

*sanofi-aventis Pakistan Limited*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

FOR THE QUARTER ENDED  
JUNE 30, 2023  
(UN-AUDITED)



# Contents

- 1 Company Information
- 2 Directors' Report to the Shareholders
- 3 Auditors' Report to the Members on Review of Condensed Interim Financial Statements
- 4 Condensed Interim Statement of Financial Position
- 5 Condensed Interim Statement of Profit or Loss
- 6 Condensed Interim Statement of Other Comprehensive Income
- 7 Condensed Interim Statement of Cash Flows
- 8 Condensed Interim Statement of Changes in Equity
- 9 Notes to the Condensed Interim Financial Statements

# Company Information

## Board of Directors

Syed Babar Ali  
Sajjad Iftikhar  
Syed Hyder Ali  
Arshad Ali Gohar  
Syed Anis Ahmad Shah  
Imtiaz Ahmed Husain Laliwala  
Muhammad Salman Burney  
Saadia Naveed

Chairman  
Chief Executive Officer

## Chief Financial Officer

Yasser Pirmuhammad

## URL

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

## Company Secretary

Mir Zulfiqar Hussain Khan

## Auditors

A.F. Fergusons & Co.  
Chartered Accountants

## Bankers

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

## Legal Advisors

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

## Registered Office

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

## Registrars & Share Transfer Office

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

## Postal Address

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

## Contact

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

## Directors' Report to the Shareholders

The Directors are pleased to present the un-audited condensed interim financial statements of your Company, for the six-month period ended June 30, 2023. 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 requirements differ, the provisions of directives issued under the Companies Act, 2017 have been followed.

Total net sales for the six-month period ended June 30, 2023, stand at Rs. 10,048 million, which grew by 6% compared to the same period last year. This growth was mainly driven by Clexane<sup>®</sup>, Enterogermina<sup>®</sup> and Lantus<sup>®</sup> which grew by 38%, 36% and 16% respectively.

The gross margin has declined from 28% to 25% as compared to the same period last year primarily on account of high imported raw material costs and unprecedented inflation. Distribution and marketing expenses decreased to 12% of net sales from 14% in last year's comparative period mainly on account of curtailment of travelling and promotional activities. Administrative expenses remained stable at 4% of net sales; as they were in the same period last year.

Other expenses increased significantly to 12% of net sales from 3.26% in last year's comparative period primarily on account of adverse exchange rate movement resulting from an exchange loss of PKR 1,070 million.

Furthermore, the challenging socio-political and macroeconomic factors including surging inflation, increasing policy rates and reduction in economic activity have a cascading impact on your Company's performance during the period under review. The cumulative impact of aforementioned factors has transpired into a loss after tax for the six-month period ended June 30, 2023, amounting to PKR 522 million as compared to a profit after tax of Rs. 189 million during corresponding period of the year 2022.

During the year, an Investor Consortium led by Packages Limited (comprising Packages Limited, IGI Investments (Private) Limited and affiliates of Arshad Ali Gohar Group) acquired entire 52.87% shares held by Sanofi Foreign Participations B.V in the Company on April 28, 2023 in accordance with the terms of the Share Purchase Agreement executed between the parties on April 29, 2022. Earlier, Packages Limited also acquired a 6.07% shareholding in the Company as a result of mandatory tender offer on August 23, 2022, in accordance with the applicable Takeover Laws.

The management of the Company is committed to navigate through the challenging economic conditions through enhanced focus on portfolio optimization, cost control, better working capital management and operations management.


The Board of Directors of your Company, in its meeting held on August 08, 2023, has considered, and approved to change the name of the Company from "Sanofi – Aventis Pakistan Limited" to "Hoechst Pakistan Limited", subject to applicable corporate and regulatory approvals and completion of necessary legal formalities under applicable laws.

The Registrar of Companies has issued name availability confirmation in respect of "Hoechst Pakistan Limited". Please note that this proposed change of name will not have any impact on the principal line of business of the Company and is being carried out in accordance with the terms of Share Purchase Agreement executed between Sanofi Foreign Participations B.V and the Investor Consortium.

The proposed name encapsulates the rich legacy of the Company since making its footprint in Pakistan. The Company was incorporated in 1967, started manufacturing pharmaceuticals and specialty chemicals in 1972 and went public in 1977.

