



Abbott

2020 ANNUAL REPORT



At Abbott, we've been improving people's health at all ages and stages of life since 1948. Today, we're addressing some of Pakistan's most pressing healthcare challenges to help people live fuller, healthier, more dignified lives. Because we believe that the best medical product is the one that helps the most people, we design breakthrough products in each of our businesses — branded-generic pharmaceuticals, nutrition, diagnostics and diabetes care — to help ensure maximum access and affordability. Our balanced leadership across diverse markets enables us to deliver consistent growth and strong shareholder returns.

LIFE. TO THE FULLEST.

We at Abbott believe we're in the best business there is: we get to help people live fuller lives through better health. We recognise that as a privilege – one that comes with responsibilities. As healthcare needs grow and change, Abbott Pakistan works to stay ahead of those trends and respond with relevant, patient-centric solutions. We have built a sustainable growth platform that will continue to drive success for many years to come.

TABLE OF CONTENTS

1	Vision and Mission
2	Key Performance Indicators
2	Our Values
5	Abbott Today
6	Corporate Information
8	Our Citizenship and Sustainability Priorities
15	Abbott Proud
18	We Were Built for This
20	Value Chain
22	Abbott Pakistan at a Glance
24	Ownership and Operating Structure
24	Composition of Local versus Imported Materials
25	Corporate Structure
26	History Timeline
28	Geographical Presence
30	Established Pharmaceuticals
32	Nutrition
34	Diagnostics
36	Diabetes Care
38	Product Launches
40	Objectives and Strategies
45	Risk Management at Abbott
46	Key Risks and Opportunities Report
48	Analysis of Financial and Non-Financial Performance against Indicators
50	Significant Factors affecting the External Environment and the Organisation's Response
52	Corporate Social Responsibility
54	Environment, Health and Safety
56	Supporting our Communities
58	Social and Environmental Responsibility Policy
60	Human Resources
64	Quality Assurance
66	Awards and Recognitions
68	Ethics and Compliance
70	Corporate Governance
78	Business Model - Integrated Reporting Framework
80	Integrated Reporting Framework
80	Unreserved Statement of Compliance to International Financial Reporting Standards
82	Audit Committee Report
84	Directors' Profile
86	Brief Terms of Reference of Board Committees
87	Board Committees Attendance
88	Review Report by the Chairman
89	Review Report by the Chairman (Urdu)
90	Directors' Report
101	Directors' Report (Urdu)
102	Forward Looking Statement
105	2020 Financial Report

VISION

To be the most admired healthcare company in Pakistan.

MISSION

To deliver consistently superior products and services which contribute significantly to improve the quality of life of consumers.

KEY PERFORMANCE INDICATORS

2020
FINANCIAL
HIGHLIGHTS

SALES

Rs. 35.28BN

SALES GROWTH

17.0%

METHODS AND ASSUMPTIONS USED IN COMPILING THE INDICATORS

A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving its business objectives. Both financial and non-financial KPIs are computed using formulae which are widely used in the industry and are relevant to different stakeholders such as shareholders, bankers and regulators etc.

OUR VALUES

Values are the foundation for building a meaningful corporate identity. Abbott is a company rooted in values and our core values of honesty, integrity and fairness describe a standard of behaviour expected of every employee.

Abbott has four differentiating values that speak of the unique strengths that have made our Company what it is today. The Company continues to build on these strengths to deliver our goals.

These values are a blueprint for our employee behaviour. They are the underpinnings of our brand promise, defining how we serve our constituents. These values are woven into all business processes company-wide over time, determining how we plan and run our businesses, how we serve our customers, how we measure and motivate performance, and how we communicate internally and externally. Aligning our organisation around this cohesive set of values has been critical to the achievement of Abbott's brand and business goals.

PIONEERING

*Leading-edge science
and innovative
commercialisation*

We lead with solutions that address human needs by pioneering innovative treatments and solutions, and new approaches to managing health.

GROSS PROFIT
MARGIN

34.6%

NET PROFIT
MARGIN

12.9%

EARNINGS PER
SHARE

Rs. 46.33

For financial KPIs, the data used is generated through our internal management information systems, together with audited financial statements. Similarly, for non-financial KPIs, in addition to our internal management information systems, other tools are also used which include surveys and customer feedbacks.

CARING

*Making a difference
in people's lives*

Caring is central to the work that we do to help people live healthier lives. We have tremendous respect for the lives of everyone touched by our Company. Our respect for people is demonstrated in what we do and how we act.

ACHIEVING

*Customer-focused
outcomes and world-class
execution*

We drive for meaningful results, demanding of ourselves and each other, because our work impacts people's lives. We are committed to working together to deliver solutions that are effective and profitable. Our focus on execution and collaboration ensures that we keep our promises to each other and to those we serve.

ENDURING

*Commitment and
purpose*

Enduring means both honouring our history and maintaining our commitment to the future. We will always be here to help keep people healthy. We keep our promises, acting in accordance with all of our values.

At Abbott, we provide real answers to real problems, delivering breakthrough solutions to prevent, diagnose and treat health needs. We adapt quickly to changes, harnessing leading-edge science and technology to deliver the best possible solutions for some of the most important health challenges.

LEADING MARKET POSITIONS IN PAKISTAN

BRUFEN - #1 Brand in volume

ARINAC - #1 Cold preparations without Anti-Infectives

KLARICID - #2 Macrolide Antibiotic

SURBEX Z - #1 Vitamin B Complex Brand

DUPHASTON - #1 Brand for Progesterone Deficiency

EPIVAL - #1 Anti-Epileptic Brand

DUPHALAC - #2 Laxative Brand

SERC - #1 Vertigo Brand

PEDIASURE - #1 Child Nutrition Supplement

ENSURE - #1 Adult Nutrition Supplement

GLUCERNA - #1 Diabetic Nutritional Supplement

10
Brands
> Rs. 1
billion sales

ABBOTT TODAY



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

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

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)

**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 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

*Syed Tabish Aseem was appointed as interim Chief Financial Officer on 1st November, 2019 and as Chief Financial Officer on 16th January, 2020.

**Humayun Altaf was appointed as Company Secretary on 16th January, 2020.



OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES

If there's one thing that this extraordinary year has made very clear, it's how closely interconnected we all are with the society and the environment in which we operate. The idea of sustainability – of how we build better systems to support the long-term welfare of our society and our planet – has rarely been brought to public life and discourse with such power and urgency. At the foundation of our work and our culture at Abbott is the recognition that all our lives are intertwined and that we have commitments to one another.

We focus on operating responsibly, preserving healthy living environments and earning trust by doing the right things, for the long term, for the benefit of everyone who relies on our products. At the same time, we work hard to maximise the impact of our business in creating stronger communities around the world. Our sustainability work focuses on the areas where opportunities for our business intersect with positive social impact.

For Abbott, sustainability includes ensuring quality and safety, valuing our people, building a resilient supply chain, delivering results for our shareholders, and being there for the people we serve.

These priorities provide a clear roadmap for pursuing our responsibilities as a socially responsible citizen, yet are flexible enough to enable creativity and innovation across our diverse mix of businesses.

ENSURING QUALITY AND SAFETY

Our purpose of enabling fuller lives through the power of health depends on trust, and trust in Abbott depends on our ability to consistently deliver safe, effective and high-quality products. Everyone at Abbott is responsible for maintaining trust. We are subject to laws of varying nature and complexity. Operating in this environment requires continuous monitoring, as well as an ability to adapt quickly to changing laws and regulations.

We take a holistic view of quality across our organisation and beyond, with systems and policies to drive consistency, compliance and continuous improvement. These include programs to embed quality, safety and sound product stewardship throughout our value chain. This engagement helps maintain a leading quality management system in line with global industry standards and the changing regulatory landscape.

Our quality management systems have been developed using a multicomponent model and proprietary metrics which track the quality system performance of our businesses and manufacturing sites. As part of this system, we maintain a set of quality policies that incorporates regulatory requirements and ensures that we implement robust and compliant processes across our businesses.

Our One Abbott Global Commercial Quality Assurance initiative focuses on establishing common procedures and processes for quality management across our businesses, with a focus on four key areas:

- Organisation and professional development;
- Operational excellence;
- Customer satisfaction; and
- Supply chain assurance.

We require all Abbott employees with responsibility for product quality to be trained to the latest industry standards on good manufacturing, laboratory, clinical and distribution practices. A critical part of our process is ensuring that new employees receive quality training, expand their knowledge and receive development opportunities. This helps maintain a quality foundation throughout the organisation.

SUPPORTING COMMUNITIES

At Abbott, we know that innovative health solutions are only life changing when it reaches those people who need it most. Our approach to global citizenship and shared impact is based on this belief and shapes how we work with communities around the world.



OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES

As a healthcare leader, we strive to make a positive social impact by helping people live longer and better. We apply our unique strengths to identify and invest in products and business models to meet emerging healthcare needs, and find measurable ways to address social challenges through our scientific and technical expertise.

Shared value is an integral part of Abbott's strategy for delivering health solutions. Our approach is based on access and innovation: new products to meet healthcare needs, new business models that create value for communities and new systems that can deliver healthcare to those who need it most. Through this work, we tie the growth of our business to meeting social needs.

VALUING OUR PEOPLE

The sustainability of Abbott's business depends on attracting, engaging and developing talented people who share our vision and values. That's why we offer innovative programs, benefits and resources that address the diverse needs of our employees, reward their efforts, help them build their best careers at Abbott and provide solid financial security.

We take a collaborative approach, listening to our employees to understand their needs and connect with them to build a working environment that meets

those needs. One of our key priorities is to enable our employees in such a way that working at Abbott gives them the opportunity to become the best people they can be, to receive competitive compensation and benefits for their work, and to feel part of a community, doing meaningful work side by side with committed colleagues.

Abbott's promise to its employees is to provide a workplace environment that:

- a) Promotes diversity and inclusion
- b) Offers extensive professional development, mentoring and training programs
- c) Encourages and supports work-life harmony
- d) Offers competitive compensation and benefits tailored to each market
- e) Protects human rights
- f) Offers wellness programs
- g) Commits to employee health and safety

Succession Planning

Abbott ensures diversity and inclusion through placing a strong emphasis on succession planning and talent development. Talent Management Reviews (TMRs) are conducted annually to assess critical positions, identify successors and create development





plans. This helps us make sure that our current and future leaders are building the skills they will need for success.

Career Development

We have an integrated talent management process that is designed to identify talented people at any level of our organisation, assess them accurately, and provide equal and consistent opportunities for them to develop their skills. It incorporates mentoring, skills assessments, performance appraisals and career pathing.



All employees participate in our annual performance management process and work with their managers to create talent profiles and development plans that support their particular career objectives.

Recruitment

Abbott takes an integrated approach to building a diverse talent pipeline that can meet the needs of our businesses. This involves building a compelling employer brand, both through our own digital properties and through other channels.

SAFEGUARDING OUR ENVIRONMENT

Abbott is committed to safeguarding a healthy environment for everyone by reducing the environmental impacts of our business across our value chain. This commitment shapes the way we source, manufacture, design and distribute our products and forms the basis of our environmental management systems and governance.

Abbott's environmental governance and management systems are part of an integrated Environmental, Health and Safety (EHS) approach. Our EHS strategy focuses on identifying and mitigating EHS-related risks, ensuring business continuity and addressing our stakeholders' expectations that Abbott is a responsible corporate citizen. This includes reducing our greenhouse gas emissions, water use and waste impacts.

OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES



Managing Climate Related Risks

Abbott is committed to identifying and mitigating climate-related risks that have the potential to impact our operations, supply chain and distribution network. The risks that we analyse include physical and transitional risks that result from emerging regulations and new expectations of our businesses and risk exposure through our suppliers and customers. Our integrated multi-disciplinary company-wide risk management process assesses and manages climate-related risks at various levels of our Company to ensure that our businesses and operations are resilient. Our policies, standards and programs drive business resilience and are regularly updated to align with current and future global requirements.

Reducing Energy and Emissions

Our contribution to a healthy world includes reducing energy consumption and carbon emissions, both in our direct operations and throughout our value chain. This is demonstrated through efforts taken to increase energy efficiency in our manufacturing operations; investing in low-carbon energy; and encouraging a lower carbon footprint in our supply chain.

Protecting Water Resources

Access to water is essential to Abbott's manufacturing operations and business continuity and also plays a

critical role in the use of many of our products. We are committed to managing our water use in an efficient, responsible manner, as well as to improving access to clean water for our customers and the communities where we operate.

Our approach is based on three core principles:

- a) Reducing the amount of water our business consumes by working to improve water efficiency across our operations.
- b) Preventing adverse impacts to human health and the environment resulting from our water use and discharge.
- c) Educating employees, suppliers and customers about the importance of protecting water resources.

Reducing Waste

Our waste management strategy commits us to finding ethical, economical and efficient ways to reduce the volume of our waste and ensures proper waste disposal practices. However, it also goes further, with a commitment to maximising the recovery of resources and improving operating efficiency while reducing our environmental risks and impacts.

Abbott is committed to minimising our waste impacts throughout the entire life cycle of our products and packaging. We recognise two key areas of responsibility in reducing waste:

- a) Our operational waste, which includes the waste that we directly generate; and
- b) Our extended-producer responsibility, which considers the environmental impacts associated with our products throughout their complete life cycle, including design, production, consumption and disposal.

