Annual Report '08

sanofi aventis

Because health matters

Sanofi-aventis
Pakistan limited

Rs 4.3 billion
Net sales 2008

11.56 %
Double-digit growth

Over 1200*
employees

Group Profile

Sanofi-aventis, a global leader in the pharmaceutical industry, researches and develops medicines and vaccines to help improve the lives of the greatest possible number of people.

R&D explores a broad spectrum of innovative approaches, and develops new products in the key areas of therapeutic expertise: Thrombosis, Cardiovascular diseases, Diabetes, Vaccines, Oncology, Central Nervous System disorders and Internal Medicine.

The Company's growth is attributable to a regional approach to business operations, backed by a comprehensive portfolio of innovative products, mature prescription medicines, consumer health products and generics, as well as vaccines.

By virtue of its commitments, sanofi-aventis constantly adapts its development model to the world's emerging human and economic problems.

* Including temporary employees

Corporate

Business

Financial

Theme

The Colors of Life

The abundant color in our rich palette is drawn from the hues of the millions of lives saved and the quality of lives improved by our products.

The liberal use of color in the 2008 sanofi-aventis annual report signifies good health and well-being while reflecting the vibrancy of life.

Vision

To create & sustain value by being recognized as a Pharmaceutical Industry Leader:

- Valued by patients & healthcare providers
- Sought-after as an employer
- Respected by the scientific community & our competitors

Mission

Our core strategy is to:

Create value by rapidly launching and successfully marketing innovative pharmaceuticals that satisfy unmet medical needs in large patient populations.

Focus commercial resources on strategic brands to drive sales growth and maximize the value of existing and new global brands.

Aggressively recruit and retain top talent, enhancing our capabilities in drug innovation and commercialization.

Values

Respect

The key human and social component that links us all together, regardless of ethnic origin, culture or position, as we work for our mutual growth.

Audacity

The freedom to explore the unknown: acting with our hearts and not just our heads, as we bring the future alive.

Creativity

The capacity for imagination: using our intuition, making unexpected and productive connections, innovating in all our actions and communications.

Courage

The power to control risks, the fighting spirit which helps us to both challenge ourselves and move forward to reach our objectives.

Performance

The basis of our endeavors: a source of excellence, achievement and innovation, the key to our future!

Solidarity

The capacity to rally together as we drive back disease and give hope a chance: our mutual sense of responsibility when faced with adversity.

Company Information

Board of Directors

Syed Babar Ali	Chairman
Tariq Wajid	Managing Director
Pir Ali Gohar	(Alternate Arshad Ali Gohar)
Tariq Iqbal Khan	
Syed Hyder Ali	
J.L. Grunwald	(Alternate Dr. Amanuallah Khan)
Eric Le-Bris	(Alternate Shakeel Mapara)
Jean-Marc Georges	(Alternate Muhammad Amjad)
M.Z. Moin Mohajir	

Company Secretary

Muhammad Irfan

Board Audit Committee

Syed Hyder Ali	(Chairman)	Non-Executive Director
Eric Le-Bris	(Member)	Non-Executive Director
Dr. Amanullah Khan	(Member)	Executive Director
Yasir Pirmuhammad	(Secretary)	Head of Audit & Compliance

Board Share Transfer Committee

Tariq Wajid
M.Z. Moin Mohajir

Management Committee

Tariq Wajid	Aslam Sheikh	Shakeel Mapara	Muhammad Amjad
Masaud Ahmed	Aamer Waheed	Dr. Amanullah Khan	Dr. Sohail Manzoor
Masood A. Khan	Zubair Rizvi	M.Z. Moin Mohajir	Yasir Pirmuhammad
Mamoona F. Naqvi	Laila Khan		

IS Steering Committee

Tariq Wajid	M.Z. Moin Mohajir
Yasir Pirmuhammad	Murtaza Nooruddin

Contacts

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Compliance
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Medical Affairs
aman.khan@sanofi-aventis.com

Legal Advisors

Azfar & Azfar
Haidermota & Co.
Saadat Yar Khan & Co.
Ghani Law Associates
Bilal Law Associates
Syed Qamaruddin Hassan
Kundi & Kundi

Registered Office

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

Registrars & Share Transfer Office

FAMCO Associates (Pvt.) Ltd.
State Life Building No. 2-A,
I.I. Chundrigar Road, Karachi - 74000.

Ethics Committee

Yasir Pirmuhammad	Masaud Ahmed
Dr. Amanullah Khan	Laila Khan
Salman Ahmed	

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Bankers

Citibank, N.A.
Deutsche Bank AG
Habib Bank Ltd.
MCB Bank Ltd.
Standard Chartered Bank
The Royal Bank of Scotland Ltd.

Postal Address

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

URL

www.sanofi-aventis.com.pk

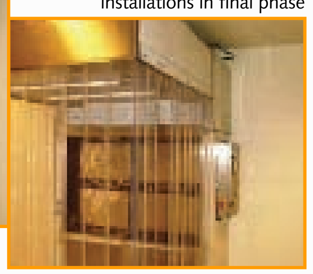
Industrial Affairs

Innovation & investment in production

Production is a key element in the pharmaceutical sector. Our capacity to react to new demand depends on the flexibility and creative potential of our industrial facilities. Industrial facilities have to be both reactive and competitive.

Liquids Transfer Project: external view of building

Liquids Transfer Project: area finishing works in progress



Liquids Transfer Project: installations in final phase

Sanofi-aventis continued to make considerable investment in Pakistan during 2008. Industrial Affairs initiated 2 major projects in Karachi to:
(i) modernize and upgrade production facilities &
(ii) to enhance the production capability of Haemaccel.

Liquids Transfer Project: installations in final phase

The scope of the liquids transfer project is to relocate the manufacturing of all liquid products to Karachi and divest the Wah production site. A new ultra modern production facility is currently under development in Karachi. Upon the completion of this plant the annual production capacity will increase to 40 million bottles per year due to the installation of two state-of-the-art, high-speed filling lines. High-tech product manufacturing plant will also be installed in this plant to ensure production of larger batch sizes and improved cGMP. The plant is expected to commence commercial production by May 2010.

The Haemaccel plant produces 1.2 million packs per year. This is insufficient to meet market demand. The objective of the Haemaccel extension project was to increase the production capacity of the plant from 1.2 million packs per year to 1.9 million packs per year. The project included an extension to the plant area as well as the installation of new utility and production equipment. The project was completed on schedule in December 2008 and is now in production.

Haemaccel Extension Project: new WFI plant

Haemaccel Extension Project: incubation area extension

Haemaccel Extension Project: new air handling unit

Medical

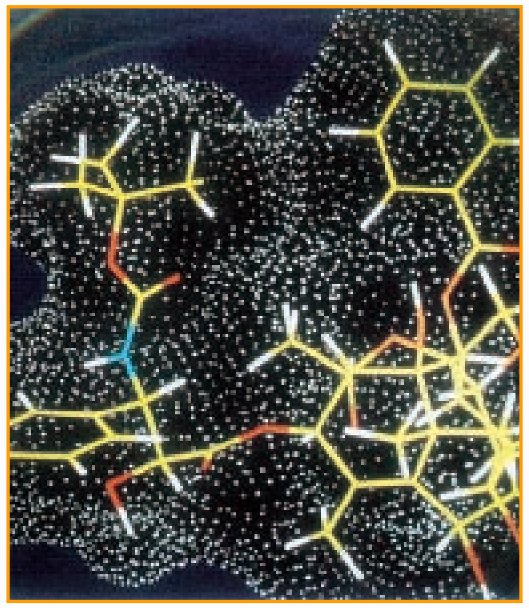
Supporting scientific discovery

Throughout the world, more than 19,000 sanofi-aventis R&D employees are focused on major therapeutic areas: thrombosis, cardiometabolism, vaccines, oncology, central nervous system disorders and internal medicine. They work across disciplines, exploring all the potential therapeutic indications of each new compound, and investigating all possible links between the various expert therapeutic areas of the Company. Today, 30 to 40% of the R&D portfolio is made up of 'first-in-class' compounds, which are unrivalled in the market for their unique mechanism of action. This testifies to the considerable creativity of the teams involved. A large proportion of R&D activities are also dedicated to Life Cycle Management which involves identifying and confirming new indications and modes of administration for commercially available drugs.

Changing the way we look at disease

In 2008, the Medical Department made significant progress, undertaking 13 clinical studies thereby putting Pakistan on the map of global medical science.

- **Diabetes**
  Identifying appropriate therapeutic options to control blood sugar and blood pressure
- **Deep Vein Thrombosis (DVT)**
  Defining the magnitude and burden of DVT, a condition resulting from blood clotting in the deep veins and lungs
- **Acute urinary retention**
  Developing an understanding of factors that contribute to the successful management of acute urinary retention associated with benign prostatic hyperplasia in men.
- **Breast cancer**
  An initiative to help define standards of care: characterizing the clinical profile of patients with early stage breast cancer and their management at country and global level.
- **Psychiatric disorders**
  Defining bipolar psychiatric disorders



Sanofi-aventis is committed to the improvement of standards of health care in Pakistan. The department focused on disseminating scientific clinical data and findings of the most current published medical literature related to disease areas and new treatment modalities particularly in the fields of blood pressure control, heart ailments, diabetes and cancer.

Training initiatives

Seminars & workshops

At sanofi-aventis, we believe in investing in our most valuable resource, our human capital.

A multitude of training seminars and workshops were conducted throughout 2008 covering a diverse range of topics and areas. Employees of various seniorities and departments from all over Pakistan benefited from these opportunities.

These activities are integral to keeping our personnel abreast of the latest trends and advances while honing skills in their respective areas of expertise.

Major training programs

Sales Certification Olympics (for Sales Force)

Selling Model practical implementation process

Business Management Development Program (for New / Promoted DMs)

- Basic Management Skills
- People Management & Business Management Skills
- Coaching & Business Planning Skills

Leadership Essentials (DM Competencies)

- Competencies: What and Why
- Identified Core Competencies for District Managers
- Practical Behavioral demonstration of each competency through role-plays and practical learning activities

Initial Sales Training Program (for Newly Inducted Pharma Associates)

- Company's orientation
- Basic Anatomy and Physiology and Disease Area
- Product and Competition Profile
- Selling Model

Communication Skills (for Sales & Non-Sales Employees)

- The importance of communication in an organization
- Communication Channels
- Communication Barriers

Cross Product Training (for Sales Force)

Training on different products for re-structuring and re-alignment of teams

Gearing up for the Future (for Sr. Pharma Associates & Field Executives)

- Team Skills
- Organizational Skills
- Mentoring and Guiding peers
- Giving and receiving feedback

Leadership Quest
(for Sales & Business Managers)

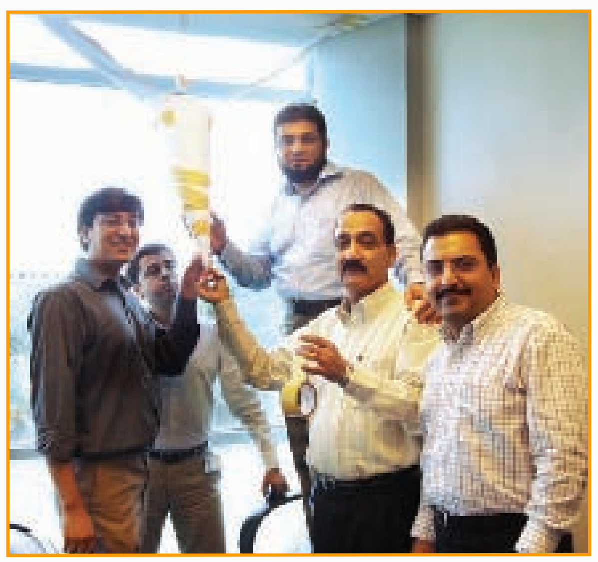
- Leadership Challenges
- Leadership Styles
- Sales Force Management
- Change Management
- Business Communication

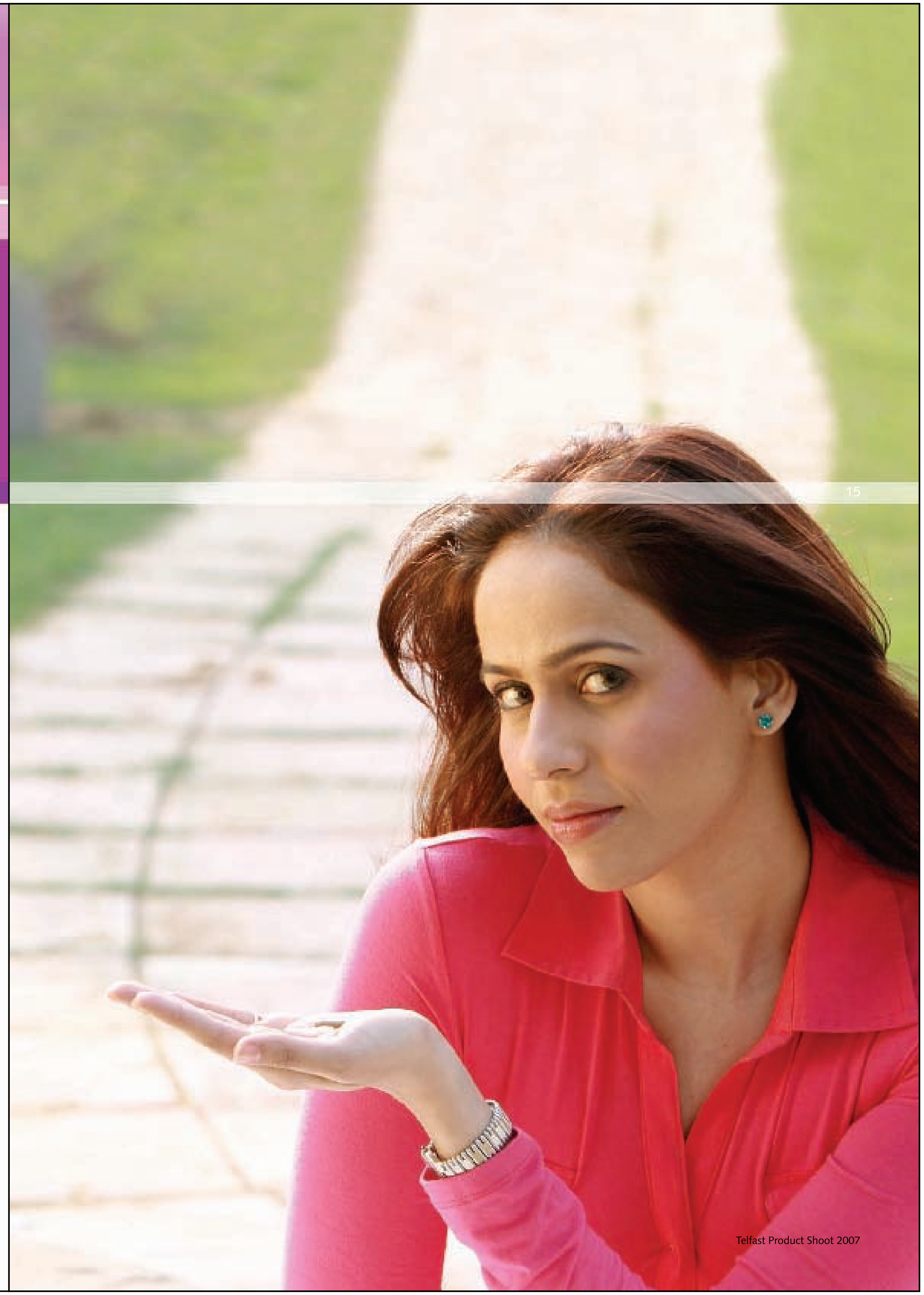
Licensed 2 Lead
(Train the Trainer)

- Regional Initiative for District Manager's Development
- Identifying your Leadership Style
- MBTI

Lantus Excellence
(for Lantus Team)

- Advanced Selling Skills
- Reinforcement of Adoption Pathway





Telfast Product Shoot 2007

Our people
Our strength

"Sanofi-aventis promotes diversity by providing a focused long-term career through cross-functional exposure. I joined the organization in Industrial Supply Chain and as a development move, transferred to Business Development. Here, I get to explore and utilize my analytical and project management skills to the maximum.

Taking steps for a stronger tomorrow while taking care of the present is one of the traits of a visionary organization. I feel fortunate to be in such a progressive environment."

Syed Zeeshan Hasan
Assistant Manager,
Business Development

BS - Engineering - GIKI

"For me, it was a moment of great pride when I joined sanofi-aventis in 2007. I always envisioned myself at a dynamic organization with strong leadership; sanofi-aventis fits that description just right! The multinational aspect is great as I get to interact with my counterparts in other countries. The supportive and friendly environment adds to the experience and contributes to my personal and professional growth."

Salman Raza
Assistant Industrial Affairs Controller

B. Com; MA Economics -
Karachi University
ACCA

"I have been working at sanofi-aventis for the past three years, and each year leaves me with more skills and confidence than the last. My managers are easily approachable and share their wealth of knowledge with me. I get to attend various trainings abroad which further contribute to my learning. It is a privilege to work for a company that invests in its people!"

Safdar Raza
Imports Specialist

Masters in Urdu Advance -
Karachi University

"My internship at sanofi-aventis has been invaluable; I have acquired a wealth of knowledge and am more focused about my future career goals. As an intern, your time is divided between working with other members of the organization and individual project time. Projects are geared around your areas of interest and can change as you get a feel for the different functions in a business and as you discover your forte. Additionally, the opportunity to work with such a talented group of people was an incredible bonus for me."

Junaid Khan
Student CBM

"My experience interning at sanofi-aventis has been outstanding. I was given the opportunity to work on a project preparing CAPEX for 2009 which would become a part of the budget plan. This challenging project provided me with tremendous learning experience and helped me sharpen my skills. I found the employees very supporting and encouraging. I have interned at a few banks before, but learning opportunities were very limited."

Samra Khan
Student IBA

"I am thoroughly enjoying working at sanofi-aventis.

I value the culture of teamwork in the company, where every member of the group plays an important role. After working at various companies in Pakistan, I can say with confidence that sanofi-aventis offers the best working environment and ethical practices."

