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Plot No. 23, Sector 22,
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Karachi-74900

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sanofi-aventis Pakistan limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2016

(UN-AUDITED)



SANOFI



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Company Information

Board of Directors

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

Chairman
Chief Executive Officer

Chief Financial Officer

Company Secretary

Saad Usman

URL

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

Auditors

E Y Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

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

Legal Advisors

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

Registered Office

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

Postal Address

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

Registrars & Share

Transfer Office

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

Contact

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



Directors' Report to the Shareholders

The Board of Directors of sanofi-aventis Pakistan Limited (Company) is pleased to present the un-audited interim condensed financial statements of your Company, for the quarter and nine months ended September 30, 2016. These financial statements have been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of directives issued under the Companies Ordinance, 1984 have been followed.

The Company's net sales for the nine months ended September 30, 2016 amounted to Rs. 9,449 million registering a growth of 13.5% over comparative prior period. The net sales of Company's pharmaceutical business for the nine months reached Rs. 8,188 million recording an increase of 12.4% over the comparative prior period. The vaccines business net sales for the nine months reached Rs. 701 million respectively recording an increase of 44.0% over the comparative prior period. During the nine months, exports to Afghanistan registered a decline of 33.03% over comparative prior period, to reach Rs. 311 million.

Gross margin as a percentage of net sales increased to 33.8% for the nine months from 26.8% during the comparative prior period. The increase in margin is primarily attributable to favorable exchange impact on foreign currency imports as well as marginal increase in prices of pharmaceutical products affected earlier in the year. These elements combined with the cost cutting and efficiency measures taken by the management during the period resulted in improvement of gross margins.

Pursuant to increase in sales, the distribution and marketing expenses during the nine months grew by 2.97%, over the comparative prior period, whereas administrative expenses for the same period decreased by 3.61%.

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

The Company's financing cost during the nine months decreased by 43.9% over comparative prior period, consequent to reduction in borrowing levels since the beginning of the current year as well as lower interest rates.

Profit before and after taxes for the nine months increased by Rs. 850.4 million (329%) and Rs. 497.7million (457%) respectively over the comparative prior period because of the reasons explained above.

The Company's management gives paramount importance to cash flow management and regularly monitors its working capital and other financing requirements. During the nine months, the Company spent Rs. 120.9 million (2015: Rs. 247.8 million) on capital expenditure and paid Rs. 28.8 million (2015: Rs. 67.1 million) in dividends. Owing to improvement in liquidity position, the Company also repaid bank loans amounting to Rs. 920 million during the period.

The Company expects that the growth of the pharmaceutical business during the year shall be close to market growth barring major unforeseen adverse events. The Company - along with the Pharma industry - was concerned about the Drug Pricing Policy 2015 (DPP2015) issued by the Drug Regulatory Authority of Pakistan (DRAP) in March 2015 wherein the policy recommended, without being limited to, the freezing of MRPs of products, to placing restrictive threshold for annual price and other pricing mechanisms that have little or no viability for the industry. The Pharma industry strongly objected to salient provisions / clauses of the DPP2015 and the Pharma Bureau filed a Constitutional Petition at the Honorable Sindh High Court in 2015. The Honorable Sindh High Court granted a Stay against the provisions of price freeze and the matter is currently pending decision. Companies have also, on individual basis, filed respective Suits against provisions of the DPP2015 to protect their respective interests.

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

By order of the Board

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director

شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

سنوئی - ایئرس پاکستان لینڈ کا بورڈ آف ڈائریکٹرز آپ کی کمپنی کے 30 ستمبر، 2016 کو ختم شدہ تیسری سہ ماہی اور نومبئیوں کے غیر آڈٹ شدہ عبوری فنانشل اسٹیٹمنٹس پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔ یہ فنانشل اسٹیٹمنٹس انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS)۔ "انٹرم فنانشل رپورٹنگ" کے مطابق اوکیٹیز آرڈیننس، 1984 کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کمپنی پر ضروریات مختلف ہیں تو کمپنی آرڈیننس، 1984 کی ہدایات پر عمل کیا گیا ہے۔

