



Abbott Pakistan

Un-Audited Financial Statements for the Quarter
and Nine Months Ended September 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.
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)
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 nine months ended September 30, 2021 as well as for the third quarter ended September 30, 2021.

FINANCIAL HIGHLIGHTS

For nine months' period ended September 30, 2021

Sales for the nine months increased by 26% over the same period last year. Pharmaceutical sales increased by 19%, whereas Nutritional sales increased by 28% mainly driven by increase in sales of adult nutritional supplements.

Gross profit margin of your Company improved to 39% 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 32% whereas the gross profit margin for Nutritional increased to 47% from 45% for the same period last year.

Selling and distribution expenses increased by 33% over the same period last year mainly due to higher expenditure on advertisement and sales promotion. Overall, the profit after tax as a percentage of sales improved to 14% versus 12% over the same period last year due to the reasons mentioned above

For third quarter ended September 30, 2021

Sales for the quarter increased by 26% over the same period last year, mainly contributed by the pharmaceutical sales growth of 30% on account of sustained performance of established brands.

Similar to the year-to-date results, gross profit margin of the Company improved to 37% from 34% during the same period last year. Operating expenses increased by 28% over the same period last year, owing to the increased promotional activities versus the same period last year. Other charges increased by 108% due to higher statutory charges on account of higher profitability and exchange losses over the same period last year.

As a result of reasons mentioned above, profit after tax has increased by Rs. 224.5 million in the quarter.

FUTURE OUTLOOK

The Covid pandemic has recently shown signs of regression but the threat of a relapse still looms. Your Company remains equipped to deal with any potential disruption that it may cause. The vaccination drives conducted by the Government has contributed in improving the business operational environment and eased up the pressure on the healthcare facilities throughout the country.

Your Company continues to evaluate the impact of this pandemic on its operations and financial performance and is realigning 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: October 26th, 2021


ڈائریکٹران کی رپورٹ

درج بالا وجوہ کے نتیجے میں رواں سال کی تیسری سہ ماہی میں بعد از ٹیکس ادائیگی منافع میں 224.5 ملین روپے اضافہ ہوا۔


مستقبل کا منظر نامہ

Covid-19 کے بحران کی تباہ کاریوں میں حالیہ مدت میں کمی نظر آرہی ہے لیکن بحران میں شدت کا خطرہ ٹلا نہیں ہے، آپ کی کمپنی کسی بھی قسم کی غیر معمولی صورتحال سے نمٹنے کے لئے پوری طرح سے تیار ہے، حکومت کی جانب سے ویکسینیشن مہم سے تجارتی سرگرمیوں میں بہتری آئی ہے اور طلبی اداروں پر دباؤ کم ہوا ہے۔

آپ کی کمپنی کرونا بحران سے تجارتی سرگرمیوں اور مالیاتی کارکردگی پر اثرات کا بغور جائزہ لے رہی ہے، درپیش چیلنجز سے نمٹنے کیلئے حکمت عملی بنا رہی ہے اور پیداوار کا معیار بہتر بنانے کے اقدامات کر رہی ہے۔



ڈائریکٹر



چیف ایگزیکٹو

کراچی: 26 اکتوبر 2021ء

ڈائریکٹران کی رپورٹ

ڈائریکٹران آپ کی کمپنی کے 30 ستمبر 2021 کو ختم ہونے والی نو ماہ کی مدت کے غیر آڈٹ شدہ عبوری مالی گوشوارے اور ساتھ ساتھ 30 ستمبر 2021 کو ختم ہونے والی تیسری سہ ماہی کے مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جھلکیاں

30 ستمبر کو ختم ہونے والی نو ماہ کی مدت کے لئے

نو ماہی مدت کے دوران سیلز میں گزشتہ سال کی اسی مدت کے مقابلے میں 26 فیصد اضافہ ہوا، فارماسیوٹیکلز کی سیلز میں 19 فیصد اضافہ ہوا جبکہ نیوٹریشل سپلیمنٹ کی سیلز بڑھنے سے نیوٹریشل کی سیلز میں 28 فیصد اضافہ ہوا۔

اس عرصے کے دوران پرائس ایڈجسٹمنٹ اور پراڈکٹ مکس کی بدولت گزشتہ سال کے اسی عرصے میں 35 فیصد کے مقابلے میں مجموعی منافع میں 39 فیصد اضافہ ہوا، فارماسیوٹیکلز زمرے میں گزشتہ سال اسی مدت کے 32 فیصد منافع کی نسبت رواں نو ماہ کی مدت میں 37 فیصد زائد خام منافع ہوا جبکہ نیوٹریشل زمرے میں گزشتہ سال اسی مدت کے دوران 45 فیصد کے مقابلے میں رواں نو ماہ کی مدت کے دوران 47 فیصد زائد خام منافع ہوا۔

اشتہارات اور سیلز پروموشن کے بھاری اخراجات کے باعث سیلز اور ڈسٹری بیوشن اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں رواں نو ماہ کی مدت میں 33 فیصد اضافہ ہوا، سیلز کی فیصد کے طور پر ٹیکس ادا کیگی کے بعد خالص منافع میں گزشتہ سال اسی مدت میں 12 فیصد کی نسبت رواں نو ماہ کی مدت میں 14 فیصد اضافہ ہوا جس کی وجہ اوپر بیان کی گئی ہیں۔

30 ستمبر کو ختم ہونے والی تیسری سہ ماہی کے لئے

رواں سال کی تیسری سہ ماہی کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں سیلز میں 26 فیصد کا اضافہ ہوا، فارماسیوٹیکلز سیلز میں 30 فیصد اضافہ ہوا جس میں مستحکم برانڈز کی پرفارمنس کا اہم کردار ہے

گزشتہ سال کی اسی مدت کے دوران 34 فیصد کے مقابلے میں رواں سال کی تیسری سہ ماہی میں مجموعی منافع میں 37 فیصد اضافہ ہوا، آپریٹنگ اخراجات میں گزشتہ سال اسی مدت کی نسبت 28 فیصد اضافہ ہوا جس کی وجہ گزشتہ سال اسی مدت کی نسبت رواں سال تیسری سہ ماہی میں پروموشنل سرگرمیوں میں اضافہ ہے، دیگر اخراجات 108 فیصد بڑھ گئے جس کی وجہ گزشتہ سال کی نسبت رواں سال کی تیسری سہ ماہی میں زیادہ منافع کا حصول زر مبادلہ کے نقصانات میں اضافہ اور آئینی اخراجات میں اضافہ ہے

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	9,652,701	9,070,460
Intangible assets		54,649	66,255
Long-term loans and advances		72,523	68,033
Long-term deposits		7,513	7,513
Long-term prepayments		1,315	1,746
		<u>9,788,701</u>	<u>9,214,007</u>
CURRENT ASSETS			
Stores and spares		283,694	244,519
Stock-in-trade	7	7,080,552	4,981,489
Trade debts		965,893	935,468
Loans and advances	8	440,028	277,661
Trade deposits and short-term prepayments	9	597,361	425,048
Other receivables		297,066	420,836
Taxation - net		518,750	921,431
Short-term investments	10	6,569,473	6,506,404
Cash and bank balances	11	2,397,952	988,881
		<u>19,150,769</u>	<u>15,701,737</u>
TOTAL ASSETS		<u>28,939,470</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			
	12	979,003	979,003
Reserves			
Capital		858,776	767,608
Revenue		13,930,030	13,843,641
		<u>14,788,806</u>	<u>14,611,249</u>
		<u>15,767,809</u>	<u>15,590,252</u>
NON-CURRENT LIABILITIES			
Deferred taxation		383,496	227,587
Staff retirement benefits		1,541,259	1,464,964
Long-term portion of Gas Infrastructure Development Cess payable		128,429	172,825
Long-term lease liabilities	13	160,162	626,294
		<u>2,213,346</u>	<u>2,491,670</u>
CURRENT LIABILITIES			
Trade and other payables	14	9,463,603	6,593,576
Current maturity of lease liabilities	13	60,498	189,955
Unclaimed dividends		61,544	50,291
Unpaid dividends	15	1,372,670	-
		<u>10,958,315</u>	<u>6,833,822</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	16	<u>28,939,470</u>	<u>24,915,744</u>

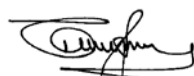
The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)

For the nine months and three months ended September 30, 2021

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Note	----- Rupees in '000 -----			
SALES - NET				
Local	29,813,937	23,762,055	10,060,977	7,764,920
Export	1,633,352	1,209,857	588,329	673,321
	<u>31,447,289</u>	<u>24,971,912</u>	<u>10,649,306</u>	<u>8,438,241</u>
Cost of sales	(19,315,396)	(16,311,076)	(6,755,201)	(5,537,482)
GROSS PROFIT	<u>12,131,893</u>	<u>8,660,836</u>	<u>3,894,105</u>	<u>2,900,759</u>
Selling and distribution expenses	(4,885,453)	(3,662,381)	(1,699,020)	(1,325,387)
Administrative expenses	(550,611)	(480,637)	(216,455)	(166,129)
Other charges	(752,640)	(565,592)	(330,907)	(159,391)
Other income	526,335	583,200	146,425	116,265
17	(5,662,369)	(4,125,410)	(2,099,957)	(1,534,642)
	<u>6,469,524</u>	<u>4,535,426</u>	<u>1,794,148</u>	<u>1,366,117</u>
Finance costs	(50,218)	(41,247)	(9,150)	(13,179)
PROFIT BEFORE TAXATION	<u>6,419,306</u>	<u>4,494,179</u>	<u>1,784,998</u>	<u>1,352,938</u>
TAXATION				
- Current	(1,784,701)	(1,339,852)	(500,416)	(354,098)
- Prior	13,207	(1,220)	13,207	-
- Deferred	(155,909)	(47,599)	(87,876)	(13,396)
	<u>(1,927,403)</u>	<u>(1,388,671)</u>	<u>(575,085)</u>	<u>(367,494)</u>
NET PROFIT FOR THE PERIOD	<u>4,491,903</u>	<u>3,105,508</u>	<u>1,209,913</u>	<u>985,444</u>
BASIC AND DILUTED EARNINGS PER SHARE (Rs. per share)	<u>45.88</u>	<u>31.72</u>	<u>12.36</u>	<u>10.07</u>

The annexed notes 1 to 22 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 nine months and three months ended September 30, 2021

	Nine Months Ended		Three Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees in '000 -----			
Profit for the period	4,491,903	3,105,508	1,209,913	985,444
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>4,491,903</u>	<u>3,105,508</u>	<u>1,209,913</u>	<u>985,444</u>

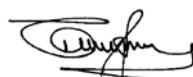
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Un-audited) September 30, 2020
Note	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	18 7,578,364	6,201,655
Income taxes paid	(1,368,813)	(1,121,444)
Long-term loans and advances - net	(4,490)	(13,803)
Long-term prepayments - net	431	1,819
Net cash inflow from operating activities	<u>6,205,492</u>	<u>5,068,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,368,848)	(584,730)
Investments in term deposit receipts	(3,000,000)	-
Addition to intangible asset	-	(9,879)
Sale proceeds from disposal of property, plant and equipment	75,439	58,376
Interest income received	346,666	250,894
Net cash outflow from investing activities	<u>(3,946,743)</u>	<u>(285,339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(20,645)	(2,815)
Lease rentals paid	(152,358)	(134,413)
Settlement of lease liabilities	(655,084)	-
Dividends paid	(3,021,591)	(2,193,967)
Net cash outflow from financing activities	<u>(3,849,678)</u>	<u>(2,331,195)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,590,929)	2,451,693
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	7,488,881	2,757,519
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18.2 <u>5,897,952</u>	<u>5,209,212</u>

