



Abbott Pakistan

Un-Audited Financial Statements for the
First Quarter Ended March 31, 2020

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, 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

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' of your Company are pleased to present the un-audited condensed interim financial statements of your Company, for the first quarter ended March 31, 2020.

FINANCIAL HIGHLIGHTS

Overall sales for the quarter increased by 12% over the same period last year. Pharmaceutical sales increased by 10% while Nutritional sales increased by 20%.

Gross margin of your Company improved to 36% versus 30% during the same period last year mainly driven by price increases and revisions to product costs. Gross margin for the pharmaceutical segment increased to 34% from 33% whereas the gross margin for Nutritional increased to 40% from 19% driven by price increases.

Selling and distribution expenses decreased by 9% mainly due to lower expenditure on traveling and sales promotion. Net profit margin for 2020 was 11% versus 5% during 2019.

FUTURE OUTLOOK

COVID-19 pandemic has disrupted business operations worldwide. Your Company is continually evaluating the impact of this pandemic on its operations and financial performance and is re-aligning its strategy to better cope with the posed challenges.

Presently, pharmaceutical businesses have been allowed to continue their operations by the Government authorities in order to ensure availability of our products in the market.

Your company remains cognizant of the challenges and would continue to make all efforts to improve productivity through innovation and cost containment initiatives.

Syed Anis Ahmed
Chief Executive

Ehsan Ali Malik
Director

May 28th, 2020



ڈائریکٹران کی رپورٹ

ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والی پہلی سہ ماہی کے آپ کی کمپنی کے غیر آڈٹ شدہ عبوری مجموعی مالی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

اہم مالی جھلکیاں

سہ ماہی کے دوران سیلز گذشتہ سال کی اسی مدت کے مقابلے میں 12 فیصد بڑھ گئی۔ فارماسوٹیکل کی سیلز 10 فیصد جبکہ نیوٹریشنل کی سیلز 20 فیصد بڑھی۔

آپ کی کمپنی کا خام منافع (Gross profit) گذشتہ سال کی اسی مدت کے مقابلے میں 30 فیصد سے بہتر ہو کر 36 فیصد ہو گیا۔ جس میں بنیادی طور پر قیمتوں میں اضافے اور مصنوعات کے قیمتوں میں نظر ثانی ہے۔ فارماسوٹیکل زمرے کا خام منافع 33 فیصد سے بڑھ کر 34 فیصد ہو گیا جبکہ نیوٹریشنل زمرے کا خام منافع قیمت میں اضافے کے باعث 19 فیصد سے بڑھ کر 40 فیصد ہو گیا۔

فروخت اور تقسیم کے اخراجات 9 فیصد کم ہو گئے جس کا اہم سبب سفری اور سیلز کی پروموشن کے اخراجات میں کمی ہیں۔ 2020 کے دوران Net profit margin 11 فیصد تھا جبکہ 2019 میں 5 فیصد رہا۔

مستقبل میں امکانات

COVID-19 وبائی امراض نے دنیا بھر میں کاروباری سرگرمیوں کو متاثر کیا ہے۔ آپ کی کمپنی اپنے آپریشنز اور مالی کارکردگی پر اس وبائی امراض کے اثرات کا باقاعدگی سے جائزہ لے رہی ہے اور درپیش چیلنجوں سے بہتر طور پر نمٹنے کے لئے اپنی حکمت عملی کو دوبارہ ترتیب دے رہی ہے۔

فی الحال، فارماسوٹیکل کے کاروبار کو سرکاری حکام کے ذریعہ اپنی production کو جاری رکھنے کی اجازت دی گئی ہے تاکہ مارکیٹ میں ہماری مصنوعات کی دستیابی کو یقینی بنایا جاسکے۔

آپ کی کمپنی تمام مسائل سے آگاہ ہے اور جدت طرازی کے ذریعے پیداواری صلاحیت بہتر بنانے اور اخراجات محدود رکھنے کے مؤثر اقدامات کرے گی۔

ڈائریکٹر
احسان علی ملک

چیف ایگزیکٹو
سید انیس احمد


کراچی: 28 مئی 2020ء



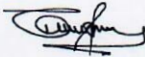
ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

| | | UNAUDITED MARCH 31, 2020 | AUDITED DECEMBER 31, 2019 |
|--|----|--------------------------------|---------------------------------|
| | | ----- (Rupees '000) ----- | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| - Property, plant and equipment | 3 | 8,231,094 | 8,267,557 |
| - Intangible assets | | 73,546 | 78,372 |
| | | 8,304,640 | 8,345,929 |
| Long-term loans and advances | | 63,422 | 57,496 |
| Long-term deposits | | 7,513 | 7,513 |
| Long-term prepayments | | 2,054 | 3,880 |
| | | 72,989 | 68,889 |
| Total Non-Current Assets | | 8,377,629 | 8,414,818 |
| Current Assets | | | |
| Stores and spares | | 219,191 | 276,322 |
| Stock-in-trade | 4 | 5,829,500 | 6,049,215 |
| Trade debts | | 852,191 | 903,829 |
| Loans and advances | | 571,163 | 133,171 |
| Trade deposits and short-term prepayments | 5 | 842,266 | 559,152 |
| Interest accrued | | 4,892 | 6,288 |
| Other receivables | | 514,489 | 639,215 |
| Taxation - net | | 1,051,938 | 1,013,151 |
| Cash and bank balances | 6 | 4,296,632 | 2,757,519 |
| | | 14,182,262 | 12,337,862 |
| Current Liabilities | | | |
| Trade and other payables | 7 | 7,595,068 | 6,710,714 |
| Unpaid dividends | | 734,252 | - |
| Unclaimed dividends | | 46,675 | 48,825 |
| Current maturity of lease liabilities | 8 | 93,185 | 83,412 |
| | | 8,469,180 | 6,842,951 |
| Net Current Assets | | 5,713,082 | 5,494,911 |
| Total Assets Less Current Liabilities | | 14,090,711 | 13,909,729 |
| Non-Current Liabilities | | | |
| Deferred taxation | | 239,604 | 239,609 |
| Long-term lease liabilities | 8 | 321,716 | 297,727 |
| Contingencies and Commitments | 9 | | |
| NET ASSETS | | 13,529,391 | 13,372,393 |
| EQUITY: | | | |
| Share Capital and Reserves | | | |
| Authorised capital | | 2,000,000 | 2,000,000 |
| 200,000,000 ordinary shares of Rs.10 each | | | |
| Issued, subscribed and paid-up capital | 10 | 979,003 | 979,003 |
| Reserves - capital | | 678,203 | 649,470 |
| - revenue | | 11,872,185 | 11,743,920 |
| SHAREHOLDERS' EQUITY | | 13,529,391 | 13,372,393 |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR

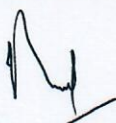

CHIEF FINANCIAL OFFICER



ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

| | Jan - Mar 2020 | Jan - Mar 2019 |
|---|-------------------|-------------------|
| | (Rupees '000) | |
| Sales - net | | |
| Domestic | 7,826,264 | 6,741,362 |
| Export | 235,229 | 474,437 |
| | 8,061,493 | 7,215,799 |
| Cost of sales | 5,122,461 | 5,047,349 |
| Gross profit | 2,939,032 | 2,168,450 |
| Selling and distribution expenses | 1,363,717 | 1,505,527 |
| Administrative expenses | 154,588 | 177,772 |
| Other charges | 218,677 | 72,278 |
| Other income | 99,936 | 108,293 |
| | 1,637,046 | 1,647,284 |
| Finance costs | 1,301,986 | 521,166 |
| | 13,575 | 8,073 |
| Profit before taxation | 1,288,411 | 513,093 |
| Taxation | | |
| - current | 424,679 | 217,454 |
| - prior | 1,220 | - |
| - deferred | (5) | (32,030) |
| | 425,894 | 185,424 |
| Profit for the period | 862,517 | 327,669 |
| | (Rupees) | |
| Earnings per share - basic / diluted | 8.81 | 3.35 |

The annexed notes 1 to 15 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 (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

| | Jan - Mar 2020 | Jan - Mar 2019 |
|---|-----------------------------------|---------------------------|
| | ----- (Rupees ' 000) ----- | |
| Profit for the period | 862,517 | 327,669 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | <u>862,517</u> | <u>327,669</u> |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



ABBOTT LABORATORIES (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

| | | Jan - Mar 2020 | Jan - Mar 2019 |
|--|----|---------------------------|-------------------|
| Note | | ----- (Rupees '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 11 | 2,141,050 | (794,850) |
| Income taxes paid | | (464,686) | (441,329) |
| Long-term loans and advances - net | | (5,926) | 71 |
| Long-term prepayments - net | | 1,826 | 597 |
| Net cash inflow / (outflow) from operating activities | | 1,672,264 | (1,235,511) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (188,346) | (389,673) |
| Sale proceeds from disposal of property, plant and equipment | | 7,318 | 30,487 |
| Interest income | | 80,749 | 89,873 |
| Net cash outflow from investing activities | | (100,279) | (269,313) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance costs paid | | (13,924) | (5,833) |
| Lease rentals paid | | (16,798) | (7,441) |
| Dividends paid | | (2,150) | (16,298) |
| Net cash outflow from financing activities | | (32,872) | (29,572) |
| Net increase / (decrease) in cash and cash equivalents | | 1,539,113 | (1,534,396) |
| 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 | | 4,296,632 | 4,143,740 |