30 ستمبر 2016 کو ختم شدہ نومبئیوں میں کمپنی کی نیٹ سیلز 9,449 ملین روپے رہی جو کہ گزشتہ سال اسی دورانیہ کے مقابلے میں 13.5% زیادہ ہے۔ مذکورہ نومبئیوں میں کمپنی کے فارماسیوٹیکل برنس کی نیٹ سیلز 8,188 ملین روپے ریکارڈ کی گئی اور گزشتہ سال اسی دورانیہ کے مقابلے میں 12.4% اضافہ ریکارڈ کیا گیا۔ ویکسین برنس کی نیٹ سیلز برائے مذکورہ نومبئی 701 ملین روپے تک رہی اور گزشتہ سال اسی دورانیہ کے مقابلے میں 44.0% اضافہ ریکارڈ کیا گیا۔ نومبئیوں کے دوران، افغانستان کو برآمدات کا کاروبار گزشتہ سال اسی دورانیہ کے مقابلے میں 33.03% کمی کے ساتھ 311 ملین روپے تک رہا۔

نومبئیوں میں نیٹ سیلز کا بطور فیصد مجموعی مارجن گزشتہ سال اسی دورانیہ کے مقابلے میں امسال 26.8% سے بڑھ کر 33.8% تک جا پہنچا ہے۔ اس مارجن میں اضافے کی ابتدائی وجوہات فارن کرنی امپورٹس کے ایکسیج ریش میں بہتری کے ساتھ رواں سال کے اوائل میں فارماسیوٹیکل پروڈکٹس کی قیمتوں میں معمولی اضافہ ہے۔ ان وجوہات کے ساتھ انتظامیہ کی جانب سے اخراجات میں کمی اور منوٹر کارکردگی کے لئے اٹھائے گئے اقدامات کے نتیجے میں مجموعی منافع جات میں بہتری آئی۔

سیلز میں اضافے کی وجہ سے، نومبئیوں کے دوران ڈسٹری بیوشن اور مارکیٹنگ کے اخراجات میں گزشتہ سال اسی دورانیہ کے مقابلے میں 2.97% کا اضافہ ہوا، جبکہ انتظامی اخراجات میں 3.61% کمی آئی ہے۔

دیگر قانونی محاصل (یعنی ورکرز پروفٹ پارٹی سسٹیشن فنڈ، ورکرز ویلفیئر فنڈ اور سینٹرل ریسرچ فنڈ) میں بھی گزشتہ سال اسی دورانیہ کے مقابلے میں اضافہ ہوا ہے جو کہ منافع میں اضافے کے ساتھ منسلک ہے۔

کمپنی کے فنانسنگ اخراجات میں نومبئیوں کے دوران گزشتہ سال اسی دورانیہ کے مقابلے میں 43.9% کمی آئی ہے، جس کی وجہ رواں سال کی ابتداء سے ہی قرضے کے بوجھ پر قاپا پانا اور انٹریٹ کی شرح میں کمی ہے۔

مذکورہ بالا وجوہات کی بنا پر گزشتہ سال اسی دورانیہ کے مقابلے میں امسال میکسز کی ادائیگی سے پہلے اور بعد میں نومبئیوں کے منافع میں بتدریج 850.4 ملین روپے (329%) اور 497.7 ملین روپے (457%) اضافہ ریکارڈ کیا گیا۔

کمپنی کی انتظامیہ نے کیش فلو کے انتظام کو انتہائی زیادہ اہمیت دی اور اپنے ورکنگ کیپٹل اور دیگر مالی ضروریات کی مستقل نگرانی کی۔ نومبئیوں کے دوران کمپنی نے 120.9 ملین روپے (2015: 247.8 ملین روپے) کیپٹل اخراجات پر لگائے اور 28.8 ملین (2015: 67.1 ملین روپے) منافع منقسمہ کی مد میں ادا کیے۔ لیکوڈی کی سطح میں اضافے کی وجہ سے کمپنی نے اس عرصے کے دوران بینک کو 920 ملین روپے کے قرضے بھی واپس کیے ہیں۔

