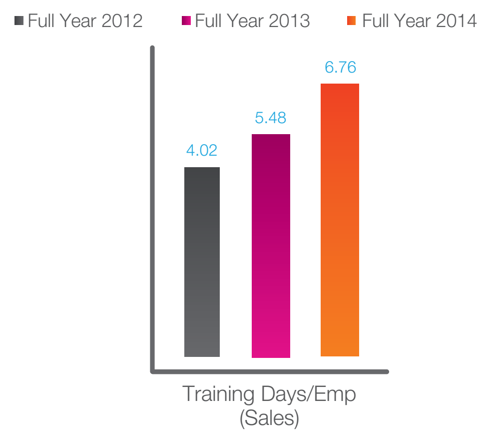
BREAK-UP OF TOTAL TRAINING TIME

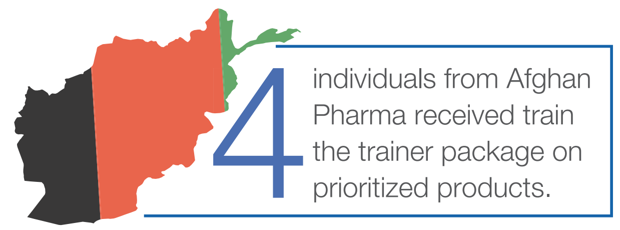


DEVELOPMENT INITIATIVES

- Improvement over last year of total number of training days from 4.24 to 5.19 across the company.
- Improvement over last year of total number of training days from 5.48 to 6.76 per sales colleague.



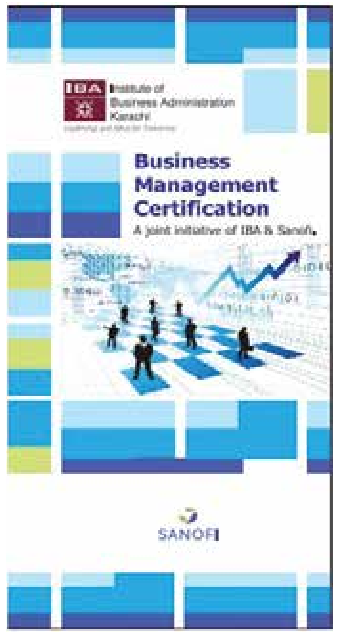




Participants at a full day workshop on “Developing Marketing Excellence”. 31 colleagues from Marketing and other functions attended the workshop .

Conducted by an external trainer, a training program for Sanofi leaders- “Mapping for Leadership”- concluded for two groups in 2014.

“Mapping for Leadership”series was conducted for the First Line Managers/District Managers



A prestigious 2 year Business Management Certification program in collaboration with IBA continued in 2014 for 45 employees (Field Executives)

CORPORATE SOCIAL RESPONSIBILITY

“Expanding access to healthcare for all is a truly critical challenge in today’s world, where people expect a lot from the pharmaceutical industry and rightly so. Looking to the future, my ambition is for us to keep up the same strong momentum, tackling each new CSR challenge as an opportunity to uphold ourresponsibilities as a global healthcare leader committed to enhance access to healthcare.”

Gilles Lhernould
Senior Vice-President of CSR

Ensuring health is one of the most pressing challenges facing society today. As a global leader in healthcare, we want to use our expertise and resources to improve access to healthcare for people in need around the world.

CSR is embedded into Sanofi’s core business strategy, focused on the patient at the center of our activity. Today the notion of integrated care is increasingly central to our business.

We are developing new ways to protect the health and improve the quality of life of patients everywhere, and we are committed to finding solutions for the many other CSR challenges we face.

In addition to Patient, our CSR strategy has three pillars: Ethics, People and Planet. The foundation on which we build our strategy is respect for human rights in all our activities.

We are committed to following this approach because we are convinced that the principles of human rights apply to people, to nations, and by extension, to businesses.

In particular, we support each person's fundamental human right to health, through initiatives to improve access to healthcare for patients everywhere.

THE FIGHT AGAINST DIABETES

The Kawish Community Service Project, a diabetes management clinic set up in Shah Faisal Colony as a result of a partnership forged between RLCC (Raana Liaquat Craftmen's Colony) and Sanofi Pakistan in 2013, continued in 2014 to extend support to the people of Shah Faisal Colony.

The Kawish Community Service Project focuses on the following elements: outreach program (through RLCC health visitors), blood glucose testing activities to ensure quick diagnosis, access to a "Kawish" certified doctor at subsidized charges and access to quality therapies for diabetes management at a preferential price aligned to the economic conditions of the community.

Through various awareness programs and screening camps held in 2014, the project benefited around 3,000 residents of Shah Faisal Colony. There are 180 registered diabetes patients receiving regular monitoring in order for them to manage their condition effectively and avoid complications setting in.

FREE BLOOD GLUCOSE TESTING CAMPS

Sanofi Pakistan conducted multiple free-of-cost blood glucose testing camps in 2014 in various parts of the country. Through these camps, around 300,000 individuals, including males, females and teenagers availed free testing. The screening camps facilitate early diagnosis, frequent testing and proper monitoring of sugar levels in patients.

RAISING AWARENESS OF RARE DISEASES

In 2014, the Genzyme division of Sanofi Pakistan intensified its efforts to raise awareness of rare diseases by collaborating with PPA (Pakistan's Pediatric Association) to create awareness amongst Pediatricians/General Physicians and Family physicians about LSDs (Lysosomal Storage Disorders).

Genzyme continued to provide free of cost diagnostic support through Dried Blood Sample(DBS) all across Pakistan. In 2014, more than 50 new cases of LSDs were diagnosed through this program.

On the occasion of World Rare Disease Day on February 28, apart from various disease awareness sessions, Genzyme facilitated a patient advocacy group meeting outside the Press Club in Islamabad. The objective of the meeting was to increase awareness of the media and general public about the insurmountable challenges families of LSD patients face on daily basis. The campaign drew the attention of the government and philanthropists to the plight of affected families and the need to ensure sustainable treatment for patients.

The effective media campaign helped 3 patients receive financial aid from private philanthropists while the Government announced support for 1 rare disease patient (in 2014).

Genzyme itself is also supporting free of cost treatment of 8 Gaucher disease patients through an International Charitable Access Program (ICAP).

SUPPORT FOR EXCELLENCE IN HEALTHCARE

Sanofi Pakistan pledged support for the Aga Khan University's proposed "Center of Excellence for Cardiac Sciences". The project cost is PKR 1.2 billion.Sanofi will donate a total sum of PKR 3 million to the project over a 3 year (2015 – 2017) period.

SUPPORT FOR EDUCATION

The Pakistan affiliate of Sanofi won an award at the Sanofi Global CSR Awards in November 2014. The prize included a cash component of €2000 to be awarded to an NGO of the choice of the winning affiliate.

Sanofi Pakistan chose to give this cash award to the "Literate Pakistan Foundation" to support its efforts towards promoting literacy and adult literacy in Pakistan.

TALEEM

In June 2014, a group of Sanofi volunteers launched an internal program "Taleem" with the objective to impart education to custodial staff (such as janitors, tea boys, gardeners etc.) deployed at the Karachi Head Office.

Literate Pakistan Foundation was engaged to guide volunteers on achieving its objective of enabling learners to read and write basic Urdu in 90 days. The NGO specializing in adult literacy provided research-based curriculum and training to the 25 volunteer instructors.

18 learners enrolled in the program and successfully completed 2 sessions in 2014.

Sanofi Season of Solidarity 2014

SUPPORT FOR SICK, UNDER-PRIVILEGED OR DISABLED CHILDREN

For the past three years, Sanofi has been creating an internationally shared opportunity to rally employees around "Solidarity" - a core Sanofi value. All Sanofi entities develop and execute programs to express Solidarity with less-privileged children.

Varied activities and events are organized by Sanofi employees under the umbrella of "Season of Solidarity". Members from the Sanofi family volunteer their time, talent and energies to the cause of Solidarity and give back to the communities where they operate and work.

In 2014, 17 employees of Sanofi Pakistan volunteered for multiple activities built around the theme of Solidarity.

MAKING WISHES COME TRUE

Sanofi Pakistan partnered with the "Make-A-Wish" Foundation (Karachi chapter) to fulfill the wishes of 3 sick children.

Abdul Ahad's wish for a cricket kit comes true

5 year old Ghaffran Ahmed looks excited with his new bike

Zubair Rizwan posing with his new bicycle

ECO-ADVENTURE AT WWF WETLAND CENTER

Sanofi volunteers organized an eco-adventure for a group of 65 students (ages 7- 12) from the RLCC Community School. The students were taken to the WWF wetland center in Karachi where they were educated on the importance of mangrove plantation during a boat-ride through the dense mangrove forests and a mangrove plantation activity. They were also sensitized to the importance of preservation of marine life, particularly endangered turtles found along the coastline of Karachi.

Mangrove plantation in full-swing

RLCC school children & staff with Sanofi volunteers

A lively discussion on protection of marine life

A thrilling boat ride through the mangrove forest

EDUCATIONAL TRIP TO KARACHI ZOO

On November 27, 2014 the Karachi Zoological Garden welcomed a group of 160 students (ages 3-6) from the RLCC Community School, accompanied by teachers and Sanofi volunteers. The visit offered learning opportunities to the students who engaged with wildlife and observed animal habitats.

Friends of Nature

Having fun at the Zoo

Seeing is believing

A glimpse into wildlife

Little explorers

ETHICS & COMPLIANCE

Compliance is having a responsible behavior and being accountable. It is acting in accordance with laws, codes, policies, procedures and ethics. It is the way we behave in the normal course of our job but also when pressure for results could impair our judgment. For these reasons, Sanofi has a defined function, 'Global Compliance & Business Integrity'.

Compliance as a function is not a regulator, but a partner to the business teams, and part of their mission is to support the achievements of business objectives within the frame of company values and standards. Compliance is an integral part of the sanofi way of doing business. It defines how we should interact with our customers, employees and our business partners. It defines how we should operate. Training on compliance and ethics principles is mandatory for all employees, with additional specialized trainings for certain categories of employees.

The Compliance Officer of the affiliate ensures that compliance policies are understood and implemented,monitors their implementation and handles the concerns that are communicated through the company's whistle blowing channels. To ensure an effective compliance culture, a cross-functional Compliance Committee is in place, which is chaired by the Chief Executive.

Compliance policies are also communicated to business partners, so that their conduct is also aligned with the Sanofi way of doing business.

The company has set up adequate whistle blowing channels, which are communicated to all concerned stakeholders. Internal as well as external stakeholders can communicate their concerns on Compliance at compliance.pk@sanofi.com

To ensure that compliance principles are fully understood at all levels in the organization, training programs have been implemented, which include Face-to-Face as well as eTrainings.

In addition to the Code of Ethics, Sanofi has implemented various policies to provide additional guidelines on specific areas. These include, but are not limited to:

- Financial code of ethics
- Complaints management policy
- Principles of good promotional practices
- Personal data protection charter
- Code for prevention of insider trading
- Ethical charter for buyers
- Anti-bribery policy
- Interactions with healthcare providers
- Interactions with Healthcare Organizations (HCOs) and Medical & Scientific Associations (MSAs)
- Information protection charter
- Conflict of interest
- Grants, donations and charitable contributions

REVIEW REPORT TO THE MEMBERS

Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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P. O. Box 15541, Karachi 75530
Pakistan

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Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of sanofi-aventis Pakistan Limited (the Company) for the year ended 31 December 2014 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 31 December 2014.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner :Riaz A. Rehman Chamdia
Date:12th March, 2015
Place: Karachi

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in listing regulations of Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance,whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board. At present the Board composition is as follows:

Category	Name
Non-executive	Syed Babar Ali (Chairman)
Executive	Ayub Ahmed Siddiqui (Chief Executive)
Independent	Javed Iqbal
Non-executive	Syed Hyder Ali
Non-executive	Arshad Ali Gohar
Non-executive	Patrick Aghanian
Non-executive	Jean-Marc Georges
Non-executive	Francois Jean Louis Briens
Executive	Mohammad Ibadullah

The independent director meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

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

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

5. A casual vacancy occurred in the Board during the year which was filled up by the directors within 90 days.

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

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

8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board / shareholders.

9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every Quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated within due time before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Directors are well aware of their duties and responsibilities under the Code. During the year, one of the directors attended the directors’ training program. The independent Director and two of the Non-Executive Directors of the company meet the criteria of exemption under clause (xi) of the Code, and accordingly are exempted from attending the director’s training program. The remaining directors shall also obtain certification under the directors’ training program.

11. The Board approves the appointment, remuneration and terms & conditions of employment of the Chief Financial Officer (CFO), Company Secretary and the Head ofInternal Audit.However, during the year there was no new appointment or change in the above positions.

12. The Directors’ Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

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

15. The Company has complied with the corporate and financial reporting requirements of the Code.

16. The Board has formed an Audit Committee. It comprises of three members, out of which one is independent and the remaining are non-executive directors including the Chairman of the Committee.

17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has formed a Human Resources and Remuneration Committee. It comprises three members, out of which 2 are non-executive directors including the Chairman of the Committee.

19. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

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

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

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

24. We confirm that other material principles contained in the Code have been complied with.

By order of the Board

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Dated: March 12, 2015

DIRECTORS' REPORT

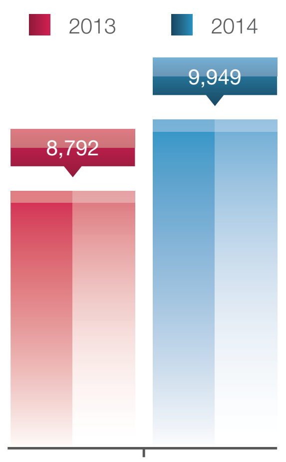
We are pleased to present the Annual Report and the Company's audited financial statements for the year ended December 31, 2014. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xvi of the Code of Corporate Governance, 2012.

OVERVIEW

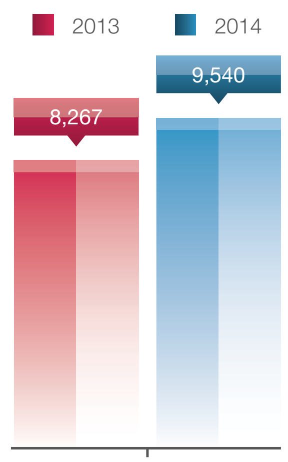
We are pleased to inform that net sales for the year ended December 31, 2014 at Rs.9,949 (2013:Rs.8,792) million registered an overall growth of 13.2% over the last year, which includes sales of Rs.8,882 (2013: Rs.7,643) million, Rs.409 (2013:Rs.525) million and Rs. 109 (2013: Rs. 115) million attributable to pharmaceutical, vaccine and CHC products, respectively. Thus our pharmaceutical products recorded a growth of 15.7% (2013: decline of 2.14%) over last year. The results for the pharmaceutical sales during the year were driven mainly by sales of major brands, Flagyl®, Lantus®, Amaryl®, NoSpa®, Clexane®, and Claforan®. The business also continued on its path of exploring and materializing growth opportunities, including penetration in the Afghanistan pharma market and launch of new products. During the year, new launches by the Company included Ciprozee 250 & 500 mg tablets, Jevtana® Injections and Claforan® 2g injections whereas line extensions included Plavix® 300 tablets and Co-Plavix® 75 mg tablets.

During the year, the export sales to Afghanistan market touched Rs.549 (2013: 509) million registering a growth of 7.7% backed by higher volumes of established brands.

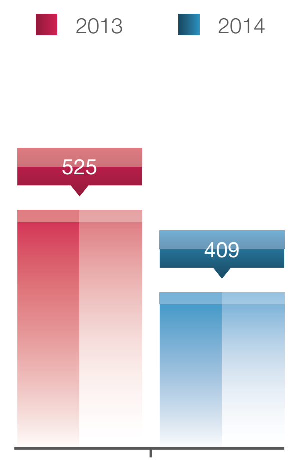
The vaccines sales of the Company during the year amounted Rs.409 (2013: Rs.525) million a decline of 22.2% over last year. Private vaccines business observed a healthy growth of 18.8% over last year despite acute stock shortage due to change in regulatory policy related to requirement of higher shelf life at the time of import. This regulatory requirement has now been reversed in 2015 and an even better performance is expected in 2015 in the private market.



Net Sales - Company
(Rs. in million)



Net Sales -Pharmaceuticals including CHC
(Rs. in million)



Net Sales - Vaccine
(Rs. in million)

The public vaccines business observed a negative growth of 69.4% due to lower Trivalent Oral Polio Vaccine (tOPV) sales in 2014. Public market business for vaccines is highly volatile and unpredictable because of government tender process with the lowest bidder winning the tender. Therefore, taking into account the variability of the vaccines public market business, the Company's management is continuously taking initiatives to develop the private market business to further accelerate the sales growth.

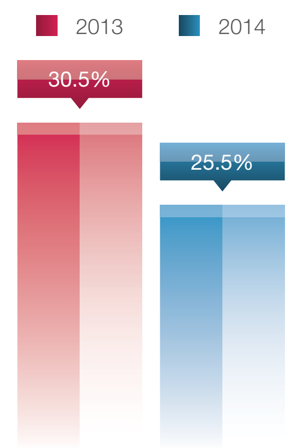
Gross margin for the year ended December 31, 2014 has declined from Rs.2,677 million to Rs.2,534 million in absolute terms and from 30.5% to 25.5% as a percentage of Net Sales. The decrease in gross margin in absolute terms is attributable to increase in cost of utilities, higher fuel & power cost, higher depreciation charge, higher personnel cost due to inflation and merit increase as well as increase in travelling and conveyance expense. The increase was partly offset by increase in prices of pharmaceutical products taken during the year followed by the issuance of Statutory Regulatory Order (SRO) by the Drug Regulatory Authority of Pakistan (DRAP). In addition, efficiency improvement measures taken by the Company, volume growth in high margin products as well as reduction in import cost of certain products resulted in offsetting the negative impact on the gross margins.

During the month of June 2014, the terrorist attacks on the Karachi Airport resulted in the destruction of Company's stock consignments worth Rs.42.5 million, the impact of which has been taken in the books of account for the year ended December 31, 2014. The Company has lodged the insurance claim and the corresponding effect of its settlement will be taken in the books of account subject to acknowledgment of the same by the insurance Company.

