

**Abbott Laboratories (Pakistan) Limited**

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Abbott Laboratories (Pakistan) Limited

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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, 2020 as well as for the second quarter ended June 30, 2020.

FINANCIAL HIGHLIGHTSFor six months' period ended June 30, 2020

Sales for the half year increased by 8% over the same period last year. Pharmaceutical sales increased by 5%, whereas Nutritional sales increased by 25% mainly driven by increase in sales of adult nutritional supplements.

Gross profit margin of your Company improved to 36% versus 30% during the same period last year substantially contributed by the improved performance by our Nutritional segment. Gross profit margin for the pharmaceutical segment increased to 34% from 33% whereas the gross profit margin for Nutritional increased to 43% from 16% for the same period last year.

Selling and distribution expenses decreased by 5% mainly on account of reduced travelling and sales promotional activities due to COVID.

Other income registered an increase of 142% versus the same period last year primarily on account of liabilities written back. Overall, the profit after tax increased by 319% due to the reasons mentioned above.

For second quarter ended June 30, 2020

Sales for the quarter increased by 5% over the same period last year. Pharmaceutical sales increased by 1% whereas sales for nutrition increased by 31% 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 36% from 30% during the same period last year. Gross profit margin for the pharmaceutical segment was 33% whereas the gross profit margin for the Nutritional segment increased to 45% versus 14% during the same period last year.

Operating expenses remained at the same value as last year, whilst Other charges registered a decrease of 58% primarily by lower exchanges losses versus the same period last year. Other income increased by 333% as a result of reason mentioned above.

As a result of reasons mentioned above, profit after tax has increased by Rs. 1.08 billion 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: August 27th, 2020

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 2020** 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 for the three months ended 30 June 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

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 **Tariq Feroz Khan**.

EY Ford Rhodes

Chartered Accountants
Place: Karachi
Date: 28 August 2020

ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30, 2020 ----- Rupees in '000 ----- (Un-audited)	December 31, 2019 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	3	8,230,485	8,267,557
- Intangible assets		77,336	78,372
		8,307,821	8,345,929
Long-term loans and advances		69,188	57,496
Long-term deposits		7,513	7,513
Long-term prepayments		1,769	3,880
		78,470	68,889
		8,386,291	8,414,818
CURRENT ASSETS			
Stores and spares		235,394	276,322
Stock-in-trade	4	6,513,403	6,049,215
Trade debts		826,220	903,829
Loans and advances	5	420,254	133,171
Trade deposits and short-term prepayments	6	588,283	559,152
Interest accrued		5,567	6,288
Other receivables		475,926	639,215
Taxation - net		777,577	1,013,151
Cash and bank balances	7	5,857,475	2,757,519
		15,700,099	12,337,862
TOTAL ASSETS		24,086,390	20,752,680
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 ordinary shares of Rs.10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital			
	8	979,003	979,003
Reserves			
- Capital		706,936	649,470
- Revenue		13,129,732	11,743,920
		13,836,668	12,393,390
		14,815,671	13,372,393
NON-CURRENT LIABILITIES			
Deferred taxation		273,812	239,609
Long-term lease liabilities	9	340,716	297,727
		614,528	537,336
CURRENT LIABILITIES			
Trade and other payables	10	7,996,706	6,710,714
Current maturity of lease liabilities	9	95,755	83,412
Unclaimed dividends		48,979	48,825
Unpaid dividends		514,751	-
		8,656,191	6,842,951
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	11	24,086,390	20,752,680

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS AND QUARTER ENDED JUNE 30, 2020
(UN-AUDITED)