کمپنی کو توقعات ہیں کہ اس سال کے دوران فارماسیوٹیکل برنس، مارکیٹ کے اعتبار سے فروغ حاصل کرے گا لیکن کچھ نادیدہ بڑے خطرات کا خدشہ بھی ہے۔ کمپنی اور پوری فارما انڈسٹری کو مارچ 2015 میں ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی جاری کردہ ڈرگ پرائسنگ پالیسی (DPP 2015) پر اعتراضات تھے، جس میں سفارش کی گئی ہے کہ تمام پروڈکٹس کی MRP کو منجمد کر دیا جائے تاکہ قیمتوں میں سالانہ اضافے اور پرائسنگ کے دیگر میکینزم کو بھی محدود کر دیا جائے، جو فارما انڈسٹری کے مفاد میں نہیں ہے۔ فارما انڈسٹری نے DPP 2015 کے مذکورہ حصوں / شقوں پر شدید اعتراض کیا اور فارما یورو نے سندھ ہائی کورٹ میں ایک آئینی پٹیشن دائر کر دی ہے۔ سندھ ہائی کورٹ نے قیمتوں کو منجمد کرنے کے خلاف حکم انتظامی جاری کر دیا ہے۔ کمپنیوں نے انفرادی طور پر بھی، اپنے مفادات کے تحفظ کے لئے DPP 2015 کی شقوں کے خلاف مقدمات دائر کر دیئے ہیں۔ اور مزید فیصلہ برائے اتوا ہے۔

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

بحکم بورڈ

Dr. Samad

ڈاکٹر عامر جمال

چیف ایگزیکٹو آفیسر اینڈ
مینجنگ ڈائریکٹر

Sid Baber

سید بابر علی
چیرمین



Condensed Interim Balance Sheet

As at September 30, 2016

	Note	September 30, 2016	December 31, 2015
	Rupees in '000.....	
		(Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,884,815	2,013,546
Intangible asset		1,034	1,467
		<u>1,885,849</u>	<u>2,015,013</u>
Long-term loans	5	6,321	6,738
Long-term deposits	6	13,195	12,816
CURRENT ASSETS			
Stores and spares		52,690	54,710
Stock-in-trade		2,556,597	2,851,317
Trade debts		1,263,932	1,002,472
Loans and advances	7	78,311	118,239
Trade deposits and short-term prepayments	8	181,318	211,803
Other receivables		38,298	43,636
Taxation - payment less provision		1,023,656	1,064,942
Cash and bank balances	9	95,753	25,484
		<u>5,290,555</u>	<u>5,372,603</u>
TOTAL ASSETS		<u><u>7,195,920</u></u>	<u><u>7,407,170</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
10,000,000 Ordinary shares of Rs. 10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up		96,448	96,448
Reserves			
Capital reserves		226,578	206,753
Revenue reserves		2,684,547	2,106,825
		<u>2,911,125</u>	<u>2,313,578</u>
		<u>3,007,573</u>	<u>2,410,026</u>
NON-CURRENT LIABILITIES			
Long-term financing		500,000	500,000
Deferred taxation		110,952	98,015
		<u>610,952</u>	<u>598,015</u>
CURRENT LIABILITIES			
Trade and other payables		2,167,349	2,002,832
Accrued mark-up		26,844	43,422
Short term borrowings	10	1,380,000	1,800,000
Running finances utilized under mark-up arrangements		3,202	52,875
Current maturity of long-term financing		-	500,000
		<u>3,577,395</u>	<u>4,399,129</u>
		<u>4,188,347</u>	<u>4,997,144</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>7,195,920</u></u>	<u><u>7,407,170</u></u>

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

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director



Condensed Interim Profit and Loss Account

For nine months ended September 30, 2016 (Un-audited)