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

By order of the Board



Syed Babar Ali  
Chairman



Sajjad Iftikhar  
Chief Executive Officer

Karachi: August 25, 2023

## شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ

ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2023 کو ختم ہونے والی چھ ماہ کی مدت کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی حسابات پیش کر رہے ہیں۔ یہ مالیاتی حسابات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز - 34 (IAS) انٹرم فنانشل رپورٹنگ" اور کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات اور ان کی دفعات کے تقاضوں کے مطابق تیار کیے گئے ہیں۔ اگر ضروریات مختلف ہونے کی صورت میں کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات کی دفعات پر عمل کیا گیا ہے۔

30 جون 2023 کو ختم ہونے والی چھ ماہ کی مدت کے لیے کل خالص فروخت 10,048 ملین روپے رہی جس میں گزشتہ سال کی اسی مدت کے مقابلے میں 6 فیصد اضافہ ہوا ہے۔ یہ ترقی بنیادی طور پر Clexane® ، Enterogermina® اور Lantus® کے ذریعے دیکھنے میں آئی جس میں بالترتیب 38 فیصد، 36 فیصد اور 16 فیصد اضافہ ہوا۔

مجموعی مارجن گزشتہ سال کی اسی مدت کے مقابلے میں 28 فیصد سے کم ہو کر 25 فیصد ہو گیا ہے۔ یہ بنیادی طور پر اعلیٰ درآمدی خام مال اور تیار اشیاء کی قیمتوں میں اضافے کے ساتھ بلند افراط زر کی وجہ سے دیکھنے میں آیا۔ ڈسٹریبیوشن اور مارکیٹنگ کے اخراجات گزشتہ سال کی تقابلی مدت میں 14 فیصد سے کم ہو کر خالص فروخت کا 12 فیصد رہ گئے جو سفری اور پروموشنل سرگرمیوں میں کمی کی وجہ سے ہوا۔ انتظامی اخراجات خالص فروخت کے 4 فیصد پر مستحکم رہی جیسا کہ گزشتہ سال اسی عرصے میں تھی۔

دیگر اخراجات بڑھ کر خالص فروخت کا 12 فیصد ہو گئے جو گزشتہ سال کی تقابلی مدت میں 3.26 فیصد سے بڑھ کر بنیادی طور پر 1,070 ملین روپے کے زر مبادلہ کے نقصان کے نتیجے میں شرح مبادلہ کی منفی اثرات کی وجہ سے ہوئے۔

مزید برآں، چینلنگ سماجی-سیاسی اور میکرو اکنامک صورتحال بشمول بڑھتی ہوئی افراط زر، پالیسی کی شرح میں اضافہ اور اقتصادی سرگرمیوں میں کمی کے باعث زیر جائزہ مدت کے دوران آپ کی کمپنی کی کارکردگی پر بڑا اثر پڑا ہے۔ مذکورہ عوامل کا مجموعی اثر 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے بعد از ٹیکس نقصان 522 ملین روپے میں تبدیل ہو گیا ہے، جو کہ گزشتہ سال کی اسی مدت کے دوران بعد از ٹیکس منافع 189 ملین روپے تھا۔

سال کے دوران، پیکجز لمیٹڈ (پیکجز لمیٹڈ، آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ اور ارشد علی گوہر گروپ کے ملحقہ اداروں پر مشتمل ایک انویسٹر کنسورشیم نے 28 اپریل 2023 کو کمپنی میں سنوفی فارن پارٹیسپیشنز B.V کے پاس موجود 52.87 فیصد حصص حاصل کیے۔ 29 اپریل 2022 کو فریقین کے درمیان شیئر پرچیز اگریمنٹ طے پایا اور اس سے پیکجز لمیٹڈ نے بھی 23 اگست 2022 کو قابل اطلاق ٹیک اوور قوانین کے مطابق لازمی ٹینڈر پیشکش کے نتیجے میں کمپنی میں 6.07 فیصد شیئر ہولڈنگ حاصل کی تھی۔

کمپنی کی انتظامیہ پورٹ فولیو آپٹیمائزیشن، لاگت پر قابو پانے، بہتر ورکنگ کیپیٹل مینجمنٹ اور آپریشنز مینجمنٹ پر بہتر توجہ کے ساتھ چیلنجنگ معاشی حالات سے گزرنے کے لیے پرعزم ہے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 08 اگست 2023 کو اپنے ہونے والے اجلاس میں، کمپنی کا نام ”سنوفی اونٹس لمیٹڈ“ سے ”ہونیکسٹ پاکستان لمیٹڈ“ میں تبدیل کرنے پر غور کیا اور منظوری دی، جو قابل اطلاق کارپوریٹ اور قابل اطلاق قوانین کے تحت ریگولیٹری منظوری اور ضروری قانونی رسمی کارروائیوں کی تکمیل ہے۔

رجسٹرار آف کمپنیز نے ”ہونیکسٹ پاکستان لمیٹڈ“ کے حوالے سے نام کی دستیابی کی تصدیق جاری کر دی ہے۔ براہ کرم نوٹ کریں کہ نام کی اس مجوزہ تبدیلی کا کمپنی کے کاروبار کے بنیادی طریقے پر کوئی اثر نہیں پڑے گا اور یہ سنوفی فارن پارٹیسپیشنز بی وی اور انویسٹر کنسورشیم پر مشتمل شیئر پرچیز اگریمنٹ کی شرائط کے مطابق عمل میں لایا جا رہا ہے۔

مجوزہ نام پاکستان میں اپنی چھاپ بنانے کے بعد سے کمپنی کی بھرپور روایتوں کو سمیٹتا ہے۔ کمپنی کو 1967 میں شامل کیا گیا تھا، اس نے 1972 میں دواسازی اور خصوصی کیمیکلز کی تیاری شروع کی اور 1977 میں عام ہوئی۔

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

بحکم بورڈ



سجاد افتخار  
چیف ایگزیکٹو



سید بابر علی  
چیئر مین  
آفیسر

کراچی: 25 اگست 2023







**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of sanofi-aventis Pakistan Limited  
Report on review of Condensed Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of sanofi-aventis Pakistan Limited as at June 30, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and notes thereto for the quarters ended June 30, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2023.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The financial statements of the Company for the year ended December 31, 2022, were audited by EY Ford Rhodes Chartered Accountants, who through their audit report dated April 26, 2023, have expressed an unmodified opinion thereon.

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

**Chartered Accountants  
Karachi**

**Date: August 29, 2023**

**UDIN: RR2023100698yfvIAFDc**

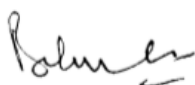
# sanofi-aventis Pakistan Limited

## Condensed Interim Statement of Financial Position

As at June 30, 2023

		June 30, 2023	December 31, 2022
	Note	----- Rupees in '000 ----- (Un-audited)	(Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	1,769,569	1,884,260
Investment properties		32,086	32,961
Intangible assets	5	15,833	2,657
		<u>1,817,488</u>	<u>1,919,878</u>
Long-term loans to employees		4,527	3,623
Long-term deposits		15,983	15,983
Deferred taxation - net		148,160	147,394
		<u>1,986,158</u>	<u>2,086,878</u>
<b>CURRENT ASSETS</b>			
Stores and spares		91,574	88,038
Stock-in-trade	6	4,413,129	4,550,693
Trade debts - net	7	499,067	857,348
Loans and advances		193,218	220,304
Trade deposits and short-term prepayments	8	1,136,976	2,499,808
Other receivables		502,734	485,566
Short-term investments	9	1,200,000	-
Taxation - net		1,458,615	1,309,840
Cash and bank balances		317,178	233,196
		<u>9,812,491</u>	<u>10,244,793</u>
<b>TOTAL ASSETS</b>		<u><u>11,798,649</u></u>	<u><u>12,331,671</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		96,448	96,448
Reserves		4,423,115	4,933,244
		<u>4,519,563</u>	<u>5,029,692</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		4,500	9,000
Defined benefit plan - gratuity fund		58,327	32,844
		<u>62,827</u>	<u>41,844</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities		241,490	155,332
Trade and other payables	10	6,934,066	5,435,086
Current maturity of long-term financing		-	41,053
Current maturity of deferred liabilities		9,000	9,000
Accrued mark-up		21,169	17,440
Unclaimed dividend		8,251	8,286
Unpaid dividend		2,283	2,283
Bank overdraft		-	891,655
Short-term borrowings		-	700,000
		<u>7,216,259</u>	<u>7,260,135</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>11,798,649</u></u>	<u><u>12,331,671</u></u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Sajjad Iftikhar  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer


# sanofi-aventis Pakistan Limited

## Condensed Interim Statement of Profit or Loss

For the half year ended June 30, 2023 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- Rupees in '000 -----					
<b>NET SALES</b>	12	10,047,849	9,523,844	5,285,241	5,140,195
Cost of sales		(7,501,502)	(6,816,963)	(4,380,143)	(3,705,327)
<b>GROSS PROFIT</b>		<u>2,546,347</u>	<u>2,706,881</u>	<u>905,098</u>	<u>1,434,868</u>
Distribution and marketing costs		(1,197,665)	(1,338,241)	(533,032)	(667,284)
Administrative expenses		(422,483)	(386,502)	(241,068)	(220,932)
Other expenses	13	(1,193,443)	(310,178)	(200,451)	(210,081)
Other income		96,933	38,928	79,982	22,022
		<u>(2,716,658)</u>	<u>(1,995,993)</u>	<u>(894,569)</u>	<u>(1,076,275)</u>
<b>OPERATING (LOSS) / PROFIT</b>		<u>(170,311)</u>	<u>710,888</u>	<u>10,529</u>	<u>358,593</u>
Finance costs	14	(130,185)	(12,894)	(22,540)	(6,405)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<u>(300,496)</u>	<u>697,994</u>	<u>(12,011)</u>	<u>352,188</u>
Taxation - Current		(222,601)	(266,200)	(123,127)	(175,092)
- Prior		-	(187,700)	-	(187,700)
- Deferred		767	(55,237)	(30,049)	(15,264)
		<u>(221,834)</u>	<u>(509,137)</u>	<u>(153,176)</u>	<u>(378,056)</u>
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<u><u>(522,330)</u></u>	<u><u>188,857</u></u>	<u><u>(165,187)</u></u>	<u><u>(25,868)</u></u>
<b>(LOSS) / EARNINGS PER SHARE - basic and diluted (Rupees)</b>		<u><u>(54.16)</u></u>	<u><u>19.58</u></u>	<u><u>(17.13)</u></u>	<u><u>(2.68)</u></u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Sajjad Iftikhar  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# sanofi-aventis Pakistan Limited

## Condensed Interim Statement of Comprehensive Income

For the half year ended June 30, 2023 (Un-audited)

	Half Year Ended		Quarter Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- Rupees in '000 -----			
<b>(LOSS) / PROFIT FOR THE PERIOD</b>	<b>(522,330)</b>	188,857	<b>(165,187)</b>	(25,868)
<b>Other comprehensive income - Items that will not be reclassified to profit or loss in subsequent periods (net of tax):</b>				
Actuarial loss on defined benefit plans	-	(90,067)	-	-
Deferred tax on actuarial loss on defined benefit plans	-	(28,501)	-	-
<b>TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	-	(118,568)	-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	<b><u>(522,330)</u></b>	<u>70,289</u>	<b><u>(165,187)</u></b>	<u>(25,868)</u>

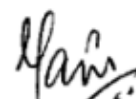
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Sajjad Iftikhar  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer


# sanofi-aventis Pakistan Limited

## Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2023 (Un-audited)

	Capital Reserves			Revenue Reserves		Total	
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Share-based payments reserve	General reserve		Unappropriated profit
	----- Rupees '000 -----						
Balance as at January 01, 2022 (Audited)	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521
Staff cost in relation to share-based payments	-	-	-	8,855	-	-	8,855
Final dividend @ Rs.30 per ordinary share for the year ended December 31, 2021	-	-	-	-	-	(289,343)	(289,343)
Profit for the period	-	-	-	-	-	188,857	188,857
Other comprehensive loss	-	-	-	-	-	(118,568)	(118,568)
Total comprehensive income for the period	-	-	-	-	-	70,289	70,289
Balance as at June 30, 2022 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>358,822</u>	<u>3,535,538</u>	<u>993,579</u>	<u>5,008,322</u>
Balance as at January 01, 2023 (Audited)	96,448	5,935	18,000	366,704	3,535,538	1,007,067	5,029,692
Staff cost in relation to share-based payments	-	-	-	12,201	-	-	12,201
Loss for the period	-	-	-	-	-	(522,330)	(522,330)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(522,330)	(522,330)
Balance as at June 30, 2023 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>378,905</u>	<u>3,535,538</u>	<u>484,737</u>	<u>4,519,563</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Sajjad Iftikhar  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer

# sanofi-aventis Pakistan Limited

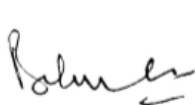
## Condensed Interim Statement of Cash Flows

For the half year ended June 30, 2023 (Un-audited)

	June 30, 2023	June 30, 2022
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss) / Profit before taxation</b>	(300,496)	697,994
<b>Adjustment for non-cash items:</b>		
Depreciation and amortization	151,402	140,720
Allowance for expected credit loss	90,173	25,014
Unrealised foreign exchange differences	573,427	124,628
Gain on disposal of operating fixed assets - net	(3,851)	(95)
Amortization of deferred liabilities	(4,500)	(8,892)
Expense related to share-based payments	12,201	8,855
Charge for defined benefit plans	56,295	195,754
Interest income	(9,644)	(562)
Income from investment properties	(35,269)	(30,487)
Finance costs	130,185	12,894
	<u>659,923</u>	<u>1,165,823</u>
<b>Working capital changes:</b>		
<b>Decrease / (Increase) in current assets:</b>		
Stores and spares	(3,536)	(12,990)
Stock-in-trade	137,564	(203,292)
Trade debts	268,108	(237,735)
Loans and advances	27,086	(7,630)
Trade deposits and short-term prepayments	1,362,832	(951,098)
Other receivables (excluding receivable from employees' pension fund)	(2,288)	(171,424)
	<u>1,789,766</u>	<u>(1,584,169)</u>
<b>Increase in current liabilities:</b>		
Contract liabilities	86,158	54,862
Trade and other payables (excluding liabilities for defined contribution fund)	871,769	862,788
<b>Cash generated from operations</b>	<u>3,407,616</u>	<u>499,304</u>
Finance costs paid	(126,456)	(8,350)
Interest on lease liabilities paid	-	(22)
Interest received	9,644	562
Income tax paid	(371,375)	(234,993)
Retirement benefits paid	-	(76,363)
Long-term loans to employees - net	(904)	(404)
<b>Net cash generated from operating activities</b>	<u>2,918,525</u>	<u>179,734</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(97,020)	(132,659)
Sale proceeds from disposal of operating fixed assets	51,858	38,830
Income from investment properties	35,269	30,487
<b>Net cash used in investing activities</b>	<u>(9,893)</u>	<u>(63,342)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(35)	(288,268)
Repayment of principal portion long-term financing	(41,053)	(82,107)
Repayment of principal portion of lease liabilities	-	(1,585)
<b>Net cash used in financing activities</b>	<u>(41,088)</u>	<u>(371,960)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>2,867,544</u>	<u>(255,568)</u>
<b>NET FOREIGN EXCHANGE DIFFERENCES</b>	8,093	8,436
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	(1,358,459)	784,295
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>1,517,178</u>	<u>537,163</u>

15

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Sajjad Iftikhar  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer



# sanofi-aventis Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the half year ended June 30, 2023 (Un-audited)

### 1. THE COMPANY AND ITS OPERATIONS

**1.1** The Company was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited (PSX). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

**1.2** As fully explained in note 1.3 to the Company's annual financial statements for the year ended December 31, 2022, the Company's acquisition transaction was successfully completed on April 28, 2023, upon completion of all the contractual conditions and compliance with the applicable corporate and regulatory requirements. Accordingly, Packages Limited became the Parent Company by virtue of 41.07% shareholding in the Company as of the reporting date.

On completion of this transaction, the restricted share based compensation plan awarded to the Company's employees by Sanofi S. A. (France) stands cancelled and the related expense has been recognized in these condensed interim financial statements.

The Board of Directors in its meeting held on August 08, 2023, has considered, and approved to change the name of the Company from "Sanofi – Aventis Pakistan Limited" to "Hoechst Pakistan Limited", subject to applicable corporate and regulatory approvals and completion of necessary legal formalities under applicable laws

### 2. STATEMENT OF COMPLIANCE

**2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting which comprise of:

- International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2022.

**2.3** These condensed interim financial statements of the Company for the half year ended June 30, 2023 are unaudited, however, have been subject to limited scope review by the statutory auditors of the Company and are submitted to the shareholders as required under Section 237 of the Act and PSX listing regulations. The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and notes forming part thereof for the quarters ended June 30, 2023 and June 30, 2022 have not been reviewed by the statutory auditors of the Company as they are only required to review the cumulative figures for the half years ended June 30, 2023 and 2022.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

**3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2022.

**3.2** There are certain amendments to published International Financial Reporting Standards that are mandatory for the financial year beginning on January 1, 2023. These are considered not to have any material impact on the Company's financial reporting and operations and therefore, have not been disclosed in these condensed interim financial statements.

**3.3** The preparation of these condensed interim financial statements, in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual financial statements of the Company for the year ended December 31, 2022.

**3.4** Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	<b>June 30, 2023</b>	December 31, 2022
Note	----- Rupees in '000 ----- (Un-audited)	----- (Audited)

#### **4. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	4.1	<b>1,489,464</b>	1,606,792
Capital work-in-progress	4.2 & 4.3	<b>280,105</b>	277,468
		<u><b>1,769,569</b></u>	<u>1,884,260</u>

##### **4.1 Operating fixed assets**

Opening net carrying value		<b>1,606,792</b>	1,489,951
Additions/transfers from capital work-in-progress	4.1.1	<b>76,352</b>	458,302
Disposals during the period / year	4.1.1	<b>(48,007)</b>	(60,991)
Depreciation charge for the period / year		<b>(145,673)</b>	(280,470)
Closing net carrying value		<u><b>1,489,464</b></u>	<u>1,606,792</u>

**4.1.1** Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) <b>June 30, 2023</b>	(Audited) December 31, 2022	(Un-audited) <b>June 30, 2023</b>	(Audited) December 31, 2022
	----- Rupees in '000 -----			
Buildings on leasehold land	-	15,619	-	-
Plant and machinery	<b>28,016</b>	221,247	<b>455</b>	503
Furniture and fixtures	-	2,977	-	-
Factory and office equipment	<b>5,460</b>	57,537	<b>48</b>	53
Motor vehicles	<b>42,876</b>	160,922	<b>47,504</b>	60,435
	<u><b>76,352</b></u>	<u>458,302</u>	<u><b>48,007</b></u>	<u>60,991</u>

	<b>June 30, 2023</b>	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	----- (Audited)

##### **4.2 Capital work-in-progress**

Buildings on leasehold land	<b>69,243</b>	69,243
Plant and machinery	<b>174,642</b>	165,879
Others	<b>36,220</b>	42,346
	<u><b>280,105</b></u>	<u>277,468</u>



	<b>June 30, 2023</b>	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Audited)
<b>4.3 Movement in capital work-in-progress is as follows:</b>		
Opening balance	277,468	164,206
Additions during the period / year	60,796	298,926
Transferred to operating fixed assets	<u>(58,159)</u>	<u>(185,664)</u>
Closing balance	<u><u>280,105</u></u>	<u><u>277,468</u></u>

## 5. INTANGIBLE ASSETS

Includes additions during the period relating to software licenses amounting to Rs. 15.7 million (December 31, 2022: Rs. 0.5 million).

		<b>June 30, 2023</b>	December 31, 2022
	Note	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Audited)
<b>6. STOCK-IN-TRADE</b>			
<b>Raw and packing material</b>			
In hand		2,219,065	1,492,608
In transit		<u>244,260</u>	<u>317,729</u>
		2,463,325	1,810,337
Provision for impairment	6.1	<u>(125,862)</u>	<u>(103,521)</u>
		2,337,463	1,706,816
Work-in-process		56,962	120,918
<b>Finished goods</b>			
In hand	6.2	<u>2,102,532</u>	<u>2,637,692</u>
In transit		<u>79,781</u>	<u>256,436</u>
		2,182,313	2,894,128
Provision for impairment	6.3	<u>(163,609)</u>	<u>(171,169)</u>
		2,018,704	2,722,959
		<u><u>4,413,129</u></u>	<u><u>4,550,693</u></u>