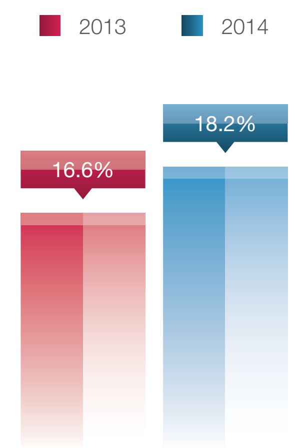
Distribution and marketing expenses have increased by 23.9% from last year in absolute terms and 1.6% as a percentage of net sales. The increase is attributable to higher personnel costs, expenses incurred on conferences and exhibitions, higher freight and transportation expenses, partly offset by decrease in depreciation and clinical trials.The distribution and marketing expenses also include costs incurred on restructuring done in sales and marketing functions where the Company switched from the traditional sales/marketing structure to a business unit structure. The restructuring is expected to bring synergies in the sales and marketing activities and ensure alignment with the overall corporate objectives. These expenses also included certain one-time costs incurred on account of severance payments to some personnel during the year.

Administrative expenses increased by 15.5% due to increase in staff costs, travelling & conveyance, rent, rates & taxes as well as security expenses partly offset by savings in fuel & power and communication costs.

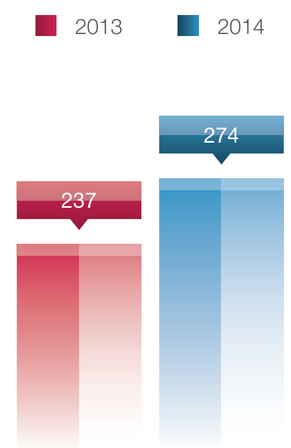
Other operating expenses for the year amounting to Rs.46.5 (2013: Rs.249.6) million mainly include statutory charges (i.e. Workers' Profits Participation Fund, Workers' Welfare Fund and Central Research Fund), which are all



Gross Margin
(Percentage)



D & M / Net Sales Ratio
(Percentage)



Administrative Expenses
(Rs. in million)

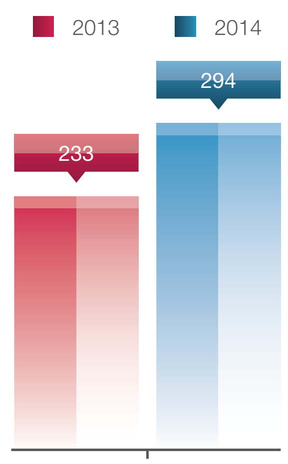
related to profit. The decline in operating expenses is mainly due to significant exchange losses incurred last year amounting to Rs.187.1 million. During the current year, these exchange losses were replaced by exchange gain amounting to Rs.189.2 million reported in other operating income (see below), on account of better exchange rate parity versus US dollar and the Euro.

Other operating income for the year amounting to Rs.221.9 (2013: Rs. 40.5) million includes gain of Rs. 9.7 (2013: Rs.15.4) million on disposal of operating fixed assets, Rs.11.3 (2013: Rs. 10.6) million representing rental income from Bayer Pakistan (Private) Limited and scrap sales of Rs.10.2 (2013: Rs. 13.6) million. The operating income includes the exchange gain Rs.189.2 million as aforesaid mentioned.

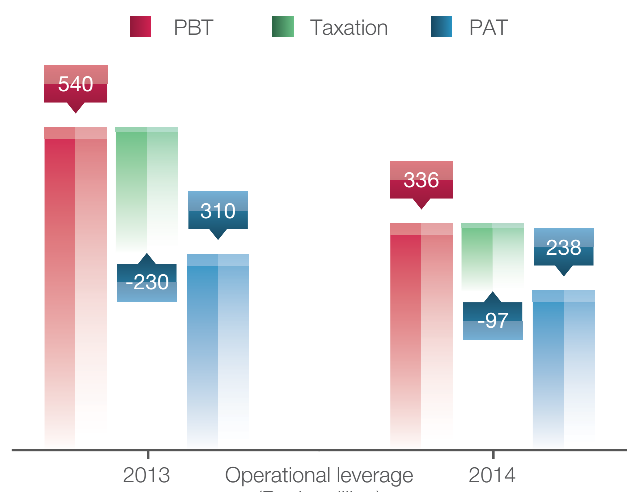
Financing cost increased by 25.94% over last year mainly due to higher borrowings to finance higher capital expenditure, export sales, higher inventory and other working capital requirements.

Profit after tax at Rs.238.5 (2013: Rs.309.8) million is significantly reduced (23.03%) than last year due to reasons explained above.

During the year, the Company has exercised strict controls on the management of credit to its customers. The Company offers credit to large hospitals, government institutions as well as certain distributors whereas export sales to Afghanistan are also on credit terms.



Finance Costs
(Rs. in million)



Operational leverage
(Rs. in million)

INDUSTRY LEADERSHIP

According to the latest IMS market report for the period MAT Dec 2014, sanofi-aventis maintains its 7th rank in the pharmaceutical industry of Pakistan, with a market share and growth rate of 3.8% (2013: 4.0%) and 5.9% (2013: 10%) respectively. Since the transformation of the group globally, the group is now a “Global Healthcare leader focused on patients’ needs” offering medicines, consumer healthcare products and generics.

NEW / GENERIC PRODUCT INCLUDING LINE EXTENSIONS

Our operating environment remains under pressure on various fronts, particularly the regulatory scenario. However, our focus persists on growth by strengthening our diverse product portfolio and offering to the market. We are actively engaged in portfolio optimization and developing our new products’ pipeline, so as to ensure a competitive position in the market for the future, creating value for our shareholders and increasing accessibility of new and affordable healthcare solutions to patients.

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

The year 2014 observed following new products that include line extensions, generics and consumer healthcare:

NEW PRODUCT LAUNCHES:

During the year, the following new pharma products / Line extensions have been added to our portfolio:

Ciprozee® 250mg & 500mg tablets a generic oral antibiotic launched as a new product in April 2014, through an external alliance under a manufacturing agreement with a local manufacturer. Ciprozee is well positioned for the patients of Diarrhea and Urinary Tract Infections (DUTI) caused by bacteria.

Claforan® 2g injection is high-dose line extension Stock Keeping Unit (SKU) of leading brand of the Company launched in May 2014. The product is developed and manufactured locally at the cephalosporin plant at Sanofi Pakistan.

Jevtana® injection launched in September 2014 is a prescription anti-cancer medicine used with the steroid medicine prednisone. Jevtana is used to treat people with prostate cancer that has worsened (progressed) after treatment with other anti-cancer medicines, including docetaxel.

Co-Plavix® tablets a fixed-dose combination of clopidogrel plus aspirin and a line extension of flagship brand Plavix®, launched in July 2014. Co-Plavix® is intended as continuation of therapy in patients with acute coronary syndrome alreadyinitiated with separate clopidogrel and aspirin products.

Plavix® 300 mg tablets another high-dose line extension Plavix®, launched in November 2014. Plavix® 300mg tablet is a loading dose SKU which is followed by Plavix 75mg with or without aspirin. Plavix is indicated for the patients with acute coronary syndrome.

CONSUMER HEALTHCARE BUSINESS

Consumer Healthcare is a powerful diversification tool, complementary to our prescription-medicines business in the country. We have grown the business through partnerships and targeted acquisitions, building scale at a regional level and will continue to do so in the context of the newly formed global CHC Division.

CAPITAL EXPENDITURE

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

During the year under report an amount of Rs. 433.5 million (2013: Rs. 464.6 million) was incurred on various capital expenditure projects. These mainly included investments on Direct Fired Fuel Absorption Chiller (Rs.69 million), Compression Machine (Rs.52 million), Vial Inspection Machine (Rs.52 million), RO Plant (Rs.17 million) etc. An amount of Rs. 350.5 million (2013: Rs. 156.5 million) was capitalized and transferred to fixed assets.

In addition to the manufacturing facilities, capital expenditure for an amount of Rs.24.5 million and Rs.90.8 million was incurred for the purchase of office equipment and staff vehicles respectively.

PROFIT, FINANCE & TAXATION

The Company's total turnover has increased by 13.2% over the last year due to strategies adopted to ensure the overall sustainability as well as appropriate return for the shareholders. However, the profit and after taxes declined due to reasons explained above.

The profit, taxation and proposed appropriations are stated below:

	(Rs. in '000)
Profit for the year before taxation	335,797
Taxation:	
Current- for the year	(149,861)
Prior	54,277
Deferred	(1,748)
Total	(97,332)
Profit after taxation	238,465
Unappropriated profit brought forward	144,841
Actuarial gain recognized directly in equity – net of deferred taxation	(12,127)
Profit available for appropriations	371,179
Appropriations:	
Proposed final dividend @ 70% out of profits for the year ended December 31, 2014	(67,513)
Transfer to reserve	(200,000)
	(267,513)
Unappropriated profit carried forward	103,666

A good return & payout to shareholders is one of the primary objectives of the Company. The directors of the Company are pleased to recommend a final dividend of Rs.7.00 per share (70%), for approval by the shareholders. Further, taking into account the overall borrowings of the Company as of December 31, 2014 and capital commitments, the directors have also approved a transfer of Rs.200 million from unappropriated profit to general reserves.

CASH FLOWS

Total bank borrowings as at December 31, 2014 stood at Rs.3,248.9 (2013: Rs.2,480.9) million and comprised of long term financing and short term borrowings including bank overdrafts amounting to Rs.500 (2013: Rs.500) million and Rs.2,748.9 (2013: Rs.1,980.9) million respectively. The increase of Rs.768 million is mainly due to payment on accounts of income tax amounting to Rs.176.8 million, finance cost of Rs.290.2 million, capital expenditure of Rs.433.5 million, payments on account of dividends of Rs.96.1 million and retirement benefits of Rs.56.9 million. This was partly offset by positive cash generated from operations amounting to Rs.256.6 million.

BUSINESS RISKS AND CHALLENGES

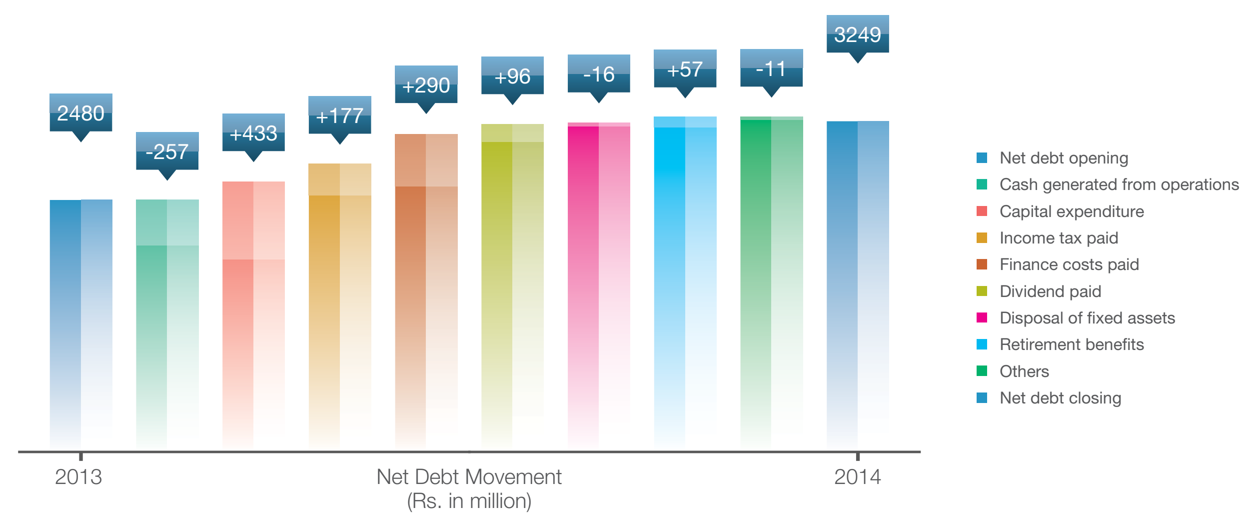
Important factors that could cause actual financial, business or operating results to differ materially from expectations are disclosed in the respective notes to the financial statements, including without limitation the following risk factors. In addition to the risks listed below, we may be subject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

WE FACE UNCERTAINTIES OVER THE PRICING OF PHARMACEUTICAL PRODUCTS

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

The pharmaceutical industry in Pakistan had been constantly pursuing the government to develop a price rationalization mechanism to alleviate the inflationary pressures from the industry which provides livelihood to millions of people across the country. Following persistent representations, Pricing Policy was discussed to develop a formula in respect of the quantum of price increase in a legal and transparent manner resulting in the issuance of SRO 1002 on November 27, 2013 granting price increase of 15% on products which were not granted any price increase since the last price increase in 2001.

The SRO was revoked within 24 hours of its issuance. The Pakistan Pharmaceutical Manufacturers' Association (PPMA) filed a Constitutional Petition with the High Court of Sindh which issued an interim order setting aside the original order revoking the price increase. Based on the High Court order, the Company has increased prices on its pharmaceutical products subsequent to the year end. On the other hand the DRAP has appealed against the High Court order, the decision against which is currently pending.



The DRAP has announced a new pricing policy dated March 5, 2015 wherein it has recommended amongst other points, that the MRP of all drugs be frozen at the approved level of MRP as on 31st October, 2013 which would remain at this level till 30th June 2016. In addition, it has proposed the Government to reduce the prices of life-saving and other drugs to the extent of 30%. The industry has strongly objected to this policy and has filed a Constitutional Petition in the High Court of Sindh.

The Company is closely monitoring the legal and business implications of the case and will take all necessary measures to ensure that the appropriate representations are made to the Government in support of a pricing policy acceptable to the industry.

WE FACE UNCERTAINTIES OVER THE QUOTA ALLOCATION OF VARIOUS CONTROLLED RAW MATERIALS

Some of our products require raw materials, the import of which is regulated and controlled by the Government (Narcotics Division). There have been instances in the past when the Government banned the import of such materials for some months at a stretch, resulting in shortage of products which require these raw materials. The shortages of these products may adversely affect our business, if the healthcare professionals switch to alternative drugs.

A SLOWDOWN OF ECONOMIC GROWTH COULD HAVE NEGATIVE CONSEQUENCES FOR OUR BUSINESS

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

WE RELY ON THIRD PARTIES FOR THE MANUFACTURE AND SUPPLY OF A SUBSTANTIAL PORTION OF OUR RAW MATERIALS, ACTIVE INGREDIENTS AND MEDICAL DEVICES

Third parties supply us with a substantial portion of our raw materials, active ingredients and medical devices, which exposes us to the risk of a supply shortage or interruption in the event that these suppliers are unable to manufacture our products meeting group quality standards, experience financial difficulties. Even though we aim to have backup sources of supply whenever possible, however, we cannot be certain that they will be sufficient if our principal sources become unavailable. Any of these factors could adversely affect our business.

COUNTERFEIT PRODUCTS COULD HARM OUR BUSINESS

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

The Company together with other pharmaceutical Companies in the country is devising a strategy to minimize the exposure consequent to the above risk facing the pharmaceutical industry as a whole.

The Company has established an anti-counterfeit function with an aim to trace/identify fake drug manufacturing units across the country adversely affecting the sales of the Company as well as causing reputational loss. With the help of law enforcing agencies, a number of these units were identified and dismantled.

CHANGES IN MARK-UP RATES COULD AFFECT OUR PROFITS BEFORE TAX

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

WE ARE SUBJECT TO THE RISK OF NON-PAYMENT BY OUR CUSTOMERS

We run the risk of non-payment by our customers, which consist principally of distributors, hospitals and government institutions. In order to minimize the credit risk exposure we sell our products either on cash basis or on credit to those customers with good credit standing. We also seek to manage our credit risk exposure as described in note 33.2 to the financial statements.

WE RELY ON OUR PATENTS AND PROPRIETARY RIGHTS TO PROVIDE EXCLUSIVE RIGHTS TO MARKET CERTAIN OF OUR PRODUCTS, AND IF SUCH PATENTS AND OTHER RIGHTS WERE LIMITED OR CIRCUMVENTED, OUR FINANCIAL RESULTS COULD BE MATERIALLY AND ADVERSELY AFFECTED

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

PRODUCT LIABILITY CLAIMS COULD ADVERSELY AFFECT OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

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

CLAIMS AND INVESTIGATIONS RELATING TO COMPLIANCE, COMPETITION LAW, MARKETING PRACTICES, PRICING, AS WELL AS OTHER LEGAL MATTERS, COULD ADVERSELY AFFECT OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

Any failure to comply directly or indirectly (including as a result of a business partners' breach) with law could lead to substantial liabilities. The Company is taking all necessary measures to ensure that the Company as well as its business partners conduct their affairs in a compliant manner, including but not limited to insisting the counter parties to adhere to the group's code of ethics.

WE MAY LOSE MARKET SHARE TO COMPETING REMEDIES OR GENERIC BRANDS

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

OUR PENSION AND GRATUITY LIABILITIES ARE AFFECTED BY FACTORS SUCH AS THE PERFORMANCE OF PLAN ASSETS, INTEREST RATES, ACTUARIAL DATA AND EXPERIENCE AND CHANGES IN LAWS AND REGULATIONS

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

RISKS RELATING TO FINANCIAL MARKETS

EXCHANGE RATE FLUCTUATIONS COULD AFFECT OUR OPERATING PROFITS

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

RELATED PARTY TRANSACTIONS

All related party transactions, during the year 2014, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the Board previously. The Company also maintains a full record of all such transactions, alongwith the terms and conditions. For further details please refer note 31 to the financial statements.

FINANCIAL STATEMENTS

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

CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the year the Company paid around Rs. 802.0 (2013: Rs.766.3) million to the government and its various agencies on account of various government levies including custom duty, income tax and Workers Welfare Fund.

CONTRIBUTION TO THE COUNTRY'S ECONOMY

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

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

CORPORATE SOCIAL RESPONSIBILITY

The Company operates in a socially responsible manner and is committed to the highest standards of corporate behavior. CSR is embedded into Sanofi's core business strategy, focused on the patient at the center of our activity.