	Nine Months Ended		Quarter Ended	
Note	Sep. 30, 2016	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
	Rupees in `000.....			
NET SALES	9,448,593	8,328,257	3,732,987	2,901,811
COST OF SALES	(6,256,813)	(6,092,365)	(2,476,815)	(2,187,445)
GROSS PROFIT	3,191,780	2,235,892	1,256,172	714,366
Distribution and marketing costs	(1,603,527)	(1,557,232)	(438,193)	(513,140)
Administrative expenses	(224,807)	(233,234)	(76,198)	(88,854)
Other expenses	(150,739)	(34,113)	(74,346)	(2,770)
Other income	27,331	81,151	9,989	(22,000)
	(1,951,742)	(1,743,428)	(578,748)	(626,764)
OPERATING PROFIT	1,240,038	492,464	677,424	87,602
FINANCE COSTS	(131,394)	(234,260)	(37,811)	(65,099)
PROFIT BEFORE TAXATION	1,108,644	258,204	639,613	22,503
Taxation - Current	(489,051)	(221,499)	(285,806)	(81,899)
- Deferred	(12,954)	72,201	10,277	49,655
	(502,005)	(149,298)	(275,529)	(32,244)
NET PROFIT / (LOSS) FOR THE PERIOD	606,639	108,906	364,084	(9,741)

	Rupees.....			
Basic and diluted earnings / (loss) per share	62.90	11.29	37.75	(1.01)

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

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director



Condensed Interim Statement of Comprehensive Income

For the nine months ended September 30, 2016 (Un-audited)

	Nine Months Ended		Quarter Ended	
	Sep. 30, 2016	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
	Rupees in `000.....			
Net Profit / (Loss) for the period	606,639	108,906	364,084	(9,741)
Other comprehensive income items not be reclassified to profit and loss account in subsequent periods				
Deferred tax on actuarial gain recognised directly in equity	17	-	-	-
Total other comprehensive income	17	-	-	-
Related deferred tax				
Total comprehensive income / (loss) for the period	606,656	108,906	364,084	(9,741)

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

Syed Babar Ali
Chairman

Dr. Asim Jamal
Chief Executive Officer &
Managing Director

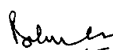



Condensed Interim Cash Flow Statement

For the nine months ended September 30, 2016 (Un-audited)

	September 30, 2016	September 30, 2015
Rupees in `000.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,108,644	258,204
Adjustments for non-cash charges and other items:		
Depreciation / amortization	241,177	235,648
Fixed assets written off	-	3,115
Loss / (gain) on disposal of operating fixed assets	325	(3,238)
Expenses arising from equity settled share based payment plans	19,825	18,340
Retirement benefits	52,385	52,010
Interest income	(32)	-
Finance costs	131,394	234,260
	<u>1,553,718</u>	<u>798,339</u>
 Decrease in current assets		
Stores and spares	2,020	(1,528)
Stock-in-trade	294,720	663,857
Trade debts	(261,460)	(532,826)
Short-term loans and advances	39,928	(28,489)
Trade deposits and short-term prepayments	30,485	(37,734)
Other receivables	5,338	140,211
	<u>111,031</u>	<u>203,491</u>
	1,664,749	1,001,830
 Increase in current liabilities		
Trade and other payables (excluding unclaimed dividend)	158,588	119,362
Cash generated from operations	<u>1,823,337</u>	<u>1,121,192</u>
Finance costs paid	(147,972)	(246,658)
Income tax paid	(447,765)	(331,329)
Retirement benefits paid	(46,564)	(37,605)
Long-term deposits	(379)	(2,451)
Long-term loans and advances	417	693
Net cash generated from operating activities	<u>1,181,074</u>	<u>503,842</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(120,954)	(247,824)
Sale proceeds from disposal of operating fixed assets	8,616	11,094
Interest received	32	-
Net cash used in investing activities	<u>(112,306)</u>	<u>(236,730)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings (repaid) / obtained	(420,000)	350,000
Long-term financing repaid	(500,000)	-
Dividends paid	(28,826)	(67,166)
Net cash (used in) / generated from financing activities	<u>(948,826)</u>	<u>282,834</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>119,942</u>	<u>549,946</u>
 CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>(27,391)</u>	<u>(2,139,587)</u>
 CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>92,551</u></u>	<u><u>(1,589,641)</u></u>

