





Abbott is a healthcare company with a unique mix of businesses and a broadly diversified portfolio of market-leading products that align favorably with long-term healthcare trends in both developed and developing markets. With global reach and a strong reputation that supports locally targeted efforts, our company is poised to continue its long record of helping our customers, our colleagues and our shareholders fulfill their potential.

For over 125 years, Abbott has continually transformed to advance practices in medicine, science and technology – shaping new ways to help people lead healthier lives.

For more than six decades, Abbott has been committed to addressing the local healthcare needs of the people of Pakistan, almost from the time of the country's inception.

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## OUR VISION

To be the most admired healthcare company in Pakistan.

## OUR MISSION

To deliver consistently superior products and services which contribute significantly to improve the quality of life for consumers.

## A PROMISE FOR LIFE

“A Promise for Life” is our commitment – what we believe in and what we value – reminding us why our work matters to the people we serve.

### TURNING SCIENCE INTO CARING

We are here for the people we serve in their pursuit of healthy lives. This has been the way of Abbott for more than a century—passionately and thoughtfully translating science into lasting contributions to health.

Our products encircle life, from newborns to aging adults, from nutrition and diagnostics through medical care and pharmaceutical therapy.

Caring is central to the work we do and defines our responsibility to those we serve.

- We advance leading-edge science and technologies that hold the potential for significant improvements to health and to the practice of health care.
- We value our diversity—that of our products, technologies, markets and people—and believe that diverse perspectives combined with shared goals inspire new ideas and better ways of addressing changing health needs.
- We focus on exceptional performance—a hallmark of Abbott people worldwide—demanding of ourselves and each other because our work impacts people’s lives.
- We strive to earn the trust of those we serve by committing to the highest standards of quality, excellence in personal relationships, and behavior characterized by honesty, fairness and integrity.
- We sustain success—for our business and the people we serve—by staying true to key tenets upon which our company was founded over a century ago: innovative care and a desire to make a meaningful difference in all that we do.

The promise of our company is in the promise that our work holds for health and life. Abbott promises to build healthier, happier moments in life, by delivering only the highest quality products and services, created by exceptional people, developed based on cutting-edge science and technologies, and applied in a holistic approach to global health. Abbott’s promise applies to and addresses all stages of life.

## OUR VALUES



Abbott is a company rooted in values and our core values of honesty, integrity and fairness describe a standard of behavior expected of every Abbott employee.

Abbott has four differentiating values built on these core values that speak to the unique strengths that have made our company what it is today, and describe the strengths we continue to build on to deliver our business goals.

### PIONEERING

#### LEADING-EDGE SCIENCE AND INNOVATIVE COMMERCIALISATION

We lead with solutions that address human needs by pioneering innovative treatments and products, lifesaving medical devices, and new approaches to managing health.

### ACHIEVING

#### CUSTOMER-FOCUSED OUTCOMES AND WORLD-CLASS EXECUTION

We drive for meaningful results—demanding of ourselves and each other because our work impacts people's lives. We're committed to working together to deliver solutions that are effective and profitable. Our focus on execution and collaboration ensures that we keep our promises to each other and to those we serve.

### CARING

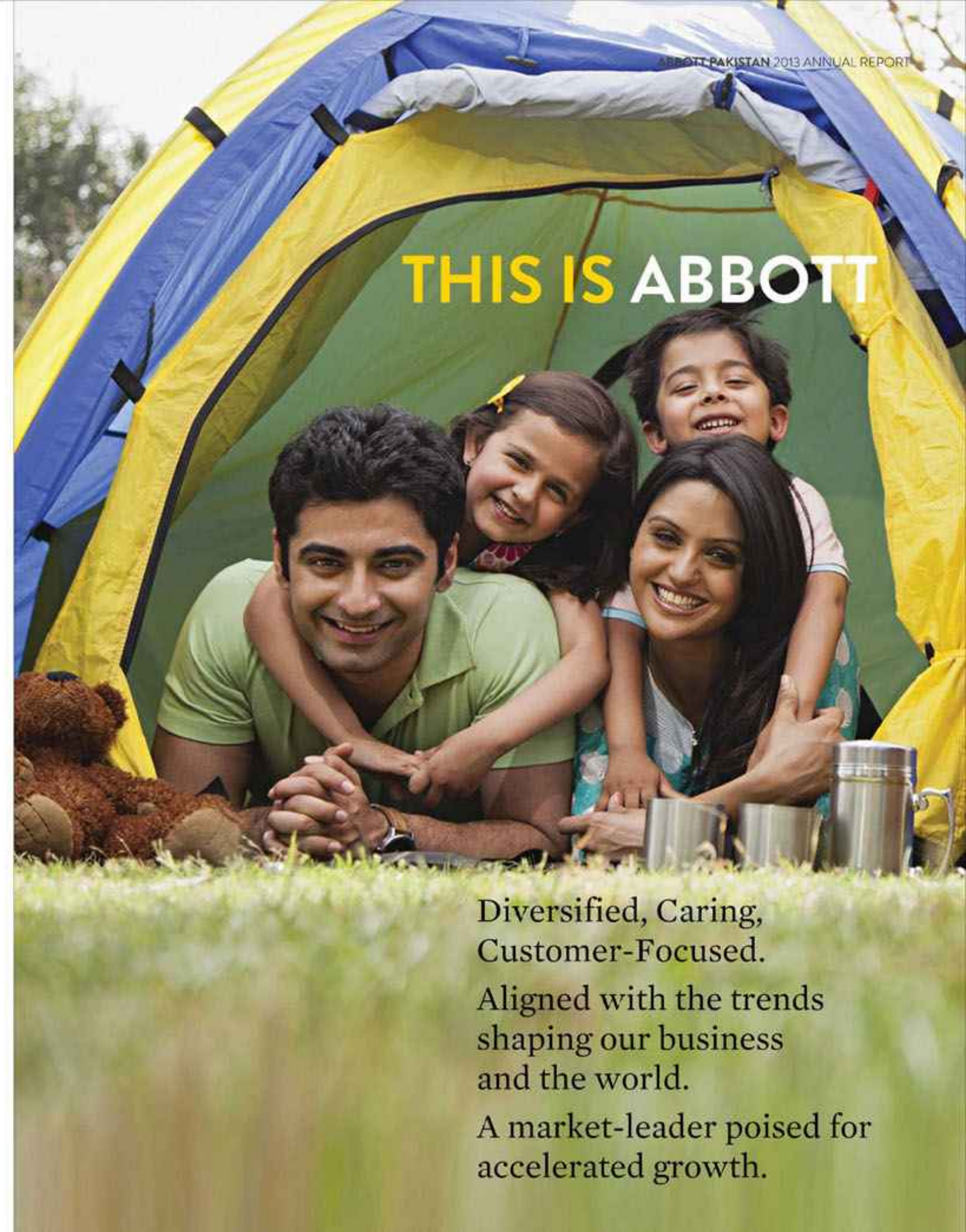
#### MAKING A DIFFERENCE IN PEOPLE'S LIVES

Caring is central to the work that we do to help people live healthier lives. We have tremendous respect for the lives of everyone touched by our company. Our respect for people is demonstrated in what we do and how we act.

### ENDURING

#### COMMITMENT AND PURPOSE

Enduring means both honoring our history and maintaining our commitment to the future. We will always be here to help keep people healthy. We keep our promises, acting in accordance with all of our values.



# THIS IS ABBOTT

Diversified, Caring,  
Customer-Focused.

Aligned with the trends  
shaping our business  
and the world.

A market-leader poised for  
accelerated growth.

When we're healthy, we can test the limits of our potential. We can reach higher. We can achieve more.

With a broad portfolio of innovative, science-based products, Abbott helps people at every stage of life to be as healthy as they can be and live their best possible lives.

*Inspiring healthier moments in life...*

THIS IS

LIFE





THIS IS ABBOTT

# LEADING

Abbott's reputation for leadership extends well beyond the market-leading products in each of our businesses. We are recognized in Pakistan and all over the world for the quality of our people, processes and programs.

**ESTABLISHED PHARMACEUTICALS**

*Second Leading Pharmaceutical in Pakistan*  
*#1 in anti-rheumatics globally\* and in Pakistan*  
*#1 macrolide antibiotic globally\* and in Pakistan*  
*#1 globally\* and in Pakistan for progesterone deficiency*  
*#1 in vitamins in Pakistan*  
*#1 in anti-epileptics in Pakistan*  
*#1 in anti-vertigo in Pakistan*  
 \*Ex USA

**NUTRITION**

*Leading Global Nutrition Company*  
*#1 Nutrition Company in Pakistan*  
*#1 in Worldwide Adult Nutrition*  
*#1 in Pediatric Nutrition in U.S.*

**DIAGNOSTICS**

*#1 in Immunoassay diagnostics*  
*#1 in Blood screening*  
*Leading point-of-care platform*

**DIABETES CARE**

*One of the Global Leaders in Blood Glucose Monitoring*  
*Easy-to-use systems provide highly accurate results*  
*State-of-the-art software*

## THIS IS ABBOTT LEADING



### GREAT PLACE TO WORK

Rated among the Top 10 Leading Employers in Pakistan and the Number 1 Pharmaceutical Company to Work for in the country by Rozee.pk.

At Abbott, people come to work each day with energy, enthusiasm and a commitment to enhancing human health and well-being in Pakistan.

We quickly adapt to changing healthcare needs by using our talent for innovation to create products that help improve people's health and quality of life.

### ATTRACTING THE BEST TALENT

Our employees are driven to make a difference. We attract the best and a diverse mix of talent from various backgrounds encouraging an inclusive culture.

### A PLACE TO GROW AND LEARN

Ongoing career development opportunities with personal and professional growth help us retain the best talent.

Abbott offers a strong internship program that provides young students with opportunities to gain first-hand experience of working with experts in the healthcare industry.

Our Management Trainee Program develops a strong, knowledgeable pool of talent through intensive on-the-job training. Bringing in new ideas and approaches, these trainees are equipped to take over full-time positions within the Company.

An e-learning initiative launched by our pharmaceuticals business in 2013, aims to be a Best in Class training program for the commercial teams, helping them to gain in-depth business, therapeutic, and product knowledge, and also develop the right skills and competencies. The interactive, self-paced and convenient program determines "entrance knowledge" allowing learners to skip what they already know and accommodates different learning styles for auditory, visual, and kinesthetic learners.

The iCoach training program develops managerial skills in employees. More than 90 managers received the iCoach training in 2013.







THIS IS ABBOTT

# DIVERSIFIED

In a complex and changing world, Abbott's diversity lets us tailor our product offering to the specific needs of the people of Pakistan.

Our diversified portfolio, with four businesses, helps address the full range of healthcare needs.

Our diversity of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across the country.

Abbott is devoted to providing efficacious and cost effective medicines with an established safety profile, new technologies and innovative ways to manage health.

OUR PRODUCTS SPAN THE CONTINUUM OF HEALTHCARE

- Prevention
- Diagnosis
- Treatment

*From newborns to aging adults, Abbott encircles life and is committed to nurturing its customers through a comprehensive line of products that cater to the diverse healthcare needs of the people in Pakistan.*





THIS IS ABBOTT

**RESPONSIBLE**

We believe that responsible, sustainable businesses help build a healthy, thriving society. Our commitment to ethics, citizenship and care for our patients, consumers and employees shapes how we operate, the people we hire, the activities we support, and the relationships we form.

**CITIZENSHIP IN PAKISTAN**

At Abbott, we constantly work to integrate our citizenship strategy with our core business strategy. We strive to foster economic, environmental and social well-being as we pursue the work of discovering, developing, manufacturing and distributing products that enhance people's health.

Expanding access to health care for patients around the world entails a number of complex challenges – including lack of awareness about health care issues and treatments; limited infrastructure for delivering health care services; poor sanitation; lack of modern transportation; and social stigmas. Against this challenging backdrop, Abbott works with a wide range of partners to help increase access to health care services, as well as Abbott products.

**THIS IS ABBOTT  
RESPONSIBLE**

**ETHICS AND COMPLIANCE**

Abbott seeks to maintain the highest standards of ethical conduct in everything we do – in Pakistan and throughout the world. Abbott employees understand the important impact that their work and our products have on people. They strive to work every day to ensure they are doing the right thing in the right way. We make it a priority to ensure that all Abbott employees understand our company’s values, policies and procedures, as well as our wider legal obligations.

**HEALTH AND SAFETY AT THE WORKPLACE**

We provide a safe working environment for our employees. While integrating health, safety and environmental concepts into business operations, Abbott also educates its employees on health and safety matters. More than 550 field force personnel from all across Abbott were trained in 2013 on driving safely. General health and safety awareness sessions were conducted throughout

the year, and Emergency Response Plans are in place for all Abbott building locations across Pakistan.

**CONTINUING INVESTMENT IN EDUCATION OF HEALTHCARE PROFESSIONALS**

At Abbott, we are committed to investing in continuing medical education of healthcare professionals through partnerships with leading physicians and medical organizations.

Partnering with leading physicians in Pediatric Sciences, Abbott launched a Pediatric Advisory Board to foster continuous learning of primary care physicians, activate patient support and education programs, propose new product initiatives to Abbott for better services to the pediatric community and support Abbott’s national programs to better serve the healthcare needs of the people in Pakistan.

In 2013, the “All 4 Kidz program” was launched as part of a series of scientific learning programs for general physicians and

healthcare providers, aimed at addressing the challenge of implementing the latest pediatric management protocols within the medical community, particularly at the primary care level. More than 1200 healthcare professionals participated in these programs held in Karachi, Lahore and Islamabad.

An International Speaker program was organized where authorities in the fields of pediatrics and nutrition gathered for the latest clinical knowledge and evidence-based practical recommendations for immune system development among children. Dr. Sanja Kolacek, a global expert on child nutrition and Secretary General of ESPGHAN (European Society of Pediatric Gastroenterology, Hepatology and Nutrition), highlighted the role of nutrition in immune system development of children in sessions held in Karachi, Lahore, Islamabad and Gujranwala.

**SUPPORTING OUR COMMUNITIES**

A public awareness program “Zinc Se Zindagi” to raise awareness about the medical importance of Zinc was also organized during the year. More than 400 people participated in the event at Lahore where leading specialist doctors highlighted the role of Zinc in the production, repair, and functioning of DNA; supporting the immune system; maintaining a sense of taste and smell; healing wounds and as a vital mineral for expecting mothers.

Employee giving also plays an integral role in Abbott’s community involvement. During December last year, Abbott Pakistan partnered with Indus Hospital (a local charity hospital) to help them collect blood as part of their Blood Center Program, which is said to be the first of its kind in the country. Blood donation camps were arranged at both Landhi and Korangi plants where Abbott employees actively participated by giving blood. A blood collection camp was also arranged at a residential community area near the Plant where community members were encouraged to donate blood and help save lives.



## THIS IS ABBOTT RESPONSIBLE



At Abbott, we also ensure quality, safety and product integrity across the full spectrum of research, development and manufacturing of our products, packaging and distribution.

As part of our continuing efforts to improve our processes, an intensive education program was launched on the prevention of human errors on the manufacturing floor, which aimed to reduce the number of human errors by 10% over last year.

### SAFEGUARDING THE ENVIRONMENT

Abbott works diligently to reduce our environmental impacts – from the sourcing of raw materials, to the manufacture and distribution of our products, to the use and disposal of our products by consumers and health care providers. Our environmental stewardship initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

Waste to landfill sites is a large contributor to soil and groundwater contamination. Abbott's Zero Waste to Landfill initiative was successful in decreasing waste to landfill sites by 24% in the year 2013. Abbott maintains 100% wastewater compliance as per the national standards outlined by the Environmental Protection Agency of Pakistan.

We recognize climate change as a global issue and continuously work on reducing our greenhouse gas emissions. Our manufacturing plants are fully compliant with the defined parameters set by the National Environmental Quality Standards. They maintain their positions of being green plants by working well within the limits of carbon dioxide emissions.





THIS IS ABBOTT

# ALIGNED

Our broad product portfolio lets our company address important trends in human health and well-being at every stage of life. This is Abbott. This is life.



With an increasing emphasis on cost-efficiency, there is ever greater demand for products and services that deliver real value. Abbott is there.



As consumers take a more active role in their health care decisions, they look for a brand they can trust. Abbott is there.



As the world population grows older, we see an increase in the diseases of aging such as diabetes. Abbott is there.



« Zaina

Zaina is an active 5-year old from Karachi, Pakistan. When she's not in school, she enjoys playing in the park. Zaina was born thanks, in part, to her mother's use of Duphaston\* (Dydrogesterone), Abbott's treatment for progesterone deficiency, a condition that can threaten pregnancy.

ZAINA AHMED  
Karachi, Pakistan

\* Only to be used on doctor's prescription

# ESTABLISHED PHARMACEUTICALS

*Setting the global standard in branded pharmaceuticals through localized innovation*

**Duphaston**  
(Dydrogesterone)  
20 Film Coated Tablets

With targeted portfolios of trusted, high quality and affordable pharmaceutical brands, Abbott's Established Pharmaceuticals business is committed to improving the lives of people across Pakistan. Tailoring our product offering to the specific needs of the patients we serve lets us help more people, in more places than ever before.

## ESTABLISHED PHARMACEUTICALS

### KEY MARKET TRENDS

- Rising middle-class incomes
- Consumer reliance on trusted brands that ensure product quality
- Influence of pharmacists in patients' choice of treatments supports higher use of branded treatments

### 2013 BUSINESS HIGHLIGHTS

- Sales increased by 12.0%
- Launched three new line extensions in 2013

### ABBOTT BRANDS

The high-quality products in Abbott's portfolio include some of the world's most trusted brands, including:

**Klaricid**  
(the world's\* and Pakistan's #1 macrolide antibiotic)

**Brufen**  
(the world's\* and Pakistan's #1 ibuprofen brand in volume; Pakistan's 2nd largest brand among all categories)

**Surbex Z**  
(Pakistan's #1 multivitamin+mineral tablet)

**Arinac**  
(Pakistan's #1 cough & cold preparation, in both adults and children)

**Duphaston**  
(the world's\* and Pakistan's #1 brand for progesterone deficiency)

**Serc**  
(Pakistan's #1 branded treatment for vertigo)

**Duphalac**  
(Pakistan's #1 branded treatment for constipation)

**Epival**  
(Pakistan's #1 branded treatment for epilepsy, in both adults and children)

**Mospel**  
(Pakistan's #1 mosquito repellent)

\*Ex USA



*Abbott's leading presence in branded pharmaceuticals is strong and growing*

- Second leading pharmaceutical company in Pakistan
- Two state-of-the-art manufacturing facilities in Karachi
- Deep localization and a growing portfolio of high-quality, affordable, branded medicines that have been successfully treating patients of all ages for many years
- More than 150 branded medicines
- Therapeutic areas include gastroenterology, pain, women's health, anti-infectives, vitamins and specialty care

*Tailored portfolios let Abbott leverage our global strength to address the specific needs of local markets.*





» *Tahira*

80-year old Tahira Begum was on bed rest for four months due to a hip bone fracture last year. Her doctors recommended Ensure during her recovery period. Today, Tahira Begum is back to leading a normal life and enjoys spending most of her time with her grandchildren.

TAHIRA BEGUM  
Karachi, Pakistan



# NUTRITION

*Our most consumer-facing business offers compelling growth opportunities*



People rely on Abbott's science-based nutrition products at every stage of life. They know they can count on our trusted brands to help their children thrive and to provide the extra nutrition their bodies need. Catering to the diverse needs of consumers, Abbott Nutrition helps people enjoy their healthiest possible lives.

## NUTRITION

### KEY MARKET TRENDS

- High birth rates
- Expanding economy
- Growing awareness of the role of nutrition in wellness

### 2013 BUSINESS HIGHLIGHTS

- Sales increased by 26.0%
- Measures to improve efficiencies in inventory management led to cost reductions

### ABBOTT BRANDS

The high-quality products in Abbott's portfolio include some of the world's most trusted brands, including:

**Similac**

*(leading infant formula)*

**Pediasure**

*(complete balanced nutrition for children, particularly picky eaters)*

**Ensure**

*(complete balanced nutrition for adults)*

**Glucerna**

*(for nutritional needs of people with diabetes)*

### Science-based Innovations Fuel Growth

- *One of the world leaders in Nutrition*
- *Leader in Nutrition in Pakistan*
- *Science-based nutritional products that support the growth, health and wellness of people from infancy to old age*
- *Maternal and Pediatric nutritionals to support healthy growth during pregnancy and throughout childhood*
- *Adult nutritionals designed to aid recovery and promote healthy aging*





DR. SAMEER QURESHI  
Karachi, Pakistan

### « Sameer

Dr. Sameer Qureshi, Head of Clinical Biochemistry & Chemical Pathology at Dow Diagnostic Lab refers to the newly installed ACCELERATOR™, the total lab automation system at Dow, as a “one stop shop” in modern-day Clinical Chemistry. “The fast turnaround time and accuracy of the results enable me and other healthcare professionals to make well-informed and timely treatment decisions while effectively handling the pressures of running a busy lab,” says Dr. Qureshi.

## DIAGNOSTICS

*Pioneering medical diagnostics*



Fast, accurate diagnosis is often the key to a successful treatment and a full recovery. Abbott diagnostic technologies – from automated immunodiagnostics systems, to accurate point-of-care devices – provide health care professionals with information they need to make the best treatment decisions.