Following is a snapshot of the Company's CSR initiatives during the year, brief detail of which are given on page 79 to page 85 of the Annual Report:

- The Kawish Community Service Project- a diabetes management clinic set up in Shah Faisal Colony as a result of a partnership between RLCC (Raana Liaquat Craftmen's Colony) and Sanofi Pakistan in 2013 continued in 2014 to extend support to the people of Shah Faisal Colony. The project benefited around 3,000 residents of Shah Faisal Colony in 2014. There are 180 registered diabetes patients receiving regular monitoring and treatment advice.
- Sanofi Pakistan conducted multiple free-of-cost blood glucose testing camps in 2014 in the country. Through these camps, around 300,000 individuals availed free testing.
- Genzyme – a Sanofi company, specializing in rare diseases, provided free of cost diagnostic support all across Pakistan. In 2014, more than 50 new cases of LSDs were diagnosed. Genzyme itself is also supporting free of cost treatment of 8 Gaucher disease patients.
- Sanofi Pakistan pledged support for the Aga Khan University's proposed "Center of Excellence for Cardiac Sciences". The project cost is PKR 1.2 billion. Sanofi will donate a total sum of PKR 3 million to the project over a 3 year (2015 – 2017) period.
- The Pakistan affiliate of Sanofi won an award at the Sanofi Global CSR Awards in November 2014. The prize included a cash component of €2000, which was presented to a local NGO named Literate Pakistan Foundation.
- In 2014, 17 employees of Sanofi Pakistan volunteered for multiple activities built around "Sanofi Season of Solidarity 2014" campaign. Focusing on sick, under-privileged or disabled children, the campaign targeted around 250 deserving children from the local community.
- In June 2014, 25 Sanofi volunteers launched an internal CSR program "Taleem" with the objective to impart education to custodial staff (such as janitors, tea boys, gardeners etc.) deployed at the Karachi Head Office. 18 learners enrolled in the program and successfully completed 2 sessions in 2014.

INFORMATION TECHNOLOGY

In line with our continuous endeavors to regularly upgrade information systems we continued with our policy to increasingly invest in information technology (IT) and to upgrade related infrastructure, thereby continuously improving and enhancing both qualitative and quantitative aspects of management reporting including decision making processes. IT spending during the year amounted to Rs.25.21 million (2013: Rs.26.5 million).

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

INFRASTRUCTURE

- Implementation of Server Virtualization technology
  All physical servers shifted to virtual servers thereby reducing number of servers in Data Center leading to lower power and cooling requirements. New hardware provides latest and advanced features for business applications.

- Upgrade of Key Network Equipment
  Replaced old and outdated network devices with new upgraded ones to improve availability, scalability, and performance of IS services.

- Redundant Power Source for Data Center
  Data Center has been revamped with reliable and dedicated power sources with backup (upgraded) UPS and Genset. This will avoid any unplanned outages due to power failure of main supply.

- Upgraded Desktops for Sales Offices & IA
  All Sales Offices across country have been provided with upgraded and additional desktops for smoother process execution. All outdated desktops in Industrial Affairs were also upgraded.

- Successful completion of Group Audit from IS perspective with no major findings/observations.

BUSINESS SOLUTIONS

- Reps Assessment Tool
  Rep Assessment Tool is a bridge between the business and HR in terms of performance. The tool identifies defined dimensions on knowledge, skills, over all attire and professional grooming. It works on both qualitative and quantitative dimensions of pharma reps.

- Sherlock Holmes
  It is a tool to gain insights and identifying the hotspots about the competition at territory & brick level based on IMS Sales Analyzer integration with the eTMS (electronic Territory Management System). New monthly comparison graphical charts were introduced for better analysis; this tool was originally introduced in 2012.

- CRM Database
  CRM Database was upgraded from legacy version of Oracle to latest and supported version increasing scalability, reliability, and performance for next 5 years.

- Diabetes e-Learn Project
  This is first of its kind project in Pakistan for Pharma Industry. Multiple teaching hospitals across Pakistan have been digitally connected for their collaboration needs, educational programs, clinical meetings, telemedicine, etc.

PRODUCT QUALITY

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

WEBSITE

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

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

HEALTH, SAFETY & ENVIRONMENT

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

Some of the key HSE highlights of the year 2014 were as follows:

- Site completed 365 days without any reportable occupational injury or fire event.
- In 2014, site achieved a milestone of 1 Million Safe Man-hours and now striving for next milestone of 3 Million.
- 1230 Man Hours of HSE training were provided to the workers other than daily and weekly safety talks.
- Site has been prepared for ISO and OHSAS Certification, Stage – I audit completed without any critical non-conformance
- Annual medical check-ups for employees working in sterile areas and directly exposed to the non-sterile products.
- Specific test for employees performing specific jobs includes eye testing, audiometry, pulmonary function test and sensitivity test.

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

ENVIRONMENT

Site has a dedicated waste water treatment plant to treat effluent. Site has started an upgrade project in 2014 for improving the efficiency and enhancing the capacity of the existing WWTP. The project will be completed in 2015.

ENVIRONMENTAL SUSTAINABILITY PROJECTS

- Site has constructed 3 ground water monitoring wells for ongoing ground water testing to identify any pollution caused to sub surface water.
- Site has also implemented the project for soil sampling and testing to monitor soil pollution in the premises.
- Site has completed the Environmental Audit by third party and Environmental Management Plan has been developed for the site.
- Site also has solid waste management program in place to handle hazardous and non-hazardous solid waste.

DIRECTORS

The following persons were elected as Directors in the 46th Annual General Meeting (AGM) of the Company held on Friday, April 25th, 2014

- Syed Babar Ali
- Mr. Ayub Siddiqui
- Syed Hyder Ali
- Mr. Arshad Ali Gohar
- Dr. Pius Hornstein
- Mr. Francois Jean Louis Briens
- Mr. Jean-Marc Georges
- Mr. Javed Iqbal
- Mr. Mohammad Ibadullah

Subsequent to the year-end Dr. Pius Hornstein resigned from the Board of the Company and in his place the Board has approved the appointment of Mr. Patrick Aghanian to fill the casual vacancy.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

CODE OF CONDUCT

Compliance is an integral part of the Sanofi way of doing business, which emanates from our Code of Ethics. The Code, which is approved by the Board, is communicated to employees and is available in both English and Urdu languages.

Training on compliance and ethics principles is mandatory for all employees, with additional specialized trainings for certain categories of employees. An eLearning platform is also available to ensure that trainings on code of ethics and other compliance policies are standardized across geographical boundaries.

The company has also set up adequate whistle blowing channels, which are communicated to all concerned stakeholders. Internal as well as external stakeholders can communicate their concerns on Compliance at compliance.pk@sanofi.com

ANTI-CORRUPTION MEASURES

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

AUDIT COMMITTEE

The Board Audit Committee comprises of following members:

• Syed Hyder Ali	Chairman (Non-Executive Director)
• Mr.Javed Iqbal	Member (Independant Director)
• Mr. Francois Jean Louis Briens	Member (Non-Executive Director)
Mr.Yasser Pirmuhammad	Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration Committee comprises of the following members:

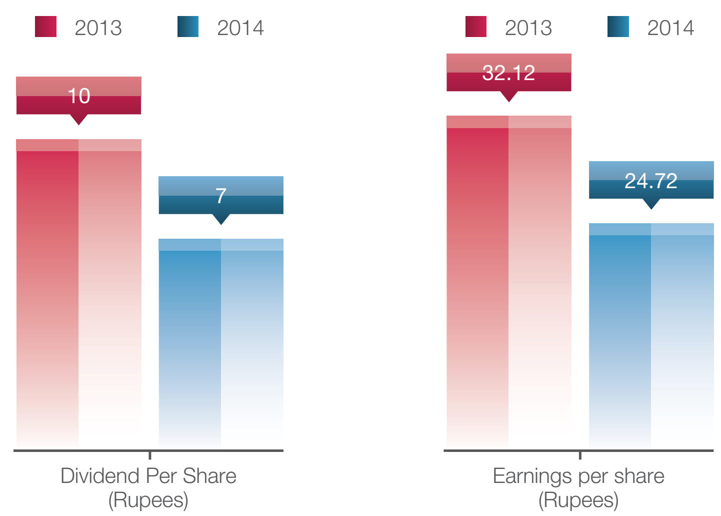
• Mr. Arshad Ali Gohar	Chairman (Non-Executive Director)
• Syed Hyder Ali	Member (Non-Executive Director)
• Mr. Ayub Siddiqui	Member (Executive Director - CEO)
Mr. Shakeel Mapara	Secretary

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding is shown on page 150 to the financial statements.

EARNINGS PER SHARE

The earnings per share after tax was Rs.24.72 (2013: Rs.32.12).



HOLDING COMPANY

The Company is a subsidiary of SECIPE, France, holding 5,099,469 (2013: 5,099,469) ordinary shares of Rs.10 each constituting 52.88% of the issued share capital of the Company. The ultimate parent of the Group is Sanofi S.A., France.

AUDITORS

The present external auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants shall retire at the conclusion of Annual General Meeting on April 27, 2015 and being eligible; have offered themselves for reappointment for the year 2015. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending December 31, 2015.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company, present fairly, its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained
- Accounting policies have been consistently applied in the accounts in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts regarding the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- Significant deviations from last year in operating results have been explained in detail together with the reasons thereof in the earlier pages to this report.
- Key operating and financial data for the last six years is shown on pages from 155 to 159.
- The value of investments of provident, gratuity and pension funds based on their accounts (audit in progress) as at December 31, 2014 was as follows:

	Rs. in 000
Provident Fund	460,051
Gratuity Fund	332,249
Pension Fund	444,802

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

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

Name of Director	No. of meetings attended
Syed Babar Ali – Chairman	3
Mr. Ayub Siddiqui – Chief Executive Officer (elected on the Board on April 25, 2014)	2
Mr. Tariq Wajid – ex-Chief Executive Officer (remained on Board till April 25, 2014)	2
Syed Hyder Ali	4
Mr. Arshad Ali Gohar	4
Mr. Javed Iqbal (elected on the Board on April 25, 2014)	2
Dr. Pius Hornstein	None
Mr. Francois Jean Louis Briens	None
Mr. Jean-Marc Georges	None
Mr. Mohammad Ibadullah	4
Dr. Amanullah Khan (remained on Board till April 25, 2014)	2
Syed Muhammad Ali Hasani (Alternate for Jean-Marc Georges)	3
Mr. Shakeel Mapara (Alternate for Francois Jean Louis Briens)	4
Ms. Laila Khan (Alternate for Dr. Pius Hornstein)	3

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

No trade was carried out in the shares of the company by the directors, CEO, CFO, Company Secretary, executives and their spouses & minor children during the year.

FUTURE OUTLOOK

OPERATIONS – PHARMACEUTICAL BUSINESS SALES & PROFITABILITY

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

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

The Company has commercialized Genzyme business in Pakistan following Sanofi's global acquisition of Genzyme. Company is focusing on introduction of new products from pipeline of Genzyme, thereby enhancing Sanofi's position in the Specialty segment by addressing rare diseases.

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

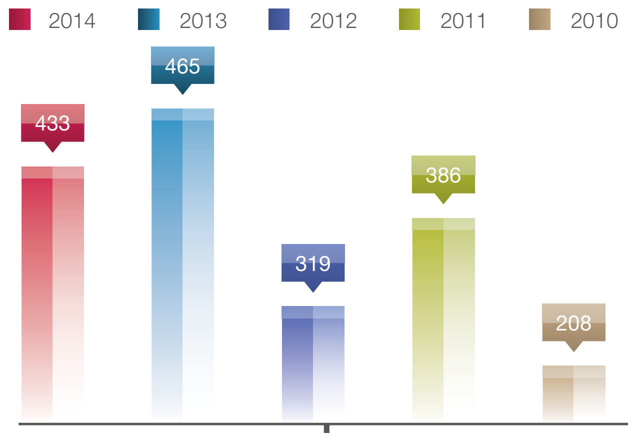
OPERATIONS – CONSUMER HEALTHCARE (CHC) BUSINESS

As part of our strategy to become "A diversified healthcare leader focused on patients' needs", the Company plans to further its presence in the consumer healthcare business in Pakistan. Following re-launch of Selsun® Blue Shampoo in 2012 as well as Nutraceutical range of products during the current year, the Company is now planning on expanding the consumer healthcare portfolio by introducing other consumer products under the Chattem umbrella.

Innovation is the key for growing the business. We will continue to expand into new categories and explore innovative areas to strengthen consumer loyalty and recruit new users. We will further develop those brand platforms through organic growth, such as line extensions.

CAPITAL EXPENDITURE

A total of Rs. 309.4 million was spent on various projects related to production facilities during the year 2014 with a plan to spend approximately Rs. 332 million in the year 2015. Significant portion of the capital expenditure pertains to expansion, modernization, balancing, and upgrading of our production facilities.



Capital Expenditure
(Rs. in million)

CASH FLOW MANAGEMENT

The Company devotes utmost importance to cash flow management and regularly monitors its day to day working capital requirements which are financed through cash flows from operating activities as well as externally committed funding facilities. The Company's gearing ratio as of December 31, 2014 at 58% (2013: 52%), is the resultant of higher financing costs and increased working capital requirements as well as pending income tax refunds with the Government of Pakistan.

GENERAL

The Board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss Company's performance during the year 2014, and is thankful for the trust and confidence reposed in the Board by the shareholders.

We are exceedingly grateful to our employees as good results are first and foremost due to people, and thank them for their efforts which played a major role in the results achieved in 2014.

By order of the Board

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive Officer

Karachi: 12th March, 2015

AUDITORS' REPORT TO THE MEMBERS

EY
Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Pakistan

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We have audited the annexed balance sheet of sanofi-aventis Pakistan Limited as at 31December 2014 and the related profit and loss account,statement of comprehensive income,cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, gives the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Riaz A.Rehman Chamdia
Date: 12th March, 2015
Place: Karachi

Balance Sheet

As at December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	2,018,562	1,845,108
Intangible assets	4	220	343
		2,018,782	1,845,451
Long-term loans	5	7,737	7,386
Long-term deposits		4,030	4,030
CURRENT ASSETS			
Stores and spares	6	49,471	49,469
Stock-in-trade	7	3,758,056	2,451,046
Trade debts	8	733,717	905,875
Short-term loans and advances	9	49,250	40,133
Trade deposits and short-term prepayments	10	218,792	119,798
Other receivables	11	178,899	364,285
Taxation - payment less provision		804,733	723,557
Cash at banks	12	9,280	21,925
		5,802,198	4,676,088
TOTAL ASSETS		7,832,747	6,532,955
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	96,448	96,448
Reserves	14	2,295,699	2,130,165
		2,392,147	2,226,613
NON-CURRENT LIABILITIES			
Long-term financing	15	500,000	500,000
Deferred taxation	16	132,276	136,501
		632,276	636,501
CURRENT LIABILITIES			
Trade and other payables	17	1,991,679	1,624,684
Accrued mark-up		67,778	64,295
Short-term borrowings	18	600,000	400,000
Running finances utilised under mark-up arrangements - secured	19	2,148,867	1,580,862
		4,808,324	3,669,841
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		7,832,747	6,532,955

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Karachi: 12th March, 2015

Profit and Loss Account

For the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
NET SALES	21	9,949,460	8,791,590
Cost of sales	22	(7,415,178)	(6,113,665)
GROSS PROFIT		2,534,282	2,677,925
Distribution and marketing costs	22	(1,806,568)	(1,458,545)
Administrative expenses	22	(273,665)	(236,944)
Other operating expenses	23	(46,480)	(249,545)
Other income	24	221,906	40,505
		(1,904,807)	(1,904,529)
OPERATING PROFIT		629,475	773,396
Finance costs	25	(293,678)	(233,188)
PROFIT BEFORE TAXATION		335,797	540,208
Taxation - Current		(149,861)	(228,925)
- Prior		54,277	(20,156)
- Deferred		(1,748)	18,698
Taxation	26	(97,332)	(230,383)
NET PROFIT FOR THE YEAR		238,465	309,825
EARNINGS PER SHARE - basic and diluted (Rupees)	27	24.72	32.12

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Karachi: 12th March, 2015

Statement of Comprehensive Income

For the year ended December 31, 2014

	December 31, 2014	December 31, 2013
	Rupees in '000	
Net profit for the year	238,465	309,825
Other comprehensive loss for the year		
Actuarial losses recognised directly in the equity	(18,100)	(3,188)
Deferred tax on actuarial losses recognised directly in the equity	5,973	1,084
Total other comprehensive loss - net of tax	(12,127)	(2,104)
Total comprehensive income for the year	226,338	307,721

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Karachi: 12th March, 2015

CASH FLOW STATEMENT

For the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	256,633	148,443
Finance costs paid		(290,195)	(212,623)
Income tax paid		(176,760)	(252,853)
Long-term loans (net)		(351)	590
Retirement benefits paid		(56,875)	(36,282)
Long-term deposits (net)		-	999
Net cash used in operating activities	29	(267,548)	(351,726)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(433,469)	(464,558)
Sale proceeds from disposal of operating fixed assets	3.1.3	16,359	18,262
Interest received		145	41
Net cash used in investing activities		(416,965)	(446,255)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		-	(125,000)
Repayment of liability against asset subject to finance lease		-	(2,453)
Short term borrowings obtained		200,000	400,000
Long-term financing obtained		-	500,000
Dividends paid		(96,137)	(120,007)
Net cash inflow from financing activities		103,863	652,540
NET DECREASE IN CASH AND CASH EQUIVALENTS		(580,650)	(145,441)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(1,558,937)	(1,413,496)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	(2,139,587)	(1,558,937)

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Karachi: 12th March, 2015

Statement of Changes in Equity

For the year ended December 31, 2014

	Capital Reserves				Revenue Reserves		
	Issued, subscribed and paid-up share capital	long term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappro-priated profit	Total
	Rupees in '000						
Balance as at January 1, 2013	96,448	5,935	18,000	105,332	1,285,538	504,128	2,015,381
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	24,071	-	-	24,071
Final dividend @ Rs.12.50 per ordinary share of Rs. 10 each for the year ended December 31, 2012	-	-	-	-	-	(120,560)	(120,560)
Transfer to general reserve	-	-	-	-	250,000	(250,000)	-
Net profit for the year	-	-	-	-	-	309,825	309,825
Other comprehensive loss for the year	-	-	-	-	-	(2,104)	(2,104)
Total comprehensive income for the year	-	-	-	-	-	307,721	307,721
Balance as at December 31, 2013	96,448	5,935	18,000	129,403	1,535,538	441,289	2,226,613
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	35,644	-	-	35,644
Final dividend @ Rs.10.00 per ordinary share of Rs. 10 each for the year ended December 31, 2013	-	-	-	-	-	(96,448)	(96,448)
Transfer to general reserve	-	-	-	-	200,000	(200,000)	-
Net profit for the year	-	-	-	-	-	238,465	238,465
Other comprehensive loss for the year	-	-	-	-	-	(12,127)	(12,127)
Total comprehensive income for the year	-	-	-	-	-	226,338	226,338
Balance as at December 31, 2014	96,448	5,935	18,000	165,047	1,735,538	371,179	2,392,147

The annexed notes 1 to 38 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Karachi: 12th March, 2015

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

2.2 Basis of preparation

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

2.3 New standards, amendments to approved accounting standards and new interpretations

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

(ii) The Company has adopted the following amended IFRSs and IFRIC interpretations which became effective during the year:

IAS 32 - Financial Instruments: Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 - Financial Instruments: Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities

IFRIC 21 - Levies

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the financial statements.