The annexed notes 1 to 15 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 (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

| | Reserves | | | | | Total | Total Equity |
|---|---------------------------|--------|------------------|------------------------|-----------|------------|--------------|
| | Capital Reserves | | Revenue Reserves | | | | |
| | Reserve arising on Merger | Other | General Reserves | Un-appropriated Profit | | | |
| (Rupees '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 | 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) |
| Capital contribution from Abbott Laboratories, USA | - | - | 25,771 | - | - | 25,771 | 25,771 |
| Total comprehensive income for the three months ended March 31, 2019 | | | | | | | |
| Profit for the period | - | - | - | - | 327,669 | 327,669 | 327,669 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 327,669 | 327,669 | 327,669 |
| Balance as at March 31, 2019 | 979,003 | 46,097 | 513,457 | 5,338,422 | 5,737,412 | 11,635,388 | 12,614,391 |
| Balance as at December 31, 2019 | 979,003 | 46,097 | 603,373 | 5,338,422 | 6,405,498 | 12,393,390 | 13,372,393 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Final dividend for the year ended December 31, 2019 @ Rs. 7.5 per share declared subsequent to the year end | - | - | - | - | (734,252) | (734,252) | (734,252) |
| Capital contribution from Abbott Laboratories, USA | - | - | 28,733 | - | - | 28,733 | 28,733 |
| Total comprehensive income for the three months ended March 31, 2020 | | | | | | | |
| Profit for the period | - | - | - | - | 862,517 | 862,517 | 862,517 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 862,517 | 862,517 | 862,517 |
| Balance as at March 31, 2020 | 979,003 | 46,097 | 632,106 | 5,338,422 | 6,533,763 | 12,550,388 | 13,529,391 |

The annexed notes 1 to 15 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 THREE MONTHS ENDED MARCH 31, 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 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.

2.3 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

| | Note | March 31, 2020 — Rupees in '000 — (Un-audited) | December 31, 2019 (Audited) |
|--------------------------|------|---|-----------------------------------|
| Operating fixed assets | 3.1 | 6,437,131 | 6,608,821 |
| Capital work-in-progress | 3.1 | 1,390,759 | 1,268,799 |
| Right-of-use assets | 3.2 | 403,204 | 389,937 |
| | | <u>8,231,094</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 | |
| Vehicles | 5,390 | 6,743 | 3,495 |
| Service equipment | 60,996 | - | - |
| Capital work in progress (CWIP) - net of transfers | 121,960 | - | - |
| | <u>188,346</u> | <u>6,743</u> | <u>3,495</u> |



3.2 Right-of-use assets

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

Vehicles
Warehouses, sales offices and city office

| March 31, 2020 | December 31, 2019 |
|--------------------|----------------------|
| — Rupees in '000 — | |
| (Un-audited) | (Audited) |
| 388,400 | 358,445 |
| 14,804 | 31,492 |
| <u>403,204</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 | <u>50,163</u> | <u>6,277</u> | <u>1,278</u> |

4. STOCK-IN-TRADE

Raw and packing materials
Work-in-process
Finished goods

| | |
|------------------|------------------|
| 3,292,176 | 3,165,804 |
| 414,075 | 328,896 |
| 2,589,719 | 2,972,399 |
| <u>6,295,970</u> | <u>6,467,099</u> |
| 466,470 | 417,884 |
| <u>5,829,500</u> | <u>6,049,215</u> |

Less: Provision for slow moving and obsolete items

5. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represents trade deposits and short-term prepayments amounting to Rs. 657.081 million and Rs. 185.185 million (December 31, 2019: Rs. 344.105 million and Rs. 215.047 million), respectively, net of provision.