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000 -----				
SALES - NET				
Local	15,997,135	14,373,026	8,170,871	7,631,664
Export	536,536	932,496	301,307	458,059
	<u>16,533,671</u>	<u>15,305,522</u>	<u>8,472,178</u>	<u>8,089,723</u>
Cost of sales	(10,577,832)	(10,708,936)	(5,455,371)	(5,661,587)
GROSS PROFIT	<u>5,955,839</u>	<u>4,596,586</u>	<u>3,016,807</u>	<u>2,428,136</u>
Selling and distribution expenses	(2,532,756)	(2,663,872)	(1,169,039)	(1,158,345)
Administrative expenses	(314,508)	(341,244)	(159,920)	(163,472)
Other charges	(406,201)	(514,936)	(187,524)	(442,658)
Other income	466,935	193,005	366,999	84,712
	<u>(2,786,530)</u>	<u>(3,327,047)</u>	<u>(1,149,484)</u>	<u>(1,679,763)</u>
	<u>3,169,309</u>	<u>1,269,539</u>	<u>1,867,323</u>	<u>748,373</u>
Finance costs	(28,068)	(21,476)	(14,493)	(13,403)
PROFIT BEFORE TAXATION	<u>3,141,241</u>	<u>1,248,063</u>	<u>1,852,830</u>	<u>734,970</u>
Taxation				
- Current	(985,754)	(617,539)	(561,075)	(400,085)
- Prior	(1,220)	(91,811)	-	(91,811)
- Deferred	(34,203)	(32,267)	(34,208)	(64,297)
	<u>(1,021,177)</u>	<u>(741,617)</u>	<u>(595,283)</u>	<u>(556,193)</u>
NET PROFIT FOR THE PERIOD	<u><u>2,120,064</u></u>	<u><u>506,446</u></u>	<u><u>1,257,547</u></u>	<u><u>178,777</u></u>
BASIC AND DILUTED EARNINGS PER SHARE (Rs. per share)	<u><u>21.66</u></u>	<u><u>5.17</u></u>	<u><u>12.85</u></u>	<u><u>1.83</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS AND QUARTER ENDED JUNE 30, 2020
(UN-AUDITED)

Six Months Ended		Three Months Ended	
June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019

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

Profit for the period	2,120,064	506,446	1,257,547	178,777
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>2,120,064</u>	<u>506,446</u>	<u>1,257,547</u>	<u>178,777</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements. *RM*


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(UN-AUDITED)

	June 30, 2020	June 30, 2019
Note	---- Rupees in '000 ----	
13	4,374,987 (751,400) (11,692) 2,111 <hr/> 3,614,006	296,772 (952,650) 726 927 <hr/> (654,225)
	(399,621) (9,879) 19,779 174,245 (215,476)	(946,885) - 38,719 165,366 (742,800)
	(27,377) (51,850) (219,347) <hr/> (298,574)	(15,305) (89,333) (982,487) <hr/> (1,087,125)
	3,099,956 2,757,519 <hr/> 5,857,475	(2,484,150) 5,678,136 <hr/> 3,193,986

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(UN-AUDITED)

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 December 31, 2018	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)
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Employee benefit cost under IFRS 2 - "Share based payment"

-	-	52,973	-	-	52,973	52,973
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Total comprehensive income for the period ended June 30, 2019

Net profit for the period

-	-	-	-	506,446	506,446	506,446
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Other comprehensive income for the period

-	-	-	-	-	-	-
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Balance as at June 30, 2019

979,003	46,097	540,659	5,338,422	5,916,189	11,841,367	12,820,370
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Balance as at January 01, 2020

979,003	46,097	603,373	5,338,422	6,405,498	12,393,390	13,372,393
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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)
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Employee benefit cost under IFRS 2 - "Share based payment"

-	-	57,466	-	-	57,466	57,466
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Total comprehensive income for the period ended June 30, 2020

Net profit for the period

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

-	-	-	-	-	-	-
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Balance as at June 30, 2020

979,003	46,097	660,839	5,338,422	7,791,310	13,836,668	14,815,671
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The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABBOTT LABORATORIES (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 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.

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.

3. PROPERTY, PLANT AND EQUIPMENT

		June 30, 2020	December 31, 2019
	Note	--- Rupees in '000 --- (Un-audited)	(Audited)
Operating fixed assets	3.1	6,932,326	6,608,821
Capital work-in-progress	3.1	862,896	1,268,799
Right-of-use assets	3.2	435,263	389,937
		<u>8,230,485</u>	<u>8,267,557</u>

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- 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	90,969	-	-
Plant and machinery	566,026	-	-
Vehicles	40,318	15,585	5,373
Computers	5,207	-	-
Service equipment	103,004	-	-
Capital work-in-progress - net transfers	(405,903)	-	-
	<u>399,621</u>	<u>15,585</u>	<u>5,373</u>

3.2 Right-of-use assets

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

	June 30, 2020	December 31, 2019
	---- Rupees in '000 ----	
	(Un-audited)	(Audited)
Vehicles	424,565	358,445
Warehouses, sales offices and city office	10,698	31,492
	<u>435,263</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	106,491	12,754	2,764

4. STOCK-IN-TRADE

Raw and packing materials	3,577,930	3,165,804
Work-in-process	387,033	328,896
Finished goods	3,074,945	2,972,399
	<u>7,039,908</u>	<u>6,467,099</u>
Less: provision for slow moving and obsolete items	526,505	417,884
	<u>6,513,403</u>	<u>6,049,215</u>

5. LOANS AND ADVANCES

Represent loans and advances amounting to Rs. 32.210 million and Rs. 388.044 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. 426.312 million and Rs. 161.971 million (December 31, 2019: Rs. 344.105 million and Rs. 215.047 million), respectively, net of allowance.