## DIAGNOSTICS

### KEY MARKET TRENDS

- Aging population. Number of people over 50 years old will almost double by 2030 in Pakistan.
- Increasing emphasis on the use of in vitro testing in diagnosis and disease prevention
- Market pressure to improve laboratory efficiency
- Increasing private investments in healthcare infrastructure

### 2013 BUSINESS HIGHLIGHTS

- New ARCHITECT EBV panel launched, which provides correct infection staging to patients
- New ARCHITECT HbA1c test launched, which aids in the diagnosis of diabetes mellitus
- High sensitive troponin launched

### ABBOTT BRANDS

Our leading brands include:

**ARCHITECT i1000sr &  
ARCHITECT i2000sr**

*(Immunoassay)*

**ARCHITECT c4000 &  
ARCHITECT c8000**

*(Chemistry)*

**ARCHITECT ci4100 &  
ARCHITECT ci8200**

*(ImmunoChemistry)*

**CellDyn Ruby & CellDyn Emerald**

*(Hematology)*

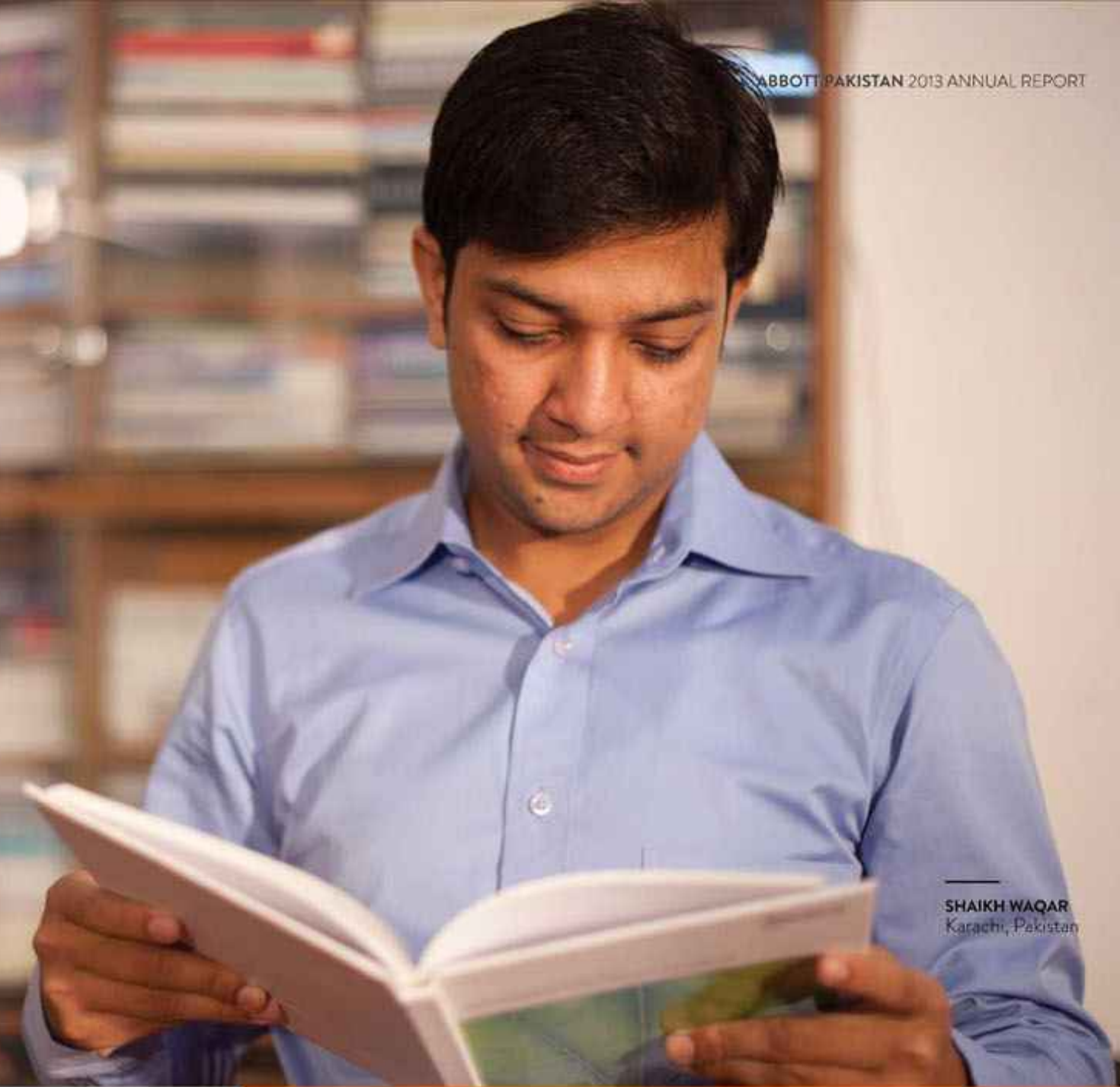
**m2000**

*(Molecular testing)*



## » *Waqar*

Much to his surprise, Waqar was diagnosed with type-1 diabetes at the age of 18. His doctor recommended FreeStyle Optium, which has helped him to easily self-monitor his glucose levels and manage diabetes. Today, Waqar is a very active 21-year old studying and working at the Baqai Institute of Diabetes & Endocrinology. In 2013, the International Diabetes Federation also awarded Waqar with the “Young Leader of Diabetes” title for effectively controlling his blood glucose levels.



SHAIKH WAQAR  
Karachi, Pakistan

## DIABETES CARE

*Providing Better Options and  
Improved Outcomes*



Patient-focused innovations let Abbott's diabetes care business deliver improved outcomes for people around the world. Our advanced technologies are designed to help people monitor more quickly and accurately while reducing discomfort, letting them get on with the business of living.

## DIABETES CARE

### KEY MARKET TRENDS

- Aging population. Number of people over 50 years old will almost double by 2030 in Pakistan
- Increasing incidence of chronic diseases like diabetes
- Increasing private investments in healthcare infrastructure

### KEY GROWTH OPPORTUNITIES

- Blood-glucose monitoring - high incidence of diabetes in Pakistan



### ABBOTT BRAND

Our leading brand is:

Free Style Optium



## AWARDS AND RECOGNITION

### ABBOTT WINS BEST CEO AWARD AT THE 3RD CEO AWARDS 2013

Arshad Saeed Husain was awarded the Best CEO at the 3rd CEO / CFO / CIO Conference & Awards 2013 organized by Mass Human Resource Services in collaboration with Karachi Stock Exchange (KSE), Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE) in December 2013. Hundreds of CEOs of public limited companies from 32 different categories defined by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP) were assessed. Candidates were short-listed based on their Company's financial performance for the last five years as well as citizenship initiatives and overall management quality among other attributes.

### ABBOTT PAKISTAN WINS MULTINATIONALS' CEO EXCELLENCE AWARD FOR EXCELLENCE IN HEALTHCARE SERVICES

Arshad Saeed Husain was awarded the Multinationals' CEO Excellence Award for Excellence in Healthcare Services at the 4th Global CEO Excellence Awards organized by Global Media Links, Better Pakistan Forum and Business Milestones.

### ABBOTT WINS MAP CORPORATE EXCELLENCE AWARD

Abbott Pakistan won the Corporate Excellence Award in the Pharmaceutical and Bio Tech sector at the 29th MAP Corporate Excellence Awards organized by the Management Association of Pakistan. The Corporate Excellence Awards aim to recognize and honor companies showing outstanding performance and demonstrating progress and enlightened management practices.

### ABBOTT NAMED ONE OF THE TOP TEN PREFERRED EMPLOYERS AND NO.1 IN PHARMACEUTICAL INDUSTRY IN PAKISTAN

Abbott has been ranked as one of the top ten overall preferred employers in Pakistan, and also was named the top employer in the pharmaceutical industry in the country. The rankings were announced by ROZEE.PK, and based on a survey of more than 9,000 people in Pakistan conducted in collaboration with Yougov, a leading global opinion pollster based in UK. Career growth, brand image, compensation and benefits, better work environment and social responsibility were the key reasons for selection of Abbott as the most preferred employer.

### ABBOTT WINS BEST SOCIAL IMPACT AWARD AT THE 5TH INTERNATIONAL SUMMIT ON CSR

Abbott Pakistan received the Corporate Social Responsibility Excellence Award for creating Best Social Impact at the 5th International CSR summit organized by the National Forum for Environment & Health (NFEH) in collaboration with United Nations' Environmental Program (UNEP). More than 100 national and international companies submitted nominations and Abbott was awarded for creating social impact by enhancing access through its community outreach project. Through this project, Abbott supported a school located near its manufacturing facility at Korangi, Karachi.

### ENSURE WINS BRANDS OF THE YEAR AWARD 2013

A trusted name in the Nutrition market, Ensure won the Brands of the Year Award 2013 in the Nutritional Food Supplement category. Brands of the Year Award is endorsed by the Government of Pakistan and organized by Brands Foundation.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Munir A. Shaikh (Chairman)  
 Arshad Saeed Husain (Chief Executive Officer)  
 Kamran Y. Mirza  
 Thomas C. Freyman (Alternate Director - Anis A. Shah)  
 Syed Anis Ahmed  
 Angelo Kondes  
 Shamim Ahmad Khan

### AUDIT COMMITTEE

Shamim Ahmad Khan (Chairman)  
 Munir A. Shaikh  
 Kamran Y. Mirza  
 Maria Memon (Chief Internal Auditor - by invitation)  
 Syed Anis Ahmed (CFO - by invitation)

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Munir A. Shaikh (Chairman)  
 Arshad Saeed Husain  
 Shamim Ahmad Khan  
 Shahrukh Masood

### SHARE TRANSFER COMMITTEE

Arshad Saeed Husain (Chairman)  
 Syed Anis Ahmed  
 Anis A. Shah (Alternate Director to Thomas C. Freyman)

### BANKING COMMITTEE

Munir A. Shaikh (Chairman)  
 Arshad Saeed Husain  
 Anis A. Shah (Alternate Director to Thomas C. Freyman)  
 Syed Anis Ahmed

### CHIEF FINANCIAL OFFICER

Syed Anis Ahmed

### COMPANY SECRETARY

Malik Saadatullah

### AUDITORS

M. Yousuf Adil Saleem & Co.  
 Chartered Accountants

### LEGAL ADVISORS

Orr, Dignam & Co.  
 Surridge & Beecheno

### SHARE REGISTRAR

FAMCO Associates (Pvt) Limited  
 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S,  
 Shahrah-e-Faisal, Karachi

### BANKERS

Faysal Bank Limited  
 Citibank N.A.  
 Deutsche Bank AG  
 MCB Bank Limited  
 National Bank of Pakistan  
 Standard Chartered Bank (Pakistan) Limited  
 HSBC Bank Middle East Limited  
 The Bank of Tokyo-Mitsubishi UFJ Limited  
 Barclays Bank PLC

### REGISTERED OFFICE

Opposite Radio Pakistan Transmission Center  
 Hyderabad Road, Landhi, P.O. Box 7229,  
 Karachi, Pakistan.

### CITY OFFICE

8th Floor, Faysal House, ST-02, Shahrah-e-Faisal,  
 Karachi, Pakistan.

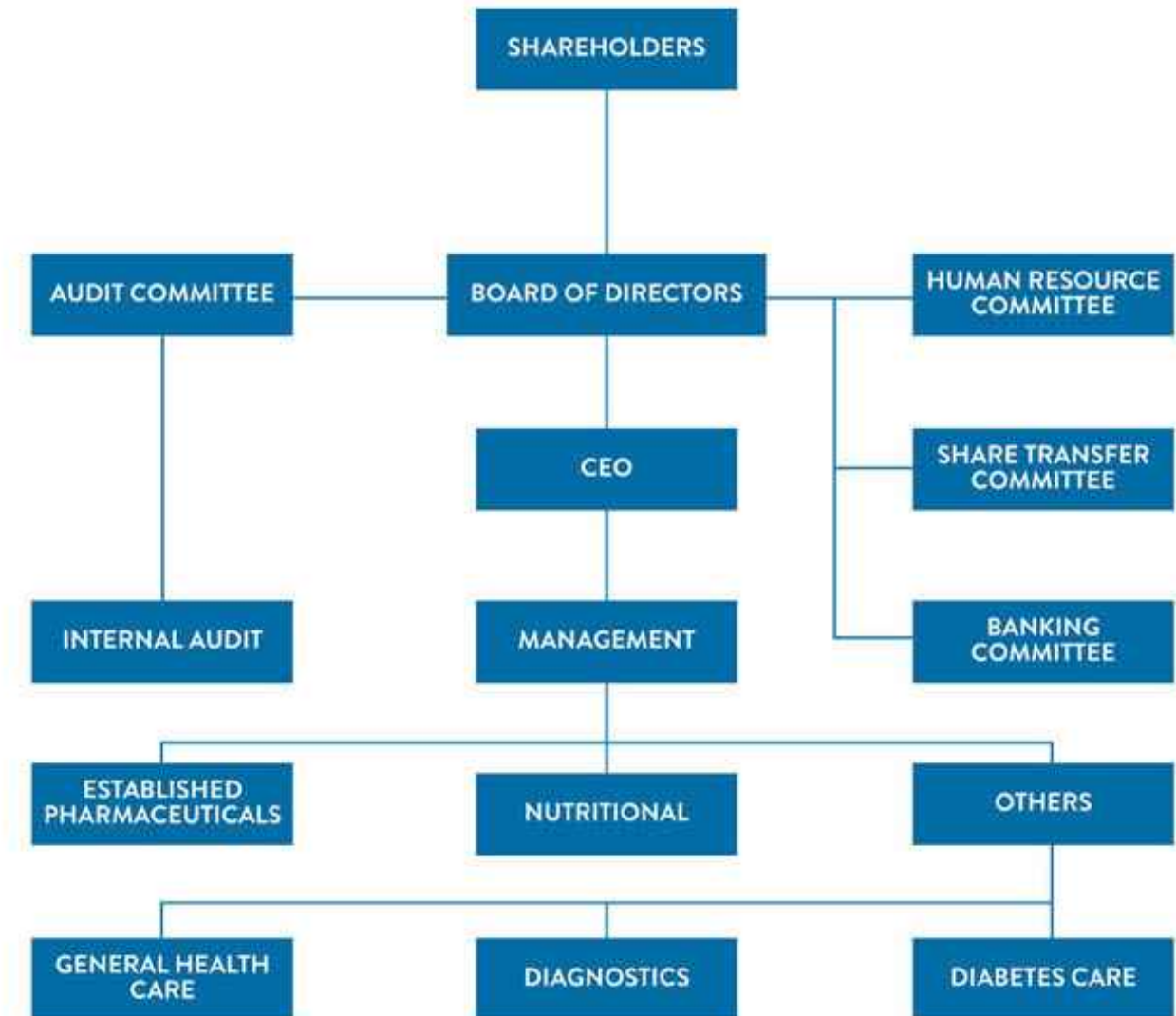
### WEBSITE

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

### SENIOR MANAGEMENT TEAM

Arshad Saeed Husain (Chief Executive Officer)  
 Syed Anis Ahmed (Chief Financial Officer)  
 Anis A. Shah (Director Plant Operations)  
 Ayub A. Siddiqui (GM, Abbott Nutrition International Pakistan)  
 Habib Ahmed (Country Manager, Abbott Diagnostics Division Pakistan)  
 Dr. Sheikh Adnan Lateef (Head of Abbott Diabetes Care Pakistan)  
 Dr. Farrukh Hafeez (Director Quality Assurance)  
 Dr. Sarmad Maqbool (Director Marketing & Strategy)  
 Seema Khan (Director Regulatory Affairs)  
 Dr. Raef Ahmed (Director Medical Affairs)  
 Shahrukh Masood (Director Human Resources)  
 Dr. Suleman Alvi (Director Business Development)

## CORPORATE STRUCTURE





## DIRECTORS' PROFILE



**MUNIR A. SHAIKH**  
*Chairman*

Munir Shaikh is currently Chairman of the Board of Directors of Abbott Pakistan Ltd and of the Board of Directors of Abbott India Ltd. He is also a Director of Sunshine Holdings Ltd Sri Lanka. All of these companies are publically listed with their shares quoted on Karachi, Mumbai and Colombo Stock Exchanges respectively. Mr Shaikh has held several management positions with Abbott in Asia, Middle East and the United States. He was Managing Director of Abbott Pakistan, Regional Manager, Caribbean based in Puerto Rico, Director of Business Development based in Chicago, Vice President, Middle East and Africa based in Dubai and Vice President Pacific, Asia Africa based in Singapore. Mr Shaikh is a Fellow of the Institute of Chartered Accountants in England and Wales.



**ARSHAD SAEED HUSAIN**  
*Chief Executive Officer*

Arshad Saeed Husain is the Chief Executive Officer of Abbott Pakistan Ltd. Earlier he was Managing Director for Syngenta Pakistan Limited and President Director, PT Syngenta Indonesia. Arshad is Co-Chairman of Pharma Bureau and is also on the Executive Committee of the Swiss Business Council and the American Business Council in Pakistan. He is a member of the Board of Trustees of the Abbott Staff Provident Fund and Abbott Staff Pension Fund. He has a Bachelor's Degree (Honors) with specialisation in International Trade & Development from the London School of Economics & Political Science, University of London.



**ANGELO KONDES**  
*Director*

Angelo Kondes is part of the Board of Directors of Abbott Pakistan Ltd. He currently serves as Regional Director - Middle East, Africa & Pakistan at Abbott. He has also been the General Manager for South Africa, General Manager for Saudi Arabia and Acting General Manager for India at Abbott. Angelo Kondes holds a degree as B Proc (Attorney) in Law from the University of Witwatersrand in South Africa. He also has a Marketing Management Diploma from Damelin College.



**SYED ANIS AHMED**  
*Director*

Anis Ahmed is part of the Board of Directors of Abbott Pakistan Ltd. He is currently the Chief Financial Officer at Abbott Pakistan. Anis is a member of the Board of Trustees of the Abbott Staff Provident Fund, Abbott Staff Pension Fund and Abbott Workers' Profit Participation Fund. He has 20 years of post qualification experience in Finance, Taxation, IT, Corporate Governance and Compliance. Prior to Abbott, he was associated with A.F. Ferguson & Co. and Philips Pakistan. Anis is a fellow member of the Institute of Chartered Accountants of Pakistan.

**KAMRAN Y. MIRZA**  
*Director*

Kamran Mirza is part of the Board of Directors of Abbott Pakistan Ltd. He is currently the Chief Executive Officer of the Pakistan Business Council. He has also served as the Chief Executive Officer of Abbott Pakistan for 29 years. He serves as Director on the Boards of Safari & Outdoor Club of Pakistan, International Steel Ltd., Karawan-e-Hayat and Education Fund for Sindh (EFS). He is also a Member of the Quality Control Board, Institute of Chartered Accountants in Pakistan. In the past, he has also served as Chairman, Karachi Stock Exchange (KSE), President, Overseas Chamber of Commerce & Industry (OICCI), President American Business Council (ABC), and Chairman Pharma Bureau. He is a qualified Chartered Accountant from the United Kingdom.



**SHAMIM AHMAD KHAN**  
*Director*

Shamim Ahmad Khan is part of the Board of Directors of Abbott Pakistan Ltd. He also serves on the Boards of Packages Limited and IGI Insurance Ltd. He is also a Member of the Advisory Committee of Centre for International Private Enterprises (CIPE). After joining the Civil Service of Pakistan in 1962, Mr. Shamim Ahmad Khan served in various senior positions in Government of Pakistan and retired as Secretary, Ministry of Commerce. For ten years, he worked as Member and later as Chairman of the Corporate Law Authority, the regulatory body for the corporate sector in Pakistan. He was the founder Chairman of the Securities and Exchange Commission of Pakistan.



**ANIS SHAH**  
*Director*

Anis Shah is part of the Board of Directors of Abbott Pakistan Ltd. Currently he is working as Operations Director at Abbott. He is a member of the Board of Trustees of the Abbott Staff Provident Fund, Abbott Staff Pension Fund and Abbott Workers' Profit Participation Fund. Anis has 36 years of experience working in the fields of Quality, Operations and General Management with Abbott, GlaxoSmithKline, Bristol-Myers Squibb and Sanofi Pakistan. He has a Bachelor's degree in Pharmacy (Gold Medalist) from the University of Karachi, Pakistan.



## CORPORATE GOVERNANCE

### PERFORMANCE EVALUATION OF THE BOARD

The Board of Directors act as governing trustees of the Company on behalf of the shareholders while carrying out the Company's mission and goals. The Board of Directors sets the following evaluation criteria to judge its performance.

- a. Compliance with the legislative system in which Abbott Pakistan operates, particularly Companies Ordinance, 1984, listing regulation of Stock Exchanges, and the Memorandum and Articles of Association of the Company.
- b. Review of the strategic plans and business risks, monitor Company's performance against the planned objectives and advise the management on strategic initiatives.
- c. Establishing adequate internal control system in the Company and its regular assessment through self assessment mechanism and internal audit activities.
- d. Ensuring required quorum of Board meeting is available, in order to have detailed deliberation and quality decision on matters of significance.
- e. Ensuring training of Board of Directors including new appointments such that each member is fully aware of his roles and responsibilities.

### PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVE

The Chief Executive Officer, being part of the Board, is present in every meeting of the Board. The CEO provides an overview of the Company's performance to the Board and addresses any specific questions by the Board members. The performance of the CEO is assessed through the evaluation system set by Abbott Pakistan. The principle factors of evaluation include financial performance, business process, compliance, business excellence and people management.

## BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

### AUDIT COMMITTEE

The Committee comprises of three members, all of whom are Non-Executive Directors. The Audit Committee meets at least four times a year. The Company Secretary acts as secretary to the Audit Committee. The brief terms of reference of the audit committee are as follows:

- Review quarterly, half yearly and annual financial statements of the company prior to their approval by the Board of Directors.
- Review preliminary announcements of results prior to publication.
- At least once a year, the Audit Committee shall meet external auditors without Chief Financial Officer and Chief Internal Auditor.
- At least once a year, the Audit Committee shall meet Chief Internal Auditor without Chief Financial Officer and external auditors.
- Recommend the appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, if any, audit fees, and provision by external auditors of any service in addition to audit of financial statements.
- Review management letter issued by the external auditors and management response thereto.
- Determination of appropriate measures to safeguard the Company's assets.
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors.

### BANKING COMMITTEE

The Committee comprises of a Non-Executive Director, two Executive Directors (one of the Executive Directors is an alternate Director) and Chief Executive Officer. The Banking Committee approves matters relating to opening, closing and day-to-day operations of bank accounts, issuing such instructions to the Company's bankers with regards to the Company's banking transaction and business, as it may consider appropriate.

### HUMAN RESOURCE COMMITTEE

The Committee consists of Chief Executive Officer and two Non Executive Directors. The HR Director acts as Secretary to the Committee. This Sub-Committee of the Board is responsible for reviewing the remuneration and benefits of the Chief Executive Officer, Executive Directors, Company Secretary and Chief Internal Auditor. The meeting of the committee is held at least once in a year.