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


Syed Babar Ali
Chairman


Dr. Asim Jamal
Chief Executive Officer &
Managing Director

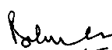



Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2016 (Un-audited)

	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	Unappropri- ated profit	Total
	Rupees in '000						
Balance as at January 1, 2015	96,448	5,935	18,000	165,047	1,735,538	371,179	2,392,147
Employee benefits cost under IFRS - 2 "Share based payment"	-	-	-	18,340	-	-	18,340
Final dividend @ Rs.7/- per ordinary share for the year ended December 31, 2014	-	-	-	-	-	(67,513)	(67,513)
Transfer to general reserve	-	-	-	-	200,000	(200,000)	-
Net profit for the period	-	-	-	-	-	108,906	108,906
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	108,906	108,906
Balance as at September 30, 2015	96,448	5,935	18,000	183,387	1,935,538	212,572	2,451,880
Balance as at January 1, 2016	96,448	5,935	18,000	182,818	1,935,538	171,287	2,410,026
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	19,825	-	-	19,825
Final dividend @ Rs.3/- per ordinary share for the year ended December 31, 2015	-	-	-	-	-	(28,934)	(28,934)
Transfer to general reserve	-	-	-	-	100,000	(100,000)	-
Net profit for the period	-	-	-	-	-	606,639	606,639
Other comprehensive income for the period	-	-	-	-	-	17	17
Total comprehensive income for the period	-	-	-	-	-	606,656	606,656
Balance as at September 30, 2016	96,448	5,935	18,000	202,643	2,035,538	649,009	3,007,573

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


Syed Babar Ali
Chairman


Dr. Asim Jamal
Chief Executive Officer &
Managing Director



Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2016 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the company for the nine months ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984.
- 2.2 These condensed interim financial statements are unaudited and do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2015.

3. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

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 for the year ended December 31, 2015 except other than those disclosed below:

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current period:

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

Improvements to Accounting Standards Issued by the IASB

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

The adoption of the above revisions and amendments do not have any material effect on these condensed interim financial statements.

	Note	(Un-audited) Sep. 30, 2016	(Audited) December 31, 2015
.....Rupees in `000.....			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,661,011	1,842,490
Capital work-in-progress	4.2	223,804	171,056
		<u>1,884,815</u>	<u>2,013,546</u>



Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2016 (Un-audited)

		(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Note		
	Rupees in `000.....	
4.1 OPERATING FIXED ASSETS			
Opening book value		1,842,490	1,822,726
Additions during the period / year	4.1.1	68,126	370,760
Disposals during the period / year	4.1.1	(8,941)	(30,436)
Write offs during the period / year		-	(1,243)
Depreciation charged during the period / year		<u>(240,664)</u>	<u>(319,317)</u>
		<u>1,661,011</u>	<u>1,842,490</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at book value)	
	(Un-audited) September 30, 2016	(Audited) December 31, 2015	(Un-audited) September 30, 2016	(Audited) December 31, 2015
Rupees in `000.....			
Building	3,960	17,212	-	-
Plant & Machinery	16,380	191,443	-	1,387
Furniture & Fixtures	1,472	4,744	-	45
Factory & office equipment	19,495	69,447	8,835	2,691
Motor Vehicles	26,819	87,914	106	26,313
	<u>68,126</u>	<u>370,760</u>	<u>8,941</u>	<u>30,436</u>

		(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Note		
	Rupees in `000.....	
4.2 Capital work-in-progress			
Building		11,287	10,458
Plant and machinery		157,919	110,260
Motor vehicles		8,408	3,603
Others		<u>46,190</u>	<u>46,735</u>
		<u>223,804</u>	<u>171,056</u>

5. LONG-TERM LOANS

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

6. LONG-TERM DEPOSITS

Represent interest free deposits.

7. LOANS AND ADVANCES

Current maturity of long term loans	5	4,335	4,648
Advances	7.1	<u>73,876</u>	<u>113,591</u>
		<u>78,311</u>	<u>118,239</u>

7.1 Represent interest free advances.

8. Trade deposits and short-term prepayments

Trade deposits	8.1	159,089	195,462
Short-term prepayments		<u>22,229</u>	<u>16,341</u>
		<u>181,318</u>	<u>211,803</u>

8.1 Represent interest free deposits.

9. Cash and bank balances

Cash in hand		209	77
Bank Balances in current accounts (conventional banking)		<u>95,544</u>	<u>25,407</u>
		<u>95,753</u>	<u>25,484</u>



Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2016 (Un-audited)

10. SHORT TERM BORROWINGS

During the current period, the Company has obtained two short term loans from commercial banks amounting to Rs. 280 million and Rs. 450 million. These carry mark-up rates of 6 months KIBOR and 3 months KIBOR plus 15 bps respectively, repayable upto December 2016. These are secured by first pari passu hypothecation charge over all present and future stocks and receivables of the Company amounting to Rs. 912.5 million.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

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

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

11.2 Commitments

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
Rupees in `000.....	
Commitments for capital expenditure	<u>57,329</u>	<u>55,738</u>
Post-dated cheques issued to Collector of Customs	<u>21,440</u>	<u>20,613</u>
Outstanding letters of credit	<u>71,099</u>	<u>34,247</u>
Outstanding bank contracts	<u>866,585</u>	<u>230,123</u>

12. OTHER EXPENSES

Include exchange loss amounting to Rs. 38.3 million (September 30, 2015: Rs. Nil) arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties 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 transactions with various related parties.

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

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

	September 30, 2016					September 30, 2015				
	Group Companies	Associated undertaking by virtue of common Directorship	Retirement benefits plans	Key Management personnel	Total	Group Companies	Associated undertaking by virtue of common Directorship	Retirement benefits plans	Key Management personnel	Total
Rupees in `000.....				Rupees in `000.....				
i) Gross Sales	27,679	-	-	-	27,679	12,681	-	-	-	12,681
ii) Purchase of goods	3,014,295	81	-	-	3,014,376	2,568,950	321	-	-	2,569,271
iii) Purchase of services	-	9,702	-	-	9,702	-	8,571	-	-	8,571
iv) Contribution paid										
- Provident fund	-	-	35,902	-	35,902	-	-	34,879	-	34,879
- Gratuity fund	-	-	26,183	-	26,183	-	-	22,596	-	22,596
- Pension fund	-	-	20,382	-	20,382	-	-	15,009	-	15,009
v) Remuneration / benefits of key management personnel	-	-	-	139,932	139,932	-	-	-	133,323	133,323

Further, the impact of benefits available to the Chief Executive and others recognized by the Company in the expenses during the period on account of share-based payment plans aggregated to Rs. 4.80 million (September 30, 2015: Rs. 1.48 million) and Rs. 15.03 million (September 30, 2015: Rs. 18.340 million) respectively.



Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2016 (Un-audited)

14. ENTITY WIDE INFORMATION

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

14.2 Information about classes of products - net sales

	September 30, 2016	September 30, 2015
Rupees in `000.....	
Pharmaceutical	8,747,231	7,841,357
Vaccine	<u>701,361</u>	<u>486,900</u>
	<u>9,448,593</u>	<u>8,328,257</u>

14.3 Information about geographical areas - net sales

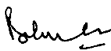
Pakistan	9,110,166	7,851,578
Afghanistan	310,748	463,997
Others	<u>27,679</u>	<u>12,681</u>
	<u>9,448,593</u>	<u>8,328,257</u>


15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 21, 2016, by the Board of Directors of the Company.

16. GENERAL

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


Syed Babar Ali
Chairman


Dr. Asim Jamal
Chief Executive Officer &
Managing Director