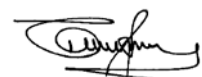
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the nine months ended September 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)
Interim dividend for the year ended December 31, 2020 @ Rs. 15.0 per share declared subsequent to the year end	-	-	-	-	(1,468,505)	(1,468,505)	(1,468,505)
Capital contribution from Abbott Laboratories, USA	-	-	86,199	-	-	86,199	86,199
Total comprehensive income for the period ended September 30, 2020							
Net profit for the period	-	-	-	-	3,105,508	3,105,508	3,105,508
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	3,105,508	3,105,508	3,105,508
Balance as at September 30, 2020 (Un-audited)	<u>979,003</u>	<u>46,097</u>	<u>689,572</u>	<u>5,338,422</u>	<u>7,308,249</u>	<u>13,382,340</u>	<u>14,361,343</u>
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. 25.0 per share declared subsequent to the year end	-	-	-	-	(2,447,508)	(2,447,508)	(2,447,508)
Interim dividend for the year ending December 31, 2021 @ Rs. 20.0 per share declared subsequent to the year end	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Capital contribution from Abbott Laboratories, USA	-	-	91,168	-	-	91,168	91,168
Total comprehensive income for the period ended September 30, 2021							
Net profit for the period	-	-	-	-	4,491,903	4,491,903	4,491,903
Other comprehensive income for the period	-	-	-	-	-	-	-
Balance as at September 30, 2021 (Un-audited)	<u>979,003</u>	<u>46,097</u>	<u>812,679</u>	<u>5,338,422</u>	<u>8,591,608</u>	<u>14,788,806</u>	<u>15,767,809</u>

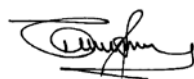
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 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 AND BASIS OF PREPARATION

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. 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.

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

3. 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 4.

4. 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.

5. 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, 2020.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 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, 2020.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
---- Rupees in '000 ----			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1 & 6.2	8,313,840	7,346,918
Capital work-in-progress	6.1	1,097,230	911,993
Right-of-use assets [ROUA]	6.3	241,631	811,549
		<u>9,652,701</u>	<u>9,070,460</u>

6.1 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	713,364	-	-	-	-	-
Vehicles	27,250	73,873	40,320	740,069	141,357	
Computers	8,290	52,260	52,260	-	-	
Service equipment	473,717	70,064	56,350	-	-	
Capital work-in-progress - net additions	146,227	-	-	39,010	-	
	<u>1,368,848</u>	<u>196,197</u>	<u>148,930</u>	<u>779,079</u>	<u>141,357</u>	

6.2 Depreciation charge for the period ended September 30, 2021 amounted to Rs. 807.144 million (September 30, 2020: Rs. 708.963 million).

6.3 Right-of-use assets

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
---- Rupees in '000 ----			
Vehicles		-	523,635
Warehouses, sales offices and city office		241,631	287,914
	6.3.1 & 6.3.2	<u>241,631</u>	<u>811,549</u>

6.3.1 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	175,239	18,952	6,510	(779,079)	(141,357)	
Warehouses, sales offices and city office	7,041	-	-	-	-	
	<u>182,280</u>	<u>18,952</u>	<u>6,510</u>	<u>(779,079)</u>	<u>(141,357)</u>	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 2021

6.3.2 Depreciation charge on right-of-use assets for the period ended September 30, 2021 amounted to Rs.102.034 million (September 30, 2020: Rs. 71.323 million).

7. STOCK-IN-TRADE	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	
Raw and packing materials	3,785,635	2,816,482
Work-in-process	412,543	263,213
Finished goods	3,252,727	2,405,697
	<u>7,450,905</u>	<u>5,485,392</u>
less: provision for slow moving and obsolete items	<u>(370,353)</u>	<u>(503,903)</u>
	<u>7,080,552</u>	<u>4,981,489</u>

8. LOANS AND ADVANCES

Represent loans and advances amounted to Rs. 34.332 million and Rs. 405.696 million (December 31, 2020: Rs. 32.673 million and Rs. 244.988 million), respectively, net of allowance.

9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represent trade deposits and short-term prepayments amounted to Rs. 195.217 million and Rs. 402.144 million (December 31, 2020: Rs. 261.517 million and Rs. 102.498 million), respectively, net of allowance.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
10. SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts	10.1	6,500,000	6,500,000
Accrued profit thereon		<u>69,473</u>	<u>6,404</u>
		<u>6,569,473</u>	<u>6,506,404</u>
10.1 Term deposit receipts			
Having less than three months maturity period		3,500,000	6,500,000
Having more than three months maturity period		<u>3,000,000</u>	<u>-</u>
	10.1.1	<u>6,500,000</u>	<u>6,500,000</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 2021

- 10.1.1** Represents term deposit receipts up to maturity of six months with a commercial bank under conventional banking relationship carrying profit at the rate ranging from of 6.20% to 6.65% (December 31, 2020: 6.25%) per annum and having maturity up to November 22, 2021.

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

11. CASH AND BANK BALANCES

With banks

Saving accounts:

- local currency	11.1	1,753,489	459,642
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Current accounts:

- local currency		7,738	7,251
- foreign currency		629,197	515,015
		636,935	522,266

In hand

- local currency		2,498	5,433
- foreign currency		5,030	1,540
		7,528	6,973
		2,397,952	988,881

- 11.1** These saving accounts carrying mark-up at the rate of 5.50% (December 31, 2020: 5.50%) per annum.

12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at September 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.

13. LEASE LIABILITIES

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

Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	
Not later than one year	60,498	189,955
Later than one year but not later than five years	160,162	626,294
13.1	220,660	816,249

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021 ---- Rupees in '000 ----	(Audited) December 31, 2020
13.1 Movement of lease liabilities		
Balance at beginning of the period / year	816,249	381,139
Additions	182,887	619,161
Accretion of interest	29,573	70,390
Payments	(152,965)	(254,441)
Early settlement	(655,084)	-
Balance at end of the period / year	<u>220,660</u>	<u>816,249</u>

14. TRADE AND OTHER PAYABLES

Includes accrued liabilities amounted to Rs. 4,407.801 million (December 31, 2020: Rs. 2,888.270 million), bills payable of Rs. 2,356.421 million (December 31, 2020: Rs. 1,422.913 million) and current maturity of gas infrastructure development cess of Rs. 58.526 million (December 31, 2020: Rs. 54.618 million).

15. UNPAID DIVIDENDS

Represents amount payable to Abbott Asia Investments Limited (the Holding Company) on account of interim dividend declared for the financial year 2021, which has not yet been paid.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1

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

During the period, 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 along with 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 and obtained stay against recovery of impugned from the Honourable Sindh High Court. 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 favour.

16.1.2

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 Gas Infrastructure Development Cess matter and the related additions deleted by (CIRA) in favour 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 2021

16.1.3 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 favour.

16.2 Commitments

16.2.1 Commitments for capital expenditure as at September 30, 2021 aggregated to Rs. 670.404 million (December 31, 2020: Rs. 191.262 million).

16.2.2 Commitments in respect of letters of credit as at September 30, 2021 aggregated to Rs. 758.100 million (December 31, 2020: Rs. 747.263 million).

16.2.3 The Company has given bank guarantees as at September 30, 2021 of Rs. 273.296 million (December 31, 2020: Rs. 269.858 million) to the Customs Department, a utility company and other institutions against tenders.

16.2.4 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 mark-up 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.

(Un-audited) Nine months ended September 30, 2021	(Un-audited) Nine months ended September 30, 2020
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Note ----- Rupees in '000----

17. OTHER INCOME

Income from financial assets

Term deposit receipts	351,449	211,515
Saving accounts	58,286	39,618
	409,735	251,133

Income from non-financial assets

Gain on disposal of property, plant and equipment - net	15,730	976
Reversal of expected credit losses on trade debts	31,003	-
Scrap sales	12,286	9,060
Liabilities no longer required written back	-	253,572
Others	57,581	68,459
	116,600	332,067
	526,335	583,200

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 2021

		(Un-audited) Nine months ended September 30, 2021	(Un-audited) Nine months ended September 30, 2020
	Note	---- Rupees in '000----	
18. CASH GENERATED FROM OPERATIONS			
Profit before taxation		6,419,306	4,494,179
Adjustment for non-cash changes and other items:			
Depreciation of operating fixed assets	6.2	807,144	708,963
Depreciation of right-of-use assets	6.3.2	102,034	71,323
Amortisation of intangible assets		11,606	16,455
Gain on disposal of property, plant and equipment	17	(15,730)	(976)
Interest income	17	(409,735)	(251,133)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation		91,168	86,199
Staff retirement benefits - net		76,295	-
Finance costs		50,218	41,247
Working capital changes	18.1	446,058	1,035,398
		<u>7,578,364</u>	<u>6,201,655</u>
18.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(39,175)	17,318
Stock-in-trade		(2,099,063)	(767,354)
Trade debts		(30,425)	378,001
Loans and advances		(162,367)	(301,036)
Trade deposits and short-term prepayments		(172,313)	(7,277)
Other receivables		123,770	233,180
		<u>(2,379,573)</u>	<u>(447,168)</u>
Increase in current liabilities			
Trade and other payables		2,825,631	1,482,566
		<u>446,058</u>	<u>1,035,398</u>
18.2 Cash and cash equivalents			
Cash and bank balances		2,397,952	1,109,212
Term deposit receipts		3,500,000	4,100,000
		<u>5,897,952</u>	<u>5,209,212</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months ended September 30, 2021

19. 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:

	(Un-audited) Nine months ended September 30, 2021	(Un-audited) Nine months ended September 30, 2020
	----- Rupees in '000-----	
Group companies		
Sale of goods	648,802	451,529
Purchase of materials	7,453,511	4,876,118
Technical service fee	156,565	137,696
Reimbursement of expenses - net	111,651	331,793
Other income	57,581	68,459
Retirement fund:		
Contribution to Pension fund	176,343	171,758
Contribution to Provident fund	93,219	86,768
Contribution to Gratuity fund	10,416	2,364
Dividend:		
Payable / paid to Abbott Asia Investments Limited	3,431,675	1,715,838
Paid to Pension Fund	19,741	9,871
Paid to Provident Fund	22,092	11,046
Key management personnel:		
Remuneration and other short-term employee benefits	306,835	258,536
Post-employment benefits	30,709	25,354

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2021

20. SEGMENT ANALYSIS

20.1 Segment wise operating results for nine months ended (Un-audited):

	September 30, 2021					September 30, 2020				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	22,015,396	9,339,891	2,813,595	900,542	35,069,424	18,489,848	7,282,019	1,392,569	687,747	27,852,183
Less:										
Sales return and discount	1,884,004	526,930	124,571	53,261	2,588,766	1,574,416	441,390	57,251	55,733	2,128,790
Sales tax and excise duty	-	951,618	22,300	59,451	1,033,369	-	699,583	10,436	41,462	751,481
Sales - net	20,131,392	7,861,343	2,666,724	787,830	31,447,289	16,915,432	6,141,046	1,324,882	590,552	24,971,912
Cost of sales	(12,753,832)	(4,130,246)	(1,939,320)	(491,998)	(19,315,396)	(11,428,691)	(3,378,632)	(1,099,292)	(404,461)	(16,311,076)
Gross profit	7,377,560	3,731,097	727,404	295,832	12,131,893	5,486,741	2,762,414	225,590	186,091	8,660,836
Selling and distribution expenses	(3,267,268)	(1,244,129)	(167,454)	(206,602)	(4,885,453)	(2,572,370)	(844,057)	(138,856)	(107,098)	(3,662,381)
Administrative expenses	(463,663)	(72,889)	(14,059)	-	(550,611)	(413,059)	(54,479)	(13,099)	-	(480,637)
Segment result	3,646,629	2,414,079	545,891	89,230	6,695,829	2,501,312	1,863,878	73,635	78,993	4,517,818

20.2 Segment wise operating results for the three months ended (Un-audited):

	September 30, 2021					September 30, 2020				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	(Rupees '000)									
Sales	7,533,970	3,029,650	1,009,023	282,438	11,855,081	5,786,546	2,975,622	450,193	246,116	9,458,477
Less:										
Sales return and discount	621,453	171,032	58,617	20,495	871,597	484,467	178,514	27,152	4,910	695,043
Sales tax and excise duty	-	309,056	6,507	18,615	334,178	-	300,851	4,614	19,729	325,194
Sales - net	6,912,517	2,549,562	943,899	243,328	10,649,306	5,302,079	2,496,257	418,427	221,477	8,438,241
Cost of sales	(4,456,943)	(1,453,749)	(689,276)	(155,233)	(6,755,201)	(3,722,975)	(1,294,450)	(358,452)	(161,605)	(5,537,482)
Gross profit	2,455,574	1,095,813	254,623	88,095	3,894,105	1,579,104	1,201,807	59,975	59,872	2,900,759
Selling and distribution expenses	(1,134,285)	(440,485)	(58,170)	(66,080)	(1,699,020)	(945,106)	(301,019)	(38,081)	(41,181)	(1,325,387)
Administrative expenses	(185,761)	(26,245)	(4,449)	-	(216,455)	(146,407)	(17,545)	(2,177)	-	(166,129)
Segment result	1,135,528	629,083	192,004	22,015	1,978,630	487,591	883,243	19,717	18,691	1,409,243

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2021

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

	Nine months ended		Three Months Ended	
	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
	----- Rupees in '000 -----			
Total segment results	6,695,829	4,517,818	1,978,630	1,409,243
Other income	526,335	583,200	146,425	116,265
Other charges	(752,640)	(565,592)	(330,907)	(159,391)
Finance costs	(50,218)	(41,247)	(9,150)	(13,179)
Profit before taxation	6,419,306	4,494,179	1,784,998	1,352,938

20.4 Geographical information (Un-audited)

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

Pakistan	29,813,937	23,762,055	10,060,977	7,764,920
Afghanistan	972,904	715,265	293,598	484,587
Srilanka	11,646	43,063	4,679	5,418
Switzerland	648,802	451,529	290,052	183,316
	31,447,289	24,971,912	10,649,306	8,438,241

20.5 Segment Assets and Liabilities

	UNAUDITED					AUDITED				
	September 30, 2021					December 31, 2020				
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
	----- (Rupees '000) -----									
Segment assets employed	13,440,426	2,145,063	3,084,460	123,874	18,793,823	11,593,408	1,089,473	3,205,432	68,517	15,954,830
Unallocated corporate assets					10,145,647					8,960,914
Total reported assets					28,939,470					24,915,744
Segment liabilities	7,575,938	1,136,892	1,290,502	144,483	10,147,815	5,221,834	972,307	714,521	80,073	6,988,735
Unallocated corporate liabilities					3,023,846					2,336,757
Total liabilities					13,171,661					9,325,492

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2021

21. 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

22. DATE OF AUTHORISATION

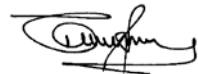
These condensed interim financial statements were authorised for issue on October 26, 2021 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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