sanofi-aventis Pakistan Limited

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
June 30, 2021
(UN-AUDITED)

SANOFI

S.No Contents

Company Information

Board of Directors

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

Company Secretary

Muhammad Yousuf

Head of Internal Audit

Muhammad AbuBakar Siddiq

Auditors

EY Ford Rhodes,
Chartered Accountants

Legal Advisors

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

Registrars & Share Transfer Office

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

Contact

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

URL

www.sanofi.com.pk

Bankers

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

Registered Office

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

Postal Address

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

Directors' Report to the Shareholders

The Directors are pleased to present the un-audited interim condensed financial statements of your Company, for the half year ended June 30, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

Net sales for the half year ended June 30, 2021 stands at Rs. 8,071 million which grew by 22% compared to same period last year. This growth was mainly driven by Flagyl®, Haemaccel® and Clexane® which grew by 39%, 571% and 32% respectively.

The gross margin improved slightly to 22.8% from 22.1% as compared to same period last year on account of pricing as well as appreciation/stability in exchange rate in first half of the year. Distribution and marketing expenses reduced to 11% of net sales from 14.28% last year mainly due to substantial growth in top line as well as savings in travelling and promotional expenses this year as most of the promotional activities were conducted digitally. Administrative expenses also reduced to 3.4% of net sales from 3.9% last year.

Due to the reasons explained above, profit before tax for the half year ended June 30, 2021 amounted to Rs. 714 million. While profit after tax amounted to Rs. 444 million translating into earnings per share of Rs. 46.02 as compared to loss per share of Rs. 10.70 in same period last year.

Currently, the Country has entered in the fourth wave of COVID-19 pandemic which has now resulted in smart lockdowns in various parts of the country specially in the province of Sindh. The Company is continuously monitoring the situation and may take further actions as may be required by Federal, Provincial, or local authorities or that are in the best interest of the employees, customers, suppliers, and stakeholders.

The learning over the past one year has enabled us to develop a robust yet flexible operating model which enables the business to quickly adapt to the changing scenario whilst ensuring employee wellbeing, business continuity and growth.

The Board of Directors would like to wish all stakeholders, including employees, health, safety and well-being in these challenging times and recommend all to stay safe and ensure compliance with the directives of the government to fight this pandemic.

By order of the Board

Syed Babar Ali
Chairman

Asim Jamal
Chief Executive Officer

Karachi: August 26, 2021

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے ۳۰ جون، ۲۰۲۱ء کو ختم شدہ ششماہی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS) ۔''انٹیرم فنانشل رپورٹنگ'' کے مطابق اور کمپنیز ایکٹ، ۲۰۱۷ء کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز ایکٹ، ۲۰۱۷ء کی ہدایات پر عمل کیا گیا ہے۔

۳۰ جون، ۲۰۲۱ء کو ختم شدہ ششماہی میں کمپنی کی نیٹ سیلز گزشتہ سال میں اسی دورانیہ کے مقابلے میں ۲۲ فیصد اضافے کے ساتھ ۸۰۱۷ ملین روپے رہی۔ اس اضافے کی بنیادی وجہ فلیجل، ہیماکسل اور کلیگزین کی نیٹ سیلز میں اضافہ ہے جن میں بالترتیب ۳۹ فیصد، ۱۷۵ فیصد اور ۳۲ فیصد اضافہ ریکارڈ کیا گیا۔

سال کی پہلی ششماہی میں قیمتوں میں اضافے کے ساتھ زرِ مبادلہ کی شرح میں استحکام کی بنا پر مجموعی منافع گزشتہ سال اسی دورانیہ کے مقابلے میں ۲۲ء۱ فیصد سے تھوڑا سا بڑھ کر ۲۲ء۸ فیصد ہو گیا۔ ڈسٹری بیوشن اور مارکیٹنگ اخراجات گزشتہ سال نیٹ سیلز کے ۱۴ء۲۸ فیصد کے مقابلے میں کم ہو کر ۱۱ فیصد تک آ گئے جس کی بنیادی وجوہات میں سفری اور تشہیری اخراجات میں بچت شامل ہے، کیونکہ زیادہ تر تشہیری سرگرمیوں کے لیے ڈیجیٹل طریقہ کار کو اپنایا گیا۔ انتظامی اخراجات گزشتہ سال نیٹ سیلز کے ۳ء۹ فیصد کے مقابلے میں کم ہو کر ۳ء۴ فیصد کی سطح پر آ گئے۔

مندرجہ بالا اسباب کی وجہ سے ۳۰ جون، ۲۰۲۱ء کو ختم شدہ ششماہی میں قبل از ٹیکس منافع ۷۱۴ ملین روپے رہا۔ جبکہ بعد از ٹیکس منافع ۴۴۴ ملین روپے ریکارڈ کیا گیا، اسی طرح گزشتہ سال اسی دورانیہ میں ۴۶ء۰۲ روپے فی حصص خسارے کے مقابلے میں ۱۰ء۷۰ روپے فی حصص منافع ریکارڈ کیا گیا ہے۔

ملک میں COVID-19 کی چوتھی لہر آ چکی ہے جس کے نتیجے میں ملک کے مختلف علاقوں خاص طور پر صوبہ سندھ میں سمارٹ لاک ڈاؤن لگائے جا رہے ہیں۔ کمپنی صورتحال کا مسلسل جائزہ لے رہی ہے اور اپنے ملازمین، صارفین، سپلائرز اور اسٹیک ہولڈرز کے بہترین مفاد میں وفاقی، صوبائی حکومتوں یا مقامی انتظامیہ کی ہدایات کے مطابق مزید اقدامات اٹھا سکتی ہے۔

گزشتہ ایک سال کے حالات نے ہمیں اس قابل بنا دیا ہے کہ ہم نے بدلتے حالات کے تحت اپنے کاروبار کو بھی تیزی سے صورتحال کے مطابق ڈھال دیتے ہیں جبکہ کاروبار میں تسلسل اور ترقی کے ساتھ ملازمین کی بھلائی کو بھی یقینی بنایا جاتا ہے۔

بورڈ آف ڈائریکٹرز موجودہ نازک حالات میں کمپنی کے تمام شراکت داروں، بشمول ملازمین کی صحت، حفاظت اور بہتری کا خواہاں ہے اور سفارش کرتا ہے کہ اس وبائی صورتحال سے نمٹنے کے لیے حکومت کی ہدایات پر عمل کو یقینی بنایا جائے۔

بحکم بورڈ

سید بابر علی

چیئرمین

عاصم جمال

چیف ایگزیکٹو آفیسر

کراچی: ۲۶ اگست، ۲۰۲۱ء

EY
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of sanofi-aventis Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **sanofi-aventis Pakistan Limited** as at **30 June 2021** and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended 30 June 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-months ended 30 June 2021.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditors' report is **Arif Nazeer.**

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 26 August 2021

sanofi-aventis Pakistan Limited
Condensed Interim Statement of Financial Position
As at June 30, 2021

	Note	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		------------- Rupees in '000	------------
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,610,826	1,741,583
Right-of-use assets	5	9,030	21,790
Intangible assets		4,495	3,604
		1,624,351	1,766,977
Long-term loans		3,090	3,119
Long-term deposits		15,983	13,643
Deferred taxation - net		155,156	123,773
		1,798,580	1,907,512
CURRENT ASSETS			
Stores and spares		52,367	48,273
Stock-in-trade - net	6	3,881,940	3,210,363
Trade debts - net		518,351	538,646
Loans and advances		149,618	88,694
Trade deposits and short-term prepayments		458,414	427,861
Other receivables - net		222,605	966,953
Taxation - net		1,292,135	1,411,809
Cash and bank balances		191,965	53,235
		6,767,395	6,745,834
TOTAL ASSETS		8,565,975	8,653,346
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
10,000,000 Ordinary shares of Rs.10 each		100,000	100,000
Issued, subscribed and paid-up		96,448	96,448
Reserves			
Capital reserves		362,391	353,307
Revenue reserves		4,363,278	4,112,343
		4,725,669	4,465,650
		4,822,117	4,562,098
NON-CURRENT LIABILITIES			
Long-term financing		98,641	163,622
Deferred liabilities		35,921	42,274
Lease liabilities	5	-	1,340
		134,562	207,236
CURRENT LIABILITIES			
Contract liabilities		51,816	57,927
Trade and other payables	7	3,338,204	3,396,136
Current maturity of long-term financing		179,272	143,758
Current maturity of deferred liabilities		9,410	16,340
Current maturity of lease liabilities	5	3,661	22,140
Accrued mark-up		1,503	5,599
Unclaimed dividend		10,152	9,279
Short-term borrowings	8	15,278	232,833
		3,609,296	3,884,012
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		8,565,975	8,653,346

