



Abbott Pakistan

Un-Audited Financial Statements for the Quarter
and Nine Months Ended September 30, 2020



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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

SHARE REGISTRAR

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

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)

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, 2020 as well as for the third quarter ended September 30, 2020.

FINANCIAL HIGHLIGHTS

For nine months' period ended September 30, 2020

Sales for the nine months increased by 12% over the same period last year. Pharmaceutical sales increased by 8%, whereas Nutritional sales increased by 35% mainly driven by increase in sales of adult nutritional supplements.

Gross profit margin of your Company improved to 36% versus 28% during the same period last year substantially contributed by the improved performance of our Nutritional segment. Gross profit margin for the pharmaceutical segment increased to 32% from 31% whereas the gross profit margin for Nutritional increased to 45% from 17% for the same period last year.

Selling and distribution expenses reduced as a percentage of sales mainly on account of reduced travelling and sales promotional activities due to COVID.

Other income registered an increase of 135% versus the same period last year primarily on account of liabilities written back. Overall, the profit after tax increased by 302% due to the reasons mentioned above.

For Third quarter ended September 30, 2020

Sales for the quarter increased by 21% over the same period last year. Pharmaceutical sales increased by 16% whereas sales for nutrition increased by 52% 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 35% from 25% during the same period last year. Gross profit margin for the pharmaceutical segment was 30% whereas the gross profit margin for the Nutritional segment increased to 48% versus 20% during the same period last year.

Selling and distribution expenses increased by 12%, driven mainly by the increase of sales promotional activities post easing of lockdown restrictions. As a result of reasons mentioned above, profit after tax has increased by Rs. 720 million in the quarter.

FUTURE OUTLOOK

COVID-19 pandemic continues to disrupt business operation worldwide. Despite the challenging operating environment, your Company has been able to continue its operations with strict SOPs ensuring the safety of its employees as well as its products' availability in the market.

Your Company remains cognizant of the challenges posed by COVID-19 and is continually re-assessing and re-aligning its strategy to better cope with the posed challenges



Chief Executive



Director

Karachi: October 27th, 2020

30 ستمبر 2020ء کو ختم ہونے والی تیسری سہ ماہی کے لیے

سہ ماہی کی سیلز پچھلے سال کی اسی مدت کے مقابلے میں 21 فیصد بڑھی۔ فارماسوٹیکل کی سیلز 16 فیصد بڑھی، جبکہ نیوٹریشل کی فروخت میں 52 فیصد اضافہ ہوا جس کا بنیادی سبب بالغوں کی غذائی سپلیمنٹس کی سیلز بڑھنا تھا۔

ایک سالہ نتائج کی طرح، فارماسوٹیکل کاروبار کے مجموعی منافع کی شرح گذشتہ سال کی اسی مدت کی شرح 25 فیصد سے بڑھ کر 35 فیصد ہو گئی۔ فارماسوٹیکل کی مجموعی منافع کی شرح 30 فیصد رہی جبکہ نیوٹریشل زمرے کی مجموعی منافع کی شرح گذشتہ سال کی اسی مدت کی شرح 20 فیصد سے بڑھ کر 48 فیصد ہو گئی۔

فروخت اور تقسیم کے اخراجات 12 فیصد بڑھ گئے، جس کی بنیادی وجہ لاک ڈاؤن کی پابندیوں میں آسانی کے بعد سیلز پروموشنل کی سرگرمیوں میں اضافہ ہے۔ مذکورہ بالا اسباب کی بنا پر سہ ماہی میں بعد از ٹیکس منافع میں 720 ملین روپے کا اضافہ ہوا۔

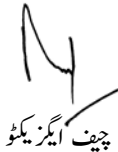
مستقبل کا منظر نامہ

COVID-19 وبائی امراض نے دنیا بھر میں کاروباری سرگرمیوں کو متاثر کیا ہے مشکل آپریٹنگ ماحول کے باوجود، آپ کی کمپنی سخت ایس او پیز کے ذریعہ اپنے عمل کو جاری رکھنے میں کامیاب رہی ہے اور اپنے ملازمین کی حفاظت کے ساتھ ساتھ مصنوعات کی مارکیٹ میں دستیابی کو بھی یقینی بناتی ہے۔

آپ کی کمپنی COVID-19 کے وجہ سے درپیش دشواریوں سے آگاہ ہے اور درپیش چیلنجوں سے بہتر طور پر نمٹنے کے لئے اپنی حکمت عملی کا ازسرنو جائزہ لے رہی ہے۔



ڈائریکٹر



چیف اینلیسٹ

کراچی: 27 اکتوبر 2020ء

ڈائریکٹران کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کے 30 ستمبر 2020ء کو ختم ہونے والی نو ماہ کی مدت، اور ساتھ ساتھ 30 ستمبر 2020ء کو ختم ہونے والی تیسری سہ ماہی کے بھی یہ غیر آڈٹ شدہ عبوری مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اہم مالی جھلکیاں

30 ستمبر 2020ء کو ختم ہونے والی نو ماہ کی مدت کے لیے

نو ماہی مدت کی سیلز پچھلے سال کی اسی مدت کے مقابلے میں 12 فیصد بڑھی۔ فارماسوٹیکل کی سیلز 8 فیصد بڑھی جبکہ نیوٹریشل (غذائی مصنوعات) کی فروخت میں 35 فیصد اضافہ ہوا جس میں بنیادی حصہ بالغوں کی غذائی مصنوعات کا تھا۔

آپ کی کمپنی کا خام منافع (Gross profit) گذشتہ سال کی اسی مدت کے مقابلے میں 28 فیصد سے بہتر ہو کر 36 فیصد ہو گیا۔ اس کا بنیادی سبب نیوٹریشل زمرے کی بہتر کارکردگی ہے۔ فارماسوٹیکل زمرے کا خام منافع 31 فیصد سے بڑھ کر 32 فیصد ہو گیا جبکہ نیوٹریشل زمرے کا خام منافع 17 فیصد سے بڑھ کر 45 فیصد ہو گیا۔

فروخت اور تقسیم کے اخراجات فروخت کی فیصد کے طور پر کم ہوئے جس کی بنیادی وجوہات COVID کی وجہ سے کم سفری اخراجات اور سیلز پرموشنل کی سرگرمیوں میں کمی ہے۔

دوسری آمدنی میں بنیادی طور پر واپس لی گئی واجبات کی بنا پر پچھلے سال اسی مدت کے مقابلے میں 135 فیصد کا اضافہ ریکارڈ کیا گیا۔ مذکورہ وجوہات کی وجہ سے مجموعی طور پر منافع بعد از ٹیکس میں 302 فیصد کا اضافہ ہوا۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
-----Rupees in '000-----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	3	8,213,588	8,267,557
- Intangible assets		71,796	78,372
		<u>8,285,384</u>	<u>8,345,929</u>
Long-term loans and advances		71,299	57,496
Long-term deposits		7,513	7,513
Long-term prepayments		2,061	3,880
		<u>8,366,257</u>	<u>8,414,818</u>
CURRENT ASSETS			
Stores and spares		259,004	276,322
Stock-in-trade	4	6,816,569	6,049,215
Trade debts		525,828	903,829
Loans and advances	5	434,207	133,171
Trade deposits and short-term prepayments	6	566,429	559,152
Interest accrued		6,527	6,288
Other receivables		406,035	639,215
Taxation - net		793,523	1,013,151
Cash and bank balances	7	5,209,212	2,757,519
		<u>15,017,334</u>	<u>12,337,862</u>
TOTAL ASSETS		<u><u>23,383,591</u></u>	<u><u>20,752,680</u></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	8	979,003	979,003
Reserves			
- Capital		735,669	649,470
- Revenue		12,646,671	11,743,920
		<u>13,382,340</u>	<u>12,393,390</u>
		<u>14,361,343</u>	<u>13,372,393</u>
NON-CURRENT LIABILITIES			
Deferred taxation		287,208	239,609
Long-term lease liabilities	9	381,459	297,727
		668,667	537,336
CURRENT LIABILITIES			
Trade and other payables	10	8,193,280	6,710,714
Current maturity of lease liabilities	9	102,686	83,412
Unclaimed dividends		57,615	48,825
		8,353,581	6,842,951
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>23,383,591</u></u>	<u><u>20,752,680</u></u>

The annexed notes 1 to 17 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 Quarter Ended September 30, 2020

	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Note -----	Rupees in '000-----			
NET SALES				
Local	23,762,055	20,546,038	7,764,920	6,173,012
Export	1,209,857	1,734,315	673,321	801,819
	<u>24,971,912</u>	<u>22,280,353</u>	<u>8,438,241</u>	<u>6,974,831</u>
Cost of sales	(16,029,032)	(15,964,549)	(5,451,200)	(5,255,613)
GROSS PROFIT	<u>8,942,880</u>	<u>6,315,804</u>	<u>2,987,041</u>	<u>1,719,218</u>
Selling and distribution expenses	(3,944,425)	(3,927,475)	(1,411,669)	(1,263,603)
Administrative expenses	(480,637)	(477,102)	(166,129)	(135,858)
Other charges	(565,592)	(449,978)	(159,391)	64,958
Other income	583,200	247,821	116,265	54,816
12	(4,407,454)	(4,606,734)	(1,620,924)	(1,279,687)
	<u>4,535,426</u>	<u>1,709,070</u>	<u>1,366,117</u>	<u>439,531</u>
Finance costs	(41,247)	(34,801)	(13,179)	(13,325)
PROFIT BEFORE TAXATION	<u>4,494,179</u>	<u>1,674,269</u>	<u>1,352,938</u>	<u>426,206</u>
Taxation				
- Current	(1,339,852)	(823,598)	(354,098)	(206,059)
- Prior	(1,220)	(91,811)	-	-
- Deferred	(47,599)	13,377	(13,396)	45,644
	<u>(1,388,671)</u>	<u>(902,032)</u>	<u>(367,494)</u>	<u>(160,415)</u>
NET PROFIT FOR THE PERIOD	<u>3,105,508</u>	<u>772,237</u>	<u>985,444</u>	<u>265,791</u>
BASIC AND DILUTED EARNINGS PER SHARE (Rs. per share)	<u>31.72</u>	<u>7.89</u>	<u>10.07</u>	<u>2.71</u>

The annexed notes 1 to 17 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 Quarter Ended September 30, 2020

	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	-----Rupees in '000-----			
Profit for the period	3,105,508	772,237	985,444	265,791
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>3,105,508</u>	<u>772,237</u>	<u>985,444</u>	<u>265,791</u>

The annexed notes 1 to 17 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 Nine Months and Quarter Ended September 30, 2020

September 30, 2020 September 30, 2019

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

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	13	6,201,655	(155,197)
Income taxes paid		(1,121,444)	(1,394,076)
Long-term loans and advances - net		(13,803)	1,401
Long-term deposits - net		-	-
Long-term prepayments - net		1,819	(612)
Net cash inflow / (outflow) from operating activities		<u>5,068,227</u>	<u>(1,548,484)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure		(584,730)	(1,331,659)
Acquisition of intangible asset		(9,879)	-
Sale proceeds from disposal of property, plant and equipment		58,376	61,170
Interest income		250,894	200,985
Net cash outflow from investing activities		<u>(285,339)</u>	<u>(1,069,504)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Finance costs paid		(41,641)	(26,116)
Lease rentals paid		(95,587)	(112,461)
Dividends paid		(2,193,967)	(994,669)
Net cash outflow from financing activities		<u>(2,331,195)</u>	<u>(1,133,246)</u>

NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS 2,451,693 (3,751,234)


CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD 2,757,519 5,678,136

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 5,209,212 1,926,902

The annexed notes 1 to 17 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 Nine Months and Quarter Ended September 30, 2020

	Reserves					Total Equity	
	Capital Reserves		Revenue Reserves		Total		
	Reserve arising on Merger	Other	General Reserves	Un-ap- propriated Profit			
Share Capital	(Rupees '000)						
Balance as at January 1, 2019	979,003	46,097	487,686	5,338,422	6,383,803	12,256,008	13,235,011
Impact of initial application of IFRS 9	-	-	-	-	4,943	4,943	4,943
Balance as at January 1, 2019 - adjusted	979,003	46,097	487,686	5,338,422	6,388,746	12,260,951	13,239,954
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2018 @ Rs. 10 per share declared subsequent to the year end	-	-	-	-	(979,003)	(979,003)	(979,003)
Employee benefit cost under IFRS 2 - "Share based payment"	-	-	86,619	-	-	86,619	86,619
Total comprehensive income for the period ended September 30, 2019							
Net profit for the period	-	-	-	-	772,237	772,237	772,237
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	772,237	772,237	772,237
Balance as at September 30, 2019	<u>979,003</u>	<u>46,097</u>	<u>574,305</u>	<u>5,338,422</u>	<u>6,181,980</u>	<u>12,140,804</u>	<u>13,119,807</u>
Balance as at January 01, 2020	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, 2020 @ Rs. 7.5 per share declared subsequent to the year end	-	-	-	-	(734,252)	(734,252)	(734,252)
Interim dividend for the year ending December 31, 2020 @ Rs. 15.0 per share declared to subsequent the year end	-	-	-	-	(1,468,505)	(1,468,505)	(1,468,505)
Employee benefit cost under IFRS 2 - "Share based payment"	-	-	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	<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>

The annexed notes 1 to 17 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 Nine Months and Quarter Ended September 30, 2020

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 – “Interim Financial Reporting” and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2019. These condensed interim financial statements are unaudited.

2.2 Significant events affecting the Company's financial position and performance

During the year, the World Health Organization declared COVID-19 a global pandemic. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. However, the Company, being part of the pharmaceutical sector, did not encounter severe disruption in its operations.

After implementing the necessary Standard Operating Procedures (SOPs) to ensure safety of its employees, the Company continued to carry out its operations in order to ensure its products' availability in the market.

2.3 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2019.

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 3 – Definition of a Business
 IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform
 IFRS 16 - COVID 19 Related Rent Concessions
 IAS 1 and IAS 8 – Definition of Material

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

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

2.4 Accounting estimates and judgments

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended December 31, 2019.

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
	NOTE	-----Rupees in '000-----	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	7,090,256	6,608,821
Capital work-in-progress	3.1	639,492	1,268,799
Right-of-use assets	3.2	483,840	389,937
		<u>8,213,588</u>	<u>8,267,557</u>

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

	Additions	Disposals	
		Cost	Accumulated Depreciation
	-----Rupees in '000-----		
Buildings on freehold land	207,057	-	-
Plant and machinery	846,285	-	-
Vehicles	45,938	36,264	16,320
Computers	5,207	-	-
Service equipment	109,550	191,728	188,033
Capital work-in-progress - net transfers	(629,307)	-	-
	<u>584,730</u>	<u>227,992</u>	<u>204,353</u>

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	

3.2 Right-of-use assets

The Company has recognised right-of-use assets in respect of the following leases:

Vehicles	476,431	358,445
Warehouses, sales offices and city office	7,409	31,492
	<u>483,840</u>	<u>389,937</u>

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

	Additions	Disposals	
		Cost	Accumulated Depreciation
	-----Rupees in '000-----		
Vehicles	198,987	43,118	9,357

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	
4. STOCK-IN-TRADE		
Raw and packing materials	3,530,462	3,165,804
Work-in-process	363,360	328,896
Finished goods	3,450,048	2,972,399
	<u>7,343,870</u>	<u>6,467,099</u>
Less: Provision for slow moving and obsolete items	527,301	417,884
	<u>6,816,569</u>	<u>6,049,215</u>

5. LOANS AND ADVANCES

Represent loans and advances amounting to Rs. 32.809 million and Rs. 401.398 million (December 31, 2019: Rs. 32.550 million and Rs. 100.621 million), respectively, net of allowance.

6. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represent trade deposits and short-term prepayments amounting to Rs. 424.520 million and Rs. 141.909 million (December 31, 2019: Rs. 344.105 million and Rs. 215.047 million), respectively, net of provision.

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	
7. CASH AND BANK BALANCES		
With banks		
Savings accounts:		
- Local currency	525,272	53,454
Deposit accounts:		
- Local currency	4,100,000	2,200,000
Current accounts:		
- Local currency	6,575	5,020
- Foreign currency	523,820	476,354
	530,395	481,374
In hand		
- Local currency	2,969	2,972
- Foreign currency	4,934	2,160
	7,903	5,132
Cheques and drafts in hand and in transit	45,642	17,559
	<u>5,209,212</u>	<u>2,757,519</u>

8. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at September 30, 2020, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 (December 31, 2019: 76,259,454) shares. The ultimate holding company is Abbott Laboratories, USA.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

9. LEASE LIABILITIES

	(Un-audited)			(Audited)		
	September 30, 2020			December 31, 2019		
	(Rupees in '000)					
	Minimum lease payments	Financial charge for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charge for future periods	Present value of minimum lease payments
Not later than one year	136,646	33,960	102,686	130,612	47,200	83,412
Later than one year but not later than five years	427,613	46,154	381,459	369,183	71,456	297,727
Total	564,259	80,114	484,145	499,795	118,656	381,139

10. TRADE AND OTHER PAYABLES

Includes accrued liabilities and bills payable amounting to Rs. 3,182.121 million and Rs. 1,382.619 million (December 31, 2019: Rs. 2,285.801 million and Rs. 1,496.409 million), respectively.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Following are the change in the status of contingencies as reported in annual financial statements for the year ended December 31, 2019:

- 11.1.1 During March 2019, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance (ITO), 2001 for tax year 2018. The proceedings were concluded in December 2019 and an order was issued amounting to Rs. 243.572 million on various contentions. During the period, the Company, in line with the advice of its legal and tax advisors filed a rectification application u/s 221 of the ITO, 2001, an appeal, and stay application before the CIRA. 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. 2.253 million were decided in favour of the tax department.
- 11.1.2 The Deputy Commissioner Inland Revenue (DCIR) while finalizing the sales tax audit for tax year 2016 has issued an order raising a demand of Rs. 115.749 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 were finalised, whereby CIRA deleted the existing demand on the matter of excess claim of input tax, whilst CIRA upheld the decision of the DCIR on the matter of advances from customers amounting to Rs. 0.263 million.
- 11.1.3 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 various contentions. Subsequent to the period end, the Company, in line with the advice of its legal and tax advisors has filed an appeal and stay application before the CIRA.
- 11.1.4 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

11.2 Commitments

- 11.2.1 Commitments for capital expenditure as at September 30, 2020 aggregated to Rs. 295.873 million (December 31, 2019: Rs. 357.584 million).
- 11.2.2 Commitments in respect of letters of credit as at September 30, 2020 aggregated to Rs. 619.894 million (December 31, 2019: Rs. 309.195 million).
- 11.2.3 The Company has given bank guarantees of Rs. 290.702 million (December 31, 2019: Rs. 275.145 million) to the Customs Department, a utility company and other institutions against tenders.
- 11.2.4 The Company has obtained short term financing facilities from various commercial banks aggregating to Rs. 1,800 million (December 31, 2019: Rs. 1,800 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. 250 million (December 31, 2019: Rs. 250 million). The running finance / short term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (December 31, 2019: 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 utilised any amount against running finance / short term loan facilities at the condensed interim statement of financial position date.

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Note	---- Rupees in '000----	----

12. OTHER INCOME

Income from financial assets

Income from savings and deposit accounts	251,133	194,669
--	---------	---------

Income from non-financial assets

Other income	68,459	41,425
Reversal of provision for doubtful receivables	-	84
Scrap sales	9,060	11,643
Gain on disposal of property, plant and equipment	976	-
Liabilities no longer required written back	253,572	-
12.1	332,067	53,152
	583,200	247,821

- 12.1 This represents liabilities written back in respect of PC support services.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

		Nine months ended September 30, 2020	Nine months ended September 30, 2019
		---- Rupees in '000----	
13. CASH GENERATED FROM OPERATIONS	Note		
Profit before taxation		4,494,179	1,674,269
Adjustment for non-cash changes and other items:			
Depreciation		708,963	648,207
Right-of-use assets		71,323	75,073
Amortisation on intangible assets		16,455	6,092
(Gain) / loss on disposal of property, plant and equipment		(976)	12,488
Interest income		(251,133)	(194,669)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation		86,199	86,619
Finance costs		41,247	34,801
Working capital changes	13.1	1,035,398	(2,498,077)
		<u>6,201,655</u>	<u>(155,197)</u>
13.1 Working capital changes			
(Increase) / decrease in current assets net of provision			
Stores and spares		17,318	(60,776)
Stock-in-trade		(767,354)	(3,293,335)
Trade debts		378,001	278,848
Loans and advances		(301,036)	(146,609)
Trade deposits and short-term prepayments		(7,277)	4,815
Other receivables		233,180	(172,060)
		<u>(447,168)</u>	<u>(3,389,117)</u>
Increase in current liabilities			
Trade and other payables		1,482,566	891,040
		<u>1,035,398</u>	<u>(2,498,077)</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

14. 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 are as follows:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
	---- Rupees in '000----	
Group companies		
Sale of goods	451,529	756,803
Purchase of materials	4,876,118	6,273,439
Technical service fee	137,696	119,981
Reimbursements from a related party on account of:		
Reimbursement of expenses - net	331,793	129,460
Other income	68,459	41,425
Retirement fund:		
- Paid to Pension fund	171,758	165,236
- Paid to Provident Fund	86,768	79,232
Dividend:		
- Paid to Abbott Asia Investments Limited	1,715,838	762,595
- Paid to Pension Fund	9,871	4,387
- Paid to Provident Fund	11,046	4,909
Key management personnel:		
Short-term employee benefits	258,536	265,060
Post-employment benefits	25,354	25,645

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

15. SEGMENT ANALYSIS

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

	September 30, 2020				September 30, 2019			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	Rupees in '000							
Sales	16,999,651	6,860,790	2,035,066	25,895,507	15,806,544	4,993,982	2,150,758	22,951,284
Less:								
Sales return and discount	84,219	20,161	67,734	172,114	132,890	11,255	39,419	183,564
Sales tax and excise duty	-	699,583	51,898	751,481	-	437,692	49,675	487,367
Sales - net	16,915,432	6,141,046	1,915,434	24,971,912	15,673,654	4,545,035	2,061,664	22,280,353
Cost of sales	(11,428,691)	(3,378,632)	(1,221,709)	(16,029,032)	(10,886,699)	(3,754,022)	(1,323,828)	(15,964,549)
Gross profit	5,486,741	2,762,414	693,725	8,942,880	4,786,955	791,013	737,836	6,315,804
Selling and distribution expenses	(2,572,370)	(844,057)	(527,998)	(3,944,425)	(2,622,284)	(799,879)	(505,312)	(3,927,475)
Administrative expenses	(413,059)	(54,479)	(13,099)	(480,637)	(412,128)	(53,403)	(11,571)	(477,102)
Segment result	2,501,312	1,863,878	152,628	4,517,818	1,752,543	(62,269)	220,953	1,911,227

15.2 Segment wise operating results for the third quarter (Un-audited):

	September 30, 2020				September 30, 2019			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	Rupees in '000							
Sales	5,335,312	2,801,728	696,466	8,833,506	4,665,667	1,798,161	781,805	7,245,633
Less:								
Sales return and discount	33,233	4,620	32,062	69,915	75,521	2,570	11,392	89,483
Sales tax and excise duty	-	300,851	24,499	325,350	-	155,793	25,526	181,319
Sales - net	5,302,079	2,496,257	639,905	8,438,241	4,590,146	1,639,798	744,887	6,974,831
Cost of sales	(3,722,975)	(1,294,450)	(433,775)	(5,451,200)	(3,465,367)	(1,315,059)	(475,187)	(5,255,613)
Gross profit	1,579,104	1,201,807	206,130	2,987,041	1,124,779	324,739	269,700	1,719,218
Selling and distribution expenses	(945,106)	(301,019)	(165,544)	(1,411,669)	(808,831)	(274,817)	(179,955)	(1,263,603)
Administrative expenses	(146,407)	(17,545)	(2,177)	(166,129)	(117,423)	(16,468)	(1,967)	(135,858)
Segment result	487,591	883,243	38,409	1,409,243	198,525	33,454	87,778	319,757

15.3 Reconciliation of segment results with profit before taxation

	Un-audited		Un-audited	
	Jan - Sep 2020	Jan - Sep 2019	Jul - Sep 2020	Jul - Sep 2019
	Rupees in '000			
Total segment results	4,517,818	1,911,227	1,409,243	319,757
Other income	583,200	247,821	116,265	54,816
Other charges	(565,592)	(449,978)	(159,391)	64,958
Finance costs	(41,247)	(34,801)	(13,179)	(13,325)
Profit before taxation	4,494,179	1,674,269	1,352,938	426,206

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

15.4 Geographical information:

Un-audited		Un-audited	
Jan - Sep 2020	Jan - Sep 2019	Jul - Sep 2020	Jul - Sep 2019

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

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

Pakistan	23,762,055	20,546,038	7,764,920	6,173,012
Afghanistan	715,265	903,825	484,587	379,112
Sri Lanka	43,063	39,950	5,418	28,934
Bangladesh	-	33,737	-	-
Switzerland	451,529	756,803	183,316	393,773
	<u>24,971,912</u>	<u>22,280,353</u>	<u>8,438,241</u>	<u>6,974,831</u>

15.5 Segment Assets and Liabilities

Un-audited				Audited			
September 30, 2020				December 31, 2019			
Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total

----- (Rupees '000) -----

Segment assets employed	12,391,071	1,371,857	2,610,978	16,373,906	11,955,385	1,342,100	3,074,762	16,372,247
Unallocated corporate assets				7,009,685				4,380,433
Total reported assets				<u>23,383,591</u>				<u>20,752,680</u>
Segment liabilities	5,054,803	822,399	377,060	6,254,262	4,670,954	614,597	566,176	5,851,727
Unallocated corporate liabilities				2,767,986				1,528,560
Total liabilities				<u>9,022,248</u>				<u>7,380,287</u>

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2019. There have been no changes in any risk management policies since the year end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Nine Months and Quarter Ended September 30, 2020

16.1 Fair value of financial assets and liabilities

As of the statement of financial position date, the Company does not have any financial instruments measured at fair value.

17. DATE OF AUTHORISATION

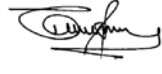
These condensed interim financial statements were authorised for issue on October 27, 2020 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER








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





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