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

Opening balance	103,521	134,457
Charge for the period / year	74,931	61,476
Reversal for the period / year	(38,313)	(20,285)
Write-off during the period / year	<u>(14,277)</u>	<u>(72,127)</u>
Closing balance	<u><u>125,862</u></u>	<u><u>103,521</u></u>

### 6.2 This includes stock amounting to Rs. 92 million that was affected due to temperature excursion subsequent to year end on July 16, 2023. The stock is under quality review of the Company to assess the condition of the stock and potential loss.

<b>June 30, 2023</b>	December 31, 2022
----- Rupees in '000 -----	
(Un-audited)	(Audited)

**6.3** Movement of provision against finished goods is as follows:

Opening balance	<b>171,169</b>	108,146
Charge for the period / year	<b>61,098</b>	108,457
Reversal for the period / year	<b>(16,668)</b>	(8,386)
Write-off during the period / year	<b>(51,990)</b>	(37,048)
Closing balance	<b>163,609</b>	171,169

**7. TRADE DEBTS - NET**

This is net of allowance for expected credit loss against the trade debts considered doubtful amounting to Rs. 281 million (December 31, 2022: Rs. 190.8 million). During the period, the Company has recognized charge amounting to Rs. 90.2 million (December 31, 2022: Rs. 54.2 million) in this respect.

**8. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**

Includes margin against letters of credit amounting to Rs. 946.8 million (December 31, 2022: Rs. 2,330 million). In year 2022, State Bank of Pakistan (SBP) instructed banks, to obtain 100 percent cash margin on the import of items through BPRD Circular Letter No. 9, of 2022. However, this condition of 100 percent margin was relaxed by SBP through BPRD Circular Letter No. 6, of 2023.

**9. SHORT-TERM INVESTMENTS**

These represent investment in Term Deposit Receipts (TDRs) carrying markup at the rate ranging from 19.50% to 19.76% and maturing latest by July 2023.

<b>June 30, 2023</b>	December 31, 2022
----- Rupees in '000 -----	
(Un-audited)	(Audited)

**10. TRADE AND OTHER PAYABLES**

**Trade creditors**

Related parties	<b>882</b>	2,207,657
Other trade creditors	<b>4,668,703</b>	825,486
	<b>4,669,585</b>	3,033,143

**Other payables**

Accrued liabilities	<b>1,261,839</b>	1,477,507
Refund liabilities	<b>55,554</b>	31,400
Infrastructure Development Cess	<b>658,462</b>	589,833
Workers' Profit Participation Fund	<b>43,253</b>	43,253
Workers' Welfare Fund	<b>63,137</b>	96,813
Central Research Fund	<b>-</b>	7,868
Employees' defined contribution fund	<b>30,812</b>	-
Compensated absences	<b>115,016</b>	116,938
Security deposits	<b>15,576</b>	15,576
Contractors' retention money	<b>8,846</b>	8,223
Sales tax payable	<b>11,986</b>	14,532
	<b>2,264,481</b>	2,401,943
	<b>6,934,066</b>	5,435,086

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There are no material changes in the contingencies as disclosed in note 23.1 to the annual financial statements of the Company for the year ended December 31, 2022 except for the following:

The Deputy Commissioner Inland Revenue (DCIR), issued a notice dated March 06, 2019 under section 177 read with 214C and clause 72B of part IV of Second Schedule of Income Tax Ordinance, 2001 for tax years 2017 and 2018 in lieu exemption granted to the Company for collection of tax at import stage. The Company had initially responded to the notice through various letters that the subject audit proceedings were time barred and hence without jurisdiction. Instead of replying to these jurisdictional objections, the DCIR again issued a notice dated February 16, 2023 for tax year 2018. The Company then filed a suit on legal grounds before High Court of Sindh who issued favourable order on March 30, 2023 and restrained the tax department from proceeding further on the notices till disposal of the case. The management, based on advice from its tax and legal advisors, is confident for a favourable outcome on the above-mentioned case. Hence, no provision has been made in these condensed interim financial statements in this respect.