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali	Asim Jamal	Yasser Pirmuhammad
Chairman	Chief Executive Officer	Chief Financial Officer

sanofi-aventis Pakistan limited
Condensed Interim Statement of Profit or Loss
For the six months period ended June 30, 2021 (Un-audited)

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
	---------- Rupees in '000 ----------			
NET SALES	**8,070,617**	6,616,429	**4,492,770**	3,195,361
Cost of sales	**(6,234,109)**	(5,151,468)	**(3,541,475)**	(2,464,554)
GROSS PROFIT	**1,836,508**	1,464,961	**951,295**	730,807
Distribution and marketing expenses	**(891,397)**	(944,899)	**(459,394)**	(375,978)
Administrative expenses	**(270,914)**	(261,312)	**(137,287)**	(126,852)
Other expenses	**(74,459)**	(251,030)	**(38,509)**	(166,439)
Other income	**129,872**	29,144	**33,781**	12,342
	(1,106,898)	(1,428,097)	**(601,409)**	(656,927)
OPERATING PROFIT	**729,610**	36,864	**349,886**	73,880
Finance costs	**(15,658)**	(22,606)	**(7,392)**	(10,333)
PROFIT BEFORE TAXATION	**713,952**	14,258	**342,494**	63,547
Taxation - Current	**(303,121)**	(187,341)	**(162,729)**	(95,461)
- Deferred	**32,999**	69,898	**18,348**	13,142
	(270,122)	(117,443)	**(144,381)**	(82,319)
PROFIT/(LOSS) AFTER TAXATION	**443,830**	(103,185)	**198,113**	(18,772)
EARNINGS/(LOSS) PER SHARE - basic and diluted (Rupees)	**46.02**	(10.70)	**20.54**	(1.95)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali	Asim Jamal	Yasser Pirmuhammad
Chairman	Chief Executive Officer	Chief Financial Officer

sanofi-aventis Pakistan limited
Condensed Interim Statement Of Other Comprehensive Income
For the six months period ended June 30, 2021 (Un-audited)

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
	------------------------------ Rupees in '000 ------------------------------			
Profit/ (loss) after taxation	**443,830**	(103,185)	**198,113**	(18,772)
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods:				
Actuarial gain/(loss) on defined benefit plans	-	-	-	-
Deferred tax on actuarial gain/(loss) on defined benefit plans	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income/ (loss)	**443,830**	(103,185)	**198,113**	(18,772)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali	Asim Jamal	Yasser Pirmuhammad
Chairman	Chief Executive Officer	Chief Financial Officer

sanofi-aventis Pakistan limited
Condensed Interim Statement of Cash Flows
For the six months period ended June 30, 2021 (Un-audited)

	Note	June 30, 2021	June 30 2020
		----------Rupees in '000----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		713,952	14,258
Adjustment for non-cash charges and other items:			
Depreciation / amortization		175,168	178,232
Impact of lease modification		(1,122)	-
Impact of lease termination		(115)	
(Gain) / loss on sale of operating fixed assets		(1,938)	83
Release of defered liablities		(13,283)	-
Expenses arising from equity settled share based payment plans		9,084	13,954
Retirement benefits		58,938	72,354
Interest income		(6)	(2)
Finance costs		15,658	22,606
		956,336	301,485
(Increase) / decrease in current assets			
Stores and spares		(4,094)	3,673
Stock-in-trade		(671,577)	(1,422,949)
Trade debts		20,295	(86,106)
Loans and advances		(60,924)	(24,588)
Trade deposits and short-term prepayments		(30,553)	(164,488)
Other receivables		745,816	540,692
		(1,037)	(1,153,766)
		955,299	(852,281)
(Decrease) / increase in current liabilities			
Contract liabilities		(6,111)	(27,192)
Trade and other payables (excluding liabilities for employees' pension and gratuity funds)		(54,488)	1,063,755
Cash generated from operations		894,700	184,282
Finance costs paid		(19,345)	(26,629)
Interest on lease liability paid		(2,298)	(170)
Income tax paid		(181,830)	(201,879)
Retirement benefits paid		(63,851)	(90,599)
Long-term loans		29	582
Long-term deposits		(2,340)	-
Net cash generated from/ (used in) operating activities		625,065	(134,413)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(61,396)	(168,646)
Sale proceeds from sale of operating fixed assets		25,985	10,159
Interest received		6	2
Net cash used in investing activities		(35,405)	(158,485)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(192,022)	(76,916)
Repayment of lease liability		(11,886)	(15,793)
Repayment of long-term financing		(29,467)	-
Proceeds from long-term financing		-	328,428
Net cash (used in)/ generated from financing activities		(233,375)	235,719
Net Increase / (decrease) in cash and cash equivalents		356,285	(57,179)
Cash and cash equivalents at the beginning of the period		(179,598)	(416,774)
Cash and cash equivalents at the end of the period	10	176,687	(473,953)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali	Asim Jamal	Yasser Pirmuhammad
Chairman	Chief Executive Officer	Chief Financial Officer

sanofi-aventis Pakistan limited
Condensed Interim Statement of Changes in Equity
For the six months period ended June 30, 2021 (Un-audited)