6. CASH AND BANK BALANCES

With banks

Savings accounts:

- Local currency

357,384 53,454

Deposit accounts:

- Local currency

3,400,000 2,200,000

Current accounts:

- Local currency

- Foreign currency

| | |
|----------------|----------------|
| 4,040 | 5,020 |
| 503,412 | 476,354 |
| <u>507,452</u> | <u>481,374</u> |

In hand

- Foreign currency

- Local currency

| | |
|--------------|--------------|
| 4,387 | 2,160 |
| 2,167 | 2,972 |
| <u>6,554</u> | <u>5,132</u> |

Cheques and drafts in hand and in transit

| | |
|------------------|------------------|
| 25,242 | 17,559 |
| <u>4,296,632</u> | <u>2,757,519</u> |



7. TRADE AND OTHER PAYABLES

Includes accrued liabilities and bills payable amounting to Rs. 2,793.839 million and Rs. 1,606.684 million (December 31, 2019: Rs. 2,285.801 million and Rs. 1,496.409 million), respectively.

8. LEASE LIABILITIES

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

| | March 31, 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 | 135,358 | 42,173 | 93,185 | 130,612 | 47,200 | 83,412 |
| Later than one year but not later than five years | 379,407 | 57,691 | 321,716 | 369,183 | 71,456 | 297,727 |
| Total | 514,765 | 99,864 | 414,901 | 499,795 | 118,656 | 381,139 |

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

- 9.1.1** 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, remanding 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.

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.

- 9.1.2** 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 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.

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.

- 9.1.3** 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 Company's favor.

9.2 Commitments

- 9.2.1** Commitments for capital expenditure as at March 31, 2020 aggregated to Rs. 165.718 million (December 31, 2019: Rs. 357.584 million).
- 9.2.2** Commitments in respect of letters of credit as at statement of financial position date aggregated to Rs. 413.256 million (December 31, 2019: Rs. 309.195 million).
- 9.2.3** The Company has given bank guarantees of Rs. 274.846 million (December 31, 2019: Rs. 275.145 million) to the Customs Department, a utility company and other institutions against tenders.



9.2.4 The Company has obtained short term financing facilities from various commercial banks amounting 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 borrowed any amount against running finance / short term loan facilities at the statement of financial position date.

10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

| | UNAUDITED Jan - Mar 2020 | UNAUDITED Jan - Mar 2019 |
|--|--------------------------------|--------------------------------|
| Note | ---- (Rupees '000)---- | |
| 11. CASH GENERATED FROM / (USED IN) OPERATIONS | | |
| Profit before taxation | 1,288,411 | 513,093 |
| Adjustment for: | | |
| Depreciation | 234,828 | 204,706 |
| Right-of-use assets | 32,643 | 18,244 |
| Amortisation on intangible assets | 4,826 | 2,364 |
| Loss / (Gain) on disposal of property, plant and equipment | 929 | (5,417) |
| Interest income | (79,353) | (90,400) |
| Expense recognised in profit or loss in respect of equity-settled share-based compensation | 28,733 | 25,771 |
| Finance costs | 13,575 | 8,073 |
| Working capital changes | 616,458 | (1,471,284) |
| | <u>2,141,050</u> | <u>(794,850)</u> |
| 11.1 Working capital changes | | |
| (Increase) / decrease in current assets net of provision | | |
| Stores and spares | 57,131 | (3) |
| Stock-in-trade | 219,715 | (1,062,168) |
| Trade debts | 51,638 | 68,718 |
| Loans and advances | (437,992) | (189,814) |
| Trade deposits and short-term prepayments | (283,114) | 66,674 |
| Other receivables | 124,726 | 57,285 |
| | <u>(267,896)</u> | <u>(1,059,308)</u> |
| (Decrease) / increase in current liabilities | | |
| Trade and other payables - net | 884,354 | (411,976) |
| | <u>616,458</u> | <u>(1,471,284)</u> |



12. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises the holding company, ultimate holding company, group companies, employee retirement benefit plans, directors and key management personnel. Transactions with related parties are as follows:

| | UNAUDITED Jan - Mar 2020 (Rupees '000) | UNAUDITED Jan - Mar 2019 (Rupees '000) |
|----------------------------------|---|---|
| Other related parties | | |
| Sale of goods | 103,631 | 254,085 |
| Purchase of materials | 1,288,169 | 1,887,709 |
| Technical service fee | 47,902 | 38,608 |
| Reimbursements of expenses - net | 85,893 | 35,690 |
| Other income | 17,297 | 7,952 |
| Retirement fund: | | |
| - Contribution to Pension fund | 55,020 | 50,637 |
| - Contribution to Provident fund | 27,522 | 24,419 |
| Key management personnel | | |
| Short-term employee benefits | 83,883 | 77,848 |
| Post-employment benefits | 8,099 | 7,611 |



13. SEGMENT ANALYSIS

13.1 Segment wise operating results for the first quarter:

| | UNAUDITED | | | | UNAUDITED | | | |
|-----------------------------------|----------------|-------------|---------|-----------|----------------|-------------|---------|-----------|
| | Jan - Mar | | | | Jan - Mar | | | |
| | 2020 | | | | 2019 | | | |
| | Pharmaceutical | Nutritional | Others | Total | Pharmaceutical | Nutritional | Others | Total |
| | (Rupees '000) | | | | | | | |
| Sales | 5,663,050 | 1,924,190 | 729,662 | 8,316,902 | 5,166,777 | 1,578,621 | 658,432 | 7,403,830 |
| Less: | | | | | | | | |
| Sales return and discounts | 23,631 | 10,402 | 22,804 | 56,837 | 22,776 | 5,537 | 7,558 | 35,871 |
| Sales tax and excise duty | - | 191,533 | 7,039 | 198,572 | - | 136,639 | 15,521 | 152,160 |
| Sales - net | 5,639,419 | 1,722,255 | 699,819 | 8,061,493 | 5,144,001 | 1,436,445 | 635,353 | 7,215,799 |
| Cost of sales | 3,694,463 | 1,028,538 | 399,460 | 5,122,461 | 3,434,722 | 1,169,607 | 443,020 | 5,047,349 |
| Gross profit | 1,944,956 | 693,717 | 300,359 | 2,939,032 | 1,709,279 | 266,838 | 192,333 | 2,168,450 |
| Selling and distribution expenses | 882,696 | 306,295 | 174,726 | 1,363,717 | 1,009,032 | 323,853 | 172,642 | 1,505,527 |
| Administrative expenses | 129,682 | 19,310 | 5,596 | 154,588 | 152,772 | 19,747 | 5,253 | 177,772 |
| Segment result | 932,578 | 368,112 | 120,037 | 1,420,727 | 547,475 | (76,762) | 14,438 | 485,151 |

13.2 Reconciliation of segment results with profit before taxation

| | UNAUDITED Jan - Mar 2020 | UNAUDITED Jan - Mar 2019 |
|------------------------|--------------------------------|--------------------------------|
| | (Rupees '000) | |
| Total segment results | 1,420,727 | 485,151 |
| Other income | 99,936 | 108,293 |
| Other charges | 218,677 | 72,278 |
| Finance costs | 13,575 | 8,073 |
| Profit before taxation | 1,288,411 | 513,093 |

13.3 Geographical information

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

| | | |
|-------------|-----------|-----------|
| Pakistan | 7,826,264 | 6,741,362 |
| Afghanistan | 126,323 | 204,029 |
| Sri Lanka | 5,275 | - |
| Bangladesh | - | 16,323 |
| Switzerland | 103,631 | 254,085 |
| | 8,061,493 | 7,215,799 |



13.4 Segment Assets and Liabilities

| | UNAUDITED | | | | AUDITED | | | |
|-----------------------------------|----------------|-------------|-----------|------------|-------------------|-------------|-----------|------------|
| | March 31, 2020 | | | | December 31, 2019 | | | |
| | Pharmaceutical | Nutritional | Others | Total | Pharmaceutical | Nutritional | Others | Total |
| | (Rupees '000) | | | | | | | |
| Segment assets employed | 11,401,246 | 1,675,853 | 3,064,537 | 16,141,636 | 11,955,385 | 1,342,100 | 3,074,762 | 16,372,247 |
| Unallocated corporate assets | | | | 6,418,255 | | | | 4,380,433 |
| Total reported assets | | | | 22,559,891 | | | | 20,752,680 |
| Segment liabilities | 4,740,643 | 1,373,707 | 619,647 | 6,733,997 | 4,670,954 | 614,597 | 566,176 | 5,851,727 |
| Unallocated corporate liabilities | | | | 2,296,503 | | | | 1,528,560 |
| Total reported liabilities | | | | 9,030,500 | | | | 7,380,287 |

14. RECLASSIFICATION

Following corresponding figures have been reclassified for better presentation:

| From | To | Rupees in '000 |
|-----------------------------------|-------------------------|----------------|
| Cost of sales | Administrative expenses | 6,631 |
| Selling and distribution expenses | Administrative expenses | 3,581 |

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on May 28, 2020 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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ABBOTT LABORATORIES (PAKISTAN) LIMITED

Registered Office

Opposite Radio Pakistan
Transmission Centre, Hyderabad Road,
Landhi, P.O. Box 7229, Karachi
Phone :111-ABBOTT (111-222-688)
Fax: (92-21) 35001903

City Office

8th Floor, Faysal House,
St-02, Shahr-e-Faisal, Karachi
Phone: (92-21) 32799018, 32799019
Fax: (92-21) 32800244
URL: www.pk.abbott



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