



Abbott Pakistan

Un-Audited Financial Statements for the
Quarter and Six Months Ended June 30, 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Munir A. Shaikh (Chairman) (Non-Executive Director)
Syed Anis Ahmed (Chief Executive Officer)
Ehsan Ali Malik (Independent Director)
Ayla Majid (Independent Director)
Mohsin Ali Nathani (Independent Director)
Muhammad Anjum Latif Rana (Non-Executive Director)
Seema Khan (Executive Director)

AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)
Ayla Majid
Muhammad Anjum Latif Rana

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani (Chairman)
Munir A. Shaikh
Syed Anis Ahmed

RISK MANAGEMENT COMMITTEE

Ayla Majid (Chairperson)
Syed Anis Ahmed
Muhammad Anjum Latif Rana
Seema Khan

SHARE TRANSFER COMMITTEE

Syed Anis Ahmed (Chairman)
Muhammad Anjum Latif Rana
Seema Khan

BANKING COMMITTEE

Mohsin Ali Nathani (Chairman)
Syed Anis Ahmed
Seema Khan

NOMINATION COMMITTEE

Munir A. Shaikh (Chairman)
Syed Anis Ahmed
Mohsin Ali Nathani
Ehsan Ali Malik

CHIEF FINANCIAL OFFICER

Syed Tabish Aseem

COMPANY SECRETARY

Humayun Altaf

CHIEF INTERNAL AUDITOR

Fahad Rehman

AUDITORS

EY Ford Rhodes, Chartered Accountants
(a member firm of Ernst & Young Global Limited)

LEGAL ADVISORS

Orr, Dignam & Co.
Surrridge & Beecheno

BANKERS

Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
Habib Bank Limited

National Bank of Pakistan
MCB Bank Limited
Faysal Bank Limited

SENIOR MANAGEMENT TEAM

Syed Anis Ahmed
(Chief Executive Officer)
Syed Tabish Aseem
(Chief Financial Officer)
Ihsan Ullah Khan Khattak
(Director Operations)
Asim Shafiq
(General Manager, Abbott Nutrition
International Pakistan)
Habib Ahmed
(Country Manager, Abbott Diagnostics
Division Pakistan)
Dr. Shaikh Adnan Lateef
(Head of Abbott Diabetes Care Pakistan)
Asghar Huda
(Director Human Resource)

SHARE REGISTRAR

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

FACTORY LOCATIONS

Plot No. 258 & 324, Opposite Radio
Pakistan Transmission Centre,
Hyderabad Road, Landhi, Karachi, Pakistan.

Plot No. 13, Sector 20,
Korangi Industrial Area, Karachi.

SALES OFFICES

House No. 25/III/B, Jamrud Lane,
University Town, Peshawar, Pakistan.

House No. 187, Aurangzeb Block,
Near Garden Town, Lahore, Pakistan.

House No. 168-F, Adamjee Road,
Near Panj Sarki Chowk,
Rawalpindi Cantt, Pakistan.

WAREHOUSES

Plot No. 136, Street # 9, Sector 1-10/3,
Industrial Area, Islamabad, Pakistan-44800.

16 KM Shahpur Kanjran,
Multan Road, Lahore, Pakistan.

Hasanabad Gate # 2,
Near Pak Arab Fertilizers,
Khanewal Road, Multan, Pakistan-60650.

WEBSITE

www.pk.abbott

DIRECTORS' REPORT

The Directors are pleased to present the un-audited condensed interim financial statements of your Company, for the six months ended June 30, 2021 as well as for the second quarter ended June 30, 2021.

FINANCIAL HIGHLIGHTS

For six months' period ended June 30, 2021

Sales for the half year increased by 26% over the same period last year. Pharmaceutical sales increased by 14%, whereas Nutritional sales increased by 46% mainly driven by increase in sales of adult nutritional supplements.

Gross profit margin of your Company improved to 40% versus 35% during the same period last year mainly driven by price adjustments and product mix. Gross profit margin for the pharmaceutical segment increased to 37% from 34% whereas the gross profit margin for Nutritional increased to 50% from 43% for the same period last year.

Selling and distribution expenses increased by 36% over the same period last year mainly due to higher expenditure on advertisement and sales promotional spend. Overall, the profit after tax as a percentage of sales improved to 16% versus 13% over the same period last year due to the reasons mentioned above

For second quarter ended June 30, 2021

Sales for the quarter increased by 29% over the same period last year. Pharmaceutical sales increased by 18% whereas sales for nutrition increased by 39% mainly driven by increase in sales for adult nutritional supplements.

Similar to the year-to-date results, gross profit margin of the Company improved to 41% from 34% during the same period last year. Operating expenses increased by 37% over the same period last year, owing to the increased promotional activities versus the same period last year. Other charges increased by 71% due to higher statutory charges on account of higher profitability over the same period last year.

As a result of reasons mentioned above, profit after tax has increased by Rs. 582 million in the quarter.

FUTURE OUTLOOK

COVID-19 pandemic continues to disrupt business operations worldwide. We would like to appreciate the efforts of the government in conducting vaccination drives throughout the country. We hope that this will result in easing up the pressure on the healthcare facilities throughout the country.

Your Company is continuously evaluating the impact of this pandemic on its operations and financial performance and is re-aligning its strategy to better cope with the posed challenges. Your company remains cognizant of the challenges and would continue to make all efforts to improve productivity.



Syed Anis Ahmed
Chief Executive



Ehsan Ali Malik
Director

Karachi: August 26th, 2021

ڈائریکٹران کی رپورٹ

مستقبل کا منظر نامہ

COVID-19 کے بحران کے باعث دنیا بھر میں تجارتی سرگرمیاں مسلسل متاثر ہیں۔ ایسے میں ہم حکومت کی جانب سے ملک بھر میں ویکسینیشن مہم کو قابل ستائش قرار دیتے ہیں۔ ہم امید کرتے ہیں کہ حکومتی اقدامات سے طبی اداروں پر دباؤ کم ہوگا۔

آپ کی کمپنی تسلسل کے ساتھ وباء کے تجارتی سرگرمیوں اور مالیاتی کارکردگی پر اثرات کا بغور جائزہ لے رہی ہے، درپیش چیلنجز سے نمٹنے کیلئے حکمت عملی بنا رہی ہے۔ آپ کی کمپنی ان چیلنجز سے آگاہ ہے اور تسلسل کے ساتھ پیداوار کو بہتر بنانے کی تمام کوششیں بروئے کار لارہی ہے۔



ڈائریکٹر



چیف ایگزیکٹو

کراچی: 26 اگست 2021

ڈائریکٹران کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کو 30 جون 2021 کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ عبوری مالی گوشوارے اور ساتھ ساتھ 30 جون 2021 کو ختم ہونے والی دوسری سہ ماہی کے مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جھلکیاں

30 جون 2021 کو ختم ہونے والی ششماہی مدت کے لئے

ششماہی کے دوران سیکلز میں گزشتہ سال کی اسی مدت کے مقابلے میں 26 فیصد اضافہ ہوا۔ فارماسیوٹیکلز سیکلز میں 14 فیصد اضافہ جبکہ بالغ افراد کیلئے نیوٹریشن سپلیمنٹ کی سیکلز میں 46 فیصد اضافہ ہوا جس کی بنیادی وجہ بالغ نیوٹریشن سپلیمنٹس کی سیکلز میں اضافہ تھا۔

گزشتہ سال اس مدت کے دوران پرائس ایڈجسٹمنٹ اور پراڈکٹس کی بدولت مجموعی منافع میں 40 فیصد اضافہ ہوا جبکہ گزشتہ سال اسی مدت میں 35 فیصد اضافہ ہوا تھا۔ گزشتہ سال اسی مدت کے مقابلے میں دواسازی شعبہ کا خام منافع 34 فیصد سے بڑھ کر 37 فیصد ہو گیا جبکہ نیوٹریشن کا خام منافع 43 فیصد سے بڑھ کر 50 فیصد ہو گیا۔

گزشتہ سال اسی مدت کے مقابلے میں فروخت و تقسیمی اخراجات میں 36 فیصد اضافہ ہوا جس کی بنیادی وجہ اشتہاری اور سیکلز پر وشن کے بلند اخراجات تھے۔ گزشتہ سال اسی مدت کے مقابلے میں مجموعی طور پر بعد از ٹیکس منافع میں بلحاظ فروخت 13 فیصد سے بڑھ کر 16 فیصد ہو گیا، جس کی وجوہات اوپر بیان کی گئی ہیں۔

30 جون کو ختم ہونے والی دوسری سہ ماہی کے لئے

گزشتہ سال کے اسی عرصے کے مقابلے میں سیکلز میں 29 فیصد اضافہ ہوا۔ فارماسیوٹیکلز سیکلز میں 18 فیصد جبکہ نیوٹریشن سیکلز میں 39 فیصد اضافہ ہوا جس کی بنیادی وجہ بالغ کے نیوٹریشن سپلیمنٹس کی سیکلز میں اضافہ تھا۔

سال کے اب تک کے نتائج کی طرح گزشتہ سال اسی مدت کے مقابلے میں کمپنی کا خام منافع میں 34 فیصد سے بڑھ کر 41 فیصد ہو گیا۔ کاروباری اخراجات میں گزشتہ سال اسی مدت کے مقابلے میں 37 فیصد اضافہ ہوا، جس کی وجہ گزشتہ سال کی اس مدت کے مقابلے میں بڑھتی ہوئی پروموشن سرگرمیاں تھیں۔ دیگر اخراجات میں 71 فیصد اضافہ ہوا جن کی وجہ گزشتہ سال اسی مدت کے مقابلے میں بلند منافع کے نتیجے میں بلند آئینی اخراجات تھے۔

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Abbott Laboratories (Pakistan) Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Abbott Laboratories (Pakistan) Limited** (the Company) as at **30 June 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the notes forming part thereof for the three months ended 30 June 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months ended 30 June 2021.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is **Riaz A. Rehman**.

EY Ford Rhodes
Chartered Accountants
Place: Karachi
Date: 26 August 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

At June 30, 2021

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,245,340	9,070,460
Intangible assets		55,282	66,255
Long-term loans and advances		68,574	68,033
Long-term deposits		7,513	7,513
Long-term prepayments		1,784	1,746
		9,378,493	9,214,007
CURRENT ASSETS			
Stores and spares		245,918	244,519
Stock-in-trade	8	6,587,307	4,981,489
Trade debts		958,767	935,468
Loans and advances	9	516,083	277,661
Trade deposits and short-term prepayments	10	488,995	425,048
Other receivables		168,466	420,836
Taxation - net		469,880	921,431
Short-term Investments	11	8,055,264	6,506,404
Cash and bank balances	12	2,757,943	988,881
		20,248,623	15,701,737
TOTAL ASSETS		<u>29,627,116</u>	<u>24,915,744</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 ordinary shares of Rs.10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	13	979,003	979,003
Reserves			
- Capital		824,845	767,608
- Revenue		14,678,122	13,843,641
		<u>15,502,967</u>	<u>14,611,249</u>
		16,481,970	15,590,252
NON-CURRENT LIABILITIES			
Deferred taxation		295,620	227,587
Staff retirement benefits		1,518,461	1,464,964
Long-term portion of Gas Infrastructure Development Cess payable		143,570	172,825
Long-term lease liabilities	14	206,492	626,294
		2,164,143	2,491,670
CURRENT LIABILITIES			
Trade and other payables	15	9,127,983	6,593,576
Current maturity of lease liabilities	14	81,351	189,955
Unclaimed dividends		55,831	50,291
Unpaid dividends	16	1,715,838	-
		10,981,003	6,833,822
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u>29,627,116</u>	<u>24,915,744</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)

For the six months and quarter ended June 30, 2021

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Note	----- Rupees in '000 -----			
SALES - NET				
Local	19,752,960	15,997,135	10,334,736	8,170,871
Export	1,045,023	536,536	572,455	301,307
	20,797,983	16,533,671	10,907,191	8,472,178
Cost of sales	(12,560,195)	(10,773,594)	(6,461,413)	(5,552,832)
GROSS PROFIT				
	8,237,788	5,760,077	4,445,778	2,919,346
Selling and distribution expenses	(3,186,433)	(2,336,994)	(1,527,067)	(1,071,578)
Administrative expenses	(334,156)	(314,508)	(163,811)	(159,920)
Other charges	(421,733)	(406,201)	(320,725)	(187,524)
Other income	379,909	466,935	240,505	366,999
18	(3,562,413)	(2,590,768)	(1,771,098)	(1,052,023)
	4,675,375	3,169,309	2,674,680	1,867,323
Finance costs	(41,068)	(28,068)	(15,889)	(14,493)
PROFIT BEFORE TAXATION				
	4,634,307	3,141,241	2,658,791	1,852,830
Taxation				
- Current	(1,284,285)	(985,754)	(701,044)	(561,075)
- Prior	-	(1,220)	-	-
- Deferred	(68,033)	(34,203)	(118,250)	(34,208)
	(1,352,318)	(1,021,177)	(819,294)	(595,283)
NET PROFIT FOR THE PERIOD				
	3,281,989	2,120,064	1,839,497	1,257,547
BASIC AND DILUTED EARNINGS PER SHARE (Rs. per share)				
	33.52	21.66	18.79	12.85

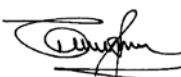
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the six months and quarter ended June 30, 2021

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees in ' 000 -----				
Profit for the period	3,281,989	2,120,064	1,839,497	1,257,547
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>3,281,989</u>	<u>2,120,064</u>	<u>1,839,497</u>	<u>1,257,547</u>

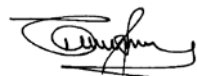
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

For the six months and quarter ended June 30, 2021

		June 30, 2021	June 30, 2020
Note		---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	19	5,943,913	4,374,987
Cash generated from operations		(832,734)	(751,400)
Income taxes paid		(541)	(11,692)
Long-term loans and advances - net		(38)	2,111
Long-term prepayments - net		5,110,600	3,614,006
Net cash inflow from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
		(694,723)	(399,621)
Additions to property, plant and equipment		(6,000,000)	-
Investment in term deposit receipts		-	(9,879)
Additions to intangible asset		48,594	19,779
Sale proceeds from disposal of property, plant and equipment		216,828	174,245
Interest income received		(6,429,301)	(215,476)
Net cash outflow from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
		(13,767)	(27,377)
Finance costs paid		(133,456)	(51,850)
Lease rentals paid		(538,884)	-
Settlement of lease liabilities		(726,130)	(219,347)
Dividends paid		(1,412,237)	(298,574)
Net cash outflow from financing activities			
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,730,938)	3,099,956
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7,488,881	2,757,519
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19.2	4,757,943	5,857,475

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six months and quarter ended June 30, 2021

Share Capital	Reserves					Total Equity
	Capital Reserves		Revenue Reserves		Total	
	Reserve Arising on Merger	Other	General Reserve	Un-appropriated Profit		
----- Rupees in '000 -----						

Balance as at January 1, 2020 (Audited) 979,003 46,097 603,373 5,338,422 6,405,498 12,393,390 13,372,393

Transactions with owners, recorded directly in equity

Final dividend for the year ended December 31, 2019
@ Rs. 7.5 per share declared subsequent to the year end - - - - (734,252) (734,252) (734,252)

Capital contribution from Abbott Laboratories, USA - - 57,466 - - 57,466 57,466

Total comprehensive income for the period ended June 30, 2020

Net profit for the period	-	-	-	-	2,120,064	2,120,064	2,120,064
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	2,120,064	2,120,064	2,120,064

Balance as at June 30, 2020 (Un-audited) 979,003 46,097 660,839 5,338,422 7,791,310 13,836,668 14,815,671

Balance as at January 01, 2021 (Audited) 979,003 46,097 721,511 5,338,422 8,505,219 14,611,249 15,590,252

Transactions with owners, recorded directly in equity

Final dividend for the year ended December 31, 2020
@ Rs. 25 per share declared subsequent to the year end - - - - (2,447,508) (2,447,508) (2,447,508)

Capital contribution from Abbott Laboratories, USA - - 57,237 - - 57,237 57,237

Total comprehensive income for the period ended June 30, 2021

Net profit for the period	-	-	-	-	3,281,989	3,281,989	3,281,989
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	3,281,989	3,281,989	3,281,989

Balance as at June 30, 2021 (Un-audited) 979,003 46,097 778,748 5,338,422 9,339,700 15,502,967 16,481,970

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

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 Pakistan Stock Exchange. The address of its registered office is Plot No. 258 & 324, Opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the three months ended June 30, 2021 and June 30, 2020 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the six months ended June 30, 2021.

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2020, except for the adoption of new standards, amendments and improvements to International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5. NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are no amendments, interpretations or improvements to International Financial Reporting Standards (IFRSs) which became effective during the current period except for:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The adoption of the above amendments to accounting standards did not have any material effect on these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2020.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
Note	----	----
	----- Rupees in '000 -----	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	7,621,719	7,346,918
Capital work-in-progress	7.1	1,318,037	911,993
Right-of-use assets [ROUA]	7.3	305,584	811,549
		<u>9,245,340</u>	<u>9,070,460</u>

7.1 Following were the additions, disposals and transfers of operating fixed assets and capital work-in-progress during the period:

	Additions	Disposals		Transfers from ROUA	
	Cost	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	----- Rupees in '000 -----				
Plant and machinery	10,963	-	-	-	-
Vehicles	27,326	59,628	34,524	664,430	139,692
Computers	8,290	52,260	52,260	-	-
Service equipment	248,850	52,679	50,556	-	-
Capital work-in-progress - net additions	399,294	-	-	6,750	-
	<u>694,723</u>	<u>164,567</u>	<u>137,340</u>	<u>671,180</u>	<u>139,692</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

7.2 Depreciation charge for the period ended June 30, 2021 amounted to Rs. 518.139 million (June 30, 2020: Rs. 471.807 million)

7.3 RIGHT-OF-USE ASSETS [ROUA]

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		---- Rupees in '000 ----	
Vehicles	7.3.1	49,341	523,635
Warehouses, sales offices and city office		256,243	287,914
	7.3.2	<u>305,584</u>	<u>811,549</u>

7.3.1 Following were the additions, disposals and transfers of right-of-use assets during the period:

	Additions		Disposals		Transfers to operating fixed assets and capital work in progress	
	Cost		Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	----- Rupees in '000 -----					
Vehicles	116,633		18,952	6,510	(671,180)	(139,692)

7.3.2 Depreciation charge on right-of-use assets for the period ended June 30, 2021 amounted to Rs.78.668 million (June 30, 2020: Rs. 51.175 million)

8. STOCK-IN-TRADE

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		---- Rupees in '000 ----	
Raw and packing materials [including stock-in-transit of Rs. 447.887 million (2020: Rs. 439.711 million)]	8.1	3,681,115	2,816,482
Work-in-process		429,936	263,213
Finished goods [including stock-in-transit of Rs. 552.275 million (2020: Rs. 308.928 million)]	8.1	2,845,315	2,405,697
		<u>6,956,366</u>	<u>5,485,392</u>
Less: provision for slow moving and obsolete items		<u>(369,059)</u>	<u>(503,903)</u>
		<u>6,587,307</u>	<u>4,981,489</u>

8.1 Stock-in-trade includes items costing Rs. 774.794 million (December 31, 2020: Rs. 1,031.304 million) valued at net realisable value of Rs. 672.364 million (2020: Rs. 885.013 million) resulting in a write down of Rs. 102.430 million (December 31, 2020: 146.291 million)

9. LOANS AND ADVANCES

Represent loans and advances amounting to Rs. 33.616 million and Rs. 482.467 million (December 31, 2020: Rs. 32.673 million and Rs. 244.988 million), respectively, net of allowance.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represent trade deposits and short-term prepayments amounting to Rs. 260.167 million and Rs. 228.828 million (December 31, 2020: Rs. 261.517 million and Rs. 102.498 million), respectively, net of allowance.

Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	

11. SHORT-TERM INVESTMENTS

At amortised cost

Term deposit receipts
Accrued profit thereon

11.1	8,000,000	6,500,000
	55,264	6,404
	<u>8,055,264</u>	<u>6,506,404</u>

11.1 Term deposit receipts

Having less than three months maturity period

2,000,000

Having more than three months maturity period

6,000,000

11.1.1	<u>8,000,000</u>	<u>6,500,000</u>
--------	------------------	------------------

11.1.1 Represents term deposit receipts upto maturity of six months with a commercial bank under conventional banking relationship carrying profit rate ranging from of 6.20% to 6.65% (December 31, 2020: 6.25%) per annum and having latest maturity date of November 20, 2021.

Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	

12. CASH AND BANK BALANCES

With banks

Saving accounts:

- local currency

12.1	2,201,888	459,642
------	-----------	---------

Current accounts:

- local currency
- foreign currency

6,256	7,251
543,014	515,015
<u>549,270</u>	<u>522,266</u>

In hand

- local currency
- foreign currency

1,917	5,433
4,868	1,540
<u>6,785</u>	<u>6,973</u>

<u>2,757,943</u>	<u>988,881</u>
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12.1 These saving accounts carry markup rate of 5.50% (December 31, 2020: 5.50%) per annum.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at June 30, 2021, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 (December 31, 2020: 76,259,454) shares. The ultimate holding company is Abbott Laboratories, USA.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

14. LEASE LIABILITIES

Following is the maturity analysis of lease liabilities recognised by the Company:

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		---- Rupees in '000 ----	
Not later than one year		81,351	189,955
Later than one year but not later than five years		206,492	626,294
	14.1	<u>287,843</u>	<u>816,249</u>

14.1 Movement of lease liabilities is as follows:

Balance at beginning of the period / year	816,249	381,139
Additions	116,633	619,161
Accretion of interest	27,301	70,390
Payments	(133,456)	(254,441)
Early settlement	(538,884)	-
Balance at end of the period / year	<u>287,843</u>	<u>816,249</u>

15. TRADE AND OTHER PAYABLES

Includes accrued liabilities amounted to Rs. 4,000.870 million (December 31, 2020: Rs. 2,888.270 million), bills payable of Rs. 2,338.458 million (December 31, 2020: Rs. 1,422.913 million) and current maturity of gas infrastructure development cess of Rs. 57.193 million (December 31, 2020: Rs. 54.601 million).

16. UNPAID DIVIDENDS

Represents amount payable to Abbott Asia Investments Limited (the Holding Company) on account of dividend which is subsequently paid on August 02, 2021.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 Following are the change in the status of contingencies as reported in annual financial statements for the year ended December 31, 2020:

Subsequent to period ended June 30, 2021, the Deputy Commissioner Inland Revenue (DCIR) while finalizing the Sales Tax audit for tax period January to December 2017 has issued an order raising a demand of Rs. 321.798 million alongwith penalty amounting to Rs. 16.089 million mainly on the contention that the Company has allegedly claimed/adjusted excess input tax in its sales tax returns. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) against the order of DCIR. The Company's appeal to CIRA in respect of the aforementioned proceedings is pending for adjudication.

Based on the tax advisor's opinion, management is of the view that the position of the Company is sound and the eventual outcome is expected to be in the Company's favor.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

17.1.2 The Additional Commissioner Inland Revenue (ACIR) while finalising the amendment of assessment proceedings u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2019 has issued an order reducing the tax refundable by Rs. 305.111 million on account of various contentions. The Company, in line with the advice of its legal and tax advisors filed an appeal before the CIRA. Subsequent to the year end, the Company's appeal to CIRA in respect of the aforementioned proceedings were finalised, whereby CIRA deleted the existing demand and remanded back most of the matters included therein to the learned officer for re-assessment, whilst additions amounting to Rs. 1.043 million were decided in favour of the tax department. During 2021, the tax department proceeded with filing an appeal with the Appellate Tribunal Inland Revenue (ATIR) in respect of the GIDC matter and the related additions deleted by CIR(A) in favor of the Company. The appeal in ATIR is pending adjudication.

Based on the legal advisor's opinion, management is of the view that the position of the Company is sound and the eventual outcome is expected to be in the Company's favour.

17.1.3 In addition to the above, the Company is defending various suits filed against it in various courts in Pakistan related to its business operations. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in the Company's favor.

17.2 Commitments

17.2.1 Commitments for capital expenditure as at June 30, 2021 aggregated to Rs. 576.310 million (December 31, 2020: Rs. 191.262 million).

17.2.2 Commitments in respect of letters of credit as at June 30, 2021 aggregated to Rs. 778.349 million (December 31, 2020: Rs. 747.263 million).

17.2.3 The Company has given bank guarantees as at June 30, 2021 of Rs. 268.840 million (December 31, 2020: Rs 269.858 million) to the Customs Department, a utility company and other institutions against tenders.

17.2.4 The Company has obtained short term financing facilities from various commercial banks amounting to Rs. 3,150 million (December 31, 2020: Rs. 2,150 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. 1,290 million (December 31, 2020: Rs. 250 million). The running finance / short term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (December 31, 2020: KIBOR plus 1% to KIBOR plus 2%) per annum 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 statement of financial position date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

		(Un-audited) Six months ended June 30, 2021	(Un-Audited) Six months ended June 30, 2020
	Note	---- Rupees in '000----	
18. OTHER INCOME			
Income from financial assets			
Term deposit receipts		229,049	145,812
Saving accounts		36,639	27,712
		265,688	173,524
Income from non-financial assets			
Gain on disposal of property, plant and equipment - net		8,925	-
Exchange gain - net		24,356	-
Reversal of expected credit losses on trade debts		24,439	-
Scrap sales		7,369	5,245
Liabilities no longer required written back		-	253,571
Others		49,132	34,595
		114,221	293,411
		379,909	466,935
19. CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,634,307	3,141,241
Adjustment for non-cash changes and other items:			
Depreciation of operating fixed assets	7.2	518,139	471,807
Depreciation of right-of-use assets	7.3.2	78,668	51,175
Amortisation of intangible assets		10,973	10,915
(Reversal) / provision for slow moving and obsolete stores and spares		(30)	521
(Reversal) / Provision for slow moving and obsolete stock and trade		(134,844)	108,621
(Reversal) / allowance for expected credit losses on trade debts		(24,439)	12,720
Allowance for expected credit losses on trade deposits		10,000	-
Allowance for expected credit losses on other receivables		61	33
(Gain) / loss on disposal of property, plant and equipment	18	(8,925)	423
Interest income	18	(265,688)	(173,524)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation		57,237	57,466
Staff retirement benefits - net		53,497	-
Finance costs		41,068	28,068
Working capital changes	19.1	973,889	665,521
		5,943,913	4,374,987

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

	Note	Six months ended June 30, 2021	Six months ended June 30, 2020
---- Rupees in '000----			
19.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(1,369)	40,407
Stock-in-trade		(1,470,974)	(572,809)
Trade debts		1,140	64,889
Loans and advances		(238,422)	(287,083)
Trade deposits and short-term prepayments		(73,947)	(29,131)
Other receivables		252,309	163,256
		(1,531,263)	(620,471)
Increase in current liabilities			
Trade and other payables		2,505,152	1,285,992
		973,889	665,521
19.2 Cash and cash equivalents			
Cash and bank balances		2,757,943	1,457,475
Term deposit receipts		2,000,000	4,400,000
		4,757,943	5,857,475
20. TRANSACTIONS WITH RELATED PARTIES			
The related parties of the Company comprise the holding company, ultimate holding company, group companies, employee retirement benefit plans, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Transactions with related parties during the period are as follows:			
Group companies			
Sale of goods		358,750	268,213
Purchase of materials		4,487,448	3,038,315
Technical service fee		105,767	97,984
Reimbursement of expenses - net		87,613	286,964
Other income		49,132	34,595
Retirement fund:			
Contribution to Pension fund		114,437	112,833
Contribution to Provident fund		95,847	56,794
Contribution to Gratuity fund		5,685	1,432
Dividend:			
Payable / Paid to Abbott Asia Investments Limited		1,906,486	571,946
Paid to Pension Fund		10,967	3,290
Paid to Provident Fund		12,273	3,682
Key management personnel:			
Remuneration and other short-term employee benefits		196,890	168,763
Post-employment benefits		20,010	16,571

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

21. SEGMENT ANALYSIS

21.1 Segment wise operating results for six months ended (Un-audited):

	June 30, 2021					June 30, 2020				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
----- Rupees in '000 -----										
Sales	14,481,428	6,310,241	1,804,572	618,103	23,214,344	12,703,302	4,306,397	942,376	415,743	18,367,818
Less:										
Sales return and discount	1,262,552	355,898	65,954	32,766	1,717,170	1,089,949	262,876	30,099	24,936	1,407,860
Sales tax and excise duty	-	642,562	15,793	40,836	699,191	-	398,732	5,822	21,733	426,287
Sales - net	13,218,876	5,311,781	1,722,825	544,501	20,797,983	11,613,353	3,644,789	906,455	369,074	16,533,671
Cost of sales	(8,296,889)	(2,676,497)	(1,250,044)	(336,765)	(12,560,195)	(7,705,716)	(2,084,182)	(740,840)	(242,856)	(10,773,594)
Gross profit	4,921,987	2,635,284	472,781	207,736	8,237,788	3,907,637	1,560,607	165,615	126,218	5,760,077
Selling and distribution expenses	(2,132,985)	(803,644)	(109,282)	(140,522)	(3,186,433)	(1,627,264)	(543,038)	(100,775)	(65,917)	(2,336,994)
Administrative expenses	(277,902)	(46,644)	(9,610)	-	(334,156)	(266,652)	(36,934)	(10,922)	-	(314,508)
Segment result	2,511,100	1,784,996	353,889	67,214	4,717,199	2,013,721	980,635	53,918	60,301	3,108,575

21.2 Segment wise operating results for the three month ended (Un-audited):

	June 30, 2021					June 30, 2020				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
----- (Rupees '000) -----										
Sales	7,684,041	3,177,353	996,207	269,033	12,126,634	6,495,832	2,263,218	364,498	259,460	9,383,008
Less:										
Sales return and discount	646,793	179,909	41,107	10,907	878,716	521,898	133,485	10,456	17,432	683,271
Sales tax and excise duty	-	325,174	7,573	7,980	340,727	-	207,199	2,309	18,051	227,559
Sales - net	7,037,248	2,672,270	947,527	250,146	10,907,191	5,973,934	1,922,534	351,733	223,977	8,472,178
Cost of sales	(4,320,946)	(1,331,119)	(668,713)	(140,635)	(6,461,413)	(4,011,253)	(1,055,644)	(337,154)	(148,781)	(5,552,832)
Gross profit	2,716,302	1,341,151	278,814	109,511	4,445,778	1,962,681	866,890	14,579	75,196	2,919,346
Selling and distribution expenses	(1,022,260)	(377,573)	(54,318)	(72,916)	(1,527,067)	(744,568)	(236,743)	(50,909)	(39,358)	(1,071,578)
Administrative expenses	(135,028)	(23,899)	(4,884)	-	(163,811)	(136,970)	(17,624)	(5,326)	-	(159,920)
Segment result	1,559,014	939,679	219,612	36,595	2,754,900	1,081,143	612,523	(41,656)	35,838	1,687,848

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

21.3 Reconciliation of segment results with profit before taxation (Un-audited)

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees in '000 -----			
Total segment results	4,717,199	3,108,575	2,754,900	1,687,848
Other income	379,909	466,935	240,505	366,999
Other charges	(421,733)	(406,201)	(320,725)	(187,524)
Finance costs	(41,068)	(28,068)	(15,889)	(14,493)
Profit before taxation	4,634,307	3,141,241	2,658,791	1,852,830

21.4 Geographical information (Un-audited)

Sales to external customers, net of returns, discounts, sales tax and excise duty

Pakistan	19,752,960	15,997,135	10,334,736	8,170,871
Afghanistan	679,307	230,678	364,045	104,355
Srilanka	6,966	37,645	5,920	32,370
Switzerland	358,750	268,213	202,490	164,582
	20,797,983	16,533,671	10,907,191	8,472,178

21.5 Segment Assets and Liabilities

	UNAUDITED					AUDITED				
	June 30, 2021					December 31, 2020				
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
	----- (Rupees '000) -----									
Segment assets employed	13,260,305	1,440,348	3,022,177	134,465	17,857,295	11,593,408	1,089,473	3,203,432	68,517	15,954,830
Unallocated corporate assets					11,769,821					8,960,914
Total reported assets					29,627,116					24,915,744
Segment liabilities	7,753,146	1,254,712	1,035,923	129,534	10,173,315	5,221,834	972,307	714,521	80,073	6,988,735
Unallocated corporate liabilities					2,971,831					2,336,757
Total liabilities					13,145,146					9,325,492

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months and quarter ended June 30, 2021

22. NON ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

22.1 The Board of Directors in its meeting held on August 26th, 2021 have proposed an interim cash dividend @ 200 % (June 30, 2020: 150%). These condensed interim financial statements for the six months ended June 30, 2021 do not include the effect of the above interim cash dividend which will be accounted for subsequent to the period end.

23. RECLASSIFICATION

Certain corresponding figures have been reclassified for better presentation, however, there is no material reclassification to report except as follows:

From	To	Rupees in '000
Cash and bank balances	Short-term Investments	6,500,000
Interest accrued	Short-term Investments	6,404
Selling and distribution expenses	Cost of sales	195,762
Other receivables	Trade deposits and short-term prepayments	61,033

24. DATE OF AUTHORISATION

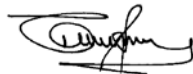
These condensed interim financial statements were authorised for issue on August 26th, 2021 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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