Asma Zuberi
Assistant Manager,
Regulatory Affairs

B.Pharmacy -
Karachi University

"I joined sanofi-aventis as a District Manager in Sales. My four years in Sales were both exciting and rewarding, but I wanted further professional enrichment. Sanofi-aventis was extremely supportive in my decision and offered me a position in Human Resources, where I'm learning something new every day!

Thank you sanofi-aventis for giving me diversity in my career!"

Furqan Hussain
Field HR Manager (South)

MBA - PIMSAT

"I have been associated with the company for seven years. Although I worked in a multinational pharmaceutical in Canada, I returned to Pakistan and decided to rejoin sanofi-aventis. In order to progress, it is imperative to work for a dynamic and innovative organization. I feel privileged to work with a cohesive team of talented individuals and strategic thinkers."

Dr. Syed Moin Hussain
Business Manager

M.B;B.S.-DOW Medical University
MBA-IQRA University
CCRA-McMaster University,
Canada

"My 3 years at sanofi-aventis as a Medical Manager have provided me with endless learning opportunities. At the time, I was new to the pharma industry and the national and international exposure I got laid a strong foundation for me. Recently, I've been given the opportunity to join the Marketing Dept. as a Product Manager. I'm very thankful to the management for providing me with this cross-functional exposure. This diverse experience will assist in the strengthening and further advancement of my career in this industry."

Dr. S. Ali Hassan
Product Manager

"While pursuing my M.B;B.S., I never imagined that one day I'll be working in a multinational pharmaceutical. Sanofi-aventis is all about corporate social responsibility; it stands firm on all moral and ethical grounds relating to the pharmaceutical industry. Since I am a firm believer in ethics and integrity, this is exactly the type of organization I would like to be associated with.

Our team leaders recognize our individual strengths, nurture them and motivate us by providing a platform to excel."

Dr. Maliha Zahir
Assistant Medical Manager

M.B;B.S. - Hamdard College of Medicine
MBA Health Management (ongoing) - CBM

Comprehensive treatment for people with diabetes

Sanofi-aventis offers a complete range of diabetes treatments that target each stage of the disease.

Lantus®, a long-acting insulin analog for patients with Type 1 and Type 2 diabetes.

Apidra®, a fast-acting human insulin analog taken before, during or after a meal by patients with Type 1 diabetes and advanced Type 2 diabetes.

Amaryl®, third-generation orally administered hypoglemic sulfonylurea indicated for the treatment of Type 2 diabetes.

Aprovel®, an anti-hypertensive agent, particularly suited for Type 2 diabetes.

A product portfolio addressing today's challenges

With its extensive product portfolio, sanofi-aventis addresses the most urgent medical needs, bringing innovative, effective and well-tolerated treatments to doctors for their patients.

Innovative medicines: **Lantus®**, the leading brand worldwide in the treatment of diabetes; **Clexane®**, the leader in a growing market where prophylaxis is still under-developed; **Taxotere®**, whose broad range of indications places it in the first rank among branded cytotoxic agents; and **Plavix®**, whose potential with eligible yet still un-treated patients opens up opportunities for growth. Sanofi Pasteur, the Group's Vaccines division offers the industry's broadest range of products, from paediatric combination vaccines and vaccines against influenza and meningitis to booster shots, vaccines for travellers and for regions where diseases are endemic.

LANTUS® SoloSTAR® insulin glargine

Simple and effective insulin therapy

Lantus® SoloSTAR® combines the best of Lantus®, the most widely prescribed insulin in the world, with state-of-the-art sanofi-aventis technology to facilitate life for patients. Lantus® SoloSTAR® is a pre-filled, disposable pen that enables patients to inject up to 80 units of Lantus® insulin, if necessary in one shot. It was designed to meet the everyday needs of people with diabetes. They can easily see the insulin dose and the injection is almost painless, as slight pressure suffices to inject the right dose (30% less force than similar devices).

Patients tend to be frightened of insulin, and many physicians hesitate to start insulin therapy for Type 2 diabetes. They postpone the decision as long as possible, since patients are afraid of injections and the treatment's daily demands. In such conditions, glycemic control will deteriorate under oral treatment, since it is impossible to deliver a sufficient dose. This can increase the risk of cardiovascular (heart disease and stroke) and microvascular (kidney and ophthalmologic disorders, amputations) complications associated with diabetes due to the late onset of treatment. By combining a daily dose of Lantus® with an intuitively easy-to-use injection pen that delivers a quick shot, Lantus® SoloSTAR® helps patients overcome the barrier to acceptance of insulin injections and makes it easier to manage diabetes on a daily basis.

SoloSTAR® was awarded the 2007 GOOD DESIGN prize by the Chicago Athenaeum Museum of Architecture and Design. Every year, this institution awards the world's most prestigious design prize, and singled out SoloSTAR®'s remarkable conception and leading-edge technology for improving the ability of patients to observe the most suitable treatment..

The most prescribed insulin in the world.

Lantus® is the most widely prescribed insulin in the world. It is the only basal insulin offering 24-hour efficacy with no pronounced peak. It delivers genuine comfort to patients. One injection a day is sufficient to meet all basal insulin needs. Lantus® is indicated for people with Type 1 (adults and children) and Type 2 (adults) diabetes.

85 years
of innovation in diabetes

1921 Insulin was identified for the first time in Canada by Frederick Banting and Charles Best, who used a raw pancreatic extract to save the life of a young boy in a diabetic coma.

1923 Hoechst, later to become part of sanofi-aventis, was the first company to produce insulin.

1936 Hoechst developed the crystallization process that improves the purification and tolerance of insulin. This marked the start of a long process of research into the disease.

1953 Hoechst launched the first insulin with 24-hour efficacy.

1976 Researchers produced the first sample of human insulin. Genetic engineering drove considerable progress, up until the production of the glargine insulin - Lantus®.

2000 The launch of Lantus® using recombinant DNA, the first basal insulin analogous to slow-action human insulin, which acts with no pronounced peak and makes it possible to maintain a low, regular level of insulin for 24 hours using a single daily injection.

2006 Launch in the United States of Apidra®, a new fast-acting insulin analog, for the treatment of Type 1 and Type 2 diabetes in adults.

2007 Launch of Lantus® SoloSTAR® and Apidra® SoloSTAR®.

2008 Launch of Lantus® SoloSTAR® and Apidra® SoloSTAR® in Pakistan.

Amaryl® continued to grow at a healthy rate of

10%

Amaryl®
(glimepiride)

First-line oral treatment for type 2 diabetes

Amaryl® is the only sulfonylurea to have demonstrated 24-hour efficacy against both fasting and postprandial hyperglycemia in a once-daily dose, by stimulating the physiological mechanism of biphase insulin release.

APROVEL™
(irbesartan) Tablets 75mg 150mg 300mg

A dynamic brand

Sales over Rs. 66.9 million

102% growth

In 1987, sanofi-aventis researchers working at the Montpellier research and development site discovered irbesartan, which eventually became Aprovel®. Today, Aprovel® has an impressive track record of over three billion tablets sold every year in more than 100 countries.

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

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

The most widely prescribed low molecular weight heparin in the world

CLEXANE®
enoxaparin sodium™

Clexane® is the most widely studied and used low molecular weight heparin (LMWH) in the world. It has been used to treat an estimated 200 million patients in more than 115 countries after 20 years of development and is approved for more clinical indications than any other LMWH. Clexane® is an anti-coagulant used to inhibit the formation of clots in veins and arteries, thereby preventing possible acute or chronic complications associated with deep vein or arterial thrombosis.

Clexane® delivered 2008 sales of over Rs. 159 million at a healthy growth rate of 16%.

Plavix®
(Clopidogrel) 75 mg

Extensive experience on efficacy and tolerability

Millions of patients all over the world are being treated with Plavix® for the prevention of ischemic events caused by atherothrombosis, confirming the favourable benefit-to-risk ratio of long-term management of atherothrombosis. Launched in Pakistan in 2007, Plavix® is rapidly consolidating its position as the foremost platelet antiaggregate agent for the secondary prevention of stroke.

Claforan®

(Cefotaxime sodium)

An innovative antibiotic

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

Sales over Rs. 432.9 million

9% growth

Haemaccel®

Polygeline 3.5%

16% Double-digit growth

A life-saving essential

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

Tarivid®

(Ofloxacin)

Broad spectrum antibiotic

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

Tarivid® continued to grow at a rate of 6%.

Flagyl®

Metronidazole

Sales over Rs. 829.9 million

23% growth

Widely prescribed for gastroenteritis

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

Telfast®

Fexofenadine HCl

Non-sedating allergy relief

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

Phenergan®

Promethazine HCl Tablet/Elixir

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

Oncology

Attacking cancer on all fronts

Sanofi-aventis' vision is to attack cancer on all fronts, exploring innovative avenues to optimise patient management and care and entering into long term partnerships to discover and develop powerful new agents and strategies for prevention and treatment so as to provide all patients with the best possible solutions.

Sanofi-aventis' commitment to oncology is demonstrated by a series of successes (docetaxel and oxaliplatin) and its research into new therapeutic mechanisms. Thanks to many years of research, sanofi-aventis now has a better understanding of the way cancer grows and spreads, and different processes have now been identified.

Since cancer is a multi-faceted disease, the research strategy consists in attacking cancer on all fronts by targeting most of the mechanisms of action involved in the development, growth, and spread of cancer cells.

Cancer means an uncontrolled proliferation of cells due to genetic mutations. Apart from hormone therapy, which is aimed at specific types of cancer (such as prostate cancer), anti-cancer treatments are either used to destroy all cancer cells (in which case they are known as cytotoxic agents), or aiming at more targeted treatments that block the cancer cell's mechanisms of action. These two approaches are very often combined (and in some cases they include hormone therapy) to stop cell proliferation and the growth of the tumour. They either cause it to disappear or at least stabilize the tumour.

TAXOTERE® (docetaxel)

Bringing Data To Life

A reference chemotherapeutic agent for several types of cancer

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

Modest growth of 3.8% for Taxotere® despite a challenging year.

Eloxatin®

OXALIPLATIN 5 mg/ml

A cornerstone of chemotherapy for metastatic colorectal cancer in combination with new, targeted therapies.

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

201%

Remarkable growth

New launches

Bolstering our portfolio

Xerosec®
(Omeprazole)

The initial response to the launch of Xerosec® has been extremely encouraging.

Proton pump inhibitors (PPI) block the production of acid by the stomach. Xerosec® (omeprazole) is a proton pump inhibitor used in the treatment of dyspepsia, peptic ulcer disease (PUD), gastroesophageal reflux disease (GORD/GERD) and Zollinger-Ellison syndrome, all caused by stomach acid. Omeprazole blocks the enzyme in the wall of the stomach that produces acid. By blocking the enzyme, the production of acid is decreased, and this allows the stomach and esophagus to heal.

Rhinathiol®
(Carbocisteine)

Rhinathiol® has been launched in different strengths for adults, children and infants.

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

NO-SPA®
(Drotaverine HCl)

LANTUS® SoloSTAR®
insulin glargine

Apidra® SoloSTAR®
insulin glulisine

Creating vaccines, protecting life

sanofi pasteur

The vaccines division of sanofi-aventis Group

Vaccines: A key strategic focus

Sanofi Pasteur, the vaccine division of sanofi-aventis group, is the largest company in the world devoted entirely to human vaccines. To prevent diseases in children, adolescents and adults around the world, the sanofi pasteur R&D team is developing new generations of vaccines. Sanofi Pasteur offers the widest range of vaccines for 20 diseases.

With tomorrow's health challenges in view, the R&D team of sanofi pasteur, the Group's Vaccines division, is working on both innovation and improvement of vaccine delivery and modes of administration. Either alone or in partnership, the research team is attacking such major diseases as dengue, pneumococcal infections, cytomegalovirus, malaria, tuberculosis, Chlamydia and Type B meningitis. In addition, sanofi pasteur remains at the forefront of influenza pandemic preparedness.

Vaccines provide an effective response to major diseases, generally as a preventive measure but sometimes as a therapeutic solution. Seasonal influenza, for example, is a constant concern for health authorities throughout the world, and sanofi pasteur is the undisputed leader in the field of influenza prevention. Sanofi Pasteur continued to bring innovative, effective and easier-to-use vaccines to market.

During 2008, a new business unit was set up in sanofi-aventis Pakistan limited to handle the vaccines business in Pakistan. The product portfolio consists of the following:

Brand Name	Generic Name
Tetavax	Tetanus Toxoid Vaccine
Imovax Polio	Poliomyelitis Vaccine Inactivated
Trimovax	Vaccine against measles(schwarz strain) Mumps (urabe AM-9 strand) and Rubella (wistar RA 27/3 strain)
Pneumo 23	Pneumococcal Polysaccharide Vaccine
Verorab	Rabies Vaccine
Oral monovalent Type 1	Oral Poliomyelitis Vaccine Type 1
Opvero	Trivalent Oral Poliomyelitis Vaccine
Typhim Vi	Typhoid Vaccine
Act-HIB	Haemophilus influenzae Type b Vaccine (conjugated)
Stamaril	Yellow Fever Vaccine
Avaxim 160	Hepatitis A Vaccine
Avaxim 180	Hepatitis A Vaccine
Favirab	Anti Rabies Immunoglobulin
TetraAct-HIB	Adsorbed Diphtheria, Tetanus,Pertussis and conjugated Haemophilus Type b Vaccine
Pentaxim	Influenza type b conjugate, Adsorbed Diptheria,Tetanus, Acellular Pertussis & Inactivated Poliomyelitis Vaccine
Vaxigrip	Influenza Vaccine
Euvax B Injection 0.5 ml	Hepatitis B recombinant Vaccine
Euvax B Injection 1ml	Hepatitis B recombinant Vaccine
Okavax Injection	Live attenuated varicella virus
Polysaccharide meningococcal A +C vaccine	Polysaccharide Meningococcal A + C Vaccine

Corporate Social Responsibility

2008 was an active year for sanofi-aventis Pakistan in terms of Corporate Social Responsibility (CSR). Several CSR activities and projects were implemented.

Providing help, the responsibility of a leader

A long term humanitarian strategy

Organized around long term partnerships, sanofi-aventis' humanitarian sponsorship implements innovative, lasting support programs for those most in need.

To reduce inequalities and provide better access to health for different populations and countries, sanofi-aventis' humanitarian sponsorship is engaged today in building long term partnerships

Innovative partnership programs include "My child matters", which was launched jointly in 2004 by sanofi-aventis and the International Union Against Cancer. This unique partnership aims to step up the fight against childhood cancer in countries where paediatric oncology is still struggling to become established. Cancers in children show the widest gap in survival rates between rich and developing countries. "My child matters" supports hospitals, foundations and NGOs to develop pragmatic approaches to improve awareness, early diagnosis, access to care and treatment, pain control and better management of the social and cultural aspects of the disease for both children and their families.

In 2008 this program was extended to 5 countries including Pakistan.

Blood Camp

Blood Donation Drive was held in association with the Patients' Welfare Association (PWA), a WHO recognized organization that has a modern, well-equipped blood storage facility. The PWA provides blood to the underprivileged patients of Karachi free of cost. The blood camp received an enthusiastic response from employees and was a practical application of the value of "respect" as it demonstrated respect for human life and commitment to the motto: "because health matters".

Rabies Prevention

September 28 is World Rabies Day. Sanofi-aventis Pakistan collaborated with the Pakistan chapter of the Rabies in Asia Foundation to raise awareness and understanding about the importance of rabies prevention at an event held at the Indus Hospital providing free of cost rabies treatment round-the-clock. The President of the Infectious Disease Society and several doctors addressed the gathering, mostly comprising school children, cautioning them against contact with stray dogs and alerting them to the danger of rabies. A story was read out underlining the importance of washing the wound immediately with soap and cleaning it with an anti-septic ointment.

Drink clean water
Live a healthy life

Considering the global safe drinking water crisis and its rapid escalation in Pakistan, sanofi-aventis' leading product Flagyl® teamed up with Nestle® Pure Life™ in a venture to spread awareness about health and hygiene. During the summer, when water-borne diseases are at their peak, almost 200 clinics throughout Pakistan were provided with Nestle® hot and cold water dispensers along with three months of free water supply.

Earthquake Relief Drive

The province of Balochistan was hit by a devastating earthquake claiming over 300 lives and displacing thousands. As a responsible corporate citizen, sanofi-aventis Pakistan organized an Earthquake Relief Drive. Employees contributed generously, displaying "solidarity" with their countrymen and "respect" for human life. The collection was presented to Dawn Relief, a leading social welfare organization working in the affected region.

Diversity Day

Diversity Day was organized to recognize and celebrate the contribution of women to the success of the company, during which an external speaker made a presentation on risk factors, signs and symptoms of breast cancer, emphasizing and demonstrating self-examination techniques and addressing common misconceptions to an audience of women.

Breast Cancer Awareness

Sanofi-aventis Pakistan collaborated with Shaukat Khanum Memorial Cancer Hospital & Research Centre (SKMCH) to support breast cancer awareness.

An event was held at SKMCH (Lahore) where the importance of screening and early diagnosis was stressed to an audience comprised of patients, university students and NGO representatives.

A second program was organized in partnership with the Aga Khan University Hospital (AKUH) in Karachi, where free of cost breast cancer screening sessions were conducted. NIMRA, which is an institute in Jamshoro also collaborated with sanofi-aventis Pakistan and AKUH by providing mobile mammography vans.

Diabetes Awareness

World Diabetes Day was commemorated by spreading internal and external awareness about the disease. Key facts and data on the prevalence of diabetes & brochures on diabetic care were disseminated. BMI assessments, blood glucose testing and HbA1c analysis were conducted. A renowned doctor specializing in diabetic care gave a thorough and easy to understand talk on "Diabetes and its Complications".

Externally, sanofi-aventis supported two newspaper supplements commemorating World Diabetes Day by contributing articles delivering key messages on diabetes signs, symptoms, diagnosis, care, management and complications.

CELEBRATING 10 YEARS OF PERFORMANCE

Amaryl patient awareness campaign entitled, "Celebrating 10 Years of Performance". The campaign included a series of programs, which were run across the country in major public and private diabetic centers/clinics. In addition to free diabetes screening, public awareness lectures were organized with a comprehensive presentation on 'Diabetes Prevention' and 'Better Management Techniques' in order to improve the quality of diabetic patients' lives. Patient awareness literature was also distributed during these presentations. These presentations were usually made by the Professor/Head of the department at the center/clinic.

The 2007 corporate report

The sanofi-aventis Annual Report for 2007 won the 5th prize in the 'Chemical & Fertilizer' category in the 'Best Corporate Report Awards' (BCRA) competition, a prestigious annual event organized by a joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) & the Institute of Cost and Management Accountants of Pakistan (ICMAP).

International recognition of excellence came from the South Asian Federation of Accountants (SAFA) that holds an annual 'Best Presented Accounts Awards Competition'.

The awards, under different categories, are conferred on the basis of evaluation administered by SAFA's committee on improvement, transparency, accountability and governance of the published annual reports of entries from South-Asian countries. The sanofi-aventis Pakistan report was adjudged the winner of the bronze award in the hospitality, health, transport & shipping category.

Directors' Report to the Shareholders

We are pleased to present the Annual Report and the Company's audited financial statements for the year ended December 31, 2008. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984.

The Directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xix of the Code of Corporate Governance.

1. Overview

We are pleased to inform that net sales for the year ended December 31, 2008 at Rs.4,347 million registered a growth of 11.56% over the last year. This is mainly volume growth as we were granted price increases for "hardship cases" in the last week of November 2008, on 4 products only, with the freeze on selling prices since December, 2001 continuing on the remaining products. The improved sales performance was mainly due to the restructuring of the sales and marketing organization in early 2008, to provide appropriate focus and increased coverage on all our products, especially on products with high turnover, strategic products and new brands.

Whilst sales recorded a healthy growth rate, our gross margin, as a percentage of net sales has reduced to just over 24% from nearly 28% last year. This erosion in margins is mainly due to Pak Rupee depreciation, soaring inflation - especially in fuel and energy, increase in international prices of certain raw and packing materials, transportation costs, labour costs, etc.

On August 18, 2008 a fire broke out at the electrical sub-station building situated at the Karachi manufacturing site of the Company. Immediately following this event, the Company launched its disaster recovery plan due to which there was only marginal operational impact of this incident. However, due to use of rented generators until restoration of the sub-station, fuel and power cost as well as labour costs increased considerably which also impacted the gross margin and administration expenses of the company during the year under report.

Despite the high inflation and other cost increases we managed to contain the total costs of distribution, marketing and administrative expenses at more or less the same level as last year by taking several cost cutting measures, which included, reduction in headcount, termination of royalty and technical fee agreement with our associated company, reduction in travel entitlements, etc.

Finance cost increased by 34% over last year, mainly due to increased borrowing cost on account of monetary measures taken by the State Bank of Pakistan to control the rising inflation. Furthermore, the borrowings of the Company have also increased significantly due to increase in investing activities as part of our expansion policy.

Profit after tax at Rs.38.27 million was significantly lower than last year (2007: Rs.75.30 million) because of the reasons explained above.

As mentioned last year, a separate Business Unit for vaccines was created during the year, however, due to some legal and procedural requirements vaccines private market business could not be started by the Company during the year. All such requirements have now been taken care of and our vaccines business unit has started functioning with participation in some of the Government tenders, positive outcome of which is expected to add value to the Company's business activities in 2009.

In 2008 approx. 89% of our sales were on cash before delivery basis to 16 regional distributors. The remaining 11% sales were made on credit to large hospitals and institutions. Effective credit controls are in place and we were able to reduce debtors' turnover ratio from 13 days to 12 days as compared to last year.

2. Industry Leadership

According to the last IMS market report sanofi-aventis is now ranked 4th in the pharmaceutical industry of Pakistan, with a market share of 4.5%. sanofi-aventis S.A, is one of the world's leading pharmaceutical companies and is ranked number one in Europe.

3. Marketing and Medical Activities

The marketing team at sanofi-aventis Pakistan limited designed strategies and innovative marketing initiatives to drive sales growth and maximize the value of brands while operating within the medico-marketing ethical framework.

Each brand team strived to introduce innovation to provide better management options of various diseases to clinicians. The activities were focused on major therapeutic areas throughout the year including medico marketing activities, diagnostic support for patients etc. These initiatives helped sanofi-aventis to maintain market leadership position in several therapeutic classes in a very competitive environment.

sanofi-aventis participates in different scientific and medical congresses and workshops related to diabetes, infectious diseases, osteoporosis, oncology and cardiovascular diseases etc. Continuing Medical Education opportunities were extended to clinicians in different therapeutic areas like diabetes, infectious disease, cardiovascular disease, oncology and Deep Vein Thrombosis etc. - areas where major burden of disease lies in Pakistan.

Flagyl®, the no.1 brand of sanofi-aventis Pakistan limited, is moving rapidly towards the Billion landmark with double digit positive growth. This growth is a result of innovative marketing initiatives like local speaker programs, scientific product presentations, water for life campaign and intravenous medication programs for health professionals.

Typhoid and Urinary Tract Infections are common infections affecting a large segment of the population. Through clinicians, 6000 patients were provided free early diagnostic facilities for detection of Typhoid and Urinary Tract Infections during the year.

Maintaining the tradition of facilitating academic activities, various events such as lectures by experts and Key Opinion Leaders, round table discussions, seminars and symposia etc were organized during the year. Around 7000 doctors participated, thus enabling them to enrich and update their medical practice.

Keeping in view the importance of paediatric segment, focused activities like round table discussions and local speaker programs were arranged covering indications like Sepsis, pneumonia and bacterial meningitis.

In order to promote and highlight sanofi-aventis state of the art manufacturing facility and processes, Claforan and Haemaccael plant visits were arranged for the doctors to demonstrate quality of sanofi-aventis products.

sanofi-aventis Pakistan limited, the leader in anti Diabetic market, offers a complete range of anti diabetics which include Amaryl®, Daonil®, Neodipar®, Lantus® and Apidra®. General Practioners (GP) play a key role in the management of diabetes and are a primary contact point for the patient. GPs were updated on management on diabetes and standard of care. Educational materials were also developed for the benefit of diabetic patients. Further, diagnostic facilities like rapid HbA1c testing and diabetes detection drives were also organized free of cost for the patients at various clinics.

Moreover, a campaign titled "Celebrating 10 years of Performance" was launched to commemorate the 10th anniversary of Amaryl® launch. The campaign included Patient awareness and benefit programs at Diabetic clinics. We also organized an international level CME program "Mission Diabetes" involving two leading international speakers namely Prof. Anoop Misra from India and Dr. Radhakrishna Sothiratnam from Malaysia. The company also actively participated in a World Diabetes Day organized by various institutions across Pakistan.

Lantus team is promoting the use of insulins with long acting insulin analogue Lantus® and rapid acting insulin analogue Apidra® for diabetes patients of Pakistan. The latest ADA guidelines support the use of basal insulin in the early stage of diabetes helping patients reach their glycemic goals effectively and safely. Some of the key events for the year included Key Opinion Leader development and engagement of doctors through CMEs and participation in major diabetes conference and APDLS meeting which emphasized on building the concept of early insulinazation. In order to educate doctors on drug quality, Lantus® plant visit in Germany was arranged for Key Opinion Leaders followed by lectures from experts around the world on the subject. This event also provided the platform to launch SoloSTAR and SoloSTAR device registry in coordination with the Medical Department. With the introduction of Lantus® SoloSTAR® in December, 2008 we are confident to establish the ease of use of administering Insulin and helping more patients reaching their diabetes goal and therefore expects increase in sales of Lantus®.

As a part of creating awareness about venous thromboembolism, an ENDORSE seminar was arranged at the company Head Office in Karachi inviting 90 key doctors including ENDORSE investigators, DVT Advisory Board members and leading Key Opinion Leaders of Medicine, Surgery, Orthopedics, Urology, Gynecology, ICU and Anesthesiology. The VTE guidelines in different specialities were also presented by Clexane® Key Opinion Leaders.

Xatral® indicated for the management of Benign Prostate Hyperplasia (BPH) is a growing brand of sanofi-aventis Pakistan limited. To assess the current practice of Urologists in the management of Acute Urinary Retention (AUR) a study was conducted globally including Pakistan by the name RETENWORLD. The interim results of the study showed that treatment with a α1- blocker before a TWOC consistently improves the chances of successful catheter removal, regardless of the duration of catheterization. Xatral® was the most preferred alpha blocker in this study by Urologists. These results were shared with prominent Urologists of Pakistan.

The cardiothrombosis team is responsible for promoting Plavix®, Clexane® and Cordarone®. Key events for the year for Cardiothrombosis team included CMEs on Acute Coronary Syndrome (ACS) and participation in major cardiology conferences while clinical trials in acute coronary syndrome remained in progress. In order to curb the menace of counterfeit of Plavix®, patient information material was also developed and delivered to doctors to help them understand and educate their patients about the difference between fake and original Plavix®.

Directors' Report to the Shareholders

The Oncology Franchise which offers Taxotere® and Eloxatine® regularly arranges various programs to enable oncologists to discuss the most recent research findings in cancer treatment. The remarkable efficacy coupled with a good safety profile makes both Taxotere® and Eloxatine® the agent of choice in the treatment of cancer at every stage of the disease.

Comprehensive training sessions for field force were organized at the launch of Xerosec® and Rhinathiol®. Further, participation in various conferences was also made to promote the generic products of the Company.

To summarize our various initiatives, we were able to provide educational, diagnostic and promotional support to our clinicians, patients and brands respectively through well-planned initiatives to ensure a meaningful contribution to society from a medico-marketing perspective.

During 2008, the Medical Department undertook 13 clinical studies to address various questions of the medical community. These clinical research projects, some of which are ongoing, were in the areas of diabetes, deep vein thrombosis, acute urinary retention, breast cancer and psychiatric disorders.

Over 5000 patients were recruited to 13 studies across Pakistan involving approximately 150 investigators during the year. This includes two large scale studies recruiting over 1000 patients namely the SAVE study for Deep Vein Thrombosis (DVT) and PONDs study for Diabetes. Solostar study was also initiated to coincide with the launch of the new insulin delivery devise Lantus® SoloSTAR®.

Two national seminars were held to disseminate findings from the ENDORSE study on DVT published in the LANCET and the World Reten study on Benign Prostate Hypertrophy published in the British Journal of Urology. Investigators presented local data to Key Opinion Leaders in the respective fields. This year too, presentations were made to leading oncologists highlighting the features and quality of Taxotere®, the original research molecule docetaxel. The department also focused on disseminating findings of the most current published medical literature related to disease areas and new treatment modalities particularly in the fields of hypertension, cardiology, diabetes and cancer.

Concern for safety is a corner stone at sanofi-aventis. Six SOPs were developed by the medical department that will help minimize patient related and business risks.

Up-gradation of skills is an ongoing process at sanofi-aventis. Accordingly, a member of the medical team attended a six weeks course in medical ethics conducted by the Aga Khan University in collaboration with the Johns Hopkins University, USA. The medical director also attended a two week leadership training program conducted by the University of Chicago Graduate School of Business at Singapore campus.

sanofi-aventis is determined to improving standards of health care in Pakistan. With sparse library facilities available in the country, access to cutting edge articles to the medical profession and post-graduate students is limited. sanofi-aventis through its global network has real-time access to over 1000 peer-reviewed indexed journals which facilitate the academia in their research and keeping abreast with the latest innovations in the medical field. Health care professionals rate this as one of the best services in the industry. This is evident from the fact that 4,500 medical related queries were received from the medical profession.

The following new products, including line extensions, were added to our product portfolio in 2008:

Xerosec® (Omeprazole) - launched in January 2008:

Xerosec® (Omeprazole) is a later generation specific inhibitor of the gastric proton pump in the parietal cells indicated for the treatment of Acid Peptic Disease. Due to dietary habits and life styles in Pakistan, acid reflux and Gastro duodenal ulcers incidence are on the rise.

Rhinathiol® (Carbocystein) - launched in July 2008:

Rhinathiol® (Carbocystein) is for treatment of acute Bronchitis. Due to increasing environmental pollution and poverty the incidence of respiratory tract disorders is on the rise.

LANTUS® SoloSTAR® (insulin glargine) - launched in December 2008:

To help all patients with T1 and T2 diabetes achieve their treatment targets, Lantus® SoloSTAR® and Apidra® SoloSTAR® is the best combination of insulin and the easy to use pen that is easier to inject.

Lantus® SoloSTAR® is now launched in Pakistan and Apidra® SoloSTAR® is to be launched in 2009. We will establish SoloSTAR® as the preferred pen, supporting the Lantus® & Apidra® leadership position in the diabetes market.

4. Capital Expenditure

Expansion of production facilities and modernization of plant and machinery remains a high priority of the Company. Capital expenditure of Rs.534.8 million (2007: Rs.186.8 million) was incurred during the year on expansion, facility improvement and rationalization. As part of its facility improvement & rationalization program, the Company has initiated a project for divestment of its Wah site. Accordingly work on a new liquid manufacturing facility at the Karachi site was initiated, which is progressing as per plan and the commercial production is expected to start in the second quarter of the year 2010. Other capital investments were also made including expansion of the Haemaccel plant and upgrading of the IQC laboratory etc which are expected to start commercial production in first quarter of 2009. In addition to the manufacturing facilities, we also invested in technology and infrastructure upgrading, as well as in equipment for improvement of GMP/EHS and security.

5. Profit, Finance & Taxation

As already mentioned earlier, profitability was lower than last year mainly on account of Pak Rupee depreciation, frozen selling prices and soaring inflation resulting in an across the board cost increase including depreciation due to significant capital expenditure. The profit, taxation and proposed appropriations are stated below:

	(Rs. in '000')
Profit for the year before taxation	**84,365**
Taxation :	
Current - for the year	47,414
Prior Period	1,284
Deferred	(2,602)
Total	46,096
Profit after taxation	**38,269**
Unappropriated loss brought forward - as restated	(1,270)
Actuarial loss recognized directly in equity - net off deferred taxation	(628)
Profit available for appropriations	**36,371**
Appropriations :	
Proposed final dividend @14% out of profits for the year ended Dec 31, 2008	(13,503)
Unappropriated profit carried forward	**22,868**

A good return & payout to shareholders is one of the primary objectives of your Company. However, taking into account economic recession, higher level of our borrowings due to capital commitments and Pak Rupee depreciation, increased borrowings rates and lower profitability as compared with prior years, the Directors are pleased to recommend a dividend of Rs.1.40 per share of Rs.10 each, for approval by the shareholders.

6. Cashflow

Pak Rupee depreciation, consequent impact on profitability for the year, increase in stocks, some other current assets, finance cost and capital expenditure etc has resulted in a significant increase of the running finance utilized under mark-up arrangements at the end of the year under report, as compared to the end of the previous year.

7. Related Party Transactions

All related party transactions, during 2008, were approved by the Board and these are in line with the transfer pricing policy with related parties approved by the Board previously. The company maintains a full record of all such transactions, alongwith the terms and conditions.

8. Financial Statements

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

Directors' Report to the Shareholders

9. Awards for Best Practices and Corporate Reporting

This year your Company has won national and international awards for the best presented corporate reporting for the year 2007.

In July 2008, the joint committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost & Management Accountants of Pakistan selected the annual report of your company for the year 2007 as the fifth best report in the "Chemical & Fertilizer Sector".

We also won a bronze medal for the best presented accounts for the year 2007 in the Hospitality, Health, Transport & Shipping Category from the "South Asian Federation of Accountants".

These awards reflect our unrelenting emphasis on accountability through transparency, meeting timeliness and completeness of information, excellent governance framework and dedication to best practices, ethics and values.

10. Human Resource

The principle of equal opportunity is central to our HR policies and we are committed to equipping all employees for their job roles and support them to realize their full potential.

Training and development plans are integral part of performance review process and includes specific training events to develop new skills.

During the year our human resources department was involved in a number of projects, which, inter-alia, included:

- simplification of the appraisal process with a more user friendly format for field force performance appraisal;
- participation in a job fair at Expo Centre to create awareness about sanofi-aventis;
- Orientation Program for new employees (both at head office & industrial site);
- Promoting Diversity - "Women's Day" was celebrated and a program was organized for all female employees which included presentation on Breast Cancer by an Oncologist;
- "Sales Certification" course - conducted for field staff;
- sessions on "Leadership Essentials" to roll out the District Manager Competencies;
- "Leadership Quest" training for all Sales and Business Managers;
- sessions on Communication skills for employees of Head Office / Sales;

The management's relations with the Collective Bargaining Agent (CBA) remained cordial and industrial peace prevailed throughout the year.

As of December 31, 2008, total numbers of permanent employees stood at 789 (2007: 846).

11. Contribution to National Exchequer

During the year the company paid over Rs.279 million to the government and its agencies on account of various government levies including custom duty and income tax.

12. Corporate Social Responsibility

The Company operates in a socially responsible manner and is committed to the highest standards of corporate behaviour. Accordingly, the Company's CSR program has a very wide scope encompassing initiatives in the areas of heath care, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Following is a snapshot of the Company's CSR initiatives during the year:

- donations to various institutions, primarily supporting health and education in the country;
- blood donation drive in association with the Patients' Welfare Association (PWA), a WHO recognized organization providing blood to poor patients free of cost. Well over 80 employees registered to donate blood;
- collaborated with the Rabies in Asia Foundation to raise awareness about rabies prevention on World Rabies Day. Developing 'National Guidelines on Rabies Management' in collaboration with the President of the Pakistan chapter of the Rabies in Asia Foundation;
- organized an Earthquake Relief Drive to support victims of the earthquake which claimed over 300 lives and displaced thousands in Balochistan, Pakistan. The collection was presented to 'Dawn Relief', a leading social welfare organization working in the affected region;
- 'My Child Matters'; a UICC (International Union against Cancer) / sanofi-aventis partnership to improve the access to treatment care and support for children with cancer in low and middle income countries was also extended to Pakistan in 2008. We expect Pakistan shall be able to secure grant(s) for the humanitarian project(s) in 2009;
- sponsored a Breast Cancer Awareness ad campaign with Shaukat Khanum Memorial Hospital during Breast Cancer Awareness month. This is part of an on-going effort to spread awareness about breast cancer;
- the sacred trip to Makkah often uses up a Muslim's entire life's savings. Every year, sanofi-aventis sends a non-management staff member to perform Hajj. In 2008, two employees were sent for the pilgrimage as the person sponsored in 2007 was not able to go;
- in a joint venture with Nestle® Pure Life™ to spread awareness about health and hygiene, Flagyl® provided 200 clinics with Nestle hot and cold water dispensers during the summer, when water-borne diseases are on the rise;
- Amaryl patient awareness campaign entitled, "Celebrating 10 Years of Performance". The campaign included a series of programs, which were run across the country in major public and private diabetic centers/clinics. In addition to free diabetes screening, public awareness lectures were organized with a comprehensive presentation on 'Diabetes Prevention' and 'Better Management Techniques' in order to improve the quality of diabetic patients' lives. Patient awareness literature was also distributed during these presentations. These presentations were usually made by the Professor/Head of the department at the center/clinic.

13. Information Technology

As part of our group strategies, we continue to invest more and more in IT and upgrade of related infrastructure, thereby continuously enhancing qualitative aspects of management reporting. This also involves enhancement of internal controls over information processing. IT spending during the year 2008 amounted to over Rs.8 million and following are some of the highlights relating to IT activities:

a. Infrastructure:

- upgraded all sales offices to DSL high speed connectivity;
- connectivity of all sales offices to head office via secure VPN;
- investments in new servers and Centralized Storage (SAN). These enhancements will increase retention of organizational data and facilitate efficient centralized storage for the entire organization;
- investments in computers for District Managers in Sales department to enhance their productivity;

b. Business Solutions:

- workflow projects to improve productivity and create a paperless environment, such as electronic approvals (eAED)
- enhancement of eTMS system that manages sales force monitoring, performance, incentives, primary and secondary sales consolidation, these include:
  - dashboard application to enable sales personnel to review and monitor their sales performance and indicators;
  - electronic expense system that automatically calculates sales re-imbursements based on system generated travel plans and call history;
  - new reports for district managers to keep them updated with weekly sales summary customized for their team

14. Website

All our stakeholders and general public can log on to the sanofi-aventis Pakistan limited website at **www.sanofi-aventis.com.pk**

Directors' Report to the Shareholders

15. Environment, Health & Safety

The Company recognizes safety as the key component of operational excellence and gives utmost importance to training of employees and contractors to enhance safety awareness and actively incorporate industry best practices in the overall operating setup. Following are some of the key activities undertaken during the year with an objective to attain highest safety standards:

- training of 300 employees on first aid, fire fighting, learning experiences, contractor safety and other key safety elements;
- Infra Red Thermography conducted for workers;
- emergency drill conducted for industrial affairs and head office employees;
- office safety inspection conducted for head office employees with company doctor as auditor; and
- addition of sugar and cholesterol testing facility in our medical centre;

Our commitment to Environment, Health & Safety is manifested in all our activities as no major accident was reported in 2008.

16. Directors

There was no change in the Board of Directors after the election of Directors in the last AGM.

17. Compliance with the Code of Corporate Governance

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

18. Statement of Ethics and Business Practices

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this Statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations. A confirmation that these rules have been followed is obtained from all employees every year.

19. Audit Committee

There was no change in the composition of audit committee during the year. In compliance with the requirements of the Code for Corporate Governance, audit committee is composed of the following 2 non-executive directors and one alternate Director:

1. Mr. Syed Hyder Ali	Chairman
2. Mr. Eric Le-Bris	
3. Dr. Amanullah Khan	
Mr. Yasir Pirmuhammad (Head of Internal Audit)	Secretary

20. Pattern of Shareholding

A statement of the pattern of shareholding is shown on page 81.

21. Earnings Per Share

Earnings per share after tax was Rs.3.97 (2007: Rs.7.81).

22. Holding Company

The Company is a subsidiary of SECIPE, France and the ultimate parent of the Group is sanofi-aventis S.A., France.

During the year SECIPE acquired 3,479,469 and 1,620,000 ordinary shares from its associated undertakings viz. Hoechst GmbH, Germany and Plasma Investments (U.K.) Limited respectively as part of global restructuring program.

23. Auditors

The Audit Committee and Directors recommend retention of the retiring Auditors' Messrs Ford Rhodes Sidat Hyder and Co., Chartered Accountants, for the year ending on December 31, 2009.

24. Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly it's state of affairs, the result of its operations, cash-flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for change arising from amendments of applicable accounting standards or interpretations and accounting estimates are based on reasonable and prudent judgment. During the year, the Company has reassessed the useful lives of the EDP equipments included within factory and office equipment and decided to write off the cost of all EDP equipments with the exception of computer servers over 4 years instead of 3 years to reflect more accurately the relationship between the effective useful life of the assets and depreciation charge.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control which is in place, is being continuously reviewed by internal audit. The process of review will continue and any weakness in controls will be removed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- Key operating and financial data for the last 6 years is shown on page 84.
- The value of investments of provident, gratuity and pension funds based on their accounts as on December 31, 2008 (audit in progress) was as follows :

Provident Fund	Rs.246,041,374
Gratuity Fund	Rs.169,513,752
Pension Fund	Rs.214,924,628

- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- During the last business year four meetings of the Board of Directors were held. Attendance by each Director was as follows :

Name of Director Messrs :	No. of Meetings Attended
1. Syed Babar Ali	4
2. Tariq Wajid	4
3. Pir Ali Gohar	1
4. Syed Hyder Ali	3
5. Tariq Iqbal Khan	1
6. Jean Louis Grunwald	none
7. Eric Le-Bris	none
8. Jean-Marc Georges	none
9. M. Z. Moin Mohajir	4
- Arshad Ali Gohar (Alternate for Mr Pir Ali Gohar)	1
- Mohammad Amjad (Alternate for Carmelo D'Ancona / Jean- Mark Georges)	3
- Shakeel Mapara (Alternate for Mr. Eric Le-Bris)	3
- Dr. Amanullah Khan (Alternate for Mr J.L.Grunwald)	3

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

- No trade in the shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses & minor children.
- Statement of Ethics and Business Practices has been approved by the Board and signed by all Directors and employees of the Company as per the requirement in the Code of Corporate Governance.

25. Future Outlook

a) New line of business, product launches and line extensions in 2009

- Vaccine Business integration:

As mentioned earlier, for over 20 years, sanofi pasteur vaccines have been marketed in Pakistan through a distributor and your Company is ranked number 4th in the vaccine business although globally sanofi pasteur is the largest in vaccine business and serves nearly a quarter of the global market providing protection from 20 infectious diseases.

In March, the vaccines' registrations were transferred to sanofi-aventis Pakistan limited and a separate Business Unit was formed together with plans to initiate various programs including vaccine awareness, vaccine-economics, and educational activities. A synergy is being developed between sanofi-aventis and sanofi pasteur products through joint planning and implementation. These initiatives will help build the concept of vaccines for all age groups and eventually make the sanofi pasteur brand synonymous with vaccines in Pakistan.

- New Products and Line Extensions in Pharmaceuticals Business:

During the year 2008, sanofi-aventis group has launched acquisition projects concerning a couple of leading generic companies in a move to accelerate sales growth and further extend its pharmaceutical portfolio in emerging markets. Thus, showing group's commitment not only in the pharmacy field but also in the generic field.

We also plan to launch few more new products, including line extensions to our existing portfolio of products and generics, during the year 2009 which we believe shall also contribute to our top line.

b) Capital Expenditure

As mentioned last year, we had a planned capital expenditure of over Rs.1 billion starting from 2008, out of which Rs.534.8 million were expanded during the year under report. Most of the expenditure relates to expansion, modernization, balancing, and upgrading of our production facilities. The continuously high level of capital expenditure every year demonstrates a vote of confidence of the main shareholders of the company to the country and its economic management.

c) Sales & Profitability

We believe your company has the potential to maintain sales growth in the year 2009, notwithstanding the events described above and expect good growth potential for the pharmaceutical industry in Pakistan. However, these expectations are subject to future events and are subject to change.

Although the sales volume growth is expected to contribute positively to the bottom line, growth in profitability will be largely dependent on, continued cost controls, stability of the Pak Rupee and control of inflationary trend in the country.

26. General

The Board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss Company performance in 2008, and is profoundly thankful for the trust and confidence reposed in the Board by the shareholders.

We are exceedingly grateful to our employees as good results are first and foremost due to people, and thank all the employees whose efforts played a major role in the results achieved in 2008.

By order of the Board

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37, 43 and 36 of listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited respectively, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1) The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes 7 non-executive Directors, out of which 4 directors represent minority shareholders.

2) The directors have confirmed that none of them is serving as a Director in more than ten listed companies including this Company, except for one director, who has been given special relaxation by SECP in this matter.

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

4) Casual vacancies occurring in the Board during the year were duly filed up by the Directors within 30 days thereof.

5) The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.

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

7) All the powers of Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive Directors, have been taken by the Board.

8) The meetings of the Board were presided over by the Chairman and, in his absence, by the Director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) All the Directors on the Board are fully conversant with their duties and responsibilities. For incoming Directors the orientation course will be arranged in due course.

10) There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year.

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

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

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

14) The Company has complied with all the corporate and financial reporting requirements of the Code.

15) The Board has formed an audit committee. It comprises of three members, two of whom are non-executive directors including the chairman of the Audit Committee.

16) The meetings of the audit committee were held once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee has been formed and advised to the committee for compliance.

17) The Board has set-up an effective internal audit function.

Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2008

18) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

20) We confirm that all other material principles contained in the code have been complied with.

By order of the Board

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of sanofi-aventis Pakistan limited to comply with the Listing Regulation No. 37, 43 and 36 of Karachi, Lahore and Islamabad Stock Exchanges, respectively, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2008.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Karachi: 13th February, 2009

Auditors' Report to the Members

Ford Rhodes Sidat Hyder & Co

We have audited the annexed balance sheet of SANOFI-AVENTIS PAKISTAN LIMITED as at 31 December 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change, as stated in note 3, with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2008 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

A member firm of Ernst & Young Global Limited

Karachi: 13th February, 2009

Balance Sheet
as at December 31, 2008

	Note	December 31, 2008	December 31, 2007
		-------------Rupees in '000-------------	
			(Restated)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,195,249	790,624
Intangible asset	5	729	1,384
Long-term loans	6	6,361	8,944
Long-term deposits	7	3,325	3,425
CURRENT ASSETS			
Stores and spares	8	40,912	42,278
Stock-in-trade	9	1,104,944	1,077,021
Trade debts	10	151,951	137,920
Short term loans and advances	11	24,188	24,543
Trade deposits and short-term prepayments	12	40,585	26,789
Other receivables	13	135,252	100,136
Taxation - payment less provision		269,802	212,887
Cash at banks	14	2,186	2,102
		1,769,820	1,623,676
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	15	8,871	-
TOTAL ASSETS		2,984,355	2,428,053
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	16	96,448	96,448
Reserves	17	1,020,164	1,017,676
		1,116,612	1,114,124
NON-CURRENT LIABILITY			
Deferred taxation	18	70,147	73,087
CURRENT LIABILITIES			
Trade and other payables	19	892,998	688,130
Accrued mark-up on short term borrowing		32,086	10,527
Short-term borrowing	20	872,512	542,185
		1,797,596	1,240,842
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		2,984,355	2,428,053

The annexed notes 1 to 39 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Profit and Loss Account

for the year ended December 31, 2008

	Note	December 31, 2008	December 31, 2007
		------------Rupees in '000------------	
			(Restated)
NET SALES	22	4,346,528	3,896,267
Cost of sales	23	(3,290,705)	(2,811,542)
GROSS PROFIT		1,055,823	1,084,725
Distribution and marketing expenses	23	(757,135)	(756,301)
Administrative expenses	23	(122,627)	(105,403)
Other operating expenses	24	(57,392)	(63,781)
Other operating income	25	52,809	21,638
		(884,345)	(903,847)
OPERATING PROFIT		171,478	180,878
Finance costs	26	(87,113)	(64,987)
PROFIT BEFORE TAXATION		84,365	115,891
Taxation	27	(46,096)	(40,589)
NET PROFIT FOR THE YEAR		38,269	75,302
BASIC EARNINGS PER SHARE (Rs. per share)	28	3.97	7.81

The annexed notes 1 to 39 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Cash Flow Statement

for the year ended December 31, 2008

	Note	December 31, 2008	December 31, 2007
		------------Rupees in '000------------	
CASH FLOWS FROM OPERATING ACTIVITIES			(Restated)
Cash generated from operations	29	366,877	209,070
Finance costs paid		(65,554)	(47,537)
Income tax paid		(105,613)	(132,309)
Retirement benefits paid		-	(2,616)
Long-term loans and advances (net)		2,583	3,565
Long-term deposits (net)		100	(103)
Net cash generated from operating activities		198,393	30,070
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(534,800)	(186,824)
Sale proceeds from disposals of operating fixed assets		48,060	1,947
Interest received		375	1,003
Net cash used in investing activities		(486,365)	(183,874)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long-term finances		-	(62,500)
Repayment of short-term loans		-	(100,000)
Dividends paid		(42,271)	(68,278)
Net cash used in financing activities		(42,271)	(230,778)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(330,243)	(384,582)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(540,083)	(155,501)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	(870,326)	(540,083)

The annexed notes 1 to 39 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Statement of Changes in Equity

for the year ended December 31, 2008

		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 (note 3)	General reserve	Unappropriated profit	Total
	------------	------------	------------	-Rupees in '000-	------------	------------	------------
Balance as at January 01, 2007 as previously reported	96,448	5,935	18,000	-	685,538	310,220	1,116,141
Effect of change in accounting policy on account of recognition of Employees Benefit Cost under IFRS-2 "Share-based Payment" and IFRIC-11 "Group and Treasury Share Transactions"- [note 3]	-	-	-	6,842	-	(6,842)	-
Balance as at January 01, 2007 - as restated	96,448	5,935	18,000	6,842	685,538	303,378	1,116,141
Actuarial gains / (losses) taken directly to equity [note 13.3]	-	-	-	-	-	13,736	13,736
Deferred tax on actuarial gain recognised	-	-	-	-	-	(32,771)	(32,771)
Net profit for the year ended December 31, 2007 as restated	-	-	-	-	-	75,302	75,302
Employee benefit cost under IFRS 2 - "Share-based Payment"- [note 3]	-	-	-	10,194	-	-	10,194
Final dividend for the year ended December 31, 2006	-	-	-	-	-	(68,478)	(68,478)
Transfer to general reserve	-	-	-	-	150,000	(150,000)	-
Balance as at December 31, 2007 - as restated	96,448	5,935	18,000	17,036	835,538	141,167	1,114,124
Actuarial gains / (losses) taken directly to equity [note 13.3]	-	-	-	-	-	(966)	(966)
Deferred tax on actuarial loss recognised	-	-	-	-	-	338	338
Net profit for the year ended December 31, 2008	-	-	-	-	-	38,269	38,269
Employee benefit cost under IFRS 2 - "Share-based Payment"- [note 3]	-	-	-	7,284	-	-	7,284
Final dividend for the year ended December 31, 2007	-	-	-	-	-	(42,437)	(42,437)
Transfer to general reserve	-	-	-	-	100,000	(100,000)	-
Balance as at December 31, 2008	**96,448**	**5,935**	**18,000**	**24,320**	**935,538**	**36,371**	**1,116,612**

The annexed notes 1 to 39 form an integral part of these financial statements.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Notes to the Financial Statements

for the year ended December 31, 2008

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1967 under the Companies Act, VII of 1913, as a public limited company. The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in the manufacturing and selling of pharmaceutical products.

The registered office of the Company is located at Plot No. 23, Sector 22, Korangi Industrial Area, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

2.2 Significant accounting judgements and estimates

The preparation of 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. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Provision for doubtful debts and stocks

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

(ii) Post retirement benefits

The Company has post retirement benefit obligations, which are determined through actuarial valuations using various assumptions as disclosed in note 13.3 below. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(iii) Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities while recognising provision for income tax. The amounts are not provided for matters, disclosed in note 21.1(c) below, where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that the matters in appeals will be decided in favour of the Company. Management believes that if the final outcome of the cases differs from the management's assessment, such differences will impact the income tax provision in the period in which such determination is made.

(iv) Share based compensation plans

The Company has share-based transactions involving group companies shares accounted for using various assumptions as disclosed in note 17.1 below. Management believes that the changes in assumptions will not have significant effect on the financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future event that are believed to be reasonable under the circumstances.

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

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2008
IFRIC 13 - Customer Loyalty Programs	July 01, 2008

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application except for IAS 23 - Borrowings Costs, which requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be withdrawn.

2.4 Basis of measurement

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

2.5 Property, plant and equipment

(i) Operating fixed assets

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

Cost of leasehold land is amortised over the period of the lease. Depreciation on all other assets is charged to profit and loss account applying the straight-line method whereby the cost of an asset less residual value, if not insignificant, is written off over its estimated useful life. The rates used are stated in note 4.1 to the financial statements.

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

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

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

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

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

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

(ii) Capital work-in-progress

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

2.6 Intangible asset – computer software

Computer software licences acquired by the Company are stated at cost less amortisation. Cost represents the cost incurred to acquire the software licences and bring them to use. The cost of computer software is amortised over the estimated useful life as disclosed in note 5 to the financial statements.

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

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

2.7 Long term loans and deposits

Long term loans and deposits are stated at cost.

2.8 Stores and spares

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

2.9 Stock-in-trade

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

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

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

2.10 Trade debts and other receivables

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

2.11 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable. Previously such assets were included as a part of property, plant and equipment under non-current assets.

The Company measures its non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current and deposit account and outstanding balance of running finance facilities availed by the Company.

2.13 Trade and other payables

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

2.14 Provisions

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

2.15 Employees benefits

Defined benefit plans

The Company operates an approved funded gratuity scheme and an approved funded non-contributory pension scheme in respect of all permanent employees and senior management staff respectively excluding expatriates. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. The amounts of retirement benefits are usually dependent on one or more factors such as age, years of service and salary.

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

The gratuity and pension obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuation in this regard was carried out as at December 31, 2008. The present values of the obligations are determined by discounting the estimated future cash outflows using interest rates of high quality government securities that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity in the statement of changes in equity in the period in which they arise.

Defined contribution plan

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

2.16 Compensated absences

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

2.17 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax under the final tax regime.

Deferred

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

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

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

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

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

2.18 Foreign currency translation

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

2.19 Revenue recognition

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

2.20 Borrowing Cost

Borrowing cost is recognised as an expense in the period in which it is incurred.

2.21 Financial Instruments

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

2.22 Derivative financial instruments and hedging activities

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

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

2.23 Off-setting of financial instruments

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

2.24 Dividends and appropriation to general reserve

Dividends and appropriation to general reserve are recognised in the financial statements in the period in which these are approved.

2.25 Share based compensation

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

3. CHANGE IN ACCOUNTING POLICY ON ADOPTION OF IFRS 2 - “SHARE-BASED PAYMENT” AND IFRIC 11 - “IFRS-2 - GROUP AND TREASURY SHARE TRANSACTIONS”

Upon adoption of IFRS 2 - “Share-based Payment” and IFRIC 11 - “IFRS 2 - Group and Treasury Share Transactions”, as referred to in note 2.25 above, the Company has adopted the accounting policy with respect to the recognition of employee benefits cost, arising from the award of shares of sanofi-aventis S.A., France. Such cost had not been previously recognised.

The above adoption has been applied retrospectively and accordingly comparative amounts in respect of profit for the year and equity have been restated for all the prior periods presented through adjustment to the opening balance of unappropriated profit in accordance with the transitional provisions of IFRS 2.

Had the Company not adopted the said policy, amounts in respect of profit after tax for the year and unappropriated profit would have been higher by Rs.7.284 million and Rs.24.320 million, respectively, (December 31, 2007: Rs.10.194 million and Rs.17.036 million respectively) and other reserves would have been lower by the amount of unappropriated profit, stated above.

	Note	December 31, 2008	December 31, 2007
		-------------Rupees in '000-------------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	644,858	646,912
Capital work-in-progress	4.2	550,391	143,712
		1,195,249	790,624

4.1 Operating fixed assets

	Note	Cost					Rate	Accumulated depreciation / amortisation					Written down value
		As at January 01,	Additions	Disposals / Writeoff*	Transfers to non-current assets classified as held for sale (note 15)	As at December 31,		As at January 01,	Charge for the year	Disposals / Writeoff*	Transfers to non-current assets classified as held for Sale (note 15)	As at December 31,	As at December 31,
		Rs. in '000					%	Rs. in '000					
Year 2008													
Freehold land		8,350	-	-	8,201	149	-	-	-	-	-	-	149
Leasehold land	4.1.1	480	-	-	-	480	1.23	130	5	-	-	135	345
Building on freehold land		42,200	-	-	1,247	40,953	5	34,681	1,461	-	577	35,565	5,388
Building on leasehold land		439,238	32,339	4,617	-	466,960	5	107,871	20,138	176	-	127,833	339,127
Plant and machinery		756,792	37,374	5,051	-	789,115	10	544,144	56,272	2,910	-	597,506	191,609
Furniture and fixtures		25,128	176	-	-	25,304	10	7,574	2,233	-	-	9,807	15,497
Motor vehicles		50,749	45,905	18,287	-	78,367	20	18,882	12,193	9,144	-	21,931	56,436
Factory and office equipment	4.1.2	130,390	12,327	1,917	-	140,800	7-33	93,133	13,175	1,815	-	104,493	36,307
		1,453,327	128,121	29,872	9,448	1,542,128		806,415	105,477	14,045	577	897,270	644,858
Year 2007													
Freehold land		8,350	-	-	-	8,350	-	-	-	-	-	-	8,350
Leasehold land	4.1.1	480	-	-	-	480	1.23	124	6	-	-	130	350
Building on freehold land		42,200	-	-	-	42,200	5	33,140	1,541	-	-	34,681	7,519
Building on leasehold land		242,979	196,259	-	-	439,238	5	89,830	18,041	-	-	107,871	331,367
Plant and machinery		659,037	98,787	1,032	-	756,792	10	493,587	51,589	1,032	-	544,144	212,648
Furniture and fixtures		20,335	4,793	-	-	25,128	10	5,406	2,168	-	-	7,574	17,554
Motor vehicles		29,159	22,626	1,036	-	50,749	20	12,067	7,221	406	-	18,882	31,867
Factory and office equipment		109,088	26,873	4,789 782*	-	130,390	7-33	83,624	14,728	4,780 439*	-	93,133	37,257
		1,111,628	349,338	6,857 782*	-	1,453,327		717,778	95,294	6,218 439*	-	806,415	646,912

*Assets written off primarily represent items that are obsolete or redundant and have no economic value to the Company.

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

4.1.2 During the current year, the Company reassessed the useful lives of its Electronic Data Processing (EDP) equipment (included in factory and office equipment) to reflect more accurately the relationship between the effective useful lives of the assets and resulting depreciation charge. As a result, all EDP equipment, with the exception of computer servers, are depreciated over a period of 4 years, instead of depreciating the same over 3 years.

The said change in estimate has resulted in depreciation charge for the current year to be lower by Rs.2.663 million and profit before taxation for the year to be higher by the same sum.

4.1.3 The details of operating fixed assets disposed off, having net book value in excess of Rs.50,000 each, are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rs. in '000					
Vehicles	857	142	715	966	Tender Bid	Malik Muhammad Khaliq A-19, Block-I, North Nazimabad, Karachi
	888	237	651	766	-do-	-do-
	504	370	134	307	-do-	-do-
	245	37	208	1,770	-do-	-do-
	504	168	336	423	Insurance Claim	International General Insurance Ltd. D-32, Block-2, Kehkashan, Clifton, Karachi
	393	85	308	350	-do-	-do-
	390	136	254	350	-do-	-do-
	50	-	50	450	-do-	-do-
	886	384	502	733	Tender Bid	Wasim Mirza A-32, Block-10/A, Gulshan-e-Iqbal, Karachi
	1,561	156	1,405	1,375	Company Policy	Syed Viqar Haider (Ex-Executive) A-48, Block-H, North Nazimabad, Karachi
	864	417	447	468	Tender Bid	Muhammad Irfan (Employee) A-531, Sector 11-B, North Karachi
	886	458	428	690	Company Policy	Munzar Ishaq (Ex-Executive) Shaharyar House, D-39, Block 4, Kehkashan, Clifton, Karachi
	504	126	378	344	Tender Bid	Afzal Hameed (Employee) House No. B-20, Central Govt. Housing Society, Gulshan-e-Iqbal, Karachi
	795	583	212	457	Tender Bid	Saddar ul Islam (Employee) House No.94-A, Sindhi Muslim Society, Darwashia Mosque, Azad Jamhoria Colony, Karachi
	504	294	210	276	Company Policy	Kamran Yamin (Executive) A-57, City Homes, Block 13-D-2, Gulshan-e-Iqbal, Karachi
balance c/f	**9,831**	**3,593**	**6,238**	**9,725**		

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rs. in '000					
balance b/f	**9,831**	**3,593**	**6,238**	**9,725**		
Vehicles - continued	195	4	191	440	Tender Bid	Muhammad Usman (Employee) H.No. 2/590, Shah Faisal Colony, Karachi-2
	195	4	191	442	Tender Bid	Siddique Balauch (Ex-Employee) House No. T-533/B, Near KMC Primary School, Chanesar Goth, Karachi
	184	3	181	396	Company Policy	Mamoona Firdous Naqvi (Executive) House No. 2 & 3, Shah Faisal Town, Karachi
	976	828	148	478	Company Policy	Asim Jamal (Ex-Executive) 111-A, 16th Street, Main Khayaban-e-Nishat, Phase VI, D.H.A., Karachi
	504	370	134	368	Tender Bid	Muhammad Yamin House # 875/3, Block-3, F. B. Area, Karachi
	76	1	75	377	-do-	-do-
	97	2	95	421	Tender Bid	Zahid Qadri House # 15 A -4, R-536, Bufferzone, Karachi
	742	686	56	465	-do-	-do-
	491	417	74	256	Tender Bid	Arif Ali (Employee) House No. B-252, Lala Rukh, WAH Cantt.
	130	39	91	355	Company Policy	Masaud Ahmad (Executive) D-179/1, Block-7, Gulshan-e-Iqbal, Karachi
	130	39	91	335	Company Policy	Yasir Pirmuhammad (Executive) 306 Suleman Arcade, Jamaluddin Afghani Road, Karachi
	1,320	1,320	-	402	Company Policy	Moin Mohajir (Executive) 108/11/11 Khayaban-e-Hilal, DHA Phase VI Karachi
	94	6	88	635	Tender Bid	Afzal Yar Khan (Employee) 25-J, Block-2, P.E.C.H.S., Karachi-29
Items having book value of less than Rs.50,000 each	3,322	1,832	1,490	8,900	Various	Various
	18,287	**9,144**	**9,143**	**23,995**		

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	---- Rs. in '000 ----					
Plant & Machinery						
Items having book value of less than Rs.50,000 each	**621**	**621**	**-**	**97**	Negotiations	Various
Factory & Office equipment	365	294	71	37	Company Policy	Mohammad Amjad (Executive) House No.56/1, 5th Street, Off Khayaban-e-Momin, Phase-V Defence Housing Authority, Karachi
Items having book value of less than Rs.50,000 each	1,552	1,521	31	56	Negotiations	Various
	1,917	**1,815**	**102**	**93**		
Gain due to fire:						
Building	4,617	176	4,441	7,513	Insurance Claim	Adamjee Insurance Company Limited I.I Chundrigar Road, Karachi
Plant & Machinery	4,430	2,289	2,141	16,362		
	9,047	**2,465**	**6,582**	**23,875**		
Grand Total	**29,872**	**14,045**	**15,827**	**48,060**		

	December 31, 2008	December 31, 2007
	----Rupees in '000----	
4.2 Capital work-in-progress		
Building on leasehold land	155,060	31,246
Plant and machinery	329,423	41,756
Others	7,836	3,566
	492,319	76,568
Advances to contractors and suppliers	58,072	67,144
	550,391	143,712

5. INTANGIBLE ASSET

	Cost				Accumulated amortisation			Written down value
	As at January 01,	Addition	As at December 31,	Rate	As at January 01,	Charge for the year	As at December 31,	As at December 31,
	---- Rs. in '000 ----			%	---- Rs. in '000 ----			
Year 2008								
Computer software	1,965	-	1,965	33	581	655	1,236	729
Year 2007								
Computer software	1,450	515	1,965	33	40	541	581	1,384

	Note	December 31, 2008	December 31, 2007
		----Rupees in '000----	
6. LONG-TERM LOANS			
Considered good - unsecured			
Employees	6.1	11,367	14,209
Current maturity shown under current assets	11	(5,006)	(5,265)
		6,361	8,944

6.1 Loans to employees have been given for the purchase of motor cars, motor cycles and personal expenses, in accordance with the Company's policy. Loans for the purchase of motor cars and motor cycles are interest free whereas personal loans, representing capital goods funds and housing scheme, carry mark-up / interest at the rate of 9.00% and 16.50% (2007: 9.00%) per annum, respectively. These are repayable within five years in equal monthly installments, except for capital goods funds which is repayable over a period of three years.

	Note	December 31, 2008	December 31, 2007
		----Rupees in '000----	
7. LONG-TERM DEPOSITS			
Long-term deposits		3,439	3,539
Provision against deposits considered doubtful		(114)	(114)
		3,325	3,425
8. STORES AND SPARES			
Stores		14,906	14,449
Provision against obsolete stores		(20)	(17)
		14,886	14,432
Spares		27,196	28,947
Provision against obsolete spares		(1,170)	(1,101)
		26,026	27,846
		40,912	42,278
9. STOCK-IN-TRADE			
Raw & packing material and auxiliaries			
In hand		545,693	514,345
In transit		25,831	60,535
	9.1	571,524	574,880
Work-in-process		30,614	34,862
Finished goods			
In hand	9.2 & 9.3	519,284	482,642
In transit		14,272	25,351
		533,556	507,993
Provision against slow moving finished goods		(30,750)	(40,714)
		502,806	467,279
		1,104,944	1,077,021

9.1 This includes raw and packing material held with third parties, aggregating to Rs.4.601 (2007: Rs.6.200) million, at the end of the current year.

9.2 This includes cost of physician samples, aggregating to Rs.13.082 (2007: Rs.15.749) million, at the end of the current year.

9.3 This includes finished goods costing Rs.197.999 (2007: Rs.174.088) million valued at net realisable of Rs.171.205 (2007: Rs.147.019) million, at the end of the current year.

10. TRADE DEBTS - unsecured

	Note	December 31, 2008	December 31, 2007
		---Rupees in '000---	
Considered good			
Related parties	10.1	4,720	902
Others		147,231	137,018
		151,951	137,920
Considered doubtful			
Others		15,008	15,008
		166,959	152,928
Provision against debts considered doubtful		(15,008)	(15,008)
		151,951	137,920

10.1 Included herein are the following related parties:

	2008	2007
Pakistan Telecommunication Company Limited	1,757	792
Telephone Industries of Pakistan	-	87
Packages Limited	13	23
sanofi-aventis (Thailand) limited	2,950	-
	4,720	902

10.2 The maximum amount due from related parties at the end of any month during the year was Rs.4.721 (2007: Rs.1.269) million.

11. SHORT TERM LOANS AND ADVANCES

	Note	December 31, 2008	December 31, 2007
Considered good - unsecured			
Loans			
Current maturity of long-term loans to employees	6	5,006	5,265
Advances			
Executives	11.1	135	2,411
Employees		5,571	6,775
Contractors and suppliers		13,476	10,092
		19,182	19,278
		24,188	24,543

11.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.1.817 (2007: Rs.2.411) million.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	December 31, 2008	December 31, 2007
		---Rupees in '000---	
Trade deposits			
Tender deposits		22,297	11,054
Margin against letters of credit		10,634	9,090
		32,931	20,144
Provision against tender deposits considered doubtful		(2,284)	(2,563)
		30,647	17,581
Short-term prepayments		9,938	9,208
		40,585	26,789

13. OTHER RECEIVABLES

	Note	December 31, 2008	December 31, 2007
Due from related parties	13.1 & 13.2	33,969	15,141
Employees' pension fund	13.3	77,547	75,449
Employees' gratuity fund	13.3	-	6,895
Insurance claim	13.6 & 13.7	23,335	2,445
Amounts due from ex-employees		2,522	2,696
Provision against loans due from ex-employees		(2,522)	(2,696)
		-	-
Sales tax refundable		1,623	7,229
Provision against sales tax refundable considered doubtful		(1,623)	(7,229)
		-	-
Miscellaneous		401	206
		135,252	100,136

13.1 Included herein are the following reimbursements due from the related parties:

	2008	2007
AGP (Private) Limited	1,088	-
Bayer CropScience (Private) Limited	552	5,119
Aventis Pharma Deutschland GmbH	-	56
Sanofi Winthrop Industries	32,329	9,634
Fisons UK	-	332
	33,969	15,141

13.2 The maximum amount due from related parties at the end of any month during the year was Rs.62.976 (2007: Rs.17.672) million.

13.3 The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2008 were as follows:

	Pension Fund 2008	Pension Fund 2007	Gratuity Fund 2008	Gratuity Fund 2007
	---------- Rs. in '000 ----------		---------- Rs. in '000 ----------	
Balance sheet reconciliation as at December 31,				
Present value of defined benefit obligations	(177,919)	(161,452)	(171,279)	(144,111)
Fair value of plan assets	255,466	236,901	166,410	151,006
Net assets / (liability) in balance sheet	77,547	75,449	(4,869)	6,895
Movement in asset / (liability)				
Prepayment as at January 1,	75,449	62,803	6,895	11,697
Credit / (charge) for the year	967	1,291	(9,667)	(9,799)
Contribution during the year	-	166	-	2,450
Actuarial gain / (loss) recognised in equity	1,131	11,189	(2,097)	2,547
Prepayment / (liability) as at December 31,	77,547	75,449	(4,869)	6,895
(Credit) / Expense recognised				
Service cost	6,955	4,463	10,898	10,026
Interest cost	16,611	14,347	14,393	12,220
Expected return on plan assets	(24,533)	(20,101)	(15,624)	(13,245)
Annual amortisation of unrecognised Past service cost	-	-	-	798
	(967)	(1,291)	9,667	9,799
Actual return on plan assets	25,518	28,568	20,731	16,772
Movement in the defined benefit obligation				
Obligation as at January 1,	161,452	151,813	144,111	126,742
Service cost	6,955	4,463	10,898	10,026
Interest cost	16,611	14,347	14,393	12,220
Benefits paid	(6,953)	(6,449)	(5,327)	(5,857)
Actuarial (gain) / loss	(146)	(2,722)	7,204	980
Obligation as at December, 31	177,919	161,452	171,279	144,111
Movement in fair value of plan assets				
Fair value as at January 1,	236,901	214,616	151,006	137,641
Expected return on plan assets	24,533	20,101	15,624	13,245
Employer contributions	-	166	-	2,450
Benefits paid	(6,953)	(6,449)	(5,327)	(5,857)
Actuarial gain	985	8,467	5,107	3,527
Fair value as at December 31,	255,466	236,901	166,410	151,006
Key actuarial assumptions used are as follows:				
Discount factor used	13.0%	10.5%	13.0%	10.5%
Expected rate of returns per annum on plan assets	13.0%	10.5%	13.0%	10.5%
Expected rate of increase in future salaries per annum	12.5%	10.0%	12.5%	10.0%
Indexation of pension	8.5%	6.0%	-	-
Retirement age	58 yrs	58 yrs	58 yrs	58 yrs

	2008 Rs. in '000	2008 %	2007 Rs. in '000	2007 %
Plan assets comprise of:				
Funded pension plan				
Debt	89,413	35	182,414	77
Others (includes cash and bank balances)	166,053	65	54,487	23
	255,466	100	236,901	100
Funded gratuity plan				
Debt	101,510	61	134,395	89
Others (includes cash and bank balances)	64,900	39	16,611	11
	166,410	100	151,006	100

Comparison for five years:

	2008	2007	2006	2005	2004
	Rupees in '000				
Funded pension plan					
Present value of defined benefit obligations	(177,919)	(161,452)	(151,813)	(145,345)	(137,866)
Fair value of plan assets	255,466	236,901	214,616	194,352	174,731
Surplus	77,547	75,449	62,803	49,007	36,865
Experience adjustments					
Actuarial gain on obligations	146	2,999	6,474	864	3,887
Actuarial gain on plan assets	985	8,467	10,513	8,889	2,526
Funded gratuity plan					
Present value of defined benefit obligations	(171,279)	(144,111)	(126,742)	(118,975)	(101,196)
Fair value of plan assets	166,410	151,006	137,641	115,955	107,841
(Deficit) / surplus	(4,869)	6,895	10,899	(3,020)	6,645
Experience adjustments					
Actuarial loss/(gain) on obligation	7,204	721	(9,039)	(11,158)	(6,786)
Actuarial gain/(loss) on plan assets	5,107	3,528	6,288	(1,240)	1,707

13.4 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.

13.5 Based on actuarial advice, the amount of expected contribution to gratuity and pension funds in 2009 will be Rs 12.176 million and negative Rs 2.062 million, respectively.

13.6 Included herein is a sum of Rs. 20.671 million due from an insurance company in respect of electric panels and cables damaged during the current year on account of fire at the Karachi manufacturing site. The excess of amount claimed over written down value of electronic panels and cables has been recorded under other operating income (note 25).

13.7 Included herein is a sum of Rs.1.416 (2007: Rs.1.308) million due from an insurance company, which is a related party.

	Note	December 31, 2008	December 31, 2007
		------------Rupees in '000------------	
14. CASH AT BANKS			
In current accounts	14.1	2,186	2,102

14.1 Included herein is a sum of Rs.0.595 (2007: Rs.0.345) million, representing refundable deposits received from distributors, transporters and suppliers.

	Note	December 31, 2008	December 31, 2007
15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Freehold land	15.1	8,201	-
Building on freehold land - at written down value	15.1	670	-
		8,871	-

15.1 The Company in its fortieth Annual General Meeting, held on March 19, 2008, resolved to dispose freehold land and building located at 87-A, Satellite Town, Rawalpindi, with the approval of shareholders of the Company. The agreement in this regard has been executed, with necessary related formalities expected to be completed by February 16, 2009.

These are measured at the lower of carrying amount and fair value less cost to sell.

16. SHARE CAPITAL

December 31, 2008	December 31, 2007		December 31, 2008	December 31, 2007
-----------Number of Shares-----------			------------Rupees in '000------------	
		Authorised Share Capital		
10,000,000	10,000,000	Ordinary shares of Rs.10 each	100,000	100,000
		Issued, subscribed and paid up capital		
2,757,783	2,757,783	Ordinary shares of Rs.10 each fully paid in cash	27,578	27,578
		Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash:		
687,500	687,500	- against plant and equipment	6,875	6,875
140,000	140,000	- against loan	1,400	1,400
2,700,000	2,700,000	- in exchange for 450,000 Ordinary shares of Rs.10 each of former Rhone Poulenc Rorer Pakistan (Private) Limited	27,000	27,000
3,527,500	3,527,500		35,275	35,275
3,359,477	3,359,477	Ordinary shares of Rs.10 each issued as fully paid bonus shares	33,595	33,595
9,644,760	9,644,760		96,448	96,448

During the current year, a group restructuring exercise was carried by the Parent Company. As a result thereof, a total of 5,099,469 Ordinary shares of Rs.10 each, aggregating to Rs.50,994,690, constituting 52.88% of issued share capital of the Company, were transferred to SECIPE (a wholly owned subsidiary of sanofi-aventis S.A.) from Hoechst GmbH,Germany (36.08%) and Plasma investments UK Limited (16.80%). However, sanofi-aventis S.A., France, has remained the ultimate parent company.

	Note	December 31, 2008	December 31, 2007
		------------Rupees in '000------------	(Restated)
17. RESERVES			
Capital reserves			
Long term liabilities forgone		5,935	5,935
Difference of share capital under scheme of arrangement for amalgamation		18,000	18,000
Other	17.1	24,320	17,036
		48,255	40,971
Revenue reserves			
General reserve		935,538	835,538
Unappropriated profit		36,371	141,167
		971,909	976,705
		1,020,164	1,017,676

17.1 Share-based compensation plans

As at December 31, 2008, the Company had following equity settled share-based compensation plans:

(a) Stock Option Plans:

sanofi-aventis S.A., France (the “Parent Company”) granted a number of equity-settled share-based payment plans (stock option plans) to some of its employees, including employees of sanofi-aventis Pakistan limited (the “Subsidiary Company”). These plans entitled the eligible employees to acquire shares of the parent company by exercising options granted to them, subject to the fulfillment of the vesting conditions.

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

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

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

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

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

Origin	Date of grant	Vesting period (years)	Options granted (number)	Start date of exercise period	Expiration date	Exercise price (€)	Options outstanding at December 31, 2008 (number)
sanofi-aventis S.A., France	31/05/2005	4	13,500	01/06/2009	31/05/2015	70.38	10,500
sanofi-aventis S.A., France	14/12/2006	4	13,300	15/12/2010	14/12/2016	66.91	11,800
sanofi-aventis S.A., France	13/12/2007	4	13,900	14/12/2011	13/12/2017	62.33	13,400
			40,700				35,700

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

Summary of stock option plans:

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

	Number of options	Weighted average exercise price per share (€)
Options outstanding at January 1, 2007	26,800	68.66
of which exercisable	-	-
Options granted	13,900	62.33
Options exercised	-	-
Options cancelled	-	-
Options forfeited	-	-
Options outstanding at December 31, 2007	40,700	66.50
of which exercisable	-	-
Options granted	-	-
Options exercised	-	-
Options cancelled	(5,000)	68.53
Options forfeited	-	-
Options outstanding at December 31, 2008	35,700	66.21
of which exercisable	-	-

Measurement of stock option plans

Stock options plans were not granted during the year 2008. The fair value of the plan awarded in 2007 to the employees of sanofi-aventis Pakistan limited amounted to Rs.14.548 million at the grant date.

The following assumptions were used in determining the fair value of the plan awarded in 2007:

- Dividend yield: 3.08%
- Residual life: 6 years
- Volatility of sanofi-aventis S.A., France, shares, computed on a historical basis: 19.36%
- Risk-free interest rate: 4.21%

The fair value of the options granted in 2007 at grant date is € 11.92 per option.

The expense recognised for stock option plans, and the corresponding entry taken to equity, amounted to Rs.7.284 million during the current year and Rs.8.195 million during the year ended December 31, 2007.

As of December 31, 2008, the total cost related to non-vested share-based compensation arrangements amounted to Rs.18.333 million to be recognised over a weighted average period of 3 years.

(b) Employee share ownership plans:

The sanofi-aventis Group may offer its employees the opportunity to subscribe to reserved share issues at a discount to the reference market price. Shares allotted to employees under these plans fall within the scope of IFRS 2. The discount is measured at the subscription date and recognised as an expense, with no reduction for any lock-up period.

At the end of 2007, sanofi-aventis S.A., France offered its employees, including employees of the subsidiary companies an employee share ownership plan, "Action 2007". Under the plan, employees could acquire shares ranking for dividend from January 1, 2007 at a 20% discount to the average quoted market price for the 20 trading days preceding the date on which the Board of Directors of sanofi-aventis S.A., France approved the plan (October 30, 2007) i.e. discounted price at € 48.55 per share. Further, the shares acquired under the above scheme have a locked-up period of 5 years i.e. are non-tradable for a period of 5 years. The subscription period was from November 19, 2007 through November 30, 2007, and a total of 1,884 shares were subscribed by the employees of sanofi-aventis Pakistan limited. An expense of Rs.1.999 million was recognised in respect of this share issue in the profit & loss account for the year ended December 31, 2007.

There were no share issues reserved for employees during the year 2008.

	Note	December 31, 2008	December 31, 2007
18. DEFERRED TAXATION		-------------Rupees in '000-------------	
Credit balances arising from:			
Accelerated tax depreciation allowance		66,148	66,757
Recognition of actuarial gain on retirement benefit plans		27,326	30,708
Debit balances resulting from:			
Short-term provisions against:			
- trade debts		(4,301)	(4,396)
- stock in trade		(8,811)	(11,923)
- stores & spares		(341)	(327)
- Others		(5,923)	(3,692)
Liabilities outstanding for more than three years		(3,951)	(4,040)
		70,147	73,087

	Note	December 31, 2008	December 31, 2007
19. TRADE AND OTHER PAYABLES			
Trade Creditors			
Related parties		491,222	337,848
Other trade creditors		102,882	72,836
		594,104	410,684
Other payables			
Accrued liabilities	19.1	226,301	191,797
Royalty and technical fee		-	29,276
Advances from customers		5,771	3,928
Workers' Profit Participation Fund	19.2	4,615	6,936
Workers' Welfare Fund		1,726	2,592
Central Research Fund		853	1,273
Compensated absences		24,299	18,254
Security deposits	19.3	10,595	345
Contractors' retention money		14,188	4,209
Employees gratuity fund	13.3	4,869	-
Unclaimed dividend		1,701	1,535
Unrealised loss on re-measurement of forward exchange contract		3,976	17,301
		298,894	277,446
		892,998	688,130

19.1 Included herein is a sum of Rs.5.081 (2007: Rs.3.508) million due to related parties on account of expenses incurred by them on behalf of the Company.

19.2 Workers' Profit Participation Fund

	Note	December 31, 2008	December 31, 2007
Balance at the beginning of the year		6,936	19,336
Allocation for the year	24	4,615	6,936
		11,551	26,272
Interest on funds utilised in Company's business	26	94	931
		11,645	27,203
Amount paid to the Trustees of the Fund		(7,030)	(20,267)
		4,615	6,936

19.3 Included herein is a sum of Rs.10 million (2007: Nil), representing non-refundable security deposit received from the buyer during the current year in respect of non-current assets held-for-sale, as discussed in note 15.

20. SHORT-TERM BORROWING

	Note	December 31, 2008	December 31, 2007
Running finances utilised under mark-up arrangements - secured		872,512	542,185

The facilities for running finances available from various banks under mark-up arrangements aggregated to Rs.1,255 (2007: Rs.1,320) million. These facilities expire on various dates, latest by December 31, 2008. The rates of mark-up range between Rs.0.4115 and Rs.0.48657 (2007: Rs.0.2753 and Rs.0.2904) per Rs.1,000 per day. The facilities are secured against first pari passu charges on stock-in-trade and book debts of the Company.

Out of the facilities of Rs.784 (2007: Rs.804) million for opening the letters of credit, guarantees and bill discounting, the unutilised amount was Rs.556 (2007: Rs.725) million as at the end of the year.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

(a) Bank guarantees, aggregating to Rs.69.328 million, as at the end of the current year (2007: Rs.60.139) million have been given to the Collector of Customs in respect of exemption of levies on import of specified pharmaceutical materials, subject to the consumption of such raw materials within the specified period and to various other parties.

(b) Claims not acknowledged as debt amounted to Rs.26.287 (2007: Rs.15.391) million at the end of the current year.

(c) In finalising the tax assessment of former Rhone Poulenc Rorer Pakistan (Private) Limited for the assessment years 1994 - 95 to 1997-98, the Taxation Officer (TO) made additions mainly on the alleged contention that the Company had paid excessive amounts for importing certain raw materials, disallowances out of sales promotion, royalty paid to an associated company and certain other expenses.The said additions and disallowances have been set aside by the Income Tax Appellate Tribunal (ITAT). However, the department has filed appeals against the decision of the ITAT before the High Court.

For the assessment years 1998-99 to 2002-03, the TO had again made similar additions. For the assessment years 1998-99 and 1999-2000, the ITAT has maintained the CIT (Appeals) order of setting aside the additions except of transfer pricing and certain selling expenses which have been deleted by CIT (Appeals). The Company has filed miscellaneous application before the ITAT against the order of ITAT. For assessment years 2000-01 to 2002-03, the ITAT has set-aside the sole issue of Transfer pricing which was deleted by CIT (Appeals). The TO has started fresh assessment for all the years i.e. from assessment years 1998-99 through 2002-03.

The management of the Company is of the view that the final outcome of the above referred matters will be in favour of the Company and, hence, no provision of approximately Rs.217 million has been made in these financial statements, pending a final decision in these matters.

21.2 Commitments

(a) Commitments in respect of capital expenditure contracted for amounted to Rs.209.76 (2007: Rs. 251.545) million as at the end of the year.

(b) Commitments for rentals under operating lease agreements in respect of vehicles amounted to Rs.3.520 (2007: Rs.13.570) million at the end of the year, payable over the next five years, are as follows:

Years	December 31, 2008	December 31, 2007
	Rupees in '000	
2008	-	9,997
2009	2,458	2,511
2010	708	708
2011	354	354
	3,520	13,570

(c) Commitments in respect of foreign exchange forward contracts with banks as at December 31, 2008 amounted to Rs.79.016 (2007: Rs.566.70) million.

22. NET SALES

	2008	2007
Gross sales		
Local	4,620,095	4,179,500
Export	27,805	13,406
	4,647,900	4,192,906
Toll manufacturing	28,642	10,721
	4,676,542	4,203,627
Returns	(46,266)	(21,577)
Discounts	(283,748)	(285,783)
	(330,014)	(307,360)
	4,346,528	3,896,267

23. OPERATING COST

	Cost of Sales		Distribution and marketing expenses		Administrative expenses		Total	
	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)
	Rupees in '000							
Raw, auxiliary and packing material consumed	2,238,719	1,839,126	-	-	-	-	2,238,719	1,839,126
Stores and spares consumed	11,898	6,584	-	-	-	-	11,898	6,584
Stationery and supplies consumed	3,899	3,517	5,545	5,840	462	304	9,906	9,661
Staff costs (note 23.1)	267,836	237,840	247,900	232,329	60,556	50,921	576,292	521,090
Fuel and power	108,772	80,090	1,796	1,792	6,490	5,973	117,058	87,855
Rent, rates and taxes	3,199	3,314	5,061	5,045	386	370	8,646	8,729
Lease rentals	1,758	2,137	7,244	12,895	1,860	1,862	10,862	16,894
Royalty and technical fee (note 23.2)	-	-	5,709	28,813	-	-	5,709	28,813
Insurance	2,835	2,276	4,876	4,063	636	591	8,347	6,930
Repairs and maintenance	42,482	42,455	1,692	660	9,094	10,783	53,268	53,898
Raw, auxiliary and packing material written off	6,422	-	-	-	-	-	6,422	-
Provision for slow moving stores and spares - net	72	-	-	-	-	-	72	-
Depreciation / amortisation	77,107	70,413	15,936	11,801	13,089	13,621	106,132	95,835
Traveling and conveyance	35,204	32,828	178,570	165,648	13,877	8,574	227,651	207,050
Handling, freight and transportation	-	-	32,198	23,808	-	-	32,198	23,808
Communication	3,700	2,148	10,011	11,600	11,172	9,773	24,883	23,521
Security and maintenance	3,981	3,282	1,078	1,180	1,821	1,710	6,880	6,172
Publication and subscription	97	1,031	123	164	628	14	848	1,209
Advertising, samples and sales promotion	-	-	203,963	212,910	-	-	203,963	212,910
Commission expenses	-	-	21,863	22,631	-	-	21,863	22,631
Software license / maintenance fee	-	-	2,904	2,597	1,737	201	4,641	2,798
Provision against loans to ex-employees written back	-	-	(174)	(283)	-	-	(174)	(283)
Provision for doubtful trade deposits written back	-	-	(279)	(398)	-	-	(279)	(398)
Provision for doubtful trade debts written back	-	-	-	(540)	-	-	-	(540)
Bad debts written off / (recovered)	-	-	70	(21)	-	-	70	(21)
Other expenses	5,143	9,253	11,049	13,767	819	706	17,011	23,726
	2,813,124	2,336,294	757,135	756,301	122,627	105,403	3,692,886	3,197,998
Recovery of service charges from outside parties	(8,011)	(8,327)	-	-	-	-	(8,011)	(8,327)
	2,805,113	2,327,967	757,135	756,301	122,627	105,403	3,684,875	3,189,671
Opening work in process	34,862	19,261						
Closing work in process	(30,614)	(34,862)						
Cost of goods manufactured	2,809,361	2,312,366						
Opening stock of finished goods	507,993	421,502						
Finished goods purchased	522,989	600,228						
Finished goods written off	35,640	9,776						
Cost of samples issued under distribution and marketing expenses	(41,758)	(41,936)						
(Reversal of) / provision against slow moving finished goods	(9,964)	17,599						
Closing stock of finished goods	(533,556)	(507,993)						
	3,290,705	2,811,542						

23.1 Staff costs

	Cost of Sales 2008	Cost of Sales 2007	Distribution 2008	Distribution 2007	Administrative 2008	Administrative 2007	Total 2008	Total 2007
Salaries, wages and other benefits - note 23.1.1	255,727	225,967	228,242	216,640	53,342	37,446	537,311	480,053
Training expenses	324	573	4,846	6,570	84	55	5,254	7,198
Defined benefit plan	3,836	3,834	3,995	3,938	869	736	8,700	8,508
Defined contribution plan	6,926	6,119	8,489	1,847	2,328	7,171	17,743	15,137
Share based payments	1,023	1,347	2,328	3,334	3,933	5,513	7,284	10,194
	267,836	237,840	247,900	232,329	60,556	50,921	576,292	521,090

23.1.1 The Company as a result of voluntary separation scheme, has paid a sum of Rs.2.430 million and Rs.7.558 million to the workers at Wah Cantt and to the sales and marketing personnel, respectively, to achieve rationalisation and corporate restructuring.

23.2 The licence and technical assistance agreement dated September 11, 1997 between Aventis Pharma S.A., France (formerly Rhone Poulenc Rorer S.A., France) and sanofi-aventis Pakistan limited [formerly Rhone Poulenc Rorer Pakistan (Private) Limited] was terminated effective April 1, 2008.

	Note	December 31, 2008	December 31, 2007
		-------------Rupees in '000-------------	
24. OTHER OPERATING EXPENSES			
Auditors' remuneration	24.1	1,064	1,123
Workers' Profits Participation Fund	19.2	4,615	6,936
Workers' Welfare Fund		1,726	3,495
Fixed assets written-off		-	343
Contribution for research and development fund		853	1,273
Legal and consultancy charges		7,803	4,748
Donations	24.2	430	846
Exchange losses - net		38,527	44,312
Miscellaneous		2,374	705
		57,392	63,781
24.1 Auditors' remuneration			
Audit fee		560	533
Review of half yearly financial statements		190	172
Special certification and reportings		254	288
Out-of-pocket expenses		60	130
		1,064	1,123
24.2 Names of donees in which a director or his spouse has an interest:			
• **LUMS School of Science & Engineering D.H.A, Lahore** (Syed Babar Ali, Chairman, and Mr.Tariq Wajid, Chief Executive, are the members of the Board of Trustees of Lahore University of Management Sciences)		-	600
• **World Wide Fund for Nature Fortune Centre, P.E.C.H.S, Karachi** (Syed Babar Ali, Chairman, is a member of the Fund)		25	30
25. OTHER OPERATING INCOME			
Income from financial assets			
Interest on loans to employees		375	204
Income from related parties			
License fee	4.1.1	5,772	5,781
Interest income		-	799
		5,772	6,580
Income from non-financial assets			
Gain on sales of operating fixed assets	25.1	32,233	1,308
Others			
Scrap sales		11,452	5,007
Liabilities no longer payable written back		1,149	7,832
Export rebate claims		314	530
Miscellaneous		1,514	177
		14,429	13,546
		52,809	21,638

25.1 Included herein a sum of Rs.17.293 million, representing excess amount claimed over written down value from an insurance company in respect of fixed assets damaged due to a fire as explained in note 13.6.

	Note	December 31, 2008	December 31, 2007
		-------------Rupees in '000-------------	
26. FINANCE COSTS			
Mark-up on:			
- long term financing		-	2,599
- short term running finances		83,594	35,798
- short term loans		-	22,902
		83,594	61,299
Interest on Workers' Profit Participation Fund	19.2	94	931
Bank charges		3,425	2,757
		3,519	3,688
		87,113	64,987
27. TAXATION			
Current		47,414	35,395
Prior		1,284	(20,018)
Deferred		(2,602)	25,212
		46,096	40,589
27.1 Explanation of relationship between accounting profit and tax expense:			
Accounting profit before taxation		84,365	115,891
Income tax at the applicable tax rate 35% (2007: 35%)		29,528	40,562
Effect of tax under presumptive tax regime and other adjustments - net		12,735	16,477
Effect of share-based payments		2,549	3,568
Effect of prior years' tax charge		1,284	(20,018)
		46,096	40,589

	December 31, 2008	December 31, 2007
	-------------Rupees in '000-------------	(Restated)
28. BASIC EARNINGS PER SHARE		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Net profit for the year	38,269	75,302
	Number of shares	
Weighted average number of Ordinary shares	9,644,760	9,644,760
	December 31, 2008	December 31, 2007
	-----------------Rupees -----------------	(Restated)
Earnings per share - Basic and Diluted	3.97	7.81

	Note	December 31, 2008	December 31, 2007
		-------------Rupees in '000-------------	
			(Restated)

29. CASH GENERATED FROM OPERATIONS

	Note	December 31, 2008	December 31, 2007
Profit before taxation		84,365	115,891
Adjustment for non-cash charges and other items:			
Depreciation		106,132	95,835
Operating fixed assets written-off		-	343
Gain on sales of operating fixed assets		(32,233)	(1,308)
Expenses arising from equity settled share-based payment plans		7,284	10,194
Retirement benefits		8,700	8,508
Interest income		(375)	(1,003)
Financial charges		87,113	64,987
Working capital changes	29.1	105,891	(84,377)
		366,877	209,070

29.1 Working capital changes

Decrease / (increase) in current assets:

	December 31, 2008	December 31, 2007
Stores and spares	1,366	(2,718)
Stock-in-trade	(27,923)	(279,735)
Trade debts	(14,031)	9,173
Loans and advances	355	(3,542)
Trade deposits and short-term prepayments	(13,796)	20,954
Other receivables - net	(39,913)	24,601
	(93,942)	(231,267)
Increase in current liabilities:		
Creditors, accrued and other liabilities - net (excluding accruals for financial charges and unclaimed dividend)	199,833	146,890
	105,891	(84,377)

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

	Note	December 31, 2008	December 31, 2007
		-------------Rupees in '000-------------	
Cash at bank - current accounts	14	2,186	2,102
Running finances utilised under mark-up arrangements	20	(872,512)	(542,185)
		(870,326)	(540,083)

31. TRANSACTIONS WITH RELATED PARTIES

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

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

Terms and conditions of transactions with related parties

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

		December 31, 2008				December 31, 2007			
		Group Companies	Associated undertaking by virtue of Common Directorship	Retirement Benefits Plans	Total	Group Companies	Associated undertaking by virtue of Common Directorship	Retirement Benefits Plans	Total
		Rs. in '000							
i)	Gross sales	32,275	-	-	32,275	16,907	-	-	16,907
ii)	Purchase of goods	1,421,600	8,215	-	1,429,815	1,720,680	38,363	-	1,759,043
iii)	Purchase of services	-	4,321	-	4,321	-	3,817	-	3,817
iv)	Recovery of service charges and other expenses	-	9,107	-	9,107	-	8,051	-	8,051
v)	Licence fee of land received	-	5,772	-	5,772	-	5,364	-	5,364
vi)	Interest income earned	-	-	-	-	799	-	-	799
vii)	Royalty and technical fee	6,172	-	-	6,172	28,813	-	-	28,813
viii)	Contributions paid								
	- Pension Fund	-	-	-	-	-	-	166	166
	- Gratuity Fund	-	-	-	-	-	-	2,450	2,450
	- Provident Fund	-	-	17,743	17,743	-	-	15,137	15,137

31.1 Further, the impact of benefits available to the Chief Executive and Others recognised by the Company in the expenses during the year on account of share-based payment plans aggregate Rs.2.506 (2007: Rs.2.608) million and Rs.4.778 (2007: Rs.7.586) million respectively.

31.2 The related party status of outstanding balances as at December 31, 2008 are included in trade and other payables, trade debts and other receivables. The balances are unsecured and are settled in accordance with the terms and conditions of the transactions.

32. REMUNERATION OF THE CHIEF EXECUTIVE, A DIRECTOR AND EXECUTIVES

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

	Chief Executive		Director		Executives		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	Rupees in '000							
Managerial remuneration	8,041	7,377	3,593	3,296	49,596	37,440	61,230	48,113
Profit sharing bonus	2,910	2,914	842	818	8,505	7,637	12,257	11,369
Retirement benefits	1,474	1,352	659	604	8,816	6,465	10,949	8,421
Perquisites and benefits:								
Rent and utilities	4,423	4,057	1,976	1,813	26,453	20,180	32,852	26,050
Medical expenses	21	68	151	70	1,765	1,185	1,937	1,323
Club subscription	53	41	76	38	37	52	166	131
	16,922	15,809	7,297	6,639	95,172	72,959	119,391	95,407
Number of person	1	1	1	1	48	39	50	41

In addition to the above remuneration, the Chief Executive, a Director and certain Executives are also provided with free use of the Company maintained cars.

Further, the impact of benefits available to the Chief Executive, a Director and certain Executives recognised by the Company in the expenses during the year on account of share-based payment plans aggregated to Rs.2.506 (2007: Rs.2.608) million, Rs.1.250 (2007: Rs.1.443) million and Rs.3.528 (2007: Rs.5.921) million, respectively.

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

Aggregate amount charged in the financial statements for fee to Directors other than working Directors was Rs.4,000 (2007: Rs.4,500).

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Financial assets and liabilities

		Interest / mark-up bearing			Non-interest / mark-up bearing			
	Effective Rate of interest %	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total
		Rs. in '000						
December 31, 2008								
Financial assets								
Trade debts	-	-	-	-	151,951	-	151,951	151,951
Loans to employees	9.00 & 16.50	1,726	2,531	4,257	3,280	3,830	7,110	11,367
Deposits	-	-	-	-	30,647	3,325	33,972	33,972
Other receivables	-	-	-	-	57,705	-	57,705	57,705
Cash at bank - current accounts	-	-	-	-	2,186	-	2,186	2,186
		1,726	2,531	4,257	245,769	7,155	252,924	257,181
Financial liabilities								
Running finances utilised under mark-up arrangements	15.02-17.76	872,512	-	872,512	-	-	-	872,512
Trade and other payables	-	-	-	-	840,865	-	840,865	840,865
Accrued mark-up	-	-	-	-	32,086	-	32,086	32,086
		872,512	-	872,512	872,951	-	872,951	1,745,463
December 31, 2007								
Financial assets								
Trade debts	-	-	-	-	137,920	-	137,920	137,920
Loans to employees	9	1,462	2,867	4,329	3,803	6,077	9,880	14,209
Deposits	-	-	-	-	17,581	3,425	21,006	21,006
Other receivables	-	-	-	-	17,792	-	17,792	17,792
Cash at bank - current accounts	-	-	-	-	2,102	-	2,102	2,102
		1,462	2,867	4,329	179,198	9,502	188,700	193,029
Financial liabilities								
Running finances utilised under mark-up arrangements	10.05-10.60	542,185	-	542,185	-	-	-	542,185
Trade and other payables	-	-	-	-	655,147	-	655,147	655,147
Accrued mark-up	-	-	-	-	10,527	-	10,527	10,527
		542,185	-	542,185	665,674	-	665,674	1,207,859

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Company's credit risk is primarily attributable to its receivables. Out of the total financial assets of Rs.257.181 (2007: Rs.193.029) million, the financial assets which are subject to credit risk amounted to Rs.254.995 (2007: Rs.190.927) million. The Company has no significant concentrations of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers and ensures that sales of products and services are made to customers with appropriate credit history and credit worthiness.

34.2 Capital risk management

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

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

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

The gearing ratio as at December 31, 2008 and 2007 were as follows:

	December 31, 2008	December 31, 2007
	Rupees in '000	(Restated)
Total borrowings	872,512	542,185
Less: cash and bank balances - note 14	(2,186)	(2,102)
Net Debt	870,326	540,083
Total equity	1,116,612	1,114,124
	1,986,938	1,654,207
Gearing ratio	44%	33%

34.3 Foreign exchange risk

Foreign exchange is the risk of loss through changes in foreign currency exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies. The Company uses forward contracts to hedge its exposure to foreign currency risk, where appropriate, however, due to the suspension of forward contracts by the State Bank of Pakistan effective July 8, 2008, the transactions of the Company are exposed to foreign exchange risks.

34.4 Interest rate risk

Rates on both short term and long term finances vary with the changes in KIBOR rate.

34.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to effective cash management and planning policy, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

34.6 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35. CAPACITY AND PRODUCTION

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

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 13, 2009 by the Board of Directors of the Company.

37. MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on February 13, 2009 proposed a final dividend of Rs.1.40 per share for the year ended December 31, 2008, amounting to Rs. 13.503 million for approval of members at the Annual General Meeting to be held on March 25, 2009. These financial statements do not include the effect of the aforementioned proposed dividend.

38. COMPARATIVE FIGURES

Prior year's material figures have been reclassified as follows for better presentation:

From	To	Rupees in '000
Property, plant and equipment (note 4.1)	**Intangible assets (note 5)**	458
Trade and Other Payables (note 19)	**Trade and Other Payables (note 19)**	
Accrued liabilities	Other trade creditors	5,683
	Retention money	4,209
Finance costs (note 26)	**Other operating expenses (note 24)**	
Exchange losses - net	Exchange losses - net	44,312
Cost of Sales (note 23)	**Cost of Sales (note 23)**	
Others	Repairs and maintenance	900

39. GENERAL

Figures presented in these financial statements have been rounded off to the nearest thousand rupees.

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 13th February, 2009

Shareholding From	Shareholding To	Number of Shareholders	Number of Shares Held
1	100	312	15,430
101	500	357	110,685
501	1000	81	62,338
1001	5000	74	149,294
5001	10000	7	50,604
10001	15000	2	26,800
15001	20000	4	74,228
20001	25000	2	46,742
50001	55000	1	51,442
55001	60000	1	55,896
135001	140000	1	137,200
200001	205000	1	204,099
225001	230000	1	229,461
235001	240000	1	236,364
340001	345000	1	342,602
510001	515000	1	510,212
1075001	1080000	1	1,080,000
1160001	1165000	1	1,161,894
5095001	5100000	1	5,099,469
		850	**9,644,760**

Shareholders Category	Number of Shareholders	Number of Shares held	%
Associated Companies, Undertakings and Related Parties	3	6,312,805	65.45
NIT and ICP	2	465,825	4.83
Directors, CEO and their Spouses	12	1,120,002	11.61
Public Sector Companies and Corporations	2	1,284,099	13.31
Banks, Development Finance Institutions, Non-Banking Finance Institutions	2	140	-
Insurance Companies	1	19,200	0.20
Others	21	46,757	0.49
Individuals	807	395,932	4.11
	850	**9,644,760**	**100.00**

Pattern of shareholding
as at December 31, 2008

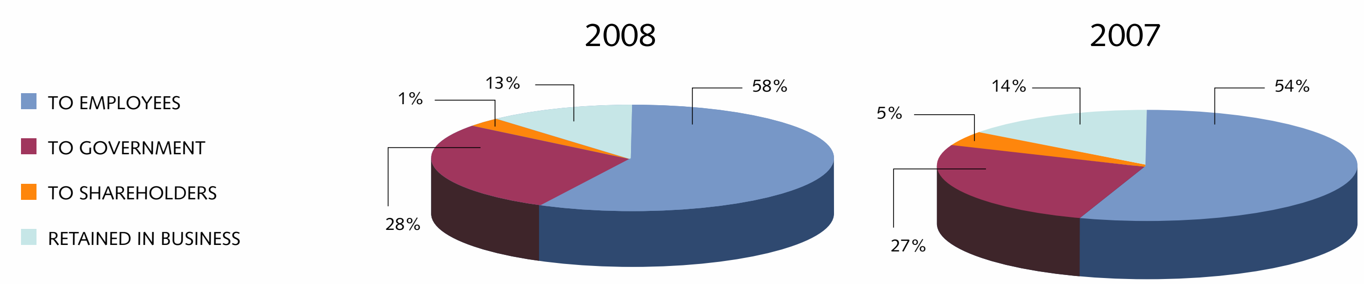
Under clause (i) of sub-regulation (XIX) of Regulation 37 of chapter (XI) of the Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd.

Shareholder Category	Number of Shareholders	Number of Shares held
Associated Companies, Undertakings and Related Parties		
SECIPE of Paris, France	1	5,099,469
IGI Insurance Limited	1	1,161,894
Ali Gohar & Co. (Pvt) Ltd.	1	51,442
NIT and ICP (name wise detail)		
National Bank of Pakistan,Trustee Deptt.	2	465,825
Directors, CEO and their spouse and minor children (name wise detail)		
Mr. Pir Ali Gohar	3	535,698
Mr. Arshad Ali Gohar	3	8,340
Mr. Syed Babar Ali	1	510,212
Mr. Syed Hyder Ali	1	16,914
Mrs. Naiyar Zamani Gohar	1	7,434
Mrs. Perwin Babar Ali	1	22,690
Syeda Henna Babar Ali	2	18,714
Public Sector Companies and Corporations	2	1,284,099
Banks, Development Finance Institutions, Non-Banking Finance Institutions	2	140
Insurance Companies	1	19,200
Shareholders holding 10% or more voting interest		
SECIPE of Paris, France	1	5,099,469
IGI Insurance Limited	1	1,161,894
National Fertilizer Corporation	1	1,080,000

Statement of Value Added

	2008 Rs.000	%	2007 Rs.000 (Restated)	%
WEALTH GENERATED				
Net sales	4,346,528		3,896,267	
Materials and services	(3,394,850)		(2,966,213)	
	951,678		930,054	
Other income	52,809		21,638	
	1,004,487	100	951,692	100
WEALTH DISTRIBUTION				
TO EMPLOYEES				
Staff cost	576,292	58	521,090	53
Workers' Profit Participation Fund	4,615	-	6,936	1
	580,907	58	528,026	54
TO GOVERNMENT				
Income tax	46,096	5	40,589	4
Custom duty & sales tax	231,357	23	208,445	22
Workers' Welfare Fund	1,726	-	3,495	1
	279,179	28	252,529	27
TO SHAREHOLDERS				
Dividend	13,503	1	42,437	5
RETAINED IN BUSINESS				
Depreciation	106,132	11	95,835	11
Retained profit	24,766	2	32,865	3
	130,898	13	128,700	14
	1,004,487	100	951,692	100

Wealth Distribution



Note: Previous year's figures have been restated in accordance with the audited financial statements.

Operating & Financial Highlights

	2003	2004	2005	2006	2007 (Restated)	2008
	(Rupees in thousand)					
FINANCIAL POSITION						
Balance Sheet						
Fixed assets	446,229	597,592	632,195	702,001	792,008	1,195,978
Other non-current assets	38,392	28,923	18,107	15,400	12,369	9,686
Current assets	1,134,774	857,339	1,516,694	1,270,601	1,623,676	1,769,820
Non-current assets classified as available for sale	-	-	-	-	-	8,871
Total assets	1,619,395	1,483,854	2,166,996	1,988,002	2,428,053	2,984,355
Ordinary share capital	96,448	96,448	96,448	96,448	96,448	96,448
Reserves	404,146	571,909	844,269	1,019,693	1,017,676	1,020,164
Total equity	500,594	668,357	940,717	1,116,141	1,114,124	1,116,612
Non-current liabilities	11,055	187,500	62,500	15,104	73,087	70,147
Current liabilities	1,107,746	627,997	1,163,779	856,757	1,240,842	1,797,596
Total liabilities	1,118,801	815,497	1,226,279	871,861	1,313,929	1,867,743
Total equity and liabilities	1,619,395	1,483,854	2,166,996	1,988,002	2,428,053	2,984,355
Net current assets / (liabilities)	27,028	229,342	352,915	413,844	382,834	(27,776)
OPERATING AND FINANCIAL TRENDS						
Profit and loss						
Net sales	2,896,603	3,178,776	3,445,958	3,818,425	3,896,267	4,346,528
Gross profit	854,167	984,735	1,163,125	1,264,342	1,084,725	1,055,823
Operating profit	296,060	406,974	446,982	411,062	180,878	171,478
Profit before tax	234,149	383,484	398,920	355,568	115,891	84,365
Profit after tax	154,673	244,922	276,239	227,022	75,302	38,269
Ordinary cash dividend	57,869	72,336	83,909	68,478	42,437	13,503
Capital expenditure	153,470	212,292	95,749	140,448	186,824	534,800
Cash flows						
Operating activities	716,372	694,599	(259,917)	510,413	30,070	198,393
Investing activities	(143,839)	(206,480)	(89,494)	(132,128)	(183,874)	(486,365)
Financing activities	(70,044)	(141,912)	154,660	(378,624)	(230,778)	(42,271)
Cash and cash equivalents at the end of the year	(306,618)	39,589	(155,162)	(155,501)	(540,083)	(870,326)
NUMBER OF EMPLOYEES						
Number of permanent employees at year end	709	779	829	847	846	789

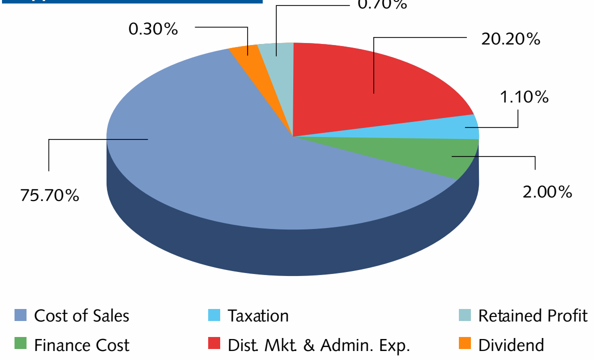
Note: Previous year's figures have been restated in accordance with the audited financial statements.

Ratio Analysis		2003	2004	2005	2006	2007 (Restated)	2008
Liquidity Ratios							
Current Ratio	Times	1.0	1.4	1.3	1.5	1.3	1.0
Quick Ratio	Times	0.5	0.4	0.3	0.5	0.4	0.3
Net Working Capital	Rs. 000	27,028	229,342	352,915	413,844	382,834	(27,776)
Net Assets	Rs. 000	500,594	668,357	940,717	1,116,141	1,114,124	1,116,612
Current Assets / Total Assets	%	70.1	57.8	70.0	63.9	66.9	59.3
Inventory / Current Assets	%	48.6	73.2	73.2	65.9	68.9	64.7
Inventory / Total Assets	%	34.1	42.3	51.2	42.1	46.1	38.4
Activity Ratios							
Inventory Turnover	Times	2.9	3.7	2.6	2.6	2.9	2.9
Average No. of Days Inventory in Stock	Days	125	98	137	137	125	124
Accounts Receivable Turnover	Times	29.5	46.9	47.5	33.1	27.3	30.0
Average Collection Period	Days	12	8	8	11	13	12
Fixed Assets Turnover	Times	6.5	5.3	5.5	5.4	4.9	3.6
Operating Fixed Assets Turnover	Times	19.1	9.8	8.9	9.7	6.0	6.7
Total Assets Turnover	Times	1.8	2.1	1.6	1.9	1.6	1.5
Leverage							
Debt to Equity Ratio	Times	1.2	0.4	0.7	0.3	0.5	0.8
Interest Earned	Times	4.8	17.3	9.3	7.4	2.8	2.0
Fixed Assets to Equity	Times	0.9	0.9	0.7	0.6	0.7	1.1
Financial Leverage	Times	1.9	1.7	1.6	1.8	2.4	4.5
Profitability Ratios							
Sales Growth	%	14.3	9.7	8.4	10.8	2.0	11.6
COGS as a % of Net Sales	%	70.5	69.0	66.2	67.4	72.2	75.7
Profit before tax as a % of Net Sales	%	8.1	12.1	11.6	9.3	3.0	1.9
Net Profit Margin	%	5.3	7.7	8.0	5.9	1.9	0.9
Gross Profit Margin	%	29.5	31.0	33.8	32.6	27.8	24.3
Operating Profit Margin	%	10.2	12.8	13.0	10.8	4.6	3.9
Return on Assets	%	9.6	16.5	12.7	11.4	3.1	1.3
Return on Equity	%	30.9	36.6	29.4	20.3	6.8	3.4
Admin. Dist. & Mktg. Exp./Net Sales	%	19.2	17.2	19.5	20.7	22.1	20.2
Admin. Dist. & Mktg. Exp. Increase	%	-20.3	-1.5	23.1	17.4	9.0	2.1
Financial Charges / Net Income	%	40.0	9.6	17.4	24.4	86.3	227.6
Market Value							
Market Value Per Share	Rs.	120	232	295	252	276	211
Market / Book Ratio	Times	2.3	3.3	3.0	2.2	2.4	1.8
Earnings Per Share (before tax)	Rs.	24.28	39.76	41.36	36.87	12.02	8.75
Earnings Per Share (after tax)	Rs.	16.04	25.39	28.64	23.54	7.81	3.97
Price Earning Ratio	Times	7.5	9.1	10.3	10.7	35.4	53.2
Dividend Per Share	Rs.	6.00	7.50	8.70	7.10	4.40	1.40
Dividend Yield	%	5.0	3.2	2.9	2.8	1.6	0.7
Payout Ratio (after tax)	%	37.4	29.5	30.4	30.2	56.4	35.3
Market Capitalisation	Rs. M	1,157	2,238	2,845	2,431	2,662	2,035
Break-up Value	Rs.	51.90	69.30	97.54	115.72	115.52	115.77

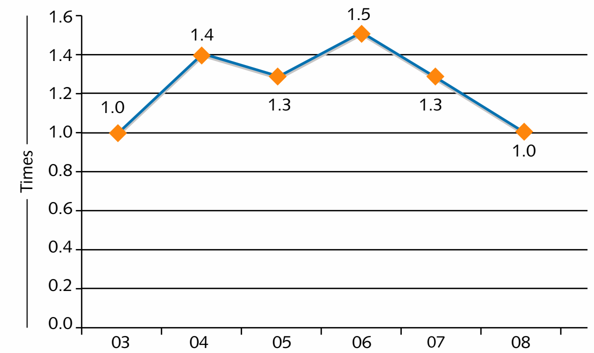
Note: Previous year's figures have been restated in accordance with the audited financial statements.

Operating & Financial Highlights

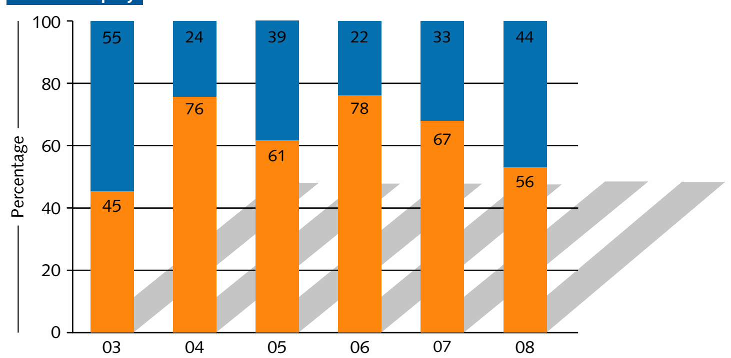
Application of Revenue 2008



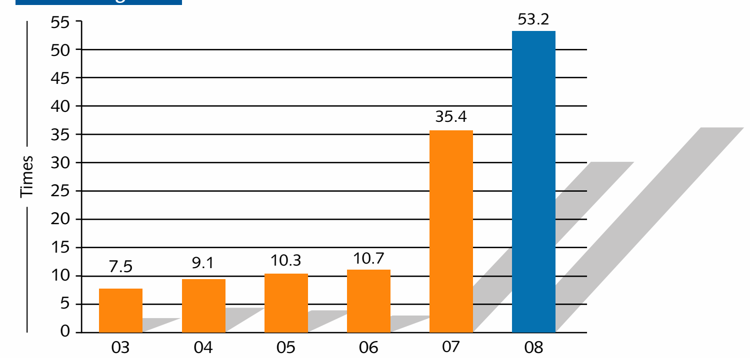
Current Ratio



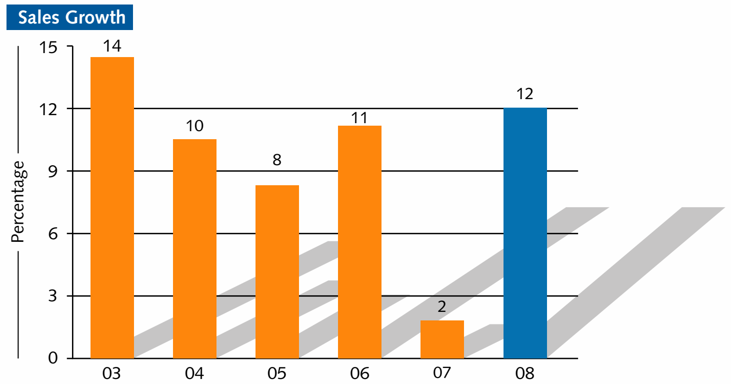
Debt to Equity



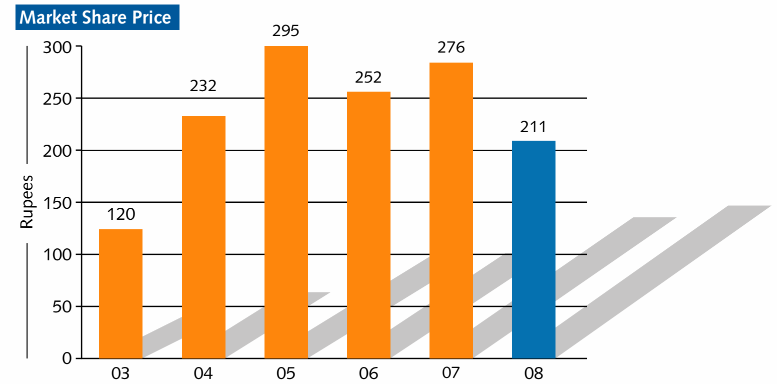
Price Earning Ratio



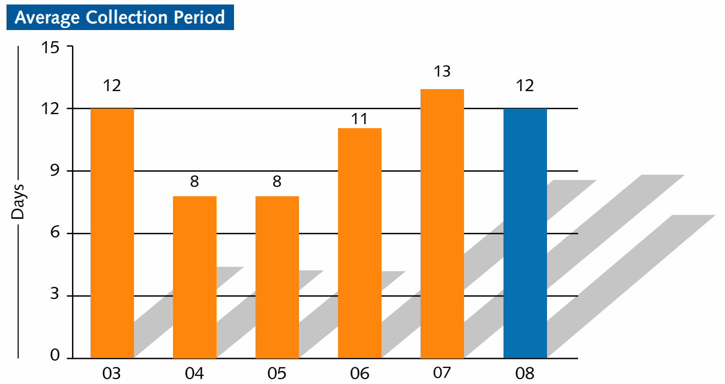
Sales Growth



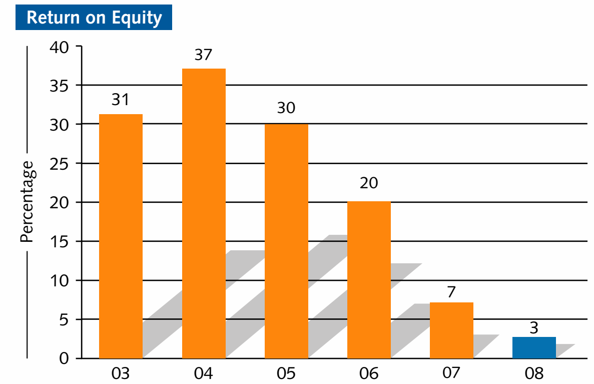
Market Share Price



Average Collection Period



Return on Equity



Note: Previous year's figures have been restated in accordance with the audited financial statements.

Notice of Meeting

Notice is hereby given that the forty first Annual General Meeting of the Company will be held on Wednesday, 25th March, 2009 at 10:00 hours in the Conference Hall of the Overseas Investors Chamber of Commerce and Industry, Talpur Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on March 19, 2008.

2. To receive and adopt the Balance Sheet and Profit & Loss Account for the year ended December 31, 2008 together with the Directors' and Auditors' reports thereon.

3. To approve and declare dividend on the ordinary shares of the Company. The Directors have recommended a cash dividend of Rs.1.40 (14%) per share.

4. To appoint Auditors' for the year ending December 31, 2009 and to fix their remuneration. The present auditors, M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants being eligible, have offered themselves for re-appointment. The Audit Committee and Board of Directors have also recommended appointment of M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, as Auditors for the year ending December 31, 2009.

SPECIAL BUSINESS:

5. To approve the disposal of the Company's manufacturing site including plant & machinery and all other assets located at WAH Cantt. as part of restructuring plan, by passing the following resolution as an ordinary resolution:

   "RESOLVED that the Company is hereby authorized to dispose the manufacturing site including plant & machinery and all other assets, located at G.T Road, Wah Cantt."

6. To consider the recommendation of the Board of Directors for transmission of quarterly accounts through Compay's website in compliance with Section 245 of the Companies Ordinance, 1984 and Securities & Exchange Commission of Pakistan (SECP) vide its circular No.19 of 2004 and if deemed fit pass the following resolution as a special resolution:

   "RESOLVED that the Company is hereby authorized to place its quarterly accounts on its website instead of sending the same to members by post, as allowed by the Securities & Exchange Commission of Pakistan (SECP) vide its circular No.19 of 2004."

By Order of the Board

Karachi: 4th March, 2009

Muhammad Irfan
Company Secretary

Notes:

1. The Share Transfer Books of the Company shall remain closed from March 12, 2009 to March 25, 2009 (both days inclusive).

2. A member entitled to attend and vote at the above meeting may appoint a Proxy to attend and vote on his behalf. No person shall act as a proxy (except for a Corporation) unless he is entitled to be present and vote in his own right. Instrument appointing proxy must be deposited at the Registered Office of the Company at least 48 hours before the time of the Meeting.

3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their original Computerized National Identity Card and account number in the CDC for verification.

4. CDC Account Holders will further have to follow the guidelines as laid down in Circular No.1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the forty first Annual General Meeting of sanofi-aventis Pakistan limited to be held on March 25, 2009 - Wednesday.

In respect of item 5 of the agenda

Approval of the shareholders will be sought for the disposal of WAH manufacturing site together with the plant & machinery and all other assets located therein. In order to improve the manufacturing facility, benchmarking with GMP standards and as part of rationalization program, the company has initiated a project for divestment of its WAH site and shifting its entire production facility to one site - at Karachi. Accordingly, investment on new liquid manufacturing facility at Karachi site was initiated, which is progressing as per plan and is expected to start commercial production in the second quarter of the year 2010. This new state of the art manufacturing facility will not only automate the manufacturing of the liquid products but will also increase production efficiencies by reducing cost of production via economies of scale and lesser man-power cost. Moreover, considering the high turnover of the Company's liquid products, increase in the production capacity of the liquid manufacturing facility is also expected to add value to the Company's top line. Further, proceeds from the divestment of WAH site shall reduce the borrowings and consequent borrowings costs of the Company to earn better returns for the shareholders as a whole.

In respect of item 6 of the agenda

Section 245 of the Companies Ordinance, 1984 (the Ordinance) provides that every listed company shall transmit to its members the accounts of each quarter.

The SECP, vide its Circular No. 19 of 2004 dated April 14, 2004, permitted that the placement of such quarterly accounts on their websites by the listed companies shall be treated as compliance of Section 245 of the Ordinance.

PROXY FORM

I/We ______________________ of ______________________

______________________ (full address) being a member of sanofi-aventis

Pakistan limited hereby appoint ______________________

of ______________________

(full address) or failing him ______________________

of ______________________

(full address) as my / our proxy to attend and vote for me / us and on my / our behalf at the 41st Annual General Meeting of the company to be held on Wednesday, March 25, 2009 and at any adjournment thereof.

As witness my / our hand this __________ day of __________ 2009.

Witness No.1

Name ______________________

Address ______________________

C.N.I.C. No. ______________________

Rs.5/-
Revenue
Stamp

____
Signature of Member(s)

Witness No.2

____
(Name in Block Letters)

Name ______________________

Address ______________________

C.N.I.C. No. ______________________

Folio No. ______________________

Participant ID No. ______________________

Account No. in CDS ______________________

Important

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in Circular No.1 of 2000 of SECP.
2. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her, no person shall act as a proxy, who is not a member of the Company except that a Corporation may appoint a person who is not a member.
3. The instrument appointing a proxy, together with the Board of Directors' resolution/Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time for holding the meeting.
4. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is corporation it's common seal should be affixed to the instrument.

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AFFIX CORRECT POSTAGE

The Company Secretary

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

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Fold Here

Fold Here

Fold Here

Fold Here

Fold Here

sanofi aventis

Because health matters

sanofi-aventis Pakistan limited

Plot 23, Sector 22, Korangi Industrial Area, Karachi-74900. P.O. Box 4962, Karachi-74000