



## Abbott Pakistan

Un-Audited Financial Statements for the  
First Quarter Ended March 31, 2015



**Abbott**  
A Promise for Life

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Munir A. Shaikh (Chairman)  
Arshad Saeed Husain (Chief Executive Officer)  
Kamran Y. Mirza  
Ehsan Ali Malik  
Syed Anis Ahmed (Chief Financial Officer)  
Atif Aslam Bajwa  
Shamim Ahmad Khan

### AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)  
Shamim Ahmad Khan  
Kamran Y. Mirza  
Abdul Wahab Godil (Acting Chief Internal Auditor - by invitation)  
Syed Anis Ahmed (CFO by invitation)

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Munir A. Shaikh (Chairman)  
Atif Aslam Bajwa  
Arshad Saeed Husain  
Shamim Ahmad Khan

### SHARE TRANSFER COMMITTEE

Arshad Saeed Husain (Chairman)  
Syed Anis Ahmed  
Kamran Y. Mirza

### BANKING COMMITTEE

Atif Aslam Bajwa (Chairman)  
Arshad Saeed Husain  
Syed Anis Ahmed

### CHIEF FINANCIAL OFFICER

Syed Anis Ahmed

### COMPANY SECRETARY

Malik Saadatullah

### AUDITORS

Ernst & Young Ford Rhodes  
Sidat Hyder & Company  
(a member firm of Ernst & Young)  
Chartered Accountants

### LEGAL ADVISORS

Orr, Dignam & Co.  
Surridge & Beecheno

### SHARE REGISTRAR

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

### BANKERS

Faysal Bank Limited  
Citibank N.A.  
Deutsche Bank AG  
MCB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Tokyo-Mitsubishi UFJ Limited  
Barclays Bank PLC

### REGISTERED OFFICE

Opposite Radio Pakistan  
Transmission Centre,  
Hyderabad Road, Landhi,  
P.O. Box 7229, Karachi Pakistan.

### CITY OFFICE

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

### WEBSITE

[www.abbott.com.pk](http://www.abbott.com.pk)

### SENIOR MANAGEMENT TEAM

Arshad Saeed Husain  
(Chief Executive Officer)  
Syed Anis Ahmed  
(Chief Financial Officer)  
Anis A. Shah  
(Director Plant Operations)  
Asim Shafiq  
(General Manager, Abbott Nutrition  
International Pakistan)  
Habib Ahmed  
(Country Manager, Abbott Diagnostics  
Division Pakistan)  
Dr. Sheikh Adnan Lateef  
(Head of Abbott Diabetes Care Pakistan)  
Dr. Farrukh Hafeez  
(Director Quality Assurance)  
Dr. Sarmad Maqbool  
(Director Marketing & Strategy)  
Seema Khan  
(Director Regulatory Affairs)  
Dr. Raef Ahmed  
(Director Medical Affairs)  
Dr. Suleman Alvi  
(Director Business Development)  
Rana A. Latif  
(Director Manufacturing)  
Zahid Hussain  
(Director Materials Management)

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## DIRECTORS' REPORT

The Directors have pleasure in presenting their Report with the accounts of the Company for the first quarter ended March 31, 2015.

### FINANCIAL RESULTS

Sales for the quarter were 4% below same quarter last year. Pharmaceutical sales decline of 11% was partially offset by Nutrition sales growth of 29% for the quarter.

Pharma market was sluggish owing to implementation of the new drug policy issued on 5<sup>th</sup> March 2015 by the government which mandated a rollback in drug prices to October 2013 levels. The Industry has obtained a Stay Order from the Sindh High Court on price rollback.

Gross Profit to sales ratio decreased from 39% to 36% compared to same quarter last year owing to inflation. As a result of cost control, selling and distribution expenses increased by only 3%. Other charges decreased mainly due to decrease in provision for Workers Profit Participation Fund and Workers Welfare Fund in line with profit. Profit after tax was 13% of sales in the current quarter as compared to 14% same quarter last year.

### FUTURE OUTLOOK

Despite improvement in the macroeconomic indicators, Pharma industry continues to face pricing and regulatory challenges.

