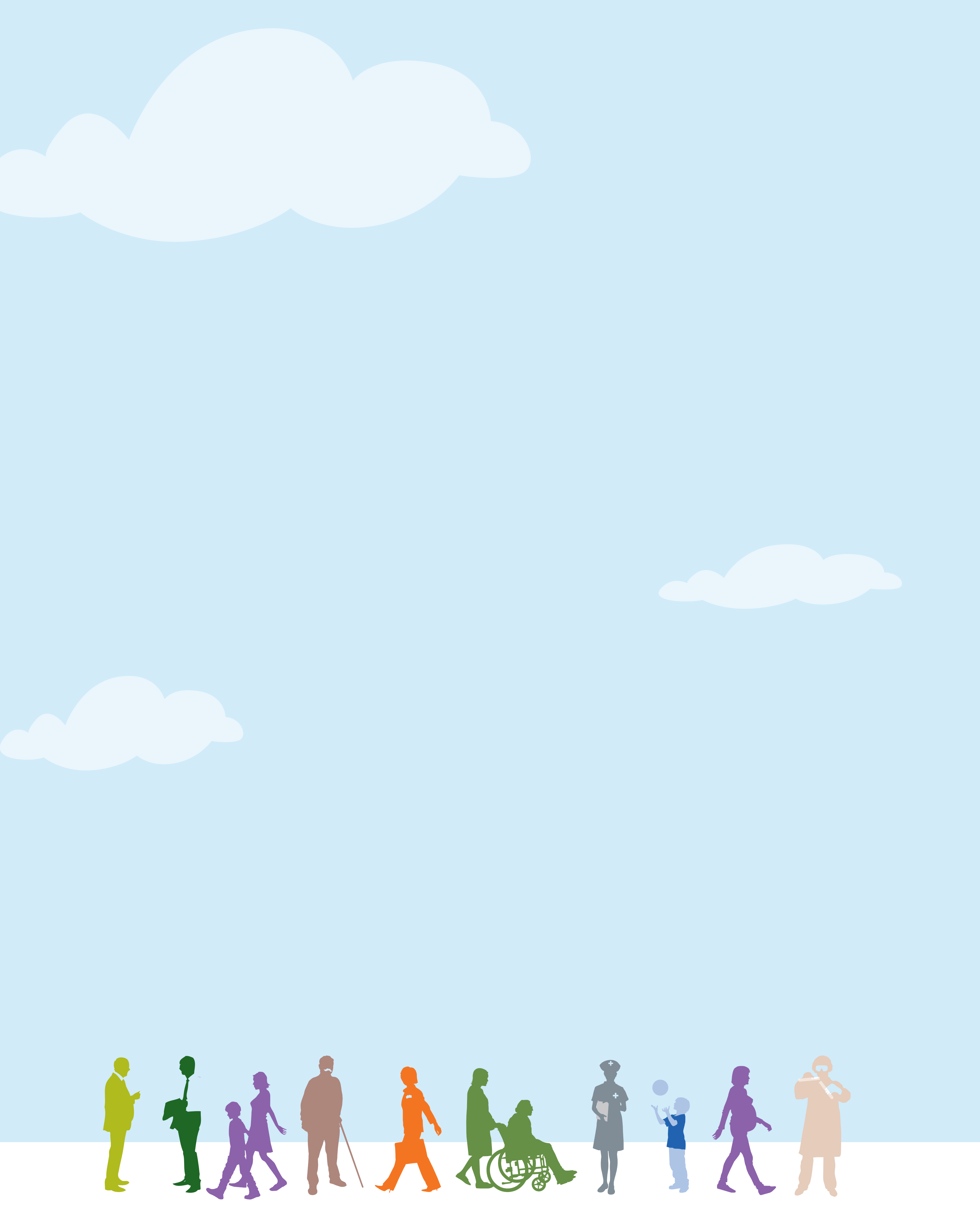
Bird of Hope

SANOFI

sanofi-aventis Pakistan limited

Annual Report 2011



Bird of Hope

In order to simplify our company's name and to reflect the diversity and uniqueness of our organization, the sanofi-aventis Group has changed its name to simply "Sanofi" and adopted a powerful new logo.

This new icon represents the hope that we bring to approximately 7 billion people around the world. Working tirelessly, with passion and confidence, we always focus on enhancing life for patients

SANOFI

The colors of the new logo represent life.

The icon is made up of three shapes symbolic of Innovation, Adaptability and Growth.

These shapes come together to make a whole:
The planet we contribute to build, with the Bird of Hope in the centre.

As we are the 5th largest pharmaceutical group in the world and the 3rd in Europe, capital letters in our logo illustrate our status. Yet our name is written in soft, convivial and rounded typography, reflecting our compassionate and respectful approach to our work with our patients, customers, employees and partners.

Contents

Our Vision

To become a diversified healthcare leader, focused on patients' needs

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

Mission

Our core strategy is to:

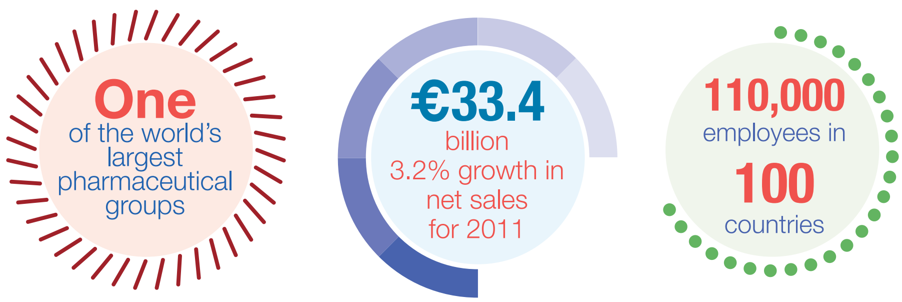
- Create value by rapidly launching and successfully marketing innovative pharmaceuticals that satisfy unmet medical needs in large patient populations.
- Focus commercial resources on strategic brands to drive sales growth and maximize the value of existing and new global brands.
- Aggressively recruit and retain top talent, enhancing our capabilities in drug innovation and commercialization.

Group Profile

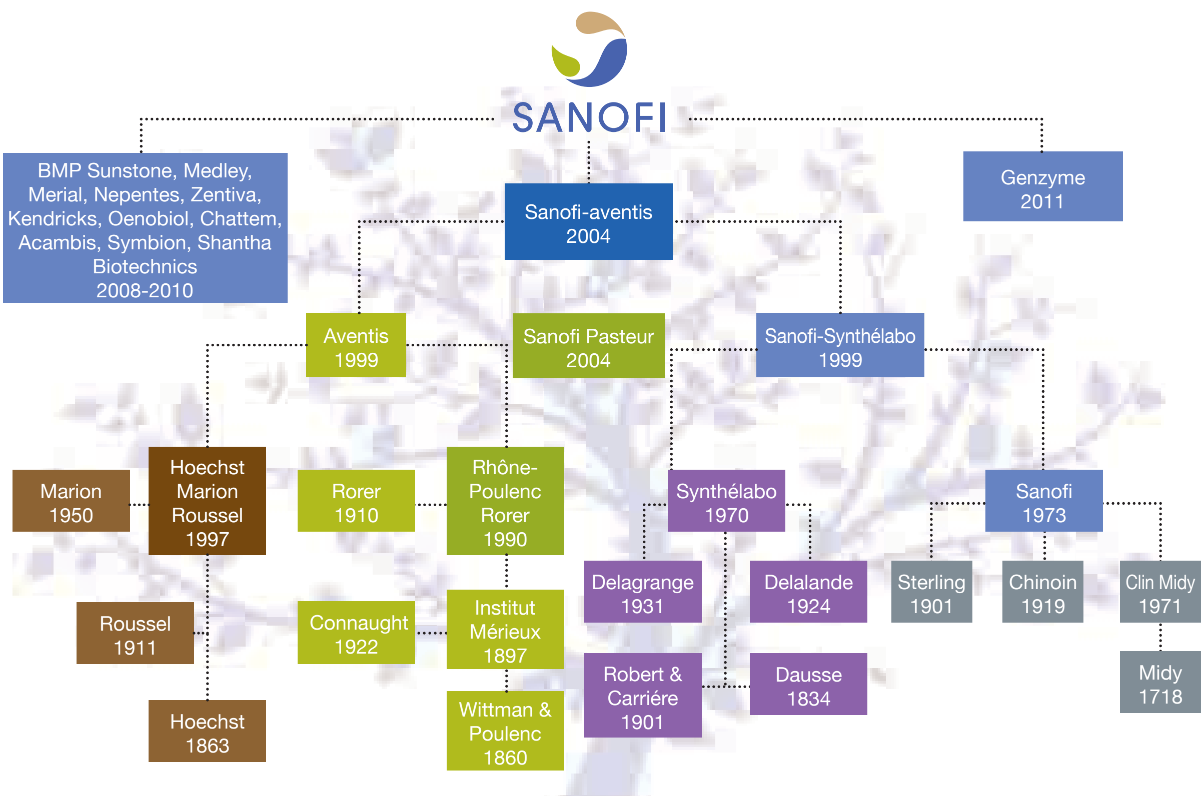
Sanofi is a diversified global healthcare leader, focused on patients' needs, researching and developing medicines and vaccines to help improve the lives of the greatest possible number of people.

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, generics, vaccines as well as animal health.

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



Group History




OUR
COMMITMENT
AMBITION
VALUES
& ATTITUDES
MANAGEMENT
PRINCIPLES
COMPETENCIES
& BEHAVIOURS
UNIQUENESS

Our Sanofi

COMMITMENT

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

AMBITION

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

VALUES & ATTITUDES

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

MANAGEMENT PRINCIPLES

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

COMPETENCIES & BEHAVIOURS

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

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

UNIQUENESS

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

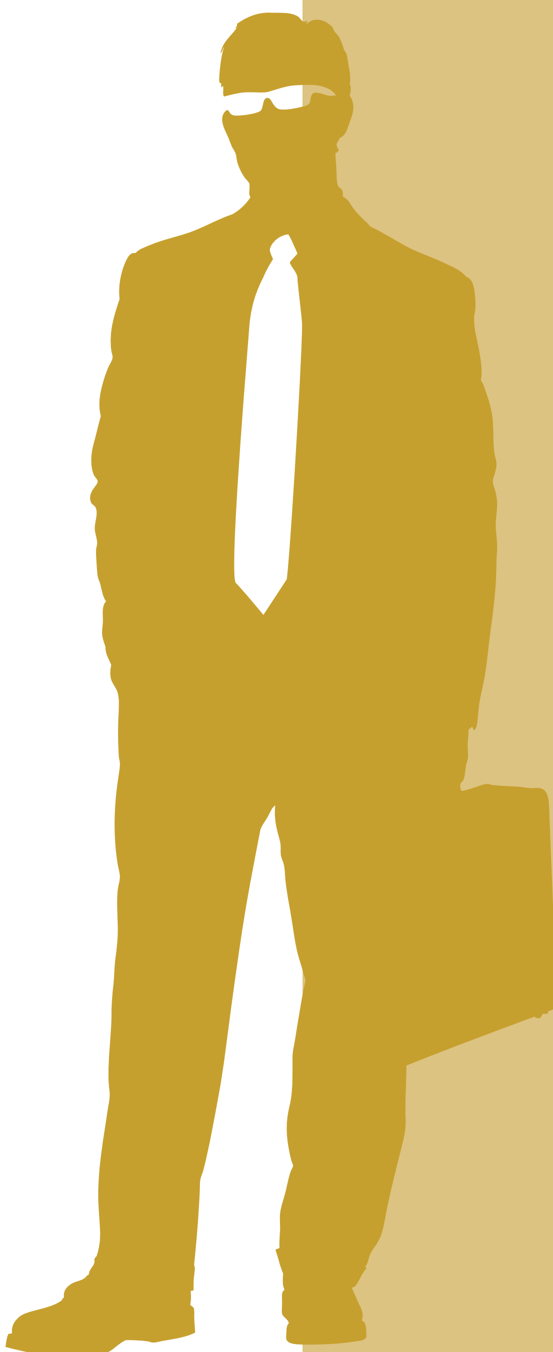
Values

Confidence

Standing Out

We dare

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



Values

Integrity

Acting Ethically

We commit

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

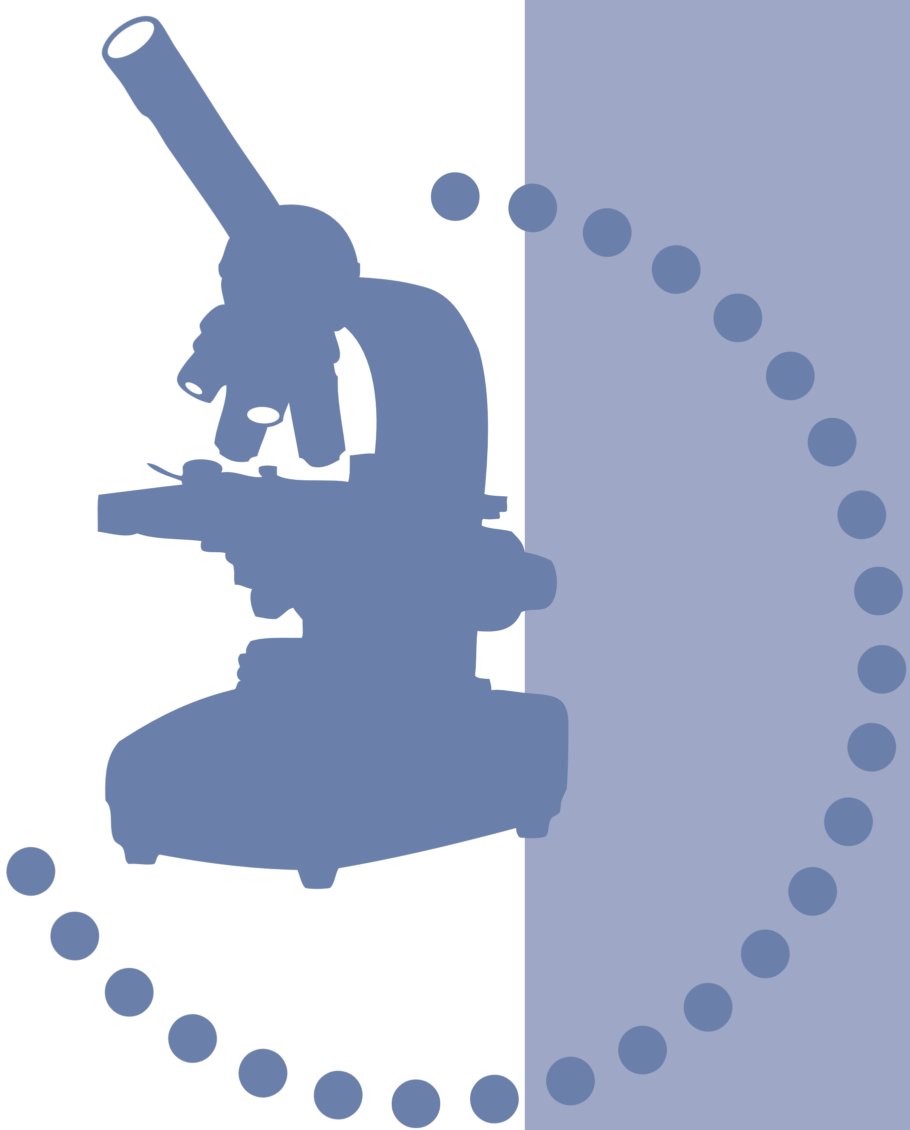
Values

Innovation

Forward Thinking

We inspire

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



Values

Respect

Embracing Difference

We respect

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

Solidarity

Socially Responsible

We care

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

Our Commitment

We work to protect the health of the earth's 7 billion inhabitants, improve their quality of life and respond to their potential needs. We are creating new approaches to our activities and work sectors, and are mobilized for our priority goal of bringing medicines and vaccines to patients.

Innovating

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

Dedicating

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

Standing together

We are a company committed to the cause of health. Acting with ethics and responsibility is weaved into the very fabric of who we are.

Helping, be it during emergencies or in daily life, means going beyond our obligations to protect and serve the greatest possible number of people.

Strategic Objectives

A diversified healthcare partner focused on patients needs.

We have to identify the resources and the competencies we need to grow.

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

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

Increasing innovation in Research & Development

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

Seizing external growth opportunities

The changing face of the industry, healthcare needs and scientific discovery has all led to the realization that we need to diversify and look outside at partnerships and acquisitions to grow the business. We have been successful in searching out the best science, the best companies to acquire. We have strongly reinforced our business in particular areas such as diabetes, oncology, rare diseases and consumer healthcare. We will continue to look for opportunities.

Adapting the group to future challenges

The successful companies of tomorrow are those that go beyond delivering products to delivering real solutions and services. We have identified growth platforms that will drive the business - emerging markets, diabetes, vaccines, consumer healthcare, innovation products and animal health. As such, we have undergone a deep transformation including a complete restructure of R&D, expansion of our footprint in biotechnology through the acquisition of Genzyme and refocused regional operations.

We never give up!

As a diversified healthcare partner, we strive to protect the health, enhance the life and respond to the health needs of as many of the nearly 7 billion people in the world today. With business in over 100 countries, we have over 110,000 people committed to this goal. We have a strong culture and at the core of it all, is the fact we never give up. It is this that makes us unique and makes me proud to lead the company into the future.

Christopher A. Viehbacher
CEO, Sanofi

Corporate Profile of sanofi-aventis Pakistan limited

The company was incorporated on December 8, 1967 as Hoechst Pakistan Limited. Manufacturing of pharmaceuticals and specialty chemicals started in 1973. In 1977 the company went public and was listed on the Karachi Stock Exchange. Agrochemical formulation started in 1985.

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

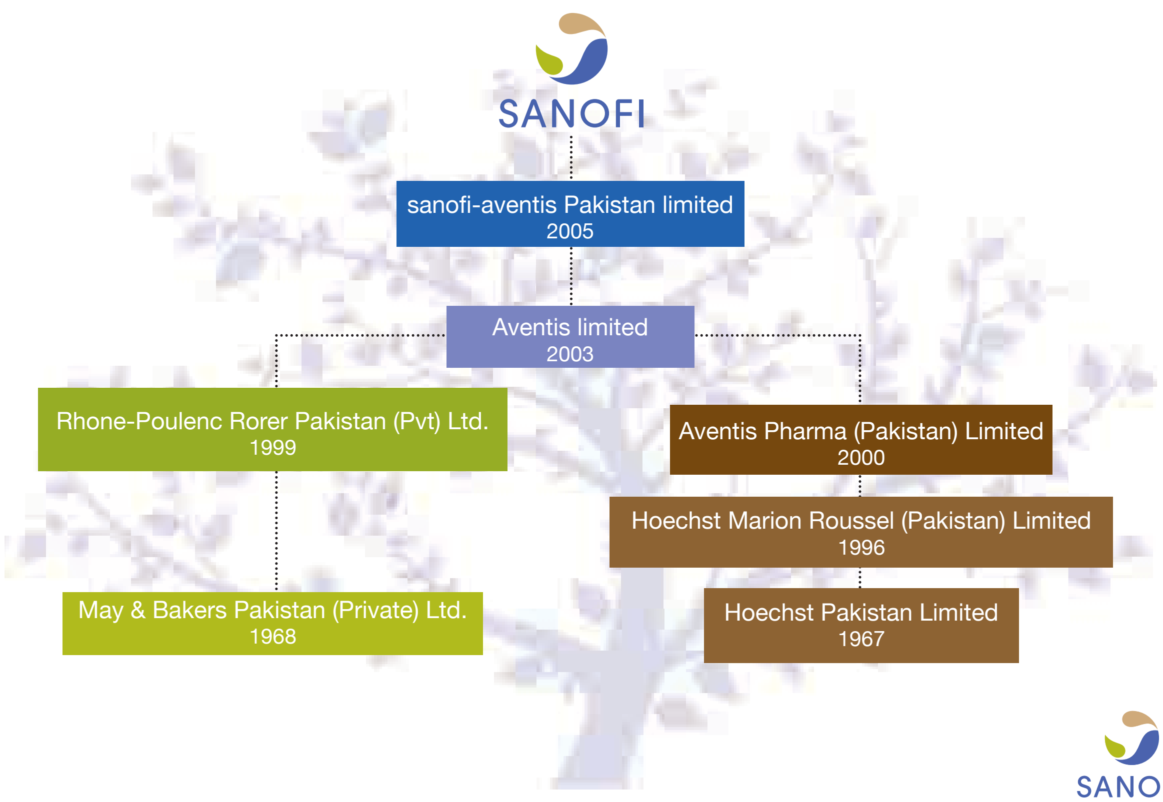
In December 1999, Hoechst AG & Rhone Poulenc S.A. globally merged their life sciences business into a new company known as Aventis S.A. The name of the company in Pakistan was changed to Aventis Pharma (Pakistan) Limited in November 2000.

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

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

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

Today, Sanofi is the 6th largest pharmaceutical company in Pakistan with a market share and growth rate of 4.1% (2010: 4.5%) and 16% (2010: 19.3%) respectively. Today, Sanofi S.A. France, is one of the world's leading diversified healthcare companies offering medicines, consumer healthcare products, generics and animal health products.



Company Information

Board of Directors
Syed Babar Ali
Chairman

Tariq Wajid
Managing Director

Arshad Ali Gohar

Syed Hyder Ali

Shailesh Ayyangar
(Alternate Asim Jamal)

Francois Jean Louis Briens
(Alternate Shakeel Mapara)

Jean-Marc Georges
(Alternate Syed Muhammad Ali Hasani)

Mohammad Ibadullah

Amanullah Khan

Company Secretary
Muhammad Irfan

Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors
Abid Hameed Puri
Azfar & Azfar
Bilal Law Associates
Fazle Ghani Advocates
Ghani Law Associates
Haidermota & Co.
Khan & Hafiz Associates
Saadat Yar Khan & Co.

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

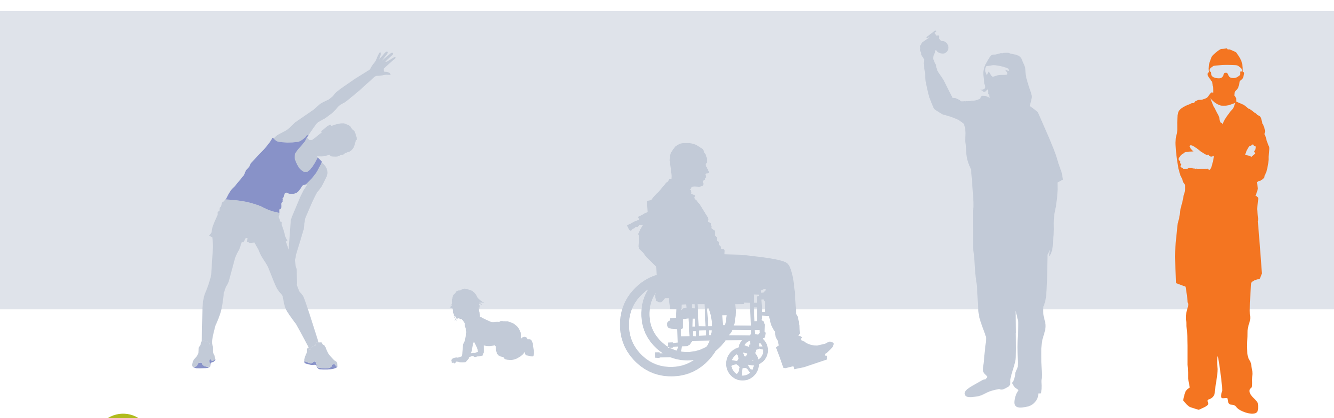
Registrars & Share Transfer Office
FAMCO Associates (Pvt.) Ltd.
State Life Building No.1-A, First Floor,
I.I. Chundrigar Road, Karachi - 74000.

Bankers
Citibank, N.A.
Deutsche Bank AG
Habib Bank Limited
MCB Bank Ltd.
Standard Chartered Bank
HSBC Bank Middle East Limited
National Bank of Pakistan

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

Contact
contact.pk@sanofi.com

URL
www.sanofi.com.pk

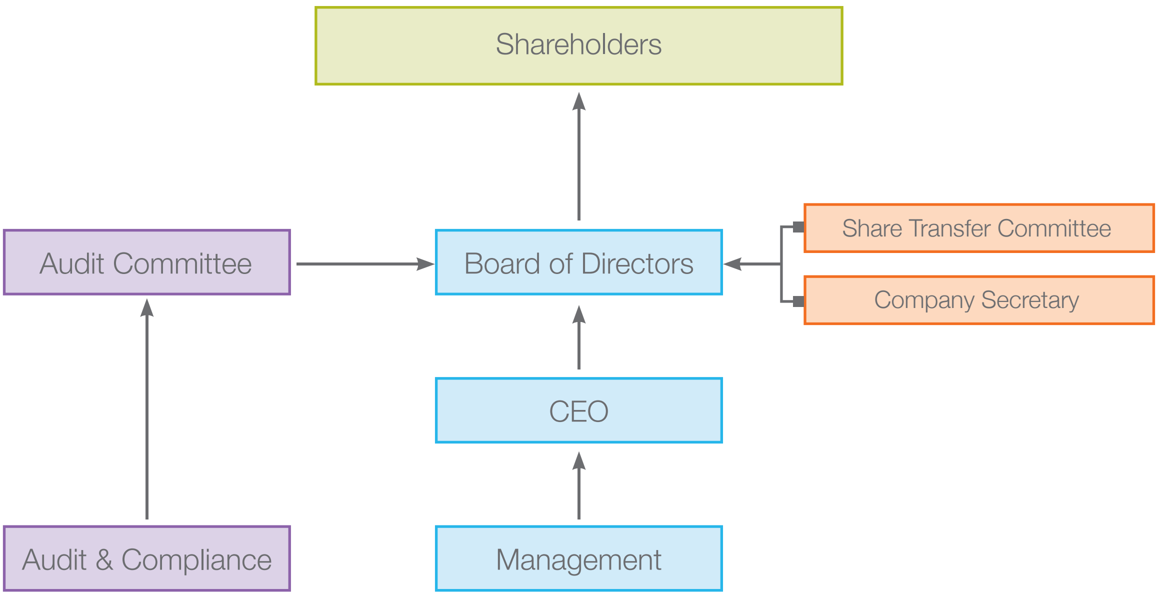


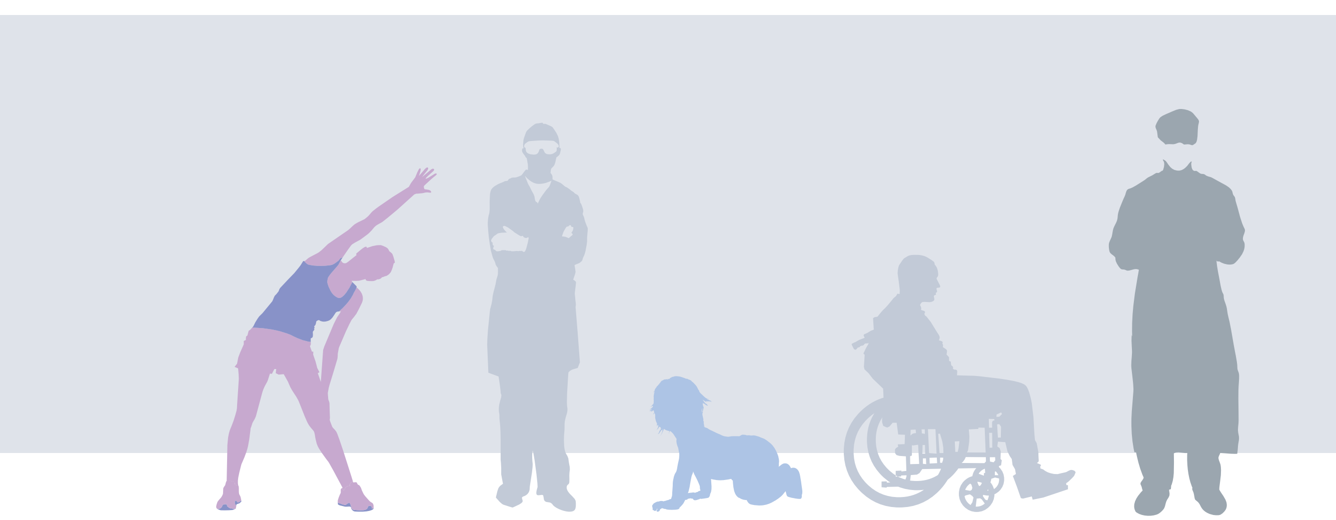
Directors' Profile

Name of Director	Date of joining board	Other engagements
Syed Babar Ali Chairman (Independent non-Executive Director)	Prior to the listing of the company in 1977	**Chairman:** • Acumen Fund • Ali Institute of Education • Babar Ali Foundation • Coca Cola Beverages Pakistan Limited • Gurmani Foundation • IGI Insurance Limited • IGI Investment Bank Limited • Industrial Technical & Educational Institute • National Management Foundation • Siemens Pakistan Engineering Company Limited • Syed Maratib Ali Religious & Charitable Trust Society • Tetra Pak Pakistan Limited • Tri-Pack Films Limited **Director:** • Bayer CropScience Pakistan (Pvt.) Limited • Nestle Pakistan Limited **Pro-Chancellor:** • Lahore University of Management Sciences (LUMS)
Tariq Wajid Chief Executive (Executive Director)	April 28, 2003	**Member:** • Pharma Bureau of Statistics • Pakistan Business Council • Management Committee of the Overseas Investors Chamber of Commerce & Industry • Board of Governors of National Management Foundation • Advisory Board for e-MBA Corporate Management Program of the Institute of Business Administration
Arshad Ali Gohar (Independent non-Executive Director)	February 11, 2011	**Director:** • Ali Gohar & Company (Private) Limited • Eli Lilly Gohar (Private) Limited • AGT Systems (Private) Limited

Name of Director	Date of joining board	Other engagements
Amanullah Khan	March 29, 2011	Member: • Board of Trustees of sanofi-aventis Pakistan limited Provident Fund • Board of Trustees of sanofi-aventis Pakistan limited Gratuity Fund • Board of Trustees of sanofi-aventis Pakistan limited Pension Fund
Syed Hyder Ali (Independent non-Executive Director)	February 22, 1987	Director: • Bulleh Shah Paper Mill (Private) Limited • IGI Insurance Limited • Nestle Pakistan Limited • Packages Lanka (Pvt) Limited • Packages Limited • Tetra Pak Pakistan Limited • Tri-Pack Films Limited • Pakistan Centre of Philanthropy • Pakistan Business Council • International Steel Limited Member: • Board of Governors of World Wide Fund - Pakistan • Board of Governors of Babar Ali Foundation • Board of Governors of National Management Foundation • Executive Committee of Syed Maratib Ali Religious & Charitable Trust Society • Executive Committee of International Chamber of Commerce (ICC) Pakistan • Ali Institute of Education • Lahore University of Management Sciences
Shailesh Ayyangar (Non-Executive Director)	February 11, 2011	Managing Director: • Aventis Pharma Limited - India • sanofi-synthelabo (India) Limited Director: • sanofi-aventis Lanka Limited • Shantha Biotechnics Limited
Francois Jean Louis Briens (Non-Executive Director)	March 29, 2011	None
Jean-Marc Georges (Non-Executive Director)	February 13, 2008	None
Mohammad Ibadullah (Executive Director)	October 27, 2011	Member: • Board of Trustees of sanofi-aventis Pakistan limited Provident Fund • Board of Trustees of sanofi-aventis Pakistan limited Gratuity Fund • Board of Trustees of sanofi-aventis Pakistan limited Pension Fund • Board of Trustees of sanofi-aventis Pakistan limited Workers' Profits Participation Fund

Corporate Structure of sanofi-aventis Pakistan limited





Organization & Committees

General Manager & Managing Director
Tariq Wajid

Operations

- Industrial Sites – Syed Muhammad Ali Hasani
- Sales (Core) – Masaud Ahmad
- Diabetes – Zubair Rizvi
- Base, Cardio & Specialty – Aamer Waheed
- Supply Chain – Masood A. Khan
- Vaccines – Munawar Uqaili
- Marketing (Core) – Harris Mohammad Sheikh

Support

- Finance & Administration – Mohammad Ibadullah
- Medical – Amanullah Khan
- Human Resources – Shakeel Mapara
- Business Development & Excellence – Asim Jamal
- Regulatory Affairs – Shujauddin Shaikh
- Corporate Communications – Laila Khan
- Audit & Compliance – Yasser Pirmuhammad

Management Committee

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

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

The Management Committee comprises:

Tariq Wajid	General Manager & Managing Director
Mohammad Ibadullah	Director Finance & Administration
Syed Muhammad Ali Hasani	Director Industrial Sites
Amanullah Khan	Director Medical / APH
Asim Jamal	Director Business Development & Excellence
Shakeel Mapara	Director Human Resources, Training & OD
Shujauddin Shaikh	Director Regulatory Affairs
Masaud Ahmad	Director - Sales (Core Business)
Zubair Rizvi	Business Unit Director - Diabetes
Aamer Waheed	Business Unit Director - Base, Cardio & Specialty
Munawar Uqaili	Associate Director - Business Unit Vaccines
Masood A. Khan	Associate Director - Supply Chain
Laila Khan	Associate Director - Corporate Communications
Yasser Pirmuhammad	Head of Audit & Compliance
Harris Mohammed Sheikh	Head of Marketing - Core Business

Board Audit Committee

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

The Audit Committee comprises 2 non-executive and 1 alternate Director. The Chairman of the committee is a non-executive director. During the year 2011, consequent to change in roles & responsibilities of Francois - Xavier Duhalde, the Audit Committee was recomposed and now comprises:

Syed Hyder Ali	Chairman	Non-executive
Francois- Jean Louis Briens		Non-executive
Amanullah Khan		Executive
Yasser Pirmuhammad	Secretary	Head of Audit & Compliance

During the year 2011, the Audit Committee met 4 times, including one meeting which was attended by the representative of the external auditors.

Board Share Transfer Committee

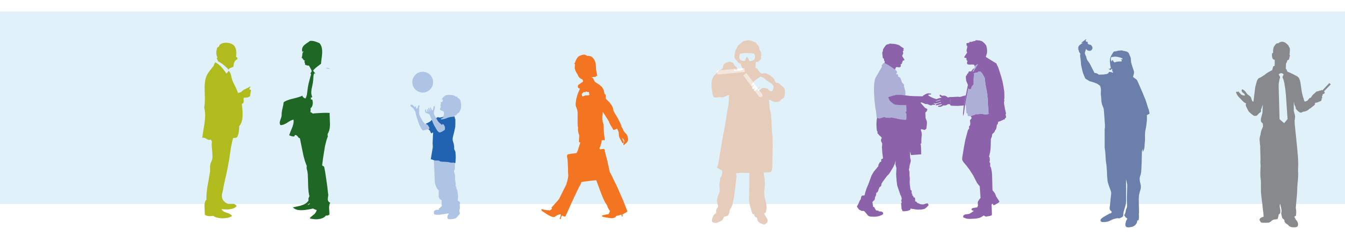
The Board Share Transfer Committee has been authorized by the Board to approve transfer of shares. All share transfer resolutions are ratified by the board of directors in subsequent meetings. During the year 2011, consequent to retirement of Mr. Moin Mohajir, the Board Share Transfer Committee was recomposed and now comprises:

Tariq Wajid	General Manager and Managing Director
Mohammad Ibadullah	Director Finance & Administration

Ethics Committee

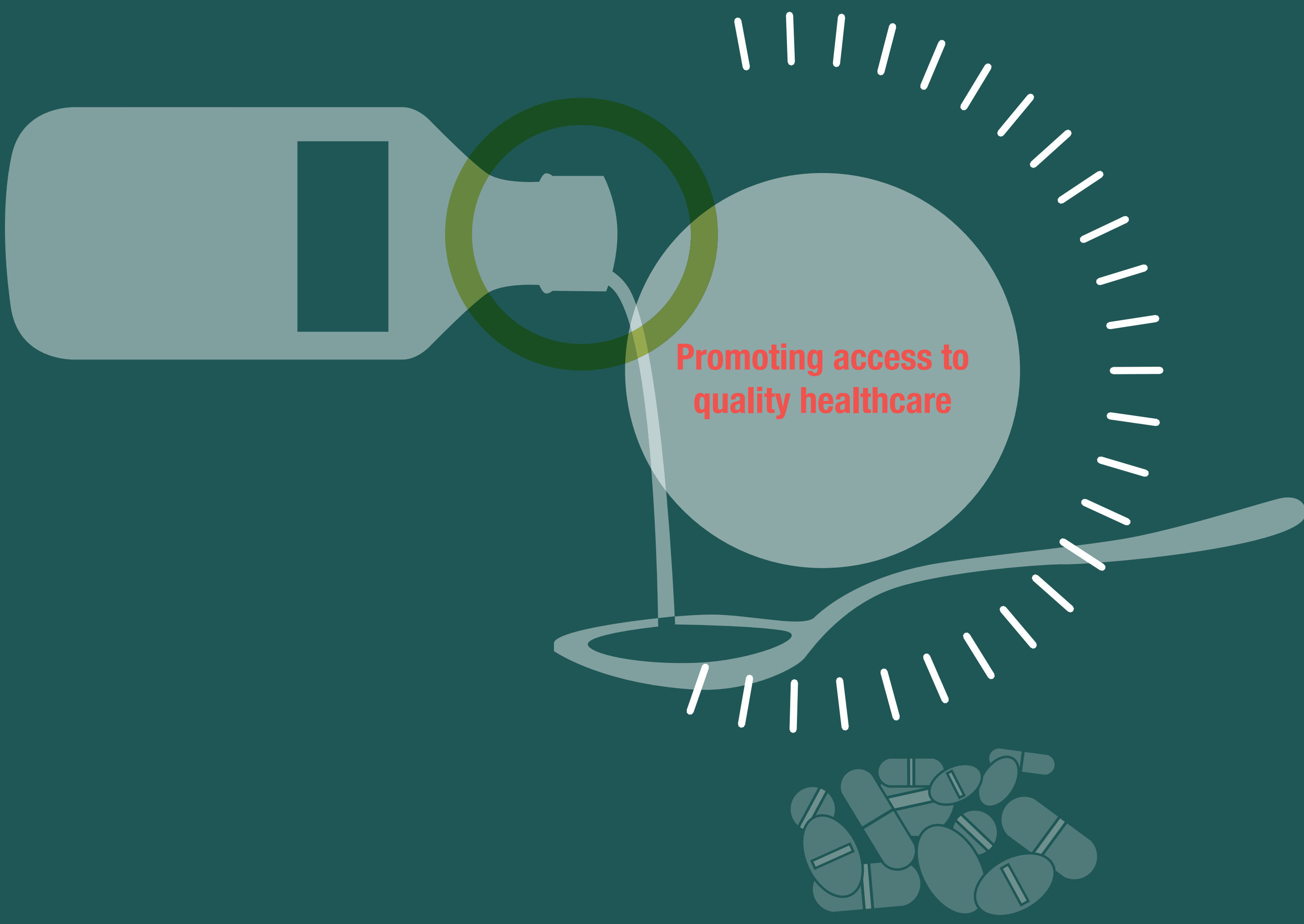
The Ethics Committee is responsible to ensure that the code of ethics and other specific ethical procedures are disseminated and understood by all employees and investigates and proposes actions in cases of failure to meet, or violation of, the stated principles and rules of the company. The members of the Ethics Committee are:

Amanullah Khan	Director Medical / APH
Yasser Pirmuhammad	Head of Audit & Compliance
Laila Khan	Associate Director - Corporate Communications



Products

Addressing patients' needs,
today and tomorrow



Products

Patients are at the heart of our activities. We aim to improve their lives, today and tomorrow.

Sanofi has a wide range of prevention and treatment solutions to fit the individual needs of patients. Our decisions and actions are shaped by listening to our patients: we understand patient needs and then define what we can bring to them. Not only do we search for more effective and safer solutions to improve human health, but also for more affordable and cost-effective therapies to which a greater number of patients will have access.

Top Brands

Flagyl®
Metronidazole

2011* Rs. million:	1,300
2010* Rs. million:	1,066
%** Contribution:	18%

Growth
22%

Claforan®
(Cefotaxime sodium)

2011* Rs. million:	648
2010* Rs. million:	500
%** Contribution:	9%

Growth
30%

Amaryl®
Glimepiride

2011* Rs. million:	601
2010* Rs. million:	495
%** Contribution:	8%

Growth
21%

Haemaccel®
Polygeline 3.5%

2011* Rs. million:	521
2010* Rs. million:	445
%** Contribution:	7%

Growth
17%

Tarivid®
(Ofloxacin)

2011* Rs. million:	330
2010* Rs. million:	270
%** Contribution:	5%

Growth
22%

* The numbers above represent net sales-in of respective brands.
** Represent contribution as a % of net sales-in.

Sustainable Leadership

Leadership is not sustainable on the basis of one or two big brands. We demonstrate sustainable leadership through consistent performance across our product portfolio despite stiff competition.

Nine of our products are leaders in their therapeutic category and another eight are number two brands in their respective categories. Another salient feature of these brands is that they are all growing at healthy rates, despite a large number of competitive products.

Flagyl® is a brilliant example of market leadership by a mature brand that is holding its position against 124 competitors and still growing 32 years after launch. No-Spa® is another success story. Within a few years of taking over the marketing of this product from Searle, we have taken it to #1 position against over 60 competitor brands.

1st Position

Brand Name	%Growth	Products Competitive
CORDARONE®	6	3
HAEMACCEL®	18	3
CLEXANE®	36	12
ELOXATIN®	74	23
TAXOTERE®	24	34
NO SPA®	31	62
FLAGYL®	15	126

2nd Position

Brand Name	%Growth	Products Competitive
LASIX®	11	16
STEMETIL®	5	22
LANTUS®	36	35
TIXYLIX®	27	91
AMARYL®	12	203
PHENERGAN®	-9	471
NEGRAM®	-2	12
NEODIPAR®	16	189

3rd Position

Brand Name	%Growth	Products Competitive
TARGOCID®	21	5
DANOCRINE®	-24	7
LASORIDE®	6	16
NIVAQUINE®	23	107

* The above product data have been taken from Q4 2011 MAT of IMS

Key therapeutic areas

Diabetes

There are currently 250 million diabetics in the world, and by 2025 there will be 380 million. Sanofi has been active in this area for 85 years and has the ambition to become the leader in the fight against diabetes.

Sanofi in its various incarnations has led the field in insulin manufacturing as well as in diabetes research and development for 88 years: from the first manufacture of insulin through to the development of Lantus® – launched a little over a decade ago and up to the present day, where we are now investigating the possibility of regenerating the insulin-producing cells in the body.

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

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

Sanofi helps people with diabetes make the most of life

SANOFI DIABETES

LANTUS
insulin glargine

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

SoloSTAR®

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

Amaryl®
Glimepiride

Amaryl® M S.R.
(Glimepiride & Metformin HCl)

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

Daonil®
Glibenclamide

Daonil is an oral hypoglycemic agent, used in the treatment of non-insulin dependent diabetes. Daonil is used in conjunction with proper diet and exercise to decrease blood sugar levels.

Oncology

Sanofi's commitment to oncology is demonstrated by a series of successes and its research into new therapeutic mechanism. Our oncology portfolio represents a broad spectrum of novel agents with a variety of mechanisms of action for treating cancer and/or cancer side-effects.

Sanofi's mission is to create solutions for currently unmet medical needs. Sanofi employs innovative approaches to attack cancer on all fronts and provide medicines adapted to the diverse profiles of patients.

TAXOTERE®
(docetaxel)

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.

Eloxatin®
OXALIPLATIN 5 mg/ml

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.

Thrombotic & Cardiovascular Diseases

Thrombotic diseases such as deep vein thrombosis (DVT), atherothrombosis, and cardiovascular diseases, particularly arterial hypertension, are a major cause of death. As lifestyles change, these diseases are affecting a growing number of people in countries around the globe. The Sanofi portfolio delivers effective solutions to thrombotic and cardiovascular diseases that affect the entire world.

Plavix®
[Clopidogrel] 75 mg

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

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

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.

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.

Central Nervous System (CNS) Disorders

In the particularly complex disorders of the central nervous system, the need for medical care increases as the population ages. Sanofi is increasing and diversifying its pharmacological and scientific approaches in the two major areas of mental and neurodegenerative diseases. CNS disorders are severe, complex, and costly. They require targeted approaches such as those provided by Sanofi products.

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

Frisium®
Clobazam

Frisium® belongs to a class of medications called benzodiazepines and is effective against all seizure types. It is used mainly as an add-on (adjunctive) medication for primary generalized and partial seizure disorders but it also can be effective when used alone.

Epilim®
Sodium Valproate

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

Internal Medicine

Sanofi has a broad range of internal medicine treatments for fighting a variety of frequently-contracted disorders, particularly in urology and also for treating allergies and osteoporosis.

Claforan®

(Cefotaxime sodium)

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

Haemaccel®
Polygeline 3.5%

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

Tarivid®
(Ofloxacin)

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

Telfast®
Fexofenadine HCl

Telfast® D
(Fexofenadine HCl + Pseudoephedrine HCl)

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

NO-SPA®
(Drotaverine HCl)

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

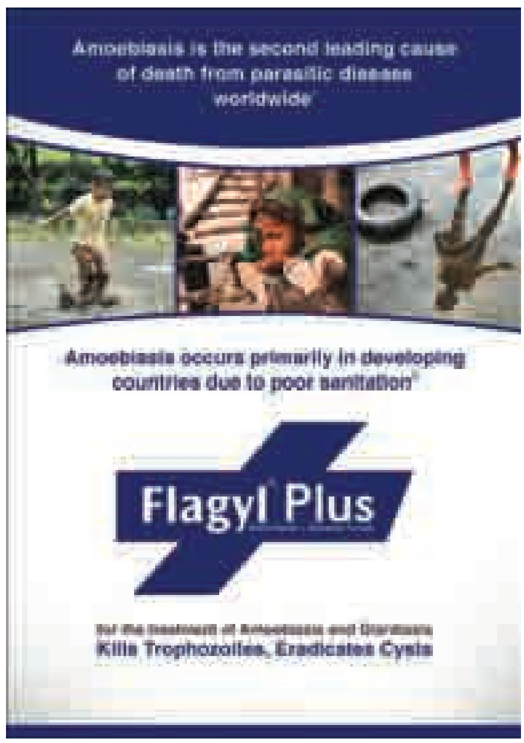
Flagyl®
Metronidazole

32 years old and still growing.

Flagyl® Metronidazole — Flagyl® Plus

1979 — 2011

A life-saving solution for 21 million diarrhea patients annually, with total therapy cost only ¼ of minimum daily wage.



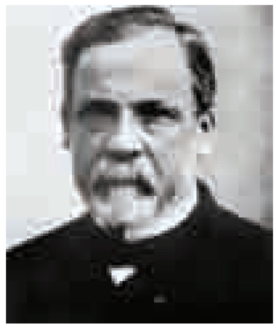
Today a household name and among the top-selling drugs in the country, Flagyl® is effective for the treatment of parasitic infections caused by Trichomonas vaginalis or Entamoeba histolytica known to cause diarrheal disease.

In 2011, Sanofi launched Flagyl Plus, a combination of Metronidazole (Flagyl®) and Diloxanide Furoate. This combination provides broad spectrum amoebicidal activity through the coverage of both tropozoites & cysts forms, providing not only cure in symptomatic Amoebiasis but also actively preventing the spread of the disease.

Vaccines

SANOFI PASTEUR

Over a century of specializing in vaccines



Louis Pasteur (1822 – 1895) : a scientific visionary

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

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

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

The world leader in vaccines

- More than 1 billion doses of vaccines produced yearly to immunize more than 500 million people in the world
- Largest product range against 20 infectious diseases
- More than €1 million invested every day in R&D
- More than €1.9 billion invested in the last 5 years in production capacity

Protecting and improving human health is the main mission of Sanofi Pasteur. It plays an active role by providing one of the world's largest ranges of superior, innovative vaccines for the prevention and treatment of disease.

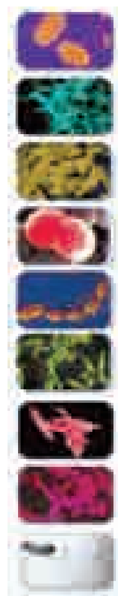
- Sanofi, with its vaccines division Sanofi Pasteur, is a world leader in the field of immunization with five major product segments:
  - pediatric combination vaccines
  - influenza vaccines
  - booster vaccines for adolescents and adults
  - meningitis vaccines
  - travel / endemic vaccines

A unique portfolio offering the broadest range of vaccines worldwide
Vaccines against 20 diseases

Viral diseases

- Yellow fever
- Mumps
- Poliomyelitis
- Measles
- Rubella
- Influenza
- Hepatitis A
- Hepatitis B
- Rabies
- Japanese encephalitis
- Chickenpox

Bacterial diseases



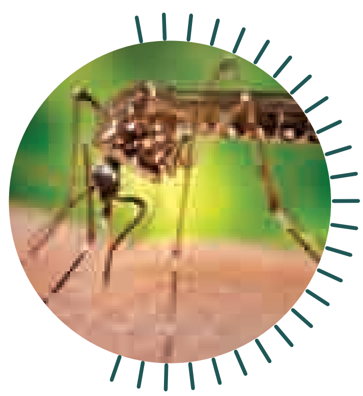
- Pertussis
- Diphtheria
- Haemophilus influenzae type b infections
- Meningococcal meningitis
- Pneumococcal infections
- Tetanus
- Tuberculosis
- Typhoid fever
- Cholera

The Future

Dengue fever poses a global public health challenge and Sanofi Pasteur is committed to help address it. Currently, there is no specific treatment for this disease, which places nearly 2.5 billion people at risk in over 100 countries, including Pakistan.

In 2010 - 2011, our under-development tetravalent vaccine for dengue progressed to the next phase of development. In June 2010, the U.S. FDA granted fast track status to Sanofi Pasteur candidate dengue vaccine and in October 2010 the dengue vaccine entered phase III clinical study, the ultimate steps in the clinical development of a vaccine before its introduction. By May 2011, more than 6,000 people had received at least one dose of Sanofi Pasteur's dengue vaccine. Initial efficacy results from a Thai study are expected at the end of 2012.

"Today, we are very excited to be in the last stage of clinical development. We are confident that we will be the first with a dengue vaccine within a few years. A dengue vaccine will fulfill an unmet medical need and change the lives of millions of people across the world." Olivier Charmeil, President and CEO, Sanofi Pasteur.



Business Development

Sanofi Pakistan has set a vision to reach Rs. 15 billion mark by the year 2015. The Business Development function will play a pivotal role in making this vision a reality by preparing to build a strong inorganic growth platform in the form of pre-launch planning for new product launches and new business additions to existing and new markets. Additionally, diversification of portfolio; identification of new channels and geographies for business expansion and external alliances and partnerships are all strategies which will help move towards this vision.

2011 Line Extensions and New Products:

- Amaryl M SR®
- Flagyl Plus® Tablets
- Taxotere 1 vial®
- Trimovax® Vaccine 0.5ml
- Shanvac® B Vaccine 1ml

Product licences acquired during 2011

- Danocrine® 100mg and 200mg Capsules
- Garden® 250mg and 500mg Tablets
- Jumex® 5mg Tablets
- Muscoril® 4mg Capsules
- Muscoril® 4mg/2ml Injections
- Sosegon® 25mg Tablets
- Sosegon® 30 mg Injections
- Tranxene® 5mg, 10mg and 15mg Capsules

Future Outlook

In terms of future outlook, the team along with its cross-functional partners, essential for the success of the projects, is working on number of short, medium and long-term projects, which include but are not limited to:

1. Commercialization of Genzyme business in Pakistan: bolting on Sanofi's global acquisition of the company, thereby enhancing Sanofi's position in the specialty segment by introducing specialized biotech products.

genzyme
A SANOFI COMPANY

2. Introducing Branded Generics in Pakistan: fulfilling the need of customers by providing access to quality economical products. This is being planned and executed through an innovative alliance with some top local partners to cope with the challenges of capacity constraints, and to manage the timing issues associated with registration and stability studies. With our presence of quality generics in diabetes, anti-infectives and gastroenterology we are working hard to expand our horizon to penetrate other therapeutic segments as well.

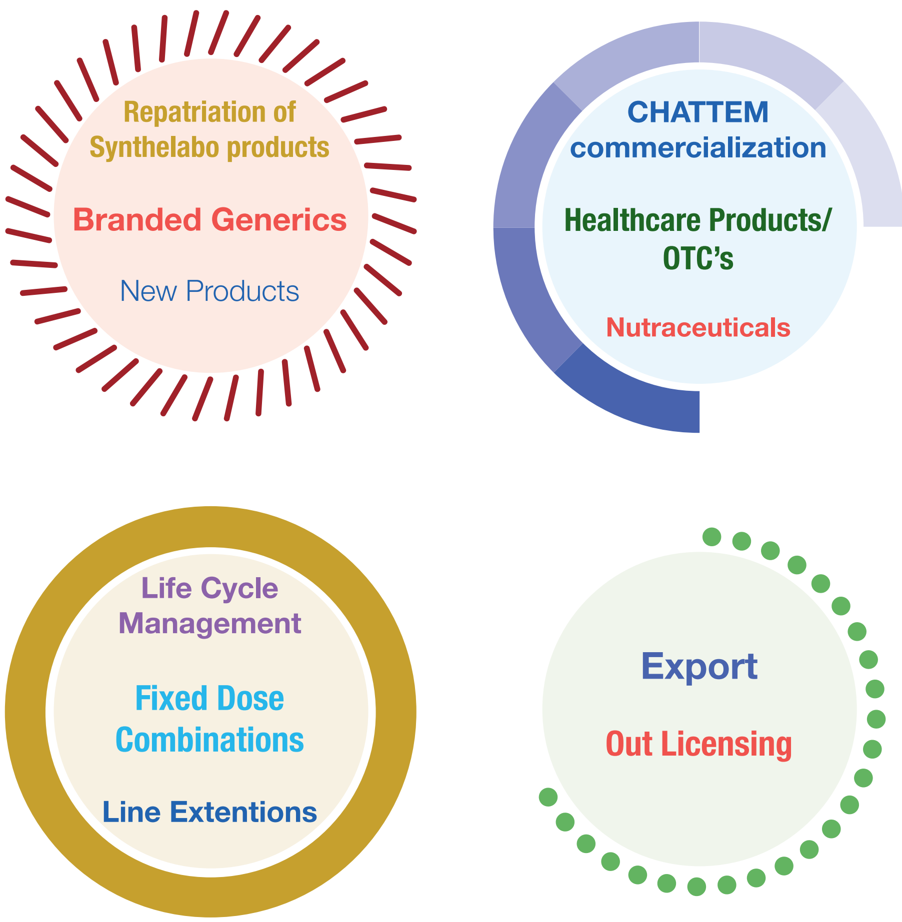
3. Diversifying the business by introducing Chattem, a US based consumer healthcare company acquired by the Sanofi Group. Aligning ourselves with the Group, Sanofi Pakistan has taken over the Chattem product, Selsun Blue shampoo. This is the first product, a household name for the treatment of dandruff, intended to be re-launched in 2012. Our

future endeavors will focus on expanding the Chattem range in Pakistan in the areas of topical analgesics, mouthwashes, diaper rash creams and various other categories.

4. Continuing in line with the strategy of diversification, Sanofi Pakistan also aspires to enter the Animal Health Market in the future through the introduction of global brands of Merial Products, a well known Animal Health company in USA.

5. Afghanistan Export is another milestone that Sanofi Pakistan is all set to embark upon in 2012. This new market which now will be managed by Pakistan presents a good opportunity to establish Sanofi products further through professional and ambitious management.

How does it all fit together?



MEDICAL

Focused on improving patient care

2010-2011

18 studies
12673 patients
441 investigators

Medical

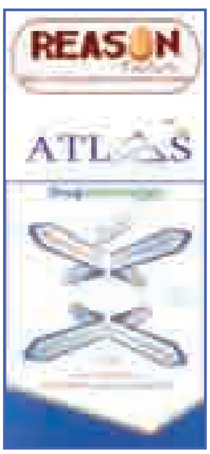
Engaging Key Opinion Leaders (KOL's) of the country in clinical research to improve patient care has been, and will continue to be, the hallmark of the Medical team.

Today, Sanofi Pakistan is held in high esteem by the local medical academia. In 2010-2011, as many as 18 clinical studies were conducted involving 441 investigators, targeting a patient pool of over 12,000. These studies are aligned with our strategic focus on Diabetes, Oncology, Cardiology and Anti-infectives.

Clinical Research Registry called REASON won the rising star award by IDF in Canada.

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

Medico-Marketing Excellence



Industrial Affairs

The Karachi site of Sanofi was founded in 1972, with an objective to develop, produce, package and distribute high quality medicines under optimal safety conditions and at competitive costs to the market. This is a diversified pharmaceutical manufacturing facility, manufacturing products ranging from oral solids and liquid dosage forms to highly technical and sophisticated sterile products.

The site is organized in four specialized and autonomous business units:

1. The dedicated Cephalosporin unit (Claforan® Plant), which has the capability of online filling and packing of Sterile powder
2. Haemaccel® Plant, which is the first blood plasma substitute manufacturing facility in Pakistan
3. Multi-product pharma manufacturing unit, the site's largest production facility manufacturing wide range of solids and injectable forms
4. A fully automated oral liquid unit

The site recently added another feather in its cap by commencing product development activity that is dedicated to new formulation development, life cycle management and adopting new technologies.

Amongst the support functions of the site, Industrial Quality and Compliance (IQC) is a key function that plays a vital role in maintaining high standards of quality, safety and efficacy for Sanofi products. It employs modern technologies, equipment and highly trained and qualified staff to measure the quality of products being manufactured, ensuring that products reaching patients are fully compliant to the claim of the drug substance. Not only that, an independent quality assurance system is also in place to ensure and maintain GMP standards.

Haemaccel® Plant:

Haemaccel® - a large volume parenteral required in emergency conditions to mitigate immediate blood loss. The Haemaccel® production unit is a dedicated basic sterile manufacturing workshop with a capacity of over 2 million bottles per year.

The Haemaccel® plant is of great significance to the company's operations by virtue of being the first plasma substitute plant resulting from transfer of state-of-the-art German technology to Pakistan. Local manufacture results in considerable saving for the country in foreign exchange as in the past the product was imported from Germany. It has also opened new avenues of earning foreign exchange by exporting to Thailand.

Claforan® Plant:

This plant is a dedicated sterile Cephalosporin powder filling and packing workshop, complying with the latest global cGMP and EHS standards with an installed capacity of 15 million vials per year.

This plant is regarded as one of the most modern facilities in the entire Asia-Pacific region, equipped with online filling and packaging operation with a dedicated quality control laboratory meeting international standards. Air handling units are installed separately in the technical area of the plant as per industry best practices so as to avoid any cross contamination. A Cephalosporin sensitivity test is mandatory before entry to this plant to avoid any allergic reaction at the workplace.

Oral Liquid Plant:

Commencing commercial production in early 2010, this plant was established at an investment of over 600 million Rupees. With an annual capacity of over 70 million bottles, the oral liquid plant contributes almost 40% of the total volume of Sanofi Pakistan. It is a highly sophisticated, state-of-the-art facility meeting the latest GMP and HSE standards.

All manufacturing and cleaning activities are integrated and controlled by PLC. The packaging suite is integrated and has a streaming manufacturing suite comprising a high-speed compact line installed by Marchesini from Italy.

Pharma Manufacturing Plant:

The oldest manufacturing unit of Karachi site which has recently undergone renovation. The company continues to invest in the latest technological advancements and to remain at the leading-edge of premium industrial performance. This site has an extensive granulation, compression and blistering operations allowing production of more than 1.5 billion tablets and capsules per year. The journey to these 1.5 billion tablets started with a single punch compression machine to multi-stationed, high speed and PLC controlled compression machines. The packaging operation also evolved from two conventional strip sealing machines to 5 high-speed blistering lines including three Ulman series.

Sterile liquid manufacturing and filling operation are also being carried out in this plant producing more than 350 million units.

Human Resources & Training

Rising to the challenges of growth

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

Recruitment

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

Our active participation at job fairs in the country's leading business schools reflects our determination and enthusiasm to pursue new talent and build a dynamic and highly competent team.

We are proud of our experiential recruitment process, especially in Sales. Our case-studies interview guides are developed considering real life situations. This gives us a clear idea about the candidates thought process and ability, thereby enabling us to recruit the best.

Every year, our new recruits go through a comprehensive orientation program, designed to enhance their understanding of the company, business and future outlook.

Training & Development

The year 2011, saw a number of programs dedicated to human talent recognition, development and career progression. The company imparted total training of 3394 days (in 2011) to 2022 employees of the company focusing on improving managerial, personal and functional effectiveness. With a total human asset force of 803 (2010: 800), representing different areas of organizational growth, the human resource department designed and conducted a wide variety of training and development programs.

- Licensed 2 Sell – a global initiative rolled out to all sales team (150 participants)
- Extensive training on technical aspects & sales certification process
- Business Management Certification Program to 45 employees
- New Product Training to around 200 employees
- District Managers' training for new/promoted DMs to develop their capabilities
- Participation of Sanofi Pakistan's employees as facilitators in 'Evolve' (a regional program to coach young High Potentials from different affiliates)
- In continuation of last years Talent Management Program (to nurture employees through a structured career program), employees sent abroad for management training programs 'Evolve' and 'Marketing Skills', Hong Kong university, Training seminar at Singapore
- Mapping for Leadership, an advanced leadership program for all supervisors including the Management Committee. This focused on training around the Leadership Competencies.
- W2E, (Way to Excellence) a customized, technical program for enhancing in-clinic performance of the sales force

Organizational Development

The HR team initiated various employee-related development and engagement projects that focus on enhancing organizational effectiveness.

CSR

People
Patient
Ethics
Planet

Promoting social progress, economic development and respect for the environment while acting ethically and responsibly

Corporate Social Responsibility

A shared culture of social responsibility

We are a healthcare company with deep moral commitments. Acting ethically and responsibly is in our DNA; it is an innate part of our culture.

As a healthcare company, Sanofi has placed the concept of social responsibility at the heart of its strategy and growth. Its approach to Corporate Social Responsibility (CSR) inspires all its activities while focusing on four main dimensions:

Addressing patients' needs - Patient
Ensuring ethical integrity in business and research - Ethics
Promoting social commitments - People
Limiting the Group's impact on the environment - Planet

Patient
the patient at the center of the group's business activities

- The right to health: access to healthcare
  - Access to healthcare in developing countries
  - Access to healthcare in developed countries
  - Sustainability of healthcare systems
  - Combating neglected tropical diseases
- Innovation: a priority
- Information and patient
- Relationships with patient organizations
- Fight against counterfeit drugs
- Pharmacovigilance
- Product quality

People
employees and local communities

- Diversity and non-discrimination
- Supporting change
- Developing talent and careers
- Occupational health and safety
- Contribution to local economic development
- Transfering skills and technology to developing countries
- Improving employee awareness about CSR

Social
Economic
Corporate Social Responsibility
Environmental

Ethics
ethics in action

Ethical Business Conduct
- Respect of human rights
- Good corporate governance rules
- Fighting corruption
- Responsible marketing
- Promoting CSR among suppliers and sub-contractors
- Risk management
- Relationships with healthcare professionals

Ethics in Research
- Bioethics
- Ethics and transparency of human clinical trials
- Cooperation and scientific partnerships
- Use of animals in research

Planet
environmental performance

- Environmental management system
- Local environmental footprint
- Struggle against climate change
- Environmental fate of the Group's products
- Preservation of biodiversity
- Protecting natural resources
- Managing industrial risk
- Recycling unused medicines

Giving aid, both in emergencies and on an every-day basis, means going beyond our immediate obligations to protect and serve as many human beings as possible. In 2011, progress in key areas continued in line with the expectation of stakeholders.

Fun Day (for young oncology patients)
May 2011

Objectives

- To foster positivity in young, underprivileged oncology patients through fun and recreation.
- To instill and reinforce the spirit of volunteerism in Sanofi employees.
- To create closer engagement between Sanofi and “My child matters” program.

Activities

- Sanofi Pakistan collaborated with Children’s Cancer Hospital (CCH) to organize a “Fun Day at Sanofi Pakistan” for CCH patients.
- The activity was held at Sanofi Head Office premises.
- Young oncology patients were invited along with parents/caregivers. Various activities were held for their entertainment including magic show, games, competitions and a photography session.
- To facilitate the children and their parents/ guardians, Sanofi provided transport to all guests.
- While children were engaged in various fun-activities and games with and under the supervision of Sanofi employees, a discussion was held separately with parents and caregivers to gain deeper insight into their needs and concerns.

Breast Cancer Awareness October 2011

Objectives

- To mark October as "Breast Cancer Awareness Month" and carry out various activities aimed at increasing awareness of both internal and external stakeholders.

- To form partnership with hospitals and engage the physicians' community in creating mass awareness of the complications and risks associated with breast cancer.

Activities

Internal

- Sanofi Oncology launched a month-long campaign internally on raising awareness of breast cancer amongst employees. From October 1 till the last week of October, awareness messages were displayed at prominent locations and disseminated to all employees via email.

- A renowned Medical Oncologist, Dr. Narjis Muzaffar, was invited to Sanofi Pakistan to make a presentation challenging common myths and misconceptions associated with breast cancer. The participants included all female employees and spouses of male employees.

- Sanofi partnered with Pakistan Medical Association (PMA) for free mammography services for female employees assessed by risk profile. The newly commissioned mobile mammography van of PMA was deployed at Sanofi Pakistan's Head Office in Karachi. A number of female employees underwent free mammography.

External

- Sanofi partnered with Institute of Nuclear Medicine and Oncology, Lahore (INMOL), for an awareness program, attended by around 900 women. Various aspects of breast cancer, such as self-examination techniques, family history, mortality and morbidity rates were discussed at this forum.

- Continuing Medical Education (CME) programs with family physicians were arranged in Lahore and Karachi.

- Breast cancer screening program was conducted at Al-khidmat Hospital, Orangi Town (Karachi), in collaboration with eminent doctors from Ziauddin Hospital, Karachi. Around 25 women were also screened for breast cancer.

World Diabetes Day
November 2011

Objectives

- To highlight the significance of early diagnosis of diabetes.
- To draw attention to complications of the condition.
- To reach out to at a mass level, positioning Sanofi as a major player in the fight against diabetes.

Activities

- A week-long outdoor campaign was launched across Karachi and Lahore.
- Simple yet powerful messages were communicated through hoardings and streamers installed at key locations.
- 166 diabetes screening camps were held at various hospitals across Pakistan.
- Around 8,300 patients were screened free of cost.

Go Green
December 2011

Objectives

- To encourage community-involvement amongst Sanofi employees.
- To take ownership of the environment and make it cleaner and greener, within and outside Sanofi premises.

Activities

- A beach-cleaning activity was organized at Sea View, Karachi. Sanofi employees and their families volunteered for the "Go Green" campaign to clean the most popular and busy beach of Karachi.
- Islamabad-based Sanofi employees planted 50 trees in the Fatima Jinnah Park.
- Various departments of Sanofi Pakistan planted one tree each on the premises of Sanofi Pakistan's Head Office.
- Plantation within the premises was increased and the existing green-belt outside the Head Office was enhanced.
- Waste bins were donated to select hospitals in Karachi.

Water is Life
April- September 2011

Objectives

- To promote better health in the local community through awareness of the benefits of safe drinking water.

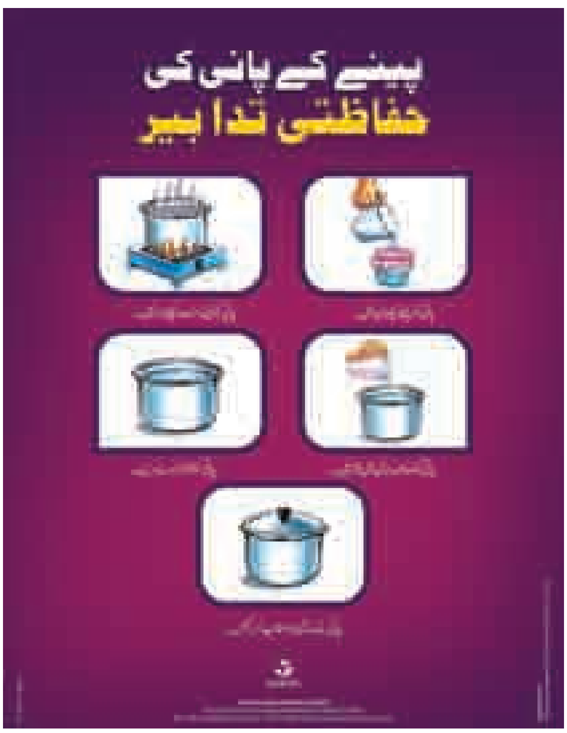
- To identify far-flung, under-privileged communities where diarrhea cases were on the rise, and provide solutions to diarrhea patients through Diarrhea Control Centers (DCC)

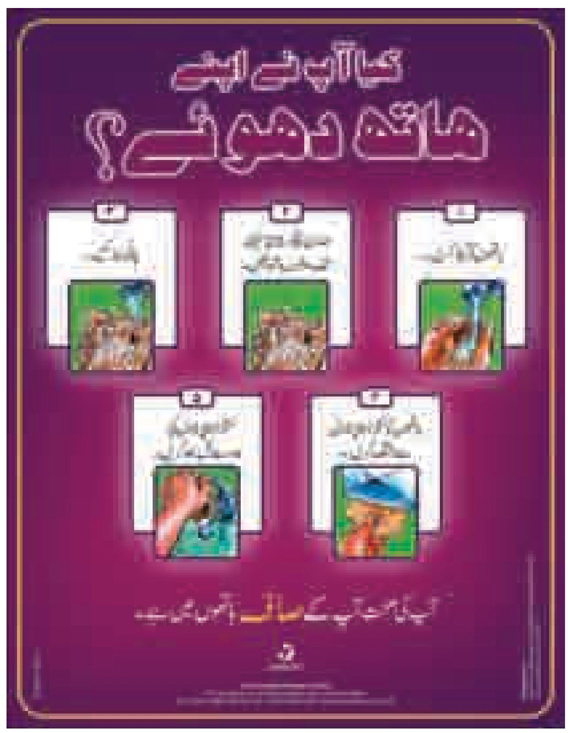
Activities

- Identified key healthcare centers in different localities, and established 50 Diarrhea Control Centers (DCC)

- Equipped DCC's with the right tools for diarrhea management, such as DCC hygiene kits containing antibacterial soaps, paper towels, drinking water dispensers, disposable gloves, alcohol swabs, syringe cutters and air purifiers.

- Ensured regular supply of potable/clean drinking water at all DCC's to promote access to safe water for the community.





Patient Safety Day
December 19, 2011

Objectives

- To promote understanding of internal stakeholders of their responsibility towards ensuring patient safety.
- To reinforce Adverse Drug Reporting (ADR) procedure.
- To ensure proper disposal of expired medication.

Activities

- A "Medicine Collection Program" was launched whereby containers were placed at various locations to promote responsible disposal of expired medication.
- The "Five Rights of Medical Administration" (Right drug, Right dose, Right time, Right person, Right route) were disseminated via email to promote safe and responsible medication administration.

Women's Wellbeing
September 2011

Objectives

- To effectively address an important public health problem of Chlamydia – a pathogen that can result in sexually transmitted disease (STD), and if left untreated, can spread into the female reproductive tract and cause pelvic inflammatory disease (PID).

.

- To introduce for the first time in Pakistan, state-of-the-art diagnostic technique-Polymerase Chain Reaction (PCR) - for pathogen detection and thus reduce the social, pathological and economic burden of the disease, especially on the female population, as well as its more serious repercussions, resulting in infertility, ectopic (misplaced) pregnancy, abscess (pus) formation & chronic pelvic pain.

Activities:

- Established a Steering Committee of renowned experts in the field of Gynecology and Obstetrics across the country and developed a protocol in collaboration with the Committee to identify women suffering from PID.

- Forged partnership with Sahara Lab, a laboratory supported by the NGO Sahara for Life Trust, to design genomic model of Chlamydia trachomatis for detection through PCR.

- Ensured development and provision of special training kits to Gynecologists

- Conducted free diagnosis for 650 patients through PCR as per protocol

Workforce Development 2010-2011

Objectives

- To impart advanced education and analytical skills to junior members of affiliate's sales team(s) in order to prepare them for future leadership roles.

Activities

- An employee development initiative was devised in partnership with the Institute of Business Administration (IBA), Karachi.
- This was the first program to offer accreditation in business administration for the pharmaceutical industry in Pakistan.
- Introduced a two-year program which offered an IBA Certificate in Business Administration upon completion.
- 90 Field Executives took the entrance assessment, out of which 45 passed the entrance exam and were enrolled into the 2-year program

Corporate Governance, Ethics & Compliance

Ethics in R&D
Business ethics
Human rights

DID YOU KNOW?
All Sanofi employees, regardless of where they work or the job they do, must uphold the principles and values of the Code of Ethics.

Corporate Governance

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

Composition of board and directors' independence

In line with good governance practice, the Chairman of the board is an independent non-executive director representing minority interest. The board comprises of 9 directors out of which 6 are non-executive directors, including 3 representing minority interests. The roles of Chairman and the CEO has been clearly defined and segregated. The CEO is responsible for operations of the company whereas the board under the Chairman performs oversight responsibilities.

Performance evaluation of the board

The board, being the trustee of the shareholders, has set the following broad criteria for evaluation of its performance:

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

Performance evaluation of the Chief Executive Officer

The performance of the Chief Executive Officer (CEO) is based on the criteria defined by the sanofi group, which takes into account both qualitative as well as quantitative parameters. The CEO also apprises the board of the developments taking place in the pharmaceutical industry both globally and locally including the overall position and performance of the company.

Management initiatives on corporate governance

In addition to refresher on corporate governance, enterprise risk management and controls to management personnel, update on corporate governance requirements and changes was also given to the Audit Committee members

Ethics & Compliance

Ethics is an integral part of the culture at sanofi-aventis Pakistan & guides the behavior and conduct of all employees enabling them to meet objectives efficiently, transparently and fairly. To keep in line with the changing industry dynamics, a new Code of Ethics was launched during the year. Employees were given extensive training on the new code, which was launched both in english and urdu languages. The new code has been approved by the Board of Directors and is applicable to all employees and directors. To support the implementation of the ethical principles of the company, an elaborate and comprehensive ethics program has also been implemented.

The ethics program includes:

- Code of ethics (and supplemental codes & guidelines)
- Training for employees
- Communication channels
- Mechanism to report wrongdoing
- System for detection and conducting inquiries
- Taking corrective action

The code of ethics is supplemented by various function specific codes, which include:

Financial code of ethics
This code defines the acts and omissions to be followed by senior executives, specially those responsible for public disclosure and financial information.

Early warning procedure
The company has an elaborate whistle blowing policy, relative to financial, accounting, internal control and anticorruption matters. Global as well as local channels are defined for employees to communicate their concerns.

Principles of good promotional practices
Defines the fundamental promotional rules recommended by the World Health Organisation and the International Federation of Pharmaceuticals Manufacturers Associations.

Personal data protection charter
This charter outlines sanofi-aventis corporate rules for the collection, processing, use, dissemination, transfer, and storage of personal data, in order to secure an adequate level of protection within the group.

Code for prevention of insider trading
Defines rules for prevention of insider trading within the sanofi-aventis group.

Ethical charter for buyers
This document defines the rules applicable to and the behaviour required from all sanofi-aventis employees who are involved in the buying process.

Anti Bribery Policy
This policy provides additional guidance and procedures for employees of sanofi to comply with applicable anti-corruption and anti-bribery laws and regulation.

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

ERNST & YOUNG

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Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530, Pakistan

Tel: +9221 3565 0007
Fax: +9221 3568 1965
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We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2011 prepared by the Board of Directors of sanofi-aventis Pakistan limited (the Company) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 31 December 2011.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Karachi: 22 February 2012

Statement of Compliance

with the code of corporate governance for the year ended December 31, 2011

This statement is being presented to comply with the code of corporate governance contained in listing regulation no. 35 of the Karachi Stock Exchange (Guarantee) Limited, listing regulation no. 35 of the Lahore Stock Exchange (Guarantee) Limited and chapter XI of the listing regulations of the Islamabad Stock Exchange (Guarantee) Limited, 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 6 non-executive directors, out of which 3 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.

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

5) Casual vacancies occurring in the board during the year were duly filled up by the Directors.

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

7) 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.

8) 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 the executive director, have been taken by the board.

9) 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 at least 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.

10) The board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. For the incoming directors the orientation course will be

arranged in due course. Further, as required by the amended sub-clause (xiv) of clause 35 to the code ("Orientation Courses / Directors' Educational Program"), certification for the directors under "The Board Development Series" program offered by the Pakistan Institute of Corporate Governance will also be arranged in due course.

11) The board approves the appointment, remuneration and terms and conditions of employment of chief financial officer, company secretary and the head of internal audit. The new chief financial officer, Mr. Mohammad Ibadullah was appointed by the Board on October 27, 2011. No new appointment of company secretary and head of internal audit have been made during the year.

12) The directors' report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

13) The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

15) The company has complied with all the corporate and financial reporting requirements of the code.

16) 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.

17) 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 have been formed and advised to the committee for compliance.

18) The board has set-up an effective internal audit function.

19) 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.

20) 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.

21) All related party transactions have been placed before the audit committee and approved by the board of directors alongwith pricing methods for transactions carried out on terms equivalent to those that prevailed in the arms length transactions.

22) 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
Managing Director

Dated: February 22, 2012

Calendar of Major Events

Month	Event	Description
Meetings board of directors / Audit committee		
February	Board & audit committee	Consider & approve results for the year 2010
March	AGM	43rd Annual General Meeting Held in Karachi
April	Board & Audit Committee	Consider to approve results for Q1' 2011
August	- do -	Consider to approve results for Q2' 2011
October	- do -	Consider to approve results for Q3' 2011
Medico-marketing events		
January	Diabetes Symposium	Sharing results of clinical studies in local diabetic population with the medical professional.
March - June	Symposia on CAMPAIGN Study	Three local symposia held across Pakistan to share the results of CAMPAIGN study based on findings of renal disease in diabetic patients.
May	Cardio-Thrombosis Symposium	Disseminating results of Clinical studies in local patients with Cardiovascular disease.
	Children Cancer Program	A fun day organized for children with cancer in collaboration with Communication at Sanofi premises.
June	Typhoid Symposia	Two typhoid symposia held in Multan & Faisalabad to share the results of a nation wide study on typhoid in adults.
September	Infectious Diseases Symposium, Dubai	Shared results of NASPAK study, regarding surgical prophylaxis practice in Pakistan.
November	Enterprise wise risk management	Conducted workshop for the management committee on risk management methodologies and best practices
December	IDF Symposium, Dubai	Exhibited and presented two studies at the World Diabetes Congress organized by International Diabetes Federation.
	Patient Safety Day	Creating awareness on Pharmacovigilance/ safety matters in company employees
October-December	eLearning module on ethics	To make the employees familiar with the new code of ethics, training was provided to all the employees through a web based learning module.
Other events		
February	Annual Sales Conference	Celebrated sales success for the year 2010
June	Launch of code of ethics	As part of global compliance campaign, new code of ethics was launched and circulated to all the employees. For workers it was circulated in urdu language.
November	Corporate Award	Annual report for 2010 awarded 3rd Position in the Chemicals & Fertilizers category by the joint Committee of ICAP and ICMAP.

Directors' Report

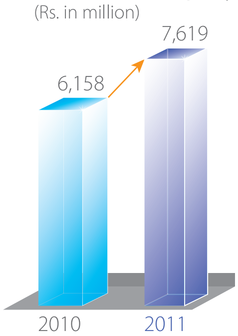
We are pleased to present the Annual Report and the company's audited financial statements for the year ended December 31, 2011. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xix of the code of corporate governance.

Overview

We are pleased to inform that net sale for the year ended December 31, 2011 at Rs.7,619 (2010: Rs.6,158) million registered an overall growth of 23.7% over the last year, comprising of Rs.7,083 (2010: Rs.5,792) million and Rs.536 (2010: Rs.366) million attributable to pharmaceutical and the vaccine products, respectively. Thus our pharmaceutical products recorded a growth of 22.3% (2010: 15.2%) over last year. The good results for the pharmaceutical sales during the year were driven mainly by volume growth of our key pharmaceutical brands, exploring and materializing growth opportunities (which includes licences acquired for certain pharmaceutical products as well as new line extension for the Amaryl®, Flagyl® and Taxotere® family) and by the impact of price increase granted last year to a few of our products representing "hardship cases".

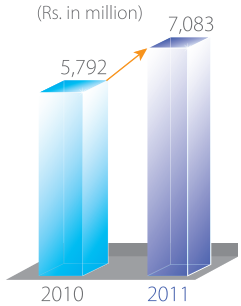
The vaccines business of the Company also recorded a growth of 46.5% (2010: decline of 78.4%) over last year, comprising of Rs.394 (2010: Rs.215) million and Rs.142 (2010: Rs.151) million attributable to the vaccines public and private market business respectively. As mentioned in the earlier reports, public market business for vaccines is highly volatile and unpredictable because substantial supply of these vaccines to the government institutions is in finished form and directly through international donors (viz.

Net Sales-Company
(Rs. in million)



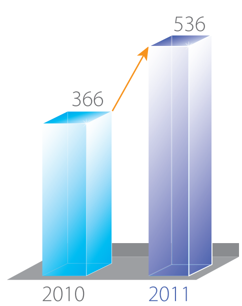
- +23.7% growth on a reported basis combined for pharma and vaccines business
  - +23.5% volume growth
  - +0.2% price increase

Net Sales-Pharmaceuticals
(Rs. in million)



- +22.3% growth on a reported basis

Net Sales-Vaccine
(Rs. in million)



- +46.5% growth on reported basis

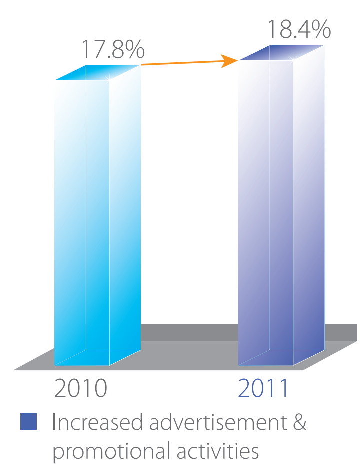
UNICEF, WHO and GAVI) rather allowing the government institutions directly procuring the requisite quantities from the Companies registered in Pakistan. Therefore, taking into account the variability of the vaccines public market business, the Company's management is continuously taking initiatives to develop the private market business to further accelerate the sales growth. Accordingly, two new vaccines products by the name of Trimovax® and Shanvac® B were launched in the months of June and December 2011 respectively.

Gross margin for the year ended December 31, 2011 has increased to Rs.2,034 million from Rs.1,754 million in absolute terms whereas as a percentage of net sales, gross margin has declined to 26.69% from 28.48%. The increase in gross margin in absolute terms is attributable to volume growth whereas the decrease in gross margin as a percentage of net sales is primarily due to Pak Rupee depreciation, continued high inflation, increase in cost of utilities, fuel & power due to higher production as well as electricity break down and under supply of water, higher depreciation charge over last year mainly representing full year impact of liquid project capitalized in April 2010, increasing travelling and conveyance expense due to fuel price volatility, higher amount of security related expenditure over prior year etc.

Gross Margin

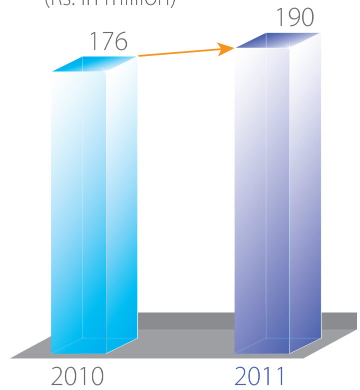
Distribution and marketing expenses have increased both in absolute terms (by 27.86%) as well as a % of net sales from 17.77% to 18.36%. The increase is attributable to both the pharmaceuticals as well as vaccines business activities with increased spending on advertising and promotional activities (the Company is increasing its investment on advertisement and promotional activities by investing in new businesses in order to drive future business growth for overall sustainability of the business / company) coupled with higher staff cost mainly on account of special allowance given to sales force to compensate the inflationary impact, increase in sales incentive and handling, freight and transportation expenses consequent to sales growth and fuel price volatility, higher depreciation charge which includes amortization of product licenses acquired during the year, increased commission expense pertaining to the vaccines tender business, adverse exchange parity impact relating to imported items (e.g. medical journals etc) and the impact on account of general inflation.

D & M / Net Sales Ratio



Administrative expenses increased by 8.26% due to increases recorded in all cost categories especially higher staff cost mainly on account of special allowance given to management staff with relatively low salary income to compensate the inflationary impact, utility expenses, rising costs for security, travelling & conveyance, general inflation etc.

Administrative Expenses
(Rs. in million)



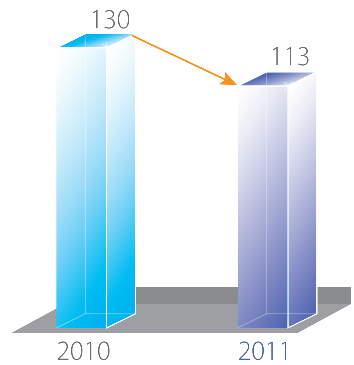
Increased expenses across all cost categories

Other operating cost for the year mainly includes statutory charges (i.e. Workers' Profit Participation Fund, Workers' Welfare Fund and Central Research Fund), which are all related to profit and marginally increased over last year. These also include significantly higher amount of exchange losses amounting to Rs.20.09 million (2010: Rs.6.92 million) as well as provision for sales tax refund considered doubtful.

Operating income for the year included Rs.65.67 million (2010: Rs.71.29 million) and Rs.64.98 million (2010: Nil) on account of financial support from Sanofi Pasteur S.A. and Sanofi-aventis Singapore respectively in respect of the vaccines and pharmaceutical trading business, gain of Rs.9.33 million (2010: Rs.10.98 million) on disposal of certain fixed assets, Rs.8.91 million (2010: Rs. 7.89 million) representing rental income from Bayer Cropscience (Private) Limited and scrap sales of Rs.13.09 (2010: Rs. 7.89 million).

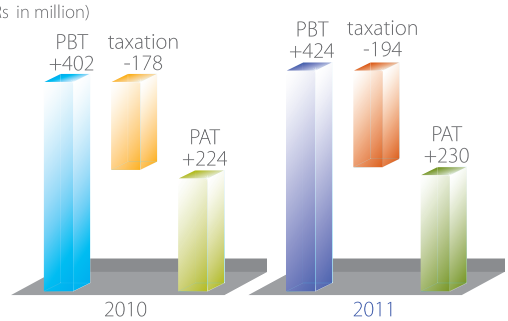
We were able to manage our financing cost and it significantly decreased by 12.95% over last year despite the continuing high mark-up rates.

Finance Costs
(Rs. in million)



Profit after tax at Rs.229.59 (2010: Rs.224.02 million) is marginally higher (2.48%) than 2010 because of high sales growth of pharmaceutical products.

Operational leverage leads to Increase in net profit
(Rs in million)



Marginaly higher because of high sales growth

In 2011 approximately 85% (2010: 86%) of our sales were on cash before delivery basis to 16 regional distributors and 1 distributor based in Afghanistan. The remaining 15% sales (2010: 14%) were made on credit to large hospitals and government institutions. Effective credit control procedures are in place and the debtors' turnover ratio as of December 31, 2011 is 12 days as compared with 5 days last year.

Industry leadership

According to the last IMS market report sanofi-aventis is now ranked 6th in the pharmaceutical industry of Pakistan, with a market share and growth rate of 4.1% (2010: 4.5%) and 16.0% (2010: 19.3%) respectively. Since the transformation of the group globally, sanofi-aventis S.A. France, now is one of the world's leading *"Diversified Health-care Company with patient centric approach"* offering medicines, consumer health care products and generics.

New / Generic Product Including Line Extensions

Our operating environment remains under pressure on various fronts. However, we continue to focus on growth and strengthen our diversified product portfolio. We are also actively engaged in developing our new products pipeline, so as to ensure a balanced business for the future, creating value for our shareholders and providing new and affordable healthcare solutions to patients.

Thus, in line with above strategy, the following new / generic products, including line extensions, were added to our portfolio in 2011:

Line Extensions of Pharmaceutical Products:

- Amaryl® M SR Tablets in the strength of 1mg/500mg and 2mg/500mg.

A new line extension of the Amaryl® family Amaryl® M SR, the first and only sustained release fixed doze combination for the management of diabetes, was launched in the month of March, 2011.

- Flagyl® Plus Tablets

A new line extension of the Flagyl® family Flagyl® Plus, was launched during the month of May, 2011. A fixed dose combination to treat Amoebiasis and Giardiasis, the new Flagyl Plus® with its added and swifter action answers patients' needs more effectively.

- Taxotere® 20mg/1ml Injection

A new line extension of the Taxotere® family Taxotere® 20mg/1 ml, was launched during the month of October, 2011. This formulation requires no prior dilution with diluents and is ready to add to the infusion solution. It is used mainly for the treatment of breast, ovarian, prostrate and non-small cell lung cancer.

New Vaccines Launches:

- Trimovax® Vaccine 0.5 ml

Trimovax is a combination vaccine for prevention of measles, mumps and rubella in children. Its 1st injection is given at the age of 9 to 12 month while the 2nd injection is given between 4 to 6 years of age.

- Shanvac® B Vaccine 1 ml

Shanvac® B is indicated for active immunization against hepatitis B virus infection in adults at high risk of contracting hepatitis B for example health care personnel, laboratory workers, patients with chronic renal failure, hemophiliacs, close contacts to cases or carriers, infants born to mothers who are hepatitis B carriers and travelers to endemic areas.

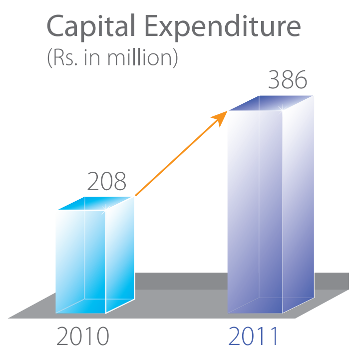
Product Licenses Acquired During the Year 2011:

As mentioned above, the Company's management is continuously focusing to improve upon the overall business growth and sustainability; therefore, as disclosed in note 4.1 to the financial statement, the Company had acquired the following pharmaceutical product licenses during the year 2011:

(i) Danocrine® 100mg and 200mg Capsules
(ii) Garden® 250mg and 500mg Tablets
(iii) Jumex® 5mg Tablets
(iv) Muscoril® 4mg Capsules
(v) Muscoril® 4mg/2ml Injections
(vi) Sosegon® 25mg Tablets
(vii) Sosegon® 30 mg Injections
(viii) Tranxene® 5mg, 10mg and 15mg Capsules

Capital expenditure

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



During the year under report an amount of Rs. 385.65 million (2010: Rs. 208.09 million) was incurred on various capital expenditure projects. These mainly included investments on Flagyl Filling Line (Rs. 101.85 million), Compression Machine for Pharma Plant (Rs. 33.62 million), Reverse Osmosis Plant (Rs. 26.81 million), Re-modeling of Packing Area (Rs. 14.58 million), Thai Coater (Rs. 10.64 million), Stacker (Rs. 4.89 million), Tin Shed for Liquid Plant (Rs. 3.96 million), Small Scale Laboratory (Rs. 2.27 million) etc. An amount of Rs. 77.35 million (2010: Rs. 592.9 million) was capitalized and transferred to fixed assets.

In addition to the manufacturing facilities, capital expenditure for an amount of Rs. 27.48 million, Rs. 27.55 million and Rs. 70 million was incurred for the purchase of factory and office equipments, vehicles for management and field force staff and product licenses (detailed above) respectively.

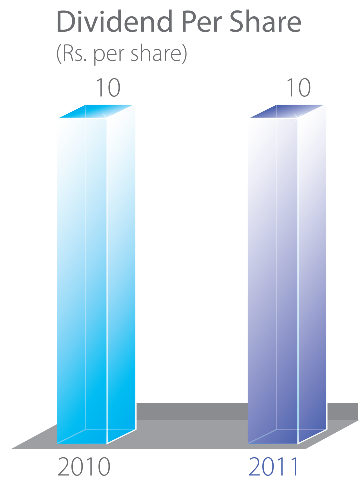
Profit, finance & taxation

The Company's total turnover has significantly increased over the last year due to a combination of strategies adopted by the Company's management to ensure the overall sustainability as well as appropriate return for the shareholders, however, overall profitability both before and after tax is an area of concern for the management which has marginally increased over the prior year by 5.42% and 2.48% respectively despite the challenging business environment and adverse impact on profitability due to prize freeze maintained on our products, Pak Rupee depreciation, double digit inflation etc.

The profit, taxation and proposed appropriations are stated below:

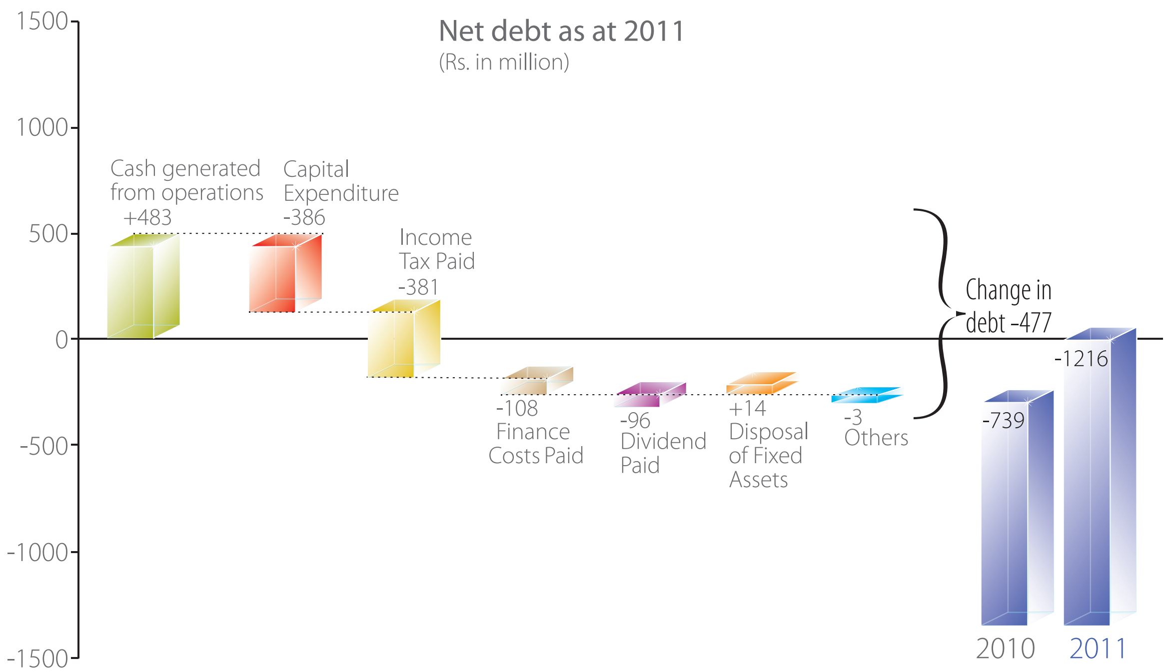
	(Rs. in '000')
Profit for the year before taxation	423,416
Taxation :	
Current - for the year	(157,739)
- prior period	(5,995)
Deferred	(30,092)
Total	(193,826)
Profit after taxation	229,590
Unappropriated profit brought forward	8,793
Actuarial gain recognized directly in equity	
– net off deferred taxation	(21,777)
Profit available for appropriations	216,606
Appropriations :	
Proposed final dividend @100% out of	
profits for the year ended December 31, 2011	(96,448)
Transfer to reserve	(100,000)
	(196,448)
Unappropriated profit carried forward	20,158

A good return & payout to shareholders is one of the primary objectives of your company. The directors of the company are pleased to recommend a final dividend of Rs.10.00 per share (100%), for approval by the shareholders. Further, taking into account the overall borrowings of the Company as of December 31, 2011 and capital commitments, the directors approved a transfer of Rs.100 million from unappropriated profit to general reserve.



Cashflow

Total bank borrowings as at December 31, 2011 of Rs.1,216.1 million (2010: Rs. 738.7 million) comprised of term finance loan and short term borrowing amounting to Rs.300 million (2010: Rs.500 million) and Rs.916.1 million (2010: Rs.238.7 million) respectively. These have increased significantly by Rs.477.4 million mainly due to deduction of with-holding taxes for an amount of Rs.380.6 million, payment of finance cost amounting to Rs.107.9 million, capital expenditure of Rs.385.65 million and Rs.96.02 million representing dividends payments, which is partly offset by positive cash flows from operating activities amounting to Rs.483 million.



Business risks and challenges

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

Our pension and gratuity liabilities are affected by factors such as the performance of plan assets, interest rates, actuarial data and experience and changes in laws and regulations

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

We face uncertainties over the pricing of pharmaceutical products

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

However, as mentioned in our earlier reports, we were granted price increase only on some of our products with the freeze on selling prices since December 2001 continuing on the remaining products despite significant currency depreciation and cost increases across all cost categories.

A slowdown of economic growth could have negative consequences for our business

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

We rely on third parties for the manufacture and supply of a substantial portion of our raw materials, active ingredients and medical devices

Third parties supply us with a substantial portion of our raw materials, active ingredients and medical devices, which exposes us to the risk of a supply interruption in the event that our suppliers experience financial difficulties or are unable to manufacture a sufficient supply of our products meeting requisite quality standards. It also increases the risk of quality issues, even at the most scrupulously selected suppliers. Even though we aim to have backup sources of supply whenever possible, however, we cannot be certain that they will be sufficient if our principal sources become unavailable.

Counterfeit products could harm our business

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

As mentioned last year, the management of the company together with other pharmaceutical Companies in the country is devising a strategy to minimize the exposure consequent to above risk facing the pharmaceutical industry as a whole.

Changes in mark-up rates could affect our before tax profits

Since the company's cash flow management is dependent on the committed credit facilities, accordingly, changes in mark-up rates could also significant impact company's operating results before taxation. In order to mitigate the above risk, the company's management is taking initiatives as described in detail below (see "Future Outlook – Cash Flow Management").

We are subject to the risk of non-payment by our customers

We run the risk of non-payment by our customers, which consist principally of distributors, pharmacies, hospitals and government institutions. In order to minimize the credit risk exposure we sell our products on cash basis to the distributors which comprise approximately 85% of our sales. Whereas we seek to manage our credit risk exposure as described in note 34.2 to the financial statements.

Risks relating to Financial Markets

Exchange rate fluctuations could affect our operating profits

Since significant parts of the company's operations are based on imported raw material and active ingredients, exchange rate fluctuations can significantly impact the company's operations as well as cash flow management. We are particularly sensitive to movements in exchange rates for the euro and the U.S. dollar. The management policy to manage the currency risk has been described in note 34.1.1 to the financial statements.

Related party transactions

All related party transactions, during the year 2011, were placed before the audit committee and the board for their review and approval. These transactions were duly approved by the audit committee and the board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The company also maintains a full record of all such transactions, alongwith the terms and conditions. For further details please refer note 32 to the financial statements.

Financial statements

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

Award for best practices and corporate reporting

Annual Report 2010 was awarded 3rd Best Corporate Report - Chemicals & Fertilizers Sector of Pakistan

The Board feels immense pleasure in informing the shareholders that the Company's Annual

Best Corporate Report Award 2010

Report was awarded the "Third Position" in the "Chemicals & Fertilizers sector" by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

This award seeks to promote corporate accountability, transparency and governance through the publication of timely, informative, factual and reader friendly annual reports. This is a wonderful performance and the Board acknowledges and appreciates the whole team for this achievement.

Contribution to the national exchequer

During the year the company paid over Rs.784.5 (2010: Rs. 422.3) million to the government and its various agencies on account of various government levies including custom duty, income tax and Workers Welfare Fund.

Contribution to the country's economy

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

Our contribution to the corporate social responsibility program has been immense and has been a cornerstone in the quest towards the betterment of the society at large, details of which are given below. We also prefer buying goods / material from the local vendor over the imports provided these meet the requisite quality standards because for us health matters.

Corporate social responsibility

The company operates in a socially responsible manner and is committed to the highest standards of corporate behavior. 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, brief detail of which are given on page 43 to page 52 to the Annual Report:

- In order to foster positivity in young, under-privileged oncology patients through fun and recreation, sanofi-aventis Pakistan limited collaborated with Children's Cancer Hospital (CCH) to organize the activity – "Fun Day at Sanofi Pakistan" – at its Head Office in Karachi.

- Support for breast cancer awareness to highlight the importance of screening and early diagnosis.

- To highlight the significance of early diagnosis of diabetes and prevention of diabetes-related complications, Sanofi Diabetes and Communications developed an outdoor media campaign, which comprised installation of large signboards, hoardings and streamers at key locations in both cities, spreading awareness of the benefits of early diagnosis, for one full week.

- To encourage the notion of community-involvement amongst Sanofi colleagues, a beach-cleaning activity was organized at Sea View, Karachi. Sanofi employees and their families volunteered for the "go green" campaign to clean the most popular and busy beach of Karachi.

- To promote the benefits of safe drinking water in the local community, the Company identified key health care centers in different localities, and established 50 Diarrhea Control Centers (DCC).

Information technology

In line with our continuous endeavours to regularly upgrade information systems we continued with our policy to invest more and more in information technology (IT) and upgrade of related infrastructure, thereby continuously improving and enhancing both qualitative and quantitative aspects of management reporting including decision making processes. IT spending during the year amounted to over Rs.19.6 million (2010: Rs. 8.9 million).

Following are some of the highlights relating to IT activities:

Infrastructure

- Email & VPN connectivity is now given to over 850+ employees;
- Investment in new servers and state of the art enterprise storage systems;
- Doubled the internet bandwidth to improve connectivity and business productivity; and
- Enterprise class WiFi access in offices

Business solutions

- eTMS system that manages sales force monitoring, performance, incentives, primary and secondary sales; and
- on going improvements to daily call reports, sales analysis, personal KPIs and other field related information.

Business process improvements

As part of our drive to improve further on our business processes, we are continuously investing in workflow projects for internal efficiency. Some of our business process projects have been very successful and included:

- Upgraded ERP SAP to latest version;
- A new HR appraisal system for all employees;
- Electronic business travel authorization for efficiency in travel approvals and communication with third party travel agency; and
- Medical leaflet workflow system for internal tracking of documents and approvals

Website

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

Environment, health & safety

Sanofi-aventis Pakistan is committed to maintain the standards of environment, health and safety (EHS) at the higher level. The Company has a dedicated EHS department to oversee the implementation of EHS objective and reports to Executive Management. As part of our governance responsibility, our Regional EHS Head audited the Karachi manufacturing site in the month of April 2011 and reported satisfactory EHS compliance level at the site.

Some of the key EHS highlights of the year 2011 were as follows:

- In-house training given to 300 employees utilizing 550 hours on various subjects covering fire fighting, respiratory protection and operation of Automated External Defibrillator (AED);

- Fire protection system installed and qualified in finished goods warehouse of the Company;
- Small scale laboratory constructed for the manufacturing of validation batches;
- Ensured safety of Contractors and their staff during execution of various projects through effective monitoring of safety guidelines as a result not a single contractor's injury was reported during execution of various projects;
- All emissions during the year complied with National Environmental Quality Standards (NEQS).
- Launched energy conservation program thereby saving energy by 2%;
- Safety week was organized in the month of July and November 2011 emphasizing on all three aspects of EHS through various activities.

Our commitment to Environment, Health & Safety is manifested in all our activities as a no major accident was reported in 2011.

Environment risks of our industrial activities

Following measures are being taken by sanofi-aventis Pakistan limited to keep the environment clean and free from any of its contaminants:

Manufacturing waste

All waste generated from site is stored in designated places. Hazard waste is incinerated in certified incinerators while non-hazard waste is recycled through third party.

Retention tank

Site has fire water retention tank for collection of any big spillage thereby preventing the soil from contamination.

Waste water treatment plant

All waste water, chemical and biological is collected in the waste water treatment plant prior to treatment and release in the sewerage line. The company's management ensures that water tested by third parties complies with National Environmental Quality Standards (NEQS).

Emission

Emission from boilers and generators are regularly monitored and complies with NEQS.

Biological waste

Biological waste from microbiological laboratory is first autoclaved to kill all bacteria prior to landfill.

Hazard chemicals

All waste of hazard chemical from Quality Control are stored in an approved safety container until incinerated.

Retention bay

All hazard chemicals are stored in area having retention bay or having secondary containment to prevent the soil in case of spillage.

Directors

The following persons were elected as Directors in the 43rd Annual General Meeting (AGM) of the Company held on Tuesday, 29 March, 2011:

(i) Syed Mr. Babar Ali
(ii) Mr. Tariq Wajid
(iii) Syed Mr. Hyder Ali
(iv) Mr. Arshad Ali Gohar
(v) Dr. Shailesh Ayyangar
(vi) Mr. Francois Jean Louis Briens
(vii) Mr. Jean-Marc Georges
(viii) Mr. M.Z. Moin Mohajir
(ix) Mr. Amanullah Khan

After the election of Directors, Mr. Moin Mohajir resigned from the Board consequent to attaining the retirement age in line with the Company policy. The casual vacancy was filled by the nomination of Mr. Mohammad Ibadullah which was duly approved by the Board.

Mr. Moin Mohajir (Director and ex-CFO) has retired from sanofi-aventis Pakistan limited after serving the organization for a period of over 30 years. We would like to place on record our appreciation for the support received from him during his tenure.

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.

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.

Audit committee

The audit committee was reconstituted after the election of Directors and is composed of the following 2 non-executive directors and one alternate director:

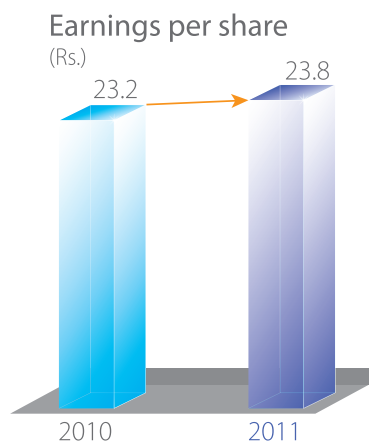
- Syed Mr. Hyder Ali
  Chairman (Non-Executive Director)
- Mr. Francois Jean Louis Briens
  Member (Non-Executive Director)
- Dr. Amanullah Khan
  Member (Executive Director)
- Mr. Yasser Pirmuhammad
  Secretary (Head of Audit & Compliance)

Pattern of shareholding

A statement of the pattern of shareholding is shown on page 122 to the financial statements.

Earnings per share

The earnings per share after tax was Rs.23.80 (2010: Rs.23.23).



Holding company

The company is a subsidiary of SECIPE, France, holding 5,099,469 (2010: 5,099,469) ordinary shares of Rs.10 each constituting 52.88% of the issued share capital of the company. The ultimate parent of the Group is sanofi S.A., France (formerly known as sanofi-aventis S.A., France).

Auditors

The present external auditors, Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants shall retire at the conclusion of Annual General Meeting on April 24, 2012 and being eligible; offer themselves for reappointment for the year 2012. As suggested by the audit committee, the board recommends their reappointment for the year ending December 31, 2012.

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, comprehensive income, cash-flows and changes in equity.

- Proper books of accounts of the company have been maintained.

- Accounting policies have been consistently applied in the accounts in preparation of financial statements except for change arising from amendments of applicable accounting standards or interpretations as stated in note 2.3 to the financial statements. Further, accounting estimates are based on reasonable and prudent judgment.

- 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 and other such procedures. 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.

- Significant deviations from last year in operating results have been explained in detail together with the reasons thereof on earlier pages to this report.

- Key operating and financial data for the last 6 years is shown on pages from 127 to 131.

- The value of investments of provident, gratuity and pension funds based on their accounts (audit in progress) as at December 31, 2011 was as follows:

	Rupees in '000
Provident Fund	306,614
Gratuity Fund	201,317
Pension Fund	292,707

- 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	No. of meetings attended
Syed Babar Ali	2
Tariq Wajid	3
Syed Hyder Ali	4
Arshad Ali Gohar	3
Hussain Lawai	1
Shailesh Ayyangar	none
Francois Jean Louis Briens	none
Jean-Marc Georges	none
M. Z. Moin Mohajir	3
Mohammad Ibadullah	1
Amanullah Khan	3
Mohammad Amjad (Alternate for Jean- Marc Georges)	3
Syed Muhammad Ali Hasani (Alternate for Jean- Marc Georges)	1
Shakeel Mapara (Alternate for Francois Jean Louis Briens)	4
Dr. Asim Jamal (Alternate for Mr Shailesh Ayyangar)	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 during the year except for Mr. Arshad Ali Gohar, a Director of the Company, who purchased total of 152,326 shares of the Company during the period from February through April 2011. This was duly reported to the Directors and the relevant statutory returns were also filed.

- 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.

Future outlook

Operations – pharmaceutical business sales & profitability

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

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

In addition to above, the Company has also expanded geographically into Afghanistan market. This new market presents a good opportunity to establish Sanofi products further through professional and ambitious management

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

Operations – consumer health care business

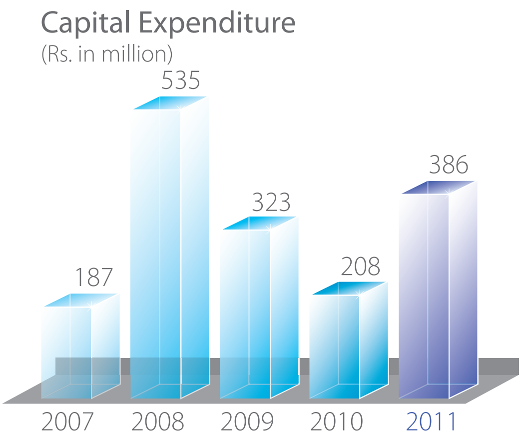
As part of our strategy to become a *"A diversified health-care company with patient centric approach"*, we plan to advent into the consumer health-care business. At present only one product of the Sanofi group is being marketed in Pakistan under the license agreement, which we have taken over early 2012 to further extend our presence in the Pakistani market.

Other Business Opportunities

Being part of a Globally Diversified Health Care Group and as part of its strategic initiatives sanofi-aventis Pakistan limited has the opportunity to commercialize Genzyme business in Pakistan. In addition, sanofi-aventis Pakistan limited also aspires to enter the Animal Health Market in the future through the introduction of global brands of Merial Products, a well known Company in the USA.

Capital expenditure

A total of Rs.386 million (Rs.1.64 billion in total since 2007) was spent on various projects during the year 2011 with a plan to spend over Rs.428.58 million in the year 2012. Significant portion of the capital expenditure pertains to expansion, modernization, balancing, and upgrading of our production facilities.



Cash flow management

The company places utmost importance to the cash flow management and regularly monitors its day to day working capital requirements. These requirements are financed internally through cash flows from operating activities and adequate committed credit facilities. The company's gearing ratio as of December 31, 2011 at 43% (2010: 34%), is the resultant of high level of spending on capital expenditure projects during the year, which has been partly offset by the Company's sales growth. As disclosed in note 13 to the financial statements, the Company's Wah manufacturing facility is available for sale, the proceeds from disposal of which are expected to reduce the company's gearing as well as the associated borrowing costs significantly.

General

The board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss company performance during 2011, and is thankful for the trust and confidence reposed in the board by the shareholders.

We are exceedingly grateful to our employees as good results are first and foremost due to people, and thank all the employees whose efforts played a major role in the results achieved in 2011.

By order of the board

Syed Babar Ali Chairman	Tariq Wajid Chief Executive Officer

Karachi: 22nd February, 2012

Financial Statements

As at December 31, 2011

Auditors' Report to the Members

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

We have audited the annexed balance sheet of SANOFI-AVENTIS PAKISTAN LIMITED as at 31 December 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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 2011 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner's Name: Riaz A. Rehman Chamdia
Date: 22nd February, 2012
Place: Karachi

Balance Sheet
As at December 31, 2011

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	1,531,071	1,408,921
Intangible assets	4	28,188	339
		1,559,259	1,409,260
Long-term loans	5	6,848	5,659
Long-term deposits		4,669	4,669
CURRENT ASSETS			
Stores and spares	6	43,450	39,178
Stock-in-trade	7	1,652,235	1,148,158
Trade debts	8	301,715	156,547
Short-term loans and advances	9	24,230	15,722
Trade deposits and short-term prepayments	10	58,658	50,395
Other receivables	11	139,990	122,548
Taxation – payment less provision		606,203	389,354
Cash at banks	12	3,469	2,110
		2,829,950	1,924,012
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	13	4,827	4,827
TOTAL ASSETS		4,405,553	3,348,427
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	14	96,448	96,448
Reserves	15	1,504,887	1,364,955
		1,601,335	1,461,403
NON-CURRENT LIABILITIES			
Long-term financing	16	125,000	375,000
Liability against asset subject to finance lease	17	2,433	5,008
Deferred taxation	18	160,759	138,199
		288,192	518,207
CURRENT LIABILITIES			
Trade and other payables	19	1,389,751	975,503
Accrued mark-up		32,526	27,249
Running finances utilized under mark-up arrangements secured	20	916,099	238,744
Current maturity of long-term financing		175,000	125,000
Current maturity of liability against asset subject to finance lease		2,650	2,321
		2,516,026	1,368,817
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		4,405,553	3,348,427

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

Syyed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 22nd February, 2012

Profit and Loss Account
For the year ended December 31, 2011

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
NET SALES	22	7,619,460	6,158,295
Cost of sales	23	(5,585,930)	(4,404,751)
GROSS PROFIT		2,033,530	1,753,544
Distribution and marketing expenses	23	(1,398,922)	(1,094,063)
Administrative expenses	23	(190,085)	(175,580)
Other operating expenses	24	(71,779)	(54,439)
Other operating income	25	163,868	102,220
		(1,496,918)	(1,221,862)
OPERATING PROFIT		536,612	531,682
Finance costs	26	(113,196)	(130,041)
PROFIT BEFORE TAXATION		423,416	401,641
Taxation	27	(193,826)	(177,617)
NET PROFIT FOR THE YEAR		229,590	224,024
BASIC EARNINGS PER SHARE (Rs. per share)	28	23.80	23.23

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

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 22nd February, 2012

Statement of Comprehensive Income
For the year ended December 31, 2011

	December 31, 2011	December 31, 2010
	-------- Rupees in '000 --------	
Net profit for the year	229,590	224,024
Other comprehensive income for the year		
Actuarial losses recognized directly in the equity	(29,308)	(9,515)
Deferred tax on actuarial losses recognized directly in the equity	7,531	3,330
Total other comprehensive loss– net of tax	(21,777)	(6,185)
Total comprehensive income for the year	207,813	217,839

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

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 22nd February, 2012

Cash Flow Statement
For the year ended December 31, 2011

	Note	December 31, 2011	December 31, 2010
		------- Rupees in '000 -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	483,042	1,175,506
Finance costs paid		(107,919)	(121,974)
Income tax paid		(380,583)	(171,299)
Long-term loans (net)		(1,189)	(1,841)
Long-term deposits (net)		-	(60)
Net cash (used in) / generated from operating activities	30	(6,649)	880,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(385,648)	(208,086)
Sale proceeds from disposal of operating fixed assets		13,708	23,515
Interest received		863	325
Net cash used in investing activities		(371,077)	(184,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(200,000)	-
Repayment of liability against asset subject to finance lease		(2,246)	(1,963)
Repayment of short-term borrowings		-	(530,000)
Dividends paid		(96,024)	(67,284)
Long-term financing obtained		-	500,000
Net cash used in financing activities		(298,270)	(99,247)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(675,996)	596,839
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(236,634)	(833,473)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	(912,630)	(236,634)

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

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 22nd February, 2012

Statement of Changes in Equity
For the year ended December 31, 2011

		Capital Reserves			Revenue Reserves		
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General Reserve	Unappropriated profit	Total
	---------- Rupees in ,000 ----------						
Balance as at January 1, 2010	96,448	5,935	18,000	31,613	935,538	204,915	1,292,449
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	18,628	-	-	18,628
Final dividend @ Rs.7.00 per Ordinary share of Rs.10 each for the year ended December 31, 2009	-	-	-	-	-	(67,513)	(67,513)
Transfer to general reserve	-	-	-	-	125,000	(125,000)	-
Net profit for the year	-	-	-	-	-	224,024	224,024
Other comprehensive loss for the year	-	-	-	-	-	(6,185)	(6,185)
Total comprehensive income for the year	-	-	-	-	-	217,839	217,839
Balance as at December 31, 2010	96,448	5,935	18,000	50,241	1,060,538	230,241	1,461,403
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	28,567	-	-	28,567
Final dividend @ Rs.10.00 per Ordinary share of Rs.10 each for the year ended December 31, 2010	-	-	-	-	-	(96,448)	(96,448)
Transfer to general reserve	-	-	-	-	125,000	(125,000)	-
Net profit for the year	-	-	-	-	-	229,590	229,590
Other comprehensive loss for the year	-	-	-	-	-	(21,777)	(21,777)
Total comprehensive income for the year	-	-	-	-	-	207,813	207,813
Balance as at December 31, 2011	96,448	5,935	18,000	78,808	1,185,538	216,606	1,601,335

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

Syed Babar Ali
Chairman

Tariq Wajid
Chief Executive

Karachi: 22nd February, 2012

1. THE COMPANY AND ITS OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Basis of preparation

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

2.3 New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IAS 24 – Related Party Disclosures (Revised)

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

In May 2010, IASB issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 3 – Business Combinations

IFRS 7 – Financial Instruments: Disclosures

IAS 1 – Presentation of Financial Statements

IAS 27 – Consolidated and Separate Financial Statements

IAS 34 – Interim Financial Reporting

IFRIC 13 – Customer Loyalty Programmes

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

2.4 Property, plant and equipment

(i) Operating fixed assets

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

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

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

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

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

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

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

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

(ii) Capital work-in-progress

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

2.5 Intangible asset – computer software and product license

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

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

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

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

2.6 Long term loans and deposits

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

2.7 Stores and spares

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

2.8 Stock-in-trade

These are valued at lower of cost and net realisable value. Goods in transit are valued at cost, comprising invoice values plus other charges incurred thereon 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.

2.9 Trade debts and other receivables

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

2.10 Employees benefits

Defined benefit plans

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

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

The liabilities recognized 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, 2011. 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 recognized directly in equity in the statement of comprehensive income in the period in which they arise.

Defined contribution plan

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

2.11 Taxation

Current

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

Deferred

Deferred tax is recognized 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 recognized 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 utilized.

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 utilized.

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

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

2.12 Cash and cash equivalents

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

2.13 Impairment

(i) Financial assets

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

(ii) Non-Financial assets

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

2.14 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.

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.

2.15 Leases

(i) Finance leases

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalized at the commencement of the lease term of the lower of fair value of leased assets and the presently value of minimum lease payment, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs. The assets acquired under finance lease are depreciated over the shorter of the useful life of the asset or the lease term.

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight line basis over the period of the lease.

2.16 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.

2.17 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.

2.18 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.

2.19 Foreign currency translation

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

2.20 Borrowings

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

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

2.21 Revenue recognition

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

2.22 Borrowing costs

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

2.23 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.

2.24 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.

2.25 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.

2.26 Dividends and appropriation to general reserve

Dividend distribution to the Company's shareholders and appropriation to general reserve are recognized in the financial statements in the period in which these are approved by the Company's shareholders.

2.27 Share based compensation

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

2.28 Significant accounting judgments and estimates

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

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

(i) Property, plant and equipment

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

(ii) 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.

(iii) Post retirement benefits

The Company has post retirement benefit obligations, which are determined through actuarial valuations using various assumptions as disclosed in note 11.3. Management believes that the changes in assumptions will not have significant.

(iv) Share based compensation plans

The Company has share-based transactions involving group companies shares accounted for using various assumptions as disclosed in note 15.1 below. Management believes that the changes in assumptions will not have significant effect on the financial statements.

(v) Taxation

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

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

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

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

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

Standard or Interpretation		Effective date (accounting periods Beginning on or after)
IFRS 7	- Financial Instruments : Disclosures – (Amendments)	
	- Amendments enhancing disclosures about transfers of financial Assets	01 July 2011
	- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1	- Presentation of Financial statements-Presentation of items of comprehensive income	01 July 2012
IAS 12	- Income Taxes (Amendment) - Recovery of Underlying Assets	01 January 2012
IAS 19	- Employee Benefits – (Amendment)	01 January 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by International Accounting Setting Board (IASB) which are yet to be notified by the Securities & Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

	Note	December 31, 2011	December 31, 2010
		------------ Rupees in '000 ------------	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	1,281,457	1,289,113
Capital work-in-progress	3.2	249,614	119,808
		1,531,071	1,408,921

3.1 Operating fixed assets

	Land		Building on					Motor vehicles		
	Freehold	Leasehold (note3.1.1)	Freehold Land	Leasehold Land	Plant & machinery	Furniture & fixtures	Factory & office Equipment	Owned	Held under finance lease	Total
	-------------------					Rs. in ,000				-------------------
NET CARRYING VALUE BASIS										
Year ended December 31, 2011										
Opening net book value	-	333	-	530,868	608,375	23,365	41,420	78,099	6,653	1,289,113
Additions	-	-	-	22,688	107,228	893	27,480	27,553	-	185,842
Disposals	-	-	-	-	(1,289)	(209)	(617)	(2,268)	-	(4,383)
Write offs*	-	-	-	-	(608)	(295)	(116)	-	-	(1,019)
Depreciation charge	-	(6)	-	(33,555)	(107,109)	(3,569)	(15,746)	(25,486)	(2,625)	(188,096)
Closing net book value	-	327	-	520,001	606,597	20,185	52,421	77,898	4,028	1,281,457
GROSS CARRYING VALUE BASIS										
As at December 31, 2011										
Cost	-	480	-	731,392	1,383,577	37,094	155,168	138,413	10, 503	2,456,627
Accumulated depreciation	-	(153)	-	(211,391)	(776,980)	(16,909)	(102,747)	(60,515)	(6,475)	(1,175,170)
Net book value	-	327	-	520,001	606,597	20,185	52,421	77,898	4,028	1,281,457
NET CARRYING VALUE BASIS										
Year ended December 31, 2010										
Opening net book value	149	339	3,935	357,634	270,681	15,644	38,911	77,802	9,278	774,373
Additions	-	-	-	203,516	440,988	10,820	17,413	34,062	-	706,799
Disposals	-	-	-	-	(988)	-	(179)	(11,365)	-	(12,532)
Write offs	-	-	-	-	-	-	(170)	-	-	(170)
Transfer to non-current assets classified as held-for-sale (note 13.1)	(149)	-	(3,500)	-	(1,178)	-	-	-	-	(4,827)
Depreciation charge	-	(6)	(435)	(30,282)	(101,128)	(3,099)	(14,555)	(22,400)	(2,625)	(174,530)
Closing net book value	-	333	-	530,868	608,375	23,365	41,420	78,099	6,653	1,289,113
GROSS CARRYING VALUE BASIS										
As at December 31, 2010										
Cost	-	480	-	711,104	1,327,932	38,497	161,194	119,736	10,503	2,369,446
Accumulated depreciation	-	(147)	-	(180,236)	(719,557)	(15,132)	(119,774)	(41,637)	(3,850)	(1,080,333)
Net book value	-	333	-	530,868	608,375	23,365	41,420	78,099	6,653	1,289,113
Depreciation rate % per annum	-	1.23	5	5	10	10	7 to 33	20	20	

*During the year, physical verification exercise of fixed assets was carried out, therefore, based on the results of the said exercise, assets consumed and of no economic value were written off.

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

3.1.2 The details of operating fixed assets disposed off, having a 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
	---------------- Rupees in ,000 ----------------					
Plant & Machinery	1,226	1	1,225	450	Negotiation	Farooqui International Processing Industries. Plot # D-55, Manghopir, S.I.T.E Karachi.
	943	881	62	273	----do----	Zubair Brothers. Plot # D-55, Shairsha Market, Haroonabad, Karachi.
Items having book value of less than Rs.50,000 each	24,899	24,897	2	5,358	Various	Various
	27,068	25,779	1,289	6,081		
Factory & Office Equipment	875	467	408	-	Company policy	M.Z Moin Mohajir (Ex-Director) House No-108/2/2, Khayaban-e-Hilal Phase- VI, D.H.A Karachi.
	635	466	169	-	----do----	Muhammed Amjad (Ex-Executive) House # 56/1, 5th Street, Off Khayaban-e-Momin, Phase-V, D.H.A Karachi.
Items having book value of less than Rs.50,000 each	11,481	11,441	40	685	Various	Various
	12,991	12,374	617	685		
Vehicles	1,563	1,120	443	164	Company Policy	M.Z Moin Mohajir (Ex-Director) House # 108/2/2, Khayaban-e-Hilal Phase- VI, D.H.A Karachi.
	1,562	1,198	364	179	----do----	Muhammed Amjad (Ex-Executive) House No.56/1, 5th Street, Off Khayaban-e-Momin, Phase-V, D.H.A Karachi.
	1,319	703	616	1,200	Insurance Claim	IGI Insurance Co. D-32, Block-2, Kehkashan, Clifton, Karachi.
	642	235	407	619	Tender Bid	Imran Shaikh Flat # D-5, Lucky Plaza, Gulshan-e-Iqbal-17 Karachi.
	504	403	101	404	----do----	Noman Ahmed Siddiqui. L-2247, Block II Metroville III Sector 14-A Scheme 33, Karachi.
Items having book value of less than Rs.50,000 each	3,285	2,948	337	4,290	Various	Various
	8,875	6,607	2,268	6,856		
Furniture & Fixtures	196	11	185	45	Tender Bid	Amin Agencies 9, The Mall Road, Rawalpindi.
Items having book value of less than Rs.50,000 each	164	140	24	41	Various	Various
	360	151	209	86		
	49,294	44,911	4,383	13,708		

	Note	December 31, 2011	December 31, 2010
		--------- Rupees in '000 ---------	
3.2 Capital work-in-progress			
Building on leasehold land		10,140	22,000
Plant and machinery		211,473	59,309
Others		7,800	3,966
		229,413	85,275
Advances to contractors and suppliers		20,201	34,533
		249,614	119,808

4. INTANGIBLE ASSETS – computer software & product license

	Note	December 31, 2011	December 31, 2010
Net carrying value basis			
Year ended December 31,			
Opening net book value		339	114
Addition during the year	4.1	70,000	453
Amortization charge		(42,151)	(228)
Closing net book value		28,188	339
Gross carrying value basis			
As at December 31,			
Cost		72,418	2,418
Accumulated amortization		(44,230)	(2,079)
Net book value		28,188	339
Amortisation rate per annum		33% & 80%	33%
Remaining useful life		1.25 years	2.75 years

4.1 Addition to intangible assets represents license fees paid in respect of certain pharmaceutical products acquired during the year 2011.

5. LONG-TERM LOANS

	Note	December 31, 2011	December 31, 2010
		--------- Rupees in '000 ---------	
Considered good – unsecured			
Employees	5.1	9,709	9,058
Current maturity shown under current assets	9	(3,838)	(4,447)
		5,871	4,611
Considered good – unsecured			
A vendor	5.2	1,303	1,441
Current maturity shown under current assets	9	(326)	(393)
		977	1,048
		6,848	5,659

5.1 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 fund and housing scheme, carry mark-up / interest at the rate of 9% (2010: 9.00%) and 15% (2010: 15%) per annum, respectively. These are repayable within five years in equal monthly installments, except for capital goods fund which are repayable over a period of three years.

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

6. STORES AND SPARES

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
Stores		16,603	15,544
Provision against obsolete stores	6.1	-	(20)
		16,603	15,524
Spares		26,972	24,824
Provision against obsolete spares	6.1	(125)	(1,170)
		26,847	23,654
		43,450	39,178

6.1 During the current year, provisions aggregating to Rs.0.020 million (2010: Nil) and Rs.1.045 million in respect of obsolete stores and spares respectively were written back (2010: Nil).

7. STOCK-IN-TRADE

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
Raw and packing material and auxiliaries			
In hand	7.1	862,866	446,555
In transit		114,868	55,598
		977,734	502,153
Provision against slow moving raw and packing material	7.2	-	(2,313)
		977,734	499,840
Work-in-process		43,435	59,579
Finished goods			
In hand	7.3 & 7.4	531,183	578,149
In transit		139,696	21,214
		670,879	599,363
Provision against slow moving finished goods	7.5	(39,813)	(10,624)
		631,066	588,739
		1,652,235	1,148,158

7.1 This includes raw and packing material held with third parties, aggregating to Rs.1.417 (2010: Rs.3.154) million, at the end of the current year.

7.2 During the current year, provision aggregating to Rs.2.313 (2010: Rs.1.000) million was written back.

7.3 This includes cost of physician samples, aggregating to Rs.10.529 (2010: Rs. 9.421) million, at the end of the current year.

7.4 This includes finished goods costing Rs.148.085 (2010: Rs. 85.581) million, valued at their net realizable value of Rs.108.705 (2010: Rs. 78.268) million.

7.5 During the current year, provisions aggregating to Rs.29.189 million were booked in respect of slow moving finished goods as compared to Rs.27.910 million written back during the immediately preceding year.

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
8. TRADE DEBTS – unsecured			
Considered good	8.1	301,715	156,547
Considered doubtful		1,464	1,464
		303,179	158,011
Provision against debts considered doubtful		(1,464)	(1,464)
		301,715	156,547

8.1 No amount is due from the related party at the end of the current year (2010: Nil). However, maximum amount due from related parties at the end of any month during the year was Rs.8.144 (2010: Rs. 11.046) million.

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
9. SHORT-TERM LOANS AND ADVANCES			
Considered good - unsecured			
Loans			
Current maturity of long-term loans to employees	5	3,838	4,447
Current maturity of long-term loan to a vendor	5	326	393
		4,164	4,840
Advances			
Executives	9.1	883	163
Employees		5,264	5,790
Contractors and suppliers		13,919	4,929
		20,066	10,882
		24,230	15,722

9.1 The maximum aggregate amount due from Executives at the end of any month during the year was Rs.1.914 (2010: Rs. 2.234) million.

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Tender deposits		29,780	34,414
Margin against letters of credit		8,545	6,347
		38,325	40,761
Provision against tender deposits considered doubtful		(591)	(591)
		37,734	40,170
Short-term prepayments		20,924	10,225
		58,658	50,395
11. OTHER RECEIVABLES			
Due from related parties	11.1 & 11.2	102,292	57,051
Employees' Pension Fund	11.3	36,716	54,596
Employees' Gratuity Fund	11.3	-	4,267
Insurance claim		-	37
Amounts due from ex-employees		245	2,596
Provision against loans due from ex-employees	11.6	(245)	(2,596)
		-	-
Sales tax refundable		7,541	7,541
Provision against sales tax refundable considered doubtful	11.7	(7,541)	(1,623)
		-	5,918
Miscellaneous		982	679
		139,990	122,548

11.1 This represents reimbursements due from the following related parties:

	Note	December 31, 2011	December 31, 2010
Sanofi-aventis Singapore	25.1	66,671	255
Sanofi Pasteur SA	25.1	25,964	51,808
Bayer CropScience (Private) Limited		5,533	4,988
Sanofi Winthrop		4,124	-
		102,292	57,051

11.2 The maximum amount due from related parties at the end of any month during the year was Rs.102.461 (2010: Rs. 57.051) million.

11.3 The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2011 were as follows:

	Pension Fund		Gratuity Fund	
	2011	2010	2011	2010
	-------- Rs. in '000 --------		-------- Rs. in '000 --------	
Balance sheet reconciliation as at December 31,				
Fair value of plan assets	313,580	290,699	197,773	190,978
Present value of defined benefit Obligation	(276,086)	(234,829)	(230,840)	(191,643)
Unrecognized past service cost	(778)	(1,274)	3,551	4,932
Net assets in balance sheet	36,716	54,596	(29,516)	4,267
Movement in asset / (liability)				
Prepayment as at January 1,	54,596	74,478	4,267	6,235
(Charge) / Credit for the year	(6,681)	2,121	(15,674)	(14,456)
(Paid to the Company) / Contribution during the year	(8,578)	(5,956)	8,578	5,956
Actuarial (loss) / gain recognized in Equity	(2,621)	(16,047)	(26,687)	6,532
Prepayment as at December 31,	36,716	54,596	(29,516)	4,267
Expense / (Credit) recognized				
Service cost	14,398	7,046	14,801	12,484
Interest cost	32,045	27,320	25,707	22,950
Expected return on plan assets	(39,266)	(35,991)	(26,215)	(22,359)
Annual amortization of unrecognized past service cost	(496)	(496)	1,381	1,381
	6,681	(2,121)	15,674	14,456
Actual return on plan assets	43,334	30,041	14,257	29,518
Movement in the defined benefit Obligation				
Obligation as at January 1,	234,829	177,316	191,643	165,756
Service cost	14,398	7,046	14,801	12,484
Interest cost	32,045	27,320	25,707	22,950
Past service cost	-	(1,770)	-	6,313
Benefits paid	(11,875)	(10,239)	(16,040)	(16,487)
Actuarial loss	6,689	10,097	14,729	627
Plan settlements	-	25,059	-	-
Obligation as at December 31,	276,086	234,829	230,840	191,643
Movement in fair value of plan assets				
Fair value as at January 1,	290,699	251,794	190,978	171,991
Expected return on plan assets	39,266	35,991	26,215	22,359
Paid to the Company / Employer contributions	(8,578)	(5,956)	8,578	5,956
Benefits paid	(11,875)	(10,239)	(16,040)	(16,487)
Plan settlements	-	25,059	-	-
Actuarial gain / (loss)	4,068	(5,950)	(11,958)	7,159
Fair value as at December 31,	313,580	290,699	197,773	190,978

	Pension Fund		Gratuity Fund	
	2011	2010	2011	2010
Key actuarial assumptions used are as follows:				
Discount factor used	12.5%	14%	12.5%	14%
Expected rate of returns per annum on plan assets	12.5%	14%	12.5%	14%
Expected rate of increase in future salaries per annum	12.5%	13.5%	12.5%	13.5%
Indexation of pension	7%	8%	-	-
Retirement age (years)	60 yrs	60 yrs	60 yrs	60 yrs

	2011		2010	
	Rs. in '000	%	Rs. in '000	%
Plan assets comprise of:				
Funded pension plan				
Debt	254,818	81.26	218,530	75.17
Equity	57,175	18.23	61,333	21.10
Others (includes cash and bank balances)	1,586	0.51	10,836	3.73
	313,579	100.00	290,699	100.00
Funded gratuity plan				
Debt	183,822	92.95	159,359	83.44
Equity	4,668	2.36	18,387	9.63
Others (includes cash and bank balances)	9,283	4.69	13,232	6.93
	197,773	100.00	190,978	100.00

Comparison for five years:

	2011	2010	2009	2008	2007
	------------------- Rupees in '000 -------------------				
Funded pension plan					
Fair value of plan assets	313,579	290,699	251,794	255,466	236,901
Present value of defined benefit obligation	(276,086)	(234,829)	(177,316)	(177,919)	(161,452)
Surplus	37,493	55,870	74,478	77,547	75,449
Experience adjustment					
Actuarial (loss) / gain on obligation	(6,689)	(10,097)	(79)	146	2,999
Actuarial gain/(loss) on plan assets	4,068	(5,950)	(1,688)	985	8,467
Funded gratuity plan					
Fair value of plan assets	197,773	190,978	171,991	166,410	151,006
Present value of defined benefit obligation	(230,840)	(191,643)	(165,756)	(171,279)	(144,111)
(Deficit) / surplus	(33,067)	(665)	6,235	(4,869)	6,895
Experience adjustment					
Actuarial (loss) / gain on obligation	(14,729)	627	14,977	(7,204)	(721)
Actuarial (loss) / gain on plan assets	(11,958)	7,159	9,368	5,107	3,528

11.4 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.

11.5 Based on the actuarial advice, the amount of expected contribution to Gratuity and Pension Funds during the year 2012 will be Rs.21.181 million and Rs.4.302 million, respectively.

11.6 During the current year provisions aggregating Rs.2.350 (2010: Rs. 0.042) million was written-off against loans due from ex-employees, being considered as bad debt.

11.7 During the current year, provision aggregating to Rs.5.918 million (2010: Nil) was booked in respect of sales tax refundable considered doubtful.

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
12. CASH AT BANKS			
In current accounts	12.1	3,469	2,110

12.1 Included herein is a sum of Rs.0.675 (2010: Rs. 0.475) million, representing refundable deposits received from distributors, transporters and suppliers.

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Freehold land	13.1	149	149
Building on freehold land – at written down value	13.1	3,500	3,500
Plant & machinery – at written down value	13.1	1,178	1,178
		4,827	4,827

13.1 In order to improve the manufacturing facility, benchmarking with GMP standards and as part of the rationalization programme, the Company initiated a project for shifting its entire production facility to one site - at Karachi and thereafter divest the other manufacturing site located at G.T. Road, Wah Cantt. The project in respect of new liquid manufacturing facility at Karachi has been completed during the year 2010 and in line with initial project plan, the Company is committed to sell the Wah manufacturing site together with structures thereon and certain items of its plant and machinery and an active programme to locate the buyer and complete the plan had been initiated. The Company is negotiating terms of arrangement with prospective buyer and expects the transaction to be completed within a period of one year from December 31, 2011. These assets are measured at the lower of carrying amount and fair value less cost to sell.

14. SHARE CAPITAL

No. of Shares December 31, 2011	No. of Shares December 31, 2010		December 31, 2011 Rupees in '000	December 31, 2010 Rupees in '000
		Authorized Share Capital		
10,000,000	10,000,000	Ordinary shares of Rs.10 each	100,000	100,000
		Issued, subscribed and paid up capital		
2,757,783	2,757,783	Ordinary shares of Rs.10 each fully paid in cash	27,578	27,578
		Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash:		
687,500	687,500	- against plant and equipment	6,875	6,875
140,000	140,000	- against loan	1,400	1,400
2,700,000	2,700,000	- in exchange for 450,000 Ordinary shares of Rs.10 each of former Rhone Poulenc Rorer Pakistan (Private) Limited	27,000	27,000
3,527,500	3,527,500		35,275	35,275
3,359,477	3,359,477	Ordinary shares of Rs.10 each issued as fully paid bonus shares	33,595	33,595
9,644,760	9,644,760		96,448	96,448

SECIPE (a wholly owned subsidiary of sanofi S.A) held 5,099,469 (2010: 5,099,469) Ordinary shares of Rs. 10 each, aggregating to Rs. 50,994,690, constituting 52.88% of issued share capital of the Company, at the end of the current year. The ultimate parent of the group is sanofi S.A, whose name has been changed from sanofi-aventis S.A to sanofi S.A during the year 2011.

15. RESERVES

	Note	December 31, 2011 Rupees in '000	December 31, 2010 Rupees in '000
Capital reserves			
Long-term liabilities forgone		5,935	5,935
Difference of share capital under scheme of arrangement for amalgamation		18,000	18,000
Others	15.1	78,808	50,241
		102,743	74,176
Revenue reserves			
General reserve		1,185,538	1,060,538
Unappropriated profit		216,606	230,241
		1,402,144	1,290,779
		1,504,887	1,364,955

15.1 Share-based compensation plans

As at December 31, 2011, the Company had following equity settled share-based compensation plans:

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 the Company.

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, 2011 (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	11,300
sanofi-aventis S.A., France	13/12/2007	4	13,900	14/12/2011	13/12/2017	62.33	11,900
sanofi-aventis S.A., France	02/03/2009	4	7,595	04/03/2013	01/03/2019	45.09	7,035
sanofi-aventis S.A., France	01/03/2010	4	8,035	03/03/2014	28/02/2020	54.12	8,035
Total			56,330				48,770

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, 2010	39,495	62.20
Of which exercisable	9,500	70.38
Options granted	8,035	54.12
Options exercised	-	-
Options upheld / (cancelled)	2,800	66.84
Options forfeited	-	-
Options outstanding at December 31, 2010	50,330	61.17
Of which exercisable	22,300	68.54
Options granted	-	-
Options exercised	-	-
Options cancelled	(1,560)	(57.61)
Options forfeited	-	-
Options outstanding at December 31, 2011	48,770	61.28
Of which exercisable	33,700	66.37

Measurement of stock option plans

Stock options plans were not granted during the year 2011. The fair value of the plan awarded in 2010 to the employees of sanofi-aventis Pakistan limited amounted to Rs.8.451 million at the grant date.

The following assumptions were used in determining the fair value of the plan awarded in 2010:

- Dividend yield: 4.66%
- Residual life: 6 years
- Volatility of sanofi S.A., France, shares, computed on a historical basis: 27.08%
- Risk-free interest rate: 2.56%

The fair value of the options granted in 2010 at grant date is € 9.09 per option.

The expense recognised for stock option plans, and the corresponding entry taken to equity, amounted to Rs.5.354 million during the current year and Rs.11.758 million during the year ended December 31, 2010.

As of December 31, 2011, the total cost related to non-vested share-based compensation arrangements amounted to Rs.5.630 (2010: Rs.11.877) million to be recognised over a weighted average period of 1.67 year (2010: 2 years).

Restricted share plan:

The Board of Directors of sanofi-aventis Group, in a meeting held on March 9, 2011, decided to award a restricted share plan comprising 4,500 shares to some of the employees of the company, which will vest after a four-year service period.

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

The plans were measured as of the date of grant. The fair value of each share awarded is equal to the listed market price of the share as of that date, adjusted for dividends expected during the vesting period. The fair value of each share awarded as on March 9, 2011 amounted to € 37.80.

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

An expense of Rs.23.213 (2010: Rs. 6.870) million was recognized for this plan during the year ended December 31, 2011.

The number of restricted shares outstanding as of December 31, 2011 were 21,706 (2010: 18,874).

16. LONG-TERM FINANCING – Secured

	December 31, 2011	December 31, 2010
	-------- Rupees in '000 --------	
Term Finance Loan	300,000	500,000
Current maturity shown under current liabilities	(175,000)	(125,000)
	125,000	375,000

This represents long-term loan obtained from a commercial bank which is repayable in four equal semi-annual installments commencing from October 2, 2011 and is secured by way of an equitable mortgage of Rs.1,167 million over all present and future assets of the Company. The loan carries mark-up at the rate of 1.15% over 6 months Karachi Interbank Offer Rate (KIBOR) payable on semi-annual basis, without any floor or cap.

17. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE

The Company has entered into a finance lease agreement with a Non-Banking Finance Company in respect of a motor vehicle. The rate of interest used as the discounting factor is six month's KIBOR + 2.25% per annum. The lease rentals are payable in quarterly installments ending in May 2013. There are no financial restrictions in the lease agreements.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	December 31, 2011	December 31, 2010
	-------- Rupees in '000 --------	
Present value of minimum lease payments	5,083	7,329
Current maturity shown under current liabilities	(2,650)	(2,321)
	2,433	5,008

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
Minimum lease payments			
Not later than one year		3,021	3,052
Later than one year and not later than five years		2,509	5,570
		5,530	8,622
Future finance charges on finance leases		(447)	(1,293)
Present value of finance lease liabilities		5,083	7,329
Present value of finance lease liabilities			
Not later than one year		2,650	2,321
Later than one year and not later than five years		2,433	5,008
		5,083	7,329

18. DEFERRED TAXATION

Credit balances arising from:			
Accelerated tax depreciation allowance		174,511	170,511
Recognition of actuarial gain on retirement benefit plans		1,851	15,295
Unrealized exchange gain		-	937
Debit balances resulting from:			
Short-term provisions against:			
- trade debts		(377)	(381)
- stock in trade		(9,992)	(2,760)
- stores and spares		(32)	(910)
- unrealized exchange loss		(3,048)	-
- others		(2,154)	(1,250)
Minimum turnover tax		-	(43,243)
		160,759	138,199

19. TRADE AND OTHER PAYABLES

Trade creditors			
Related parties		449,899	307,022
Other trade creditors		308,112	136,455
		758,011	443,477
Other payables			
Accrued liabilities		520,391	406,547
Amount payable under voluntary separation scheme	23.1.1	38,000	38,000
Advances from customers		1,818	10,502
Workers' Profit Participation Fund	19.1	22,960	21,785
Workers' Welfare Fund		8,642	13,357
Central Research Fund		4,277	4,057
Compensated absences		31,724	31,655
Security deposits		675	475
Contractors' retention money		905	3,041
Unclaimed dividend		2,348	1,923
Others		-	684
		631,740	532,026
		1,389,751	975,503

	December 31, 2011	December 31, 2010
	-------- Rupees in '000 --------	
19.1 Workers' Profit Participation Fund		
Balance at the beginning of the year	21,785	13,740
Allocation for the year	22,979	21,785
Prior year adjustment	-	128
	44,764	35,653
Interest on funds utilised in Company's business	851	120
Amount paid to the Trustees of the Fund	(22,655)	(10,420)
Deposited with the Government	-	(3,568)
	(22,655)	(13,988)
	22,960	21,785

20. RUNNING FINANCE UTILIZED UNDER MARK-UP ARRANGEMENTS - Secured

20.1 The facilities for running finances available from various banks under mark-up arrangements aggregated to Rs.1,306 (2010: Rs.1,791) million. These facilities expire on various dates, latest by November 20, 2012. The rates of mark-up range between Rs. 0.3403 and Rs. 0.3770 (2010: Rs.0.3641 and Rs.0.4247) per Rs.1,000 per day. The facilities are secured against first pari passu charge on stock-in-trade and book debts of the Company.

Out of the facilities of Rs.1,095 (2010: Rs. 897) million for opening the letters of credit, guarantees and bill discounting, the unutilised amount was Rs.904 (2010: Rs. 479) million as at the end of the year.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

(a) Claims not acknowledged as debt amounted to Rs.6.200 (2010: Rs. 6.200) million at the end of the year.

(b) 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 and disallowances of sales promotion 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.

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, provision amounting to approximately Rs.72.9 million has not 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.125.893 million (2010: Rs. 141.491) at the end of the year.

(b) Post dated cheques aggregating to Rs. 21.142 million (2010: Nil) at the end of the current year have been given to Collector of Customs in respect of exemption of levies on import of machine accessories.

	December 31, 2011	December 31, 2010
	-------- Rupees in '000 --------	
(c) Outstanding letters of credit	61,495	238,676
(d) Outstanding bank contracts	938,162	567,133

22. NET SALES

Gross sales		
Local	8,095,473	6,569,050
Export	129,708	61,075
	8,225,181	6,630,125
Toll manufacturing	45,252	40,454
	8,270,433	6,670,579
Returns	(28,174)	(28,899)
Discounts	(622,799)	(483,385)
	(650,973)	(512,284)
	7,619,460	6,158,295

23. OPERATING COST	Cost of Sales		Distribution and marketing expenses		Administrative expenses		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	---------- Rupees in ,000 ----------							
Raw, auxiliary and packing material consumed	3,472,587	2,712,774	-	-	-	-	3,472,587	2,712,774
Stores and spares consumed	20,239	16,106	-	-	-	-	20,239	16,106
Reversal of provision against obsolete stores & spares	(1,065)	-	-	-	-	-	(1,065)	-
Stationery and supplies consumed	3,399	3,049	4,443	4,393	1,210	681	9,052	8,123
Staff costs (note 23.1)	346,725	337,142	421,044	317,929	98,598	92,685	866,367	747,756
Fuel and power	180,470	153,377	3,034	1,867	19,888	14,323	203,392	169,567
Rent, rates and taxes	12,340	16,822	6,679	6,693	1,855	2,542	20,874	26,057
Lease rentals	-	-	397	913	-	-	397	913
Insurance	2,322	2,758	6,656	7,528	1,091	967	10,069	11,253
Repairs and maintenance	42,432	39,177	3,225	4,368	10,559	11,656	56,216	55,201
Raw, auxiliary and packing materials written off	10,707	8,995	-	-	-	-	10,707	8,995
Reversal of provision against slow moving raw and packing material	(2,313)	(1,000)	-	-	-	-	(2,313)	(1,000)
Depreciation / amortization	144,038	134,238	69,955	24,452	16,255	16,068	230,248	174,758
Traveling and conveyance	42,003	38,666	218,164	209,235	20,224	15,922	280,391	263,823
Handling, freight and transportation	-	-	89,850	60,484	-	-	89,850	60,484
Communication	2,215	2,542	16,383	9,271	6,419	10,813	25,017	22,626
Security and maintenance	6,502	4,188	1,738	1,054	2,912	3,440	11,152	8,682
Publication and subscription	667	96	3,545	671	3,030	1,674	7,242	2,441
Advertising, samples and sales promotion	-	-	469,098	368,897	-	-	469,098	368,897
Commission expenses	-	-	70,431	57,607	-	-	70,431	57,607
Software license / maintenance fee	2,436	-	632	3,770	3,598	2,515	6,666	6,285
Provision against loans to ex-employees	-	-	-	174	-	-	-	174
Reversal of provision against doubtful trade deposits	-	-	-	(50)	-	-	-	(50)
Bad debts written off	-	-	-	57	-	-	-	57
Other expenses	7,457	4,922	13,648	14,750	4,446	2,294	25,551	21,966
	4,293,161	3,473,852	1,398,922	1,094,063	190,085	175,580	5,882,168	4,743,495
Recovery of service charges from outside parties	(8,907)	(12,193)	-	-	-	-	(8,907)	(12,193)
	4,284,254	3,461,659	1,398,922	1,094,063	190,085	175,580	5,873,261	4,731,302

	2011	2010
Opening work in process	59,579	22,445
Closing work in process	(43,435)	(59,579)
Cost of goods manufactured	4,300,398	3,424,525
Opening stock of finished goods	599,363	717,119
Finished goods purchased	1,362,068	918,183
Finished goods written off	31,660	34,772
Cost of samples issued under distribution and marketing expenses	(65,869)	(62,575)
Provision / (reversal of provision) against slow moving finished goods	29,189	(27,910)
Closing stock of finished goods	(670,879)	(599,363)
	5,585,930	4,404,751

	Cost of Sales		Distribution and marketing expenses		Administrative expenses		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rupees in ,000							

23.1 Staff costs

Salaries, wages and other benefits - note 23.1.1	322,392	323,099	376,456	279,708	82,880	79,497	781,728	682,304
Training expenses	726	295	7,907	13,004	267	504	8,900	13,803
Defined benefit plan	9,265	4,212	9,023	6,434	4,067	1,689	22,355	12,335
Defined contribution plan	7,939	6,550	13,134	10,557	3,744	3,579	24,817	20,686
Share based payments	6,403	2,986	14,524	8,226	7,640	7,416	28,567	18,628
	346,725	337,142	421,044	317,929	98,598	92,685	866,367	747,756

23.1.1 The Company had initiated a plan to achieve rationalization and restructuring. As a result of above project and fulfillment of social responsibility, a provision on account of voluntary separation scheme for planned staff redundancy in respect of some of the factory employees was made during the year 2010. Although, there has been no movement in respect of the aforesaid provision, however, the full amount of provision is expected to be utilized during the year 2012.

	Note	December 31, 2011	December 31, 2010
		Rupees in '000	
Cost of sales		-	38,000

24. OTHER OPERATING EXPENSES

	Note	December 31, 2011	December 31, 2010
Auditors' remuneration	24.1	1,671	1,447
Workers' Profits Participation Fund	19.1	22,979	21,913
Workers' Welfare Fund		8,642	8,193
Contribution for Central Research Fund		4,277	4,057
Legal and consultancy charges		6,949	8,256
Donations	24.2	225	2,899
Exchange losses – net		20,099	6,915
Fixed assets written off		1,019	170
Provision against sales tax refund considered doubtful		5,918	-
Miscellaneous		-	589
		71,779	54,439

24.1 Auditors' remuneration

	2011	2010
Audit fee	770	700
Review of half yearly financial statements	231	210
Special certification and reportings	495	450
Out-of-pocket expenses	175	87
	1,671	1,447

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	
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)		-	1,640
◗ World Wide Fund for Nature Fortune Centre, P.E.C.H.S. Karachi (Syed Babar Ali, Chairman is the member of the Fund)		25	10
◗ Pharma Bureau of Information & Statistics (sub-committee of Overseas Investors Chamber of Commerce & Industry) Chamber of Commerce Building, Talpur Road, Karachi (Mr. Tariq Wajid, Chief Executive is the Chairman of the sub-committee) – This represents donations made as part of the flood relief efforts.		-	819

25. OTHER OPERATING INCOME

	Note	December 31, 2011	December 31, 2010
Income from financial assets			
Interest on loans to employees		96	325
Interest income on term deposits		767	-
		863	325
Income from related parties			
License fee	3.1.1	8,907	7,892
Contribution to support the vaccine business	25.1	65,670	71,290
Contribution to support the Pharma business	25.1	64,983	-
Income from non-financial assets			
Gain on sale of operating fixed assets		9,325	10,983
Others			
Liabilities no longer payable written back		235	3,266
Scrap sales		13,089	7,897
Export rebate claims		796	-
Miscellaneous		-	567
		14,120	11,730
		163,868	102,220

25.1 This represents contribution from Sanofi Pasteur SA and sanofi-aventis Singapore, related parties, to support the vaccines and pharma trading activities.

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	

26. FINANCE COSTS

	Note	December 31, 2011	December 31, 2010
Mark-up on:			
long-term loan		61,341	51,856
running finances utilized under mark-up arrangements		42,966	56,391
short-term loans		2,280	17,463
		106,587	125,710
Interest on Workers' Profit Participation Fund	19.1	851	120
Interest on finance lease		811	1,061
Bank charges		4,947	3,150
		6,609	4,331
		113,196	130,041

27. TAXATION

	December 31, 2011	December 31, 2010
Current	157,739	86,526
Prior	5,995	13,644
Deferred	30,092	77,447
	193,826	177,617

27.1 Explanation of relationship between accounting profit and tax expense:

	December 31, 2011	December 31, 2010
Accounting profit before taxation	423,416	401,641
Income tax at the applicable tax rate 35%	148,196	140,574
Effect of tax under FTR, minimum tax and other adjustments – net	29,637	16,879
Effect of share based payments	9,998	6,520
Effect of prior years' tax charge	5,995	13,644
	193,826	177,617

28. BASIC EARNINGS PER SHARE

	December 31, 2011	December 31, 2010
Net profit for the year	229,590	224,024
	Number of shares	
Weighted average number of Ordinary shares	9,644,760	9,644,760
	----------- Rupees -----------	
Earnings per share - Basic and Diluted	23.80	23.23

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

Notes to the Financial Statements
For the year ended December 31, 2011

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	

29. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
Profit before taxation		423,416	401,641
Adjustment for non-cash charges and other items:			
Depreciation / amortization		230,247	174,758
Gain on sale of operating fixed assets		(9,325)	(10,983)
Fixed assets written off		1,019	170
Expenses arising from equity settled share based payment plans		28,567	18,628
Retirement benefits		22,355	12,335
Interest income		(863)	(325)
Finance costs		113,196	130,041
Working capital changes	29.1	(325,570)	449,241
		483,042	1,175,506

29.1 Working capital changes

	2011	2010
(Increase) / decrease in current assets:		
Stores and spares	(4,272)	(866)
Stock-in-trade	(504,077)	(11,421)
Trade debts	(145,168)	189,261
Loans and advances	(8,508)	10,143
Trade deposits and short-term prepayments	(8,263)	(20,822)
Other receivables – net	(39,589)	(3,999)
	(709,877)	162,296
Increase in current liabilities:		
Trade and other payables – net (excluding accruals for unclaimed dividend)	384,307	286,945
	(325,570)	449,241

30. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)

	2011	2010
Cash receipts from customers	7,474,292	6,348,290
Cash paid to suppliers / service providers and employees	(6,991,250)	(5,172,784)
Financial charges paid	(107,919)	(121,974)
Taxes paid	(380,583)	(171,299)
Long-term loans (net)	(1,189)	(1,841)
Long-term deposits (net)	-	(60)
Net cash generated (used in) / from operating activities	(6,649)	880,332

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000 --------	

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

	Note	December 31, 2011	December 31, 2010
Cash at bank – current accounts	12	3,469	2,110
Running finances utilized under mark-up arrangement	20	(916,099)	(238,744)
		(912,630)	(236,634)

32. 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, 2011				December 31, 2010			
	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 -------------------				------------------- Rs. in ,000 -------------------			
i) Gross sales	28,842	-	-	28,842	57,277	75	-	57,352
ii) Purchase of goods	2,808,298	253	-	2,808,551	2,015,903	2,429	-	2,018,332
iii) Purchase of services	-	5,839	-	5,839	-	5,623	-	5,623
iv) Contribution received	130,652	-	-	130,652	71,290	-	-	71,290
v) Recovery of service charges and other expenses	-	8,908	-	8,908	-	12,903	-	12,903
vi) License fee of land received	-	8,907	-	8,907	-	7,892	-	7,892
vii) Contributions paid / (receipts)								
Provident Fund	-	-	24,245	24,245	-	-	20,623	20,623
Gratuity Fund	-	-	8,578	8,578	-	-	5,956	5,956
Pension Fund	-	-	(8,578)	(8,578)	-	-	(5,956)	(5,956)

32.1 The impact of benefits available to the Chief Executive and Others recognised by the Company in the expenses during the year on account of share-based payment plans aggregate Rs.3.537 (2010: Rs. 3.435) million and Rs.25.031 (2010: Rs. 15.193) million respectively.

32.2 The related party status of outstanding balances as at December 31, 2011 are included in trade debts, trade and other payables and other receivables. The balances are unsecured and are settled in accordance with the terms and conditions of the transactions.

33. 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, a Director and Executives of the Company are as follows:

	Chief Executive		Director		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. in '000							
Managerial remuneration	11,703	10,357	5,926	4,385	97,444	73,482	115,073	88,224
Profit sharing bonus	3,666	5,634	757	1,458	10,195	14,872	14,618	21,964
Retirement benefits	2,145	1,898	750	804	16,543	12,820	19,438	15,522
Perquisites and benefits:								
Rent and utilities	6,437	5,696	2,789	2,412	49,636	38,466	58,862	46,574
Medical expenses	249	48	79	203	4,745	3,209	5,073	3,460
Club subscription	73	133	78	72	3,054	1,414	3,205	1,619
	24,273	23,766	10,379	9,334	181,617	144,263	216,269	177,363
Number of person	1	1	* 2	1	74	64	77	66

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

* During the year 2011, the retiring Executive Director was replaced by the appointment of another Executive Director on Board of Directors.

Further, the impact of benefits available to the Chief Executive, Directors and certain Executives recognised by the Company in the expense during the year on account of share-based payment plans aggregated to Rs.3.537 (2010: Rs. 3.435) million, Rs.0.937 (2010: Rs. 1.377) million and Rs.24.567 (2010: Rs. 13.816) million, respectively.

Aggregate amount charged in the financial statements in respect of fee to Directors other than working Directors was Rs.4,000 (2010: Rs. 4,500).

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's financial liabilities mainly comprise liability against asset subject to finance lease, trade and other payables, short-term borrowing and accrued mark-up. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise trade debts, loans to employees, deposits, other receivables, and cash and bank balances.

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

34.1 Market risk

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

34.1.1 Foreign currency risk

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

Exposure to foreign currency risk

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

	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	------ Euro in '000 ------		------ USD in '000 ------	
Trade receivables	-	3	-	-
Other receivables	-	3	1,536	596
Trade and other payables	(3,420)	(8)	(523)	(3,574)
	(3,420)	(2)	1,013	(2,978)

Sensitivity analysis

The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all major currencies applied to assets and liabilities as at December 31, 2011 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		December 31, 2011	December 31, 2010
Change in exchange rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	3,116	2,547
Effect on equity (Rs.000's)	±	2,025	1,656

34.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of change in market interest rate relates primarily to the Company's liability against asset subject to finance lease, term finance loan and running finance utilized under mark-up arrangement with floating interest rates. At December 31, 2011, the Company's entire borrowings are at floating rate of interest.

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

Interest rate profile of financial instruments

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

	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	---------- Effective rates (%) -----------		-------- Rupees in ,000 --------	
Financial assets				
Loans to employees	9.00 & 15.00	9.00 & 15.00	1,109	1,992
Financial liabilities				
Liability against asset subject to finance lease	six months KIBOR + 2.25	six months KIBOR + 2.25	5,083	7,329
Long-term loan	six months KIBOR + 1.15	six months KIBOR + 1.15	300,000	500,000
Running finances utilized under mark-up arrangements	Rs.0.3403 to Rs.0.3770 per Rs.1,000 per day	Rs.0.3641 to Rs.0.4247 per Rs.1,000 per day	916,099	238,744
			1,221,182	746,073

Sensitivity analysis

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

		December 31, 2011	December 31, 2010
Change in interest rate	±	1%	1%
Effect on profit before tax (Rs.000's)	±	11,513	7,763
Effect on equity (Rs.000's)	±	7,483	5,046

34.1.3 Equity price risk

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

34.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. To mitigate the credit risk, the Company has a system of assigning credit limits to its customers based on an extensive credit rating and ensures that sales of products and services are made to customers with appropriate credit history and credit worthiness. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Exposure to credit risk

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

	December 31, 2011	December 31, 2010
	-------- Rupees in '000	--------
Trade debts	301,715	156,547
Loans to employees	9,709	9,058
Loan to a vendor	1,303	1,441
Deposits and margin against letter of credit	42,403	44,839
Other receivables	103,252	57,767
Bank balances	3,469	2,110
	461,851	271,762

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

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	December 31, 2011	December 31, 2010
	-------- Rupees in '000 --------	
34.2.1 Trade debts		
The carrying values of trade receivables that are neither past due nor impaired are analyzed as follows:		
Customers with no defaults in the past one year	243,507	86,893
Customers with some defaults in past one year	-	-
	243,507	86,893
The ageing of trade debts past due but not impaired at the reporting date is as under. These relate to a number of independent customers from whom there is no history of default.		
1 – 30 days	22,412	15,801
31 – 60 days	14,045	15,844
61 – 90 days	5,779	18,817
91 – 120 days	5,282	4,528
121 – 150 days	3,302	5,755
151 – 180 days	-	675
181 – 270 days	1,490	6,857
Over 365 days	5,898	1,377
	58,208	69,654
	301,715	156,547
The maximum exposure to credit risk for trade debts as at the reporting date by type of counterparties was:		
Government institutions and hospitals	169,795	103,952
Private institutions and hospitals	133,384	54,059
	303,179	158,011
Provision for doubtful debts	(1,464)	(1,464)
	301,715	156,547
34.2.2 Cash and bank		
The carrying values of bank balances are analyzed as follows:		
held with banks having a rating of A1+	3,469	2,110
held with banks having a rating of A1	-	-
	3,469	2,110

34.3 Liquidity risk

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

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

	Carrying Amount	less than 12 months	1 to 2 years	2 to 5 years
	------------------ Rupees in '000			------------------
Financial liabilities				
December 31, 2011				
Liability against asset subject to finance lease	5,083	2,650	2,433	-
Long-term financing	300,000	175,000	125,000	-
Trade and other payables	1,320,891	1,320,891	-	-
Accrued mark-up	32,526	32,526	-	-
Running finance utilized under mark-up arrangements	916,099	916,099	-	-
	2,574,599	2,447,166	127,433	-
December 31, 2010				
Liability against asset subject to finance lease	7,329	2,321	2,574	2,434
Long-term financing	500,000	125,000	250,000	125,000
Trade and other payables	894,147	894,147	-	-
Accrued mark-up	27,249	27,249	-	-
Running finance utilized under mark-up arrangements	238,744	238,744	-	-
	1,667,469	1,287,461	252,574	127,434

34.4 Fair values of financial assets and liabilities

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

At December 31, 2011 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees which are valued at their original cost less repayment.

34.5 Capital risk management

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

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

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

The gearing ratio as at December 31, 2011 and 2010 were as follows:

	Note	December 31, 2011	December 31, 2010
		-------- Rupees in '000	--------
Long-term financing	17	300,000	500,000
Liability against asset subject to finance lease	18	5,083	7,329
Running finances utilized under mark-up arrangements	21	916,099	238,744
Total borrowings		1,221,182	746,073
Less: Bank balances	13	(3,469)	(2,110)
Net debt		1,217,713	743,963
Total equity	15 & 16	1,601,335	1,461,403
		2,819,048	2,205,366
Gearing ratio		43%	34%

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 22, 2012 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 22, 2012 (i) approved the transfer of Rs.100 million from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs.10.00 per share for the year ended December 31, 2011, amounting to Rs.96.448 million for approval of members at the Annual General Meeting to be held on April 24, 2012. These financial statements do not include the effect of the aforementioned proposed dividend.

38. GENERAL

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

Syed Babar Ali Chairman	Tariq Wajid Chief Executive

Karachi: 22nd February, 2012

Pattern of Shareholding

As at December 31, 2011

Shareholding From		Shareholding To	Number of shareholders	Number of shares held
1	-	100	348	14,781
101	-	500	355	109,555
501	-	1000	82	65,278
1001	-	5000	68	128,481
5001	-	10000	13	89,396
15001	-	20000	3	54,228
20001	-	25000	4	89,280
50001	-	55000	1	51,442
130001	-	135000	1	133,071
155001	-	160000	1	156,666
200001	-	205000	1	204,099
225001	-	230000	1	229,461
340001	-	345000	1	342,602
510001	-	515000	1	510,212
1075001	-	1080000	1	1,080,000
1285001	-	1290000	1	1,286,739
5095001	-	5100000	1	5,099,469
			883	9,644,760

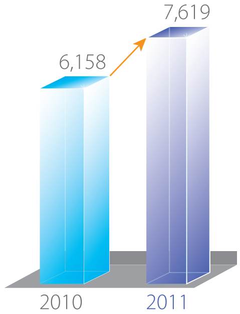
Shareholders category	Number of shares held	Number of shares held	%
Associated Companies, Undertakings and Related Parties	3	6,437,650	66.75
NIT and ICP	1	229,461	2.38
Directors, CEO and their Spouses	11	1,212,303	12.57
Public Sector Companies and Corporations	2	1,284,099	13.31
Banks, Development Finance Institutions, Non-Banking Finance Institutions	2	21,883	0.23
Insurance Companies	1	19,200	0.20
Others	18	40,493	0.42
Individuals	845	399,671	4.14
	883	9,644,760	100.00

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

Shareholder category	Number of shareholders	Number of shares held
Associated Companies, Undertakings and Related Parties		
M/S Ali Gohar & Co. (Pvt) Ltd.	1	51,442
SECIPE of Paris, France	1	5,099,469
IGI Insurance Limited	1	1,286,739
NIT and ICP		
National Bank of Pakistan,Trustee Deptt.	1	229,461
Directors, CEO and their spouse and minor children		
Mr. Pir Ali Gohar	1	342,602
Mr. Arshad Ali Gohar	3	160,666
Syed Mr. Babar Ali	1	510,212
Syed Mr. Hyder Ali,	1	16,914
Mrs. Naiyar Zamani Gohar,	2	140,505
Mrs. Perwin Babar Ali,	1	22,690
Syeda Mrs. Henna Babar Ali	2	18,714
Public Sector Companies and Corporations	2	1,284,099
Banks, Development Finance Institutions, Non-Banking Finance Institutions	2	21,883
Insurance Companies	1	19,200
Shareholders holding 10% or more voting interest		
SECIPE of Paris, France	1	5,099,469
IGI Insurance Limited	1	1,286,739
National Fertilizer Corporation	1	1,080,000

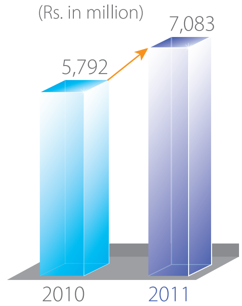
Analytical Review

Net Sales-Company
(Rs. in million)



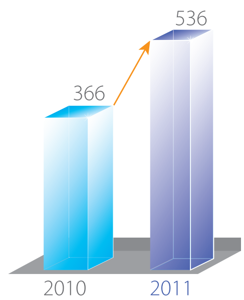
- +23.7% growth on a reported basis combined for pharma and vaccines business
  - +23.5% volume growth
  - +0.2% price increase

Net Sales-Pharmaceuticals
(Rs. in million)



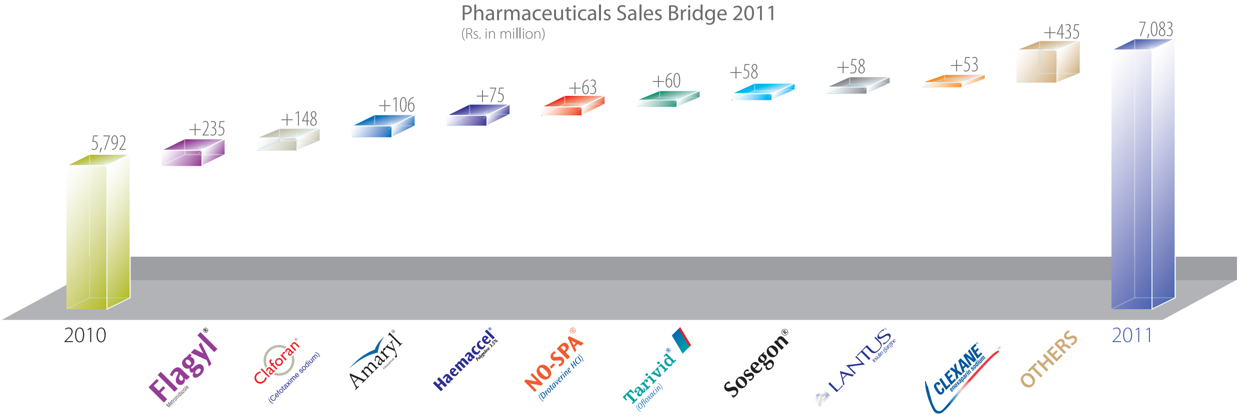
- +22.3% growth on a reported basis

Net Sales-Vaccine
(Rs. in million)



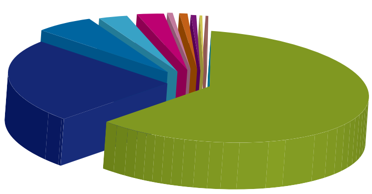
- +46.5% growth on reported basis

Pharmaceuticals Sales Bridge 2011
(Rs. in million)

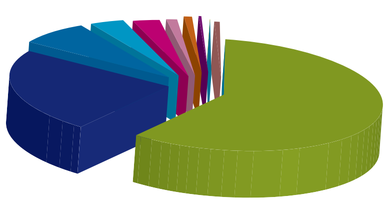


COGS 2011 in-line with expectations

Year 2011
Rs. 5.6 billion

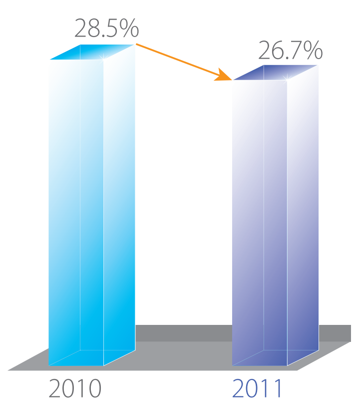


Year 2010
Rs. 4.4 billion



2011		2010
61.3%	Raw, packing & auxiliary	59.3%
24.2%	Finished goods consumed	23.5%
6.2%	Staff cost	7.7%
3.2%	Fuel & power	3.5%
2.6%	Depreciation	3.0%
0.8%	Repairs & maintenance	0.9%
0.8%	Traveling & conveyance	0.9%
0.4%	Store & spares	0.4%
0.2%	Rent rates & taxes	0.4%
0.3%	Others	0.4%

Gross Margin

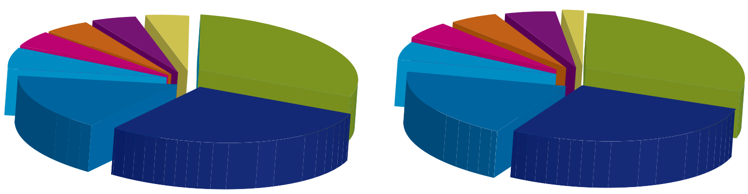


- Decrease in Gross Margin due to:
  - Pak rupee depreciation
  - High inflation
  - Increase in utility cost

Increased distribution & marketing to net sales ratio in 2011

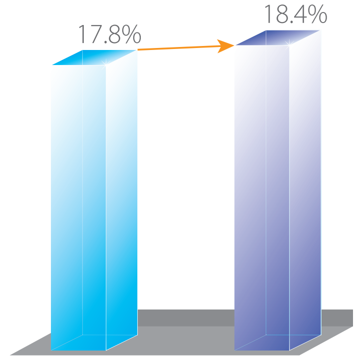
Year 2011
Rs. 1.4 billion

Year 2010
Rs. 1.1 billion



2011		2010
30.1%	Staff cost	29.1%
28.8%	Advertising & sales promotion	28.0%
15.6%	Travelling & conveyance	19.1%
4.7%	Cost of sample issued	5.7%
6.4%	Handling freight & transportation	5.5%
5.0%	Commission expense	5.3%
5.0%	Depreciation / Amortization	2.2%
4.4%	Others	5.1%

D & M / Net Sales Ratio

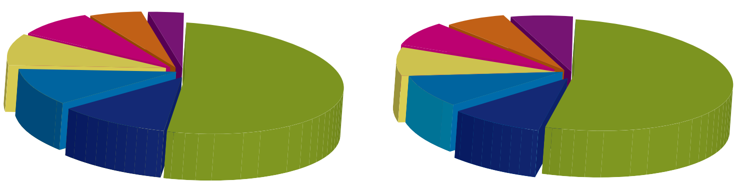


Increased advertisement & promotional activities

Administrative expenses in 2011

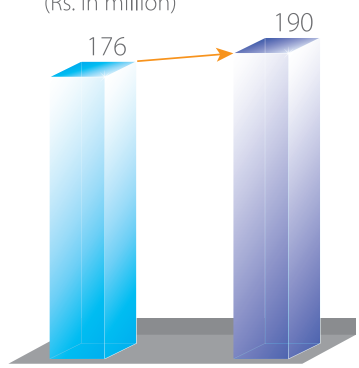
Year 2011
Rs. 190 million

Year 2010
Rs. 176 million



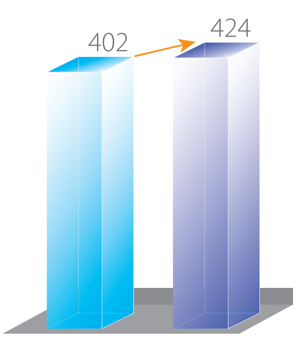
2011		2010
51.9%	Staff cost	52.8%
10.6%	Travelling & conveyance	9.1%
10.5%	Fuel & power	8.2%
8.6%	Depreciation / Amortization	9.2%
5.6%	Repairs & maintenance	6.6%
3.4%	Communication	6.2%
9.4%	Others	7.9%

Administrative Expenses
(Rs. in million)



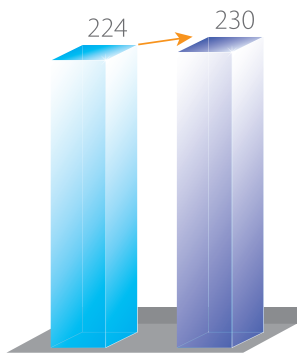
Increased expenses across all cost categories

Profit before Tax
(Rs. in million)



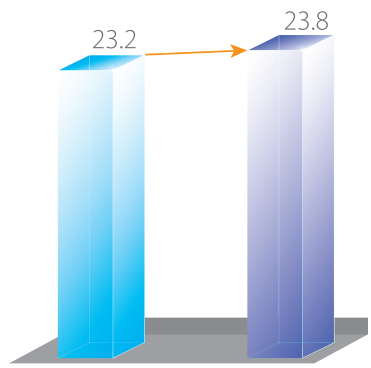
+5.4% on a reported basis

Profit after Tax
(Rs. in million)



+2.7% on a reported basis

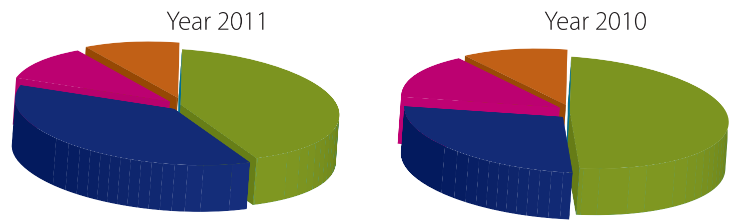
Earnings per share
(Rs.)



Statement of Value Added

	2011 Rs.000	%	2010 Rs.000	%
VALUE ADDED				
Net sales	7,619,460	100	6,158,295	100
Materials and services	(5,511,041)	(72)	(4,570,668)	(74)
	2,108,419	28	1,587,627	26
Employees				
Staff cost	866,367	41	747,756	48
Workers' Profit Participation Fund	22,374	1	21,938	1
	888,741	42	769,694	49
Government				
Income tax	380,583	18	171,299	11
Custom duty, Sales Tax & Others	395,255	19	237,605	15
Workers' Welfare Fund	8,670	-	8,033	-
	784,508	37	416,937	26
Capital Providers				
Dividend to shareholders	96,448	5	96,448	6
Mark-up on borrowed funds	108,249	5	126,891	8
	204,697	10	223,339	14
Society				
Donation towards education, health and environment	225	-	2,899	-
Depreciation and amortisation for reinvestment				
Depreciation / amortisation	230,248	11	174,758	11
	2,108,419	100	1,587,627	100

Wealth Distribution



2011		2010
42%	Employees	49%
37%	Government	26%
10%	Capital providers	14%
11%	Depreciation / amortization	11%

Operating & Financial Highlights

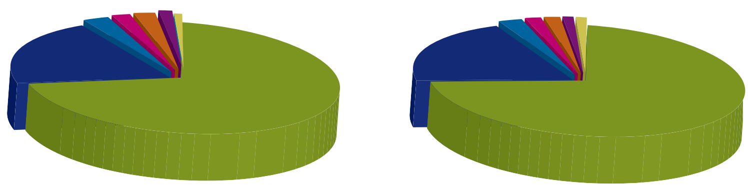
		2011	2010	2009	2008	2007	2006
Liquidity Ratios							
Current Ratio	Times	1.1	1.4	1.0	1.0	1.3	1.5
Quick Ratio	Times	0.5	0.5	0.4	0.3	0.4	0.5
Net Working Capital	Rs. 000	313,924	555,195	(38,124)	(27,776)	382,834	413,844
Net Assets	Rs. 000	1,601,335	1,461,403	1,292,449	1,116,612	1,114,124	1,116,141
Operating Cycle	Days	35	53	46	57	70	86
Current assets / Total assets	%	64.2	57.5	59.2	59.3	66.9	63.9
Inventory / Current Assets	%	59.9	61.7	57.7	64.7	68.9	65.9
Inventory / Total Assets	%	38.5	35.5	34.2	38.4	46.1	42.1
Activity Ratios							
Inventory Turnover	Times	3.9	3.7	4.4	2.9	2.9	2.6
Average No of Days inventory in stock	Days	94	98	83	124	125	137
Accounts Receivable Turnover	Times	33.3	24.5	27.0	30.0	27.3	33.1
Average Collection Period	Days	11	15	14	12	13	11
Creditors Turnover	Times	6.0	6.0	7.1	4.6	5.3	5.8
Creditors Turnover	Days	60	60	51	79	68	62
Fixed Assets Turnover	Times	4.9	4.4	4.8	3.6	4.9	5.4
Operating Fixed Assets Turnover	Times	5.9	4.8	8.7	6.7	6.0	9.7
Total Assets Turnover	Times	1.7	1.8	2.0	1.5	1.6	1.9
Leverage							
Debt to Equity Ratio	Times	0.8	0.5	1.1	0.8	0.5	0.3
Interest Earned	Times	4.7	4.1	2.9	2.0	2.8	7.4
Fixed Assets to Equity	Times	1.0	1.0	1.1	1.1	0.7	0.6
Financial Leverage	Times	1.9	2.2	2.5	4.5	2.4	1.8
Profitability Ratios							
Sales Growth	%	23.7	(8.4)	54.7	11.6	2.0	10.8
COGS as a % of Net Sales	%	73.4	71.5	75.8	75.7	72.2	67.4
EBITDA*	Rs. 000	761,912	703,290	509,164	274,185	273,956	476,428
Profit before tax as a % of Net Sales	%	5.6	6.5	3.8	1.9	3.0	9.3
Net Profit Margin	%	3.0	3.6	2.5	0.9	1.9	5.9
Gross Profit Margin	%	26.6	28.5	24.2	24.3	27.8	32.6
Operating Profit Margin	%	7.0	8.6	5.7	3.9	4.6	10.8
Return on Assets	%	5.2	6.7	4.9	1.3	3.1	11.4
Return on Equity	%	14.3	15.3	12.9	3.4	6.8	20.3
Return on Capital Employed	%	18.9	24.0	14.2	8.4	10.7	28.3
Admin. Dist. & Mktg. Exp./Net Sales	%	20.9	20.6	17.9	20.2	22.1	20.7
Admin. Dist. & Mktg. Exp. Variance	%	25.2	5.7	36.5	2.1	9.0	17.4
Financial Charges / Net Income	%	49.3	58.0	78.3	227.6	86.3	24.4
Market Value							
Market Value Per Share	Rs.	145	142	145	211	276	252
Market / Book Ratio	Times	0.9	0.9	1.1	1.8	2.4	2.2
Earnings per share (before tax)	Rs.	43.9	41.64	26.2	8.75	12.02	36.87
Earnings per share (after tax)	Rs.	23.8	23.23	17.4	3.97	7.81	23.54
Price Earning Ratio	Times	6.1	6.1	8.4	53.2	35.4	10.7
Dividend per Share	Rs.	10.00	10.00	7.00	1.40	4.40	7.10
Dividend Yield	%	7.0	7.0	4.8	0.7	1.6	2.8
Dividend Cover	Times	2.2	2.2	3.0	2.6	3.7	3.3
Payout Ratio (after tax)	%	42.0	43.1	40.3	35.3	56.4	30.2
Market Capitalisation	Rs. M	1,398	1,370	1,398	2,035	2,662	2,431
Break-up Value	Rs.	166.03	151.52	134.00	115.77	115.52	115.72

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

Operating & Financial Highlights

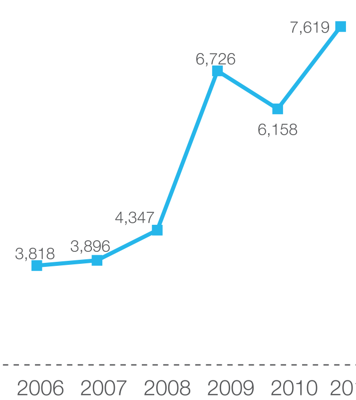
Application of revenue

Year 2011 | Year 2010

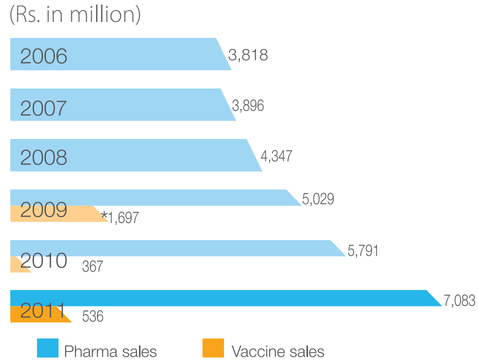


Year 2011		Year 2010
70.36%	Cost of sales	71.77%
20.28%	Dist mkt & admin. exp.	20.42%
2.08%	Taxation	1.45%
0.87%	Finance costs	0.92%
2.84%	Dividend	2.49%
1.57%	Retained profit	1.27%
2.00%	Other charges	1.68%

Total company net sales
(Rs. in million)

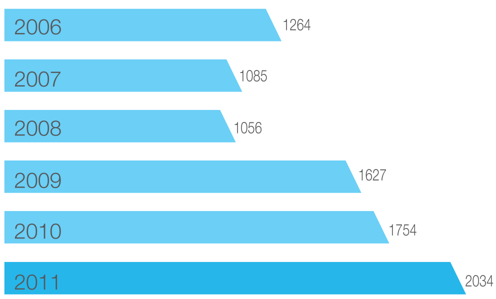


Pharma & vaccine net sales
(Rs. in million)

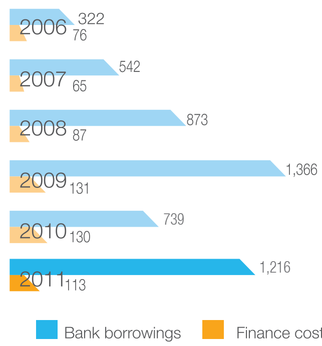


*The company advent into vaccines business during the year 2009

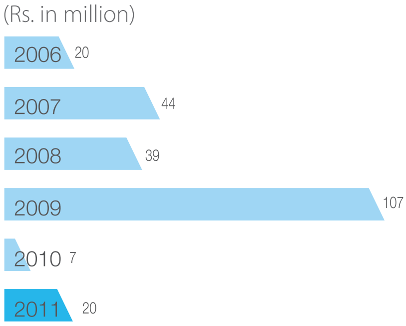
Gross profit
(Rs. in million)



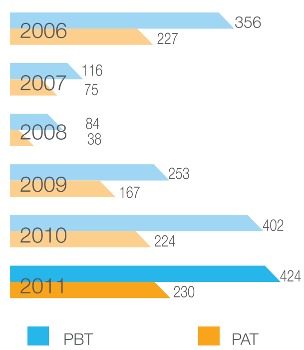
Bank borrowings & finance cost
(Rs. in million)



Exchange loss
(Rs. in million)

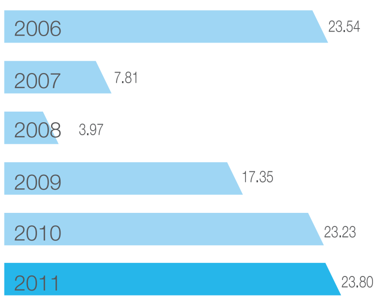


PBT & PAT
(Rs. in million)

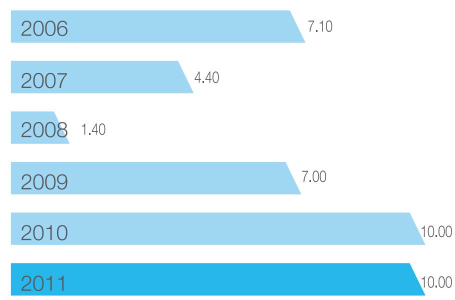


Operating & Financial Highlights

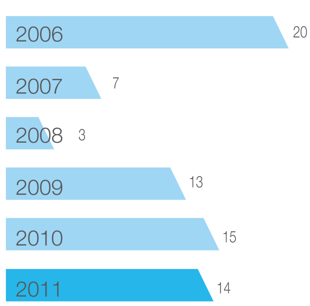
Earnings per share
(Rupees)



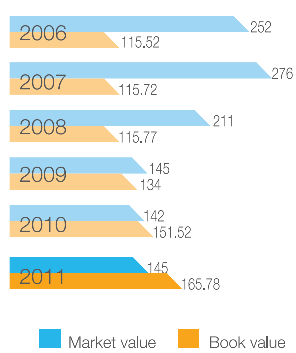
Dividend per share
(Rupees)



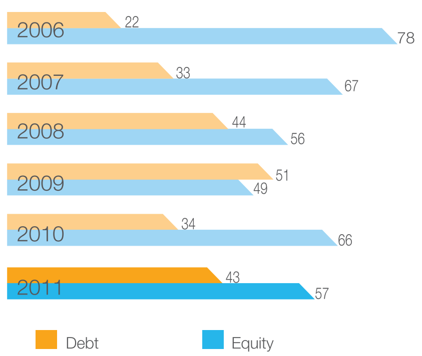
Return on equity
(%)



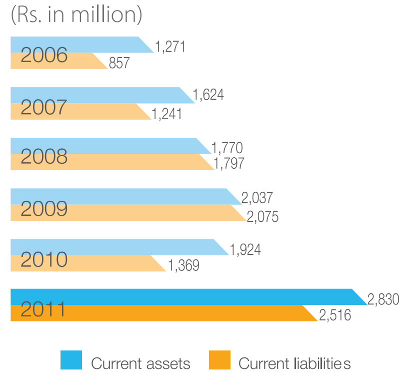
Market value & book value per share
(Rupees)



Debt to Equity (%)



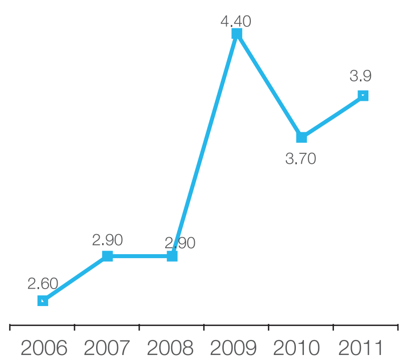
Current assets & current liabilities
(Rs. in million)



Horizontal Analysis

Current ratio
Price earning ratio
Account receivable turnover
(Times)

Inventory turnover
(Times)



Horizontal Analysis

	2011	Variances vs Last Year Increase/ (Decrease) %	2010	Variances vs Last Year Increase/ (Decrease) %	2009	Variances vs Last Year Increase/ (Decrease) %	2008	Variances vs Last Year Increase/ (Decrease) %	2007	Variances vs Last Year Increase/ (Decrease) %	2006	Variances vs Last Year Increase/ (Decrease) %
Operating Results (Rupees in million)												
Net sales	7,620	23.7	6,158	(8.4)	6,726	54.7	4,347	11.6	3,896	2.0	3,818	10.8
Cost of sales	(5,586)	26.8	(4,405)	(13.6)	(5,099)	54.9	(3,291)	17.0	(2,812)	9.3	(2,573)	12.7
Gross profit	2,034	16.0	1,753	7.7	1,627	54.1	1,056	(2.6)	1,084	(12.9)	1,245	7.1
Distribution,selling and administrative expenses	(1,589)	25.2	(1,269)	5.7	(1,201)	36.5	(880)	2.1	(862)	9.1	(790)	17.4
Other operating expenses	(72)	33.3	(54)	(62.2)	(143)	150.9	(57)	(9.5)	(63)	50.0	(42)	(12.5)
Other operating income	164	60.8	102	1.0	101	94.2	52	136.4	22	22.2	18	-
Operating profit	537	0.9	532	38.5	384	124.6	171	(5.5)	181	(58.0)	431	(6.3)
Finance costs	(113)	(13.1)	(130)	(0.8)	(131)	50.6	(87)	33.8	(65)	(14.5)	(76)	24.6
Profit before taxation	424	5.5	402	58.9	253	201.2	84	(27.6)	116	(67.3)	355	(11.0)
Taxation	(194)	9.0	(178)	107.0	(86)	87.0	(46)	12.2	(41)	(68.0)	(128)	4.1
Net profit	230	2.7	224	34.1	167	339.5	38	(49.3)	75	(67.0)	227	(17.8)
Balance Sheet (Rupees in million)												
Fixed assets	1,559	10.6	1,409	1.1	1,393	16.6	1,195	50.9	792	12.8	702	11.1
Other non current assets	12	20.0	10	11.1	9	(10.0)	10	(16.7)	12	(20.0)	15	(16.7)
Current assets	2,830	47.1	1,924	(5.5)	2,037	15.1	1,770	9.0	1,624	27.8	1,271	(16.2)
Non-current assets classified as available for sale	5	-	5	-	-	-	9	-	-	-	-	-
Total assets	4,406	31.6	3,348	(2.6)	3,439	15.2	2,984	22.9	2,428	22.1	1,988	(8.3)
Ordinary share capital	96	-	96	-	96	-	96	-	96	-	96	-
Reserves	1,505	10.3	1,365	14.0	1,197	17.2	1,021	0.3	1,018	(0.2)	1,020	20.7
Non-current liabilities	288	(44.4)	518	629.6	71	1.4	70	(4.1)	73	386.7	15	(75.8)
Current liabilities	2,517	83.9	1,369	(34.0)	2,075	15.5	1,797	44.8	1,241	44.8	857	(26.4)
Total equity and liabilities	4,406	31.6	3,348	(2.6)	3,439	15.2	2,984	22.9	2,428	22.1	1,988	(8.3)
Cash Flows (Rupees in thousand)												
Cash generated from/(used in) operations	483,042	(58.9)	1,175,506	1,943.5	57,523	(84.3)	366,877	75.5	209,070	(73.0)	775,187	(1,143.9)
Cash flows (used in) / from operating activities	(489,691)	65.9	(295,174)	1.5	(290,735)	72.6	(168,484)	(5.9)	(179,000)	(32.4)	(264,774)	42.6
Cash flows used in investing activities	(371,077)	101.4	(184,246)	(24.9)	(245,214)	(49.6)	(486,365)	164.5	(183,874)	39.2	(132,128)	47.6
Cash flows from / (used in) financing activities	(298,270)	200.5	(99,247)	(119.3)	515,279	(1,319.0)	(42,271)	(81.7)	(230,778)	(39.0)	(378,624)	(344.8)
Net increase / (decrease) in cash and cash equivalents	(675,996)	(213.3)	596,839	1,519.5	36,853	(111.2)	(330,243)	(14.1)	(384,582)	113,346.0	(339)	(99.8)
Number of Employees												
Number of permanent employees at year end	777		756		773		789		846		847	

Vertical Analysis

	2011	Variances vs Last Year Increase/ (Decrease) %	2010	Variances vs Last Year Increase/ (Decrease) %	2009	Variances vs Last Year Increase/ (Decrease) %	2008	Variances vs Last Year Increase/ (Decrease) %	2007	Variances vs Last Year Increase/ (Decrease) %	2006	Variances vs Last Year Increase/ (Decrease) %
Operating Results (Rupees in million)												
Net sales	7,620	100.0	6,158	100.0	6,726	100.0	4,347	100.0	3,896	100.0	3,818	100.0
Cost of sales	(5,586)	(73.3)	(4,405)	(71.5)	(5,099)	(75.8)	(3,291)	(75.7)	(2,812)	(72.2)	(2,573)	(67.4)
Gross profit	2,034	26.7	1,753	28.5	1,627	24.2	1,056	24.3	1,084	27.8	1,245	32.6
Distribution,selling and administrative expenses	(1,589)	(20.9)	(1,269)	(20.6)	(1,201)	(17.9)	(880)	(20.2)	(862)	(22.1)	(790)	(20.7)
Other operating expenses	(72)	(0.9)	(54)	(0.9)	(143)	(2.1)	(57)	(1.3)	(63)	(1.6)	(42)	(1.1)
Other operating income	164	2.2	102	1.7	101	1.5	52	1.2	22	0.6	18	0.5
Operating profit	537	7.1	532	8.7	384	5.7	171	4.0	181	4.7	431	11.3
Finance costs	(113)	(1.5)	(130)	(2.1)	(131)	(1.9)	(87)	(2.0)	(65)	(1.7)	(76)	(2.0)
Profit before taxation	424	5.6	402	6.6	253	3.8	84	2.0	116	3.0	355	9.3
Taxation	(194)	(2.5)	(178)	(2.9)	(86)	(1.3)	(46)	(1.1)	(41)	(1.1)	(128)	(3.4)
Net profit	230	3.1	224	3.7	167	2.5	38	0.9	75	1.9	227	5.9
Balance Sheet (Rupees in million)												
Fixed assets	1,559	35.4	1,409	42.1	1,393	40.5	1,195	40.1	792	32.6	702	35.3
Other non current assets	12	0.3	10	0.3	9	0.3	10	0.3	12	0.5	15	0.8
Current assets	2,830	64.2	1,924	57.5	2,037	59.2	1,770	59.3	1,624	66.9	1,271	63.9
Non-current assets classified as available for sale	5	0.1	5	0.1	-	-	9	0.3	-	-	-	-
Total assets	4,406	100.0	3,348	100.0	3,439	100.0	2,984	100.0	2,428	100.0	1,988	100.0
Ordinary share capital	96	2.2	96	2.9	96	2.8	96	3.2	96	4.0	96	4.8
Reserves	1,505	34.2	1,365	40.8	1,197	34.8	1,021	34.2	1,018	41.9	1,020	51.3
Non-current liabilities	288	6.5	518	15.5	71	2.1	70	2.3	73	3.0	15	0.8
Current liabilities	2,517	57.1	1,369	40.8	2,075	60.3	1,797	60.3	1,241	51.1	857	43.1
Total equity and liabilities	4,406	100.0	3,348	100.0	3,439	100.0	2,984	100.0	2,428	100.0	1,988	100.0
Cash Flows (Rupees in thousand)												
Cash generated from/(used in) operations	483,042	(71.5)	1,175,506	197.0	57,523	156.1	366,877	(111.1)	209,070	(54.4)	775,187	(228,668.7)
Cash flows (used in) / from operating activities	(489,691)	72.4	(295,174)	(49.5)	(290,735)	(788.9)	(168,484)	51.0	(179,000)	46.5	(264,774)	78,104.4
Cash flows used in investing activities	(371,077)	54.9	(184,246)	(30.9)	(245,214)	(665.4)	(486,365)	147.3	(183,874)	47.8	(132,128)	38,975.8
Cash flows from / (used in) financing activities	(298,270)	44.2	(99,247)	(16.6)	515,279	1,398.2	(42,271)	12.8	(230,778)	60.1	(378,624)	111,688.5
Net increase / (decrease) in cash and cash equivalents	(675,996)	100.0	596,839	100.0	36,853	100.0	(330,243)	100.0	(384,582)	100.0	(339)	100.0
Number of Employees												
Number of permanent employees at year end	777		756		773		789		846		847	

Vertical Analysis

Notice of Meeting

Notice is hereby given that the forty fourth Annual General Meeting of the company will be held on Tuesday, 24 April, 2012 at 10:00 hours in the Banquet Hall of the Beach Luxury Hotel, Molvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 29 March, 2011.

2. To receive and adopt the Balance Sheet and Profit & Loss Account for the year ended 31 December, 2011 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.10 (100%) per share.

4. To appoint Auditors' for the year ending 31 December, 2012 and to fix their remuneration. The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants being eligible, have offered themselves for re-appointment. The Audit Committee and Board of Directors have also recommended appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as Auditors for the year ending December 31, 2012.

Special Business:

5. To approve the remuneration of full time working director of the Company by passing the following resolutions as an ordinary resolution:

   "RESOLVED the company hereby authorizes, the holding of offices of profit and payment as remuneration to Mohammad Ibadullah – Chief Financial Officer (CFO), whole time working Director of a gross amount of rupees six million (Rs. 6,000,000) per annum, including basic salary, house rent and utilities. Annual bonus will be paid as per performance and company policy. In addition to the remuneration, he is entitled to a company maintained car for official and private use, reimbursement of medical expenses, house hold equipment, generator at his residence, share based plans and company contributions for insurance and retirement benefits to which he is entitled under his terms of employment, for the year ended December 31, 2011, and for the remainder of his term remuneration per annum not exceeding the said amount as increased by the sums that may be applicable under his respective term of employment."

   "FURTHER RESOLVED THAT in the event of any of the aforesaid offices of profit falling vacant, the approval hereby given shall be equally applicable to any other person appointed to fill such vacancy."

By Order of the Board

Muhammad Irfan
Company Secretary

Karachi, 3 April, 2012

Notes:

1. The Share Transfer Books of the Company shall remain closed from 18 April, 2012 to 24 April, 2012 (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 fourth Annual General Meeting of sanofi-aventis Pakistan limited to be held on Tuesday, April 24, 2012.

In respect of item 5 of the agenda

Approval of the shareholders will be sought for the remuneration payable to the full time working director of the Company in accordance with his terms and conditions of service. For this purpose, it is intended to propose that the resolution as mentioned above be passed as an Ordinary Resolution.

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 44th Annual General Meeting of the company to be held on Tuesday, April 24, 2012 and at any adjournment thereof.

As witness my / our hand this _________ day of _________ 2012.

Rs. 5/=
Revenue
Stamp

Witness No.1

Name ________________________________
Address ______________________________
C.N.I.C. No. ____________________________

____
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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SANOFI

sanofi-aventis Pakistan limited

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