2.4 Property, plant and equipment

(i) Operating fixed assets

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

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

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

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

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

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

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

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

(ii) Capital work-in-progress

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

2.5 Intangible asset – computer software and product license

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

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

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

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

2.6 Long-term loans and deposits

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

2.7 Stores and spares

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

2.8 Stock-in-trade

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

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

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

2.9 Trade debts and other receivables

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

2.10 Employees benefits

Defined benefit plans

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

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

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

The gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuation in this regard was carried out as at December 31, 2014. The present values of the obligations are determined by discounting the estimated future cash outflows using interest rates of high quality government securities that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity in the statement of comprehensive income in the period in which they arise. All past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

Defined contribution plan

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

2.11 Taxation

Current

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

Deferred

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

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

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

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

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

2.12 Cash and cash equivalents

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

2.13 Impairment

(i) Financial assets

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

(ii) Non-Financial assets

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

2.14 Trade and other payables

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

2.15 Compensated absences

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

2.16 Provisions

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

2.17 Foreign currency translation

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

2.18 Borrowings

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

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

2.19 Revenue recognition

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

2.20 Borrowing costs

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

2.21 Financial instruments

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

2.22 Derivative financial instruments and hedging activities

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

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

2.23 Off-setting of financial instruments

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

2.24 Share-based compensation

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

2.25 Significant accounting judgments and estimates

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

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

(i) Property, plant and equipment

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

(ii) Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and also review the inventories for obsolescence.

(iii) Provision for doubtful debts and stocks

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

(iv) Post retirement benefits

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

(v) Share-based compensation plans

The Company has share-based transactions involving group companies shares accounted for using various assumptions as disclosed in note 14.1 below. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(vi) Taxation

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

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

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

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

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

Standard or Interpretation			Effective date (annual periods beginning on or after)
IFRS 10	-	Consolidated Financial Statements	January 1, 2015
IFRS 11	-	Joint Arrangements	January 1, 2015
IFRS 12	-	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	-	Fair Value Measurement	January 1, 2015
IAS 1	-	Presentation of Financial Statements – Disclosure Initiative (Amendment)	January 1, 2016
IAS 16&38	-	Property, Plant and Equipment & intangible assets – Clarification of Acceptable Method of Depreciation and amortisation (Amendment)	January 1, 2016
IAS 16&41	-	Property, Plant and Equipment & Agriculture: Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 19	-	Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendment)	July 1, 2014

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014 and January 01, 2016. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard			IASB Effective date (annual periods beginning on or after)
IFRS 9	–	Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14	–	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	–	Revenue from Contracts with Customers	January 1, 2017

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	1,822,726	1,483,551
Capital work-in-progress	3.2	195,836	361,557
		2,018,562	1,845,108

3.1 OPERATING FIXED ASSETS

	Leasehold land	Buildings on leasehold land	Plant and Machinery	Furniture and Fixtures	Factory and Office Equipment	Motor Vehicles: Owned	Motor Vehicles: Held under finance lease	Total
	Rupees in '000							
NET CARRYING VALUE BASIS								
Year ended December 31, 2014								
Opening net carrying value	315	615,809	643,753	19,366	59,213	145,095	-	1,483,551
Additions	-	54,599	355,652	10,161	94,266	84,512	-	599,190
Disposals	-	-	-	-	(26)	(6,600)	-	(6,626)
Write offs	-	-	-	-	(106)	-	-	(106)
Depreciation charge	(6)	(43,070)	(155,494)	(4,504)	(31,595)	(18,614)	-	(253,283)
Closing net carrying value	309	627,338	843,911	25,023	121,752	204,393	-	1,822,726
GROSS CARRYING VALUE BASIS								
As at December 31, 2014								
Cost	480	955,010	2,035,000	53,978	241,265	285,447	-	3,571,180
Accumulated depreciation	(171)	(327,672)	(1,191,089)	(28,955)	(119,513)	(81,054)	-	(1,748,454)
Net carrying value	309	627,338	843,911	25,023	121,752	204,393	-	1,822,726
NET CARRYING VALUE BASIS								
Year ended December 31, 2013								
Opening net carrying value	321	510,110	680,884	21,021	53,456	104,375	1,403	1,371,570
Additions	-	144,578	102,889	2,382	25,615	83,773	-	359,237
Disposals	-	-	-	-	(36)	(2,840)	-	(2,876)
Write offs	-	-	-	-	(7)	-	-	(7)
Depreciation charge	(6)	(38,879)	(140,020)	(4,037)	(19,815)	(40,213)	(1,403)	(244,373)
Closing net carrying value	315	615,809	643,753	19,366	59,213	145,095	-	1,483,551
GROSS CARRYING VALUE BASIS								
As at December 31, 2013								
Cost	480	900,411	1,688,108	43,819	155,382	236,187	10,503	3,034,890
Accumulated depreciation	(165)	(284,602)	(1,044,355)	(24,453)	(96,169)	(91,092)	(10,503)	(1,551,339)
Net carrying value	315	615,809	643,753	19,366	59,213	145,095	-	1,483,551
Depreciation rate % per annum	1.23	5	10	10	7 to 33	20	20	

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

3.1.2 Change in accounting estimate

During the year the Company has revised the accounting estimate relating to residual value for motor vehicles with effect from January 01, 2014. The revisions were accounted for prospectively as a change in accounting estimate.

Had the estimate not been revised, the depreciation charge for the period would have been higher by Rs. 25.906 million and the carrying value of the fixed assets and profit before tax would have been lower by the same amount.

NOTES TO THE FINANCIAL STATEMENTS
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3.1.3 The details of operating fixed assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Net carrying value	Sale proceeds	Gain/(loss)	Mode of Disposal	Particulars of buyers
	Rupees in '000						
Machinery & other equipment							
Items having carrying value of less than Rs.50,000 each	8,759	8,759	-	635	635	Various	
Factory and office equipment							
Items having carrying value of less than Rs.50,000 each	7,382	7,356	26	484	458	Various	
	16,141	16,115	26	1,119	1,093		
Vehicles	2,447	352	2,095	2,039	(56)	Company Policy	Masaud Ahmed (Ex-Director)
	1,010	210	800	724	(76)	---do---	Ghazala Parveen (Ex-Executive)
	1,330	774	556	355	(201)	---do---	Farooq Sheikh (Ex-Executive)
	1,294	820	474	475	1	---do---	Naeem Ayubi (Ex-Executive)
	754	353	401	339	(62)	---do---	Arif Modan (Ex-Executive)
	1,359	1,110	249	544	295	---do---	Masood Khan (Director)
	1,329	1,108	221	532	311	---do---	Arfan Ahmed Rana (Executive)
	1,329	1,130	199	532	333	---do---	Ahsan Rizvi (Executive)
	679	487	192	272	80	---do---	Furqan Hussain (Ex-Executive)
	627	518	109	251	142	---do---	Arshad Hussain (Executive)
	1,308	1,199	109	523	414	---do---	Imran Ul Haq (Executive)
	632	531	101	253	152	---do---	Zuhair Ansari (Executive)
	1,428	1,333	95	571	476	---do---	Waqar Jeoffrey (Associate Director)
	632	544	88	253	165	---do---	Muhammad Nauman (Executive)
	632	552	80	253	173	---do---	Samar Abbas (Executive)
	1,428	1,357	71	567	496	---do---	Shahzada Aurangzeb (Executive)
	504	437	67	202	135	---do---	Syed Asim (Executive)
	642	578	64	257	193	---do---	Shahid Khan (Executive)
	666	614	52	266	214	---do---	Ahsen Zeeshan (Executive)
	664	614	50	266	216	---do---	Muhammad Saeed (Executive)
	664	614	50	266	216	---do---	Syed Amir Ali (Executive)
	664	614	50	266	216	---do---	Raza Khan (Executive)
	664	614	50	266	216	---do---	Haider Abbas (Executive)
	664	614	50	266	216	---do---	Attiq Ur Rehman (Executive)
Items having carrying value of less than Rs.50,000 each	22,406	22,079	327	4,702	4,375	Various	Various
	45,756	39,156	6,600	15,240	8,640		
	61,897	55,271	6,626	16,359	9,733		

	December 31, 2014	December 31, 2013
	Rupees in '000	
3.2 Capital work-in-progress		
Building on leasehold land	5,217	17,680
Plant and machinery	171,725	330,213
Others	7,925	5,243
	184,867	353,136
Advances to contractors and suppliers - vehicles	9,839	3,012
- others	1,130	5,409
	195,836	361,557
4. INTANGIBLE ASSETS - computer software and product license		
Net carrying value basis		
Year ended December 31		
Opening net carrying value	343	38
Addition during the year	-	367
Amortization charge	(123)	(62)
Closing net carrying value	220	343
Gross carrying value basis		
As at December 31		
Cost	72,785	72,785
Accumulated amortization	(72,565)	(72,442)
Net carrying value	220	343
Amortization rate per annum	33% & 80%	33% & 80%
Remaining useful life	1.9 years	2.9 years

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
5. LONG TERM LOANS			
Considered good - unsecured			
Employees	5.1	12,902	11,804
Current maturity shown under current assets	9	(5,227)	(4,917)
		7,675	6,887
Considered good - unsecured			
Vendor	5.2	174	785
Current maturity shown under current assets	9	(112)	(286)
		62	499
		7,737	7,386

5.1 Reconciliation of carrying amount of loans to employees:			
Opening balance as at January 1		11,804	11,767
Disbursements		7,666	6,405
Repayments		(6,568)	(6,368)
Closing balance as at December 31		12,902	11,804

These represent loans for the purchase of motor cars, motor cycles and personal expenses, in accordance with the Company's policy. Loans for the purchase of motor cars and motor cycles are interest free whereas personal loans, representing capital goods fund and housing scheme, carry mark-up / interest at the rate of 9% (2013: 9%) and 14% (2013: 14%) per annum, respectively. These are repayable within five years in equal monthly installments, except for capital goods fund which are repayable over a period of three years.

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

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
6. STORES AND SPARES			
Stores		18,805	17,934
Spares		30,791	31,660
Provision against obsolete spares		(125)	(125)
		30,666	31,535
		49,471	49,469
7. STOCK-IN-TRADE			
Raw and packing material and auxiliaries			
In hand	7.1	1,368,727	866,953
In transit		403,940	161,526
		1,772,667	1,028,479
Provision against raw and packing material	7.2	(18,565)	(4,915)
		1,754,102	1,023,564
Work-in-process		82,646	87,464
Finished goods			
In hand	7.3	1,757,520	1,237,633
In transit		199,083	128,517
		1,956,603	1,366,150
Provision against finished goods	7.4 & 7.5	(35,295)	(26,132)
		1,921,308	1,340,018
		3,758,056	2,451,046

NOTES TO THE FINANCIAL STATEMENTS
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7.1 This includes raw and packing material held with third parties, aggregating to Rs. 79.862 (2013: Rs. 42.512) million, at the end of the current year.

7.2 During the current year, provisions aggregating to Rs. 13.650 (2013: 3.831) million were booked in respect of slow moving raw and packing material.

7.3 This includes cost of physician samples, aggregating to Rs.20.883 (2013: Rs. 21.612) million, at the end of the current year.

7.4 This includes write down of finished goods costing Rs. 77.693 (2013: Rs. 175.918) million, to their net realizable value of Rs. 64.614 (2013: Rs. 155.093) million.

7.5 During the current year, provision aggregating to Rs. 9.163 million were provided (2013: Rs. 26.498 million written back) in respect of finished goods.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
8. TRADE DEBTS - Unsecured			
Considered good	8.1	733,717	905,875
Considered doubtful		931	1,464
		734,648	907,339
Provision against debts considered doubtful		(931)	(1,464)
		733,717	905,875

8.1 Amount due from related parties at the end of the current year was Rs. 32.895 (2013: Nil) million. Maximum amount due from related parties at the end of any month during the year was Rs. 32.895 (2013: Rs. 7.864) million.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
9. SHORT-TERM LOANS AND ADVANCES			
Considered good - unsecured			
Loans			
Current maturity of long-term loans to employees	5	5,227	4,917
Current maturity of long-term loans to vendor	5	112	286
		5,339	5,203
Advances			
Executives	9.1	2,287	1,487
Employees		8,318	5,561
Contractors and suppliers		33,306	27,882
		43,911	34,930
		49,250	40,133

9.1 The maximum aggregate amount due from Executives at the end of any month during the year was Rs. 1.780 (2013: Rs. 3.358) million.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Tender deposits		202,622	103,717
Margin against letters of credit		-	2,818
		202,622	106,535
Provision against tender deposits considered doubtful		(591)	(591)
		202,031	105,944
Short-term prepayments		16,761	13,854
		218,792	119,798
11. OTHER RECEIVABLES			
Considered good			
Due from - related parties	11.1 & 11.2	160,960	334,921
- others	11.3	16,571	17,044
Employees' Gratuity Fund	11.4	-	5,976
Sales tax receivable on services		-	5,662
Miscellaneous		1,368	682
Considered doubtful			
Sales tax refundable		5,918	5,918
Provision against sales tax refundable considered doubtful		(5,918)	(5,918)
		-	-
		178,899	364,285

11.1 This represents reimbursements due from the following related parties:

	2014	2013
Sanofi-Aventis Singapore Pte Limited	158,520	332,496
Sanofi-Aventis Groupe	812	1,369
Sanofi-Aventis Gulf	131	-
Sanofi-Aventis ilaclari Sirketi	93	-
Sanofi-Aventis Bangladesh Limited	1,404	1,056
	160,960	334,921

11.2 The maximum amount due from related parties at the end of any month during the year was Rs. 341.795 (2013: Rs. 334.921) million.

11.3 This includes Rs. 15 million receivable against the sale of Wah Site, made in 2012, from M/s. COMSATS Institute of Information Technology, which is pending upon the final transfer of title of the property in the name of the buyer.

11.4 The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2014 were as follows:

	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
	Rupees in '000		Rupees in '000	
Balance sheet reconciliation as at December 31				
Fair value of plan assets	437,805	360,240	329,177	313,073
Present value of defined benefit obligation	(464,032)	(402,198)	(349,457)	(307,097)
Net (liability) / asset in balance sheet	(26,227)	(41,958)	(20,280)	5,976
Movement in (liability) / asset				
(Payable) / Prepayment as at January 1	(41,958)	(30,602)	5,976	7,057
Charge for the year	(28,109)	(21,411)	(21,191)	(24,120)
Employer contribution	36,521	21,389	20,354	14,893
Actuarial gain / (loss) recognised in equity	7,319	(11,334)	(25,419)	8,146
(Payable) / prepayment as at December 31	(26,227)	(41,958)	(20,280)	5,976
Expense recognised				
Current service cost	19,011	15,040	26,620	23,035
Past service cost	8,418	4,200	-	-
Interest cost	48,824	42,829	35,410	32,713
Expected return on plan assets	(48,144)	(40,376)	(40,839)	(33,798)
Annual amortization of unrecognised past service cost	-	(282)	-	2,170
	28,109	21,411	21,191	24,120
Actual return on plan assets	64,256	34,585	43,381	37,206
Movement in the defined benefit obligation				
Obligation as at January 1	402,198	350,668	307,097	267,322
Current service cost	19,011	15,040	26,620	23,035
Interest cost	48,824	42,829	35,410	32,713
Past service cost	8,418	4,200	-	-
Benefits paid	(23,212)	(16,083)	(47,631)	(11,235)
Actuarial loss / (gain)	8,793	5,544	27,961	(4,738)
Obligation as at December 31	464,032	402,198	349,457	307,097
Movement in fair value of plan assets				
Fair value as at January 1	360,240	320,348	313,073	272,210
Expected return on plan assets	48,144	40,376	40,839	33,797
Employer contributions	36,521	21,389	20,354	14,893
Benefits paid	(23,212)	(16,083)	(47,631)	(11,235)
Actuarial gain / (loss)	16,112	(5,790)	2,542	3,408
Fair value as at December 31	437,805	360,240	329,177	313,073

	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
Key actuarial assumptions used are as follows				
Discount factor used	11.25%	12.5%	11.25%	12.5%
Expected rates of return per annum on plan assets	11.25%	12.5%	11.25%	12.5%
Expected rate of increase in future salaries per annum	11.25%	12.5%	11.25%	12.5%
Indexation of pension	7.0%	8.0%	-	-
Retirement age (years)	60 years	60 years	60 years	60 years

	2014 Rs in '000	2014 %	2013 Rs in '000	2013 %
Plan assets comprise of:				
Funded pension plan				
Debt	349,560	79.84	271,098	75.26
Equity	58,399	13.34	53,870	14.95
Others (includes cash and bank balances)	29,846	6.82	35,272	9.79
	437,805	100.00	360,240	100.00
Funded gratuity plan				
Debt	250,773	76.18	240,117	76.70
Equity	43,394	13.18	46,723	14.92
Others (includes cash and bank balances)	35,010	10.64	26,233	8.38
	329,177	100.00	313,073	100.00

Comparison for five years:

	2014	2013	2012	2011	2010
	Rupees in '000'				
Funded pension plan					
Fair value of plan assets	437,805	360,240	320,348	313,580	290,699
Present value of defined benefit obligation	(464,032)	(402,198)	(350,668)	(276,086)	(234,829)
(Deficit) / surplus	(26,227)	(41,958)	(30,320)	37,494	55,870
Experience adjustment					
Actuarial loss on obligation	(8,793)	(5,544)	(25,426)	(6,689)	(10,097)
Actuarial gain / (loss) on plan assets	16,112	(5,790)	16,290	4,068	(5,950)
Funded gratuity plan					
Fair value of plan assets	329,177	313,073	272,210	197,773	190,978
Present value of defined benefit obligation	(349,457)	(307,097)	(267,323)	(230,840)	(191,643)
(Deficit) / surplus	(20,280)	5,976	4,887	(33,067)	(665)
Experience adjustment					
Actuarial (loss) / gain on obligation	(27,961)	4,738	(6,063)	(14,729)	627
Actuarial gain / (loss) on plan assets	2,542	3,408	10,141	(11,958)	7,159

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

11.6 Based on the actuarial advice, the amount of expected contribution to gratuity and pension funds during the year 2015 will be Rs. 33.894 million and Rs. 22.513 million respectively.

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	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
12. CASH AT BANKS			
In current accounts - local currency	12.1	5,441	7,449
In current accounts - foreign currency		3,839	14,476
		9,280	21,925

12.1 Included herein is a sum of Rs.0.774 (2013: Rs. 0.774) million, representing refundable deposits received from distributors, transporters and suppliers.

13. SHARE CAPITAL

No. of shares December 31, 2014	No. of shares December 31, 2013		December 31, 2014 Rupees in '000	December 31, 2013 Rupees in '000
		Authorized share capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10 each	100,000	100,000
		Issued, subscribed and paid up capital		
2,757,783	2,757,783	Ordinary shares of Rs. 10 each fully paid in cash	27,578	27,578
		Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash:		
687,500	687,500	- against plant and equipment	6,875	6,875
140,000	140,000	- against loan	1,400	1,400
2,700,000	2,700,000	- in exchange for 450,000 Ordinary shares of Rs. 10 each of former Rhone Poulenc Rorer Pakistan (Private) Limited	27,000	27,000
3,527,500	3,527,500		35,275	35,275
3,359,477	3,359,477	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	33,595	33,595
9,644,760	9,644,760		96,448	96,448

SECIPE (a wholly owned subsidiary of Sanofi S.A) held 5,099,469 (2013: 5,099,469) ordinary shares of Rs. 10/- each, aggregating to Rs. 50,994,690, constituting 52.88% of issued share capital of the Company, at the end of the current year. The ultimate parent of the group is sanofi S.A. (formerly Sanofi-aventis S.A.).

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
14. RESERVES			
Capital reserves			
Long-term liabilities forgone		5,935	5,935
Difference of share capital under scheme of arrangement for amalgamation		18,000	18,000
Others		165,047	129,403
		188,982	153,338
Revenue reserves			
General reserve		1,735,538	1,535,538
Un-appropriated profit		371,179	441,289
		2,106,717	1,976,827
		2,295,699	2,130,165

14.1 Share-based compensation plans

As at December 31, 2014, the Company had following equity settled share-based compensation plans:

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

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

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

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

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

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

Origin	Date of grant	Vesting period (years)	Options granted (number)	Start date of exercise period	Expiration Date	Exercise price (€)	Options outstanding at December 31, 2014 (number)
Sanofi S.A., France	31/05/2005	4	13,500	01/06/2009	31/05/2015	70.38	2,500
Sanofi S.A., France	14/12/2006	4	13,300	15/12/2010	14/12/2016	66.91	2,300
Sanofi S.A., France	13/12/2007	4	13,900	14/12/2011	13/12/2017	62.33	2,800
Sanofi S.A., France	02/03/2009	4	7,595	04/03/2013	01/03/2019	45.09	840
Sanofi S.A., France	01/03/2010	4	8,035	03/03/2014	28/02/2020	54.12	3,170
TOTAL			56,330				11,610

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

Summary of stock option plans:

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

	Number of options	Weighted average exercise price per share (€)
Options outstanding at January 1, 2013	48,595	61.31
Of which exercisable	33,700	66.37
Options granted	-	-
Options exercised	(24,880)	(61.00)
Options cancelled	(2,800)	(66.84)
Options forfeited	-	-
Options outstanding at December 31, 2013	20,915	60.94
Of which exercisable	13,055	66.98
Options granted	-	-
Options exercised	(9,305)	(66.84)
Options cancelled	-	-
Options forfeited	-	-
Options outstanding at December 31, 2014	11,610	60.94
Of which exercisable	11,610	66.98

The expense recognised for stock option plans, and the corresponding entry taken to equity, amounted to Rs. 0.167 million (2013: Rs. 2.092) million.

As of December 31, 2014, the total cost related to non-vested share-based compensation arrangements amounted to Rs. Nil (2013: Rs.0.351) million to be recognised over a weighted average period of nil year (2013: 0.17 years).

Restricted share plan:

The Board of Directors of Sanofi S.A., France, in a meeting held on March 5, 2014, decided to award a restricted share plan comprising 3,650 shares to some of the employees of the Company, which will vest after a four-year service period.

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

The plans were measured as of the date of grant. The fair value of each share awarded is equal to the listed market price of the share as of that date, adjusted for dividends expected during the vesting period. The fair value of each share awarded as on March 5, 2014 amounted to €59.68.

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

An expense of Rs. 35.477 (2013: Rs. 21.978) million was recognised for this plan during the year ended December 31, 2014.

The number of restricted shares outstanding as of December 31, 2014 were 27,530 (2013: 23,808).

15. LONG-TERM FINANCING - Secured

This represents long-term loan obtained from a commercial bank on July 2, 2013 which is payable in full after three years and is secured by way of an equitable mortgage of Rs.1,167 million over all present and future fixed assets of the Company. The loan carries mark-up at the rate of 0.5% over three months Karachi Interbank Offer Rate (KIBOR) payable on quarterly basis, without any floor or cap.

16. DEFERRED TAXATION

	December 31, 2014	December 31, 2013
	Rupees in '000	
Credit balances arising from:		
Accelerated tax depreciation allowance	189,013	170,470
Unrealized exchange gain	11,827	-
Debit balances resulting from:		
Short-term provisions against:		
- trade debts	(219)	(348)
- stock in trade	(8,286)	(6,210)
- stores and spares	(4,410)	(1,198)
- defined benefit plans	(10,937)	(8,550)
- unrealized exchange loss	-	(3,941)
- liabilities outstanding more than three years	(18,306)	(12,175)
- minimum tax	(24,876)	-
- others	(1,530)	(1,547)
	132,276	136,501

NOTES TO THE FINANCIAL STATEMENTS
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17. TRADE AND OTHER PAYABLES

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
Trade creditors			
Related parties		997,534	786,907
Other trade creditors		228,766	148,942
		1,226,300	935,849
Other payables			
Accrued liabilities		560,093	500,617
Employees' Pension Fund	11.4	26,227	41,958
Employees' Gratuity Fund	11.4	20,280	-
Amount payable under voluntary separation scheme	17.1	24,000	30,267
Advances from customers		21,999	5,844
Workers' Profits Participation Fund	17.2	18,433	29,566
Workers' Welfare Fund		9,789	11,161
Central Research Fund		3,412	5,469
Compensated absences		64,680	46,288
Security deposits		774	774
Contractors' retention money		3,961	7,876
Unclaimed dividend		3,665	3,353
Withholding income tax payable		3,341	-
Sales tax payable		4,725	5,662
		765,379	688,835
		1,991,679	1,624,684

17.1 In 2010, the Company initiated a plan to achieve rationalization and restructuring. Under this plan, a provision of Rs. 24.000 (2013: Rs. 30.267) million was made on account of voluntary separation scheme for planned staff redundancy in respect of some of the factory employees. The amount of provision of Rs. 24.000 (2013: Rs. 30.267) million is expected to be utilised during the year 2015.

17.2 Workers' Profits Participation Fund

	December 31, 2014	December 31, 2013
	Rupees in '000	
Balance at the beginning of the year	29,566	38,743
Allocation for the year	18,238	29,371
	47,804	68,114
Interest on funds utilised in Company's business	432	1,213
	48,236	69,327
Amount paid to the Trustees of the Fund	(29,803)	(39,761)
	18,433	29,566

18. SHORT-TERM BORROWINGS - Secured

This represent short term money market loan obtained from a commercial bank which is either paid on maturity or rolled over with only the mark-up payment. The average term is one month and average mark-up rate is 0.23% over KIBOR, secured by way of pari passu charge on stock-in-trade and book debts of the Company.

19. RUNNING FINANCE UTILISED UNDER MARK-UP ARRANGEMENTS – Secured

The facilities for running finances available from various banks under mark-up arrangements aggregated to Rs. 3,030 (2013: Rs. 2,301) million. These facilities expire on various dates, latest by December 31, 2015. The mark-up rates range from KIBOR + 0.4% to KIBOR + 1.75% per annum (2013: KIBOR + 0.4% to KIBOR + 2.1%). The facilities are secured against first pari passu charge on stock-in-trade and book debts of the Company.

Out of the facilities of Rs. 904 (2013: Rs.801) million for opening the letters of credit, guarantees and bill discounting, the unutilised amount was Rs. 560 (2013: Rs. 530) million as at the end of the year.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

(a) Claims not acknowledged as debt amounted to Rs. 6.2 (2013: Rs. 6.2) million at the end of the year.

(b) The Inland Revenue, Enforcement & Collection framed the assessment for the tax year 2009 on the alleged contention that the Company had short deducted the tax from payments made to vendors in respect of sales promotion and advertisement expenditure and demanded tax of Rs.11.6 million. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) as well as filed Constitutional Petition before Sindh High Court against the said order.

The Inland Revenue, Enforcement & Collection has framed the order wherein it has been alleged that the Company had not deducted Federal Excise Duty amounting to Rs 5.2 million at the rate of 10% on payment to non-resident persons or permanent establishment of non-resident persons on account of franchise services of Rs 52.06 million.

The Company has filed appeals before the Commissioner Inland Revenue (Appeals) as well as filed a Constitutional Petition before Sindh High Court against the said order.

The management of the Company is of the view that the final outcome of the above referred matters will be in favour of the Company, hence, provisions amounting to Rs. 11.6 million and Rs. 5.2 million have not been made in these financial statements, pending a final decision in this matter.

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20.2 Commitments

(a) Commitments in respect of capital expenditure contracted for amounted to Rs. 36.581 (2013: Rs. 80.230) million at the end of the year.

(b) Post-dated cheques aggregating to Rs. 27.634 (2013: 20.613) million at the end of the current year have been given to Collector of Customs in respect of exemption of levies on import of machine accessories and raw material.

	December 31, 2014	December 31, 2013
	Rupees in '000	
(c) Outstanding letters of credit	112,817	53,425
(d) Outstanding bank contracts	225,944	197,307

21. NET SALES

	December 31, 2014	December 31, 2013
Gross sales		
Local	10,432,440	9,122,396
Export	754,094	710,212
	11,186,534	9,832,608
Toll manufacturing	64,302	53,153
	11,250,836	9,885,761
Returns	(52,462)	(32,711)
Discounts	(1,248,914)	(1,061,460)
	(1,301,376)	(1,094,171)
	9,949,460	8,791,590

22. OPERATING COST

	Cost of sales		Distribution and marketing costs		Administrative expenses		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000							
Raw and packing material and auxiliaries consumed	4,551,620	3,682,315	-	-	-	-	4,551,620	3,682,315
Stores and spares consumed	25,682	22,089	-	-	-	-	25,682	22,089
Stationery and supplies consumed	6,275	3,773	8,841	4,275	2,484	2,487	17,600	10,535
Staff costs (note 22.1)	557,172	500,214	714,207	539,346	142,954	135,947	1,414,333	1,175,507
Fuel and power	298,753	257,158	4,460	3,278	16,377	19,810	319,590	280,246
Rent, rates and taxes	17,044	17,122	10,904	7,115	20,844	3,730	48,792	27,967
Insurance	4,779	4,394	9,477	9,125	1,535	1,367	15,791	14,886
Repairs and maintenance	73,644	59,515	5,202	6,048	17,972	13,274	96,818	78,837
Raw and packing material and auxiliaries written off (note 22.2)	54,591	10,903	-	-	-	-	54,591	10,903
Provision against raw and packing material	13,650	3,831	-	-	-	-	13,650	3,831
Depreciation / amortization	208,947	185,053	27,239	41,627	17,220	17,755	253,406	244,435
Traveling and conveyance	59,576	51,331	290,304	219,070	27,159	22,814	377,039	293,215
Handling, freight and transportation	-	-	165,121	127,888	-	-	165,121	127,888
Communication	4,136	2,392	34,953	28,173	5,881	6,247	44,970	36,812
Security and maintenance	11,430	7,506	3,652	2,632	9,261	4,118	24,343	14,256
Publication and subscription	606	835	1,528	1,722	6,183	3,587	8,317	6,144
Electronic and print media	-	-	64,438	67,554	-	-	64,438	67,554
Conferences and exhibitions	-	-	221,746	159,443	-	-	221,746	159,443
Market research (IMS subscription)	-	-	16,675	15,089	-	-	16,675	15,089
Clinical trials	-	-	14,270	12,629	-	-	14,270	12,629
Patient care	-	-	17,323	31,523	-	-	17,323	31,523
Samples	-	-	87,100	81,906	-	-	87,100	81,906
Sales promotion	-	-	43,289	41,898	-	-	43,289	41,898
Commission expenses	-	-	45,455	38,663	-	-	45,455	38,663
Software license / maintenance fee	529	6,992	628	421	1,833	2,223	2,990	9,636
Other expenses	9,329	9,439	19,756	19,120	3,962	3,585	33,047	32,144
	5,897,763	4,824,862	1,806,568	1,458,545	273,665	236,944	7,977,996	6,520,351
Recovery of service charges from outside parties	(13,745)	(10,281)	-	-	-	-	(13,745)	(10,281)
	5,884,018	4,814,581	1,806,568	1,458,545	273,665	236,944	7,964,251	6,510,070
Opening work-in-process	87,464	54,189						
Closing work-in-process	(82,646)	(87,464)						
Cost of goods manufactured	5,888,836	4,781,306						
Opening stock of finished goods	1,366,150	979,827						
Finished goods purchased	2,175,025	1,815,536						
Finished goods written off	19,707	11,551						
Cost of samples issued under distribution and marketing expenses	(87,100)	(81,907)						
Provision / (reveral) against finished goods	9,163	(26,498)						
Closing stock of finished goods	(1,956,603)	(1,366,150)						
	7,415,178	6,113,665						

22.1 Staff Costs

Salaries, wages and other benefits	521,538	468,559	640,626	489,741	113,424	108,879	1,275,588	1,067,179
Training expenses	1,217	894	10,502	3,263	1,000	235	12,719	4,392
Defined benefit plan	15,116	14,640	25,654	21,479	8,530	9,412	49,300	45,531
Defined contribution plan	12,746	10,514	22,355	18,922	5,981	4,898	41,082	34,334
Share-based payments	6,555	5,607	15,070	5,941	14,019	12,523	35,644	24,071
	557,172	500,214	714,207	539,346	142,954	135,947	1,414,333	1,175,507

22.2 The inventory write off during the year include import consignments amounting to Rs. 42 million written off due to terrorist attacks on Karachi Airport in June, 2014.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
23. OTHER OPERATING EXPENSES			
Auditors' remuneration	23.1	2,467	2,051
Workers' Profits Participation Fund	17.2	18,238	29,371
Workers' Welfare Fund		6,895	11,161
Central Research Fund		3,399	5,469
Legal and consultancy charges		14,207	13,991
Donations	23.2	85	250
Exchange losses - net		-	187,120
Fixed assets written off		106	7
Others		1,083	125
		46,480	249,545

23.1 Auditors' remuneration

Audit fee		1,010	918
Review of half yearly financial statements		308	281
Special certification and reportings		981	684
Out-of-pocket expenses		168	168
		2,467	2,051

23.2 No directors or their spouses have any interest in any donees fund to which donations were made.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
24. OTHER INCOME			
Income from financial assets			
Interest on loans to employees		145	41
Income from non-financial assets			
Gain on sale of operating fixed assets	3.1.3	9,733	15,386
Others			
License fee	3.1.1	11,275	10,642
Liabilities no longer payable written back		1,350	812
Scrap sales		10,209	13,624
Exchange gains - net		189,194	-
		212,028	25,078
		221,906	40,505

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
25. FINANCE COSTS			
Mark-up on:			
long term financing		53,252	27,916
running finances utilised under mark-up arrangements		182,139	175,103
short-term borrowings		50,834	22,407
		286,225	225,426
Interest on Workers' Profits Participation Fund	17.2	432	1,213
Interest on finance lease		-	44
Bank charges		7,021	6,505
		7,453	7,762
		293,678	233,188
26. TAXATION			
Current		149,861	228,925
Prior		(54,277)	20,156
Deferred		1,748	(18,698)
		97,332	230,383
26.1 Explanation of relationship between accounting profit and tax expense:			
Accounting profit before taxation		335,797	540,208
Income tax at the applicable tax rate 33% (2013: 34%)		110,813	183,671
Effect of tax under FTR, minimum tax and other adjustments – net		29,034	18,372
Effect of tax on share based payments		11,762	8,184
Effect of prior years' tax charge		(54,277)	20,156
		97,332	230,383
27. EARNINGS PER SHARE - basic and diluted			
Net profit for the year		238,465	309,825
		Number of shares	
Weighted average number of ordinary shares		9,644,760	9,644,760
		Rupees	
Earnings per share - basic and diluted		24.72	32.12

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

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
28. CASH GENERATED FROM OPERATIONS			
Profit before taxation		335,797	540,208
Adjustment for non-cash charges and other items:			
Depreciation / amortization		253,406	244,435
Gain on sale of operating fixed assets		(9,733)	(15,386)
Fixed assets written off		106	7
Expenses arising from equity settled share-based payment plans		35,644	24,071
Retirement benefits		49,301	45,531
Interest income		(145)	(41)
Finance costs		293,678	233,188
Working capital changes	28.1	(701,421)	(923,570)
		256,633	148,443
28.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(2)	(1,367)
Stock-in-trade		(1,307,010)	(478,868)
Trade debts		172,158	36,782
Loans and advances		(9,117)	(11,560)
Trade deposits and short-term prepayments		(98,994)	(58,146)
Other receivables – net		179,410	(328,766)
		(1,063,555)	(841,925)
(Decrease) / Increase in current liabilities:			
Trade and other payables – net (excluding accruals for unclaimed dividend)		362,134	(81,645)
		(701,421)	(923,570)
29. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)			
Cash receipts from customers		10,133,204	8,053,123
Cash paid to suppliers / service providers and employees		(9,879,912)	(7,904,679)
Financial charges paid		(290,195)	(212,623)
Taxes paid		(173,419)	(252,853)
Long-term loans (net)		(351)	590
Retirement benefits paid		(56,875)	(36,283)
Long-term deposits (net)		-	999
Net cash used in operating activities		(267,548)	(351,726)

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
30. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprise of the following items:			
Cash at bank – current accounts	12	9,280	21,925
Running finances utilised under mark-up arrangement	19	(2,148,867)	(1,580,862)
		(2,139,587)	(1,558,937)

31. TRANSACTIONS WITH RELATED PARTIES

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

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

Terms and conditions of transactions with related parties.

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

		December 31, 2014				December 31, 2013			
		Group Companies	Associated undertaking by virtue of Common Directorship	Retirement benefits plans	Total	Group Companies	Associated undertaking by virtue of Common Directorship	Retirement benefits plans	Total
		Rupees in '000							
i)	Gross Sales	71,758	-	-	71,758	45,417	-	-	45,417
ii)	Purchase of goods	4,418,631	-	-	4,418,631	3,379,806	-	-	3,379,806
iii)	Purchase of services	-	12,630	-	12,630	-	12,679	-	12,679
iv)	Contribution paid / (receipts)								
	- Provident fund	-	-	41,011	41,011	-	-	34,487	34,487
	- Gratuity fund	-	-	20,354	20,354	-	-	14,893	14,893
	- Pension fund	-	-	36,521	36,521	-	-	21,390	21,390

31.1 The impact of benefits available to the Chief Executive and others recognised by the Company in the expenses during the year on account of share-based payment plans aggregate Rs. 5.793 (2013: Rs. 5.823) million and Rs. 29.851 (2013: 18.248) million respectively.

31.2 The related party status of outstanding balances as at December 31, 2014 are included in trade debts and other receivables. The balances are unsecured and are settled in accordance with the terms and conditions of the transactions.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2014

32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000							
Managerial remuneration	16,112	14,676	6,585	8,415	207,008	150,376	229,705	173,467
Profit sharing bonus	-	7,363	522	2,260	13,463	25,167	13,985	34,790
Retirement benefits	2,953	2,690	1,178	1,498	35,577	26,517	39,708	30,705
Perquisites and benefits:								
Rent and utilities	8,862	8,072	3,535	4,496	106,752	79,567	119,149	92,135
Medical expenses	213	230	47	69	8,856	8,321	9,116	8,620
Club subscription	125	34	41	71	273	122	439	227
	28,265	33,065	11,908	16,809	371,929	290,070	412,102	339,944
Number of persons	*2	1	2	2	139	111	143	114

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

*During the year 2014, the retiring Chief Executive was replaced by the appointment of another Chief Executive on Board of Directors.

Further, the impact of benefits available to the Chief Executive, Directors and certain Executives recognised by the Company in the expense during the year on account of share-based payment plans aggregated to Rs.5.793 (2013: Rs.5.823) million, Rs.2.253 (2013: Rs.1.756) million and Rs. 27.598 (2013:Rs.16.492) million, respectively.

Aggregate amount charged in the financial statements in respect of fee to Directors other than working Directors was Rs. 6,500 (2013: Rs. 4,500).

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's financial liabilities mainly comprise trade and other payables, accrued mark-up, long-term financing, short-term borrowing and running finances utilised under mark-up arrangements - secured. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise trade debts, loans to employees, deposits, other receivables, and bank balances.

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

33.1 Market risk

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

33.1.1 Foreign currency risk

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

Exposure to foreign currency risk

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

	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Euro in '000		USD in '000	
Trade receivables	255	-	2,293	1,675
Other receivables	7	-	1,561	3,171
Trade and other payables	(8,072)	(4,784)	(29)	(877)
	(7,810)	(4,784)	3,825	3,969

Sensitivity analysis

The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all major currencies applied to assets and liabilities as at December 31, 2014 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		December 31, 2014	December 31, 2013
Change in exchange rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	5,725	2,695
Effect on equity (Rs.000's)	±	4,065	1,555

33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of change in market interest rate relates primarily to the Company's liability against asset subject to finance lease, long-term finance loan and running finance utilised under mark-up arrangements with floating interest rates. At December 31, 2014, the Company's entire borrowings are at floating rate of interest.

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

Interest rate profile of financial instruments

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

	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Efective rates (%)		Rupees '000	
Financial assets				
Loans to employees	9.00 & 14.00	9.00 & 14.00	495	566
Financial liabilities				
Long-term financing	three months KIBOR + 0.5	three months KIBOR + 0.5	500,000	500,000
Short-term borrowings	one month KIBOR + 0.23	one month KIBOR + 0.27	600,000	400,000
Running finances utilised under mark-up arrangements	KIBOR+0.4 to KIBOR+1.7	KIBOR+0.4 to KIBOR+2.1	2,148,867	1,580,862
			3,248,867	2,480,862

Sensitivity analysis

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

		December 31, 2014	December 31, 2013
Change in interest rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	32,489	24,809
Effect on equity (Rs.000's)	±	16,509	14,315

33.1.3 Equity price risk

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

33.2 Credit risk

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

Exposure to credit risk

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

	December 31, 2014	December 31, 2013
	Rupees in '000	
Trade debts	733,717	905,875
Loans to employees	12,902	11,804
Loan to vendor	174	785
Deposits and margin against letter of credit	206,061	109,974
Other receivables	178,899	364,285
Bank balances	9,280	21,925
	1,141,033	1,414,648

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

Quality of financial assets

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

	December 31, 2014	December 31, 2013
	Rupees in '000	
33.2.1 Trade debts		
The carrying values of trade receivables that are neither past due nor impaired are analysed as follows:		
Customers with no defaults in the past one year	356,135	364,121
The ageing of trade debts past due but not impaired at the reporting date is as under. These relate to a number of independent customers from whom there is no history of default.		
1 – 30 days	296,429	323,672
31 – 60 days	41,017	72,750
61 – 90 days	11,515	12,168
91 – 120 days	12,392	8,448
121 – 150 days	8,423	4,413
151 – 180 days	2,927	108,015
181 – 270 days	1,103	9,377
Over 365 days	3,776	2,911
	377,582	541,754
	733,717	905,875
The maximum exposure to credit risk for trade debts as at the reporting date by type of counter parties was:		
Government institutions and hospitals	196,019	338,376
Private institutions and hospitals	76,192	100,690
Credit Distributors	197,987	292,535
Export customer	264,450	175,738
	734,648	907,339
Provision for doubtful debts	(931)	(1,464)
	733,717	905,875

33.2.2 Cash and bank

The carrying values of bank balances are analysed as follows:

	December 31, 2014	December 31, 2013
held with banks having a rating of A1+	1,214	3,745
held with banks having a rating of A-1+	313	686
held with banks having a rating of A-1	7,753	17,494
	9,280	21,925

33.3 Liquidity risk

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

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

	Carrying Amount	less than 12 months	1 to 2 years	2 to 5 years
	---------------------------- Rupees in '000			-----------------------
Financial liabilities				
December 31, 2014				
Long-term financing	500,000	-	-	500,000
Trade and other payables	1,939,457	1,939,457	-	-
Accrued mark-up	67,778	67,778	-	-
Short term borrowings	600,000	600,000		
Running finance utilised under mark-up arrangements	2,148,867	2,148,867	-	-
	5,256,102	4,756,102	-	500,000
December 31, 2013				
Long-term financing	500,000	-	-	500,000
Trade and other payables	1,553,690	1,553,690	-	-
Accrued mark-up	64,295	64,295	-	-
Short term borrowings	400,000	400,000	-	-
Running finance utilised under mark-up arrangements	1,580,862	1,580,862	-	-
	4,098,847	3,598,847	-	500,000

33.4 Fair values of financial assets and liabilities

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

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

33.5 Capital risk management

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

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

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

The gearing ratio as at December 31, 2014 and 2013 were as follows:

	Note	December 31, 2014	December 31, 2013
		--------------Rupees in '000	--------------
Long-term financing (including current maturity)	15	500,000	500,000
Short term borrowings	18	600,000	400,000
Running finances utilised under mark-up arrangements	19	2,148,867	1,580,862
Total borrowings		3,248,867	2,480,862
Less: Bank balances	12	(9,280)	(21,925)
Net debt		3,239,587	2,458,937
Total equity	13 & 14	2,392,147	2,226,613
		5,631,734	4,685,550
Gearing ratio		58%	52%

34. CAPACITY AND PRODUCTION

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

35. PROVIDENT FUND

	December 31, 2014 (Un-Audited)	December 31, 2013 (Un-Audited)
	--------------Rupees in '000	--------------
Size of the fund	455,208	440,998
Percentage of investments made	92.69%	96.88%
Fair value of investments	421,947	427,243
Cost of investments made	479,883	397,529

35.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	December 31, 2014 (Un-Audited)		December 31, 2013 (Un-Audited)	
	Investments (Rs '000)	investment as a % of size of the fund	Investments (Rs '000)	investment as a % of size of the fund
Government securities	356,262	78.26%	364,108	82.56%
Listed securities and mutual fund units	65,685	14.43%	63,135	14.32%

35.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 12, 2015 by the Board of Directors of the Company.

37. MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on March 12, 2015 (i) approved the transfer of Rs.200 million from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 7.00 per share for the year ended December 31, 2014, amounting to Rs. 67,513,320 for approval of members at the Annual General Meeting to be held on April 27, 2015. These financial statements do not include the effect of the aforementioned proposed dividend.

38. GENERAL

38.1 The number of employees as at December 31, 2014 was 1540 (2013: 1480) and average number of employees during the year was 1507 (2013: 1452).

38.2 Following major corresponding figures have been reclassified for better presentation:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2014

From		To	
OPERATING COST	Rs.'000	OPERATING COST	Rs.'000
Advertising, samples and sales promotion	410,042	Electronic and print media	67,554
		Conferences and exhibitions	159,443
		Market research (IMS subscription)	15,089
		Clinical trials	12,629
		Patient care	31,523
		Samples	81,906
		Sales promotion	41,898
	410,042		410,042

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

Syed Babar Ali
Chairman

Ayub Ahmed Siddiqui
Chief Executive

Karachi: 12th March, 2015

Pattern of shareholding

As at December 31, 2014

No. of Shareholders	Shareholding From	Shareholding To	Number of shares held	Percentage
410	1	100	17,314	0.17
346	101	500	107,935	1.11
68	501	1,000	53,117	0.55
58	1,001	5,000	109,519	1.14
9	5,001	10,000	62,471	0.65
3	15,001	20,000	54,228	0.56
4	20,001	25,000	88,415	0.92
2	50,001	55,000	105,442	1.09
1	85,001	90,000	89,700	0.93
1	200,001	205,000	204,099	2.12
1	225,001	230,000	229,461	2.38
1	255,001	260,000	255,700	2.65
1	510,001	515,000	510,212	5.29
1	815,001	820,000	815,939	8.47
1	1,840,001	1,845,000	1,841,739	19.10
1	5,095,001	5,100,000	5,099,469	52.87
908			9,644,760	100.00

S.No.	Categories of Shareholders	No. of Shareholders	Number of shares held	Percentage
1	Directors, Chief Executive Officer, and their Spouse and Minor children.	7	1,391,903	14.43
2	Associated Companies, Undertaking and Related Parties	4	7,082,350	73.43
3	Banks, Development Financial Institutions, Non-Banking Financial Institutions	2	169	-
4	Insurance Companies	2	223,299	2.32
5	Modarbas and Mutual Funds	4	239,461	2.48
6	General Public - Local	872	397,490	4.12
7	Others	17	310,088	3.22
		908	9,644,760	100.00

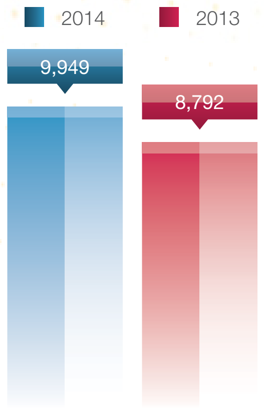
Pattern of shareholding

As at December 31, 2014

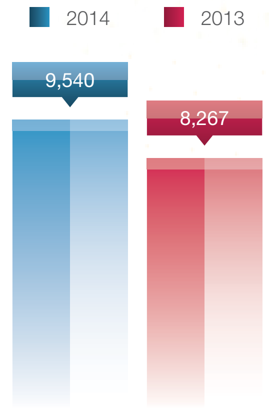
Under clause (i) of sub-regulation (XIX) of Regulation 37 of chapter (XI) of the Listing Regulations of Karachi Stock Exchange (Guarantee) Limited

Shareholder's Category	Number of shareholders	Number of shares held
Directors, CEO and their spouse and minor children		
Mr. Syed Babar Ali	1	510,212
Mrs. Perwin Babar Ali	1	22,690
Ms. Syeda Henna Babar Ali	2	18,714
Mr. Syed Hyder Ali	1	16,914
Mrs. Naiyar Zamani Gohar	1	7,434
Mr. Arshad Ali Gohar	1	815,939
	7	1,391,903
Associated Companies, Undertakings and Related Parties		
M/S Ali Gohar & Co. (Pvt) Ltd.	1	51,442
SECIPE of Paris (France)	1	5,099,469
IGI Insurance Limited	1	1,841,739
AGT Holdings (Private) Limited	1	89,700
	4	7,082,350
Banks, Development Finance Institutions, Non-Banking Finance Institutions		
Muslim Commercial Bank Limited	1	40
National Bank of Pakistan	1	129
	2	169
Insurance Companies		
State Life Insurance Corp. Of Pakistan	1	204,099
EFU General Insurance Limited	1	19,200
	2	223,299
Modarabas and Mutual Funds		
CDC - Trustee Atlas Stock Market Fund	1	3,150
CDC - Trustee First Habib Stock Fund	1	3,800
CDC - Trustee First Habib Islamic Balanced	1	3,050
CDC - Trustee National Investment (Unit)	1	229,461
	4	239,461
Shareholders holding ten percent or more voting interest in the listed company		
SECIPE of Paris, France	1	5,099,469
IGI Insurance Limited	1	1,841,739
	2	6,941,208

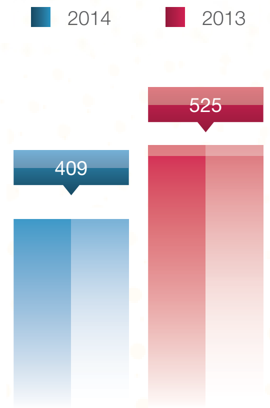
ANALYTICAL REVIEW



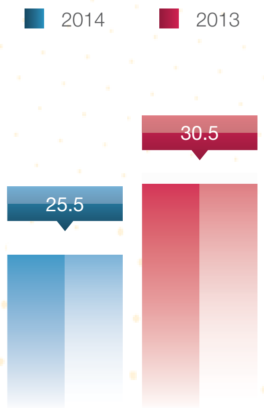
Net Sales - Company
(Rs. in million)



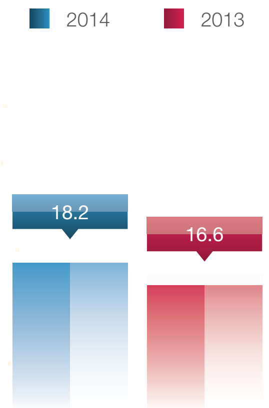
Net Sales - Pharmaceuticals including CHC
(Rs. in million)



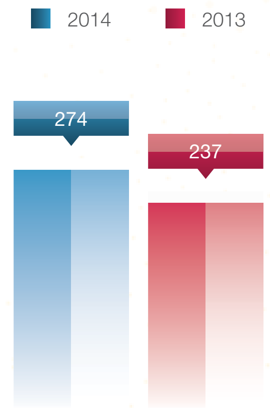
Net Sales - Vaccines
(Rs. in million)



Gross Margin
(Percentage)



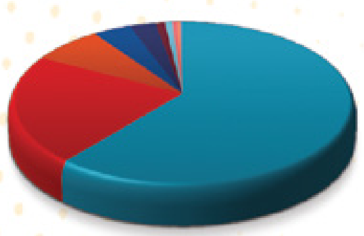
D&M / Net Sales Ratio
(Percentage)



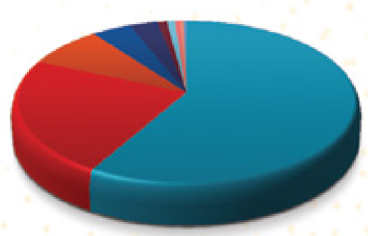
Administrative Expenses
(Rs. in million)

Cost of Goods Sold

2014



2013

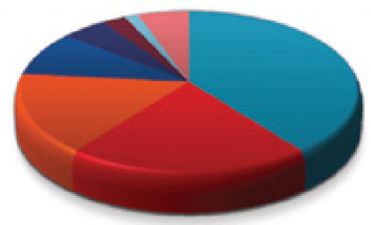


2014		2013
61.0%	Raw, packing & auxiliary	58.4%
21.8%	Finished goods consumed	23.1%
7.5%	Staff costs	8.2%
4.0%	Fuel & power	4.2%
2.8%	Depreciation	3.0%
1.0%	Repairs & maintenance	1.0%
0.8%	Traveling & conveyance	0.8%
0.6%	Others	0.6%
0.3%	Stores and spares	0.4%
0.2%	Rent, rates & taxes	0.3%

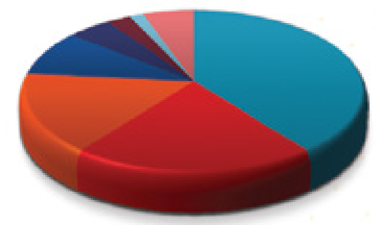
ANALYTICAL REVIEW

Distribution & Marketing Expenses

2014



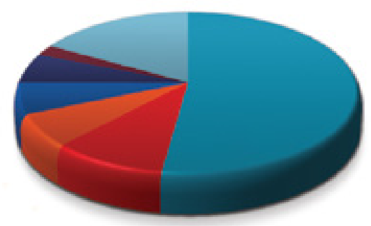
2013



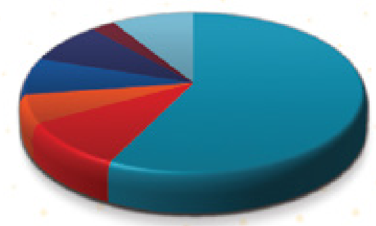
2014		2013
39.5%	Staff costs	37.0%
20.9%	Advertising & sales promotion	22.5%
16.1%	Traveling & conveyance	15.0%
9.1%	Handling, freight & transportation	8.8%
4.8%	Cost of samples issued	5.6%
2.5%	Commission expense	2.7%
1.5%	Depreciation	2.9%
5.6%	Others	5.5%

Administrative Expenses

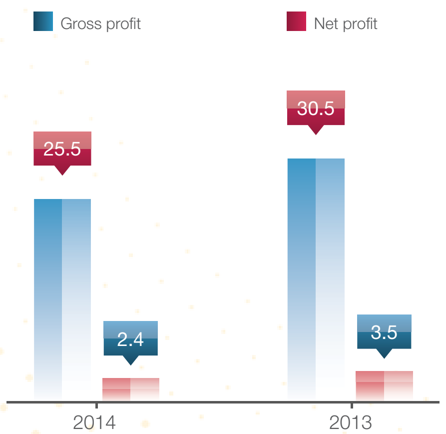
2014



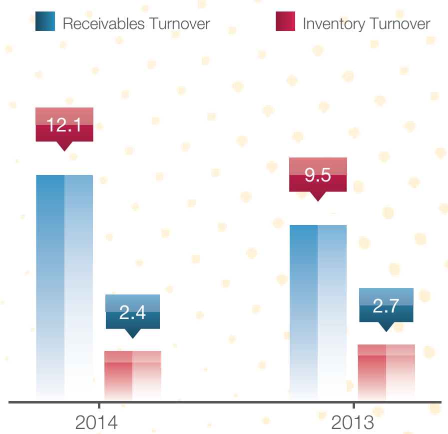
2013



2014		2013
52.2%	Staff costs	57.4%
9.9%	Traveling & conveyance	9.6%
6.6%	Repairs & maintenance	5.6%
6.3%	Depreciation	7.5%
6.0%	Fuel & power	8.4%
2.1%	Communication	2.6%
16.9%	Others	8.9%



Gross Profit vs. Net Profit
(Percentage)



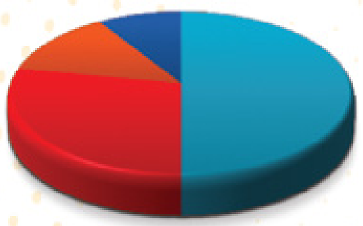
Receivables Turnover
& Inventory Turnover (Times)

Statement of Value Added

	2014 Rs.000	%	2013 Rs.000	%
VALUE ADDED				
Net sales	9,949,460	100	8,791,590	100
Materials and services	(7,078,252)	(71)	(6,228,477)	(71)
	2,871,208	29	2,563,113	29
Employees				
Staff cost	1,414,333	49	1,175,507	46
Workers' Profit Participation Fund	18,238	1	29,371	1
	1,432,571	50	1,204,878	47
Government				
Income tax	176,760	6	252,853	10
Custom duty, Sales Tax & Others	618,386	22	502,293	20
Workers' Welfare Fund	6,895	-	11,161	-
	802,041	28	766,307	30
Capital Providers				
Dividend to shareholders	96,448	3	120,560	5
Mark-up on borrowed funds	286,657	10	226,683	8
	383,105	13	347,243	13
Society				
Donation towards education, health and environment	85	-	250	-
Depreciation and amortisation for reinvestment				
Depreciation / amortisation	253,406	9	244,435	10
	2,871,208	100	2,563,113	100

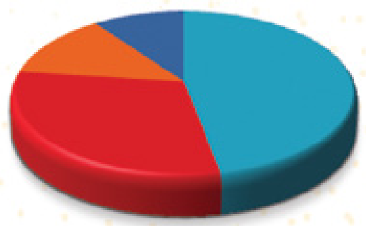
Distribution & Marketing Expenses

2014



2014		2013
50%	Employees	47%
28%	Government	30%
13%	Capital Providers	13%
9%	Depreciation/ Amortization	10%

2013



Operating & financial highlights

For the year ended December 31, 2014

		2014	2013	2012	2011	2010	2009
Liquidity Ratios							
Current Ratio	Times	1.2	1.4	1.2	1.1	1.4	1.0
Quick Ratio	Times	0.4	0.7	0.5	0.5	0.5	0.4
Cash to Current Liabilities	Times	(0.4)	(0.5)	(0.4)	(0.4)	(0.2)	(0.4)
Cash Flow from Operations to Sales	%	2.6	1.7	4.3	6.3	19.1	0.9
Net Working Capital	Rs. 000	993,874	1,006,247	530,448	313,924	555,195	(38,124)
Net Assets	Rs. 000	2,392,147	2,226,613	2,015,381	1,601,335	1,461,403	1,292,449
Operating Cycle	Days	106	85	54	52	53	46
Current assets to Total assets	%	74.1	71.6	69.9	64.2	57.5	59.2
Inventory / Current Assets	%	65.6	53.5	53.0	59.9	61.7	57.7
Inventory to Total Assets	%	48.6	38.3	37.0	38.5	35.5	34.2
Activity Ratios							
Inventory Turnover	Times	2.4	2.7	3.2	3.9	3.7	4.4
Average No of Days inventory in stock	Days	155	135	113	94	98	83
Accounts Receivable Turnover	Times	12.1	9.5	13.9	33.3	24.5	27.0
Average Collection Period	Days	30	38	26	11	15	14
Creditors Turnover	Times	4.6	4.2	4.3	5.2	6.0	7.1
Average Payment Period	Days	79	88	85	70	60	51
Fixed Assets Turnover	Times	4.9	4.8	5.3	4.9	4.4	4.8
Operating Assets Turnover	Times	5.5	5.9	6.3	5.9	4.8	8.7
Total Assets Turnover	Times	1.3	1.3	1.6	1.7	1.8	2.0
Leverage							
Interest Earned	Times	2.1	3.3	5.5	4.7	4.1	2.9
Fixed Assets to Equity	Times	0.8	0.8	0.8	1.0	1.0	1.1
Financial Leverage	Times	1.4	0.9	0.8	0.8	0.5	1.1
Profitability Ratios							
Sales Growth	%	13.2	1.9	13.2	23.7	(8.4)	54.7
COGS to Net Sales	%	74.5	69.5	69.5	73.3	71.5	75.8
EBITDA* to Net Sales	%	8.9	11.6	12.9	10.0	11.4	7.6
Profit Before Tax to Net Sales	%	3.4	6.1	8.2	5.6	6.5	3.8
Net Profit Margin	%	2.4	3.5	5.6	3.0	3.6	2.5
Gross Profit Margin	%	25.5	30.5	30.5	26.7	28.5	24.2
Operating Profit Margin	%	6.3	8.8	10.1	7.0	8.6	5.7
Return on Assets	%	3.0	4.7	8.9	5.2	6.7	4.9
Return on Equity	%	10.0	13.9	24.2	14.3	15.3	12.9
Return on Capital Employed	%	14.0	19.4	27.9	18.5	19.9	19.4
Admin.Dist.&Mktg. Exp. to Net Sales	%	20.9	19.3	20.7	20.9	20.6	17.9
Admin.Dist.&Mktg. Exp. Variance	%	22.7	(5.2)	12.5	25.2	5.7	36.5
Financial Charges to Net Income	%	123.2	75.3	32.6	49.3	58.0	78.3
Market Value							
Market Value Per Share	Rs.	750	767	370	145	142	145
Market / Book Ratio	Times	3.0	3.3	1.8	0.9	0.9	1.1
Earnings per share (before tax)	Rs.	34.8	56.0	73.7	43.9	41.6	26.2
Earnings per share (after tax)	Rs.	24.7	32.1	50.5	23.8	23.2	17.4
Price Earning Ratio	Times	30.3	23.9	7.3	6.1	6.1	8.4
Dividend per Share	Rs.	7.0	10.00	12.50	10.00	10.00	7.00
Dividend Yield	%	0.9	1.3	3.4	6.9	7.0	4.8
Dividend cover	Times	3.4	3.2	4.0	2.2	2.3	3.0
Payout Ratio (after tax)	%	28.3	31.1	24.7	42.0	43.1	40.3
Market Capitalisation	Rs.M	7,234	7,398	3,569	1,398	1,370	1,398
Break-up value	Rs.	248.0	230.9	209.0	166.0	151.5	134.0

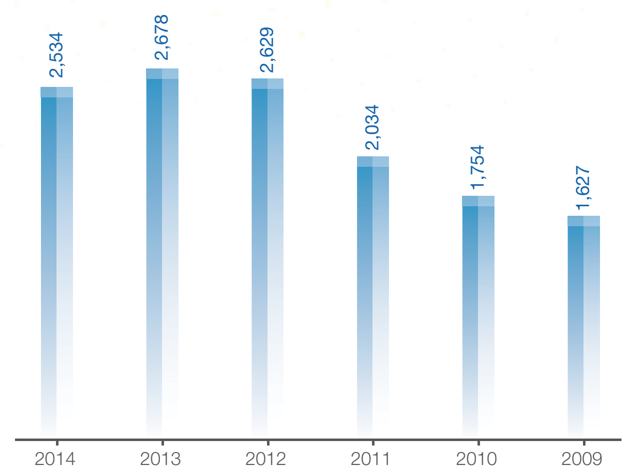
*EBITDA = Earnings before interest, taxes and depreciation & amortization

Operating & financial highlights

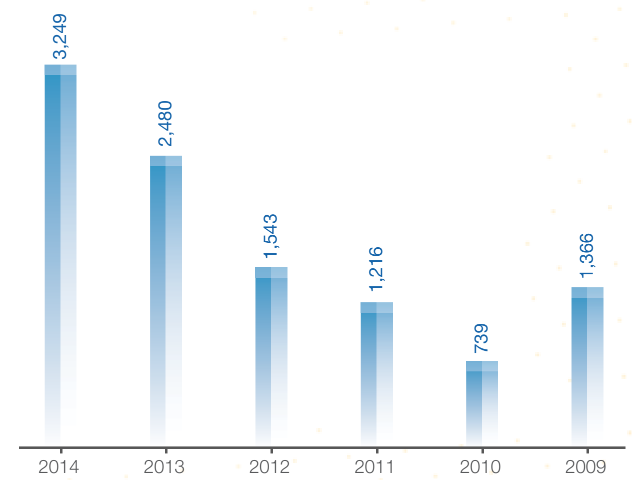
Operating & financial highlights

Application of Revenue

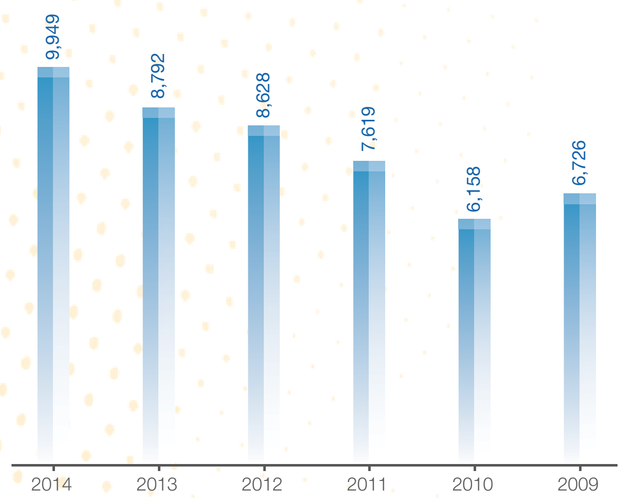
2014		2013
73.23%	Cost of sales	69.54%
20.54%	Distribution, selling and administrative expenses	19.28%
0.01%	Other operating expenses	2.39%
2.90%	Finance costs	2.65%
0.96%	Taxation	2.62%
0.67%	Dividend	1.09%
1.69%	Retained Profit	2.43%



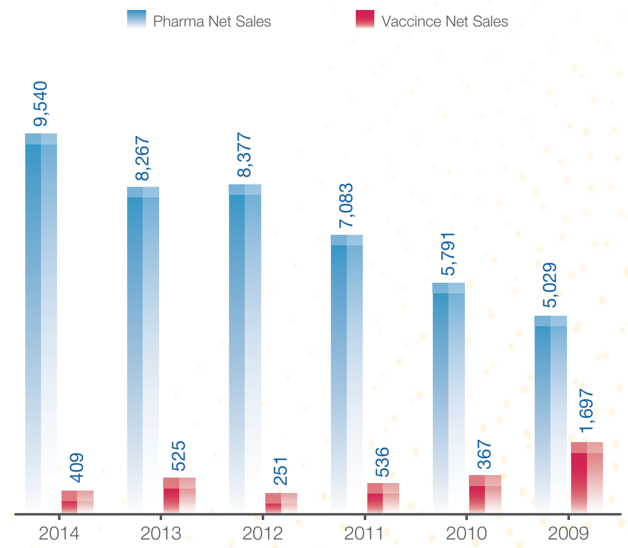
Gross Profit
(Rs. in million)



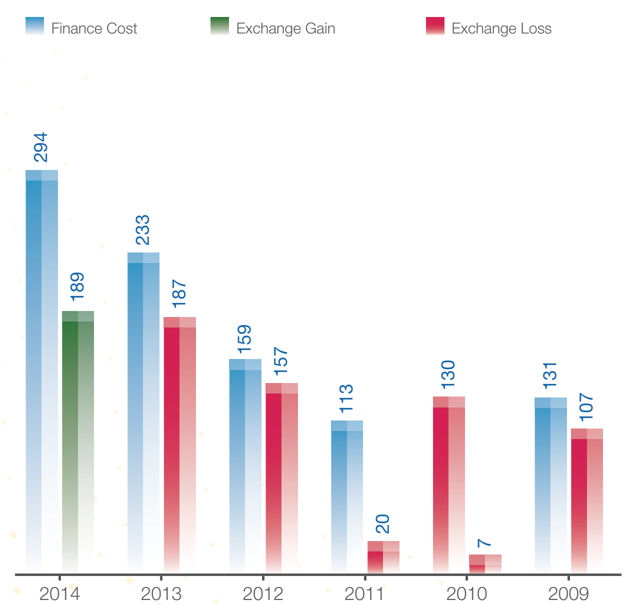
Bank Borrowing
(Rs. in million)



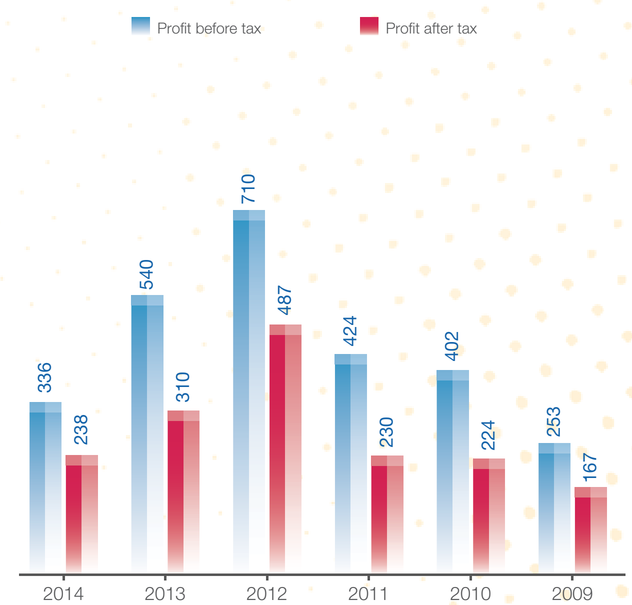
Total Company Net Sales
(Rs. in million)



Pharma (including CHC) & Vaccine Net Sales
(Rs. in million)



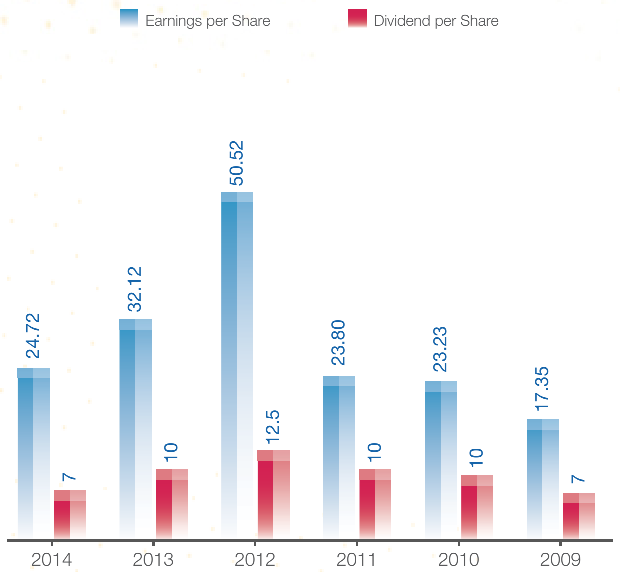
Finance Cost & Exchange Gain / (Loss)
(Rs. in million)



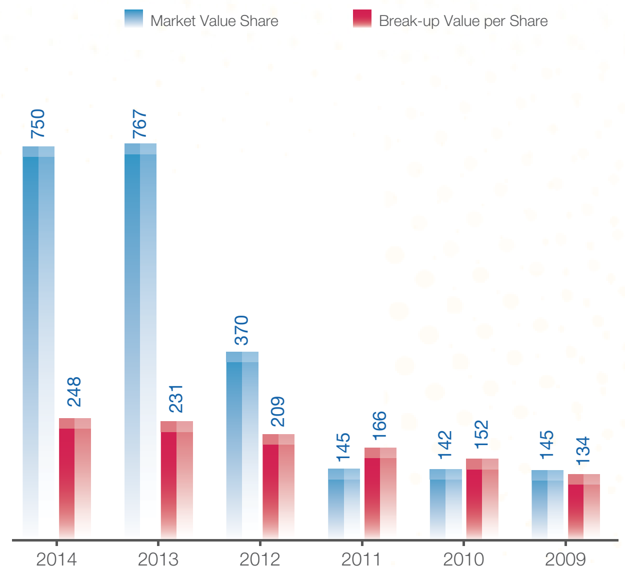
Profit before tax & Profit after tax
(Rs. in million)

Operating & financial highlights

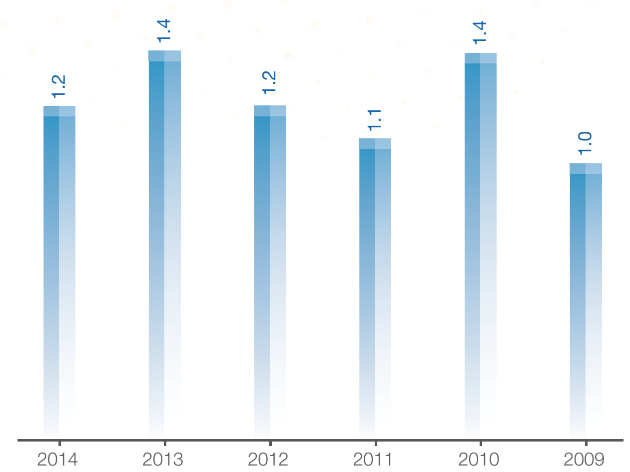
Operating & financial highlights



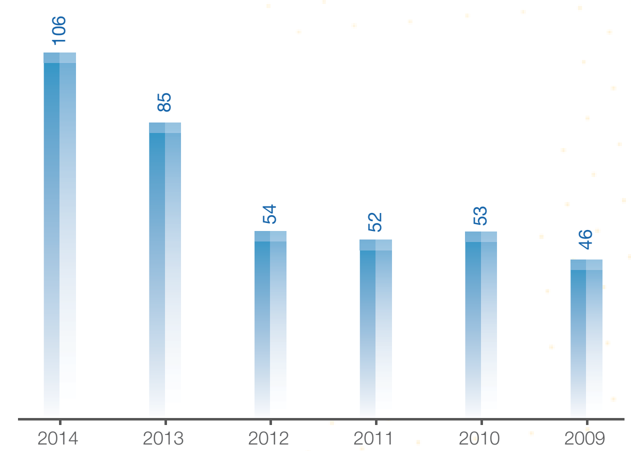
Earnings per Share & Dividend per Share
(Rupees)



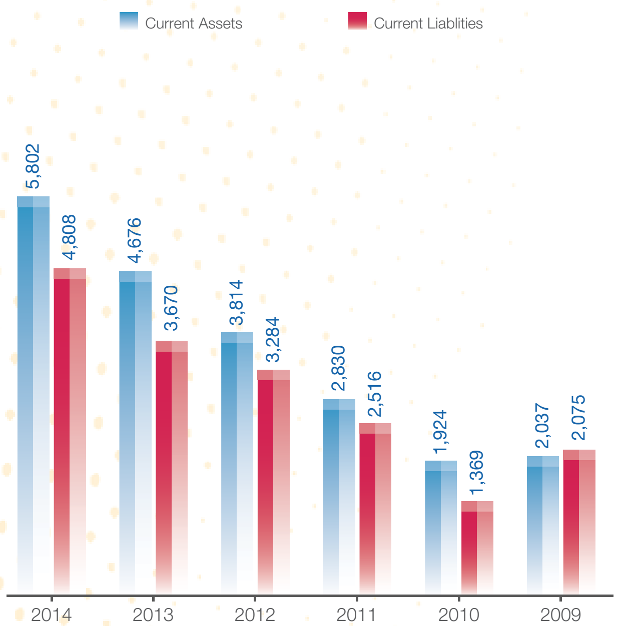
Market Value & Break-up Value per Share
(Rupees)



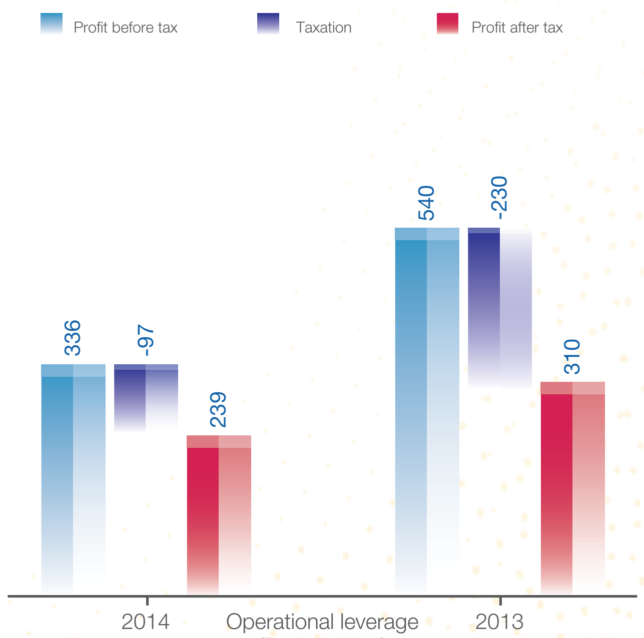
Current Ratio
(Times)



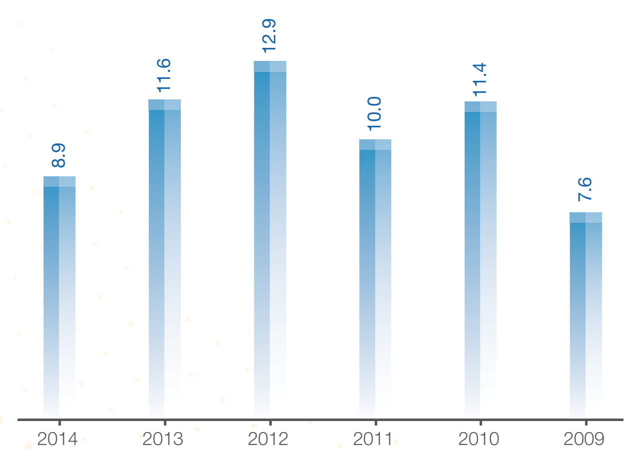
Operating Cycle
(Days)



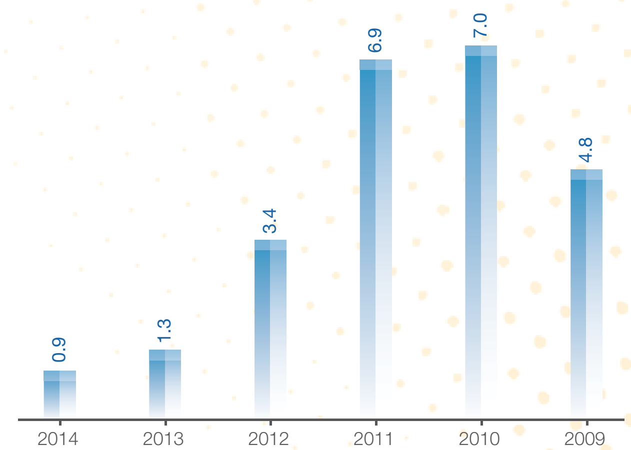
Current Assets & Current Liablities
(Rs. in million)



Operational leverage
(Rs. in million)



EBITDA to Net Sales
(%)



Dividend Yield Ratio
(%)

Horizontal Analysis

	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.	11 Vs.10 %	2010 Rs.	10 Vs. 09 %	2009 Rs.	09 Vs. 08 %
Operating Results (Rupees in million)												
Net sales	9,949	13.2	8,792	1.9	8,628	13.2	7,620	23.7	6,158	(8.4)	6,726	54.7
Cost of sales	(7,415)	21.3	(6,114)	1.9	(5,999)	7.4	(5,586)	26.8	(4,405)	(13.6)	(5,099)	54.9
Gross profit	2,534	(5.4)	2,678	1.9	2,629	29.3	2,034	16.0	1,753	7.7	1,627	54.1
Distribution,selling and administrative expenses	(2,080)	22.7	(1,695)	(5.2)	(1,788)	12.5	(1,589)	25.2	(1,269)	5.7	(1,201)	36.5
Other operating expenses	(46)	(81.6)	(250)	9.2	(229)	218.1	(72)	33.3	(54)	(62.2)	(143)	150.9
Other income	222	455.0	40	(84.4)	257	56.7	164	60.8	102	1.0	101	94.2
Operating profit	630	(18.5)	773	(11.0)	869	61.8	537	0.9	532	38.5	384	124.6
Finance costs	(294)	26.2	(233)	46.5	(159)	40.7	(113)	(13.1)	(130)	(0.8)	(131)	50.6
Profit before taxation	336	(37.8)	540	(23.9)	710	67.5	424	5.5	402	58.9	253	201.2
Taxation	(97)	(57.8)	(230)	3.1	(223)	14.9	(194)	9.0	(178)	107.0	(86)	87.0
Net profit	239	(22.9)	310	(36.3)	487	111.7	230	2.7	224	34.1	167	339.5
Balance Sheet (Rupees in million)												
Fixed assets	2,019	9.4	1,845	13.3	1,628	4.4	1,559	10.6	1,409	1.1	1,393	16.6
Other non current assets	12	-	12	(7.7)	13	8.3	12	20.0	10	11.1	9	(10.0)
Current assets	5,798	24.0	4,676	22.6	3,814	34.8	2,830	47.1	1,924	(5.5)	2,037	15.1
Non-current assets classified as available for sale	-		-		-		5		5		-	
Total assets	7,829	19.8	6,533	19.8	5,455	23.8	4,406	31.6	3,348	(2.6)	3,439	15.2
Ordinary share capital	96	-	96	-	96	-	96	-	96	-	96	-
Reserves	2,296	7.8	2,130	11.0	1,919	27.5	1,505	10.3	1,365	14.0	1,197	17.2
Non-current liabilities	632	(0.8)	637	308.3	156	(45.8)	288	(44.4)	518	629.6	71	1.4
Current liabilities	4,805	30.9	3,670	11.8	3,284	30.5	2,517	83.9	1,369	(34.0)	2,075	15.5
Total equity and liabilities	7,829	19.8	6,533	19.8	5,455	23.8	4,406	31.6	3,348	(2.6)	3,439	15.2
Cash Flows (Rupees in thousand)												
Cash generated from/(used in) operations	253,292	70.6	148,443	(59.7)	368,763	(23.7)	483,042	(58.9)	1,175,506	1,943.5	57,523.0	(84.3)
Cash flows (used in) / from operating activities	(520,840)	4.1	(500,170)	(1.9)	(509,862)	4.1	(489,691)	65.9	(295,174)	1.5	(290,735.0)	72.6
Cash flows used in investing activities	(416,965)	(6.6)	(446,255)	418.1	(86,141)	(76.8)	(371,077)	101.4	(184,246)	(24.9)	(245,214)	(49.6)
Cash flows from / (used in) financing activities	103,863	(84.1)	652,540	(338.5)	(273,626)	(8.3)	(298,270)	200.5	(99,247)	(119.3)	515,279	(1,319.0)
Net increase / (decrease) in cash and cash equivalents	(580,650)	299.2	(145,442)	(71.0)	(500,866)	(25.9)	(675,996)	(213.3)	596,839	1,519.5	36,853	(111.2)
Number of Employees												
Number of permanent employees at year end	1,014		943		896		777		756		773	

Vertical Analysis

	2014 Amount	2014 %	2013 Amount	2013 %	2012 Amount	2012 %	2011 Amount	2011 %	2010 Amount	2010 %	2009 Amount	2009 %
Operating Results (Rupees in million)												
Net sales	9,949	100.0	8,792	100.0	8,628	100.0	7,620	100.0	6,158	100.0	6,726	100.0
Cost of sales	(7,415)	(74.5)	(6,114)	(69.5)	(5,999)	(69.5)	(5,586)	(73.3)	(4,405)	(71.5)	(5,099)	(75.8)
Gross profit	2,534	25.5	2,678	30.5	2,629	30.5	2,034	26.7	1,753	28.5	1,627	24.2
Distribution,selling and administrative expenses	(2,080)	(20.9)	(1,695)	(19.3)	(1,788)	(20.7)	(1,589)	(20.9)	(1,269)	(20.6)	(1,201)	(17.9)
Other operating expenses	(46)	(0.5)	(250)	(2.8)	(229)	(2.7)	(72)	(0.9)	(54)	(0.9)	(143)	(2.1)
Other income	222	2.2	40	0.5	257	3.0	164	2.2	102	1.7	101	1.5
Operating profit	630	6.3	773	8.9	869	10.1	537	7.1	532	8.7	384	5.7
Finance costs	(294)	(3.0)	(233)	(2.7)	(159)	(1.8)	(113)	(1.5)	(130)	(2.1)	(131)	(1.9)
Profit before taxation	336	3.3	540	6.2	710	8.3	424	5.6	402	6.6	253	3.8
Taxation	(97)	(1.0)	(230)	(2.6)	(223)	(2.6)	(194)	(2.5)	(178)	(2.9)	(86)	(1.3)
Net profit	239	2.3	310	3.6	487	5.7	230	3.1	224	3.7	167	2.5
Balance Sheet (Rupees in million)												
Fixed assets	2,019	25.7	1,845	28.2	1,628	29.8	1,559	35.4	1,409	42.1	1,393	40.5
Other non current assets	12	0.2	12	0.2	13	0.2	12	0.3	10	0.3	9	0.3
Current assets	5,798	74.1	4,676	71.6	3,814	70.0	2,830	64.2	1,924	57.5	2,037	59.2
Non-current assets classified as available for sale	-	-	-	-	-	-	5	0.1	5	0.1	-	-
Total assets	7,829	100.0	6,533	100.0	5,455	100.0	4,406	100.0	3,348	100.0	3,439	100.0
Ordinary share capital	96	1.2	96	1.5	96	1.8	96	2.2	96	2.9	96	2.8
Reserves	2,296	29.3	2,130	32.6	1,919	35.2	1,505	34.2	1,365	40.8	1,197	34.8
Non-current liabilities	632	8.1	637	9.8	156	2.9	288	6.5	518	15.5	71	2.1
Current liabilities	4,805	61.4	3,670	56.1	3,284	60.1	2,517	57.1	1,369	40.8	2,075	60.3
Total equity and liabilities	7,829	100.0	6,533	100.0	5,455	100.0	4,406	100.0	3,348	100.0	3,439	100.0
Cash Flows (Rupees in thousand)												
Cash generated from/(used in) operations	253,292	(43.6)	148,443	(102.0)	368,763	(73.6)	483,042	(71.5)	1,175,506	197.0	57,523	156.1
Cash flows (used in) / from operating activities	(520,840)	89.7	(500,170)	343.9	(509,862)	101.8	(489,691)	72.4	(295,174)	(49.5)	(290,735)	(788.9)
Cash flows used in investing activities	(416,965)	71.8	(446,255)	306.8	(86,141)	17.2	(371,077)	54.9	(184,246)	(30.9)	(245,214)	(665.4)
Cash flows from / (used in) financing activities	103,863	(17.9)	652,540	(448.7)	(273,626)	54.6	(298,270)	44.2	(99,247)	(16.6)	515,279	1,398.2
Net increase / (decrease) in cash and cash equivalents	(580,650)	100.0	(145,442)	100.0	(500,866)	100.0	(675,996)	100.0	596,839	100.0	36,853	100.0
Number of Employees												
Number of permanent employees at year end	1,014			943		896		777		756		773

NOTICE OF MEETING

Notice is hereby given that the 47th Annual General Meeting of the Company will be held on Monday, 27th April, 2015 at 11:00 hours at the Beach Luxury Hotel, Molvi Tamizuddin Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on 25th April, 2014.
2. To receive and adopt the Balance Sheet and Profit & Loss Account for the year ended 31st December, 2014 together with the Directors' and Auditors' reports thereon.
3. To approve and declare dividend on the ordinary shares of the company. The directors have recommended a cash dividend of Rs.7.00 (70%) per share.
4. To appoint Auditors' for the year ending 31st December, 2015 and to fix their remuneration. The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants being eligible, have offered themselves for re-appointment. The Audit Committee and Board of Directors have also recommended appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as Auditors for the year ending 31st December, 2015.
5. Special Business:

   To amend Regulation No. 78 of the Articles of Association of the Company to allow the Board to decide upon the fee payable to the non-executive directors for attending the meetings of the Company.
6. To transact any other business with the permission of the Chair.

By Order of the Board

Saad Usman
Company Secretary

Karachi, April 5, 2015.

Notes:

1. The Share Transfer Books of the Company shall remain closed from 21st April, 2015 to 27th April, 2015 (both days inclusive).
2. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in his own right. Instrument appointing proxy must be deposited at the registered office of the Company at least 48 hours before the time of the Meeting.
3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their original computerized national identity card and account number in the CDC for verification.

NOTICE OF MEETING

4. Shareholders are requested to notify the change of their addresses, if any and provide the copy of their CNIC to Share Registrar, FAMCO ASSOCIATES (PVT) LTD, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shahra-e-Faisal,Karachi, if not already provided.
5. CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.
6. The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the account of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a)	For filers of income tax returns:	10%
b)	For non-filers of income tax returns:	15%

To enable the company to make tax deduction on the amount of cash dividend@10% instead of 15% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR despite the fact that they are filers, are advised to make sure that their names are entered into ATL well before the date for payment of the above cash dividend, otherwise tax on their cash dividend will be deducted @ 15% instead of 10%.

Statement under section 160 of the Companies Ordinance, 1984:

This statement sets out all material facts concerning the special business to be transacted at the 47th Annual General Meeting of Sanofi-Aventis Pakistan Limited to be held on Monday, April 27, 2015.

Approval of the shareholders will be sought for the amendment in the Regulation No. 78 of the Articles of Association of the Company in order to allow the Board to decide on the fee payable to non-executive directors for attending the Company meetings.

That at present, prior to the proposed Amendment, Regulation No. 78 reads as follows:

"78. The remuneration of a Director (other than a regularly paid Managing Director or a full time working Director) shall be rupees 500 for every meeting of the Board attended by him."

"RESOLVED THAT the Regulation No. 78 of the Articles of Association of the Company be amended as follows:

"78. That it shall be the prerogative of the Board of Directors, to decide and amend, the remuneration payable to a Director (other than a regularly paid Managing Director or a full time Working Director) in respect of each meeting of the Board (or any of its Committees) attended by him, through a resolution, passed by the majority of the quorum present at the Board of Directors' Meeting."

GLOSSARY

Adverse Drug Reaction	ADR
British Medical Journal	BMJ
Chronic Lymphocytic Leukemia	CLL
Code of Corporate Governance	CCG
Consumer Healthcare	CHC
Corporate Governance Leadership Skills	CGLS
Corporate Social Responsibility	CSR
Dividend per share	DPS
Earnings per share	EPS
Enterprise Resource Planning	ERP
Factory Acceptance Test	FAT
Final Tax Regime	FTR
Freight on Board	FOB
General Sales Tax	GST
Government of Pakistan	GOP
Health, Safety and Environment	HSE
Healthcare Providers	HCP
Institute of Business Administration	IBA
Institute of Chartered Accountants of Pakistan	ICAP
Institute of Cost and Management Accountants of Pakistan	ICMAP
Integrated Management System	IMS
International Accounting Standards	IAS
International Accounting Standards Board	IASB
International Financial Reporting Interpretations Committee	IFRIC
International Financial Reporting Standards	IFRS
International Union against Cancer	UICC
Karachi Inter Bank Offer Rate	KIBOR
Key Opinion Leader	KOL
Medical Information Service	MIS
National Environmental Quality Standards	NEQS
Non-Governmental Organization	NGO
Return on Assets	ROA
Return on Equity	ROE
Securities and Exchange Commission of Pakistan	SECP
State Bank of Pakistan	SBP
The Citizens Foundation	TCF
Total Shareholders Return	TSR
Type 2 Diabetes Mellitus	T2DM

PROXY FORM

I/We ______________________________ of ______________________________
______________________________ (full address) being a member of
sanofi-aventis Pakistan limited hereby appoint ______________________________
of ______________________________
(full address) or failing him ______________________________
of ______________________________
(full address) as my / our proxy to attend and vote for me / us and on my / our behalf at the 47th Annual General Meeting of the company to be held on Monday, April 27, 2015 and at any adjournment thereof.

As witness my / our hand this ________ day of ______________ 2015.

Witness No.1

Name ______________________
Address ______________________
C.N.I.C. No. ______________________

Rs.10/-
Revenue
Stamp

____
Signature of Member(s)

Witness No.2

Name ______________________
Address ______________________
C.N.I.C. No. ______________________

____
(Name in Block Letters)

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

Important

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in Circular No.1 of 2000 of SECP.

2. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her, no person shall act as a proxy, who is not a member of the Company except that a Corporation may appoint a person who is not a member.

3. The instrument appointing a proxy, together with the Board of Directors' resolution/Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time for holding the meeting.

4. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is corporation its common seal should be affixed to the instrument.

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AFFIX
CORRECT
POSTAGE

The Company Secretary

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

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