KARACHI: April 24<sup>th</sup>, 2015



Munir A Shaikh  
Chairman

**CONDENSED INTERIM BALANCE SHEET**

As At March 31, 2015

	UNAUDITED MARCH 31, 2015	AUDITED DECEMBER 31, 2014
Note	(Rupees '000)	
<b>Non-Current Assets</b>		
Fixed Assets		
	3,406,985	3,359,092
- Property, plant and equipment	20,090	24,395
- Intangible asset	3,427,075	3,383,487
Long-term loans and advances	45,773	46,204
Long-term deposits	7,546	7,605
Long-term prepayments	9,236	9,171
	62,555	62,980
<b>Total Non-Current Assets</b>	<b>3,489,630</b>	<b>3,446,467</b>
<b>Current Assets</b>		
Stores and spares	212,190	120,158
Stock-in-trade	3,347,083	2,823,007
Trade debts	429,146	482,771
Loans and advances	130,060	81,259
Trade deposits and short-term prepayments	197,342	177,948
Accrued profit	10,633	17,351
Other receivables	99,338	192,610
Taxation recoverable	87,902	42,643
Cash and bank balances	6,795,061	6,381,381
	11,308,755	10,319,128
<b>Current Liabilities</b>		
Trade and other payables	3,146,458	2,670,042
Dividends	469,921	-
	3,616,379	2,670,042
<b>Net Current Assets</b>	<b>7,692,376</b>	<b>7,649,086</b>
<b>Total Assets Less Current Liabilities</b>	<b>11,182,006</b>	<b>11,095,553</b>
<b>Non-Current Liability</b>		
Deferred taxation	206,381	223,953
<b>Contingencies and Commitments</b>		
<b>NET ASSETS</b>	<b>10,975,625</b>	<b>10,871,600</b>
<b>FINANCED BY:</b>		
<b>Share Capital and Reserves</b>		
Authorised capital		
200,000,000 ordinary shares of Rs.10 each	2,000,000	2,000,000
Issued, subscribed and paid-up capital	979,003	979,003
Reserves - capital	350,916	339,481
- revenue	9,645,706	9,553,116
<b>SHAREHOLDERS' EQUITY</b>	<b>10,975,625</b>	<b>10,871,600</b>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

SYED ANIS AHMED  
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**

For The Three Months Ended March 31, 2015

	Jan - Mar 2015	Jan - Mar 2014
	(Rupees '000)	
<b>Sales - net</b>		
Domestic	4,111,890	4,304,375
Export	154,835	144,174
	<u>4,266,725</u>	<u>4,448,549</u>
Cost of goods sold	<u>2,751,165</u>	<u>2,735,363</u>
<b>Gross profit</b>	1,515,560	1,713,186
Selling and distribution expenses	703,444	680,245
Administrative expenses	88,976	97,042
	<u>723,140</u>	<u>935,899</u>
Other income	124,383	146,373
Other operating charges	73,273	84,763
	<u>774,250</u>	<u>997,509</u>
Finance cost	898	754
<b>Profit before taxation</b>	<u>773,352</u>	<u>996,755</u>
<b>Taxation</b>		
- current	228,413	365,423
- deferred	(17,572)	1,377
	<u>210,841</u>	<u>366,800</u>
<b>Profit for the period</b>	<u>562,511</u>	<u>629,955</u>
	(Rupees '000)	
<b>Earnings per share - basic / diluted</b>	<u>5.75</u>	<u>6.43</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

SYED ANIS AHMED  
DIRECTOR

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For The Three Months Ended March 31, 2015

	Jan - Mar 2015	Jan - Mar 2014
	(Rupees '000)	
Profit for the period	562,511	629,955
Other comprehensive income	-	-
Total comprehensive income for the period	562,511	629,955

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE



SYED ANIS AHMED  
DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

For The Three Months Ended March 31, 2015

	Jan - Mar 2015	Jan - Mar 2014	
Note	(Rupees '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	6	717,186	983,860
Income taxes paid		(273,672)	(261,317)
Long-term loans and advances - net		431	(9,194)
Long-term deposits - net		59	59
Long-term prepayments - net		(65)	(845)
Net cash inflow from operating activities		<u>443,939</u>	<u>712,563</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(167,953)	(197,678)
Sale proceeds from disposal of fixed assets		13,721	13,822
Interest income		125,186	91,316
Net cash outflow from investing activities		<u>(29,046)</u>	<u>(92,540)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance cost paid		(898)	(754)
Dividend paid		(315)	(60)
Net cash outflow from financing activities		<u>(1,213)</u>	<u>(814)</u>
Net increase in cash and cash equivalents		<u>413,680</u>	<u>619,209</u>
Cash and cash equivalents at the beginning of the period		<u>6,381,381</u>	<u>3,897,051</u>
Cash and cash equivalents at the end of the period		<u>6,795,061</u>	<u>4,516,260</u>

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ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

SYED ANIS AHMED  
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For The Three Months Ended March 31, 2015

	Reserves					Total Equity	
	Capital Reserves		Revenue Reserves		Total		
	Share Capital	Reserve arising on Merger	Other	General Reserve			Un-appropriated Profit
	(Rupees '000)						
Balance as at December 31, 2013	979,003	46,097	253,933	5,338,422	2,129,810	7,768,262	8,747,265
Total comprehensive income for the three months ended March 31, 2014							
Profit for the period	-	-	-	-	629,955	629,955	629,955
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	629,955	629,955	629,955
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2013 @ Rs. 4 per share declared subsequent to the year end	-	-	-	-	(391,601)	(391,601)	(391,601)
Capital contribution from Abbott International LLC, USA	-	-	12,457	-	-	12,457	12,457
Balance as at March 31, 2014	<u>979,003</u>	<u>46,097</u>	<u>266,390</u>	<u>5,338,422</u>	<u>2,368,164</u>	<u>8,019,073</u>	<u>8,998,076</u>
Balance as at December 31, 2014	979,003	46,097	293,384	5,338,422	4,214,694	9,892,597	10,871,600
Total comprehensive income for the three months ended March 31, 2015							
Profit for the period	-	-	-	-	562,511	562,511	562,511
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	562,511	562,511	562,511
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2014 @ Rs. 4.8 per share declared subsequent to the year end	-	-	-	-	(469,921)	(469,921)	(469,921)
Capital contribution from Abbott International LLC, USA	-	-	11,435	-	-	11,435	11,435
Balance as at March 31, 2015	<u>979,003</u>	<u>46,097</u>	<u>304,819</u>	<u>5,338,422</u>	<u>4,307,284</u>	<u>9,996,622</u>	<u>10,975,625</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

SYED ANIS AHMED  
DIRECTOR

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## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Three Months Ended March 31, 2015

### 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 the Karachi, Lahore and Islamabad stock exchanges. The address of its registered office is opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of research based pharmaceutical, nutritional, diagnostic, diabetic care, molecular devices, hospital and consumer products.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

##### Statement of compliance

This condensed interim financial information has 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does 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, 2014. This condensed interim financial information is unaudited.

#### 2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2014.

#### 2.3 Accounting estimates and judgments.

The preparation of condensed interim financial information 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 this condensed interim financial information 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, 2014.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Three Months Ended March 31, 2015

	UNAUDITED Jan - Mar 2015	UNAUDITED Jan - Mar 2014
	(Rupees '000)	
<b>3. PROPERTY, PLANT AND EQUIPMENT [COST OF ADDITIONS / (DELETIONS)]</b>		
Buildings on freehold land	7,260	-
Plant and machinery	54,811	-
Office equipment	5,460	-
Vehicles	32,223 (24,262)	17,143 (21,719)
Computers	592	2,145
Demonstration equipments	42,421 -	83,831 (20,966)
Capital work in progress (CWIP) - net	25,186	94,559
Total additions	<u>167,953</u>	<u>197,678</u>
Total (deletions)	<u>(24,262)</u>	<u>(42,685)</u>

## 4. CONTINGENCIES AND COMMITMENTS

### 4.1 Contingencies

4.1.1 The Company has given bank guarantees of Rs. 146.943 million (December 31, 2014: Rs 135.054 million) to the Customs Department, a utility company and other institutions against tenders.

### 4.2 Commitments

4.2.1 Commitments for capital expenditure as at March 31, 2015 aggregated to Rs. 437.103 million (December 31, 2014: Rs. 353.850 million).

4.2.2 The Company has obtained short term financing facilities from various commercial banks amounting to Rs. 1,020 million (December 31, 2014: Rs. 1,020 million). These facilities can be utilized for letters of credit, guarantees and running finance / short term loans. However, the running finance / short term loan utilization cannot exceed Rs. 250 million (December 31, 2014: Rs. 250 million). The running finance / short term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (December 31, 2014: KIBOR plus 1% to KIBOR plus 2%) 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 balance sheet date. Commitments in respect of letters of credit as at balance sheet date aggregated to Rs. 590.068 million (December 31, 2014: Rs. 447.727 million).

## 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at March 31, 2015, Abbott Asia Investments Limited, UK held 76,259,454 (December 31, 2014: 76,259,454) shares. The ultimate holding company is Abbott International LLC, USA.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Three Months Ended March 31, 2015

	UNAUDITED Jan - Mar 2015	UNAUDITED Jan - Mar 2014
Note	(Rupees '000)	
<b>6. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	773,352	996,755
<b>Adjustment for:</b>		
Depreciation	108,762	102,440
Amortisation on intangible asset	4,305	4,305
Gain on disposal of fixed assets	(2,422)	(3,636)
Income on investments and deposits	(118,468)	(91,112)
Expense recognised in profit or loss in respect of equity-settled share-based payments	11,435	12,457
Finance cost	898	754
Working capital changes	6.1 (60,676)	(38,103)
	<u>717,186</u>	<u>983,860</u>
<b>6.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets net of provision</b>		
Stores and spares	(92,032)	12,413
Stock-in-trade	(524,076)	(312,636)
Trade debts	53,625	112,452
Loans and advances	(48,801)	(4,207)
Trade deposits and short-term prepayments	(19,394)	(46,695)
Other receivables	93,272	2,460
	<u>(537,406)</u>	<u>(236,213)</u>
<b>Increase in current liabilities</b>		
Trade and other payables - net	476,730	198,110
	<u>(60,676)</u>	<u>(38,103)</u>

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Three Months Ended March 31, 2015

### 7. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise other related parties, employee retirement benefit plans, directors and key management personnel. Transactions with related parties essentially entail sale and purchase of goods and services and expenses charged between these parties. Transactions with related parties are as follows:

	UNAUDITED Jan - Mar 2015	UNAUDITED Jan - Mar 2014
	(Rupees '000)	
<b>Other related parties</b>		
Sale of goods	29,553	31,741
Purchase of materials	1,009,575	963,873
Technical service fee	24,072	31,554
Reimbursements from a related party on account of:		
Selling and distribution expenses	19,597	17,344
Administrative expenses	1,898	2,617
Interest income earned	8,091	7,192
Charge in respect of staff retirement benefit plans:		
Pension fund	35,876	31,648
Provident fund	17,453	15,516
<b>Key management personnel</b>		
Short-term employee benefits	55,555	49,533
Post-employment benefits	6,192	5,052

### 8. SEGMENT ANALYSIS

#### 8.1 Segment wise operating results for the first quarter:

	UNAUDITED				UNAUDITED			
	Jan - Mar				Jan - Mar			
	2015				2014			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	(Rupees '000)							
Sales	3,095,312	899,646	436,352	4,431,310	3,451,062	700,783	420,069	4,571,914
Less:								
Sales return and discount	47,119	803	15,434	63,356	25,098	-	2,628	27,726
Sales tax and excise duty	-	82,203	19,026	101,229	-	65,421	30,218	95,639
Sales - net	3,048,193	816,640	401,892	4,266,725	3,425,964	635,362	387,223	4,448,549
Cost of goods sold	2,008,356	499,685	243,124	2,751,165	2,042,061	432,230	261,072	2,735,363
Gross profit	1,039,837	316,955	158,768	1,515,560	1,383,903	203,132	126,151	1,713,186
Selling and distribution expenses	491,297	119,055	93,092	703,444	492,275	111,383	76,587	680,245
Administrative expenses	75,142	9,003	4,831	88,976	82,704	10,560	3,778	97,042
Segment result	473,398	188,897	60,845	723,140	808,924	81,189	45,786	935,899

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Three Months Ended March 31, 2015

### 8.2 Reconciliation of segment results with profit before taxation

	UNAUDITED Jan - Mar 2015	UNAUDITED Jan - Mar 2014
	(Rupees '000)	
Total segment results	723,140	935,899
Other income	124,383	146,373
Other operating charges	73,273	84,763
Finance cost	898	754
Profit before taxation	<u>773,352</u>	<u>996,755</u>

### 8.3 Geographical information

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

	4,111,890	4,304,375
Pakistan	123,714	112,433
Afghanistan	1,568	-
Srilanka	8,242	6,321
Netherland	21,311	25,420
Switzerland	<u>4,266,725</u>	<u>4,448,549</u>

### 8.4 Segment Assets

	UNAUDITED				AUDITED			
	March 31, 2015				December 31, 2014			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
Segment assets employed	5,714,463	613,329	1,136,756	7,464,548	5,332,042	402,983	1,138,869	6,873,894
Unallocated corporate assets				7,304,728				6,891,701
Total reported assets				<u>14,769,276</u>				<u>13,765,595</u>

### 9. Date of Authorisation

This condensed interim financial information was authorised for issue on April 24, 2015 by the Board of Directors of the Company.



ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE



SYED ANIS AHMED  
DIRECTOR





**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**

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URL: [www.abbott.com.pk](http://www.abbott.com.pk)