	<b>June 30, 2023</b>	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	(Audited)
<b>11.2 Commitments</b>		
Commitments for capital expenditure	<u><b>610,037</b></u>	<u>119,048</u>
Outstanding letters of credit	<u><b>461,056</b></u>	<u>304,305</u>
Outstanding bank guarantees	<u><b>909,326</b></u>	<u>616,261</u>
Outstanding bank contracts	<u><b>4,020,147</b></u>	<u>2,594,854</u>

## 12. NET SALES

	Half Year Ended (Un-audited)		Quarter Ended (Un-audited)	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	-----Rupees in '000-----			
Gross sales				
Local	<b>10,738,307</b>	10,108,997	<b>5,871,168</b>	5,582,946
Export	<b>341,141</b>	368,636	<b>-</b>	194,123
	<u><b>11,079,448</b></u>	10,477,633	<u><b>5,871,168</b></u>	5,777,069
Toll manufacturing	<b>82,185</b>	90,858	<b>82,185</b>	63,445
	<u><b>11,161,633</b></u>	10,568,491	<u><b>5,953,353</b></u>	5,840,514
Less: Trade discount	<b>(929,892)</b>	(945,207)	<b>(552,950)</b>	(672,731)
Less: Sales returns	<b>(72,346)</b>	(57,702)	<b>(58,686)</b>	(12,991)
Less: Sales tax	<b>(111,546)</b>	(41,738)	<b>(56,476)</b>	(14,597)
	<u><b>10,047,849</b></u>	9,523,844	<u><b>5,285,241</b></u>	5,140,195

## 13. OTHER EXPENSES

Includes net exchange loss amounting to Rs. 1,069.8 million (June 30, 2022: Rs. 181.1 million), as a result of significant devaluation of Pakistan Rupee in the current period.

## 14. FINANCE COSTS

Includes bank charges amounting to Rs. 49.8 million (June 30, 2022: Rs. 10.8 million) and markup on running finance facilities amounting to Rs. 68.7 million (June 30, 2022: 1.9 million), at the rate of 1 to 3 months KIBOR plus spread ranging between 0.1% to 0.4% (December 31, 2022: 0.10% to 0.5%) per annum.

<b>June 30, 2023</b>	December 31, 2022
----- Rupees in '000 -----	
(Un-audited)	(Audited)

## 15. CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>317,178</b>	233,196
Short-term investments	<b>1,200,000</b>	-
Bank overdraft	-	(891,655)
Short-term borrowings	-	(700,000)
	<b><u>1,517,178</u></b>	<b><u>(1,358,459)</u></b>

## 16. 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, 2023 (Un-audited)					June 30, 2022 (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 -----										
Sales	-	544	-	-	544	-	-	-	-	-
Purchase of goods	3,106,087	2,462	-	-	3,108,549	3,200,147	9,415	-	-	3,209,562
Purchase of services	-	64,658	-	-	64,658	57,137	21,421	-	-	78,558
Subscription fee paid	-	50	-	-	50	-	90	-	-	90
Contribution paid:										
- Provident fund	-	-	34,130	-	34,130	-	-	32,177	-	32,177
- Gratuity fund	-	-	-	-	-	-	-	22,098	-	22,098
- Pension fund	-	-	-	-	-	-	-	54,266	-	54,266
Remuneration of key management personnel	-	-	-	182,398	182,398	-	-	-	150,032	150,032

## 17. FINANCIAL RISK MANAGEMENT

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2022. There have been no changes in any risk management policies since the year-end. The carrying amounts of all the financial instruments reflected in the condensed interim financial statements approximate to their fair value.

## 18. ENTITY WIDE INFORMATION

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

	<b>June 30, 2023</b>	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	----- (Audited)
<b>Sales to external customers - net of returns and discounts</b>		
Pakistan	<b>9,757,445</b>	9,226,277
Afghanistan	<b>290,404</b>	297,567
	<b><u>10,047,849</u></b>	<u>9,523,844</u>

## 19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 25, 2023 by the Board of Directors of the Company.

## 20. GENERAL

- 20.1 Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand Pakistani Rupees, unless otherwise stated.
- 20.2 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



Sajjad Iftikhar  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer