



Abbott Pakistan

Un-Audited Financial Statements for the
Quarter and Six Months Ended June 30, 2022

Empowering Health



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ehsan Ali Malik (Chairman) (Independent Director)
 Syed Anis Ahmed (Chief Executive Officer)
 Celestino Jacinto Dos Anjos (Non-Executive Director)
 Ayla Majid (Independent Director)
 Mohsin Ali Nathani (Independent Director)
 Muhammad Anjum Latif Rana (Non-Executive Director)
 Seema Khan (Executive Director)

AUDIT COMMITTEE

Mohsin Ali Nathani (Chairman)
 Ayla Majid
 Muhammad Anjum Latif Rana

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani (Chairman)
 Ehsan Ali Malik
 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

Ehsan Ali Malik (Chairman)
 Mohsin Ali Nathani
 Syed Anis Ahmed

CHIEF FINANCIAL OFFICER

Syed Tabish Aseem

COMPANY SECRETARY

Muhammad Usama Jamil

CHIEF INTERNAL AUDITOR

Fahad Rehman

AUDITORS

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

LEGAL ADVISORS

Orr, Dignam & Co.
 Surridge & 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)
 Shumaila Amir
 (Director Operations)
 Asim Shafiq
 (General Manager, Abbott Nutrition
 International Pakistan)
 Saad Siddique
 (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.

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

CITY OFFICE

8th Floor, Faysal House,
 St-02, Shahrah-e-Faisal, 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.

16 KM Shahpur Kanjran,
 Multan Road, Lahore.

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

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, 2022, as well as for the second quarter ended June 30, 2022.

FINANCIAL HIGHLIGHTS

For six months' period ended June 30, 2022

Sales for the half year increased by 19% over the same period last year. Pharmaceutical sales increased by 17% driven by sustained performance of established brands, whereas Nutritional sales increased by 21% mainly driven by increase in sales of adult nutritional supplements. Diagnostics segment registered a healthy growth of 27%.

Gross profit margin of your Company over this period was 34%. Gross profit margin for the pharmaceutical business declined to 34% from 37% mainly on account of devaluation of Pakistani Rupee and increase in raw material prices. Similarly, gross profit margin for Nutritional declined to 41% from 50% which is also attributed to inflation and devaluation of Pakistani Rupee.

Selling and distribution expenses increased by 13% over the same period last year in line with sales growth. Other charges registered a substantial increase of 88% mainly on account of exchange losses due to devaluation of Pakistani Rupee.

Tax charge for the period showed an increase of 70% primarily on account of super tax levy implemented through Finance Act 2022. Overall, the profit after tax as a percentage of sales decreased to 7.2% versus 15.8% over the same period last year due to the reasons mentioned above.

For second quarter ended June 30, 2022

Sales for the quarter increased by 18% over the same period last year. Pharmaceutical sales increased by 16% whereas sales for nutrition increased by 22% mainly driven by increase in sales for adult nutritional supplements.

Similar to the year-to-date results, gross profit margin of the Company declined to 34% from 41% during the same period last year. This is mainly due to rapid devaluation of Pakistani Rupee during the second quarter.

Operating expenses increased by 19% over the same period last year mainly due to inflation. Other charges increased by 68% due to impact of exchange loss. Tax charge for the quarter increased of 111% primarily on account of super tax levy.

As a result of reasons mentioned above, profit after tax declined by 82% in the quarter.

FUTURE OUTLOOK

Recently, heavy monsoon rainfalls and the resulting floods have affected several million people across Pakistan. The impact on humanitarian crisis and infrastructure is yet to be ascertained. The Company is foreseeing supply chain disruptions due to these floods but will take all the necessary efforts to address it.

The company continues to face escalation of costs caused by the devaluation of our rupee and inflation. We hope that the government will take adequate measures to ensure economic and political stability in the Country. We also look forward to Government's support in processing the outstanding sales tax refunds of the pharmaceutical industry.

Notwithstanding, your Company remains cognizant of the challenges and would continue to make all efforts to mitigate adverse impacts through productivity and cost containment initiatives.



Syed Anis Ahmed
Chief Executive



Ehsan Ali Malik
Director

ڈائریکٹران کی رپورٹ

کاروباری اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 19 فیصد اضافہ ہوا جس کی بنیادی وجہ افراط زر ہے۔ ایچ پی کے نقصان کے اثر کی وجہ سے دیگر اخراجات میں 68 فیصد اضافہ ہوا۔ سہ ماہی کے لیے ٹیکس چارج میں 111 فیصد کا اضافہ بنیادی طور پر سپر ٹیکس لیوی کی وجہ سے ہوا۔

مذکورہ وجوہات کے نتیجے میں سہ ماہی میں ٹیکس کے بعد از منافع میں 82 فیصد کمی واقع ہوئی۔

مستقبل کا منظر نامہ

حالیہ، مون سون کی شدید بارشوں اور اس کے نتیجے میں آنے والے سیلاب نے پاکستان بھر میں کئی ملین افراد کو متاثر کیا ہے۔ انسانی بحران اور بنیادی ڈھانچے پر پڑنے والے اثرات کا ابھی تخمینہ نہیں لگا جا سکتا۔ کمپنی ان سیلابوں کی وجہ سے سپلائی چین میں ہونے والی رکاوٹوں کا اندازہ لگا رہی ہے لیکن اس سے نمٹنے کے لیے تمام ضروری کوششیں کرے گی۔

کمپنی کو روپے کی قدر میں کمی اور افراط زر کی وجہ سے اخراجات میں اضافے کا سامنا کرنا پڑ رہا ہے۔ ہم امید کرتے ہیں کہ حکومت ملک میں معاشی اور سیاسی استحکام کو یقینی بنانے کے لیے خاطر خواہ اقدامات کرے گی۔

آپ کی کمپنی ان چیلنجوں سے بخوبی آگاہ ہے اور تسلسل کے ساتھ پیداواریت اور لاگت پر قابو پانے کے اقدامات کے ذریعے منفی اثرات کو کم کرنے کی تمام کوششیں بروئے کار لاری ہے۔



چیف ایگزیکٹو



ڈائریکٹر

کراچی 29 اگست 2022

ڈائریکٹران کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کے 30 جون 2022 کو ختم ہونے والے ششماہی کے ساتھ ساتھ 30 جون 2022 کو ختم ہونے والی دوسری سہ ماہی کے لیے غیر آڈٹ شدہ عبوری مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جھلکیاں

30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے

گزشتہ سال کی اسی مدت کے مقابلے میں نصف سال کے لیے فروخت میں 19 فیصد اضافہ ہوا۔ فارماسیوٹیکل سیلز میں 17 فیصد اضافہ ہوا جس کی وجہ مستحکم برانڈز کی مسلسل کارکردگی ہے جبکہ نیوٹریشنل فروخت میں 21 فیصد اضافہ ہوا ہے جو بنیادی طور پر بالغوں کے غذائی سپلیمنٹس کی فروخت میں اضافے کی وجہ سے ہے۔ ڈائینٹوسٹک شعبے میں 27 فیصد کی صحت مند ترقی درج کی گئی۔

گزشتہ سال اس ہی مدت میں آپ کی کمپنی کا مجموعی منافع کا مارجن 34 فیصد تھا۔ پاکستانی روپے کی قدر میں کمی اور خام مال کی قیمتوں میں اضافے کی وجہ سے فارماسیوٹیکل کاروبار کے لیے مجموعی منافع کا مارجن 37 فیصد سے کم ہو کر 34 فیصد ہو گیا۔ اسی طرح، نیوٹریشنل کے لیے مجموعی منافع کا مارجن 50 فیصد سے کم ہو کر 41 فیصد ہو گیا جس کی وجہ افراط زر اور پاکستانی روپے کی قدر میں کمی ہے۔

گزشتہ سال اس ہی مدت کے دوران فروخت اور تقسیم کے اخراجات فروخت میں اضافے کے سبب 13 فیصد اضافہ ہوا۔ پاکستانی روپے کی قدر میں کمی اور زرمبادلہ کے نقصانات کی وجہ سے دیگر چارجز میں 88 فیصد کا خاطر خواہ اضافہ ہوا۔

اس مدت کے لیے ٹیکس چارجز میں بنیادی طور پر فنانس ایکٹ 2022 کے فریے لاگو ہونے والے سپر ٹیکس کی وجہ سے 70 فیصد کا اضافہ ہوا۔ اوپر بیان کی گئی وجوہات کی بنا پر ٹیکس کے بعد منافع 15.8 فیصد کے مقابلے میں 7.2 فیصد تک کم ہو گیا۔

30 جون 2022 کو ختم ہونے والی دوسری سہ ماہی کے لیے

گزشتہ سال کی اس ہی مدت کے مقابلے میں سہ ماہی کے لیے فروخت میں 18 فیصد اضافہ ہوا۔ فارماسیوٹیکل سیلز میں 16 فیصد اضافہ ہوا جبکہ نیوٹریشنل کی فروخت میں 22 فیصد اضافہ ہوا جس کی بنیادی وجہ بالغوں کے لئے نیوٹریشنل سپلیمنٹس کی فروخت میں اضافہ ہے۔

سال کے اب تک کے نتائج کی طرح کمپنی کے مجموعی منافع کا مارجن گزشتہ سال کی اسی مدت کے دوران 41 فیصد سے کم ہو کر 34 فیصد رہ گیا ہے۔ اس کی بنیادی وجہ دوسری سہ ماہی کے دوران پاکستانی روپے کی تیزی سے قدر میں کمی ہے۔



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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 2022](#) 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 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months ended 30 June 2022.

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 Omer Chughtai.

Chartered Accountants

Place: Karachi

Date: 29 August 2022

UDIN: RR202210120zrAPnIKZ7

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		At June 30, 2021	
		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		----- Rupees in '000 -----	
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,730,990	10,006,158
Intangible assets		37,752	49,017
Long-term loans and advances		69,056	71,646
Long-term deposits		7,513	7,513
Long-term prepayments		1,424	966
		<u>10,846,735</u>	<u>10,135,300</u>
CURRENT ASSETS			
Stores and spares		293,507	284,097
Stock-in-trade	8	7,178,354	6,721,491
Trade debts		1,397,620	1,216,257
Loans and advances	9	737,578	455,639
Trade deposits and short-term prepayments	10	623,597	302,173
Other receivables	11	1,417,969	447,976
Taxation - net		-	344,437
Short-term Investments	12	6,081,550	7,841,030
Cash and bank balances	13	2,857,371	819,347
		<u>20,587,546</u>	<u>18,432,447</u>
		<u>31,434,281</u>	<u>28,567,747</u>
TOTAL ASSETS			
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	14	979,003	979,003
Reserves			
- Capital		970,430	892,145
- Revenue		15,305,497	15,483,490
		<u>16,275,927</u>	<u>16,375,635</u>
		<u>17,254,930</u>	<u>17,354,638</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net		423,352	269,737
Staff retirement benefits		1,526,917	1,466,048
Lease liabilities		99,176	133,942
		<u>2,049,445</u>	<u>1,869,727</u>
CURRENT LIABILITIES			
Trade and other payables	15	9,872,034	9,039,575
Current maturity of lease liabilities		109,233	93,744
Unclaimed dividends		62,082	58,163
Unpaid dividends	16	1,372,670	-
Taxation - net		561,987	-
Provision against GIDC		151,900	151,900
		<u>12,129,906</u>	<u>9,343,382</u>
		<u>31,434,281</u>	<u>28,567,747</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES			

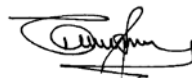
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)

For the six months ended June 30, 2022

	Six Months Ended		Three Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note	----- Rupees in '000 -----			
SALES - NET				
Local	23,716,332	19,752,960	12,193,220	10,334,736
Export	964,097	1,045,023	716,050	572,455
	<u>24,680,429</u>	<u>20,797,983</u>	<u>12,909,270</u>	<u>10,907,191</u>
Cost of sales	<u>(16,219,085)</u>	<u>(12,560,195)</u>	<u>(8,529,082)</u>	<u>(6,461,413)</u>
GROSS PROFIT	8,461,344	8,237,788	4,380,188	4,445,778
Selling and distribution expenses	(3,611,354)	(3,186,433)	(1,795,199)	(1,527,067)
Administrative expenses	(422,077)	(334,156)	(214,499)	(163,811)
Other charges	(793,659)	(421,733)	(539,703)	(320,725)
Other income	475,132	379,909	249,799	240,505
18	<u>(4,351,958)</u>	<u>(3,562,413)</u>	<u>(2,299,602)</u>	<u>(1,771,098)</u>
	<u>4,109,386</u>	<u>4,675,375</u>	<u>2,080,586</u>	<u>2,674,680</u>
Finance costs	(28,121)	(41,068)	(13,175)	(15,889)
PROFIT BEFORE TAXATION	4,081,265	4,634,307	2,067,411	2,658,791
Taxation				
- Current	(1,306,375)	(1,284,285)	(730,978)	(701,044)
- Prior	(841,262)	-	(841,262)	-
- Deferred	(153,615)	(68,033)	(156,937)	(118,250)
	<u>(2,301,252)</u>	<u>(1,352,318)</u>	<u>(1,729,177)</u>	<u>(819,294)</u>
NET PROFIT FOR THE PERIOD	1,780,013	3,281,989	338,234	1,839,497
BASIC AND DILUTED EARNINGS PER SHARE (Rs. per share)	18.18	33.52	3.45	18.79

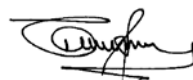
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the six months ended June 30, 2022

	Six Months Ended		Three Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021

----- Rupees in ' 000 -----

Profit for the period	1,780,013	3,281,989	338,234	1,839,497
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,780,013</u>	<u>3,281,989</u>	<u>338,234</u>	<u>1,839,497</u>

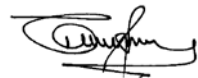
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(Unaudited)

For the six months ended June 30, 2022

		June 30, 2022	June 30, 2021
	Note	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	3,277,184	6,064,035
Income taxes paid		(1,241,213)	(832,734)
Long-term loans and advances - net		2,590	(541)
Long-term prepayments - net		(458)	(38)
Staff retirement benefits paid		(125,653)	(120,122)
Net cash inflow from operating activities		<u>1,912,450</u>	<u>5,110,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	7.1	(1,413,437)	(694,723)
Investment in term deposit receipts		(2,000,000)	(6,000,000)
Sale proceeds from disposal of property, plant and equipment		50,433	48,594
Interest income		363,293	216,828
Net cash outflow from investing activities		<u>(2,999,711)</u>	<u>(6,429,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid	14.1	(16,579)	(13,767)
Lease rentals paid		(76,719)	(133,456)
Settlement of lease liabilities		-	(538,884)
Dividends paid		(581,417)	(726,130)
Net cash outflow from financing activities		<u>(674,715)</u>	<u>(1,412,237)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,761,976)	(2,730,938)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		6,619,347	7,488,881
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18.2	<u>4,857,371</u>	<u>4,757,943</u>

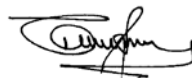
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited)

For the six months ended June 30, 2022

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

----- Rupees in '000 -----

Balance as at January 1, 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. 25.0 per share declared subsequent to the year end	-	-	-	-	(2,447,508)	(2,447,508)	(2,447,508)
Employee benefit cost under IFRS 2- 'Share based payments'	-	-	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)	<u>979,003</u>	<u>46,097</u>	<u>778,748</u>	<u>5,338,422</u>	<u>9,339,700</u>	<u>15,502,967</u>	<u>16,481,970</u>
Balance as at January 01, 2022 (Audited)	979,003	46,097	846,048	5,338,422	10,145,068	16,375,635	17,354,638
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2021 @ Rs. 20 per share declared subsequent to the year end	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Employee benefit cost under IFRS 2- 'Share based payments'	-	-	78,285	-	-	78,285	78,285
Total comprehensive income for the period ended June 30, 2022							
Net profit for the period	-	-	-	-	1,780,013	1,780,013	1,780,013
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	1,780,013	1,780,013	1,780,013
Balance as at June 30, 2022 (Un-audited)	<u>979,003</u>	<u>46,097</u>	<u>924,333</u>	<u>5,338,422</u>	<u>9,967,075</u>	<u>16,275,927</u>	<u>17,254,930</u>

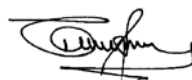
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

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, 2021.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarters ended June 30, 2022 and June 30, 2021 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, 2022.

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, 2021.

5. NEW AMENDMENTS AND IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following are the amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective during the current period:

Amendments

IFRS 3 - Reference to the Conceptual Framework
 IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
 IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

Improvement

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities
 IAS 41 - Agriculture - Taxation in fair value measurement
 IFRS 16 - Leases: Lease incentives

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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, 2021.

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, 2021.

Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	---- Rupees in '000 ----	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	9,227,526	8,060,044
Capital work-in-progress	7.1	1,277,869	1,725,705
Right-of-use assets [ROUA]	7.3	225,595	220,409
		<u>10,730,990</u>	<u>10,006,158</u>

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

	Additions	Disposals	
	Cost	Cost	Accumulated Depreciation
	----- Rupees in '000 -----		
Plant and machinery	874,520	-	-
Vehicles	234,062	77,535	28,148
Computers	-	-	-
Service equipment	752,691	53,617	53,370
Capital work-in-progress - net transfers	(447,836)	-	-
	<u>1,413,437</u>	<u>131,152</u>	<u>81,518</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

7.2 Depreciation charge for the period ended June 30, 2022 amounted to Rs. 644.157 million (June 30, 2021: Rs. 518.139 million).

7.3 RIGHT-OF-USE ASSETS [ROUA]

Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
---- Rupees in '000 ----		
Warehouses, sales offices and city office	7.3.1 <u>225,595</u>	<u>220,409</u>

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

	Additions		Disposals	
	Cost		Cost	Accumulated Depreciation
----- Rupees in '000 -----				
Warehouses, sales offices and city office	45,900		-	-

7.3.2 Depreciation charge on right-of-use assets for the period ended June 30, 2022 amounted to Rs. 40.714 million (June 30, 2021: Rs. 78.668 million).

8. STOCK-IN-TRADE

Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
---- Rupees in '000 ----		
Raw and packing materials [including stock-in-transit of Rs. 302.035 million (December 31, 2021: Rs. 449.697 million)]	3,329,723	3,036,799
Work-in-process	635,803	311,929
Finished goods [including stock-in-transit of Rs. 636.446 million (December 31, 2021: Rs. 944.112 million)]	8.1 <u>3,551,158</u>	<u>3,744,603</u>
	<u>7,516,684</u>	<u>7,093,331</u>
Less: provision for slow moving and obsolete items	(338,330)	(371,840)
	<u>7,178,354</u>	<u>6,721,491</u>

8.1 Stock-in-trade includes items costing Rs. 546.738 million (December 31, 2021: Rs. 329.932 million) valued at net realisable value of Rs. 445.688 million (December 31, 2021: Rs. 269.677 million) resulting in a write down of Rs. 101.051 million (December 31, 2021: 60.255 million)

9. LOANS AND ADVANCES

Represent loans and advances amounting to Rs. 33.651 million and Rs. 703.927 million (December 31, 2021: Rs. 33.864 million and Rs. 421.775 million), respectively, net of allowance.

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represent trade deposits and short-term prepayments amounted to Rs. 500.573 million and Rs. 123.024 million (December 31, 2021: Rs. 231.865 million and Rs. 70.308 million), respectively, net of allowance.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

11. OTHER RECEIVABLES

Represents sales tax receivable and due from related parties amounted to Rs. 1,182.847 million and Rs.129.647 million (December 31, 2021: Rs. 124.625 million and Rs. 222.706 million), respectively.

Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	---- Rupees in '000 ----	

12. SHORT-TERM INVESTMENTS

At amortised cost

Term deposit receipts	12.1	6,000,000	7,800,000
Accrued profit thereon		81,550	41,030
		<u>6,081,550</u>	<u>7,841,030</u>

12.1 Term deposit receipts

Having less than three months maturity period		2,000,000	5,800,000
Having more than three months maturity period		4,000,000	2,000,000
	12.1.1	<u>6,000,000</u>	<u>7,800,000</u>

12.1.1 Represents term deposit receipts upto maturity of six months with a commercial bank under conventional banking relationship carrying profit at the rates ranging from of 9.55% to 12.80% (December 31, 2021: 8.20% to 9.05%) per annum and having maturity upto November 18, 2022.

Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	---- Rupees in '000 ----	

13. CASH AND BANK BALANCES

With banks

Saving accounts:			
- local currency	13.1	2,007,006	129,137

Current accounts:

- local currency		10,716	11,082
- foreign currency		835,344	673,322
		846,060	684,404

In hand

- local currency		2,219	4,215
- foreign currency		2,086	1,591
		4,305	5,806
		<u>2,857,371</u>	<u>819,347</u>

13.1 These saving accounts carrying markup at the rate of 12.25% (December 31, 2021: 7.25%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at June 30, 2022, Abbott Asia Investments Limited, UK (the Holding Company) held 76,259,454 (December 31, 2021: 76,259,454) shares. The ultimate Holding Company is Abbott Laboratories, USA.

15. TRADE AND OTHER PAYABLES

Includes accrued liabilities amounted to Rs.4,349.018 million (December 31, 2021: Rs. 4,032.346 million), bills payable of Rs. 3,093.509 million (December 31, 2021: Rs. 2,630.129 million) and current maturity of gas infrastructure development cess of Rs. 37.605 million (December 31, 2021: Rs. 140.588 million).

16. UNPAID DIVIDENDS

Represents amount payable to Abbott Asia Investments Limited (the Holding Company) on account of final dividend for the year ended December 31, 2021. The remittance of dividend is currently in process.

17. CONTINGENCIES AND COMMITMENTS

17.1 The Company is defending various minor suits filed against it in various courts in Pakistan related to its business operations as at reporting date, which are not material to disclose as contingencies. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in the Company's favour.

17.2 Commitments

17.2.1 Commitments for capital expenditure as at June 30, 2022 aggregated to Rs. 847.144 million (December 31, 2021: Rs. 661.503 million).

17.2.2 Commitments in respect of letters of credit as at June 30, 2022 aggregated to Rs. 1,230.479 million (December 31, 2021: Rs. 1,025.130 million).

17.2.3 The Company has given bank guarantees as at June 30, 2022 of Rs. 869.358 million (December 31, 2021: Rs 585.401 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, 2021: Rs. 3,150 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, 2021: Rs. 1,290 million). The running finance / short-term loan carries mark-up at rates ranging from KIBOR minus 0.25% to flat KIBOR (December 31, 2021: KIBOR minus 0.25% to flat KIBOR) 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 utilised any amount against running finance / short-term loan facilities neither pledged its inventory at the statement of financial position date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

18. OTHER CHARGES

	(Un-audited) Six months ended June 30, 2022	(Audited) Six months ended June 30, 2021
Note	---- Rupees in '000 ----	
Exchange loss - net	407,024	-
Workers' Profit Participation Fund	219,033	248,673
Workers' Welfare Fund	80,357	90,477
Central Research Fund	41,225	46,811
Donations	11,703	9,500
Auditors' remuneration	5,396	5,530
Stamp duty	12,770	9,342
Provision for expected credit loss on trade debts	15,168	-
Provision for expected credit loss on other receivables	983	61
Provision for expected credit loss on trade deposits	-	10,000
Others	-	1,339
	<u>793,659</u>	<u>421,733</u>

19. TAXATION- PRIOR

Includes super tax levy introduced through Finance Act 2022 amounted to Rs. 834.7 million, computed on prior year's taxable income at the rate of 10%.

Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	---- Rupees in '000 ----	

20. CASH GENERATED FROM OPERATIONS

Profit before taxation	4,081,265	4,634,307
Adjustment for non-cash changes and other items:		
Depreciation of operating fixed assets	644,157	518,139
Depreciation of right-of-use assets	40,714	78,668
Amortisation of intangible assets	11,265	10,973
Provision / (reversal) for slow moving and obsolete stores and spares	3,934	(30)
Reversal for slow moving and obsolete stock in trade	(33,510)	(134,844)
Provision / (reversal) allowance for expected credit losses on trade debts	15,168	(24,439)
Allowance for expected credit losses on trade deposits	-	10,000
Allowance for expected credit losses on other receivables	983	61
Gain on disposal of property, plant and equipment	(799)	(8,925)
Interest income	(403,813)	(265,688)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation	78,285	57,237
Staff retirement benefits	186,522	173,619
Finance costs	28,121	41,068
Working capital changes	20.1 (1,375,108)	973,889
	<u>3,277,184</u>	<u>6,064,035</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

	Note	Six months ended June 30, 2022	Six months ended June 30, 2021
---- Rupees in '000----			
20.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(13,344)	(1,369)
Stock-in-trade		(423,353)	(1,470,974)
Trade debts		(196,531)	1,140
Loans and advances		(281,939)	(238,422)
Trade deposits and short-term prepayments		(321,424)	(73,947)
Other receivables		(970,976)	252,309
		<u>(2,207,567)</u>	<u>(1,531,263)</u>
Increase in current liabilities			
Trade and other payables		<u>832,459</u>	<u>2,505,152</u>
		<u>(1,375,108)</u>	<u>973,889</u>
20.2 Cash and cash equivalents			
Cash and bank balances	13	<u>2,857,371</u>	<u>2,757,943</u>
Term deposit receipts	12.1	<u>2,000,000</u>	<u>2,000,000</u>
		<u>4,857,371</u>	<u>4,757,943</u>
21. TRANSACTIONS WITH RELATED PARTIES			
<p>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:</p>			
		Six months ended June 30, 2022	Six months ended June 30, 2021
---- Rupees in '000----			
Group companies			
Sale of goods		501,010	358,750
Purchase of materials		6,742,357	4,487,448
Technical service fee		116,242	105,767
Reimbursement of expenses - net		139,711	87,613
Other income		48,258	49,132
Retirement fund:			
- Contribution to Pension fund		117,266	114,437
- Contribution to Provident fund		65,559	61,295
- Contribution to Gratuity fund		11,401	5,685
Dividend:			
- Payable / Paid to Abbott Asia Investments Limited		1,525,189	1,906,486
- Paid to Pension Fund		8,774	10,967
- Paid to Provident Fund		9,819	12,273
Key management personnel:			
Remuneration and other short-term employee benefits		251,122	196,890
Post-employment benefits		23,837	20,010

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

22. SEGMENT ANALYSIS

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

	June 30, 2022					June 30, 2021				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	16,715,376	8,002,035	2,199,295	746,901	27,663,607	14,481,428	6,310,241	1,738,618	618,103	23,148,390
Less:										
Sales return	37,187	9,203	-	1,075	47,465	29,694	6,778	-	3,833	40,305
Trade discounts	1,256,051	432,954	-	39,193	1,728,198	1,232,858	349,120	-	28,933	1,610,911
Sales tax and excise duty	-	1,138,361	16,098	53,056	1,207,515	-	642,562	15,793	40,836	699,191
Sales - net	15,422,138	6,421,517	2,183,197	653,577	24,680,429	13,218,876	5,311,781	1,722,825	544,501	20,797,983
Cost of sales	(10,135,044)	(3,797,567)	(1,919,860)	(366,614)	(16,219,085)	(8,296,889)	(2,676,497)	(1,250,044)	(336,765)	(12,560,195)
Gross profit	5,287,094	2,623,950	263,337	286,963	8,461,344	4,921,987	2,635,284	472,781	207,736	8,237,788
Selling and distribution expenses	(2,381,015)	(934,607)	(149,289)	(146,443)	(3,611,354)	(2,132,985)	(803,644)	(109,282)	(140,522)	(3,186,433)
Administrative expenses	(351,013)	(58,225)	(12,839)	-	(422,077)	(277,902)	(46,644)	(9,610)	-	(334,156)
Segment result	2,555,066	1,631,118	101,209	140,520	4,427,913	2,511,100	1,784,996	353,889	67,214	4,717,199

22.2 Segment wise operating results for the second quarter (Un-audited):

	June 30, 2022					June 30, 2021				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	8,894,252	4,112,041	1,142,158	359,669	14,508,120	7,684,041	3,177,353	955,100	269,033	12,085,527
Less:										
Sales return	21,978	4,679	-	518	27,175	14,724	4,434	-	1,553	20,711
Trade discounts	686,162	214,694	-	17,154	918,010	632,069	175,475	-	9,354	816,898
Sales tax and excise duty	-	624,147	9,925	19,593	653,665	-	325,174	7,573	7,980	340,727
Sales - net	8,186,112	3,268,521	1,132,233	322,404	12,909,270	7,037,248	2,672,270	947,527	250,146	10,907,191
Cost of sales	(5,368,341)	(1,905,547)	(1,077,270)	(177,924)	(8,529,082)	(4,320,946)	(1,331,119)	(668,713)	(140,635)	(6,461,413)
Gross profit	2,817,771	1,362,974	54,963	144,480	4,380,188	2,716,302	1,341,151	278,814	109,511	4,445,778
Selling and distribution expenses	(1,220,880)	(413,666)	(85,093)	(75,560)	(1,795,199)	(1,022,260)	(377,573)	(54,318)	(72,916)	(1,527,067)
Administrative expenses	(182,462)	(28,236)	(3,801)	-	(214,499)	(135,028)	(23,899)	(4,884)	-	(163,811)
Segment result	1,414,429	921,072	(33,931)	68,920	2,370,490	1,559,014	939,679	219,612	36,595	2,754,900

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

	Six Months Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Rupees in '000			
Total segment results	4,427,913	4,717,199	2,370,490	2,754,900
Other income	475,132	379,909	249,799	240,505
Other charges	(793,659)	(421,733)	(539,703)	(320,725)
Finance costs	(28,121)	(41,068)	(13,175)	(15,889)
Profit before taxation	4,081,265	4,634,307	2,067,411	2,658,791

22.4 Geographical information (Un-audited)

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

Pakistan	23,716,332	19,752,960	12,193,220	10,334,736
Afghanistan	446,097	679,307	315,959	364,045
Srilanka	16,990	6,966	8,398	5,920
Switzerland	501,010	358,750	391,693	202,490
	24,680,429	20,797,983	12,909,270	10,907,191

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the six months ended June 30, 2022

22.5 Segment Assets and Liabilities

	UNAUDITED				AUDITED					
	June 30, 2022				December 31, 2021					
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
	(Rupees '000)									
Segment assets employed	14,553,654	2,237,856	4,289,058	172,541	21,253,109	12,352,347	2,281,134	3,575,463	151,700	18,360,644
Unallocated corporate assets					10,181,172					10,207,103
Total reported assets					<u>31,434,281</u>					<u>28,567,747</u>
Segment liabilities	7,879,399	1,139,738	1,519,272	115,454	10,653,863	5,474,722	1,501,895	1,042,472	157,145	8,176,234
Unallocated corporate liabilities					3,525,488					3,036,875
Total liabilities					<u>14,179,351</u>					<u>11,213,109</u>

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

23.1 The Board of Directors in its meeting held on August 29 2022 have proposed an interim cash dividend @ 150% (June 30, 2021: 200%). These condensed interim financial statements for the six months ended June 30, 2022 do not include the effect of the above interim cash dividend which will be accounted for subsequent to the period end.

24. DATE OF AUTHORISATION

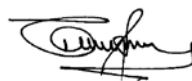
These condensed interim financial statements were authorised for issue on August 29 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



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