7. CASH AND BANK BALANCES

With banks

Savings accounts:
- Local currency

848,684 53,454

Deposit accounts:
- Local currency

4,400,000 2,200,000

Current accounts:
- Local currency
- Foreign currency

4,814	5,020
513,215	476,354
518,029	481,374

In hand

- Local currency
- Foreign currency

2,645	2,972
4,540	2,160
7,185	5,132

Cheques and drafts in hand and in transit

83,577 17,559

5,857,475 2,757,519

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8. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at June 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.

9. LEASE LIABILITIES

The Company has recognised lease liabilities in respect of the following leases:

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	(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	124,646	28,891	95,755	130,612	47,200	83,412
Later than one year but not later than five years	383,735	43,019	340,716	369,183	71,456	297,727
Total	508,381	71,910	436,471	499,795	118,656	381,139

10. TRADE AND OTHER PAYABLES

Include accrued liabilities and bills payable amounting to Rs. 2,863.036 million and Rs. 1,661.689 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 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.
- 11.2 Commitments
- 11.2.1 Commitments for capital expenditure as at June 30, 2020 aggregated to Rs. 110.136 million (December 31, 2019: Rs. 357.584 million).
- 11.2.2 Commitments in respect of letters of credit as at June 30, 2020 aggregated to Rs. 786.769 million (December 31, 2019: Rs. 309.195 million).
- 11.2.3 The Company has given bank guarantees of Rs. 274.808 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.

		Six months ended June 30, 2020	Six months ended June 30, 2019
	Note	---- Rupees in '000----	
12. OTHER INCOME			
Income from financial assets			
Income from savings and deposit accounts		173,524	159,289
Income from non-financial assets			
Other income		34,595	19,880
Gain on disposal of property, plant and equipment - net		-	5,316
Scrap sales		5,245	8,520
Liabilities no longer required written back	12.1	253,572	-
		293,411	33,716
		466,935	193,005
12.1	This represents liabilities written back in respect of PC support services.		
13. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,141,241	1,248,063
Adjustment for non-cash changes and other items:			
Depreciation		471,807	419,859
Right-of-use assets		51,175	45,706
Amortisation on intangible assets		10,915	4,228
Loss / (Gain) on disposal of property, plant and equipment		423	(5,316)
Interest income		(173,524)	(159,289)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation		57,466	52,973
Finance costs		28,068	21,476
Working capital changes	13.1	787,416	(1,330,928)
		4,374,987	296,772
13.1 Working capital changes			
(Increase) / decrease in current assets net of provision			
Stores and spares		40,928	(53,789)
Stock-in-trade		(464,188)	(2,262,017)
Trade debts		77,609	286,665
Loans and advances		(287,083)	(168,039)
Trade deposits and short-term prepayments		(29,131)	(90,565)
Other receivables		163,289	(37,160)
		(498,576)	(2,324,905)
Increase in current liabilities			
Trade and other payables		1,285,992	993,977
		787,416	(1,330,928)

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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:

	Six months ended June 30, 2020	Six months ended June 30, 2019
	----- Rupees in '000-----	
Group companies		
Sale of goods	268,213	363,030
Purchase of materials	3,038,315	4,063,497
Technical service fee	97,984	85,175
Reimbursement of expenses - net	286,964	81,289
Other income	34,595	19,880
Retirement fund:		
- Contribution to Pension fund	112,833	107,830
- Contribution to Provident fund	56,794	51,700
Dividend:		
- Payable / Paid to Abbott Asia Investments Limited	571,946	762,595
- Paid to Pension Fund	3,290	4,387
- Paid to Provident Fund	3,682	4,909
Key management personnel:		
Short-term employee benefits	168,763	169,870
Post-employment benefits	16,571	16,537

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15. SEGMENT ANALYSIS

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

	June 30, 2020				June 30, 2019			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
----- Rupees in '000 -----								
Sales	11,664,339	4,059,062	1,338,600	17,062,001	11,140,877	3,195,821	1,368,953	15,705,651
Less:								
Sales return and discount	50,986	15,541	35,672	102,199	57,369	8,685	28,027	94,081
Sales tax and excise duty	-	398,732	27,399	426,131	-	281,899	24,149	306,048
Sales - net	11,613,353	3,644,789	1,275,529	16,533,671	11,083,508	2,905,237	1,316,777	15,305,522
Cost of sales	(7,705,716)	(2,084,182)	(787,934)	(10,577,832)	(7,421,332)	(2,438,963)	(848,641)	(10,708,936)
Gross profit	3,907,637	1,560,607	487,595	5,955,839	3,662,176	466,274	468,136	4,596,586
Selling and distribution expenses	(1,627,264)	(543,038)	(362,454)	(2,532,756)	(1,813,453)	(525,062)	(325,357)	(2,663,872)
Administrative expenses	(266,652)	(36,934)	(10,922)	(314,508)	(294,705)	(36,935)	(9,604)	(341,244)
Segment result	2,013,721	980,635	114,219	3,108,575	1,554,018	(95,723)	133,175	1,591,470

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

	June 30, 2020				June 30, 2019			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
----- (Rupees '000) -----								
Sales	6,001,289	2,134,872	608,938	8,745,099	5,974,100	1,617,200	710,521	8,301,821
Less:								
Sales return and discount	27,355	5,139	12,868	45,362	34,593	3,148	20,469	58,210
Sales tax and excise duty	-	207,199	20,360	227,559	-	145,260	8,628	153,888
Sales - net	5,973,934	1,922,534	575,710	8,472,178	5,939,507	1,468,792	681,424	8,089,723
Cost of sales	(4,011,253)	(1,055,644)	(388,474)	(5,455,371)	(3,986,610)	(1,269,356)	(405,621)	(5,661,587)
Gross profit	1,962,681	866,890	187,236	3,016,807	1,952,897	199,436	275,803	2,428,136
Selling and distribution expenses	(744,568)	(236,743)	(187,728)	(1,169,039)	(804,421)	(201,209)	(152,715)	(1,158,345)
Administrative expenses	(136,970)	(17,624)	(5,326)	(159,920)	(141,933)	(17,188)	(4,351)	(163,472)
Segment result	1,081,143	612,523	(5,818)	1,687,848	1,006,543	(18,961)	118,737	1,106,319

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

	Six Months Ended		Quarter Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000 -----				
Total segment results	3,108,575	1,591,470	1,687,848	1,106,319
Other income	466,935	193,005	366,999	84,712
Other charges	(406,201)	(514,936)	(187,524)	(442,658)
Finance costs	(28,068)	(21,476)	(14,493)	(13,403)
Profit before taxation	3,141,241	1,248,063	1,852,830	734,970

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15.4 Geographical Information (Un-audited)

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

	Six Months Ended		Quarter Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000 -----				
Pakistan	15,997,135	14,373,026	8,170,871	7,631,664
Afghanistan	230,678	524,713	104,355	320,684
Sri Lanka	37,645	11,016	32,370	11,016
Bangladesh	-	33,737	-	17,414
Switzerland	268,213	363,030	164,582	108,945
	<u>16,533,671</u>	<u>15,305,522</u>	<u>8,472,178</u>	<u>8,089,723</u>

15.5 Segment Assets and Liabilities

	UNAUDITED				AUDITED			
	June 30, 2020				December 31, 2019			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
(Rupees '000)								
Segment assets employed	10,495,828	3,071,897	2,956,970	16,524,695	11,955,385	1,342,100	3,074,762	16,372,247
Unallocated corporate assets				7,561,695				4,380,433
Total reported assets				<u>24,086,390</u>				<u>20,752,680</u>
Segment liabilities	5,602,080	941,302	483,435	7,026,817	4,670,954	614,597	566,176	5,851,727
Unallocated corporate liabilities				2,243,902				1,528,560
Total liabilities				<u>9,270,719</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.

16.1 Fair value of financial assets and liabilities

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

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

17.1 The Board of Directors in its meeting held on August 27, 2020 have proposed an interim cash dividend @ ~~150~~150% (June 30, 2019: NIL). These condensed interim financial statements for the six months ended June 30, 2020 do not include the effect of the above interim cash dividend which will be accounted for subsequent to the period end.

17.2 Subsequent to the half year ended June 30, 2020, the Company has opened a separate profit bearing bank account as required under section 244 of the Companies Act, 2017 to transfer the amount of unpaid / unclaimed dividend.

18. DATE OF AUTHORISATION

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER