



Abbott Pakistan

Un-Audited Financial Statements for the
Quarter and Nine Months Ended September 30, 2016



Abbott
A Promise for Life

CORPORATE INFORMATION

BOARD OF DIRECTORS

Munir A. Shaikh (Chairman)
Syed Anis Ahmed (Chief Executive Officer)
Kamran Y. Mirza
Ehsan Ali Malik
Shamim Ahmad Khan
Zehra Naqvi
Seema Khan

AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)
Shamim Ahmad Khan
Kamran Y. Mirza
Shahzeb Khan (Chief Internal Auditor - by invitation)
Syed Anis Ahmed* (CFO by invitation)
Malik Saadatullah - (Secretary)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Munir A. Shaikh (Chairman)
Syed Anis Ahmed
Shamim Ahmad Khan
Zehra Naqvi
Asghar Huda - (Secretary)

SHARE TRANSFER COMMITTEE

Syed Anis Ahmed (Chairman)
Kamran Y. Mirza
Seema Khan
Malik Saadatullah - (Secretary)

BANKING COMMITTEE

Zehra Naqvi (Chairman)
Syed Anis Ahmed
Seema Khan

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
Habib Bank Limited

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

SENIOR MANAGEMENT TEAM

Syed Anis Ahmed
(Chief Executive Officer)
Rana A. Latif
(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)
Asghar Huda
(Director Human Resource)
Seema Khan
(Director Regulatory Affairs)
Dr. Raef Ahmed
(Director Medical Affairs)
Dr. Suleman Alvi
(Director Business Development)
Zahid Hussain
(Director Supply Chain)
Ejaz Ahmed
(Director Engineering)

* Board of Directors appointed Syed Anis Ahmed as "Managing Director & Chief Executive Officer" of Abbott Laboratories (Pakistan) Limited in March 2016. Previously, he was holding position as Chief Financial Officer of the Company.

DIRECTORS' REPORT

The Directors have pleasure in presenting their Report with the accounts of the Company for the nine months and third quarter ended September 30th, 2016.

FINANCIAL HIGHLIGHTS

For nine months ended September 30, 2016

Sales for the nine months period increased by 10% over the same period last year. Pharmaceutical sales increased by 9%, Nutritional increased by 12% and Others grew by 17%. Gross profit to sales ratio was at 40% compared to last year of 39% on account of cost efficiencies and improved product mix. Selling and distribution expenses increased by 10% mainly due to increased advertisement and promotional expenditure on new launches as compared to same period last year. Other charges increased mainly due to increase in provision for Workers Profits Participation Fund and Workers Welfare Fund in line with increased profit. Profit after tax was 17% of sales in the current period as compared to 16% during the same period last year.

For third quarter ended September 30, 2016

Sales for the quarter increased by 6% over the same quarter last year. Pharmaceutical sales increased by 7%, Nutritional by 6% and Others by 4%. Gross profit to sales ratio for the quarter also improved to 41% versus 40%. As a result of cost optimization measures, selling and distribution expenses and administrative expenses reduced by 3% and 8% respectively. Excluding the impact of exchange, other charges recorded an increase of 6% in line with profit increase during the quarter. Profit after tax was 20% of sales in the current quarter as compared to 17% same quarter last year.

FUTURE OUTLOOK

There has been improvement in the macroeconomic indicators in the recent past. However, the future growth of pharma industry is continuing to be affected by regulatory and pricing issues.

KARACHI: October 21st, 2016



Munir A. Shaikh
Chairman

ڈائریکٹران کی رپورٹ

ڈائریکٹر حضرات نو ماہ، اور 30 ستمبر 2016ء کو ختم ہونے والی تیسری سہ ماہی کی اپنی رپورٹ کمپنی حسابات کے ہمراہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جھلکیاں

30 ستمبر 2016ء کو ختم ہونے والے نو ماہ کے لئے

نو ماہ کی مدت کے دوران سیلز میں گذشتہ سال کی اسی مدت کے مقابلے میں 10 فیصد اضافہ ہوا۔ دواؤں کی سیلز 9 فیصد بڑھی، غذائی اشیاء (Nutritional) کی سیلز 12 فیصد بڑھی اور دیگر کی سیلز میں 17 فیصد اضافہ ہوا۔ خام منافع اور سیلز کا باہمی تناسب 40 فیصد رہا جو گذشتہ سال 39 فیصد تھا، اس کا سبب لاگت کو کارگر بنانا (Cost efficiencies) اور مصنوعات کا پہلے سے بہتر آمیزہ تھا۔ اسی مدت کے دوران فروخت اور تقسیم کے اخراجات میں 10 فیصد اضافہ ہوا جس کا بنیادی سبب گذشتہ سال کی اسی مدت کے مقابلے میں نئی پراڈکٹس متعارف کرانے پر آنے والے اشتہاری اور پروموشن کے اخراجات بڑھنا تھے۔ دیگر اخراجات اس لئے بڑھے کہ منافع بڑھنے کی مناسبت سے ورکرز پرافٹس پارٹیسپیشن فنڈ اور ورکرز ویلفیئر فنڈ کے لئے حصے کی فراہمی (Provision) میں اضافہ ہو گیا۔ زیر جائزہ مدت میں منافع بعد از ٹیکس، سیلز کا 17 فیصد رہا جبکہ اس کے مقابلے میں گذشتہ سال کی اسی مدت کے دوران 16 فیصد تھا۔

30 ستمبر 2016ء کو ختم ہونے والی تیسری سہ ماہی کے لئے

سہ ماہی کے دوران سیلز میں گذشتہ سال کی اسی مدت کے مقابلے میں 6 فیصد اضافہ ہوا۔ دواؤں کی سیلز 7 فیصد بڑھی، غذائی اشیاء (Nutritional) کی سیلز 6 فیصد اور دیگر کی 4 فیصد بڑھی۔ سہ ماہی کے دوران خام منافع اور سیلز کا باہمی تناسب بھی 40 فیصد سے بڑھ کر 41 فیصد ہو گیا۔ لاگت کو مؤثر بنانے کے اقدامات کے نتیجے میں فروخت اور تقسیم کے اخراجات اور انتظامی اخراجات بالترتیب 3 فیصد اور 8 فیصد کم ہو گئے۔ اگر زرمبادلہ کے اثرات کو الگ رکھ کر دیکھا جائے تو سہ ماہی کے دوران منافع بڑھنے کی مناسبت سے دیگر اخراجات میں 6 فیصد اضافہ ہوا۔ منافع بعد از ٹیکس رواں سہ ماہی میں سیلز کا 20 فیصد تھا جبکہ یہ گذشتہ سال کی اسی سہ ماہی میں 17 فیصد رہا تھا۔

مستقبل کے امکانات

ماضی قریب میں اقتصادی اشارات (Macroeconomic indicators) میں بہتری آئی۔ تاہم فارما صنعت کی مستقبل کی نمو پر ریگولیٹری اور پراسنگ کے مسائل اثر انداز ہوتے رہیں گے۔



منیر اے شیخ
چیئر مین

کراچی: 21 اکتوبر 2016ء

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2016

| | UNAUDITED SEPTEMBER 30, 2016 | AUDITED DECEMBER 31, 2015 |
|---|------------------------------------|---------------------------------|
| Note | ----- (Rupees '000) ----- | |
| Non-Current Assets | | |
| Fixed Assets | | |
| - Property, plant and equipment | 4,267,232 | 4,017,403 |
| - Intangible assets | 17,650 | 21,983 |
| | 4,284,882 | 4,039,386 |
| Long-term loans and advances | 55,321 | 51,712 |
| Long-term deposits | 7,475 | 7,475 |
| Long-term prepayments | 7,533 | 9,610 |
| | 70,329 | 68,797 |
| Total Non-Current Assets | 4,355,211 | 4,108,183 |
| Current Assets | | |
| Stores and spares | 104,984 | 140,069 |
| Stock-in-trade | 4,115,194 | 2,908,690 |
| Trade debts | 646,963 | 476,403 |
| Loans and advances - considered good | 192,060 | 100,194 |
| Trade deposits and short-term prepayments | 347,278 | 231,897 |
| Accrued profit | 6,371 | 8,573 |
| Other receivables | 161,187 | 97,495 |
| Taxation - net | 109,359 | 95,858 |
| Cash and bank balances | 6,911,364 | 8,320,913 |
| | 12,594,760 | 12,380,092 |
| Current Liabilities | | |
| Trade and other payables | 3,856,695 | 3,319,884 |
| | 3,856,695 | 3,319,884 |
| Net Current Assets | 8,738,065 | 9,060,208 |
| Total Assets Less Current Liabilities | 13,093,276 | 13,168,391 |
| Non-Current Liability | | |
| Deferred taxation | 210,349 | 219,144 |
| Contingencies and Commitments | - | - |
| NET ASSETS | 12,882,927 | 12,949,247 |
| FINANCED BY: | | |
| 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 | 979,003 | 979,003 |
| Reserves - capital | 407,104 | 381,945 |
| - revenue | 11,496,820 | 11,588,299 |
| SHAREHOLDERS' EQUITY | 12,882,927 | 12,949,247 |

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



SYED ANIS AHMED
CHIEF EXECUTIVE



HESAN ALI MALIK
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)

For the Quarter and Nine Months Ended September 30, 2016

| | Jul - Sep 2016 | Jan - Sep 2016 | Jul - Sep 2015 | Jan - Sep 2015 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| ----- Rupees in '000 ----- | | | | |
| Sales - net | | | | |
| Domestic | 5,486,269 | 15,849,821 | 5,120,055 | 14,451,268 |
| Export | 336,215 | 939,090 | 351,349 | 821,570 |
| | <u>5,822,484</u> | <u>16,788,911</u> | <u>5,471,404</u> | <u>15,272,838</u> |
| Cost of goods sold | <u>3,425,898</u> | <u>10,065,608</u> | <u>3,309,396</u> | <u>9,386,184</u> |
| Gross profit | <u>2,396,586</u> | <u>6,723,303</u> | <u>2,162,008</u> | <u>5,886,654</u> |
| Selling and distribution expenses | 769,082 | 2,400,987 | 790,650 | 2,185,355 |
| Administrative expenses | 96,850 | 307,595 | 105,817 | 292,808 |
| | <u>1,530,654</u> | <u>4,014,721</u> | <u>1,265,541</u> | <u>3,408,491</u> |
| Other income | 88,108 | 309,956 | 118,774 | 364,587 |
| Other charges | 122,735 | 336,069 | 132,680 | 330,183 |
| | <u>1,496,027</u> | <u>3,988,608</u> | <u>1,251,635</u> | <u>3,442,895</u> |
| Finance costs | 1,736 | 4,357 | 1,953 | 4,180 |
| Profit before taxation | <u>1,494,291</u> | <u>3,984,251</u> | <u>1,249,682</u> | <u>3,438,715</u> |
| Taxation | | | | |
| - current | 328,206 | 1,147,516 | 301,419 | 1,041,816 |
| - deferred | 21,377 | (8,795) | 8,575 | (14,789) |
| | <u>349,583</u> | <u>1,138,721</u> | <u>309,994</u> | <u>1,027,027</u> |
| Profit for the period | <u>1,144,708</u> | <u>2,845,530</u> | <u>939,688</u> | <u>2,411,688</u> |
| ----- (Rupees) ----- | | | | |
| Earnings per share - basic / diluted | <u>11.69</u> | <u>29.07</u> | <u>9.60</u> | <u>24.63</u> |

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


SYED ANIS AHMED
CHIEF EXECUTIVE

EHSAN ALI MALIK
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the Quarter and Nine Months Ended September 30, 2016

| | Jul - Sep 2016 | Jan - Sep 2016 | Jul - Sep 2015 | Jan - Sep 2015 |
|---|-------------------|-------------------|-------------------|-------------------|
| ----- Rupees in '000 ----- | | | | |
| Profit for the period | 1,144,708 | 2,845,530 | 939,688 | 2,411,688 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>1,144,708</u> | <u>2,845,530</u> | <u>939,688</u> | <u>2,411,688</u> |

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



SYED ANIS AHMED
CHIEF EXECUTIVE



EHSAN ALI MALIK
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)

For the Nine Months Ended September 30, 2016

| | Note | Jan - Sep 2016 | Jan - Sep 2015 |
|--|------|---------------------------|-------------------|
| | | ----- (Rupees '000) ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 6 | 2,947,611 | 4,218,310 |
| Income taxes paid | | (1,161,017) | (1,120,779) |
| Long-term loans and advances - net | | (3,609) | (6,150) |
| Long-term deposits - net | | - | 130 |
| Long-term prepayment - net | | 2,077 | (1,336) |
| Net cash inflow from operating activities | | 1,785,062 | 3,090,175 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (655,825) | (844,398) |
| Acquisition of intangible asset | | (6,500) | (18,500) |
| Sale proceeds from disposal of fixed assets | | 27,395 | 48,859 |
| Interest income | | 292,922 | 350,895 |
| Net cash outflow from investing activities | | (342,008) | (463,144) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance cost paid | | (4,357) | (4,180) |
| Dividend paid | | (2,848,246) | (1,361,456) |
| Net cash outflow from financing activities | | (2,852,603) | (1,365,636) |
| Net increase in cash and cash equivalents | | (1,409,549) | 1,261,395 |
| Cash and cash equivalents at the beginning of the period | | 8,320,913 | 6,381,381 |
| Cash and cash equivalents at the end of the period | | 6,911,364 | 7,642,776 |

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


SYED ANIS AHMED
CHIEF EXECUTIVE

EHSAN ALI MALIK
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the Nine Months Ended September 30, 2016

| | Reserves | | | | | | Total Equity |
|---|----------------|---------------------------|----------------|------------------|------------------------|-------------------|-------------------|
| | Share Capital | Capital Reserves | | Revenue Reserves | | Total | |
| | | Reserve arising on Merger | Other | General Reserves | Un-appropriated Profit | | |
| (Rupees '000) | | | | | | | |
| Balance as at January 01, 2015 | 979,003 | 46,097 | 293,384 | 5,338,422 | 4,214,694 | 9,892,597 | 10,871,600 |
| Total comprehensive income for the nine months ended September 30, 2015 | | | | | | | |
| Profit for the period | - | - | - | - | 2,411,688 | 2,411,688 | 2,411,688 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 2,411,688 | 2,411,688 | 2,411,688 |
| 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) |
| Interim dividend for the year ending December 31, 2015 @ Rs. 10 per share | - | - | - | - | (979,003) | (979,003) | (979,003) |
| Capital contribution from Abbott International LLC, USA | - | - | 32,019 | - | - | 32,019 | 32,019 |
| Balance as at September 30, 2015 | 979,003 | 46,097 | 325,403 | 5,338,422 | 5,177,458 | 10,887,380 | 11,866,383 |
| Balance as at January 01, 2016 | 979,003 | 46,097 | 335,848 | 5,338,422 | 6,249,877 | 11,970,244 | 12,949,247 |
| Total comprehensive income for the nine months ended September, 2016 | | | | | | | |
| Profit for the period | - | - | - | - | 2,845,530 | 2,845,530 | 2,845,530 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 2,845,530 | 2,845,530 | 2,845,530 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Final dividend for the year ended December 31, 2015 @ Rs. 20 per share declared subsequent to the year end | - | - | - | - | (1,958,006) | (1,958,006) | (1,958,006) |
| Interim dividend for the year ending December 31, 2016 @ Rs. 10 per share | - | - | - | - | (979,003) | (979,003) | (979,003) |
| Capital contribution from Abbott International LLC, USA | - | - | 25,159 | - | - | 25,159 | 25,159 |
| Balance as at September 30, 2016 | 979,003 | 46,097 | 361,007 | 5,338,422 | 6,158,398 | 11,903,924 | 12,882,927 |

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



SYED ANIS AHMED
CHIEF EXECUTIVE



HESHAM ALI MALIK
DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)

For the Nine Months Ended September 30, 2016

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 Pakistan Stock Exchange (formerly 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, 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, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and Section 245 of the Companies Ordinance, 1984.

2.2 Accounting policies

The accounting policies and the methods of computation used 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, 2015.

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, 2015.

| | (Unaudited) September 30, 2016 | (Audited) December 31, 2015 |
|------|--------------------------------------|-----------------------------------|
| Note | ----- (Rupees ‘000)----- | |

3. PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--------------------------|-----|------------------|------------------|
| Operating fixed assets | 3.1 | 3,637,064 | 3,299,161 |
| Capital work-in-progress | | 630,168 | 718,242 |
| | | <u>4,267,232</u> | <u>4,017,403</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)

For the Nine Months Ended September 30, 2016

3.1 Operating fixed assets

Following were the additions and disposals of fixed assets during the period :

| | Addition | Disposals | |
|--|----------------|----------------------|--------------------------|
| | | Cost | Accumulated Depreciation |
| | ----- | Rupees in '000 ----- | |
| Improvements on buildings | 10,550 | - | - |
| Plant and machinery | 493,119 | 165 | 149 |
| Office equipment | 2,251 | 5,352 | 4,937 |
| Vehicles | 64,995 | 56,962 | 32,843 |
| Computers | 16,406 | 288 | 288 |
| Demonstration equipment | 156,578 | - | - |
| Capital work in progress (CWIP) - net of transfers | (88,074) | - | - |
| | <u>655,825</u> | <u>62,767</u> | <u>38,217</u> |

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

4.1.1 The Company has given bank guarantees of Rs. 173.697 million (December 31, 2015: Rs 141.626 million) to the Customs Department, a utility company and other institutions against tenders.

4.1.2 The taxation officer has contended that the Company has not deducted tax under the law on certain expenses. The order was passed and a demand of Rs. 20 million was raised against the Company, however an appeal has been filed by the Company with the Appellate Tribunal Inland Revenue which is pending for adjudication.

Based on the tax advisors 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.

4.1.3 The Commissioner Inland Revenue (CIR) has selected the case of the Company for audit of tax year 2012 (accounting year December 31, 2011) and tax year 2014 (accounting year December 31, 2013) and has requested various information from the Company in this regard. The Company believes that only the Federal Board of Revenue has the right to select the Company for audit based on defined criteria or through random balloting and the CIR does not have the right to select the Company for Audit. The Company has filed writ petition in the High court in this regard, which is pending for hearing.

4.1.4 The Deputy Commissioner Inland Revenue (DCIR) while finalizing the Sales Tax audit for tax year 2014 has issued an order raising a demand of Rs. 235.712 million on the contention that the Company has allegedly excess claimed/adjusted input tax in its sales tax returns. The actual amount of claim of input tax is 42.618 million for rectification application has also been moved. The Company has filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) against the order of DCIR. In addition to this, on the Company's appeal The Sindh High Court has granted stay against the recovery proceedings.

The management of the Company on the advice of its tax advisors is confident that the eventual outcome of the appeal would be in favor of the company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)

For the Nine Months Ended September 30, 2016

4.2 Commitments

4.2.1 Commitments for capital expenditure as at September 30, 2016 aggregated to Rs. 481.180 million (December 31, 2015: Rs. 298.176 million).

4.2.2 The Company has obtained short term financing facilities from various commercial banks amounting to Rs. 1,120 million (December 31, 2015: Rs. 1,120 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, 2015: Rs. 250 million). The running finance / short term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (December 31, 2015: 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. 445.594 million (December 31, 2015: Rs. 384.742 million).

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at September 30, 2016, Abbott Asia Investments Limited, UK held 76,259,454 (December 31, 2015: 76,259,454) shares. The ultimate holding company is Abbott Laboratories, USA.

| | (Unaudited) Jan - Sep 2016 | (Unaudited) Jan - Sep 2015 |
|--|----------------------------------|----------------------------------|
| Note | ----- (Rupees '000)----- | |
| 6. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 3,984,251 | 3,438,715 |
| Adjustment for: | | |
| Depreciation | 381,446 | 341,096 |
| Amortisation on intangible assets | 10,833 | 15,532 |
| Gain on disposal of property, plant and equipment | (2,845) | (10,148) |
| Interest income | (290,720) | (341,400) |
| Expense recognised in profit or loss in respect of equity-settled share-based compensation | 25,159 | 32,019 |
| Finance costs | 4,357 | 4,180 |
| Working capital changes | 6.1 (1,164,870) | 738,316 |
| | <u>2,947,611</u> | <u>4,218,310</u> |

6.1 Working capital changes

(Increase) / decrease in current assets net of provision

| | | |
|---|--------------------|------------------|
| Stores and spares | 35,085 | 2,292 |
| Stock-in-trade | (1,206,504) | (363,579) |
| Trade debts | (170,560) | (25,131) |
| Loans and advances | (91,866) | (150,194) |
| Trade deposits and short-term prepayments | (115,381) | (45,195) |
| Other receivables | (63,692) | 93,589 |
| | <u>(1,612,918)</u> | <u>(488,218)</u> |

Increase in current liabilities

| | | |
|--------------------------|--------------------|----------------|
| Trade and other payables | 448,048 | 1,226,534 |
| | <u>(1,164,870)</u> | <u>738,316</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)

For the Nine Months Ended September 30, 2016

7. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise parent, ultimate parent, 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 - Sep 2016 | (Unaudited) Jan - Sep 2015 |
|---|----------------------------------|----------------------------------|
| | ----- (Rupees '000)----- | |
| Other related parties | | |
| Sale of goods | 250,674 | 176,972 |
| Purchase of materials | 3,087,513 | 2,672,921 |
| Technical service fee | 105,601 | 99,349 |
| Reimbursements from a related party on account of: | | |
| - Selling and distribution expenses | 59,254 | 61,839 |
| - Administrative expenses | 3,840 | 6,267 |
| Interest income earned | 23,787 | 22,303 |
| Contribution paid | | |
| Pension fund | 119,601 | 114,243 |
| Provident fund | 58,189 | 55,374 |
| Key management personnel | | |
| Short-term employee benefits | 142,314 | 171,155 |
| Post-employment benefits | 16,954 | 19,719 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)

For the Nine Months Ended September 30, 2016

8. SEGMENT ANALYSIS

8.1 Segment wise operating results for the third quarter:

| | Unaudited | | | | Unaudited | | | |
|-----------------------------------|---------------------------|-------------|---------|-----------|----------------|-------------|---------|-----------|
| | Jul - Sep | | | | Jul - Sep | | | |
| | 2016 | | | | 2015 | | | |
| | Pharmaceutical | Nutritional | Others | Total | Pharmaceutical | Nutritional | Others | Total |
| | ----- (Rupees '000) ----- | | | | | | | |
| Sales | 4,312,007 | 1,094,065 | 568,484 | 5,974,556 | 4,041,453 | 1,039,476 | 555,358 | 5,636,287 |
| Less: | | | | | | | | |
| Sales return and discount | 21,900 | 1,301 | 3,024 | 26,225 | 30,888 | 850 | 5,618 | 37,356 |
| Sales tax and excise duty | - | 99,881 | 25,966 | 125,847 | - | 98,848 | 28,679 | 127,527 |
| Sales - net | 4,290,107 | 992,883 | 539,494 | 5,822,484 | 4,010,565 | 939,778 | 521,061 | 5,471,404 |
| Cost of goods sold | 2,481,727 | 646,005 | 298,166 | 3,425,898 | 2,480,102 | 560,167 | 269,127 | 3,309,396 |
| Gross profit | 1,808,380 | 346,878 | 241,328 | 2,396,586 | 1,530,463 | 379,611 | 251,934 | 2,162,008 |
| Selling and distribution expenses | 567,348 | 107,017 | 94,717 | 769,082 | 607,356 | 109,526 | 73,768 | 790,650 |
| Administrative expenses | 81,675 | 10,022 | 5,153 | 96,850 | 94,398 | 8,563 | 2,856 | 105,817 |
| Segment result | 1,159,357 | 229,839 | 141,458 | 1,530,654 | 828,709 | 261,522 | 175,310 | 1,265,541 |

8.2 Segment wise operating results for nine months ended:

| | Unaudited | | | | Unaudited | | | |
|-----------------------------------|---------------------------|-------------|-----------|------------|----------------|-------------|-----------|------------|
| | Jan - Sep | | | | Jan - Sep | | | |
| | 2016 | | | | 2015 | | | |
| | Pharmaceutical | Nutritional | Others | Total | Pharmaceutical | Nutritional | Others | Total |
| | ----- (Rupees '000) ----- | | | | | | | |
| Sales | 12,154,867 | 3,219,810 | 1,861,378 | 17,236,055 | 11,244,684 | 2,891,650 | 1,622,337 | 15,758,671 |
| Less: | | | | | | | | |
| Sales return and discount | 50,149 | 4,587 | 14,583 | 69,319 | 93,620 | 2,600 | 28,092 | 124,312 |
| Sales tax and excise duty | - | 285,832 | 91,993 | 377,825 | - | 269,924 | 91,597 | 361,521 |
| Sales - net | 12,104,718 | 2,929,391 | 1,754,802 | 16,788,911 | 11,151,064 | 2,619,126 | 1,502,648 | 15,272,838 |
| Cost of goods sold | 7,218,769 | 1,884,055 | 962,784 | 10,065,608 | 6,991,042 | 1,569,257 | 825,885 | 9,386,184 |
| Gross profit | 4,885,949 | 1,045,336 | 792,018 | 6,723,303 | 4,160,022 | 1,049,869 | 676,763 | 5,886,654 |
| Selling and distribution expenses | 1,694,945 | 370,978 | 335,064 | 2,400,987 | 1,568,064 | 348,806 | 268,485 | 2,185,355 |
| Administrative expenses | 264,318 | 33,815 | 9,462 | 307,595 | 256,891 | 26,581 | 9,336 | 292,808 |
| Segment result | 2,926,686 | 640,543 | 447,492 | 4,014,721 | 2,335,067 | 674,482 | 398,942 | 3,408,491 |

8.3 Reconciliation of segment results with profit before taxation

| | Unaudited | | Unaudited | |
|------------------------|---------------------------|-----------|-----------|-----------|
| | Jul - Sep | Jan - Sep | Jul - Sep | Jan - Sep |
| | 2016 | 2016 | 2015 | 2015 |
| | ----- (Rupees '000) ----- | | | |
| Total segment results | 1,530,654 | 4,014,721 | 1,265,541 | 3,408,491 |
| Other income | 88,108 | 309,956 | 118,774 | 364,587 |
| Other charges | 122,735 | 336,069 | 132,680 | 330,183 |
| Finance costs | 1,736 | 4,357 | 1,953 | 4,180 |
| Profit before taxation | 1,494,291 | 3,984,251 | 1,249,682 | 3,438,715 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited)

For the Nine Months Ended September 30, 2016

| Unaudited | | Unaudited | |
|---------------------------|-------------------|-------------------|-------------------|
| Jul - Sep 2016 | Jan - Sep 2016 | Jul - Sep 2015 | Jan - Sep 2015 |
| ----- (Rupees '000) ----- | | | |

8.4 Geographical information

Sales to external customers

| | | | | |
|-------------|------------------|-------------------|------------------|-------------------|
| Pakistan | 5,486,269 | 15,849,821 | 5,120,055 | 14,451,268 |
| Afghanistan | 258,552 | 658,999 | 221,363 | 596,432 |
| Srilanka | 8,216 | 29,417 | 37,719 | 43,664 |
| Netherland | - | - | - | 18,447 |
| Bangladesh | - | - | 4,502 | 4,502 |
| Switzerland | 69,447 | 250,674 | 87,765 | 158,525 |
| | <u>5,822,484</u> | <u>16,788,911</u> | <u>5,471,404</u> | <u>15,272,838</u> |

8.5 Segment Assets and Liabilities

| | Unaudited | | | | Audited | | | |
|-----------------------------------|--------------------|----------------|------------------|-------------------|-------------------|----------------|------------------|-------------------|
| | September 30, 2016 | | | | December 31, 2015 | | | |
| | Pharmaceutical | Nutritional | Others | Total | Pharmaceutical | Nutritional | Others | Total |
| ----- (Rupees '000) ----- | | | | | | | | |
| Segment assets employed | <u>7,490,156</u> | <u>357,547</u> | <u>1,369,792</u> | <u>9,217,495</u> | <u>5,967,338</u> | <u>333,624</u> | <u>1,225,157</u> | <u>7,526,119</u> |
| Unallocated corporate assets | | | | <u>7,732,476</u> | | | | <u>8,962,156</u> |
| Total reported assets | | | | <u>16,949,971</u> | | | | <u>16,488,275</u> |
| Segment liabilities | <u>2,183,281</u> | <u>359,877</u> | <u>350,940</u> | <u>2,894,098</u> | <u>1,922,325</u> | <u>318,196</u> | <u>413,541</u> | <u>2,654,062</u> |
| Unallocated corporate liabilities | | | | <u>1,172,946</u> | | | | <u>884,966</u> |
| Total reported liabilities | | | | <u>4,067,044</u> | | | | <u>3,539,028</u> |

9. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 21, 2016 by the Board of Directors of the Company.



SYED ANIS AHMED
CHIEF EXECUTIVE



EHSAN ALI MALIK
DIRECTOR








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