### SHARE TRANSFER COMMITTEE

The Committee comprises of Chief Executive Officer and two Executive Directors (one of the executive directors is an alternate director). The Company Secretary acts as secretary to the Committee. The Committee approves registration, transfer and transmission of shares. Moreover, it also issues and cancels share certificates including duplicate share certificates.

## BOARD COMMITTEES ATTENDANCE

### AUDIT COMMITTEE

NAME	CATEGORY	MEETINGS	
		HELD	ATTENDED
Shamim Ahmad Khan	Chairman - Non Executive Director	4	4
Munir A. Shaikh	Member - Non Executive Director	4	4
Kamran Y. Mirza	Member - Non Executive Director	4	4
Syed Anis Ahmed	By Invitation - Chief Financial Officer	4	4
Maria Memon	By Invitation - Chief Internal Auditor	4	4
Malik Saadatullah	Secretary	4	4

### HUMAN RESOURCE COMMITTEE

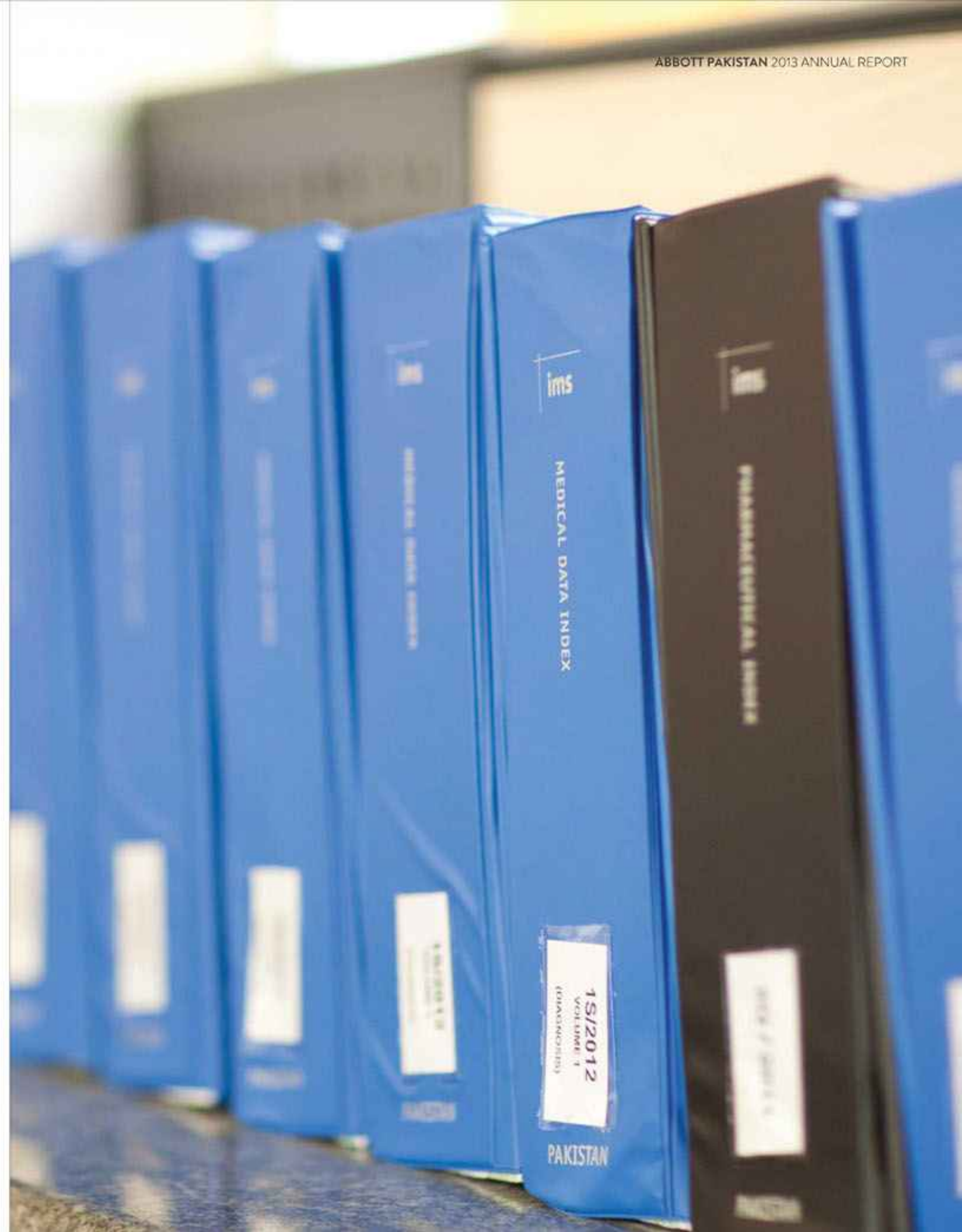
NAME	CATEGORY	MEETINGS	
		HELD	ATTENDED
Munir A. Shaikh	Chairman - Non Executive Director	1	1
Arshad Saeed Husain	Member - Chief Executive Officer	1	1
Shamim Ahmad Khan	Member - Non Executive Director	1	1
Shahrukh Masood	Secretary	1	1

### SHARE TRANSFER COMMITTEE

NAME	CATEGORY	MEETINGS	
		HELD	ATTENDED
Arshad Saeed Husain	Chairman - Chief Executive Officer	12	12
Anis A. Shah	Member - Alternate Director to Thomas C. Freyman	12	12
Syed Anis Ahmed	Member - Chief Financial Officer	12	12
Malik Saadatullah	Secretary	12	12

### BANKING COMMITTEE

NAME	CATEGORY	MEETINGS	
		HELD	ATTENDED
Munir A. Shaikh	Chairman - Non Executive Director	2	0
Arshad Saeed Husain	Member - Chief Executive Officer	2	0
Anis A. Shah	Member - Alternate Director to Thomas C. Freyman	2	1
Syed Anis Ahmed	Member - Chief Financial Officer	2	1



## DIRECTORS' REPORT

The Directors take pleasure in presenting their Report together with the audited financial statements of the Company for the year ended December 31, 2013.

OPERATING RESULTS	Rs in 000
Profit for the period before taxation	3,686,223
Taxation	<u>(1,157,374)</u>
Profit after taxation	2,528,849
Other comprehensive income - net of tax	158,602
Un-appropriated profit brought forward	1,877,661
Transfer from Un-appropriated profit	<u>(1,750,000)</u>
Profit available for appropriation	<u>2,815,112</u>
<b>APPROPRIATIONS</b>	
- Final dividend 2012 Rs 4 per share	(391,601)
- Interim dividend 2013 Rs 3 per share	<u>(293,701)</u>
Un-appropriated profit carried forward	<u>2,129,810</u>

### FINANCIAL PERFORMANCE

Net sales for the year increased 13% over prior year. Gross Profit

ratio at 38% was 1% better than previous year, primarily due to product-mix, and effective cost controls.

Profit after tax for the year increased by 21% over prior year. Earnings Per Share was Rs 25.83 (2012: Rs 21.35).

Your Directors are pleased to announce a final cash dividend of Rs 4.00 per share (2012: Rs 4.00 per share), which is in addition to an interim cash dividend of Rs 3.00 per share (2012: Rs 3.00 per share) paid to the shareholders during 2013.

### SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased by 12% over prior year mainly due to unit growth and improved product-mix. Anti-infectives, gastro preparations, and pain management recorded strong double digit growth.

Nutritional sales for the year posted 26% growth over prior year due to volume growth and selective price increases on certain products. Pediasure, Glucerna and Ensure posted strong double digit growth.

General Health Care (GHC), Diagnostic and Diabetes Care sales for the year grew by 4% over prior year mainly due to lower incidence of dengue resulting in unfavourable trend for Mospel sales.

### INDUSTRY OVERVIEW

The pharmaceutical industry in Pakistan is currently estimated at approximately US \$ 2.0 billion as per IMS December 2013, MAT. The share of MNCs in terms of value is 41.5% as compared to the national companies' share of 58.5%. This is indicative of the growing footprint of local companies as some MNCs scale back operations due to lack of a pragmatic regulatory environment and pricing framework. Pakistan's pharmaceutical / nutrition market grew by approximately 14.7% in 2013 (IMS Dec. 2013, MAT). Your Company achieved a growth of 15.4% consolidating its position as the second largest pharmaceutical company in Pakistan.

### MARKET SHARE

Abbott Pakistan achieved a market share of 6.6% as per IMS (Dec 2013, MAT) in the pharmaceutical and nutrition market (2012 market share: 6.5%).

### MANUFACTURING

Your Company manufactures over 196 SKUs of different pharmaceutical and general health care products for local and export markets.

### CAPITAL EXPENDITURE

In keeping with the Company's commitment to enhance productivity and good manufacturing practices, Rs 973 million was spent on various capital projects such as capacity enhancement for tablets manufacturing, cogeneration of electricity and steam and procurement of manufacturing and service equipments aimed at improving productivity.

### LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

The Company has developed and implemented a formal cash flow monitoring mechanism whereby cash inflows and outflows are projected and monitored on a regular basis. This ensures sufficient availability of funds at all times while generating optimum returns through placement of surplus liquidity in various available investment avenues.

The Company follows a prudent investment strategy for placement of surplus funds. These funds are generally placed in short-term bank deposits.

A monitoring system is in place whereby the Company's existing investment portfolio and new proposals for funds placement are reviewed by the investment Committee comprising members of senior management.



### EVALUATION OF COMPANY'S PERFORMANCE

For the purpose of evaluating the performance of the Company, the management uses various indicators that include industry growth, position of peer companies in relevant therapeutic areas, prior years' performance, macro economic indicators and business environment impacting the Company.

On the basis of these, budgets are formulated and actual performance measured against the budget at regular intervals during the year so that remedial action is taken on a timely basis. This exercise is carried out for all the business segments of the Company. The management believes that these indicators will continue to be relevant in the future.

### RISK MANAGEMENT

The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall risk management of the Company is carried out by the Company's Senior Management Team and the results are shared with the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks faced by the Company. The

Senior Management Team also carries out a SWOT analysis of the Company and its products. On the basis of the SWOT analysis, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long term strategic objectives of the Company.

### CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs 2,479 million (2012: Rs 1,988 million) to the government on account of various government levies including income tax, custom duties and sales tax.

### ENVIRONMENT, HEALTH AND SAFETY

A number of environment, health and safety related initiatives were undertaken during the year to ensure provision of an environmentally friendly and safe workplace for our employees.

### BUSINESS PROCESS IMPROVEMENT

As part of a continuous productivity improvement program, your company has been certified on Class A Plus program, which is a prestigious recognition in operational excellence.

Various projects related to improvements in yield and productivity, energy conservation and waste elimination have been implemented.

To remain competitive, your Company has been continuously making investment in production facilities for process improvement, energy conservation and to improve quality and ensure compliance. New material source development and upgrading of utilities infrastructure were two focal areas in 2013, aimed at improving productivity to meet future challenges.

As a part of Quality Management System improvement, an intensive education program on prevention of human error on the manufacturing floor has been implemented at site to avoid risk based human error.

Various Business Process Improvement initiatives greatly contributed towards improving your Company's financial performance.

### HUMAN RESOURCES

Your Company was rated among the Top 10 Leading Employers in Pakistan and the Number 1 Pharmaceutical Company to Work For in the country by Rozee.pk (an online job provider) in association with YouGov, a global leader in public opinion and consumer behavior polling. Our focus continued on attracting and retaining a diverse mix of talent from various backgrounds. Your Company continues to provide career development opportunities to its employees in order to retain the best talent. Remuneration packages were benchmarked with peer groups to ensure compatibility with the market with the objective of improving the quality of life of Abbott employees. Learning & Development (L&D) continued during the year with many employees attending different workshops, seminars and trainings which not only improved their skill set but also marked the presence of Abbott at various learning forums in Pakistan. Going forward, a more focused approach to L&D through customized cross functional programs is being undertaken.

### GLOBAL CITIZENSHIP

At Abbott, we believe that responsible, sustainable businesses have an important role to play in building a healthy, thriving society. This commitment to global citizenship shapes the way we operate, the people we hire, the activities we support, and the relationships we form. To transform our global citizenship ambitions into sustainable ideas, Abbott focuses on four key priorities: Innovating for the Future, Enhancing Access, Protecting Patients and Consumers and Safeguarding the Environment. Working in partnership with others, Abbott leverages its core business expertise and resources to create sustainable solutions in countries around the world.

### SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

### BUSINESS CHALLENGES AND FUTURE OUTLOOK

The company remains vulnerable to energy price escalation, inflation and devaluation of Pak Rupee. Higher fuel and energy prices are of particular concern to the industry. Due to lack of a transparent pricing mechanism the minimal adhoc pricing adjustments are not conducive to the growth of the pharmaceutical industry.

The Drug Regulatory Authority is of critical importance for the pharmaceutical industry. The establishment of an autonomous Drug Regulatory Authority to regulate the manufacture, storage, distribution, import and sale and advertisement of drugs is a welcome step. We hope that the Authority will provide strong support to the industry in addressing its long outstanding issues. The violation of Intellectual Property Rights continues to be a concern for the industry. Concrete steps need to be taken to discourage both piracy and counterfeit. Effective implementation of such rights will protect consumers, as well as the industry.

### AUDITORS

The present Auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, retire. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of Ernst & Young Ford Rhodes Sidat Hyder as auditors of the Company for the financial year ending December 31, 2014.

### PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2013 is given on page 116.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

### HOLDING COMPANY

As at December 31, 2013 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.



**COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

As required by the Code of Corporate Governance 2012, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate Accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- There are no doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data for the last six years is summarized on page 56.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the Financial Statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- In accordance with the criteria specified in clause (xi) of the Code, three directors of the Company are exempt from the requirement of Directors' training program and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.
- There are no outstanding loans, TFCs, sukuks or any other debt instruments.
- The value of investments made by the staff retirements funds as per their financial statements are as follows:-

Value (Rs in millions)

- ALPL Pension Fund (Based on year ended December 31, 2012) – audited 2,042
- ALPL Provident Fund (Based on year ended December 31, 2012) – audited 691
- During the period, four meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:

DIRECTORS / CFO / COMPANY SECRETARY	BOARD MEETINGS ATTENDED
1. Mr. Munir A. Shaikh	4
2. Mr. Asif Jooma*	1
3. Mr. Arshad Saeed Husain**	3
4. Mr. Roland W. Kaut***	1
5. Mr. Angelo Kondes****	2
6. Syed Anis Ahmed – Director & CFO	4
7. Mr. Anis A. Shah – Alternate Director to Thomas C. Freyman	4
8. Mr. Kamran Y. Mirza	4
9. Mr Shamim Ahmad Khan	4
10. Mr. Malik Saadatullah (Company Secretary)	4

\* Resigned from the Board w.e.f. April 4, 2013  
 \*\* Appointed to the Board w.e.f. April 5, 2013  
 \*\*\* Resigned from the Board w.e.f. February 14, 2013  
 \*\*\*\* Appointed to the Board w.e.f. February 15, 2013  
 Number of Board Committees' meetings and attendance therein is included on page 48.

**ACKNOWLEDGEMENTS**

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, loyalty and dedication of the employees. We would also like to acknowledge the support and cooperation received from our esteemed customers, suppliers, bankers and other stakeholders.

  
 Munir A. Shaikh  
 Chairman  
 February 13, 2014



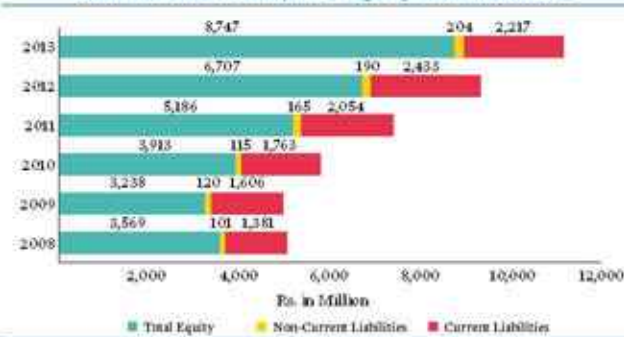
### KEY PERFORMANCE INDICATORS

		2013	2012
Sales Revenue	Rs. in million	17,217	15,216
Return on Equity	%	28.9%	31.2%
Earnings per share	Rs.	25.83	21.35
Shareholders' Equity	Rs. in million	8,747	6,707
Total Assets Turnover Ratio	Times	1.68	1.82
Current Ratio		3.56	2.71
Market Capitalization	Rs. in million	38,524	22,468

### KEY OPERATING AND FINANCIAL DATA

	December 31,				November 30,	
	2013	2012	2011	2010	2009	2008
Rupees in '000						
<b>Financial Position</b>						
<b>Balance Sheet</b>						
Fixed Assets						
- Property, plant and equipment	3,183,735	2,629,154	2,298,062	1,877,596	1,662,785	1,560,835
- Intangible asset	41,615	58,835	76,055	-	-	-
Other Non-Current Assets	44,064	54,509	55,449	56,152	42,606	33,746
Current Assets	7,898,590	6,587,364	4,975,763	3,856,673	3,259,185	3,455,129
<b>Total Assets</b>	<b>11,168,004</b>	<b>9,329,862</b>	<b>7,405,329</b>	<b>5,790,421</b>	<b>4,964,576</b>	<b>5,049,710</b>
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	300,030	262,308	223,247	197,167	173,853	154,777
Revenue Reserves	7,468,232	5,466,083	3,983,933	2,736,369	2,085,604	2,434,732
<b>Total Equity</b>	<b>8,747,265</b>	<b>6,707,394</b>	<b>5,186,183</b>	<b>3,912,539</b>	<b>3,238,460</b>	<b>3,568,512</b>
Non-Current Liabilities	203,562	189,557	165,219	115,182	119,627	100,606
Current Liabilities	2,217,177	2,432,911	2,053,927	1,762,700	1,606,489	1,380,592
<b>Total Liabilities</b>	<b>2,420,739</b>	<b>2,622,468</b>	<b>2,219,146</b>	<b>1,877,882</b>	<b>1,726,116</b>	<b>1,481,198</b>
<b>Total Equity and Liabilities</b>	<b>11,168,004</b>	<b>9,329,862</b>	<b>7,405,329</b>	<b>5,790,421</b>	<b>4,964,576</b>	<b>5,049,710</b>

Balance Sheet Analysis - Equity and Liabilities



Balance Sheet Analysis - Assets

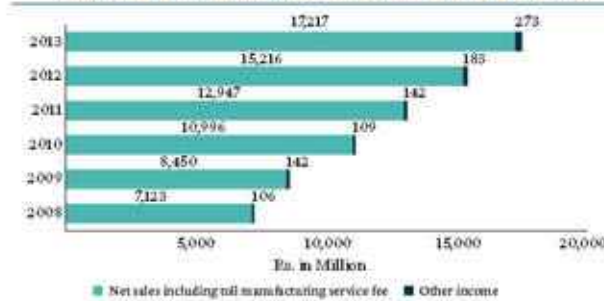


### OPERATING AND FINANCIAL TRENDS

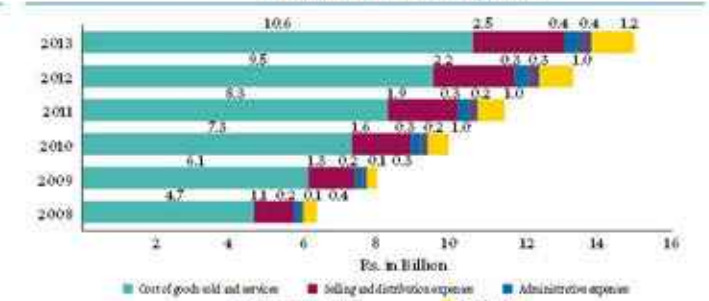
	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008
Rupees in '000						
<b>Profit and Loss Account</b>						
Net sales including toll manufacturing service fee	17,217,258	15,216,253	12,946,968	10,995,701	8,450,118	7,123,412
Gross profit	6,621,646	5,702,828	4,666,478	3,687,038	2,321,131	2,469,005
Operating profit	3,689,179	3,016,363	2,378,042	1,744,787	878,503	1,240,583
Profit before taxation	3,686,223	3,014,137	2,374,826	1,741,257	875,978	1,237,879
Taxation	1,157,374	924,042	730,240	564,313	266,906	373,652
Profit after taxation	2,528,849	2,090,095	1,644,586	1,176,944	609,072	864,227
Ordinary cash dividends *	685,302	685,302	587,402	489,502	1,174,804	489,502
EBITDA **	4,087,276	3,353,127	2,657,942	2,000,889	1,084,803	1,443,585
<b>Cash Flows</b>						
Operating activities	2,483,858	2,509,703	1,772,876	917,503	1,074,757	607,282
Investing activities	(690,491)	(485,630)	(643,800)	(374,785)	(181,200)	442,515
Financing activities	(686,528)	(687,188)	(494,836)	(494,415)	(1,174,262)	(494,426)
Cash and cash equivalents at the end of the year / period	3,897,051	2,790,212	1,453,327	819,087	770,784	1,051,489

\* Includes final dividend amounting to Rs. 391.601 million proposed by the Board of Directors subsequent to the year end.  
\*\* EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation)

Profit and Loss Analysis - Sales and Other Income



Profit and Loss - Expenses



Cash Flow Analysis



Ratios	Unit	Twelve months	Twelve months	Twelve months	Thirteen months	Twelve months	Twelve months
		ended December 31, 2013	ended December 31, 2012	ended December 31, 2011	ended December 31, 2010	ended November 30, 2009	ended November 30, 2008
						Restated	
<b>Profitability Ratios</b>							
Gross profit ratio	%	38.5%	37.5%	36.0%	33.5%	27.5%	34.7%
Net profit to sales	%	14.7%	13.7%	12.7%	10.7%	7.2%	12.1%
EBITDA * margin to sales	%	23.7%	22.0%	20.5%	18.2%	12.8%	20.3%
Operating leverage ratio	Times	0.21	0.20	0.18	0.16	0.10	0.17
Return on equity / return on capital employed	%	28.0%	31.2%	31.7%	30.1%	18.8%	24.2%
Return on assets	%	22.6%	22.4%	22.2%	20.3%	12.3%	17.1%
<b>Liquidity Ratios</b>							
Current ratio		3.56	2.71	2.42	2.19	2.03	2.50
Quick / Acid test ratio		2.27	1.66	1.26	0.97	0.94	1.24
Cash to Current Liabilities	Times	1.76	1.15	0.71	0.46	0.48	0.76
Cash flow from operations to Sales	Times	0.14	0.16	0.14	0.08	0.13	0.09
<b>Activity / Turnover Ratios</b>							
No. of days in inventory	Days	89.38	90.99	96.67	101.19	100.38	119.97
No. of days in receivables	Days	11.80	11.74	9.52	8.94	8.79	7.73
No. of days in payables	Days	48.78	47.33	45.76	51.00	46.76	51.49
Inventory Turnover	Times	4.08	4.01	3.78	3.61	3.64	3.04
Debtors Turnover	Times	30.94	31.10	38.36	41.64	41.52	47.23
Creditors Turnover	Times	7.48	7.71	7.98	15.00	7.81	7.09
Operating Cycle	Days	52.39	55.40	60.43	59.12	62.41	76.21
Total assets turnover ratio	Times	1.68	1.82	1.96	2.04	1.69	1.46
Fixed assets turnover ratio	Times	5.82	6.01	6.09	6.21	5.24	4.63
<b>Investment / Market Ratios</b>							
Basic / Diluted Earnings per share	Rs.	25.83	21.35	16.80	12.02	6.22	8.83
Price earnings ratio	Times	15.23	10.75	5.94	9.13	15.51	12.46
Dividend yield ratio	%	1.8%	3.1%	6.0%	4.6%	12.4%	4.5%
Dividend pay out ratio	Times	0.27	0.33	0.36	0.42	1.93	0.57
Dividend cover ratio	Times	3.69	3.05	2.80	2.40	0.52	1.77
Cash Dividend per share	Rs.	7.00	7.00	6.00	5.00	12.00	5.00
Break-up value per share with/without surplus on revaluation of fixed assets	Rs.	89.35	68.51	52.97	39.96	33.08	36.45
Bonus share issued	Number	-	-	-	-	-	-
No. of shares at end of year/period	Number	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302
Market Capitalization	Rs. in million	38,524	22,468	9,769	10,744	9,446	10,769
Market value per share at the end of the year/period	Rs.	393.50	229.50	99.79	109.74	96.49	110.00
Market value per share (High)	Rs.	456.00	234.00	103.00	126.50	126.42	233.15
Market value per share (Low)	Rs.	197.25	90.00	79.25	77.00	65.00	109.36
Contribution to National Exchequer	Rs. in million	2,479	1,988	1,798	1,507	1,062	779
<b>Capital Structure Ratio</b>							
Interest cover ratio	Times	1,248.03	1,355.06	739.44	494.27	347.92	458.80

Note: Sales include toll manufacturing service fee

\* EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation)

## COMMENTS ON FINANCIAL RATIOS

### Profitability Ratios

- The increase in profit after tax by 21% compared to prior year is mainly attributable to favourable product mix, better price negotiations and effective cost controls.
- Due to the reasons mentioned above, **Gross Profit ratio** increased to 38.5% in 2013 from 37.5% in 2012 and **Net Profit to sales ratio** increased to 14.7% in 2013 from 13.7% in 2012.