	Issued, subscribed and paid-up share capital	Capital Reserves			Revenue Reserves		Total
		long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappro-priated profit / (loss)	
	-----------------------------Rupees '000-----------------------------						
Balance as at January 1, 2020 (Audited)	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	13,954	-	-	13,954
Final dividend @ Rs.8 per ordinary share for the year ended December 31, 2019	-	-	-	-	-	(77,158)	(77,158)
Loss after taxation	-	-	-	-	-	(103,185)	(103,185)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(103,185)	(103,185)
Balance as at June 30, 2020	96,448	5,935	18,000	311,606	3,535,538	(44,464)	3,923,063
Balance as at January 1, 2021 (Audited)	**96,448**	**5,935**	**18,000**	**329,372**	**3,535,538**	**576,805**	**4,562,098**
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	**9,084**	-	-	**9,084**
Final dividend @ Rs.20 per ordinary share for the year ended December 31, 2020	-	-	-	-	-	**(192,895)**	**(192,895)**
Profit after taxation	-	-	-	-	-	**443,830**	**443,830**
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the preiod	-	-	-	-	-	**443,830**	**443,830**
Balance as at June 30, 2021	**96,448**	**5,935**	**18,000**	**338,456**	**3,535,538**	**827,740**	**4,822,117**

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Syed Babar Ali	Asim Jamal	Yasser Pirmuhammad
Chairman	Chief Executive Officer	Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1967 as a Public Limited Company. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Sanofi Foreign Participations B.V., registered in Netherlands (the Parent Company). The Ultimate Parent of the Company is Sanofi S.A., France carrying shareholding at 52.87% and incorporated in France. The Company is engaged in the manufacturing and selling of pharmaceutical, consumer healthcare products and vaccines. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' (IAS 34) , issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2020.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended June 30, 2021 and June 30, 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended June 30, 2021 and June 30, 2020.

2.4 The preparation of these condensed interim financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended December 31, 2020 except, as stated in note 3 of these condensed interim financial statements.

3. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2020, except for the adoption of amendments to approved accounting standards which became effective for the current period:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The adoption of above ammendments approved accounting standards did not have any material effect on the condensed interim financial statements of the Company.

	Note	June 30, 2021	December 31, 2020
		----------Rupees in '000----------	
		(Un-audited)	(Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,548,988	1,586,496
Capital work-in-progress	4.2 & 4.3	61,838	155,087
		1,610,826	1,741,583

4.1 Operating fixed assets

	Note	June 30, 2021	December 31, 2020
Opening net carrying value		1,586,496	1,546,805
Additions / transfers from capital work-in-progress	4.1.1	152,252	433,035
Disposals during the period / year	4.1.1	(24,047)	(54,616)
Write-off during the period / year		-	(800)
Depreciation charge for the period / year		(165,713)	(337,928)
Closing net carrying value		1,548,988	1,586,496

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	---------- Rupees in '000 ----------			
Buildings on leasehold land	37,590	16,483	-	-
Plant and machinery	51,178	223,555	-	-
Furniture and fixtures	-	566	1,124	-
Factory and office equipment	16,774	84,623	1,112	-
Motor vehicles	46,710	107,808	21,811	54,616
	152,252	433,035	24,047	54,616

	June 30, 2021	December 31, 2020
	----------Rupees in '000----------	
4.2 Capital work-in-progress	(Un-audited)	(Audited)
Buildings on leasehold land	7,783	50,264
Plant and machinery	24,381	51,941
Others	29,674	52,882
	61,838	155,087

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

	June 30, 2021	December 31, 2020
Opening balance	155,087	103,308
Additions during the period / year	5,439	88,377
Transferred to operating fixed assets	(98,688)	(36,598)
Closing balance	61,838	155,087

	Note	June 30, 2021	December 31, 2020
		----------Rupees in '000----------	
		(Un-audited)	(Audited)
5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES			
Opening balance		21,790	2,828
Additions during the period / year		-	36,382
Impact of lease modification	5.1	(3,432)	-
Depreciation charge for the period / year		(7,953)	(17,420)
Impact of termination of lease	5.2	(1,375)	-
Closing balance		9,030	21,790

Set out below are the carrying amount of lease liabilities and the movement during the year:

	Note	June 30, 2021	December 31, 2020
Opening balance		23,480	2,999
Additions during the period / year		-	36,382
Accretion of interest for the period / year		409	2,261
Payments		(14,184)	(18,162)
Impact of lease modification	5.1	(4,554)	-
Impact of termination of lease	5.2	(1,490)	-
Closing balance		3,661	23,480
Non-current lease liabilities		-	1,340
Current maturity of lease liabilities		3,661	22,140
		3,661	23,480

5.1 The Company modified its contracts for two sales offices resulting in reduction in scope of lease. Right-of-use assets and lease liabilities have been adjusted accordingly as per the requirments of IFRS-16.

5.2 The Company terminated one contract for sales office due to its early closure. Right-of-use asset and lease liability have been adjusted accordingly as per the requirements of IFRS-16.

	Note	June 30, 2021	December 31, 2020
		----------Rupees in '000----------	
		(Un-audited)	(Audited)
6. STOCK-IN-TRADE			
Raw and packing material			
In hand		1,568,262	1,364,825
In transit		396,512	79,069
		1,964,774	1,443,894
Provision against raw and packing material	6.1	(330,732)	(221,054)
		1,634,042	1,222,840
Work-in-process		94,074	96,071
Finished goods			
In hand		1,713,931	1,853,682
In transit		614,735	209,692
Provision against finished goods	6.2	(174,842)	(171,922)
		2,153,824	1,891,452
	6.3	3,881,940	3,210,363

	June 30, 2021	December 31, 2020
	----------Rupees in '000----------	
	(Un-audited)	(Audited)
6.1 Movement of provision against raw and packing material		
Opening balance	**221,054**	151,162
Charge for the period / year	**119,399**	86,216
Write-off during the period / year	**(9,721)**	(16,324)
Closing balance	**330,732**	221,054
6.2 Movement of provision against finished goods		
Opening balance	**171,922**	179,616
Charge for the period / year	**6,816**	49,451
Write off during the period / year	**(3,896)**	(57,145)
Closing balance	**174,842**	171,922

6.3 Includes write down of raw and packing material costing Rs. 816 million (December 31, 2020: nil) to their net realizable value of Rs. 669 million (December 31, 2020: nil). Also includes write down of finished goods costing Rs. 1,671 million (December 31, 2020: Rs 349.7 million) to their net realizable value of Rs. 1,621 million (December 31, 2020: Rs 273.6 million).

7. TRADE AND OTHER PAYABLES

	June 30, 2021	December 31, 2020
	----------Rupees in '000----------	
	(Un-audited)	(Audited)
Trade creditors		
Related parties	**993,106**	1,029,599
Other trade creditors	**485,251**	360,760
	1,478,357	1,390,359
Other payables		
Accrued liabilities	**890,833**	1,050,350
Refund liabilities	**30,082**	27,347
Provision for Sindh Development and Maintenance of Infrastructure Cess	**431,443**	403,546
Employees' Pension Fund	**318,468**	321,912
Workers’ Profit Participation Fund	**41,681**	50,291
Workers’ Welfare Fund	**97,134**	95,967
Central Research Fund	**7,249**	9,054
Compensated absences	**28,389**	27,107
Security deposits	**1,775**	1,775
Contractors' retention money	**3,251**	5,156
Sales tax payable	**9,542**	13,272
	1,859,847	2,005,777
	3,338,204	3,396,136

	June 30, 2021	December 31, 2020
	----------Rupees in '000----------	
8. SHORT-TERM BORROWINGS	(Un-audited)	(Audited)
Running finance utilized under mark-up arrangements	15,278	232,833

Represents utilized portion of running finance facilities from various commercial banks under mark-up arrangements. The total running finance facilities available aggregates to Rs. 2,800 million (December 31, 2020: Rs. 2,800 million). These facilities are secured against first registered joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These facilities carry mark-up rates ranging between KIBOR + 0.15% to KIBOR + 0.40% (December 31, 2020: KIBOR + 0.15% to KIBOR + 0.40%) per annum. These facilities will expire latest by March 31, 2022.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no changes in the status of contingencies, as set out in note 20.1 to the annual financial statements of the Company for the year ended December 31, 2020 except for the following:

9.1.1 During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection had framed the assessment for Tax Year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order was Rs.123.4 million. During the year 2018, the Commissioner Inland Revenue (Appeals) [CIR(A)] had remanded back the proceedings for fresh consideration to the Deputy Commissioner Inland Revenue (DCIR).The Company had filed an appeal before Apellate Tribunal Inland Revenue (ATIR) against the directions of CIR(A) for remand back proceedings. During the year 2019, the DCIR reduced the withholding tax demand from Rs.123.4 million to Rs.39.4 million in respect of matters pertaining to short withholding on imports. Therefore, balance of Rs.84 million was refundable to the Company, out of which an amount of Rs.49 million was refunded to the Company in the form of cash payments and the remaining amount of Rs.35 million was adjusted against the tax liability for the Tax Year 2021. During the period, appeal was filed with CIR(A) for the disputed amount of Rs.39.4 million which was rejected by CIR(A) therefore, the appeal was filed before the ATIR.

9.1.2 During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001 (Ordinance), Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 44.6 million. The Company paid the said amount under protest and filed an appeal before the CIR(A). During the year 2018, the CIR(A) remanded back to (ACIR) for fresh proceedings. However, the Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending. Appeal effect order was issued by the officer disallowing the same, therefore, appeal was filed with CIR(A). During the period, CIR(A) has sustained the demand of Rs.44.6 million which is persued in appeal with the ATIR.

9.1.3 The DCIR passed an order under section 122(5) of the Income Tax Ordinance, 2001 for the year ended December 31, 2012, increasing the tax liability by Rs. 131.1 million on the contention that the Company understated the gain on sale of WAH Site and disallowance of certain expenses related to sales promotion and advertisement. The appeal was filed with CIR(A), matter related to gain on disposal of WAH site was deleted and additions relating to sales promotion and advertisements were remanded back. An appeal was filed with CIR(A) against the order issued by Commissioner on remand back proceedings to obtain the desired relief.

9.2 Commitments

	June 30, 2021	December 31, 2020
	-------Rupees in '000-------	
	(Un-audited)	(Audited)
Commitments for capital expenditure	117,992	99,512
Outstanding letters of credit	202,982	214,422
Outstanding bank guarantees	438,455	417,220
Outstanding bank contracts	2,304,556	808,339

10. CASH AND CASH EQUIVALENTS

	June 30, 2021	June 30, 2020
	-------Rupees in '000-------	
	(Un-audited)	(Un-audited)
Cash and bank balances	191,965	152,051
Short-term borrowings	(15,278)	(626,004)
	176,687	(473,953)

11. TRANSACTIONS WITH RELATED PARTIES

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

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

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

	June 30, 2021 (Un-audited)					June 30, 2020 (Un-audited)				
	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total
	Rupees in '000									
i) Gross Sales	16,707	-	-	-	16,707	2,132	-	-	-	2,132
ii) Purchase of goods	3,917,327	5,801	-	-	3,923,128	3,663,354	9,530	-	-	3,672,884
iii) Purchase of services	25,768	14,159	-	-	39,927	31,588	8,281	-	-	39,869
iv) Insurance claims received	-	39,011	-	-	39,011	-	10,571	-	-	10,571
v) Contribution paid										
- Providend fund	-	-	31,778	-	31,778	-	-	33,786	-	33,786
- Gratuity fund	-	-	21,572	-	21,572	-	-	36,318	-	36,318
- Pension fund	-	-	42,279	-	42,279	-	-	54,281	-	54,281
vi) Remuneration of key management personnel	-	-	-	131,884	131,884	-	-	-	140,351	140,351

12. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND OTHERS

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. There have been no changes in any risk management policies since the year-end and the carrying amounts of all the financial instruments reflected in the condensed interim financial statements approximate to their fair value.

13. ENTITY WIDE INFOMRATION

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

	June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
Sales to external customers- net of returns and discounts	----------Rupees in '000----------	
Pakistan	**7,814,828**	6,455,732
Afghanistan	**239,082**	158,565
Other exports	**16,707**	2,132
	8,070,617	6,616,429

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 26, 2021 by the Board of Directors of the Company.

15. GENERAL

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

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

Syed Babar Ali Chairman	Asim Jamal Chief Executive Officer	Yasser Pirmuhammad Chief Financial Officer