### Liquidity Ratios

- The increase in cashflows from operating activities is mainly attributable to improved profitability and better working capital management which accordingly resulted in increase in cash and cash equivalents by Rs 1,107 million as compared to prior year end.
- Increase in cash & cash equivalents has resulted in increase in liquidity ratios such as **current ratio** (2013: 3.56, 2012: 2.71), **quick / acid test ratio** (2013: 2.27, 2012: 1.66) and **cash to current liabilities** (2013: 1.76, 2012: 1.15).

### Activity / Turnover Ratios

- **Operating cycle** has declined overall from 55.40 days in 2012 to 52.39 days in 2013 mainly due to better inventory management which has resulted in reduced number of days in inventory.
- **Total assets turnover ratio** declined from 1.82 in 2012 to 1.68 in 2013 due to increase in cash & cash equivalents as explained above.
- **Fixed assets turnover ratio** declined from 6.01 in 2012 to 5.82 in 2013 due to increase in capital expenditure from 671 million in 2012 to 973 million in 2013 mainly due to capacity enhancement for tablets manufacturing, Cogen acquisition and procurement of manufacturing and service equipments aimed at improving productivity.

### Investment / Market Ratios

- **Earnings per share** increased from Rs 21.35 in 2012 to Rs 25.83 in 2013 as a result of the increase in profit after tax by 21% compared to prior year as mentioned above.
- **P/E ratio** increased from 10.75 in 2012 to 15.23 in 2013 and **dividend yield ratio** decreased from 3.1% in 2012 to 1.8% in 2013, mainly due to the increase in market price per share from 229.50 in 2012 to 393.50 in 2013.
- **Dividend cover ratio** increased to 3.69 in 2013 from 3.05 in 2012 due to increase in the profit after tax by 21% compared to prior year.
- **Break-up value per share** has increased from Rs 68.51 in 2012 to 89.35 in 2013 due to increase in total equity this year by 2,039.87 million as compared to prior year.
- **Market capitalization** has increased from Rs 22,486 million in 2012 to Rs 38,524 million in 2013 due to increase in market price per share from 229.50 in 2012 to 393.50 in 2013.

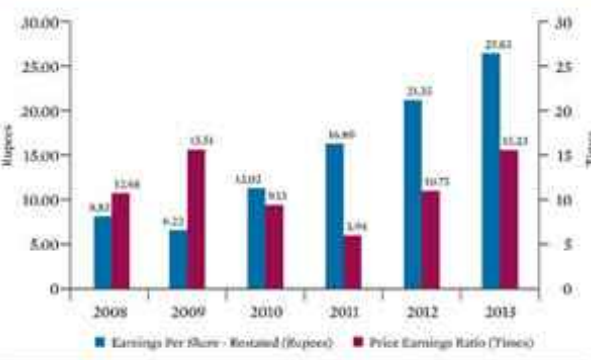
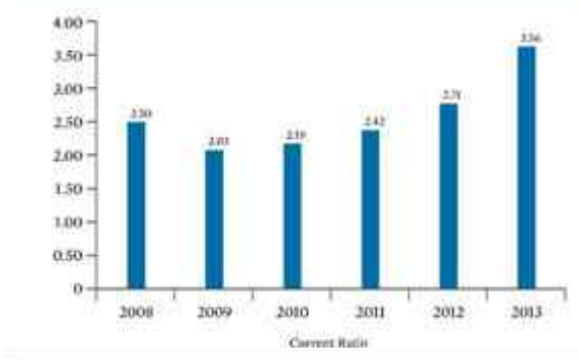
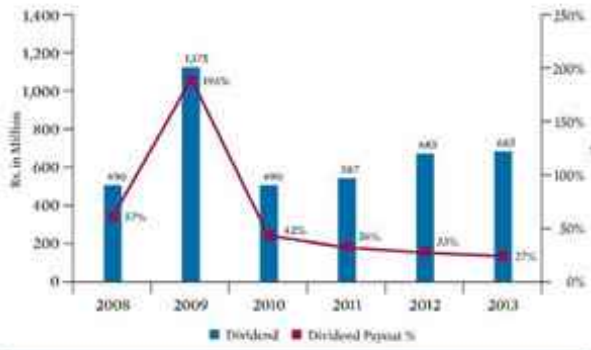
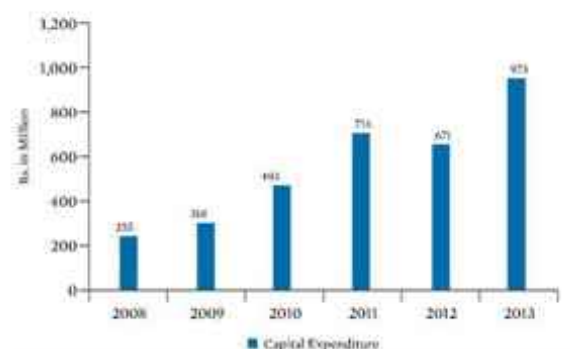
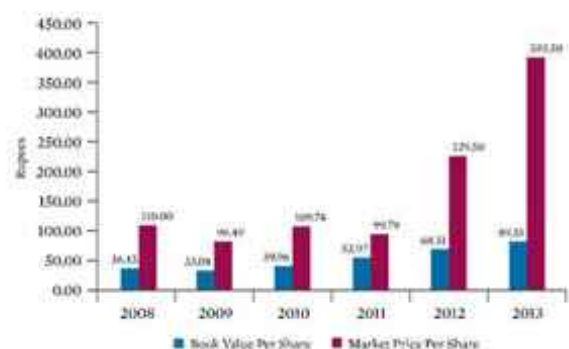
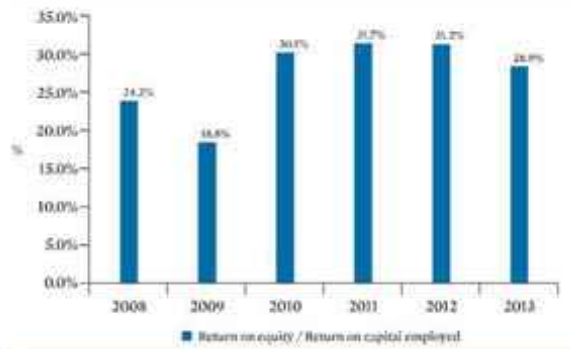
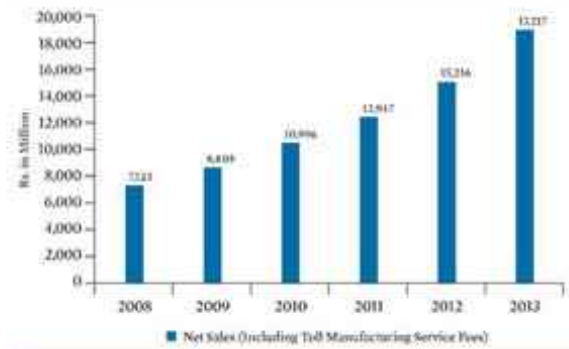
### Capital Structure Ratios

- There is no short-term or long-term debt as at balance sheet date, therefore capital structure ratios like financial leverage ratio, weighted average cost of debt and debt to equity ratio are not relevant.



GRAPHICAL PRESENTATION

Key Operating & Financial Data



VERTICAL ANALYSIS

## VERTICAL ANALYSIS

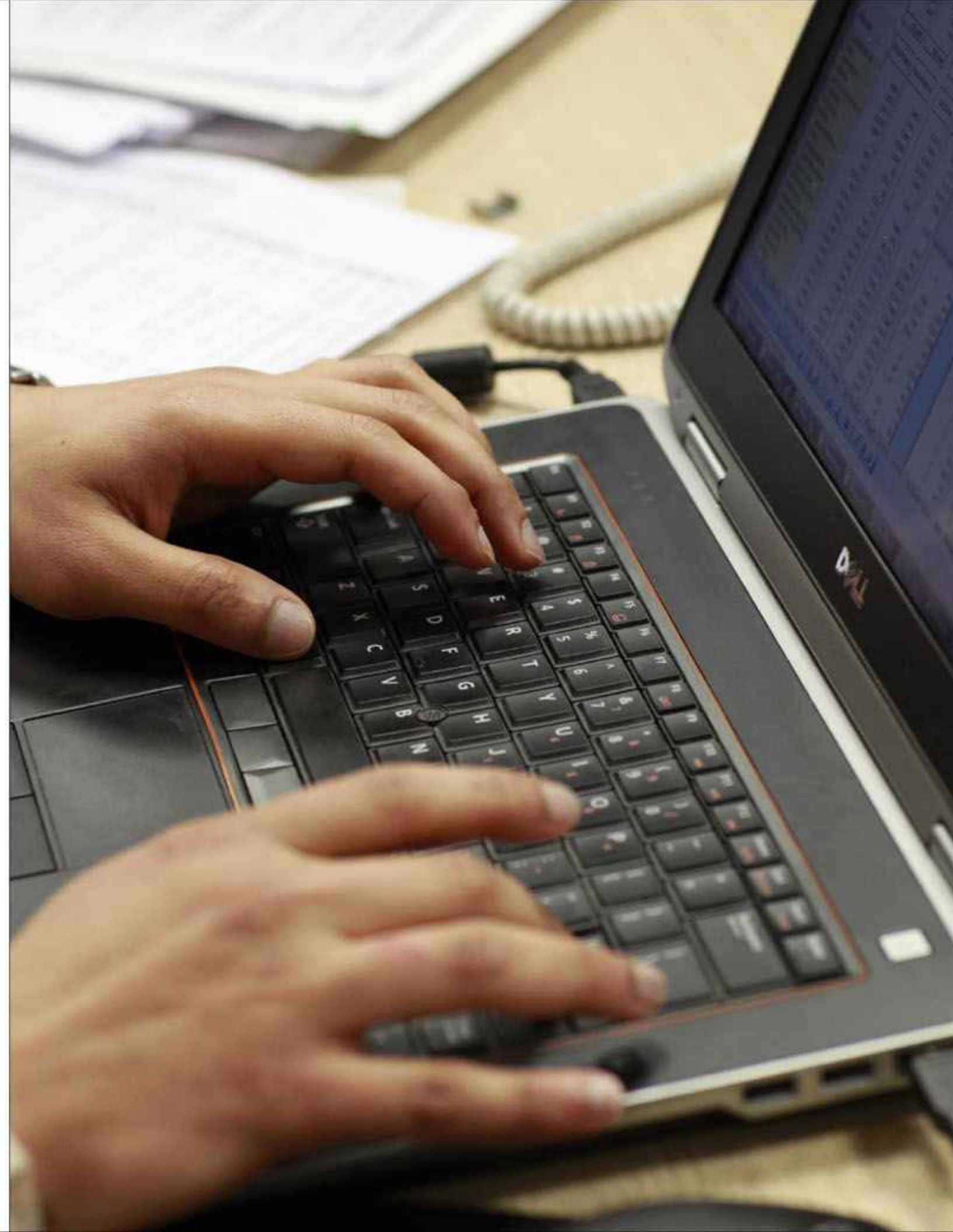
	December 31, 2013		December 31, 2012		December 31, 2011		December 31, 2010		November 30, 2009		November 30, 2008	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
<b>Balance Sheet</b>												
Total Equity	8,747,265	78.3	6,707,394	71.9	5,186,183	70.0	3,912,539	67.6	3,238,460	65.2	3,568,512	70.7
Non-Current Liabilities	203,562	1.8	189,557	2.0	165,219	2.2	115,182	2.0	119,627	2.4	100,606	2.0
Current Liabilities	2,217,177	19.9	2,432,911	26.1	2,053,927	27.8	1,762,700	30.4	1,606,489	32.4	1,380,592	27.3
<b>Total Equity and Liabilities</b>	<b>11,168,004</b>	<b>100.0</b>	<b>9,329,862</b>	<b>100.0</b>	<b>7,405,329</b>	<b>100.0</b>	<b>5,790,421</b>	<b>100.0</b>	<b>4,964,576</b>	<b>100.0</b>	<b>5,049,710</b>	<b>100.0</b>
Non-Current Assets	3,269,414	29.3	2,742,498	29.4	2,429,566	32.8	1,933,748	33.4	1,705,391	34.4	1,594,581	31.6
Current Assets	7,898,590	70.7	6,587,364	70.6	4,975,763	67.2	3,856,673	66.6	3,259,185	65.6	3,455,129	68.4
<b>Total Assets</b>	<b>11,168,004</b>	<b>100.0</b>	<b>9,329,862</b>	<b>100.0</b>	<b>7,405,329</b>	<b>100.0</b>	<b>5,790,421</b>	<b>100.0</b>	<b>4,964,576</b>	<b>100.0</b>	<b>5,049,710</b>	<b>100.0</b>
<b>Profit and Loss Account</b>												
	Twelve months ended December 31, 2013		Twelve months ended December 31, 2012		Twelve months ended December 31, 2011		Thirteen months ended December 31, 2010		Twelve months ended November 30, 2009		Twelve months ended November 30, 2008	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Net sales including toll manufacturing service fee	17,217,258	100.0	15,216,253	100.0	12,946,968	100.0	10,995,701	100.0	8,450,118	100.0	7,123,412	100.0
Cost of goods sold and services	10,595,612	61.5	9,513,425	62.5	8,280,490	64.0	7,308,663	66.5	6,128,987	72.5	4,654,407	65.3
<b>Gross Profit</b>	<b>6,621,646</b>	<b>38.5</b>	<b>5,702,828</b>	<b>37.5</b>	<b>4,666,478</b>	<b>36.0</b>	<b>3,687,038</b>	<b>33.5</b>	<b>2,321,131</b>	<b>27.5</b>	<b>2,469,005</b>	<b>34.7</b>
Selling and distribution expenses	2,471,404	14.4	2,212,421	14.5	1,894,390	14.6	1,601,101	14.6	1,252,810	14.8	1,094,405	15.4
Administrative expenses	366,938	2.1	344,494	2.3	295,823	2.3	267,915	2.4	201,943	2.4	174,511	2.4
	3,783,304	22.0	3,145,913	20.7	2,476,265	19.1	1,818,022	16.5	866,378	10.3	1,200,089	16.9
Other income	273,059	1.6	183,430	1.2	142,466	1.1	109,079	1.0	141,890	1.7	105,545	1.5
Other operating charges	367,184	2.1	312,980	2.1	240,689	1.9	182,314	1.7	129,765	1.5	65,051	0.9
	3,689,179	21.4	3,016,363	19.8	2,378,042	18.3	1,744,787	15.8	878,503	10.4	1,240,583	17.5
Finance cost	2,956	0.0	2,226	0.0	3,216	0.0	3,530	0.0	2,525	0.0	2,704	0.0
<b>Profit before taxation</b>	<b>3,686,223</b>	<b>21.4</b>	<b>3,014,137</b>	<b>19.8</b>	<b>2,374,826</b>	<b>18.3</b>	<b>1,741,257</b>	<b>15.8</b>	<b>875,978</b>	<b>10.4</b>	<b>1,237,879</b>	<b>17.5</b>
Taxation - net	1,157,374	6.7	924,042	6.1	730,240	5.6	564,313	5.1	266,906	3.2	373,652	5.2
<b>Profit for the year / period</b>	<b>2,528,849</b>	<b>14.7</b>	<b>2,090,095</b>	<b>13.7</b>	<b>1,644,586</b>	<b>12.7</b>	<b>1,176,944</b>	<b>10.7</b>	<b>609,072</b>	<b>7.2</b>	<b>864,227</b>	<b>12.3</b>

## HORIZONTAL ANALYSIS

	December 31,						November 30,					
	2013	2012	2011	2010	2009	2008	2013	2012	2011	2010	2009	2008
	Rupees in '000						% increase / (decrease) over preceeding year *					
<b>Balance Sheet</b>												
Total Equity	8,747,265	6,707,394	5,186,183	3,912,539	3,238,460	3,568,512	30.4	29.3	32.6	20.8	(9.2)	(3.3)
Non-Current Liabilities	203,562	189,557	165,219	115,182	119,627	100,606	7.4	14.7	43.4	(3.7)	18.9	(8.9)
Current Liabilities	2,217,177	2,432,911	2,053,927	1,762,700	1,606,489	1,380,592	(8.9)	18.5	16.5	9.7	16.4	56.6
<b>Total Equity and Liabilities</b>	<b>11,168,004</b>	<b>9,329,862</b>	<b>7,405,329</b>	<b>5,790,421</b>	<b>4,964,576</b>	<b>5,049,710</b>	<b>19.7</b>	<b>26.0</b>	<b>27.9</b>	<b>16.7</b>	<b>(1.7)</b>	<b>7.9</b>
Non-Current Assets	3,269,414	2,742,498	2,429,566	1,933,748	1,705,391	1,594,581	19.2	12.9	25.6	13.4	6.9	2.7
Current Assets	7,898,590	6,587,364	4,975,763	3,856,673	3,259,185	3,455,129	19.9	32.4	29.0	18.3	(5.7)	10.4
<b>Total Assets</b>	<b>11,168,004</b>	<b>9,329,862</b>	<b>7,405,329</b>	<b>5,790,421</b>	<b>4,964,576</b>	<b>5,049,710</b>	<b>19.7</b>	<b>26.0</b>	<b>27.9</b>	<b>16.7</b>	<b>(1.7)</b>	<b>7.9</b>
	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008
	Rupees in '000						% increase / (decrease) over preceeding year *					
<b>Profit and Loss Account</b>												
Net sales including toll manufacturing service fee	17,217,258	15,216,253	12,946,968	10,995,701	8,450,118	7,123,412	13.2	17.5	17.7	30.1	18.6	8.2
Cost of goods sold and services	10,595,612	9,513,425	8,280,490	7,308,663	6,128,987	4,654,407	11.4	14.9	13.3	19.2	31.7	17.9
<b>Gross Profit</b>	<b>6,621,646</b>	<b>5,702,828</b>	<b>4,666,478</b>	<b>3,687,038</b>	<b>2,321,131</b>	<b>2,469,005</b>	<b>16.1</b>	<b>22.2</b>	<b>26.6</b>	<b>58.8</b>	<b>(6.0)</b>	<b>(6.3)</b>
Selling and distribution expenses	2,471,404	2,212,421	1,894,390	1,601,101	1,252,810	1,094,405	11.7	16.8	18.3	27.8	14.5	20.4
Administrative expenses	366,938	344,494	295,823	267,915	201,943	174,511	6.5	16.5	10.4	32.7	15.7	8.2
	3,783,304	3,145,913	2,476,265	1,818,022	866,378	1,200,089	20.3	27.0	36.2	109.8	(27.8)	(23.3)
Other income	273,059	183,430	142,466	109,079	141,890	105,545	48.9	28.8	30.6	(23.1)	34.4	(39.1)
Other operating charges	367,184	312,980	240,689	182,314	129,765	65,051	12.3	30.0	32.0	40.5	99.5	(63.8)
	3,689,179	3,016,363	2,378,042	1,744,787	878,503	1,240,583	22.3	26.8	36.3	98.6	(29.2)	(20.4)
Finance cost	2,956	2,226	3,216	3,530	2,525	2,704	32.8	(30.8)	(8.9)	39.8	(6.6)	(15.6)
<b>Profit before taxation</b>	<b>3,686,223</b>	<b>3,014,137</b>	<b>2,374,826</b>	<b>1,741,257</b>	<b>875,978</b>	<b>1,237,879</b>	<b>22.3</b>	<b>26.9</b>	<b>36.4</b>	<b>98.8</b>	<b>(29.2)</b>	<b>(20.4)</b>
Taxation - net	1,157,374	924,042	730,240	564,313	266,906	373,652	25.3	26.5	29.4	111.4	(28.6)	(27.1)
<b>Profit for the year / period</b>	<b>2,528,849</b>	<b>2,090,095</b>	<b>1,644,586</b>	<b>1,176,944</b>	<b>609,072</b>	<b>864,227</b>	<b>21.0</b>	<b>27.1</b>	<b>39.7</b>	<b>93.2</b>	<b>(29.5)</b>	<b>(17.1)</b>

\* compared with restated figures except for 2011, 2012 & 2013

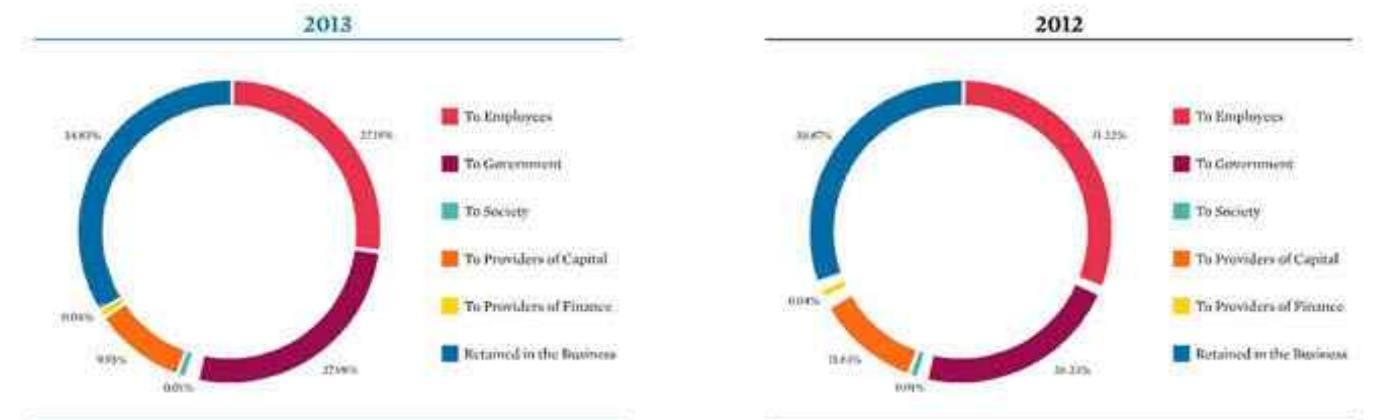
# HORIZONTAL ANALYSIS



## STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION For The Year Ended December 31, 2013

	2013		2012	
	(Rupees '000)	%	(Rupees '000)	%
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax and other income	17,905,313		15,738,391	
Bought-in-materials and services	11,013,321		9,846,145	
	<u>6,891,992</u>	<u>100.00%</u>	<u>5,892,246</u>	<u>100.00%</u>
<b>Wealth Distribution</b>				
<b>To Employees</b>				
Salaries, wages, allowances and staff welfare	1,873,989	27.19%	1,839,373	31.22%
<b>To Government</b>				
Income Tax	1,217,151	17.66%	953,094	16.17%
Workers' Funds and Central Research Fund	296,476	4.30%	253,835	4.31%
Sales tax and excise duty	414,996	6.02%	338,708	5.75%
	<u>1,928,623</u>	<u>27.98%</u>	<u>1,545,637</u>	<u>26.23%</u>
<b>To Society</b>				
Donations	875	0.01%	794	0.01%
<b>To Providers of Capital</b>				
Dividends *	685,302	9.95%	685,302	11.63%
<b>To Providers of Finance</b>				
Finance cost	2,956	0.04%	2,226	0.04%
<b>Retained in the Business</b>				
Depreciation and amortisation	398,097	5.78%	336,764	5.72%
Added to Unappropriated profit	2,002,150	29.05%	1,482,150	25.15%
	<u>2,400,247</u>	<u>34.83%</u>	<u>1,818,914</u>	<u>30.87%</u>
	<u>6,891,992</u>	<u>100.00%</u>	<u>5,892,246</u>	<u>100.00%</u>

\* Dividends include final dividend amounting to Rs. 391.601 million proposed by the Board of Directors subsequent to the year end.



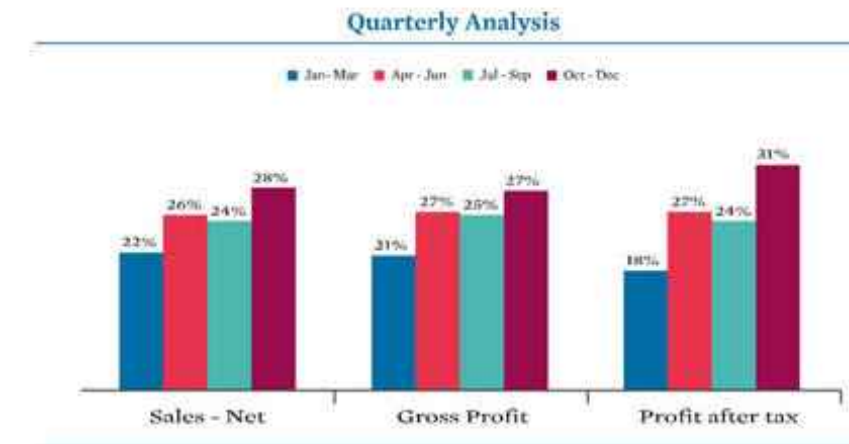
**CASH FLOW STATEMENT-DIRECT METHOD**

For The Year Ended December 31, 2013

	2013 (Rupees '000)	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	17,246,220	15,105,037
Cash paid to suppliers / service providers	(11,031,261)	(9,447,991)
Cash paid to employees	(1,841,413)	(1,788,573)
Payment of royalty and technical service fee	(156,057)	(116,664)
Payment of retirement funds	(189,612)	(166,209)
Income taxes paid	(1,115,769)	(950,900)
Payment to other statutory charges	(426,310)	(127,542)
Long-term deposits - net	(366)	359
Long-term prepayments - net	(1,574)	2,186
<b>Net cash inflow from operating activities</b>	<b>2,483,858</b>	<b>2,509,703</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(972,520)	(670,823)
Sale proceeds from disposal of property, plant & equipment	35,367	26,600
Interest income received	246,662	158,593
<b>Net cash outflow from investing activities</b>	<b>(690,491)</b>	<b>(485,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(2,956)	(2,226)
Dividends paid	(683,572)	(684,962)
<b>Net cash outflow from financing activities</b>	<b>(686,528)</b>	<b>(687,188)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,106,839</b>	<b>1,336,885</b>
Cash and cash equivalents at the beginning of the year	2,790,212	1,453,327
<b>Cash and cash equivalents at the end of the year</b>	<b>3,897,051</b>	<b>2,790,212</b>

**QUARTERLY ANALYSIS**

	Jan - Mar		Apr - Jun		Jul - Sep		Oct - Dec		Jan - Dec	
	2013	%	2013	%	2013	%	2013	%	2013	%
Net Sales	3,840,910	22%	4,381,307	26%	4,166,602	24%	4,828,439	28%	17,217,258	100%
Gross Profit	1,403,215	21%	1,765,863	27%	1,639,137	25%	1,813,431	27%	6,621,646	100%
Profit after tax	459,035	18%	680,057	27%	614,898	24%	774,859	31%	2,528,849	100%



**SHARE PRICE SENSITIVITY ANALYSIS**

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, Abbott circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations on a timely manner. During the year 2013, Abbott share price has touched the peak of Rs 456 while the lowest recorded price was Rs 197.25 with an average price of Rs 393.5.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 interests on its Board of Directors (the Board). At present the Board constitutes of:

Category	Names
Independent Director*	Mr. Shamim Ahmad Khan
Executive Director	Mr. Arshad Saeed Husain
	Syed Anis Ahmed
	** Mr. Anis A. Shah
Non-Executive Director	Mr. Munir A. Shaikh
	Mr. Angelo Kondes
	Mr. Kamran Y. Mirza

\* The criteria of independence under clause i (b) of the revised Code, shall take effect when the board is reconstituted on the expiry of its current term, which is ending on March 24, 2014

\*\* Alternate Director to Mr. Thomas C. Freyman

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred in the Board during the year and were filled within 90 days of its occurrence.
5. The Company has adopted a Code of Business Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company. In addition, the Company has prepared and fully implemented an Ethics Compliance Program under which a number of core policies have been prepared to cover various facets of business practices.
6. The Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of appointment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. In accordance with the criteria specified in clause (xi) of the Code, three directors of the Company are exempt from the requirement of Directors' Training Program and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities

as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.

10. The Board approves the appointment, remuneration and terms and conditions of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, as recommended by HR and Remuneration Committee.
11. The Company maintains an updated list of related parties and all transactions with related parties are placed before the Audit Committee on a quarterly basis. All related party transactions have been reviewed and approved by the Board and are carried out on normal / agreed terms and conditions in accordance with the agreements.
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 the 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 three members, of whom all are non-executive directors including the Chairman of the audit committee and the Chairman of the Committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of the quarterly, half yearly 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 formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and an executive director. The Chairman of the Committee is a non-executive director.
19. The Board has set-up an effective in-house Internal Audit function. In addition, the Board has made arrangements for periodic internal audits by an independent firm of Chartered Accountants. Both the firm and the in-house internal audit staff are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of The Institute of Chartered Accountants of Pakistan (ICAP), 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 the code of ethics as adopted by the ICAP.
21. 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 auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities was determined and intimated to directors, employees and Stock Exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
24. We confirm that all other material principles enshrined in the Code have been complied with.

By order of the Board



Munir A. Shaikh  
Chairman  
Karachi  
February 13, 2014



**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

Phone: +92 (0) 21-3454-6494-7  
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Web: www.deloitte.com

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statements 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 Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transaction 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 as applicable to the Company for the year ended December 31, 2013.



Chartered Accountants

Engagement Partner:  
Nadeem Yousuf Adil

Karachi  
February 13, 2014

Member of  
Deloitte Touche Tohmatsu Limited



**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
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Phone: +92 (0) 21-3454-6494-7  
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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Abbott Laboratories (Pakistan) Limited (the Company) as at December 31, 2013 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 2.1.3 (a) to the accompanying financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of 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 December 31, 2013 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under 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.



Chartered Accountants

Engagement Partner:  
Nadeem Yousuf Adil

Karachi  
February 13, 2014

Member of  
Deloitte Touche Tohmatsu Limited

**BALANCE SHEET**

As At December 31, 2013

	Note	2013 (Rupees '000)	2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		300,030	262,308
- revenue		7,468,232	5,466,083
Total Equity		8,747,265	6,707,394
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	5	203,562	189,557
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	2,217,177	2,432,911
Total Liabilities		2,420,739	2,622,468
<b>CONTINGENCIES AND COMMITMENTS</b>			
7			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,168,004</b>	<b>9,329,862</b>

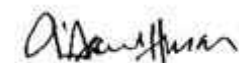
**ASSETS****NON-CURRENT ASSETS**

	Note	2013 (Rupees '000)	2012
<b>Fixed assets</b>			
- Property, plant and equipment	8	3,183,735	2,629,154
- Intangible asset	9	41,615	58,835
Long-term loans and advances	10	31,896	44,281
Long-term deposits	11	4,103	3,737
Long-term prepayments		8,065	6,491
Total Non-current Assets		3,269,414	2,742,498

**CURRENT ASSETS**

Stores and spares	12	107,238	121,844
Stock-in-trade	13	2,762,690	2,426,561
Trade debts	14	546,093	566,734
Loans and advances	15	172,205	123,308
Trade deposits and short-term prepayments	16	154,613	151,781
Accrued profit		5,922	2,973
Other receivables	17	79,269	80,766
Taxation recoverable		173,509	323,185
Cash and bank balances	18	3,897,051	2,790,212
Total Current Assets		7,898,590	6,587,364
<b>TOTAL ASSETS</b>		<b>11,168,004</b>	<b>9,329,862</b>

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



Chief Executive



Director

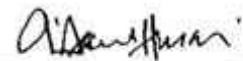


**PROFIT AND LOSS ACCOUNT**

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
Sales - net	19	17,217,258	15,216,253
Cost of goods sold and services	20	10,595,612	9,513,425
Gross profit		6,621,646	5,702,828
Selling and distribution expenses	22	2,471,404	2,212,421
Administrative expenses	23	366,938	344,494
		3,783,304	3,145,913
Other income	24	273,059	183,430
Other operating charges	25	367,184	312,980
		3,689,179	3,016,363
Finance cost	26	2,956	2,226
Profit before taxation		3,686,223	3,014,137
Taxation - net	27	1,157,374	924,042
Profit for the year		2,528,849	2,090,095
		(Rupees)	
Earnings per share - basic / diluted	28	25.83	21.35

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



Chief Executive



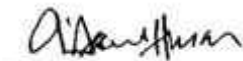
Director

**STATEMENT OF COMPREHENSIVE INCOME**

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
Profit for the year		2,528,849	2,090,095
Other comprehensive income for the year			
- Actuarial gains on defined benefit pension plan	21.1.2	218,379	106,409
- Tax on remeasurment of defined benefit pension plan		(59,777)	(29,052)
Other comprehensive income - net of tax		158,602	77,357
Total comprehensive income for the year		2,687,451	2,167,452

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



Chief Executive



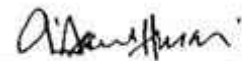
Director

**CASH FLOW STATEMENT**

For The Year Ended December 31, 2013

Note	2013 (Rupees '000)	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	29 3,589,182	3,459,663
Income taxes paid	(1,115,769)	(950,900)
Long-term loans and advances - net	12,385	(1,605)
Long-term deposits - net	(366)	359
Long-term prepayments - net	(1,574)	2,186
Net cash inflow from operating activities	2,483,858	2,509,703
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(972,520)	(670,823)
Sale proceeds from disposal of property, plant and equipment	35,367	26,600
Interest income received	246,662	158,593
Net cash outflow from investing activities	(690,491)	(485,630)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(2,956)	(2,226)
Dividends paid	(683,572)	(684,962)
Net cash outflow from financing activities	(686,528)	(687,188)
Net increase in cash and cash equivalents	1,106,839	1,336,885
Cash and cash equivalents at the beginning of the year	2,790,212	1,453,327
Cash and cash equivalents at the end of the year	3,897,051	2,790,212

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



Chief Executive



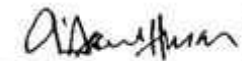
Director

**STATEMENT OF CHANGES IN EQUITY**

For The Year Ended December 31, 2013

	Share Capital	Capital Reserve Arising on Merger	Reserves Other - (Note 2.23)	Reserves		Total	Total Equity
				General Reserve	Un-appropriated Profit		
(Rupees '000)							
Balance as at January 1, 2012	979,003	46,097	177,150	2,438,422	1,545,531	4,207,180	5,186,183
Transfer from unappropriated profit to general reserve made subsequent to the year ended December 31, 2011	-	-	-	1,150,000	(1,150,000)	-	-
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	2,090,095	2,090,095	2,090,095
Profit for the year	-	-	-	-	2,090,095	2,090,095	2,090,095
Other comprehensive income for the year, net of tax	-	-	-	-	77,357	77,357	77,357
Total comprehensive income for the year	-	-	-	-	2,167,452	2,167,452	2,167,452
Transaction with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2011 @ Rs. 4 per share	-	-	-	-	(391,601)	(391,601)	(391,601)
Interim dividend for the year ended December 31, 2012 @ Rs 3 per share	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital contribution from Abbott International LLC, USA	-	-	39,061	-	-	39,061	39,061
Balance as at December 31, 2012	979,003	46,097	216,211	3,588,422	1,877,661	5,728,391	6,707,394
Balance as at January 1, 2013	979,003	46,097	216,211	3,588,422	1,877,661	5,728,391	6,707,394
Transfer from unappropriated profit to general reserve made subsequent to the year ended December 31, 2012	-	-	-	1,750,000	(1,750,000)	-	-
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	2,528,849	2,528,849	2,528,849
Profit for the year	-	-	-	-	2,528,849	2,528,849	2,528,849
Other comprehensive income for the year, net of tax	-	-	-	-	158,602	158,602	158,602
Total comprehensive income for the year	-	-	-	-	2,687,451	2,687,451	2,687,451
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2012 @ Rs. 4 per share	-	-	-	-	(391,601)	(391,601)	(391,601)
Interim dividend for the year ended December 31, 2013 @ Rs. 3 per share	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital contribution from Abbott International LLC, USA	-	-	37,722	-	-	37,722	37,722
Balance as at December 31, 2013	979,003	46,097	253,933	5,338,422	2,129,810	7,768,262	8,747,265

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



Chief Executive



Director

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

### 1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (the Company) is a public limited company incorporated in Pakistan on July 02, 1948, and its shares are quoted on Karachi, Lahore and Islamabad stock exchanges. The address of its registered office is opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of research based pharmaceutical, nutritional, diagnostic, diabetic care, molecular devices, hospital and consumer products and in providing toll manufacturing services.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

##### 2.1.1 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.

##### 2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for defined benefit pension plan which is carried at present value of defined benefit obligation net of fair value of plan assets.

##### 2.1.3 Adoption of amended standards

a) During the year, the following amendments to accounting standards became effective that have an impact on the Company's financial statements to the extent of presentation and disclosure only.

- IAS 1 - 'Presentation of Financial Statements' - the amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. Income tax on items of other comprehensive income is required to be allocated on the same basis.
- IAS 19 - 'Employee Benefits' - The amended IAS 19 require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which was allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

The Company's policy for recognition of actuarial gains and losses is already in compliance with the amendment, however, certain additional disclosures as required under the amended IAS 19 have been disclosed in the financial statements.

b) In addition, during the year, amendments to following standards and new interpretation became effective, however, their application is either not relevant or does not have material impact on the financial statements of the Company:

- Amendments to IAS 1 - Presentation of Financial Statements - Clarification of requirements for comparative information
- Amendments to IAS 16 - Property, Plant and Equipment - Classification of servicing equipment
- Amendments to IAS 32 - Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction
- Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities

- Amendments to IFRS 7 - Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

#### 2.1.4 Amendments to published standards and new interpretation to existing standard that are not yet effective and have not been early adopted by the Company

The following amendments to published standards and new interpretation to existing standard are effective for accounting periods, beginning on or after the date mentioned against them:

- IAS 32 Financial Instruments: Presentation (effective from accounting period beginning on or after January 01, 2014) - These amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement".
- IAS 36 Impairment of Assets (effective from accounting period beginning on or after January 01, 2014) - The amendments:
  - remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognised; and
  - introduce additional disclosure requirements in respect of assets for which an impairment has been recognised or reversed and for which the recoverable amount is determined using fair value less costs of disposal method.
- IAS 39 Financial Instruments: Recognition and Measurement (effective from accounting period beginning on or after January 01, 2014) - The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.
- IFRIC 21 - Levies (effective from accounting period beginning on or after January 01, 2014) - IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

The above mentioned amendments to published standards and new interpretation to existing standard are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosure in certain cases.

#### 2.1.5 Other standards issued by IASB but not adopted by Securities and Exchange Commission of Pakistan (SECP)

The IASB has also issued following standards that have not been adopted in Pakistan by the SECP:

- |                         |  |
|-------------------------|--|
| - IFRS 1                | - First Time Adoption of International Financial Reporting Standards                       |
| - IFRS 9                | - Financial Instruments  |
| - IFRS 10               | - Consolidated Financial Statements  |
| - IFRS 11               | - Joint Arrangements   |
| - IFRS 12               | - Disclosure of Interests in Other Entities  |
| - IFRS 13               | - Fair Value Measurement   |
| - IAS 27 (Revised 2011) | - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11                 |
| - IAS 28 (Revised 2011) | - Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11 |

**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended December 31, 2013

**2.1.6 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

- i) Useful lives of items of property, plant and equipment (note 2.3 and note 8.1);
- ii) Provision for slow moving and obsolete stock-in-trade (note 2.6 and note 13);
- iii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.14 and note 21);
- iv) Provision for taxation (note 2.9, note 5 and note 27); and
- v) Share based compensation (note 2.23 and 30).

**2.2 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.

**2.3 Fixed assets**

Property, plant and equipment

**a) Owned**

These assets are stated at cost less accumulated depreciation and impairment loss (if any) except freehold land, which is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**b) Leased**

Leased asset comprises of leasehold land which is stated at cost less accumulated amortisation and accumulated impairment, if any.

**c) Depreciation / amortisation**

Depreciation is charged to income applying the straight line method whereby the cost less residual value of an asset is allocated over its estimated useful life at the rates given in note 8.1. Depreciation on assets is charged from the month of addition to the month of disposal. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. Amortisation on leasehold land is charged to profit and loss account equally over the period of the lease.

**d) Gains or losses on disposal of fixed assets**

Gains or losses on disposal of fixed assets are taken to the profit and loss account in the period in which they arise.

**e) Subsequent costs**

Subsequent costs are included in the assets' carrying amount and recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account as and when incurred.

**f) Capital work-in-progress**

This is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when the assets are available for use.

**2.4 Intangible asset**

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Intangible asset with finite life is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any. It is amortised on a straight line basis over its estimated useful life.

The amortisation period for intangible assets with finite useful lives is reviewed at each year end and is changed to reflect the useful life expected at respective year end.

**2.5 Stores and spares**

These are valued at cost determined on weighted average basis. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon up to the balance sheet date. Provision is made in the financial statements for obsolete and slow moving items based on estimates regarding their usability.

**2.6 Stock-in-trade**

Stock of raw and packing materials, work-in-process and finished goods are valued at the lower of cost, calculated on first-in-first-out basis, and net realisable value. Cost in relation to work-in-process and finished goods represent direct cost of materials, direct wages and an appropriate portion of production overheads. Cost in relation to items in transit represent invoice value and other charges incurred thereon up to the balance sheet date.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

**2.7 Trade debts and other receivables**

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade debts is estimated when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account within 'other operating charges'. When a trade debt is uncollectible, it is written off against the allowance account for trade debts. Subsequent recoveries of amounts previously written off are credited to 'other income' in the profit and loss account.

**2.8 Sample inventory**

Sample inventory is classified as prepayment in the balance sheet and is carried at cost. The cost of sample inventory is charged to income on issuance of samples to medical practitioners. Provision is made in the financial statements for obsolete and slow moving items based on estimates regarding their usability.

**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended December 31, 2013

**2.9 Taxation****Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime (FTR). The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years.

**Deferred**

Deferred tax is recognised using the balance sheet liability method, on all temporary differences between the carrying amount of assets and liabilities and their tax bases after adjusting for the impact of tax under FTR.

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

The carrying amount of deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which the asset may be utilised.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, cheques and drafts in hand and in transit and balances with banks in savings, deposit, current accounts and short-term running finance, if any.

**2.11 Trade and other payables**

Short-term liabilities for trade and other amounts payable are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently carried at amortised cost.

**2.12 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

**2.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are reviewed at each balance sheet date to reflect the current best estimate.

**2.14 Staff retirement benefits****Defined contribution plan**

The Company operates a recognised provident fund (defined contribution plan) for all permanent employees who have completed six months' service. Equal monthly contributions are made by the Company and its employees at the rate of 10% of basic salary. The contribution of the Company is charged to profit and loss account as and when incurred.

**Defined benefit plan**

The Company operates an approved funded pension scheme (defined benefit plan) for all its permanent employees who have completed one year's service.

Contributions and annual provisions to cover the obligation under the funded pension scheme are made based on annual

actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method. The actuarial gains and losses arising at each valuation date are recognised in other comprehensive income and presented in the statement of comprehensive income.

Staff retirement benefits are payable to employees on completion of the prescribed qualifying period of service under the scheme.

**2.15 Liability for employees' compensated absences**

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of employees.

**2.16 Foreign currency transactions**

Transactions denominated in foreign currencies are recorded in Pakistani Rupees at the foreign currency rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the balance sheet date. Exchange differences are taken to the profit and loss account currently.

**2.17 Derivative financial instruments**

Derivative financial instruments held by the Company generally comprise of forward foreign exchange contracts. 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. Changes in the fair value of derivative instruments are recognised immediately in the profit and loss account.

**2.18 Revenue recognition**

- Local sales are recognised as revenue upon transfer of significant risk and rewards of ownership, which coincides with delivery of goods to customers.
- Export sales are recognised as revenue upon transfer of significant risks and rewards of ownership, which coincides with date of shipment.
- Service income is recognised when the related services are rendered.
- Income on investments / deposits is accrued on a time proportionate basis, taking into account the effective interest rates.

**2.19 Impairment****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 on the estimated future cash flows of that asset.

**Non-financial assets**

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the 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 ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk 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).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

### 2.20 Financial instruments

All 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 the profit and loss account currently.

### 2.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

#### Pharmaceutical

The Pharmaceutical segment is engaged in the manufacture, import and marketing of research based pharmaceutical products registered with the Drug Regulatory Authority of Pakistan and in providing toll manufacturing services.

#### Nutritional

The Nutritional segment is engaged in the manufacture, import and marketing of pediatric nutritional products and medical nutritional products.

#### Others

The Others segment represents the manufacture, import and marketing of diagnostic equipment, diabetes care, molecular devices, their testing kits, general healthcare products and providing toll manufacturing services.

### 2.23 Share based compensation

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

### 3. AUTHORISED CAPITAL

2013		2012	
Number of shares		(Rupees '000)	
200,000,000	200,000,000	2,000,000	2,000,000
		Ordinary shares of Rs. 10 each	

### 4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013		2012	
Number of shares		(Rupees '000)	
5,832,196	5,832,196	58,322	58,322
		Ordinary shares of Rs. 10 each issued as fully paid for cash	
18,479,640	18,479,640	184,796	184,796
		Ordinary shares of Rs. 10 each, determined pursuant to merger of Abbott Laboratories (Pakistan) Limited with Knoll Pharmaceutical Limited in accordance with the swap ratio stipulated therein	
73,588,466	73,588,466	735,885	735,885
		Ordinary shares of Rs. 10 each issued as fully paid bonus shares	
97,900,302	97,900,302	979,003	979,003

As at December 31, 2013, Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC., USA.

### 5. DEFERRED TAXATION

Deferred tax liability arising due to accelerated tax depreciation allowance

2013  
2012  
(Rupees '000)

Deferred tax asset arising in respect of provisions

260,058  
(56,496)  
203,562

241,000  
(51,443)  
189,557

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
<b>6. TRADE AND OTHER PAYABLES</b>			
Creditors		133,055	66,166
Accrued liabilities		832,924	736,093
Advances from customers		199,853	191,532
Material on loan		88	-
Unclaimed dividends		8,592	6,862
Bills payable	6.1	461,799	519,280
Payable to related parties	6.2	38,959	43,979
Sales tax payable		57,566	28,012
Workers' Profit Participation Fund	6.3	-	161,876
Central Research Fund		40,186	57,515
Workers' Welfare Fund		80,785	95,510
Staff pension fund	21.1.1	352,239	519,868
Others		11,131	6,218
		<u>2,217,177</u>	<u>2,432,911</u>

**6.1 Bills payable include the following amounts payable to related parties:**

## Other related parties

Abbott Health Care Puerto Rico	23,816	59,320
Abbott Diagnostics GmbH	60,066	8,683
Abbott Logistics B.V.	167,321	131,364
Abbott Laboratories (Singapore) PTE Ltd.	14,442	27,504
Abbott Products Operation AG	48,710	149,306
Abbott International LLC., USA	74,441	68,190
Abbvie Logistics	38,876	55,781
Abbvie Inc.	633	2,168
Abbott Japan Co., Ltd.	476	-
Abbott GmbH & Co. KG.	34	-
	<u>428,815</u>	<u>502,316</u>

	Note	2013 (Rupees '000)	2012
<b>6.2 Payable to related parties represents the following amounts payable to:</b>			
Other related parties			
Abbott Australasia Pty Limited		-	244
Abbott Laboratories Int'l		-	78
Abbott International LLC., USA		37,390	32,248
Abbott Mearo		-	515
Abbott Laboratories (Singapore) PTE Ltd.		-	3,229
Abbott Manufacturing (Singapore) PTE Ltd.		-	493
Abbott Laboratories Ireland Ltd.		-	592
Abbott Labs (Malaysia) SDN BHD		1,569	734
Abbott Laboratories GmbH		-	4,565
Abbott Laboratories Philippines		-	211
Abbott GmbH & Co. KG.		-	2
Abbvie Inc.		-	1,068
		<u>38,959</u>	<u>43,979</u>

**6.3 Workers' Profit Participation Fund**

Balance at the beginning of the year		161,876	127,542
Allocation for the year	25	197,280	161,876
		<u>359,156</u>	<u>289,418</u>
Less: Amount paid to the fund		371,876	127,542
Balance (receivable) from / payable to the Fund		<u>(12,720)</u>	<u>161,876</u>

**7. CONTINGENCIES AND COMMITMENTS****7.1 Contingencies**

7.1.1 The Company has given bank guarantees of Rs. 111,980 million (2012: Rs. 110,557 million) to the Customs Department, a utility company and other institutions against tenders.

7.1.2 The returns of total income for four tax years (Tax Years 2005 - 2008) were selected for audit by the tax authority. The Taxation Officer disallowed certain expenses claimed by the Company against which the Company filed appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) allowed certain expenses, however, maintained majority of the disallowances resulting in tax demand of Rs. 239,695 million. The Company has now filed the appeals before the Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication.

Management is of the view that the position of the Company is sound and eventual outcome is expected to be in Company's favour. However, being prudent, management has made a provision of Rs. 30 million, in the financial statements.

7.1.3 The Company has filed a reference application before the High Court of Sindh for assessment years 1997-98, 1999-00 to 2002-03 in respect of certain disallowances resulting in a tax demand of Rs. 154.500 million, which is pending adjudication.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

Management is of the view that the position of the Company is sound and eventual outcome is expected to be in Company's favour. However, being prudent, management has made a provision of entire tax demand in the financial statements (2012: Rs. 80 million).

7.1.4 The Commissioner Inland Revenue (CIR) has selected the case of the Company for audit of tax year 2012 (accounting year December 31, 2011) and has requested various information from the Company in this regard. The Company believes that only the Federal Board of Revenue has the right to select the Company for audit based on defined criteria or through random balloting and the CIR does not have the right to select the Company for Audit. The Company has filed writ petition in the High court in this regard.

## 7.2 Commitments

7.2.1 Commitments for capital expenditure aggregated approximately Rs. 90.475 million (2012: Rs. 127.907 million).

7.2.2 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 1,397 million (2012: Rs. 1,372 million). These facilities can be utilised for letters of credit, guarantees and running finance / short-term loans. However, the running finance / short-term loan utilisation cannot exceed Rs. 310 million (2012: Rs. 310 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (2012: KIBOR plus 1% to KIBOR plus 2%) and are secured against first joint pari passu hypothecation charge over stocks and book debts of the Company, ranking hypothecation charge over stocks and book debts of the Company, promissory notes, and counter guarantees. The Company has not borrowed any amount against running finance / short-term loan facilities at the balance sheet date. Commitments in respect of letters of credit as at balance sheet date aggregated to Rs. 396.908 million (2012: Rs. 368.054 million).

## 8. FIXED ASSETS

## Property, plant and equipment

	Note	2013 (Rupees '000)	2012
Operating fixed assets	8.1	2,831,420	2,287,971
Capital work-in-progress	8.6	352,315	341,183
		<u>3,183,735</u>	<u>2,629,154</u>

## 8.1 Operating fixed assets

The following is a statement of operating fixed assets:

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles	Office equipment	Computers	Demonstration equipments-note 8.2	Total
	(Rupees '000)									
At December 31, 2011										
Cost	20,679	2,718	324,617	66,683	2,345,156	286,291	96,825	187,103	657,676	3,987,748
Accumulated depreciation / amortisation	-	776	180,181	62,788	1,218,819	86,400	52,199	159,651	349,185	2,109,999
Net book value	<u>20,679</u>	<u>1,942</u>	<u>144,436</u>	<u>3,895</u>	<u>1,126,337</u>	<u>199,891</u>	<u>44,626</u>	<u>27,452</u>	<u>308,491</u>	<u>1,877,749</u>
Year ended December 31, 2012										
Opening net book value	20,679	1,942	144,436	3,895	1,126,337	199,891	44,626	27,452	308,491	1,877,749
Additions / transfers	-	-	28,412	-	454,855	82,386	5,265	28,911	150,124	719,953
Disposals / write offs										
Cost	-	-	734	-	38,495	42,960	-	47,234	25,216	154,639
Depreciation	-	-	734	-	33,981	27,287	-	47,234	25,216	134,452
	-	-	-	-	4,514	15,673	-	-	-	20,187
Depreciation / amortisation charge for the year	-	29	7,991	985	136,590	44,254	11,706	14,336	103,653	319,544
Closing net book value	<u>20,679</u>	<u>1,913</u>	<u>164,857</u>	<u>2,910</u>	<u>1,440,088</u>	<u>222,350</u>	<u>38,185</u>	<u>42,027</u>	<u>354,962</u>	<u>2,287,971</u>
At December 31, 2013										
Cost	20,679	2,718	352,295	66,683	2,761,516	325,717	102,090	168,780	782,584	4,583,062
Accumulated depreciation / amortisation	-	805	187,438	63,773	1,321,428	103,367	63,905	126,753	427,622	2,295,091
Net book value	<u>20,679</u>	<u>1,913</u>	<u>164,857</u>	<u>2,910</u>	<u>1,440,088</u>	<u>222,350</u>	<u>38,185</u>	<u>42,027</u>	<u>354,962</u>	<u>2,287,971</u>
Year ended December 31, 2013										
Opening net book value	20,679	1,913	164,857	2,910	1,440,088	222,350	38,185	42,027	354,962	2,287,971
Additions / transfers	-	-	17,155	-	451,061	91,777	-	66,337	335,058	961,388
Disposals / write offs										
Cost	-	-	1,280	-	36,072	65,573	-	5,029	19,767	127,721
Depreciation	-	-	1,280	-	29,999	35,128	-	4,485	19,767	90,659
	-	-	-	-	6,073	30,445	-	544	-	37,062
Depreciation / amortisation charge for the year	-	29	9,772	985	158,988	45,791	11,702	24,641	128,969	380,877
Closing net book value	<u>20,679</u>	<u>1,884</u>	<u>172,240</u>	<u>1,925</u>	<u>1,726,088</u>	<u>237,891</u>	<u>26,483</u>	<u>83,179</u>	<u>561,051</u>	<u>2,831,420</u>
At December 31, 2013										
Cost	20,679	2,718	368,170	66,683	3,176,505	351,921	102,090	230,888	1,097,875	5,416,729
Accumulated depreciation / amortisation	-	834	195,930	64,758	1,450,417	114,030	75,607	146,909	536,824	2,585,309
Net book value	<u>20,679</u>	<u>1,884</u>	<u>172,240</u>	<u>1,925</u>	<u>1,726,088</u>	<u>237,891</u>	<u>26,483</u>	<u>83,179</u>	<u>561,051</u>	<u>2,831,420</u>
Annual rate of depreciation / amortisation										
2012	-	1.06	2.10	5.10	5.20	20.25	10.33	20.33	12.5-33	
2013	-	1.06	2.10	5.10	5.20	20.25	10.33	20.33	11.33	

8.2 Demonstration equipments of the Company are in the possession of various hospitals and clinics.



## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
8.3	The depreciation charge for the year has been allocated as follows:		
Cost of goods sold and services	20	174,040	148,900
Selling and distribution expenses	22	185,578	147,401
Administrative expenses	23	21,259	23,243
		<u>380,877</u>	<u>319,544</u>

## 8.4 Details of disposals of operating fixed assets having book value exceeding Rs. 50,000:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of purchaser
(Rupees '000)						
<b>Vehicles</b>						
	1,529	382	1,147	1,475	Insurance Claim	EFU
	1,511	906	604	1,240	Open Market Auction	Ather Gulzar
	1,416	1,133	283	1,507	Open Market Auction	Muhammad Yamin & Muhammad Yonus
	1,424	267	1,157	1,424	Insurance Claim	EFU
	1,328	797	531	975	Open Market Auction	Zahid Qadri
	1,389	833	556	556	Negotiation	Muhammad Javed
	1,389	833	556	556	Negotiation	Maqsood Husain
	1,389	833	556	556	Negotiation	Zafar Hussain
	1,359	646	713	747	Negotiation	Akbar Khan
	879	527	351	351	Negotiation	Zaigham Raza
	879	527	351	351	Negotiation	Asif Raza
	1,427	856	571	571	Negotiation	Tanweer Alam
	1,800	1,013	788	720	Negotiation	Syed Imtiazuddin
	1,289	596	693	1,058	Insurance Claim	EFU
	1,427	856	571	571	Negotiation	Adeel Javed
	1,384	727	657	761	Negotiation	Farrukh Amanat
	1,317	790	527	527	Negotiation	Abdul Razzak
	466	373	93	418	Open Market Auction	Zia Uddin
	571	343	228	470	Negotiation	Muhammad Akram
	1,050	630	420	420	Negotiation	S. Saleem Ul Haque
	1,239	743	496	496	Negotiation	Amjad Ali Khan
	1,329	797	532	532	Negotiation	Naveed Siddiqui
	1,329	797	532	532	Negotiation	Muhammad Akif Jan
	1,329	797	532	532	Negotiation	Amjad Ali
	1,394	401	993	1,255	Insurance Claim	EFU
	1,296	778	519	519	Negotiation	Shahid Iqbal Khattak
	1,296	778	519	519	Negotiation	Ameer Khan
	1,296	778	519	519	Negotiation	Sikandar Shariff
	1,291	774	516	516	Negotiation	Umar Ishaque
	1,389	833	556	556	Negotiation	Shabbir Najme
	1,329	797	532	532	Negotiation	Zaigham Masoud
	1,291	774	516	516	Negotiation	Ramran Rauf
	1,329	797	532	532	Negotiation	Asif Zaheer
	1,560	312	1,248	1,404	Insurance Claim	EFU
	1,560	312	1,248	1,404	Insurance Claim	EFU
	1,478	369	1,108	1,330	Insurance Claim	EFU
	1,329	797	532	532	Negotiation	Rafique Baloch
	1,329	797	532	532	Negotiation	Farheen Motlan
	1,329	797	532	532	Negotiation	Muhammad Salman
	1,329	797	532	532	Negotiation	Asif Rafceq
	1,239	743	496	496	Negotiation	Amir Hashmi
	1,291	774	516	516	Negotiation	Jarrat Husain
	1,324	794	530	530	Negotiation	Shaukat Ali Shah
	1,319	791	527	527	Negotiation	Noor Ul Amin
	1,239	743	496	496	Negotiation	Rafique Abdullah
	1,329	797	532	532	Negotiation	Murtaza Hussain
	1,291	774	516	516	Negotiation	Akhtar Waseem
	1,673	272	1,401	1,520	Insurance Claim	EFU

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of purchaser
(Rupees '000)						
<b>Vehicles</b>						
	1,239	743	496	496	Negotiation	Haider Salahuddin
	1,359	798	561	578	Negotiation	Khurram Tahir
<b>Plant and machinery</b>						
	3,611	3,261	350	-	-	Write-off
	10,277	9,428	849	-	-	Write-off
	965	869	97	-	-	Write-off
	20,971	16,218	4,753	-	-	Write-off
<b>Computer</b>						
	80	18	62	-	-	Write-off
	80	18	62	-	-	Write-off
	80	18	62	-	-	Write-off
	112	40	72	-	-	Write-off
	121	20	101	-	-	Write-off
	148	46	102	-	-	Write-off

## 8.5 Change in accounting estimates

During the year, management has changed the useful life of two of its demonstration equipment from 5 years to 9 years, which has resulted in revision of depreciation rates. Management believes that the said change in estimate reflects more accurately the useful life and pattern of consumption of economic benefits of the respective assets. These changes have been accounted for prospectively in accordance with the requirements of International Accounting Standard (IAS)-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Had the Company not made the above referred changes in accounting estimates, profit for the year and reserves as at year end would have been lower by Rs. 9.246 million, and earnings per share would have been lower by Rs. 0.094 per share.

## 8.6 Capital work-in-progress

	Plant and machinery	Vehicles	Others	Total
(Rupees '000)				
At December 31, 2011	371,637	21,142	27,534	420,313
Additions	360,421	61,945	99,070	521,436
Transferred to operating fixed assets	(408,636)	(82,386)	(109,544)	(600,566)
At December 31, 2012	323,422	701	17,060	341,183
Additions	435,823	99,977	123,228	659,028
Transferred to operating fixed assets	(452,061)	(91,777)	(104,058)	(647,896)
At December 31, 2013	307,184	8,901	36,230	352,315

## 9. INTANGIBLE ASSET

Intangible asset include rights acquired from Highnoon Laboratories Limited against transfer of technical, marketing and sales know-how and assignment of other necessary rights and requisites for marketing and selling ex-Solvay products in Pakistan, following a global acquisition of Solvay Pharmaceuticals by Abbott International, the ultimate holding company.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012 (Rupees '000)
<b>Cost</b>			
Opening balance		86,100	86,100
Additions		-	-
Balance as at December 31,		86,100	86,100
<b>Accumulated amortisation</b>			
Opening balance		27,265	10,045
Amortisation charge	22	17,220	17,220
Balance as at December 31,		44,485	27,265
<b>Net book value</b>			
Cost		86,100	86,100
Accumulated amortisation		(44,485)	(27,265)
Balance as at December 31,		41,615	58,835
<b>Useful life</b>			
		Years	Years
		5	5
<b>10. LONG-TERM LOANS AND ADVANCES - considered good</b>			
<b>Long-term loans</b>			
<b>Due from:</b>			
- Executives	10.1	17,444	11,046
- Employees		35,936	57,411
	10.2	53,380	68,457
<b>Less: recoverable within one year</b>			
- Executives		8,459	4,955
- Employees		16,055	22,252
	15	24,514	27,207
		28,866	41,250
<b>Long-term advances</b>			
- Employees		3,030	3,031
		31,896	44,281
<b>10.1 Reconciliation of carrying amount of long-term loans to executives:</b>			
Opening balance		11,046	4,837
Disbursements		11,181	3,504
Transfer of balances of employee cadre to executive cadre		8,108	9,287
Less: Repayments		12,891	6,582
Closing balance		17,444	11,046

10.2 Loans given to executives and employees are in accordance with the Company policy. These loans are interest free and are repayable in equal monthly installments within a maximum period of four years. These loans are for the purpose of purchase of refrigerators, scooters, vehicles and television sets. The loans for purchase of vehicles are secured by way of registration of vehicles purchased in the name of the Company.

10.3 The maximum aggregate amount of loans due from the executives at the end of any month during the year were Rs. 22.849 million (2012: Rs. 12.993 million).

	Note	2013 (Rupees '000)	2012 (Rupees '000)
<b>11. LONG-TERM DEPOSITS</b>			
Deposits		4,103	3,737
<b>12. STORES AND SPARES</b>			
Stores		67,937	71,567
Spares [including spares-in-transit Rs. 11.282 million (2012: Rs. 19.144 million)]		74,461	83,385
		142,398	154,952
Less: Provision for slow moving and obsolete items	12.1	35,160	33,108
		107,238	121,844
<b>12.1 Reconciliation of provision for slow moving and obsolete items</b>			
Opening provision		33,108	31,750
Charge for the year		2,052	1,358
Closing provision		35,160	33,108
<b>13. STOCK-IN-TRADE</b>			
Raw and packing materials [including stock-in-transit of Rs. 168.217 million (2012: Rs. 190.041 million)]		1,567,366	1,457,062
Work-in-process	20	182,917	143,020
Finished goods [including stock-in-transit of Rs. 232.409 million (2012: Rs. 126.591 million)]	20	1,160,559	962,058
		2,910,842	2,562,140
Less: Provision for slow moving and obsolete items	13.2	148,152	135,579
		2,762,690	2,426,561
<b>13.1</b> Stock-in-trade includes items costing Rs. 90.315 million (2012: Rs. 160.187 million) valued at net realisable value of Rs. 83.885 million (2012: Rs. 153.354 million) resulting in a write down of Rs. 6.430 million (2012: 6.833 million).			

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
<b>13.2</b>			
Reconciliation of provision for slow moving and obsolete items			
Opening provision		135,579	130,835
Charge for the year		49,579	47,453
Write off during the year		(37,006)	(42,709)
Closing provision		148,152	135,579
<b>14. TRADE DEBTS</b>			
Considered good:			
Secured		236,520	189,969
Unsecured			
- Due from other related party	14.1	12,143	11,764
- Others		297,430	365,001
		546,093	566,734
Considered doubtful:			
Unsecured		32,283	29,701
		578,376	596,435
Less: Provision for doubtful debts	14.2	32,283	29,701
		546,093	566,734
<b>14.1 Due from other related party</b>			
Abbott Logistics B.V.		6,006	11,764
Abbott Products Operations AG		6,137	-
		12,143	11,764
<b>14.2 Reconciliation of provision for doubtful debts</b>			
Opening provision		29,701	13,525
Charge for the year	25	2,582	16,176
Closing provision		32,283	29,701
<b>15. LOANS AND ADVANCES - considered good</b>			
Current portion of long-term loans	10	24,514	27,207
Advance to:			
- Executives		4,708	3,997
- Employees		1,435	1,245
		6,143	5,242
- Suppliers		141,548	90,859
		147,691	96,101
		172,205	123,308

15.1 The maximum aggregate amount of advances due from the chief executive, directors and executives at the end of any month during the year were Rs. 0.2 million, Rs. 1.9 million and Rs. 14.55 million (2012: Rs. 2.501 million, Rs. 1.547 million and Rs. 13.119 million) respectively.

	Note	2013 (Rupees '000)	2012
<b>16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Considered good			
Trade deposits		43,744	42,460
Prepayments [including sample inventory Rs. 47448 million (2012: Rs. 46.911 million)]		110,869	109,321
		154,613	151,781
Considered doubtful			
Trade deposits		2,161	2,161
		156,774	153,942
Less: Provision for doubtful trade deposits		2,161	2,161
		154,613	151,781
<b>17. OTHER RECEIVABLES</b>			
Considered good			
Due from related parties	17.1	33,925	42,942
Material on loan		19,905	15,146
Insurance claim receivable		4,310	12,048
Service fee for toll manufacturing		163	163
Workers' Profit Participation Fund	6.3	12,720	-
Others		8,246	10,467
		79,269	80,766
Considered doubtful		2,678	2,209
		81,947	82,975
Less: Provision for doubtful other receivables	17.2	2,678	2,209
		79,269	80,766

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
<b>17.1 Due from related parties</b>			
Abbott International		-	938
Abbott Laboratories (Singapore) PTE Ltd.		29,348	23,934
Abbott International LLC., USA		1,292	338
Abbott Laboratories Philippines		318	243
Abbott Laboratories Indonesia		-	62
Abbott Products Operation AG		411	13,512
Abbott Mearo		114	-
Abbott Laboratories Malaysia		2,005	-
Abbvie Inc.		-	3,915
Abbott Laboratories South Africa		339	-
Abbott Pharmaceuticals, Inc. Puerto Rico		98	-
		<u>33,925</u>	<u>42,942</u>
<b>17.2 Reconciliation of provision for doubtful other receivables</b>			
Opening provision		2,209	2,057
Charge for the year	25	469	152
Closing provision		<u>2,678</u>	<u>2,209</u>
<b>18. CASH AND BANK BALANCES</b>			
<b>With banks</b>			
Savings accounts:			
- Local currency	18.1	306,484	296,721
- Foreign currency		176,649	150,398
		<u>483,133</u>	<u>447,119</u>
Deposit accounts:			
- Local currency	18.2	3,400,000	2,300,000
Current accounts:			
- Local currency		2,681	6,341
		<u>3,885,814</u>	<u>2,753,460</u>
<b>In hand</b>			
- Foreign currency		1,870	1,368
- Local currency		2,193	2,043
Cheques and drafts in hand and in transit		7,174	33,341
		<u>3,897,051</u>	<u>2,790,212</u>

- 18.1 These savings accounts carry markup rate of 6.50% (2012: 6.00%).
- 18.2 These deposit accounts carry markup rate of 8.10% (2012: 8.00%).

	Note	2013 (Rupees '000)	2012
<b>19. SALES - NET</b>			
Local		16,912,189	14,918,129
Export - to related parties	32	109,882	79,183
Export - to others		673,048	605,997
		<u>782,930</u>	<u>685,180</u>
		<u>17,695,119</u>	<u>15,603,309</u>
Service fee for toll manufacturing		8,214	21,804
Less:			
Sales returns and discounts		71,079	70,152
Sales tax and excise duty		414,996	338,708
		<u>486,075</u>	<u>408,860</u>
		<u>17,217,258</u>	<u>15,216,253</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
<b>20. COST OF GOODS SOLD AND SERVICES</b>			
Opening work-in-process		143,020	191,222
Raw and packing materials consumed		5,909,924	5,444,243
		6,052,944	5,635,465
<b>Manufacturing expenses:</b>			
Salaries, wages, allowances and staff welfare	20.1	1,007,323	964,384
Stores and spares consumed		86,184	69,912
Fuel and power		303,376	233,418
Depreciation	8.3	174,040	148,900
Repairs and maintenance		95,207	86,154
Technical service fee	32	122,707	111,213
Insurance		9,719	10,166
Printing and stationery		4,997	4,094
Travelling and entertainment		18,335	7,983
Rent, rates and taxes		4,640	2,515
Laboratory testing supplies		23,537	17,268
Computer expenses		32,470	22,602
Postage, telephone and telegram		9,286	10,224
Others	20.2	98,267	90,978
		1,990,088	1,779,811
		8,043,032	7,415,276
Closing work-in-process	13	(182,917)	(143,020)
Cost of goods manufactured and services		7,860,115	7,272,256
<b>Finished goods</b>			
Opening stock		962,058	893,671
Purchases		2,933,998	2,309,556
		11,756,171	10,475,483
Closing stock	13	(1,160,559)	(962,058)
		10,595,612	9,513,425

		2013 (Rupees '000)	2012
<b>20.1</b>	Salaries, wages, allowances and staff welfare includes a net charge of Rs. 114.262 million - note 21.3 (2012: net charge of Rs. 120.217 million) in respect of staff retirement benefits.		
<b>20.2</b>	<b>Details of other expenses</b>		
	Other fees and purchased services	48,581	33,615
	Recruitment and training expenses	2,164	1,860
	Membership and subscription	328	300
	Conference expenses	685	722
	Miscellaneous expenses	46,509	54,481
		98,267	90,978
<b>21. STAFF RETIREMENT BENEFITS</b>			
<b>21.1</b>	<b>Defined benefit scheme</b>		
	As mentioned in note 2.14, the Company operates a funded pension scheme for all its permanent employees. Contributions are made to the scheme based on actuarial recommendations. The actuarial valuation was carried out as at December 31, 2013 using the Projected Unit Credit Method.		
		Note	2013 (Rupees '000)
<b>21.1.1</b>	Amounts recognised in the balance sheet:		
	Present value of the defined benefit obligation	21.1.2	2,923,069
	Less: Fair value of the plan assets	21.1.2	2,570,830
	Deficit	6	352,239
		Present value of defined benefit obligation	Fair value of plan assets
			Total
			(Rupees '000)
<b>21.1.2</b>	As at January 1, 2013	2,598,502	(2,078,634)
	Current service cost	129,198	-
	Interest cost / (income)	291,401	(238,939)
	Company contributions	-	(130,910)
	Benefits paid	(132,774)	132,774
	Remeasurements recognised in other comprehensive income		
	- Loss due to changes in experience adjustment	36,742	-
	- Return on plan assets excluding amount included in interest income	-	(255,121)
		36,742	(255,121)
	As at December 31, 2013	2,923,069	(2,570,830)

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Present value of defined benefit obligation	Fair value of plan assets	Total
	(Rupees '000)		
As at January 1, 2012	2,297,069	(1,765,252)	531,817
Current service cost	120,345	-	120,345
Interest cost / (income)	291,940	(207,655)	84,285
Company contributions	-	(110,170)	(110,170)
Benefits paid	(105,998)	105,998	-
Remeasurements recognised in other comprehensive income			
- Gain due to change in demographic assumptions	(22,236)	-	(22,236)
- Loss due to changes in experience adjustment	17,382	-	17,382
- Return on plan assets excluding amounts included in interest income	-	(101,555)	(101,555)
	(4,854)	(101,555)	(106,409)
As at December 31, 2012	2,598,502	(2,078,634)	519,868
	Note	2013 (Rupees '000)	2012
21.1.3 Plan assets are comprised as follows:			
Debt		1,179,040	1,294,421
Equity	21.1.7	1,044,866	739,005
Bank balances		346,924	45,208
		2,570,830	2,078,634
21.1.4 Amount recognised in profit and loss:			
Current service cost		129,198	120,345
Net interest		52,462	84,285
	21.3	181,660	204,630
21.1.5 Actual return on plan assets		494,060	309,210
		(Percent per annum)	
21.1.6 Principal actuarial assumptions used were as follows:			
Discount rate		13.00	11.50
Future salary increases		10.75	9.50
Future pension increases		4.75	3.25

- 21.1.7 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 172.624 million (2012: Rs. 99.600 million).
- 21.1.8 The discount rate of 13.00% is representative of yields on long-term Government Bonds and term deposits with banks.
- 21.1.9 Expected contributions to the plan for the year ending December 31, 2014 is Rs. 183.297 million.
- 21.1.10 The sensitivity of the defined benefits obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees '000)		
Discount rate	1%	(306,591)	367,527
Salary growth rate	1%	213,888	(191,758)
Pension growth rate	1%	164,275	(144,711)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

## 21.2 Defined Contribution scheme

An amount of Rs. 60.124 million (2012: Rs. 52.611 million) has been charged during the year in respect of the contributory provident fund maintained by the Company.

	Note	2013 (Rupees '000)	2012
21.3 Staff retirement benefit cost recognised in the profit and loss account:			
Pension cost	21.1.4	181,660	204,630
Less: Reimbursement from related party	32	(8,256)	(3,339)
Provident fund contribution	32	60,124	52,611
E.O.B.I.		6,834	6,767
		240,362	260,669
Allocated as:			
Cost of goods sold and services	20.1	114,262	120,217
Selling and distribution expenses	22.1	102,597	105,458
Administrative expenses	23.1	23,503	34,994
		240,362	260,669

- 21.4 The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited (2012: audited by another firm of chartered accountants) financial statements of the provident fund:

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	2013	2012
Number of members	1,367	1,378
Size of provident fund (Rupees '000)	867,517	708,628
Cost of investments made (Rupees '000)	719,419	632,055
Percentage of investment made	82.93%	89.19%
Fair value of investment (Rupees '000)	853,500	690,597
<b>Break-up of investments:</b>		
- Balance in Government securities		
Amount of investment (Rupees '000)	369,997	468,450
Percentage of size of the fund	42.65%	66.11%
- Balance in equity shares in listed companies		
Amount of investment (Rupees '000)	236,690	145,086
Percentage of size of the fund	27.28%	20.47%
- Balance in term finance certificates		
Amount of investment (Rupees '000)	9,974	46,667
Percentage of size of the fund	1.15%	6.59%
- Balance at bank		
Amount of investment (Rupees '000)	236,839	30,394
Percentage of size of the fund	27.30%	4.29%

21.4.1 As at December 31, 2013, investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

21.5 The average number of employees during the year and number of employees as at December 31, 2013 and 2012 respectively are as follows:

	2013	2012
	No. of employees	
Average number of employees during the year	1,440	1,419
Number of employees as at year end	1,439	1,436

	Note	2013 (Rupees '000)	2012
<b>22. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages, allowances and staff welfare	22.1	838,213	742,446
Rent, rates and taxes		36,847	31,843
Repairs and maintenance		12,304	12,947
Royalty		24,503	21,326
Insurance		8,838	7,454
Depreciation	8.3	185,578	147,401
Amortisation of intangible asset	9	17,220	17,220
Legal, professional and other services		25,113	24,906
Postage, telephone and telegram		34,779	21,050
Printing and stationery		14,318	11,043
Travelling, conveyance and entertainment		299,822	296,879
Advertising, samples and sales promotion		567,097	570,615
Forwarding expenses		230,963	189,359
Electricity		14,874	9,245
Computer expenses		36,707	17,568
Training and development expenses		22,985	15,002
Packing and miscellaneous supplies		20,185	17,904
Distributors commission		76,031	70,007
Others	22.2	71,500	52,981
		<u>2,537,877</u>	<u>2,277,196</u>
Less: Reimbursement from related party	32	66,473	64,775
		<u>2,471,404</u>	<u>2,212,421</u>

22.1 Salaries, wages, allowances and staff welfare include a net charge of Rs. 102.597 million - note 21.3 (2012: net charge of Rs. 105.458 million) in respect of staff retirement benefits.

	2013 (Rupees '000)	2012
<b>22.2 Details of other expenses</b>		
Other fees and purchased services	46,073	24,025
Security expenses	8,197	6,804
Membership and subscription	314	302
Air conditioning expenses	4,258	9,783
Housekeeping expenses	3,071	3,215
Water charges	324	283
Purchased gas	266	246
Miscellaneous expenses	8,997	8,323
	<u>71,500</u>	<u>52,981</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	Note	2013 (Rupees '000)	2012
<b>23. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, allowances and staff welfare	23.1	246,832	238,952
Rent, rates and taxes		14,105	11,745
Repairs and maintenance		4,661	4,565
Insurance		2,290	2,268
Depreciation	8.3	21,259	23,243
Legal, professional and other services		10,674	8,986
Postage, telephone and telegram		7,089	6,854
Printing and stationery		2,219	1,946
Travelling, conveyance and entertainment		14,930	14,136
Electricity		7,688	6,300
Computer expenses		13,543	13,179
Training and development expenses		1,136	720
Miscellaneous office supplies		1,895	2,075
Others	23.2	27,129	18,281
		<u>375,450</u>	<u>353,250</u>
Less: Reimbursement from related party	32	8,512	8,756
		<u>366,938</u>	<u>344,494</u>

23.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 23,503 million - note 21.3 (2012: net charge of Rs. 34,994 million) in respect of staff retirement benefits.

		2013 (Rupees '000)	2012
<b>23.2 Details of other expenses</b>			
Other fees and purchased services		7,992	2,783
Security expenses		1,793	1,587
Membership and subscription		5,179	4,916
Air conditioning expenses		6,589	5,048
Housekeeping expenses		2,454	2,266
Water charges		237	197
Miscellaneous expenses		2,885	1,484
		<u>27,129</u>	<u>18,281</u>

	Note	2013 (Rupees '000)	2012
<b>24. OTHER INCOME</b>			
Income from financial assets			
Interest income	24.1	249,611	160,141
Income from non-financial assets			
Gain on disposal of fixed assets		-	6,413
Others			
Scrap sales		15,468	10,105
Others		7,980	6,771
		<u>273,059</u>	<u>183,430</u>

24.1 Interest income include an amount of Rs. 23,572 million (2012: Rs. 16,607 million) on account of interest income earned from Abbott Labs PTE Ltd., Singapore, a related party at the rate of 10% (2012: 10%) of half of the written down value of assets deployed by the Company on their behalf in the Company's diagnostic division in Pakistan.

	Note	2013 (Rupees '000)	2012
<b>25. OTHER OPERATING CHARGES</b>			
Workers' Profit Participation Fund	6.3	197,280	161,876
Auditors' remuneration	25.1	1,917	1,691
Loss on disposal of fixed assets		1,695	-
Donations		875	794
Workers' Welfare Fund		62,091	61,513
Central Research fund		37,105	30,446
Provision for doubtful other receivables	17.2	469	152
Provision for doubtful trade debts	14.2	2,582	16,176
Exchange loss		63,170	40,332
		<u>367,184</u>	<u>312,980</u>

		2013	2012
<b>25.1 Auditors' remuneration</b>			
Statutory audit fee		1,600	1,350
Special certifications		265	265
Out of pocket expenses		52	76
		<u>1,917</u>	<u>1,691</u>



## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

	2013 (Rupees '000)	2012
<b>26. FINANCE COST</b>		
Bank charges	2,956	2,226
<b>27. TAXATION - net</b>		
Current		
- For the year	1,047,949	826,895
- Prior year	95,420	72,809
	1,143,369	899,704
Deferred	14,005	24,338
	1,157,374	924,042
<b>27.1 Relationship between tax expense and accounting profit</b>		
Accounting profit before taxation	3,686,223	3,014,137
Tax rate	34%	35%
Tax on accounting profit	1,253,316	1,054,948
Tax for prior years	95,420	72,809
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	13,123	13,949
- Applying lower tax rates to certain income	(153,829)	(169,531)
- BMR tax credit	(45,106)	(45,485)
- Others (including the impact arising as a consequence of reversal of deferred tax liability and change in allocation ratio of revenue chargeable under FTR and Non-FTR)	(5,550)	(2,648)
	1,157,374	924,042

	2013 (Rupees '000)	2012
<b>28. EARNINGS PER SHARE - BASIC / DILUTED</b>		
Profit for the year	2,528,849	2,090,095
	Number of shares	
Weighted average number of ordinary shares in issue during the year	97,900,302	97,900,302
	(Rupees)	
Earnings per share	25.83	21.35
<b>28.1</b>	There is no dilutive effect on the basic earnings per share of the Company.	
	(Rupees '000)	
<b>29. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	3,686,223	3,014,137
Adjustment for:		
Depreciation	8.3	380,877
Amortisation on intangible asset	9	17,220
Loss / (gain) on disposal of property, plant and equipment	24 & 25	1,695
Interest income	24	(249,611)
Expenses recognised in profit or loss in respect of equity-settled share-based compensation		37,722
Pension retirement benefit		50,749
Finance cost	26	2,956
Working capital changes	29.1	(338,649)
	3,589,182	3,459,663
<b>29.1 Working capital changes</b>		
(Increase) / decrease in current assets net of provision		
Stores and spares	14,606	(44,957)
Stock-in-trade	(336,129)	(109,999)
Trade debts	20,641	(154,921)
Loans and advances	(48,897)	50,600
Trade deposits and short-term prepayments	(2,832)	(543)
Other receivables	1,497	(27,628)
	(351,114)	(287,448)
Increase in current liabilities		
Trade and other payables - net	12,465	427,017
	(338,649)	139,569

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

## 30. SHARE BASED COMPENSATION

## Share-based compensation plans

As at December 31, 2013, the Company's equity settled share-based compensation plan includes restricted stock units plan.

Under the plan, the Company employees, eligible as per policy are awarded restricted stock units of Abbott International LLC., USA (the ultimate holding company). The plan entitles eligible employees shares of the ultimate holding company which are vested equally over next three years, subject to certain vesting conditions.

In accordance with IFRS 2 (Share-Based Payments), services received from employees as consideration for stock units 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 unit of the Abbott International LLC., USA and is charged against income on a straight-line basis over the vesting period of the plan.

An expense of Rs. 37,722 million (2012: Rs. 39,061 million) was recognized for this plan during the year.

The fair value of restricted stock units plan is measured at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2012	2011	2010
Volatility	21.00%	21.00%	22.00%
Dividend yield	3.60%	4.10%	3.20%
Risk free interest rate	1.20%	2.70%	2.90%

A summary of units outstanding is given below:

	2013		2012	
	Average exercise price per stock unit (USD)	Stock units	Average exercise Price per stock unit (USD)	Stock units
At January 1,	53.15	9,594	49.05	7,097
Granted	34.94	16,230	55.25	10,655
Exercised / cancelled	43.52	14,601	52.31	8,158
At December 31,	39.34	11,223	53.15	9,594

Stock units outstanding at the end of the year have the following expiry date and exercise prices:

Year of vesting	2013		2012	
	Stock Units	Exercise Price (USD)	Stock Units	Exercise Price (USD)
2013	-	-	6,091	51.98
2014	6,436	42.14	3,288	55.12
2015	4,276	35.67	215	56.26
2016	511	34.94	-	-
	11,223	39.34	9,594	53.15

## 31. CAPACITY

The capacity and production of the Company's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

## 32. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises other related parties, employee retirement benefit plans, directors and key management personnel. Transactions with related parties essentially entail sale and purchase of goods and services and expenses charged between these companies. Transactions with related parties are as follows:

	Note	2013 (Rupees '000)	2012
<b>Other related parties</b>			
Sale of goods	19	109,882	79,183
Purchase of materials		3,224,096	2,623,855
Technical service fee	20	122,707	111,213
<b>Reimbursements from a related party on account of:</b>			
Selling and distribution expenses	22	66,473	64,775
Administrative expenses	23	8,512	8,756
Pension Fund	21.3	8,256	3,339
Interest income earned	24.1	23,572	16,607
<b>Contributions paid in respect of staff retirement benefit plans:</b>			
Pension Fund	21.1.2	130,910	110,170
Provident Fund	21.3	60,124	52,611
<b>Key management personnel</b>			
Short-term employee benefits		129,748	129,573
Post-employment benefits		18,376	17,439

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

32.1 Disposals of property, plant and equipment to key management personnel are disclosed in note 8.4.

32.2 Outstanding balances in respect of related party sales and purchases, reimbursement and staff retirement benefits are included in notes 6, 14, 17 and 21.

32.3 Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers all members of their executive management team, including the chief executive and directors, to be key management personnel. Outstanding balances of loans and advances to key management personnel are disclosed in note 10 and note 15.

## 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company were as follows:

	2013			2012		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
<b>Short-term employee benefits</b>						
Managerial remuneration	32,850	33,529	643,724	33,593	30,487	446,215
Leave passage / encashment	468	362	38,239	1,761	2,609	44,630
Medical expenses	110	225	32,953	18	363	18,441
Rent / utility / maintenance / furnishing	-	164	752	-	178	727
	33,428	34,280	715,668	35,372	33,637	510,013
Retirement benefits	3,533	5,208	100,446	4,540	4,533	68,995
	36,961	39,488	816,114	39,912	38,170	579,008
Number of persons	1	*2	401	1	*2	265

\* Include 1 alternate Director

33.1 In addition, Rs.37.722 million (2012: Rs. 39.061 million) has been charged in the profit and loss account in respect of share-based payments to chief executive, directors and certain executives of the Company as mentioned in notes 2.23 and 30.

33.2 Managerial remuneration includes Rs. 125.877 million (2012: Rs. 90.090 million) charged in the profit and loss account in respect of bonus to chief executive, directors and certain executives of the Company.

33.3 Director and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.

33.4 The aggregate amount charged in these financial statements for fees to non-executive directors is Rs. 0.780 million (2012: Rs. 0.780 million).

## 34. SEGMENT WISE OPERATING RESULTS

	2013				2012			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	(Rupees' 000)							
Sales	13,075,691	2,814,555	1,804,873	17,695,119	11,673,819	2,221,693	1,707,797	15,603,309
Service fee for toll manufacturing	1,314	-	6,900	8,214	9,539	-	12,265	21,804
Less: Sales return and discounts	46,371	8,298	16,410	71,079	53,595	10,141	6,416	70,152
Less: Sales tax and excise duty	-	269,032	145,964	414,996	-	205,817	132,891	338,708
Sales - net	13,030,634	2,537,225	1,640,399	17,211,258	11,629,763	2,005,735	1,580,755	15,216,253
Cost of goods sold and services	7,925,201	1,582,922	1,087,489	10,595,612	7,376,422	1,203,260	933,743	9,513,425
Gross profit	5,105,433	954,303	561,910	6,621,646	4,253,341	802,475	647,012	5,702,828
Selling and distribution expenses	1,835,960	329,512	303,932	2,471,404	1,636,674	301,045	274,702	2,212,421
Administrative expenses	314,124	37,139	15,675	366,938	298,284	31,459	14,751	344,494
Segment result	2,955,349	587,652	240,301	3,783,304	2,318,383	469,971	357,559	3,145,913
Unallocated corporate expenses / income								
Other income				273,059				183,430
Other operating charges				367,184				312,980
Profit before finance cost and taxation				3,689,179				3,016,363
Finance cost				2,936				2,226
Profit before taxation				3,686,243				3,014,137
Taxation				1,157,374				924,042
Profit after taxation				2,528,869				2,090,095
Other Information								
Segment assets employed	5,255,722	428,253	1,046,695	6,730,670	4,723,188	254,297	745,981	5,723,466
Unallocated corporate assets				4,437,334				3,606,396
Total assets				11,168,004				9,329,862
Segment liabilities	1,347,321	208,399	179,556	1,735,276	1,163,455	132,619	102,758	1,403,832
Unallocated corporate liabilities				685,463				1,218,636
Total liabilities				2,420,739				2,622,468
Capital expenditure during the year	630,507	7,667	334,346	972,520	491,847	13,195	165,781	670,823
Unallocated corporate capital expenditure				-				-
Total capital expenditure				972,520				670,823
Depreciation / amortisation	258,079	9,401	130,617	398,097	225,405	8,354	103,005	336,764
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				398,097				336,764

**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended December 31, 2013

	2013	2012
	(Rupees '000)	
<b>34.1 Geographical information</b>		
Sales to external customers, net of return, discounts, sales tax and excise duty		
Pakistan	16,434,328	14,531,073
Afghanistan	583,150	518,295
Srilanka	74,932	84,135
Netherland	91,887	79,183
Bangladesh	14,966	3,567
Switzerland	17,995	-
	<u>17,217,258</u>	<u>15,216,253</u>

**34.2** Segment assets consist primarily of property, plant and equipment, trade debts and stock-in-trade. Segment liabilities comprise of trade creditors and an apportionment of accrued expenses. Assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

**35. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk). The Company's overall risk management program focuses on minimising potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

**35.1 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

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

	2013	2012
	(Rupees '000)	
Loans and advances	62,553	76,730
Deposits	47,847	46,197
Trade debts	546,093	566,734
Accrued profit	5,922	2,973
Other receivables	59,364	65,620
Balance with banks	3,885,814	2,753,460
	<u>4,607,593</u>	<u>3,511,714</u>

The Company is not significantly exposed to concentrations of credit risk in respect of trade debts because the Company's sales are primarily against advance payment / collection on delivery (COD) terms.

As at December 31, 2013, trade debts of Rs. 143,732 million (2012: Rs. 153,553 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of trade debts past due but not impaired is as follows:

	2013	2012
	(Rupees '000)	
61-90 days	43,233	25,212
91-180 days	48,584	39,109
181-360 days	16,467	58,560
Over 360 days	35,448	30,672
	<u>143,732</u>	<u>153,553</u>

The impaired trade debts and the basis of impairment are disclosed in notes 14 and 2.7 respectively.

The credit quality of balances with banks can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Ratings		Date of Rating	2013	2012
		Short-term	Long-term		(Rupees '000)	
Deutsche Bank AG	S&P	A-1	A+	Jun 2013	1,006,295	2,864
MCB Bank Limited	PACRA	A1+	AAA	Feb 2013	151	43
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Jun 2013	869,069	640,900
HSBC Bank Middle East	Moody's	P-1	A2	Dec 2012	-	6
The Bank of Tokyo-Mitsubishi UFJ Limited	S&P	A-1	A+	Mar 2013	1,000,085	953,160
Citibank N.A.	Moody's	P-2	A3	Sep 2013	50	200,703
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2013	2,546	2,479
Faysal Bank Limited	PACRA	A1+	AA	Jun 2013	79	71
Barclays Bank PLC	S&P	A-1	A+	Jun 2013	1,007,539	953,234

**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended December 31, 2013

**35.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining sufficient cash / bank balance and the availability of funding through an adequate amount of committed credit facilities. As at December 31, 2013, the Company's financial liabilities of Rs. 1,486.460 million (2012: Rs. 1,378.598 million) are all current and due in next financial year.

**35.3 Market risk**

Market risk is the risk that the value of financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk whereas the exposure to currency risk and interest rate risk is given below:

**35.3.1 Currency risk**

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. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2013		2012	
	Rupees	US Dollars	Rupees	US Dollars
	('000)			
Cash and cash equivalents	178,519	1,689	151,766	1,561
Due from related parties	46,068	436	54,706	563
Bills payable	(461,799)	(4,368)	(519,280)	(5,340)
Payable to related parties	(38,959)	(369)	(43,979)	(452)
	<u>(276,171)</u>	<u>(2,612)</u>	<u>(356,787)</u>	<u>(3,668)</u>

The following significant exchange rates were applied during the year

	Balance sheet date rate		Average rate	
	2013	2012	2013	2012
	(Rupees)			
US Dollars	105.72	97.25	101.62	93.72

A ten percent strengthening / weakening of the Pakistani Rupee against the US Dollar at the reporting date would increase / decrease post tax profit for the year by Rs. 18.946 million (2012: Rs. 24.741 million). This analysis assumed that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

**35.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from saving and deposit accounts with banks.

	2013	2012
	(Rupees '000)	
Fixed rate instruments		
Financial assets	<u>3,883,133</u>	<u>2,747,119</u>

The Company has not designated any financial assets or liabilities as "at fair value through profit or loss". Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

**35.4 Fair value of financial assets and liabilities**

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

**36. CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders.

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

The current capital structure of the Company is equity based with no financing through borrowings.

**37. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

In their meeting held on February 13, 2014, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2013 of Rs. 4.0 per share (2012: cash dividend of Rs. 4.0 per share). This is in addition to interim cash dividend of Rs. 3.0 per share (2012: Rs. 3.0 per share). The total dividend declared for the year and dividend per share have been summarised below:


	2013	2012
	(Rupees '000)	
Cash dividend	685,302	685,302
	(Rupees)	
Cash dividend per share	7.00	7.00

In addition, the Board has proposed a transfer of Rs. nil million from Unappropriated Profit to General Reserve (2012: Rs. 1,750.000 million).

The Financial statements for the year ended December 31, 2013 do not include the effect of the final cash dividend nor the effect of the proposed transfer between reserves, which will be accounted for in the financial statements for the year ending December 31, 2014.

**38. DATE OF AUTHORISATION**

These financial statements were authorised for issue on February 13, 2014 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer

## PATTERN OF SHAREHOLDING

As At December 31, 2013

	Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares
1	100	798	31,316
101	500	575	154,960
501	1,000	259	198,219
1,001	5,000	478	986,245
5,001	10,000	80	563,035
10,001	15,000	21	259,177
15,001	20,000	6	98,544
20,001	25,000	7	158,734
25,001	30,000	2	56,275
30,001	35,000	3	99,687
35,001	40,000	3	109,174
45,001	50,000	3	139,495
55,001	60,000	1	60,000
60,001	65,000	1	64,050
65,001	70,000	2	135,600
80,001	85,000	1	82,237
100,001	105,000	1	101,746
180,001	185,000	2	362,703
195,001	200,000	1	195,200
225,001	230,000	1	227,390
330,001	335,000	1	333,100
380,001	385,000	1	383,834
385,001	390,000	1	389,955
405,001	410,000	1	410,000
420,001	425,000	1	420,289
435,001	440,000	1	438,689
440,001	445,000	1	442,105
490,001	495,000	1	490,926
565,001	570,000	1	569,828
635,001	640,000	1	639,800
690,001	695,000	1	694,300
695,001	700,000	1	698,382
745,001	750,000	1	746,093
830,001	835,000	2	1,665,624
1,085,001	1,090,000	1	1,088,577
1,135,001	1,140,000	1	1,137,977
1,140,001	1,145,000	1	1,141,318
1,170,001	1,175,000	1	1,170,996
2,020,001	2,025,000	1	2,024,735
2,670,001	2,675,000	1	2,670,538
76,000,001	76,300,000	1	76,259,449
	<b>TOTAL</b>	<b>2,267</b>	<b>97,900,302</b>

## CATEGORIES OF SHAREHOLDERS

As At December 31, 2013

S. No.	Shareholder's Category	No. of Shareholders	No. of Shares	%
1	Associated Companies, Undertaking and Related Parties	3	77,189,064	78.84
2	Mutual Funds	9	2,822,994	2.88
3	Directors and their spouse(s) and minor children	7	37,243	0.04
4	Executives	31	24,906	0.03
5	Public Sector Companies and Corporations	1	830,624	0.85
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	14	1,652,669	1.69
7	Others	41	5,352,193	5.47
8	Individuals	2,161	9,990,609	10.20
	<b>TOTAL</b>	<b>2,267</b>	<b>97,900,302</b>	<b>100.00</b>

## List of Associated Companies, Undertaking and Related Parties

S. No.	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,449
2	03277-7217	TRUSTEES OF ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	490,926
3	03277-2083	TRUSTEES OF ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	438,689
	<b>TOTAL</b>		<b>77,189,064</b>

## List of Mutual Funds

S. No.	Folio	Name	Holding
1	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,625
2	10397-29	CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	6,600
3	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	31,692
4	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	82,237
5	12534-28	MCBFSL - TRUSTEE UIRSF - EQUITY SUB FUND	13,322
6	12526-29	MCBFSL - TRUSTEE URSF - EQUITY SUB FUND	13,000
7	4171	N.B.P. TRUSTEE DEPARTMENT	880
8	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE)	100
9	02154-27	NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENT NI(U)T FUND	2,670,538
	<b>TOTAL</b>		<b>2,822,994</b>

## CATEGORIES OF SHAREHOLDERS

As At December 31, 2013

## List of Directors and their spouse(s) and minor children

S. No.	Folio	Name	Holding
1	03277-144	MR. KAMRAN Y. MIRZA	36,098
2	4700	MR. ARSHAD SAEED HUSAIN	1
3	4487	MR. MUNIR A. SHAIKH	1
4	4697	MR. ANGELO KONDES	1
5	4113	MR. THOMAS C. FREYMAN	1
6	06122-5280	MR. SHAMIM AHMAD KHAN	1,140
7	4607	SYED ANIS AHMED	1
<b>TOTAL</b>			<b>37,243</b>

## List of Executives

S. No.	Folio	Name	Holding
1	2135	SHABBIR S NAJMEE	1,269
2	2144	MARIA S. D'SOUZA	1,610
3	2238	NASEEM AKHTAR	3,840
4	2243	AMJAD ALI	1,269
5	2257	MOHAMMAD SHAMSUDDIN	1,610
6	2270	RIAZ UL HASAN	112
7	2389	NOOR UL AMIN	2,552
8	3299	MOHAMMAD SAEED	2,018
9	3924	HUSSAIN ADAM	23
10	4022	AFTAB AHMED SOOMRO	866
11	4072	MUHAMMAD YOUSUF	548
12	4463	YASMIN HAIDER	273
13	4465	SHAHEEN PERVEEN	295
14	4478	AZHAR KHAN	518
15	4509	MUHAMMAD SAEED	2,932
16	4526	SAIRA SAEED	200
17	4527	SHENAZ SHEZAD	414
18	4528	AFSHAN MUSHEER	200
19	4535	M.NAJEEB UDDIN QURESHI	300
20	4538	MOHAMMAD HAMEED ULLAH	200
21	4566	MOHAMMAD JILANI	100
22	4567	SAMINA PERVEEN	642
23	4592	MUNEEZ FATIMA	206
24	4595	SHAHNAZ SHAHZAD	96
25	4616	MOHIUDDIN ANSARI	200
26	4617	ALTAF HUSSAIN	500
27	4620	MUHAMMAD SHARIF	300
28	4676	SHAHEEN SHOUKAT	793
29	4677	MUHAMMAD YOUSUF	792
30	4708	MUHAMMAD QASIM BHATTI	200
31	03277-58176	MUHAMMED SHAKEEL HAROON	28
<b>TOTAL :</b>			<b>24,906</b>

## CATEGORIES OF SHAREHOLDERS

As At December 31, 2013

## Public Sector Companies and Corporations

S. No.	Folio	Name	Holding
1	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	830,624
<b>TOTAL</b>			<b>830,624</b>

## Shareholders Holding 5% or more Voting Rights in the Listed Company

S. No.	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,449
<b>TOTAL</b>			<b>76,259,449</b>

## Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds

S. No.	Folio	Name	Holding
1	03277-7520	FIRST HABIB MODARABA	1,000
2	11353-22	NATIONAL INVESTMENT TRUST LIMITED	64,050
3	11320-25	B.R.R. GUARDIAN MODARABA	46,076
4	04127-28	MCB BANK LIMITED - TREASURY	65,600
5	03889-44	NATIONAL BANK OF PAKISTAN	462
6	03889-28	NATIONAL BANK OF PAKISTAN	1,397
7	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	1,170,996
8	03277-10526	HABIB INSURANCE CO. LIMITED	70,000
9	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
10	00083-36	IDBP (ICP UNIT)	1,748
11	3137	UNITED INSURANCE CO OF PAK LTD	2
12	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
13	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	2,900
14	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	227,390
<b>TOTAL</b>			<b>1,652,669</b>

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 65<sup>th</sup> Annual General Meeting of the Company will be held on Wednesday, April 16, 2014 at 10:30 a.m. in the ICAP Auditorium, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

### ORDINARY BUSINESS

- To receive, consider and adopt the Audited Accounts together with the Directors and Auditors' Reports thereon for the year ended December 31, 2013.
- To approve a cash dividend.
- To appoint the Auditors of the Company up to the next Annual General Meeting and to authorise the Directors to fix their remuneration.
- To elect seven directors as fixed by the Board in accordance with the Companies Ordinance, 1984, for a period of 3 years commencing April 16, 2014. The names of the retiring Directors are as follows:

Mr. Munir Ahmad Shaikh  
Mr. Arshad Saeed Husain  
Mr. Thomas C. Freyman  
Mr. Angelo Kondes  
Syed Anis Ahmed  
Mr. Kamran Y. Mirza  
Mr. Shamim Ahmad Khan

By Order of the Board

Malik Saadatullah  
Company Secretary

Karachi: dated this 13<sup>th</sup> day of February 2014

### Notes:

- The Share Transfer books of the Company will remain closed from Wednesday 9 April, 2014 to Wednesday, 16 April, 2014 (both days inclusive). Transfer received in order by our Shares Registrar, FAMCO Associates (Pvt) Limited, 8-F Next to Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi at the close of business on Tuesday, 8 April, 2014 will be considered in time for entitlement of cash dividend.
- A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company. The proxy shall produce his/her original CNIC or Passport to prove his/her identity.
- Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at the meeting, shall be furnished with the proxy form to the Company.
- The Beneficial owner of the shares of the Company in the Central Depository System of the CDC of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or Passport to prove his/her identity.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

- Shareholders are requested to notify the Company of any change in their addresses, if any immediately.
- Members who have not yet submitted photocopy of their computerized national identity cards to the Company are requested to send the same at the earliest.
- Form of proxy is attached in the Annual Report.
- CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

### A. For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For Appointing Proxies:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and of the Proxy shall be furnished with the proxy form.
- The Proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

- Any person who seeks to contest the election of directors shall file with the Company at its registered office not later than fourteen days before the day of the above said meeting his / her intention to offer himself/herself for the election of Directors in terms of Section 178 (3) of the Companies Ordinance, 1984 together with (A) consent in form 28, (B) a Declaration with consent to act as Directors in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he/she is aware of duties and powers of Directors under the Companies Ordinance, 1984, the Memorandum and Articles of the Company and the Listing Regulations of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange and has read the relevant provision contained therein, (c) a declaration in the terms of clauses (iii) and (iv) of the Code of Corporate Governance to the effect that he/she is not serving as Directors of seven other listed companies, that his/her name is borne on the register of National Tax Payers (except where he/she is a non-resident), that he/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial Institution.



## CALENDAR OF FINANCIAL EVENTS

Tentative dates for announcement of financial results for the Financial Year 2014:

1st quarter ending March 31, 2014	2 <sup>nd</sup> week of April, 2014
2nd quarter ending June 30, 2014	3 <sup>rd</sup> week of August, 2014
3rd quarter ending September 30, 2014	3 <sup>rd</sup> week of October, 2014
Year ending December 31, 2014	2 <sup>nd</sup> week of February, 2015

Actual dates for announcement of financial results for the Financial Year 2013:

1st quarter ended March 31, 2013	April 23, 2013
2nd quarter ended June 30, 2013	August 19, 2013
3rd quarter ended September 30, 2013	October 21, 2013
Year ended December 31, 2013	February 13, 2014

## GLOSSARY

Annual General Meeting (AGM)

Annual General Meeting of shareholders of the Company

ATTR

Appellate Tribunal Inland Revenue

CEO

Chief Executive Officer

CFO

Chief Financial Officer

Company

Abbott Laboratories (Pakistan) Limited

Companies Ordinance

Companies Ordinance, 1984

CSR

Corporate Social Responsibility

Earnings per share (EPS)

Calculated by dividing the profit after interest, tax by the weighted average number of Ordinary Shares in issue.

FBR

Federal Board of Revenue

GOP

Government of Pakistan

HS&E

Health, Safety and Environment

FTR

Final Tax Regime

IASB

International Accounting Standards Board

IFRS

International Financial Reporting Standards

ITO

Income Tax Ordinance, 2001

CIR(A)

Commissioner Inland Revenue (Appeals)

KIBOR

Karachi Inter Bank Offer Rate

KPI

Key Performance Indicator

SECP

Securities and Exchange Commission of Pakistan

WPPF

Workers' Profit Participation Fund

WWF

Workers' Welfare Fund

EOBI

Employees' Old Age Benefits Institution

SRO

Statutory Regulatory Order

OICCI

Overseas Investors Chamber of Commerce and Industry

IFAC

International Federation of Accountants

## CONTACT DETAILS

### Registered Office

Opposite Radio Pakistan  
Transmission Centre,  
Hyderabad Road, Landhi,  
P.O. Box. 7229, Karachi, Pakistan.  
Tel: (92-21) 111-ABBOTT (111-222-688)  
Fax: (92-21) 35001903

### City Office

8th Floor, Faysal House  
St-02, Shahrah-e-Faisal, Karachi, Pakistan.  
Tel: (92-21) 32799018, 32799019  
Fax: (92-21) 32800244

### Distribution Offices

#### Multan

Hassan Abad Gate # 2  
Near Pak Arab Fertilizers  
Khanewal Road  
Multan 60650, Pakistan.  
Tel: (92-61) 4551818, (92-61) 4556145  
Fax: (92-61) 4551817

#### Lahore

16-Km Shah Pur Kanjran Multan Road  
Lahore 53700, Pakistan.  
Tel: (92-42) 37512188, (92-42) 37512199  
Fax: (92-42) 37511171

#### Islamabad

Plot # 136  
Street # 9, I-10/3  
Industrial Area  
Islamabad 44800, Pakistan.  
Tel: (92-51) 34445020, (92-51) 34447464, (92-51) 34448278  
Fax: (92-51) 34449868

### Website

www.abbott.com.pk



ABBOTT LABORATORIES (PAKISTAN) LIMITED  
P.O. Box 7229, Landhi KARACHI-74400

## Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member of ABBOTT LABORATORIES (PAKISTAN) LIMITED and holder of  
\_\_\_\_\_ Ordinary Shares as per Share Register Folio No. \_\_\_\_\_  
and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
(Name)

of \_\_\_\_\_  
or falling him \_\_\_\_\_  
(Name)

as my / our proxy to vote for me/us and on my/our behalf at the 65<sup>th</sup> Annual General Meeting of the Company to be held on  
Wednesday, April 16<sup>th</sup>, 2014 at 10:30 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) \_\_\_\_\_ day of \_\_\_\_\_ 2014

1. Witness:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

Affix Revenue  
stamps of Rs. 5/-

2. Witness:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

Signature of Member

Shareholder's Folio No. \_\_\_\_\_

CDC A/c No. \_\_\_\_\_

CNIC No. \_\_\_\_\_

Note:

- Proxies in order to be effective, must be received by the Company Secretary, Abbott Laboratories (Pakistan) Limited P.O. Box 7229, Landhi, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished along with the proxy form to the Company.
- The Beneficial Owner of share of the Company in the Central Depository System of the Central Depository Company (CDC) of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be submitted with the proxy form to the Company and the same shall be produced in original at the meeting to authenticate the identity.





AFFIX  
CORRECT  
POSTAGE

ABBOTT LABORATORIES (PAKISTAN) LIMITED  
P.O. Box 7229, Landhi  
KARACHI-74400