Producer Responsibility

Abbott recognises our extended responsibility for the impact of our products on human health and the environment, which includes how we procure materials and services to produce them and their impact after we distribute them.

Abbott is committed to minimising the environmental impact of our products on the environment and human health throughout a product's entire life cycle. This enables us to improve operating efficiency, and to reduce product and operational costs. This approach considers all components of our business value chain, including:

- a) Procurement of operational inputs, such as raw materials, processed goods and services, ethically and sustainably.
- b) Designing, production and distribution of our products with consideration for their impact on the environment and human health throughout their life cycle.

STRENGTHENING OUR SUPPLY CHAIN

The quality, resilience and sustainability of our supply chain are essential to Abbott's continued success and to delivering the products that millions of people depend upon. We have developed a global supply chain strategy focused on reinforcing continuity and flexibility while minimising sustainability risk and our shared environmental footprint.

We work closely with our suppliers on new solutions that support delivery of our life-changing technology, reduce our environmental impact, and multiply the social and economic value that we create. For Abbott, a sustainable supply chain means ensuring that everything we make and that others make for us is sourced and produced in an ethical manner while minimising our shared sustainability impact. We develop supplier contracts that embed standards aligned with our sustainability objectives and require suppliers to uphold the principles outlined in our supplier guidelines.

When selecting suppliers, we consider environmental, social and governance factors, in addition to business capabilities and capacities, financial health and strategic alignment with Abbott's vision. Our critical suppliers include those supplying materials, components and services that can influence the safety and performance of our products, as well as those that are the only approved source of materials, components and services. Our assessment of risk and criticality also considers supply chain transparency and complexity and supplier certification.



From recent infection to post-recovery, Abbott's diagnostic tests span the life cycle of COVID-19 infection.

Strength in our diversified businesses

Leadership across diverse markets gives Abbott more ways to win.



A photograph of three Abbott employees in a professional setting. A woman on the left wears a white and blue patterned blazer and a blue and white patterned face mask. A man in the center wears a dark suit, glasses, and a dark blue face mask with the Abbott logo. He is holding a red cup. A man on the right wears a light pink shirt and a black face mask. They are all looking towards the center. The background is a blurred office interior with a dartboard on the wall.

ABBOTT PROUD.

OUR PEOPLE MADE A DIFFERENCE IN 2020.



Our work
has never
been more
important
and our
dedication
to making a
difference
showed in
our results.

Despite a challenging
environment, Abbott's
people stepped up
to do what we've
always done; deliver
game-changing
solutions that help
people live healthier,
more dignified lives.



WE WERE BUILT FOR THIS.

WE'VE SPENT YEARS ADDRESSING THE COUNTRY'S MOST PRESSING HEALTHCARE NEEDS. WE WERE MORE THAN READY FOR THE UNPRECEDENTED CHALLENGES OF 2020.

2020 was a more difficult year than any in recent memory, but despite the obstacles we faced, Abbott's people stepped up to deliver our life-changing solutions to the people who need them, working with the sense of urgency our customers have come to expect from us.

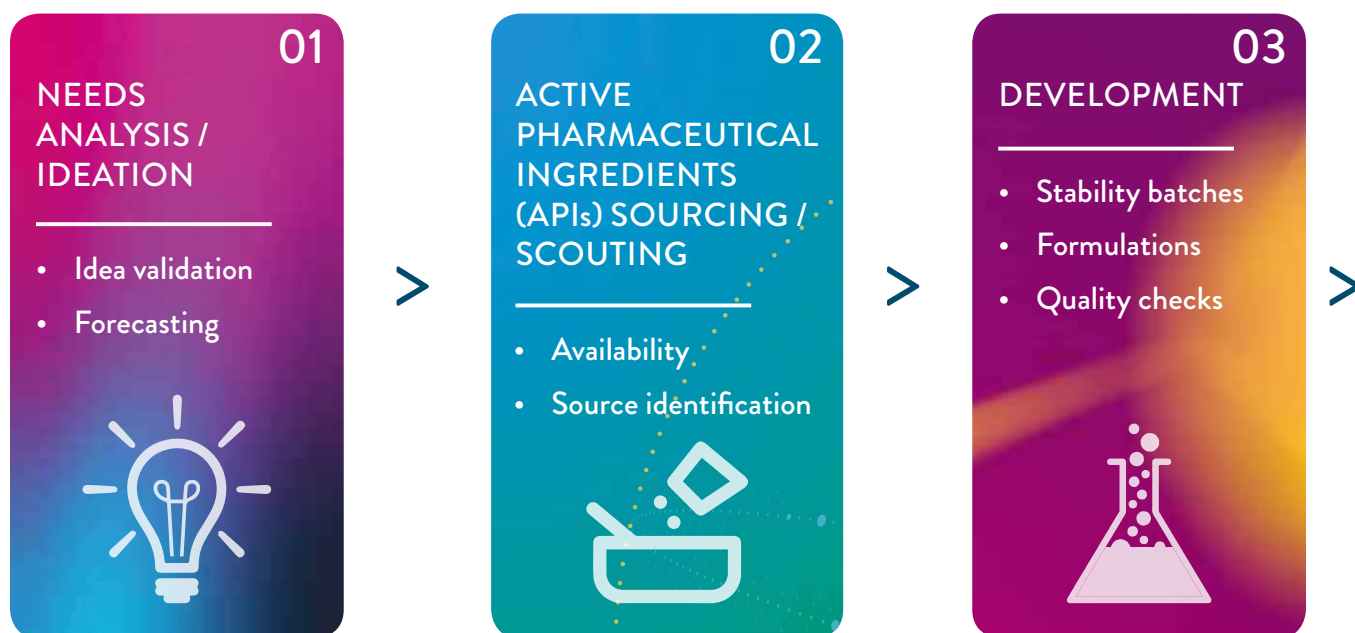
With more than 73 years of dedication to human health, our balanced business portfolio, and more than 1,400 colleagues committed to making a difference in people's lives, Abbott was built for times like these.

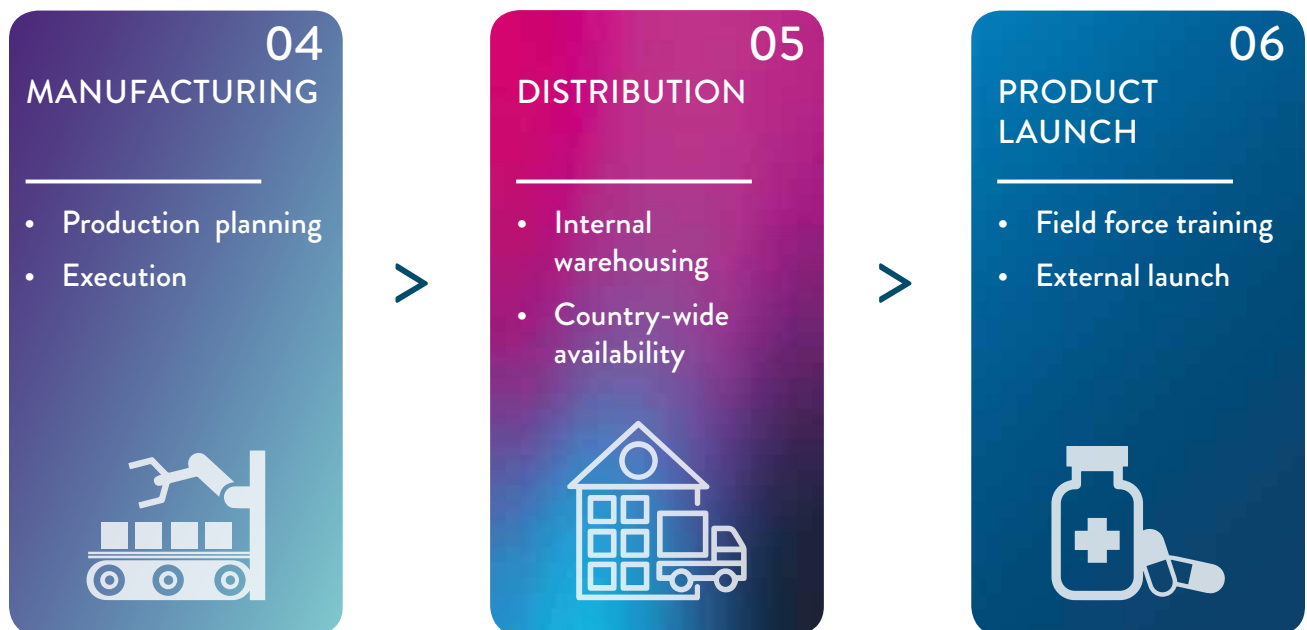
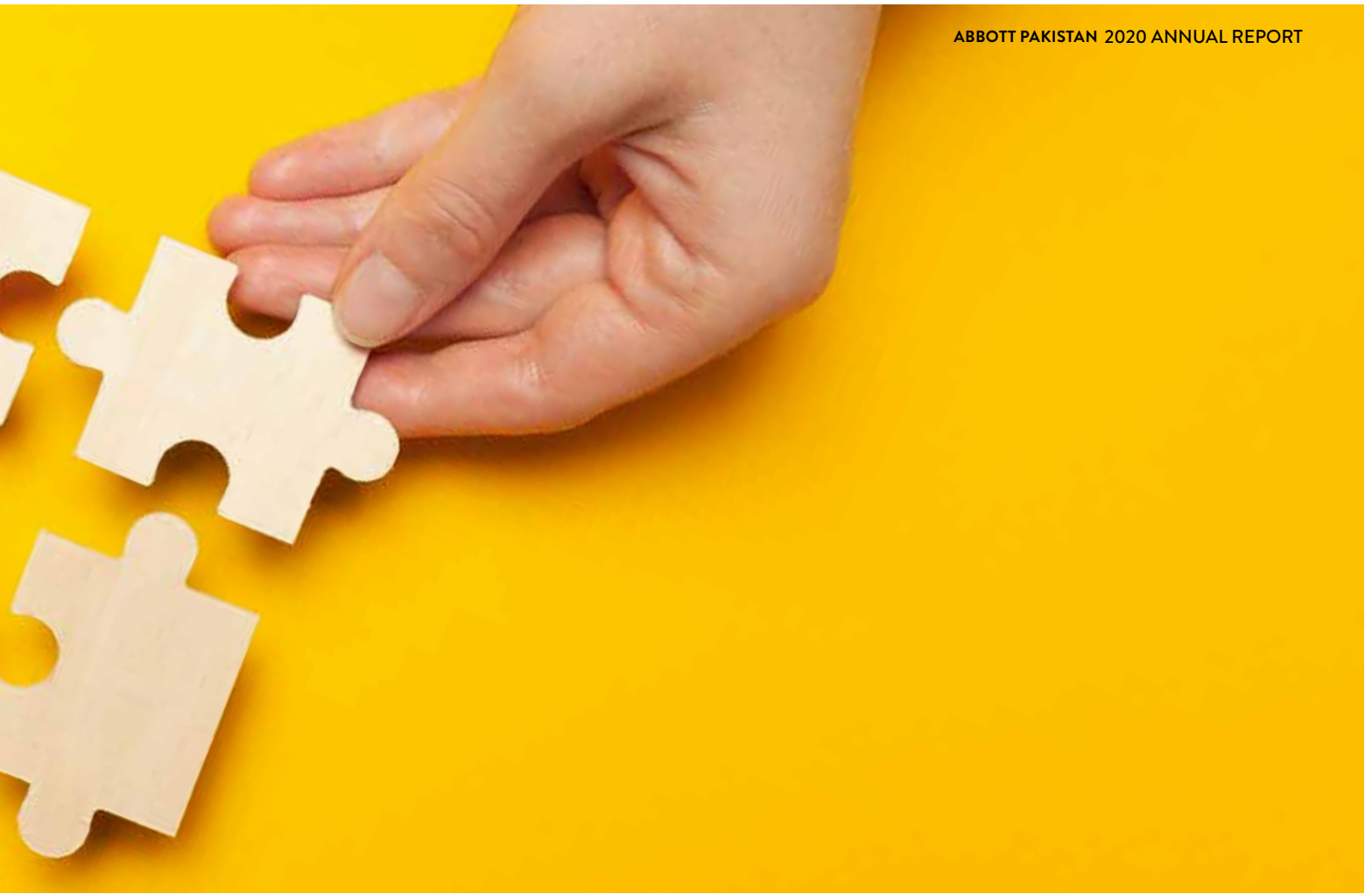


VALUE CHAIN



We are involved in all stages of the value chain apart from wholesale and retail. Value chain of our pharmaceutical business* is depicted below:





*For our Nutrition, Diagnostics and Diabetes Care businesses, Abbott Pakistan is only involved in the marketing and distribution of products.

ABBOTT PAKISTAN AT A GLANCE

Founded in 1948, Abbott Pakistan has been present in the country for over seven decades, expanding its operations on a continuous basis through both organic growth and acquisitions. Abbott is a brand that is associated with quality and care. Today, more than 1,400 of us are working to help people live not just longer, but better, serving customers nationwide.

OUR BUSINESS DIVISIONS

Abbott is a company with a straightforward purpose: We help people live more fully with life-changing health products, solutions and technologies. Our patient-centric solutions are addressing important health needs of people across Pakistan. Our diversity of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across regions and cultures.

- Our branded generic medicines help people get and stay healthy.
- Our nutrition products build and maintain health at every stage of life.
- Our diagnostic solutions provide the information to guide effective treatment decisions.
- Our diabetes care products provide people with diabetes more freedom and less pain.

ESTABLISHED PHARMACEUTICALS (EPD)

EPD offers high-quality, affordable and trusted branded-generic medicines to help treat some of the most common health conditions nationwide. There are more than 150 product SKUs in EPD's portfolio, and it operates in multiple therapeutic areas which include:

- | | |
|----------------------------|--------------------------------|
| • Women's and men's health | • Cardiovascular and metabolic |
| • Gastroenterology | • Pain and fever relief |
| • Central nervous system | • Respiratory |
| • Pediatrics | • Hospital care |



NUTRITION (ANI)

Proper nutrition is the foundation for healthy lives, which is why Abbott Nutrition has been offering science-based nutrition products for several decades. Abbott Nutrition's goal is to support people through all stages of life, from infancy to childhood to adulthood, so that they are able to live the fullest life possible.



DIAGNOSTICS (ADD)

Our innovative instrument systems and tests help monitor a range of health conditions. From automated lab diagnostic systems and blood analysers to sophisticated molecular diagnostics and point-of-care devices, our technologies provide healthcare professionals with information they need to make the best treatment decisions.

DIABETES CARE (ADC)

We are committed to develop products to reduce the discomfort and inconvenience of blood glucose monitoring; introducing systems that are easier to use, require less blood and provide faster results. Consistent and accurate glucose monitoring is the foundation of any diabetes management plan, so we are committed towards continuous improvement in the way patients and professionals measure, track and analyse glucose levels.

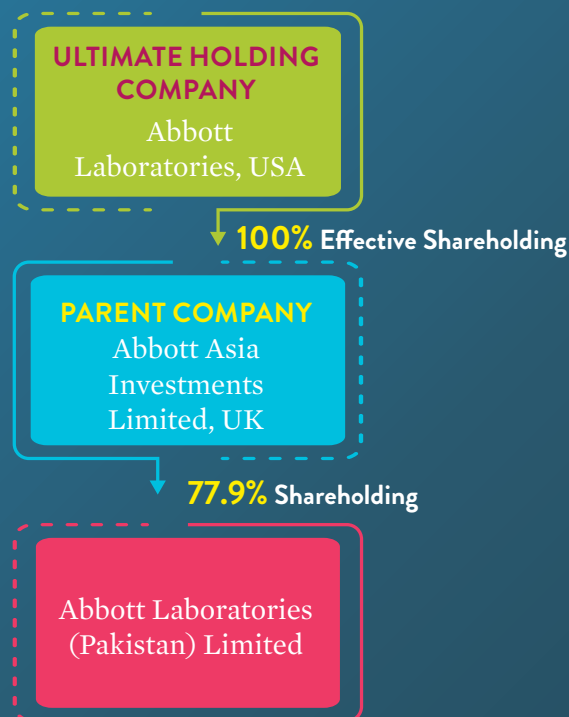


OWNERSHIP AND OPERATING STRUCTURE

Abbott Laboratories (Pakistan) Limited is a public listed company that was incorporated in Pakistan in 1948 as a private marketing company. It gradually expanded its operations over the years and is currently one of the largest pharmaceutical companies in Pakistan, and has presently two state-of-the-art manufacturing facilities based in Karachi. The Company is listed on the Pakistan Stock Exchange with 77.9% of its shares being held by Abbott Asia Investments Limited, UK.

The ultimate holding company is Abbott Laboratories, USA which is head-quartered in Abbott Park, Chicago – Illinois.

Key related parties with which the Company has had transactions during the year are disclosed in Note 33 of the financial statements.

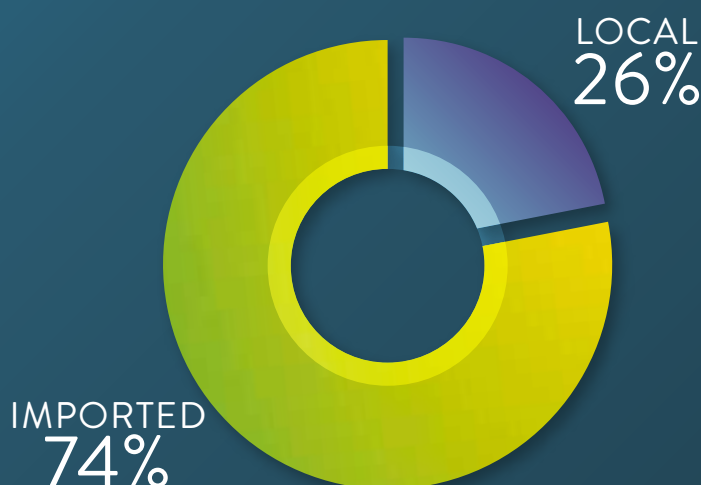


SIGNIFICANT CHANGES FROM PRIOR YEAR

There were no significant changes from prior year.

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIALS

Abbott procures its materials from both local and international sources. Composition of local versus imported materials during the year ended December 31, 2020 was as follows:



CORPORATE STRUCTURE



HISTORY TIMELINE

A TRADITION OF INNOVATION

More than 130 years ago, in the year 1888, 30-year-old Dr. Wallace C. Abbott, a practicing physician and pharmacy proprietor, founded the company that bears his name. Using the active part of a medicinal plant, known as the “alkaloid,” he formed tiny pills, called “dosimetric granules,” which provided more accurate and effective dosing for his patients than other treatments available at the time. The demand for these accurate granules soon far exceeded the needs of his own practice and, from these modest origins, was born Abbott, one of the world’s most broad-based healthcare company and a global leader in the discovery, development and manufacture of products that span the continuum of care.



1900

The business is officially incorporated in Illinois as the Abbott Alkaloidal Company.

1915

The Abbott Alkaloidal Company’s name is changed to Abbott Laboratories.

1920

Dr. Abbott breaks ground for a new manufacturing facility in North Chicago, Illinois. This location will serve as the Company’s headquarters for more than 40 years.

1962

Abbott opens its first manufacturing facility in Karachi, Pakistan.

1964

Abbott acquires M&R Dietetic Laboratories of Columbus, Ohio.

1965

Major operations are moved to Abbott Park, a 420-acre site southwest of its North Chicago headquarters.

2004

Abbott Diabetes Care is created with the acquisition of TheraSense Inc., a leading blood glucose monitoring business. Abbott also acquires EAS Inc., a leader in performance nutrition products.

2010

Abbott acquires Solvay Pharmaceuticals, the global pharmaceutical business of the Solvay Group and STARLIMS Technologies.

2013

Abbott separates into two leading healthcare companies, a diversified medical products company under the Abbott name and a research based pharmaceutical company, named AbbVie.



1929

Abbott's stock is listed on the Chicago Stock Exchange.

1931

Abbott's first international affiliate is established in Montreal, Canada.

1948

Abbott starts its operations in Pakistan, as a private marketing company.

1973

The global Abbott Diagnostics Division is formed to bring together the Company's diagnostic products and services. *Ensure*, Abbott's first adult medical nutritional supplement, is introduced.

1982

Abbott is listed as a public limited company in Pakistan.

2001

Abbott acquires the pharmaceutical business of BASF, including the global operations of Knoll Pharmaceuticals. Vysis, Inc., a leading genomic disease management company, is also acquired.

2014

Abbott acquires the control of CFR Pharmaceutical thereby establishing Abbott among top pharmaceutical companies in Latin America. Abbott also acquires control of Veropharm, a leading pharmaceutical manufacturer in Russia.

2017

Abbott acquires St. Jude Medical. The acquisition strengthens Abbott's presence in cardiovascular area, thus making Abbott a premier medical device company.

Abbott also acquires Alere, a company focusing on cardiometabolic, infectious disease and toxicology testing.

GEOGRAPHICAL PRESENCE



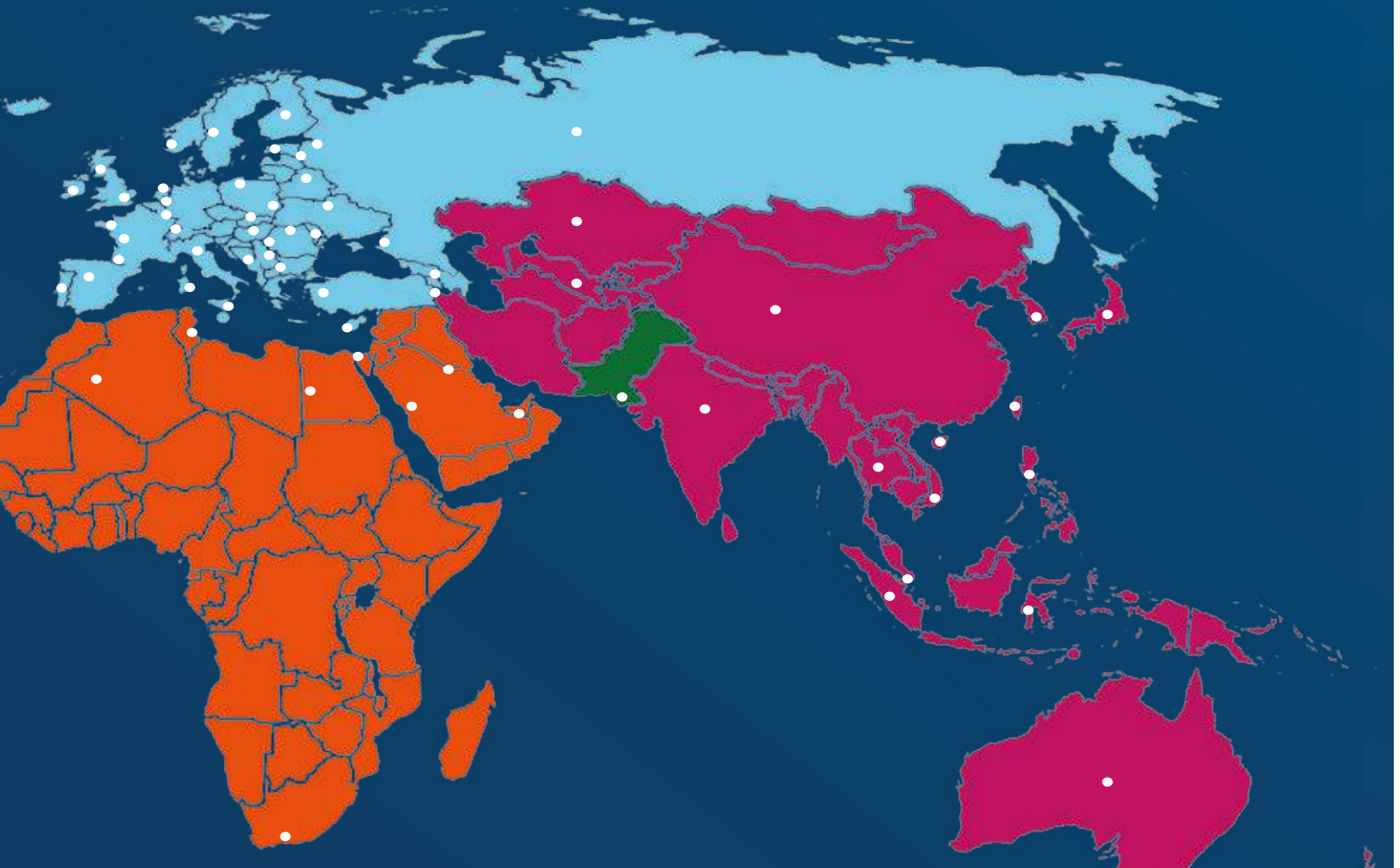
UNITED STATES, LATIN AMERICA AND CANADA

Illinois - Abbott Park - Head Office

Argentina	Ecuador
Brazil	El Salvador
Canada	Guatemala
Chile	Mexico
Colombia	Peru
Costa Rica	Puerto Rico
Dominican Republic	Trinidad and Tobago
	Uruguay
	Venezuela

EUROPE

Albania	Croatia	Greece	Netherlands	Slovenia
Armenia	Czech Republic	Hungary	Norway	Spain
Austria	Denmark	Ireland	Poland	Sweden
Azerbaijan	Estonia	Italy	Portugal	Switzerland
Belarus	Finland	Kazakhstan	Republic of Serbia	Turkey
Belgium	France	Latvia	Romania	Ukraine
Bosnia-Herzegovina	Georgia	Lithuania	Russian Federation	United Kingdom
Bulgaria	Germany	Moldova	Slovakia	Uzbekistan



MIDDLE EAST AND AFRICA

Algeria	South Africa
Egypt	Tunisia
Israel	United Arab Emirates
Kuwait	
Lebanon	
Saudi Arabia	

ASIA PACIFIC

Australia	Pakistan
China	Philippines
Hong Kong	Singapore
India	South Korea
Indonesia	Taiwan
Japan	Thailand
Malaysia	Vietnam
New Zealand	

Continuously improving our supply chain helped ensure steady access to our trusted medicines in 2020.

ESTABLISHED PHARMACEUTICALS

MAXIMISING ACCESS.

>150

ABBOTT OFFERS BROAD PORTFOLIO OF TRUSTED MEDICINES



Ayesha Shaikh
Karachi, Pakistan

I'm blessed to have a caring circle of family and friends. However, my personal life was severely disturbed when the global pandemic entered Pakistan. My primary concern was the health and safety of my family. Upon sharing my concerns with a healthcare practitioner, my family & I were recommended some of Abbott's leading multivitamin supplements. Now I am much relieved. We are still concerned about the ongoing pandemic, but at least I can sleep better knowing that I'm doing all I can to protect the well-being and health of my family. Abbott has been a hero & protector for my family in the ongoing pandemic.

Every day, millions of people throughout the country use Abbott's medicines — a broad portfolio of off-patent brands that help treat some of the most common health conditions. The company is continually innovating, building on its leadership positions with new products and indications and improved ways of using its medicines. These products are backed by Abbott's 70-year reputation for quality, a reliable supply chain, and a world-class scientific culture and expertise.

Abbott understands that better patient care requires innovation and value. As such, the company tailors its product offerings to meet the specific needs of the people we serve. Because we believe that the best medical products are the ones that help the most people, Abbott tailors our product portfolios to the specific needs of the local communities we serve, helping ensure that we can make a life-changing difference to more people, in more places.

Our Established Pharmaceuticals Division (EPD) is focused on helping to make the world a healthier place by bringing the benefits of trusted pharmaceutical brands to much broader patient populations. EPD brings value to its patients and customers through a growing portfolio of high-quality established pharmaceutical products by building a range of trusted products to suit patient needs.



NUTRITION

FUEL FOR LIFE.

Mr. Khawaja Shadab Hassan
Karachi, 57 years

Mr. Shadab, an entrepreneur, is associated with the media industry. He loves the idea of leading a healthy and active lifestyle and for him, family always comes first. His routine challenges him during lengthy media shoots, which start early in the morning and continue till late in the nights. Despite ageing, he takes keen interest in all his daily chores and does not want to be held back. However, two years back, he started to have a feeling of fatigue and felt difficulty in mobility.

Upon consultation, his family physician recommended him to consume *Ensure* on daily basis. He has been taking *Ensure* daily for the last two years, and now feels more active, vibrant and continues to do the things he loves to do. He loves spending time and playing with his granddaughter, who is also part of the Abbott Nutrition family, as she is an ardent user of *PediaSure*; that helps nourish her growth and development in these most critical early years of life.

>90%

MARKET SHARE
IN ADULTS AND
PEDIATRIC SEGMENTS
(IQVIA DEC-2020)



Targeted Nutrition To Support Fuller, More Active Lives.

Our science-based nutritional products help people build and maintain health from infancy onwards.

The Ensure portfolio is designed for adults who are beginning to feel the signs of ageing (physical and mental) and are motivated to make lifestyle changes and include specialised nutrition to better manage their ageing process.

PediaSure is formulated specifically for children who need to improve their nutritional intake. PediaSure provides complete and balanced nutrition, including all macro and micro-nutrients necessary for children to achieve optimal growth and development. PediaSure's vision is to be the nutrition solution partner of mothers concerned about their children's eating behaviour.

Glucerna Triple Care has been scientifically designed to directly help manage blood glucose levels as part of a diabetes management plan.

The year 2020 was globally perhaps the most extraordinary in recent history, and Pakistan was no exception. The pandemic brought to the fore challenges that were quite unprecedented. We had to halt our robust Healthcare Professional (HCP) education programs as well as other direct-to-consumer interactions such as the Sure Mom programs in schools.

However, despite all the obvious challenges, ANI Pakistan came out with flying colors and delivered a strong 38% growth over last year, fueled by 42% growth in adult nutrition as well as 32% in PediaSure.

Success was made possible due to a speedy and a definitive transition from established business drivers to the new norms. Moreover, need of the hour was to raise awareness amongst consumers regarding the role of oral nutritional supplements such as Ensure and PediaSure, in supporting immunity amongst ageing adults and children. Keeping this in view, a holistic and a well-rounded campaign was launched across media, HCP and consumer interactions.

With lockdowns and restrictions limiting hospital and OPD patients' turnover, and a captive audience available at homes, the nutritional awareness paradigm shifted from HCP education to electronic media. An extensive media campaign was launched for both Ensure and PediaSure on both TV and digital media, and complemented by radio as well.

Critical tests, quickly developed and deployed, help ensure proper patient care and protect communities.

DIAGNOSTICS

LEADERSHIP MOBILIZED.

Rehman Medical Institute (RMI) Peshawar, Pakistan


Rehman Medical Institute, a 550-bed hospital, commenced its operations in 2002. It is a state-of-the-art tertiary care medical facility providing preventive, curative and rehabilitative services.

RMI's commitment towards becoming the premier healthcare provider by offering state of the art diagnostic facilities became the foundation for its partnership with Abbott.

Abbott's partnership with RMI goes way back to its inception, when our Immunoassay Analysers (AxSYM) were placed at their lab in 2002. Later, in order to cater for growing volumes of laboratory testing, RMI upgraded its laboratory with the installation of Abbott's Architect systems.

In 2019, in order to enhance uniformity, flexibility and operational productivity, Abbott's Alinity and innovative informatics solutions, AlinIQ were installed at RMI. Alinity represents a breakthrough in the diagnostics industry, as they are designed to be inter-connected, with common hardware and software platforms and work together seamlessly while using less space in today's smaller labs.

RMI is proud of its long-standing partnership with Abbott and continues to rely on Abbott's leading instrumentation and best-in-class prompt services and solutions.



RMI values Abbott's commitment in providing better healthcare performance.



BRINGING TOGETHER
A FULL RANGE OF
SOLUTIONS



LEADING
DIAGNOSTIC
SOLUTIONS
PROVIDER IN
PAKISTAN

~70%

OF CRITICAL CLINICAL
DECISIONS ARE
INFLUENCED BY
DIAGNOSTIC TEST
RESULTS

Alinity

A TOTAL LABORATORY
SOLUTION -
PERSONALISED AND
HARMONISED

Minimising the pain and inconvenience of testing

Caring for people with diabetes in Pakistan since the early 90's, Abbott's Diabetes Care firmly believes that self-testing is a fundamental part of managing your blood sugar levels and therapy regimens. That is why we are dedicated to making it simple and easy.

The FreeStyle family of products provide the right tools and insights to healthcare professionals to take diabetes care to the next level. This is done through the features of our current products, which provide an easy setup, testing & tracking to gain insights to make glucose monitoring easy and convenient.

DIABETES CARE

SHAPING THE FUTURE OF DIABETES MANAGEMENT.



FREESTYLE
BLOOD GLUCOSE
MONITORING SYSTEM

FREESTYLE OPTIUM NEO: INSULIN SUPPORT TOOLS AT YOUR FINGERTIPS

The FreeStyle Optium Neo Blood Glucose & Ketone Monitoring System is a source for thousands of diabetic patients and doctors across Pakistan to check blood glucose levels regularly; to help them maintain a healthy life, monitor insulin needs, and assess and alter medications accordingly.

The FreeStyle Optium Neo is used to record insulin doses and log glucose readings. The meter can help spot trends in blood glucose levels and help correct them before they occur by comparing previous readings. The FreeStyle Optium Neo Blood Glucose & Ketone Monitoring System, passes the ISO 2013 blood glucose meter accuracy standards with 99% of results falling between the required limits.

MR. SHARIQ AHMED SIDDIQUI

Karachi, 48 years

Mr. Siddiqui has been with diabetes for nearly 5 years now. He is managing his diabetes well and checks his blood sugar levels regularly with FreeStyle Optium Neo blood glucose & ketone monitoring system. He tries to eat healthy and stay fit through regular exercise to prevent his diabetes from getting the better of him.



PRODUCT LAUNCHES

AlinIQ is a first of its kind holistic professional services and informatics portfolio. With the growing complexity of healthcare sector, Abbott's suite of Integrated Professional Services and proprietary informatics solutions are even more powerful with the following broader portfolio:



BRINGING TOGETHER A FULL RANGE OF SOLUTIONS OUR COVID-19 RESPONSE

Abbott responded swiftly to the COVID-19 crisis by introducing comprehensive diagnostic solutions to test COVID-19 and related antibodies. Our solutions have the potential to span multiple care settings.

LAB BASED SEROLOGY TESTS	LAB BASED MOLECULAR TESTS	RAPID TESTS
<ul style="list-style-type: none"> Used on instruments in hospitals and labs. Detect antibodies (e.g. IgM, IgG) found in blood including the UK & South African variants, days to weeks after symptoms appear. <p>Architect i1000 SR, i2000 SR & Alinity I SARS-CoV-2 IgG, IgM & IgG II Quant.</p> <ul style="list-style-type: none"> Blood tests. Throughput up to 100–200 tests per hour. Time to first result: 29 minutes. Determine if someone was infected and developed antibodies. Helps better understand the virus and support development of treatments and vaccines. 	<ul style="list-style-type: none"> Detect the presence of SARS-CoV-2 active infection using PCR Technology. Ability to detect mutation i.e. SARS-CoV-2 UK Variant Under Investigation (VUI) 202012/01 and South African variant SARS-CoV-2 lineage (501Y.V2). <p>m2000</p> <ul style="list-style-type: none"> Throughput of Real time PCR tests up to 480 tests/day, results in 6.5 hours. Nasopharyngeal and oropharyngeal swabs. <p>Alinity m</p> <ul style="list-style-type: none"> Throughput up to 1,080 tests/day. Time to first result: < 115 minutes. Nasopharyngeal and oropharyngeal swabs. ReadiFlex technology allows true random access regardless of assay mix. 	<p>Easy to use at point of care.</p> <ul style="list-style-type: none"> Highly portable, no instrumentation required. Results: 10–20 minutes. <p>Panbio™ COVID-19 Ag Rapid Test</p> <ul style="list-style-type: none"> A rapid antigen test for the qualitative detection of the SARS-CoV-2 virus, samples are taken by either a nasal or nasopharyngeal swab. <p>Panbio™ COVID-19 IgM/IgG Antibody</p> <ul style="list-style-type: none"> A rapid test for the qualitative detection of IgG and IgM antibodies to the SARS-CoV-2 virus, samples are taken by a blood finger prick.

Surveillance Analytics, powered by the AlinIQ Integrated Platform

Backed by the power of the AlinIQ Integrated Platform, Surveillance Analytics provide laboratory leaders with the critical insights needed to address the impact of infectious diseases on the communities based on demographics and the population they serve.

OBJECTIVES AND STRATEGIES



OBJECTIVE

Maintain leadership position in the pharmaceutical sector

STRATEGY

Continuously invest in new products and consolidate market shares of established brands.



OBJECTIVE

Profitability & sales growth

STRATEGY

Drive business growth and profitability initiatives through continued focus on optimisation and efficiency.



OBJECTIVE

Achieve operational efficiency and utilise cross-divisional expertise

STRATEGY

Utilise efficiencies available in different divisions to maximise synergies.

RESOURCE ALLOCATION PLAN

Abbott continues to lay strong emphasis on new product initiatives to identify opportunities in multiple therapeutic areas. In addition, the Company continually invests to retain / expand its market share.

RELEVANT KPIs

Market share and ranking in the relevant therapeutic classes as per IQVIA (*formerly IMS*).

TIMELINE

Long Term

RESOURCE ALLOCATION PLAN

The Company continues to invest in capacity building by utilising latest technological advancements to minimise costs and simplify processes.

RELEVANT KPIs

Profitability margins and sales growth versus market growth as per IQVIA (*formerly IMS*).

TIMELINE

Medium to Long Term

RESOURCE ALLOCATION PLAN

With Abbott's presence in multiple segments through its business divisions, the Company is able to obtain in-depth market insights. This helps develop optimal strategies to avail opportunities in different segments including distribution arrangements and procurement strategies.

RELEVANT KPIs

Operating income growth.

TIMELINE

Medium to Long Term

FUTURE RELEVANCE

The KPIs will remain relevant in the future.

OBJECTIVES AND STRATEGIES



OBJECTIVE

A great place to work

STRATEGY

Focus on employee motivation. Take initiatives that build value of trust and contribute in creating an enjoyable work environment, where employees exhibit positive energy.



OBJECTIVE

Helping people live their best lives

STRATEGY

Provide the best possible healthcare solutions coupled with diversity and innovation.



OBJECTIVE

Environmental sustainability

STRATEGY

Reduce greenhouse gas emissions and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy.

RESOURCE ALLOCATION PLAN

Human capital is Abbott's core asset. The Company provides multiple avenues for employees to grow and learn while contributing towards organisational success. The Company ensures that its employees remain motivated and focused towards achieving the organisation's success by providing them with the tools for continuous self-development, together with market competitive salaries.

RELEVANT KPIs

Employee turnover rate, employee feedback on GPTW and other employee surveys.

TIMELINE

Medium to long term

RESOURCE ALLOCATION PLAN

Abbott has strict quality guidelines in place. This ensures that products meet/exceed the required quality standards. Additionally, Abbott continuously strives to innovate so that its customers can benefit from the latest advancements in science.

RELEVANT KPIs

Product quality survey results.

TIMELINE

Medium to long term

RESOURCE ALLOCATION PLAN

Abbott has a dedicated environment, health & safety team which focuses on reducing greenhouse gas emissions and the organisation's footprint on the environment. Measures taken include setting up a composting plant, installation of solar panels and drip irrigation system.

RELEVANT KPIs

Waste recycled & reduced, water and energy conserved & consumed.

TIMELINE

Long Term

FUTURE RELEVANCE

The KPIs will remain relevant in the future.

OBJECTIVES AND STRATEGIES



SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES VERSUS LAST YEAR

There have been no significant changes compared to last year.



LIQUIDITY POSITION OF THE COMPANY

The Company is sufficiently liquid and has PKR 7,489 million of cash and cash equivalents as of 31st December, 2020 to meet its investment and working capital requirements. There are no significant long-term or short-term debt obligations except for lease liabilities.



SIGNIFICANT PLANS

The Company has continually expanded its operations and has invested on capacity upgradation. Abbott Pakistan plans to continue to build and enhance its productivity and output going forward.



STRATEGY TO OVERCOME ANY LIQUIDITY PROBLEMS

The Company has no liquidity problems and has insignificant debt in the form of lease liabilities. There have been no defaults in payments of any debts during the year.



RISK MANAGEMENT AT ABBOTT

At Abbott, we believe risk management to be an ongoing process of continuously identifying and understanding the full spectrum of the organisation's risks and taking informed mitigating actions, if required.

The focus is on integrating risk management with existing management processes in a manner that probable future events with negative impacts may be assessed and dealt with proactively. Periodic review of processes transforms risk management to a proactive and value-based activity. It aligns strategy, people, processes, technology and knowledge. The emphasis is on strategy, and the application is enterprise-wide.

RISK MANAGEMENT FRAMEWORK

The "Risk Assessment Process" is carried out by the Chief Internal Auditor in consultation with the senior

management team, under the supervision of Risk Management Committee, Audit Committee and the Board of Directors. The key risks pertinent to each department are identified, assessed and allocated to each function. These risks are mitigated through upgradation of SOPs and process revitalisation.

STATEMENT BY THE BOARD ON RISK MANAGEMENT POLICIES AND ASSESSMENT OF RISKS

The statement by the Board may be read in the Directors' Report. Please refer page 90.

The key risks identified as part of the risk management framework are detailed on the next page along with their sources and mitigating plans.

KEY RISKS AND OPPORTUNITIES REPORT

RISKS	TYPE OF CAPITAL AFFECTED	SOURCE
CURRENCY RISK The risk that the currency devaluation will negatively impact the Company's return.	Financial	External – devaluation of currency.
RISK OF COUNTERFEIT PRODUCTS Erosion of margins, loss of market share and reputational risk as a result of the Company's products being copied / smuggled.	Intellectual	External – smuggled or counterfeit products in the local market.
CATASTROPHIC RISK AND LOSS OF ASSETS The risk of disruption in operations due to any natural disaster, including inability to recover operational capacity.	Manufactured and Financial	External – natural disasters.
LEGAL AND REGULATORY RISK Risk of non-compliance with applicable laws and regulations and being adversely affected due to enactment / imposition of new laws.	Financial	External – non-compliance with laws and regulations / new laws.
LIQUIDITY RISK The risk of inability to meet financial obligations as and when they fall due.	Financial	Internal – mismanagement of cash flows.

H	High
M	Medium
L	Low

■ LIKELIHOOD ■ MAGNITUDE	RELATED OPPORTUNITIES	MITIGATION MEASURES						
<table><tr><td>H</td><td>H</td></tr><tr><td>M</td><td>M</td></tr><tr><td>L</td><td>L</td></tr></table>	H	H	M	M	L	L	<p>Insulation from the adverse effects of current devaluation can help the Company to sustain and improve its profitability.</p>	<p>The Company actively seeks to identify local sources for its raw materials in order to reduce its exposure to currency fluctuations. Further, the Company also has a natural hedge in place since it has both foreign currency denominated export receivables and import payables.</p>
H	H							
M	M							
L	L							
<table><tr><td>H</td><td>H</td></tr><tr><td>M</td><td>M</td></tr><tr><td>L</td><td>L</td></tr></table>	H	H	M	M	L	L	<p>Maximise market share and augment presence.</p>	<p>The Company continually engages with the regulators to highlight and identify any counterfeit products to prevent future penetration in the market.</p>
H	H							
M	M							
L	L							
<table><tr><td>H</td><td>H</td></tr><tr><td>M</td><td>M</td></tr><tr><td>L</td><td>L</td></tr></table>	H	H	M	M	L	L	<p>Not applicable.</p>	<p>The Company has Business Continuity Plans (BCP) and Disaster Recovery Plan (DRP) in place to ensure that any adverse or unforeseen events / disasters cause minimum disruption. These plans help to ensure that there is a rapid and smooth transition to a backup mode of operation and expeditious recovery of the normal operations.</p>
H	H							
M	M							
L	L							
<table><tr><td>H</td><td>H</td></tr><tr><td>M</td><td>M</td></tr><tr><td>L</td><td>L</td></tr></table>	H	H	M	M	L	L	<p>Investment in training of resources can aid the Company in becoming the best-in-class in adoption of laws and regulations.</p>	<p>Our regulatory, medical, and compliance departments collaboratively mitigate the risk by monitoring changes in the applicable legal and regulatory requirements to ensure timely compliances.</p>
H	H							
M	M							
L	L							
<table><tr><td>H</td><td>H</td></tr><tr><td>M</td><td>M</td></tr><tr><td>L</td><td>L</td></tr></table>	H	H	M	M	L	L	<p>Planning and monitoring cash flows could result in significant cost-savings and investment opportunities.</p>	<p>Regular monitoring of liquidity status, cash flow projections, and liaising cross functionally assist in timely fulfilment of funding requirements.</p>
H	H							
M	M							
L	L							

ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE AGAINST INDICATORS

NON-FINANCIAL PERFORMANCE



LEADERSHIP POSITION IN THE PHARMACEUTICAL SECTOR

MANUFACTURED CAPITAL

STRATEGY

Continuous investment in new products and building brand equity of established brands.

INDICATORS

Market share and ranking in the relevant therapeutic classes as per IQVIA (formerly IMS).



ACHIEVING OPERATIONAL EXCELLENCE

MANUFACTURED CAPITAL

STRATEGY

Stay abreast of technological advancements and continuously upgrade production facilities to maximise efficiency.

INDICATORS

Reduced machine breakdown and labour idle time, improved productivity and efficiency.



MAXIMISE SYNERGIES BY UTILISING CROSS-DIVISIONAL EXPERTISE

MANUFACTURED CAPITAL

STRATEGY

Utilise efficiencies available in different divisions to maximise synergies.

INDICATORS

Information sharing between divisions and departments.

ANALYSIS

The Company rigorously monitors all KPIs to ensure that all its objectives are achieved. During the current year, the Company continued monitoring each KPI ensuring that the strategic direction of the Company was maintained and whether the KPIs are relevant for the purpose of measuring company's progress against desired objectives.

FINANCIAL PERFORMANCE

Financial performance against indicators is explained on page 106 and onwards.



GREAT PLACE TO WORK

HUMAN CAPITAL

STRATEGY

Focus on employee motivation.
Take initiatives that build value of trust and contribute in creating an environment, where employees exhibit positive energy.

INDICATORS

Employee turnover rate, employee feedback on GPTW and other employee surveys.



HELPING PEOPLE LIVE THEIR BEST LIVES

SOCIAL & RELATIONSHIP CAPITAL

STRATEGY

Provide the best possible healthcare solutions coupled with diversity and innovation.

INDICATORS

Product quality survey results.



ENVIRONMENTAL SUSTAINABILITY

NATURAL CAPITAL

STRATEGY

Reduce greenhouse gas emissions and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy.

INDICATORS

Waste recycled & reduced, water and energy conserved & consumed, awards and ratings by different environmental forums.

ANALYSIS

The Company rigorously monitors all KPIs to ensure that all its objectives are achieved. During the current year, the Company continued monitoring each KPI ensuring that the strategic direction of the Company was maintained and whether the KPIs are relevant for the purpose of measuring company's progress against desired objectives.

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT AND THE ORGANISATION'S RESPONSE

P

POLITICAL

Political uncertainty and inconsistent policies.

ORGANISATIONAL RESPONSE

- Discussion and engagement with relevant authorities on future policies and measures.
- Industry issues are dealt through Pharma Bureau and other business associations.



E

ECONOMIC

Increasing labour costs, rising interest rates, inflation, low economic growth and exchange rate fluctuations impact profitability.

ORGANISATIONAL RESPONSE

- Reduce cost through cost containment initiatives.
- Price adjustments.



S

SOCIAL

Corporate Social Responsibility (CSR), increasing attention in healthcare, charity and donation, safe and healthy environment.

ORGANISATIONAL RESPONSE

- Active participation in social work initiatives as part of CSR.



T

TECHNOLOGICAL

Technological obsolescence, competitors capitalising on new opportunities created by technological advancements.

ORGANISATIONAL RESPONSE

- Actively invest in different projects to improve efficiency, build capacity and achieve operational excellence.



L

LEGAL

Drug Regulatory Authority of Pakistan Act, 2012, Companies Act 2017, Income Tax Ordinance 2001, Sales Tax Act 1990, PSX Rulebook, SECP Act and others.

ORGANISATIONAL RESPONSE

- The Company ensures compliance with all the applicable laws and regulations. The Company's Finance, Compliance, Medical, and Regulatory departments monitor any new legislations impacting the Company and ensures compliance.



E

ENVIRONMENTAL

Growing attention to environmental protection, climate changes, natural disasters and natural resource conservation.

ORGANISATIONAL RESPONSE

- The Company complies with Abbott Global Standards and local regulatory compliance requirements to environmental safety. The Zero Waste to Landfill Certification has also played its role to improve the environment.



CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible healthcare Company, we are committed towards taking part in benevolent causes, adding positive social value and helping people live their best lives.



In pursuance of its commitment to have a positive social impact, Abbott Pakistan joined hands with several nonprofit organisations, working for the welfare of underprivileged populations.

THE INDUS HOSPITAL (TIH)

TIH network is a group of hospitals committed to providing free healthcare to the masses. With over 12 healthcare facilities, this 1,595-bed hospital network is running several healthcare programs in 41 districts across Pakistan. TIH runs a chronic dialysis program to support patients with end-stage kidney disease who require regular dialysis sessions.

Abbott Pakistan partnered with TIH to support its chronic dialysis program by sponsoring 200 dialysis sessions.

THE PATIENTS' BEHBUD SOCIETY FOR AGA KHAN UNIVERSITY HOSPITAL (PBS)

The Patients' Behbud Society for Aga Khan University Hospital (PBS) is registered as an independent, charitable society engaged in collecting and disbursing donations to the needy patients under treatment in The Aga Khan University Hospital.

Abbott Pakistan has contributed towards providing healthcare to patients under PBS' Congenital Heart Program aimed at providing high-quality healthcare to children with congenital heart diseases.

MUHAMMADI BLOOD BANK & THALASSEMIA CENTER

Muhammadi Blood Bank & Thalassemia Center was established in 2003 as a nonprofit organisation with a mission to provide exemplary care in diagnosis, treatment and prevention of blood-related diseases. The center also works towards creating awareness amongst the population regarding thalassemia.

Abbott Pakistan has sponsored four patients of thalassemia who would be provided free of cost screened blood and chelating therapy for the entire year.

PATIENTS AID FOUNDATION

Patients Aid Foundation (PAF), established in 1990, is a nonprofit organization serving the most vulnerable and deserving people of Pakistan through its partnership with the Jinnah Postgraduate Medical Centre (JPMC).

Each year, more than 1.5 million people seek treatment at JPMC. PAF recognizes and shares this responsibility by investing in new buildings, latest medical equipment, provision of staff, and trainings.

Abbott Pakistan joined hands with PAF to provide free of charge healthcare to underprivileged patients seeking treatment across 14 different departments at JPMC.

THE LIVER FOUNDATION

Liver Foundation is a nonprofit organization working on the eradication of hepatitis C from Pakistan through screening, educating, and providing free treatment to patients. Abbott Pakistan partnered with the Liver Foundation in the extension of its cause.

TRIP TO PROVIDENCE HOME

Abbott Pakistan arranged a trip to the Providence Home in July 2020 to spend a day with the children who reside there. The purpose of this trip was to bring a smile on the faces of young girls and remind them of how special and important they are. They were educated about self-love, hygiene, and self-care. The children had a wonderful time playing different games and having lunch with Abbott's team.



ENVIRONMENT, HEALTH AND SAFETY

As a global healthcare Company, Abbott is dedicated to safeguarding human health and operating as a responsible corporate citizen globally. We seek to identify and mitigate climate-related challenges and risks that are posed to our supply chain, operations, and distribution network through our management and policies. Reducing our environmental footprint in our operations and throughout the value chain is a core part of Abbott's business strategy as we respond to global external pressures, such as climate changes, extreme weather events, and growing resource scarcity.

Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support.

EFFORTS MADE TO MITIGATE THE ADVERSE IMPACTS OF INDUSTRIAL EFFLUENTS

The world's resources are finite, and even renewable resources are being used faster than they can regenerate. Waste continues to increase, landfill space is rapidly shrinking, and access to acceptable waste disposal facilities is limited. This makes improving waste management a priority, both for our business and for the planet. It improves operating efficiency, reduces costs and cuts demand for scarce resources, reducing our environmental impact.

ZERO WASTE TO LANDFILL INITIATIVE (ZWL)

Zero waste to landfill is a process whereby a site finds ethical, economical and efficient means to manage processes in order to avoid and eliminate the volume and toxicity of waste and materials, and to conserve and recover all resources. ZWL works towards eliminating all waste sent to a landfill and diverts it to become a resource for other beneficial uses.

ZWL remains a key component of Abbott's overall waste management strategy. The Company acquired Zero Waste to Landfill Re-certification in 2019 and both plants continued ZWL initiative during the year.

COMPOSTING

As concern about landfill space increases, worldwide interest in recycling by means of composting is growing. Composting is a process for converting organic material into useful products. This is also one of the only ways to revitalise soil vitality due to phosphorus depletion. This initiative supports Abbott's 'Zero Waste to Landfill' initiative. The Composting machine installed at our Landhi facility is a benchmark for the industry. The machine at site is a fully automated in-vessel composting system that converts organic waste to compost in just 24 hours. It has a capacity to produce 400 kgs of material as compost per day, utilising garden waste and leftover food from site canteen to turn into fertiliser.

TRAINING SESSIONS ON EMPLOYEE SAFETY

Safety training are vital to inculcate an understanding of safety practices amongst employees. Further, such trainings also help in reducing the risk of injury, absenteeism while also contributing towards improving employees productivity and motivation.

Several such training sessions were held at both manufacturing sites and the employees participated in various activities rehearsing safety practices at work.

EMPLOYEE HEALTH & SAFETY

Since the beginning of the pandemic, our focus has been to protect the health of our employees while ensuring we continue to deliver our products to the people who need them. This remained our focus as governments around the world lifted restrictions and we moved into the next phase of working during the pandemic. We wanted our employees to feel comfortable working at our facilities.

Split-shift arrangements were introduced, whereby employees returned to office on a 50/50 alternating schedule, with half of the employees working on site for a full week and the other half coming on site the next week.



INTERNATIONAL CERTIFICATIONS

Abbott has established its own environmental, technical, quality and management standards that closely mirror ISO standards. This ensures that our management systems operate in accordance with recognised environmental practices and regulatory requirements. In addition, the global and local management also supports the pursuance of external certifications where there is recognisable business value. As part of this initiative, we have obtained "Zero Waste to Landfill Certification" and Good Manufacturing Practices (GMP) certificates from the Drug Regulatory Authority of Pakistan for our manufacturing facilities. Further, Abbott Pakistan acquired the following certifications during 2020:

- ISO 45001:2018 'Occupational Health & Safety Management Systems'
- ISO 9001:2015 'Quality Management System'
- ISO 14001:2015 'Environmental Management System'

SUPPORTING OUR COMMUNITIES

HEALTHCARE SCREENING CAMPS WITH 'SEHAT KAHANI'

'Sehat Kahani' has become a household name in telemedicine and digital initiatives for HCPs and patients. 'Sehat Kahani' is about affordable and convenient healthcare access from the best doctors in Pakistan. This year, we partnered with them in setting up healthcare screening camps across Pakistan.

Initial screening camps were aimed at raising awareness of zinc deficiency and its diagnosis. These screening camps were deliberately set up at hospitals instead of clinics in order to ensure enhanced coverage and reach. Trained nurses at these camps educated the patients on zinc deficiency and informed them about different medical ailments that it might result in.

VIRTUAL ADVISORY BOARD FOR EARLY PREGNANCY MANAGEMENT

Medical Advisory Boards are a valuable source of insights and advice on products and help to address unmet medical needs of the healthcare fraternity and patients. Medical Advisory Boards are governed by Key Opinion Leaders (KOLs) of respective speciality and operate within defined medical objectives.

Abbott, being a patient-centric organization has patients' wellness at the core of any medical initiative. Abbott is also proud of its robust scientific relations with KOLs of multiple specialities which enable it to execute its medical initiatives in an ethical and meaningful way.

In the past, we had successfully developed IVF* practice guidelines with the help of IVF Society of Pakistan (2019). This proved quite helpful for the Healthcare Practitioners (HCPs) inclined towards this speciality.

In 2020, we worked towards developing a consensus statement for Early Pregnancy Management for women in Pakistan. The statements are being developed by an advisory board comprising of top KOLs of Obstetrics & Gynecology faculty of Pakistan. The objective is to develop a concise approach for general practitioners and HCPs in peripheries to follow for management of early pregnancy.

Given the unprecedented situation of pandemic, we were only able to initiate and engage the faculty virtually. We have gathered expert write-ups from each faculty member which are now in the final phase of the statement development. The initiative was not only appreciated by the faculty members but was highly supported in terms of active engagement and outcome.



SURE MOM PROGRAMS

The Sure Mom programs that have been instrumental in engaging mothers, were quickly transitioned from physical to digital engagements, and our School Health Educators ended up connecting to more than 18,000 mothers.

PATIENT CARE PROGRAM

Despite the challenges caused by the pandemic, Abbott's flagship 'Patient Care Program' continued unabated. More than 186,000 assessments were conducted by 32 health assessors in 19 key hospitals of key cities.



NUTRI CAMPS

With the overarching objective of raising nutritional awareness, more than 9,000 consumers were nutritionally screened and given consultation by qualified assessors in Nutri camps, set up at different areas across Pakistan.



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

“Our approach to making a positive social impact starts with a question: how can we apply our unique technologies, expertise and business mindset to solve challenges in new ways? And then we listen and collaborate closely with the people we serve to build a better and lasting response, together.”

JENNA DAUGHERTY

Divisional Vice President,
Global citizenship and sustainability

MAKING A POSITIVE IMPACT

As a healthcare leader, we have an inherently positive social impact on helping people to live longer and better. We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs and find measurable ways to address social challenges through our scientific and technical expertise. When we prioritise systems-thinking and collaboration, we can grow our business, improve lives and create value for the people we serve.

The Company engaged in various CSR initiatives during the year, details of which can be found on page number 52.

PROTECTING A HEALTHY ENVIRONMENT

Abbott is committed to safeguarding a healthy environment for everyone by reducing adverse environmental impacts of our business across our value chain. This commitment shapes the way we source, manufacture, design, and distribute our products and forms the basis for our environmental management systems and governance.

Abbott Pakistan also has a formally documented policy on Environment, Health and Safety (EHS) which governs all operations and employee behaviour to ensure that the Company conducts its business in a manner which is protective for human health, safety, and the environment.

The policy is designed to achieve the following objectives:

- Maintain a safe and healthy workplace and environment;
- Continuously reduce the use of materials or practices that may have a negative impact on human health and the environment;
- Conserve energy and other natural resources;
- Integrate health, safety, and environmental concepts into business and operations planning and decision making;
- Educate and engage employees to optimise health, safety, and environmental performance and provide other stakeholders with relevant information on these efforts; and
- Comply with all applicable laws and affiliate policies and standards designed to protect human health, safety and the environment.

HUMAN RESOURCES



The year 2020 brought unprecedented challenges and disruptions caused by the COVID-19 pandemic, affecting businesses and operations worldwide. The pandemic forced a major shift in the way people work and contribute towards organization goals due to the requirement of social distancing which necessitated practices of working remotely. We are pleased to report that our swift response to the situation in the form of implementing work from home and split-shifts arrangements contributed significantly towards the safety of our employees whilst also ensuring continuity of our operations and products' availability. Our company made all possible efforts to ensure that safe practices are put to place in such a way that while remaining strictly within the WHO and federal and provincial guidelines, employees are provided with support so they can continue to operate and deliver at optimum.

The Human Resource function at Abbott continues to serve as an important strategic business partner; helping achieve organisational objectives through organisational development, and culture and productivity-related interventions.

SUCCESSION PLANNING AND TALENT MANAGEMENT

Abbott Pakistan's Board of Directors and senior management teams place a strong emphasis on succession planning and talent planning and on ensuring diversity and inclusion through this process. Talent Management Reviews (TMR) are carried out annually to assess critical positions, identify succession plans and create development plans. We intentionally identify destination roles that align with an employee's career trajectory. This helps us make sure current and future leaders are building the skills they will need for success. Similar succession planning takes place at every level of the company. The senior leadership team holds divisional, functional, and regional TMRs, each of which sets out to identify "Ready Now" and "Ready Future" successors. Our people managers also have annual talent development goals.

CAREER CONNECT

Every Abbott employee has access to Career Connect, a personalized career and development planning tool. Career Connect helps employees to identify their career priorities, have more productive conversations with managers, gain the experience and skills they need through on-the-job learning, and draw up clear development plans for achieving their goals.





OUR WORKPLACE ENVIRONMENT – A GREAT PLACE TO WORK

Abbott is recognized for being a great place to work. Many factors influence that, including our commitment to diversity and inclusion of all forms. We're a caring organization, and our employees count on us for support. Our employees work hard every day to make a difference, and we take pride in helping them reach their potential.

Our promise to each of these employees is to provide a workplace environment that:

- Promotes diversity and inclusion
- Offers extensive professional development, mentoring and training programs
- Encourages and supports work-life harmony
- Offers competitive compensation and benefits
- Protects human rights
- Offers wellness programs
- Contributes to employee health and safety

RECRUITMENT

Abbott is committed to building a diverse talent pipeline that can meet the needs of our businesses. Our integrated approach includes building a compelling

employer brand, both through our own digital properties and through other channels; reimagining our candidate and employee experiences; partnering with academic institutions and associations that align with our needs; and providing opportunities for talented college students to develop their careers at Abbott. We build our employer brand through targeted social media platforms, such as LinkedIn®. These enable us to reach and engage with talented people who have an appetite for innovating with purpose. Our internship program helps us to identify and recruit talent at an early career stage, giving students hands-on experience of working with Abbott.



DIVERSITY AND INCLUSION

Abbott is committed to developing a workplace that is inclusive for all, regardless of race, gender, age, sexual orientation, disability, or nationality. Ensuring an inclusive environment for people with disabilities requires raising awareness of issues among both managers and employees.

COMPENSATION AND BENEFITS

Our compensation policy has a vital role to play in attracting the best and brightest minds to work at Abbott and in building an environment of equal opportunity for all. The fundamental principle of compensation at Abbott is that it should be driven by employees' performance and expertise. We have procedures and processes to ensure consistency in compensation across similar roles in relevant markets. As a result, Abbott believes that policies are in place so that our employees receive comparable compensation, regardless of race or gender. Abbott has procedures that encourage frequent manager and employee dialogue around performance and compensation, and we make a range of channels available for employees to raise any concerns in this area.

EMPLOYEE HEALTH, SAFETY AND WELLNESS

The health, safety, and wellness of our employees and contract workers is a priority for Abbott. We have embedded this priority at every level of our business


through our integrated Environment, Health and Safety (EHS) management system. Abbott takes a holistic approach to employee well-being. We offer programs that support work-life harmony and promote good health. We pay particularly close attention to the mental health of our employees. We take an integrated approach that includes addressing causes of stress, both within and outside the workplace. Our most popular and long-standing physical wellness program is 'Exercise Across Abbott', which encourages our employees to team up with colleagues and compete for prizes by tracking how many minutes they exercise each day.

We strive to operate a workplace that is not only safe and healthy but also fosters well-being and ensures that all employees feel engaged.

In all areas of work, the office of Human Resources firmly upholds confidentiality, accountability and trust. Our service-oriented HR team, constantly strives to ensure that an environment based on merit, performance, and mutual respect prevails and employees achieve excellence in whatever they do. Our ongoing investment in people development complimented businesses' efforts in high employee motivation and productivity despite some very tough challenges during the year. Our employees demonstrated grit, resilience, and courage throughout this tough year and helped the Company in achieving its objectives.



QUALITY ASSURANCE



Consumers trust Abbott products to help them live their best possible lives through better health. We do not take this responsibility lightly. We are fully committed to improving healthcare by providing high-quality, safe, and effective products and ensuring compliance. Our quality culture is embedded in everything we do. Our quality system operates to achieve a culture of continuous improvement and focuses on patient and product safety.

ISO CERTIFICATIONS:

Abbott Pakistan sites have successfully achieved ISO Certification for ISO 9001:2015 “Quality Management System”, ISO 14001:2015 “Environmental Management System” & ISO 45001:2018 “Occupational Health & Safety Management Systems” in 2020. These certifications will further enhance the GMP & safety status of our sites.

MICROBIOLOGY LAB:

A new microbiology lab was set up at the Landhi plant in 2020. It is a state-of-the-art facility based on advanced Good Laboratory Practices (GLP) and World Health Organisation (WHO) standards. The facility contains dedicated sterility suites for antibiotic and non-antibiotic testings.

**TRAINING MANAGEMENT SYSTEMS**

Following the implementation of Document and Regulatory Information Universal System (DARIUS) last year, local SOPs were also integrated in the training management systems. Specific modules were developed for each employee based on his / her job description. A new software, ‘Brainshark’ was used to evaluate the understanding of employees in relation to the trainings provided.



AWARDS AND RECOGNITIONS

ABBOTT PAKISTAN WON BEST CORPORATE REPORT AWARD 2019

Abbott Pakistan was awarded 2nd position in the Pharmaceuticals category of the 2019 Best Corporate Report Awards organised by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The objective of the award is to encourage and give recognition to companies showing excellence in annual corporate reporting that promotes corporate accountability and transparency through the publication of timely, qualitative, and reader-friendly annual reports. This achievement of the Company is a manifestation of Abbott's unrelenting drive towards excellence in all domains.



ABBOTT PAKISTAN WON CORPORATE SOCIAL RESPONSIBILITY AWARD

Based on various initiatives for the health and safety of its employees, Abbott Pakistan was presented with an award under the category of 'Employee Health and Safety Program' at the 9th International Corporate Social Responsibility Summit and Awards.



ABBOTT PAKISTAN WON MAP 35TH CORPORATE EXCELLENCE AWARD

Abbott Pakistan was awarded the First Prize by the Management Association of Pakistan (MAP) in Pharmaceutical sector for the seventh consecutive year. MAP annually organises the 'Corporate Excellence Awards' to recognise and honour the best managed companies in Pakistan that follow guidelines and principles of latest management techniques through an extensive and transparent process. The evaluation process entails management practices appraisal based on questionnaires and top management meetings and detailed financial evaluation based on the Company's Annual Report.

ABBOTT PAKISTAN WON HEALTH AND SAFETY EXCELLENCE AWARD

Abbott Pakistan was presented with an award in the 6th International Environment, Health & Safety (EHS) Summit and Awards to acknowledge its proven track record and performance on EHS particularly with regards to engaging employees in related initiatives.

ABBOTT PAKISTAN WON ANNUAL ENVIRONMENTAL EXCELLENCE AWARD

Abbott Pakistan's contributions towards environmental sustainability were recognised at the 17th Annual Environmental Excellence Award 2020 organised by M/s. National Forum for Environment and Health.

EPD PRESIDENTIAL AWARD – RECOGNITION FROM ABBOTT GLOBAL

Abbott operations' team, under the leadership of Muhammad Imran Khan – Director Manufacturing, were recognised with the EPD Presidential Award for their contributions in fulfilling all the operational, quality and compliance requirements pertaining to a special import permit. The team was able to successfully deliver on all the requirements in a very limited timeframe which enabled Abbott Pakistan to execute shipments of key brands successfully.



ETHICS AND COMPLIANCE

“We incorporate ethics and compliance into every part of our business. At Abbott, we work with our leaders to build this culture throughout all levels of our organization, and it remains a critical part of how we operate.”

JAMES YOUNG

VICE PRESIDENT,
CHIEF ETHICS AND COMPLIANCE OFFICER
ABBOTT LABORATORIES, USA

Abbott exists to enable people to live fuller and healthier lives. We strive to make an impact on policies and priorities that have a positive effect on people's health and well-being. This includes enabling broader access to healthcare and life-changing technology.

We must demonstrate that our advocacy is always ethical and responsible and that we operate all aspects of our business fairly, honestly, and with integrity. We are committed to adhering to all applicable laws and regulations in every aspect of our work as a global healthcare company.

We have a clear strategy for building a culture of compliance at Abbott that engages all of our employees and emphasizes the importance of ethical behaviour. In this section, we describe the channels we use to promote ethics and integrity and the systems we have in place to embed ethical behaviour and manage compliance risks.

CODE OF BUSINESS CONDUCT

Our Code of Business Conduct is the foundation for ethical conduct at Abbott. Every year, we require every Abbott employee to read the code and certify that he or she adheres to it. The code explains Abbott's values and that it is every employee's responsibility to live them every day. The expectations it sets out include employees holding themselves to the highest ethical standards, keeping a watchful eye on our activities, reporting concerns in good faith, and always operating with honesty, fairness and integrity. The

code highlights key areas such as the importance of adhering to policies and procedures, treating confidential information appropriately, avoiding conflicts of interest, and maintaining accurate books and records. The code clearly states that Abbott does not tolerate illegal or unethical behaviour in any aspect of our business and that employees are required to ask questions and/or report any concerns.

INTERACTION WITH HEALTHCARE PROFESSIONALS (HCPs)

We have made ethical interactions with healthcare professionals a key focus of our ethics and compliance program, as well as a focus of our Code of Business Conduct. We monitor our interactions with healthcare professionals and carry out periodic audits to track compliance with our policies. We have a system in place for tracking action items from audits to ensure that business processes are quickly updated when required. We also offer specific training on interactions with healthcare professionals as part of our Legal and Ethics Resource Network (LERN) training program.

Our commitment to ethical interactions with healthcare professionals, patients, and consumers includes the obligation to communicate responsibly about our products and services and the alternatives that exist.

WHISTLEBLOWING POLICY - “SPEAK UP”

Our Code of Business Conduct emphasizes our employees' responsibility to report concerns. This



requires us to create an environment where they can do so in good faith, without fear of retaliation. The code outlines Abbott's responsibilities for handling employee grievances and complaints in an ethical way and strictly forbids any retaliation against any person who raises a complaint.

We have clearly defined systems and processes for asking questions and reporting suspected or actual violations of our code, policies or procedures. These include our 'Speak Up' tool, which allows employees and external parties to raise concerns of potential misconduct in a manner that is confidential and (where permitted) anonymous, either by email, by telephone or through a website.

Abbott proposes multiple avenues for its employees to "Speak Up". Employees who wish to learn more about our program can either visit our website or call on the designated numbers. In order to clear any further doubts about the right choices, actions or potential violations, employees are also encouraged to ask their respective managers or the Office of Ethics and Compliance.

LEGAL & ETHICS RESOURCE NETWORK – "LERN"

Abbott's employees participate in an online LERN training program, which educates them on all aspects of the code and provides practical guidance on how to recognise and respond to legal and ethical issues. The OEC assigns LERN courses to each full-time and part-time Abbott employee, based on his or her role and responsibilities and the specific training that he or she requires. The courses assigned to each employee are reviewed twice each year.

The LERN curriculum includes certifications covering the Code of Business Conduct and Conflicts of Interest, with a key focus on interactions with healthcare professionals. All Abbott employees, full-time and part-time, review and sign these certifications every year. It also forms part of our ethics and compliance training for new employees.



CORPORATE GOVERNANCE



STRUCTURE OF THE BOARD

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. Profiles of the elected directors are disclosed on page 84. The Board consists of two executive and five non-executive directors. Amongst the non-executive directors, there are three independent directors. The Board also consists of two female directors. Names of all the directors are disclosed on page 6.

INDEPENDENT DIRECTORS

As disclosed above, there are three independent directors on the Board, all of whom meet the criteria for independence as required under S.166 of Companies Act, 2017.

BOARD'S POLICY ON DIVERSITY

The Board of Directors of Abbott acknowledges diversity and ensures that employment decisions are based on business needs, skills, experience and relative work performance. Discrimination of any type is strictly prohibited in our Code of Business Conduct and we strive to provide equal opportunities to all irrespective of gender, religion or ethnicity. This is also evident by the representation of two female directors on the Board (29% of total directors) of Abbott since August 2016, long before the Code of Corporate Governance required female representation on the Board.



DECISIONS TAKEN BY THE BOARD

As per requirements of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, board meetings of the Company are held on a quarterly basis where all matters that are considered significant or material are approved. In cases where urgent approvals are required, these are approved through circular resolutions, duly signed by each director.

The policy of materiality specifies which transactions are considered as significant or material and are to be presented to the Board for their approval or ratification.

Certain tasks are also delegated by the Board of Directors to its Committees in line with the approved Terms of References. The Chief Executive Officer together with the senior management carries out the day-to-day operational matters.

ROLE OF CHAIRMAN

The Chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development. The Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

Role of Chairman of the Board is to:

- Ensure that the Board is operating effectively, and all matters relevant to the effective functioning of the Company are placed on the agenda of Board meetings;
- Conduct the Board meetings including fixing the agenda; and
- Ensure that all the Directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board.

ROLE OF CHIEF EXECUTIVE

The Chief Executive is the senior-most executive on the Board and is primarily responsible for the management of the Company and its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Act, 2017.

The responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

EVALUATION OF THE PERFORMANCE OF THE BOARD BY AN EXTERNAL CONSULTANT

The Board of Directors act as governing trustees of the Company on behalf of the shareholders while carrying out the Company's mission and goals.

As per the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors are required to put in place an effective mechanism for annual evaluation of its own performance, its members, and of its committees. The Company, during the year, appointed Pakistan Institute of Corporate Governance (PICG) to carry out the evaluation.

Following major criteria was set out by PICG to evaluate the performance of the Board of Directors, along with its committees and its members including the Chairman:

- a. Composition of the Board of Directors and its committees and whether their size and structure contain sufficient range of expertise to make it an effective governing body;
- b. Review of the strategic plans and business risks, monitoring Company's performance against the planned objectives and advise the management on strategic initiatives;
- c. Compliance with the legislative system in which Abbott Pakistan operates, particularly the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Memorandum and Articles of Association of the Company;
- d. Ensuring the required quorum of Board meeting is available, in order to have detailed deliberation and quality decisions on matters of significance;
- e. Ensuring effective communication between the Board and its stakeholders which include auditors, management, business heads, etc.;
- f. Establishing adequate internal control system in the Company and its regular assessment through self-assessment mechanism and internal audit activities; and
- g. Whether the number of Board meetings conducted during the year are sufficient and whether they are conducted in a manner that encourages open communication and meaningful participation.

EVALUATION OF THE PERFORMANCE OF THE CHIEF EXECUTIVE

The Chief Executive Officer (CEO), being part of the Board, is present in every meeting of the Board.

The CEO provides an overview of the Company's performance to the Board and addresses any specific questions by the Board members.

The performance of the CEO is assessed through the evaluation system set by Abbott Pakistan which is based on both qualitative and quantitative objectives. These objectives include financial performance, business processes improvement, business excellence, compliance, sustainability, and people management. In addition, evaluation of the performance of the CEO is also carried out by PICG.

POLICY FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors has been approved by the Board of Directors. Non-Executive Directors are only entitled to meeting fees together with travelling and lodging costs borne by the Company.

PRESENCE OF EXECUTIVE DIRECTORS ON OTHER BOARDS AND POLICY ON FEE RETENTION

The Executive Directors of Abbott Pakistan are not currently serving as non-executive directors of any other company and hence no fee is earned against attendance of Board meetings.

DIRECTORS' TRAINING PROGRAM

As per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, it is encouraged that at least half of the Directors on the Board are trained by June 30th, 2020 from SECP approved institutions. Further, a newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board.

As disclosed in the statement of compliance, three out of our seven Directors have either obtained training from SECP approved institutions or are exempt from the training program. The newly appointed directors will be trained within the timelines provided above. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.

STAKEHOLDERS' ENGAGEMENT POLICY AND PROCESS

The Board of Directors of Abbott believes in having an open communication with its stakeholders and ensuring that all information is disclosed to promote transparency and visibility. We have developed a stakeholder engagement process that drives our engagement strategies. Through our engagement, we aim to stay well informed of the major issues and concerns of all our stakeholders.

Shareholders have the opportunity to ask questions at the AGM or can also send questions via email on the investor relations email address. Similarly, other stakeholders which include our customers, suppliers, banks, employees, or government authorities are

provided with the required information from time to time unless prohibited to be disclosed by law.

During the year, the Company conducted a Corporate Briefing Session in which shareholders and analysts were apprised of operational and financial performance for the financial years 2019 and 2020.

The frequency of engagements is based on business needs and corporate requirements as specified by the Listed Companies (Code of Corporate Governance) Regulations, 2019 or as contracted, under defined procedures. Information regarding the types of stakeholders, modes of engagement and their related frequency is presented below:



SHAREHOLDERS/INVESTORS

- Annual General Meetings
- Corporate Briefing Sessions
- Annual Reports
- Quarterly Financial Statements
- Directors' Report
- Investors' section on website

Quarterly, semi-annually and annually.



GOVERNMENT & REGULATORY AUTHORITY

- Trade associations / organisations
- Meetings with policy makers
- Participation in different surveys through forums such as Pharma Bureau OICCI, ABC etc.

On-going process, as and when required.



CUSTOMERS & SUPPLIERS

- Clinical Trials
- Strategic Partnerships
- Surveys
- Focus Groups
- Field Services Representatives

On-going process, as and when required.



LOCAL COMMUNITY

- CSR activities
- Patient Care Program
- Nutri Camps
- Clinical Trials

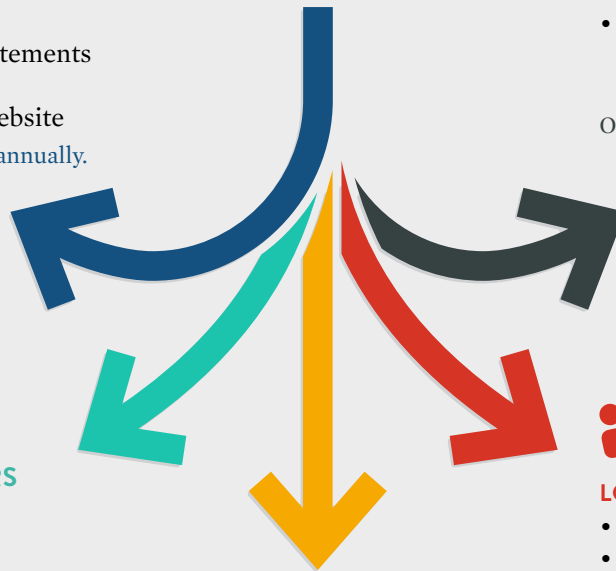
On-going process.



EMPLOYEES

- Business and functional townhall meetings
- Employee Networks
- Learning Gigs
- Abbott World Today (daily email)
- Employee Volunteering – CSR activities

On-going process, as and when required.





FORMAL ORIENTATION COURSES OF DIRECTORS

The Company arranged a workshop on Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Directors through its legal counsel.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Abbott Pakistan is fully compliant with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. Please refer the review report on the statement of compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the external auditors of the Company.

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed by the Company in note 33 of the financial statements. All related party transactions are carried on an arm's length basis and subject to review and recommendation by the Audit Committee for approval of the Board.

DATE OF AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised by the Board of Directors for issue on 26th February, 2021.

BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board meetings were held outside Pakistan during the year.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

Abbott Pakistan does not have any foreign directors on its Board.

MATERIAL INTERESTS OF BOARD MEMBERS AND CONFLICT OF INTEREST

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporate bodies. This is in pursuance with section 205 of the Companies Act, 2017, which also requires Directors to disclose all material interests. We use this information to help us maintain an updated list of related parties. Any conflict of interest relating to members of Board of Directors is managed as per provisions of Companies Act, 2017 and rules and regulations of SECP and Pakistan Stock Exchange.

SHARES HELD BY SPONSORS, DIRECTORS AND EXECUTIVES

A detailed breakdown of the number of shares held is presented in the pattern of shareholding disclosed on page 190 of this annual report. Our share capital comprises only of ordinary shares. No other class of shares has been issued by the Company.

POLICY FOR SAFEGUARDING OF RECORDS

Abbott effectively ensures the safety of its records. Physical records of documents, files etc. are maintained in designated store rooms at our Landhi and Korangi facilities. Access to these rooms is only granted to specific individuals who are responsible for the safekeeping and maintenance of records. Proper

logs are maintained in respect of records which are issued to different employees.

All records are retained as long as they are required to meet legal, administrative, operational, and other requirements of the Company.

BUSINESS CONTINUITY PLANNING

Abbott Pakistan puts significant efforts in ensuring uninterrupted business operations. Business Continuity Plans (BCP) are in place to ensure that any adverse or unforeseen events cause minimum disruption. The plan is reviewed by the Board periodically.

DISASTER RECOVERY PLANNING

Abbott Pakistan has adopted an effective disaster recovery plan to minimise and contain any disaster, to provide a rapid and smooth transition to a backup mode of operations and expeditiously recover the normal operations in the data center. Such planning ensures that essential/critical functions are supported with minimum disruption following a disaster.

PRESENCE OF CHAIRMAN OF AUDIT COMMITTEE AT THE AGM

Along with the other directors, the Chairman of the Audit Committee – Mr. Ehsan Ali Malik was also present in the Annual General Meeting to respond to any queries, from the shareholders.

ISSUES RAISED AT LAST AGM

Besides the ordinary business of dividend approval, election of directors and appointment of auditors, general clarifications were requested by the shareholders about the Company's financial performance and published financial statements during the 71st Annual General Meeting held on May 28th, 2020. Apart from these matters, no significant issues were raised.

CORPORATE BRIEFING SESSION

In pursuance of the requirements laid out by the Pakistan Stock Exchange, the Company conducted a Corporate Briefing Session on 22nd December 2020. The session was attended by various analysts and shareholders. The Chief Financial Officer of the Company gave a detailed presentation on the financial performance of the Company. This was followed by a Q&A session in which our Chief Executive Officer, Syed Anis Ahmed answered the queries of the attendees.

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Annual Report of the Company containing the notice for AGM is sent out to minority shareholders in the same manner as the majority shareholders. To encourage minority shareholders to attend general meetings and participate in the affairs of the Company, proxy form is also attached along with the notices of general meetings to ensure their representation and participation in the general meetings, even if they are unable to attend, personally.

The Company ensures that there is a dedicated timeslot for questions and answers session in its general meetings so that the minority shareholders, in particular, can engage with the Board of Directors, and raise any queries that they may have with regards to the Company's performance. This encourages a healthy attendance from the minority shareholders in the Company's meetings.

INVESTORS' SECTION ON WEBSITE

To ensure transparency and ease of access to Company's latest financial information for existing and potential investors, the "Investors' Information" section on the Company's website (<https://www.pk.abbott/investor/investor-information.html>) is updated from time to time with the latest financial information which could impact decision making of existing and potential investors.



GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

Abbott's commitment towards excellence inculcates a culture where compliance with the prevailing laws and regulations is the bare minimum standard. Abbott actively strives to adopt the best practices in industry and governance in order to ensure that it remains the



best-in-class. Our internal controls are focused on ensuring that the Company does not suffer any damage to its reputation or suffers any financial loss.

Abbott in the past has proactively complied with many additional legal requirements, which were not mandatory at that time. Some of the examples are:

1. The Board of Directors of the Company consists of two female directors since August 2016 one of which is an independent director. This requirement was not mandatory in the past and has been included in the Listed Companies (Code of Corporate Governance) Regulations, 2019, which requires each listed company to have at least one female director.
2. The requirement for the Chief Executive Officer and the Chairman to be separate individuals was introduced through Code of Corporate Governance, 2012 whereas the Chief Executive Officer and Chairman of Abbott Pakistan have been separate persons since 20th August 2004.
3. The Company has two independent directors since 16th April 2014, whereas the Code of Corporate Governance, 2012 required the Company to have at least one independent director.

IT GOVERNANCE POLICY

Abbott Pakistan has put into place governance arrangements to align IT-related decisions and actions with the organisation's strategic and operational priorities.

INVESTORS GRIEVANCE POLICY

The Company has a dedicated section on its website where shareholders can register their grievances. An email address has also been provided on the website whereby shareholders can contact the relevant person in the Company. All queries including grievances received are resolved in line with the legal requirements.

PREPARATION OF FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors are responsible for overseeing the Company's financial reporting process.

HUMAN RESOURCE MANAGEMENT POLICIES

Human resource management policies, including succession plan are disclosed on page 60.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

Our social and environmental responsibility policy is disclosed on page 58.

OWNERSHIP STRUCTURE

Beneficial ownership of the Company and the flow chart is disclosed on page 25.

ROLE OF EXTERNAL SEARCH CONSULTANCY

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. Profiles of the elected directors are disclosed on page 84. No search or consultancy firm was involved.

CHAIRMAN'S SIGNIFICANT COMMITMENTS

Mr. Munir Ahmed Shaikh was re-appointed as the chairman of the Company for a term of 3 years commencing on May 28th, 2020. The details of his engagements in other companies are given in his profile. He does not have any significant commitment other than the ones mentioned in his profile.

PANDEMIC RECOVERY PLAN

Fighting the coronavirus pandemic has become an evolving battle, one that demands to be fought on multiple fronts: providing supplies to frontline workers, supporting families and communities affected by the virus, and the key to better understanding this disease — advancing access to testing.

We are pleased to report that our swift response to the situation in form of implementing work from home and split-shifts arrangements contributed significantly towards the safety of our employees whilst also ensuring continuity of our operations and products' availability.

Your Company made all possible efforts to ensure that safe practices are put to place in such a way that while remaining strictly within the WHO and federal and provincial guidelines, employees are provided with support so they can continue to operate and deliver at optimum.

Following the relaxation of lockdown restrictions, the economic activities are expected to gain some momentum, however, the recovery will be gradual and measured. The Company has begun to integrate its employees back into commercial offices through split-shift arrangements, whereby employees returned to office on a 50/50 alternating schedule, with half of employees working on site for a full week and the other half coming on site the next week.

The management of the Company is monitoring the situation vigilantly and is taking all the necessary measures to ensure employees' safety whilst also ensuring business continuity.



BUSINESS MODEL – INTEGRATED REPORTING FRAMEWORK

Inputs

Abbott's key resources are its sources of materials (APIs), its manufacturing technologies, its people, its financial capital, its goodwill and its relationship with its stakeholders, that create value in the long term.

Inputs	Sources of Differentiation	Relating Capital
APIs and other materials	A broad portfolio of healthcare products and solutions.	Manufactured
2 Manufacturing facilities	Latest technological advancements utilised in facilities ensure product quality.	Manufactured
1,464 Employees	Our people-centered culture enable our employees to thrive.	Human
Technical know-how and production processes	Our production processes and the related know-how enables us to differentiate on product quality.	Intellectual & Manufactured
Equity financed capital structure	Reduced finance costs related to external financing.	Financial
Our approach to sustainability	Relations with the wider stakeholders help to ensure that we operate sustainably.	Social & Relationship

Business Activities

Our Processes

Abbott is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

Business Segments

Abbott's patient-centric products and solutions address important health needs of people across various segments:

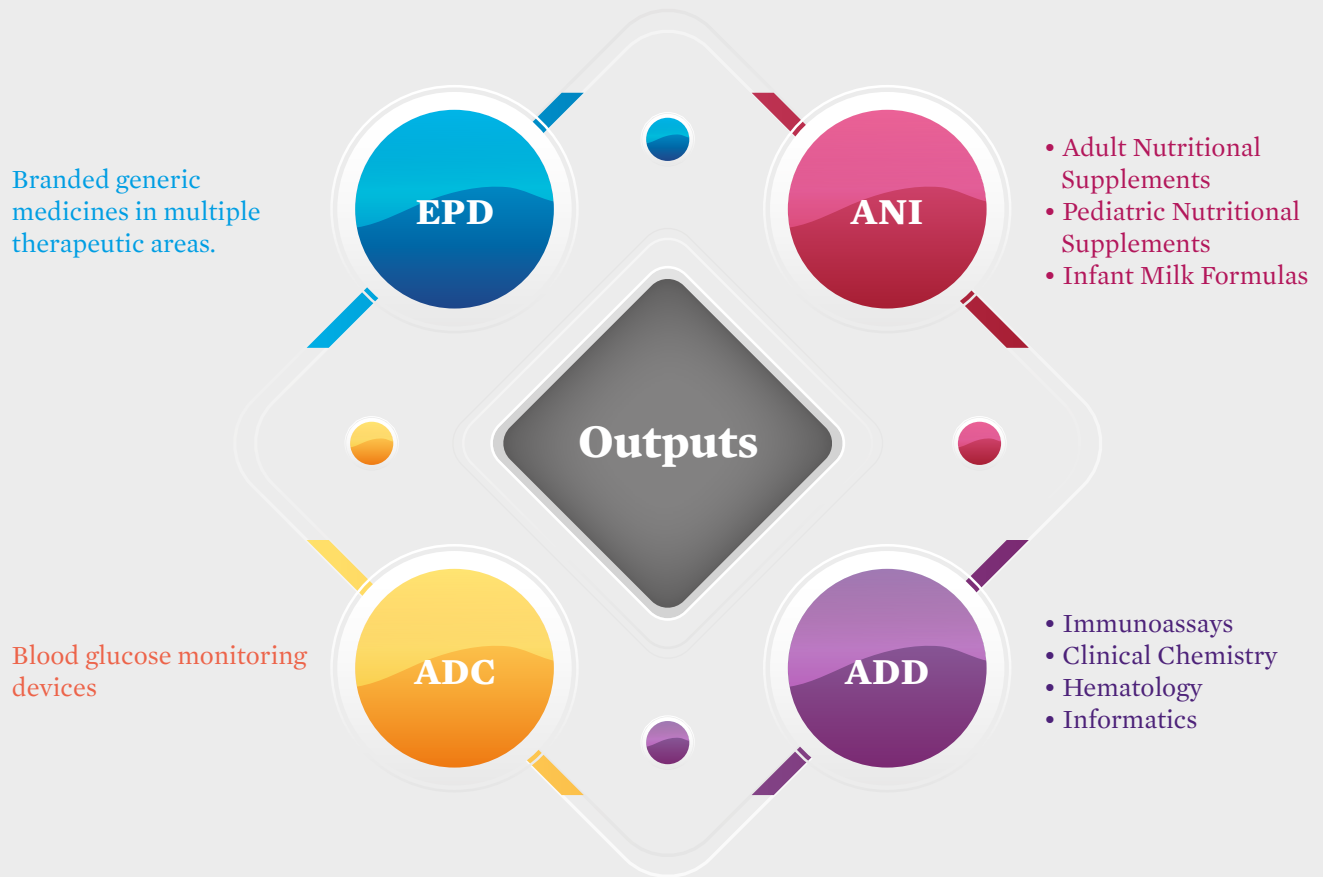
> Established Pharmaceuticals > Nutrition > Diagnostics > Diabetes Care

Channels

Abbott uses a multi-channel approach, depending on the type of product being sold. Majority of the sales are executed through third-party distributors.

Customer Relationships

Abbott maintains customer relationships through its in-house sales teams and customer support. Abbott also ensures it proactively deals with customer complaints as and when they arise.



Outcomes



INTEGRATED REPORTING FRAMEWORK

An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value over the short, medium and long-term. It is to be prepared in accordance with the Integrated Reporting Framework (the framework) issued by the International Integrated Reporting Council (IIRC).

The integrated reporting framework follows a principle-based approach, including the following guiding principles:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Integrated Report is to be presented by those charged with governance acknowledging the integrity and compliance with the framework, including the following content:

- Organisational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

The Annual Report of the Company for 2020 is in compliance with the International Integrated Reporting Framework issued by the International Integrated Reporting Council. All the aforementioned content has been disclosed under various sections of this Report.

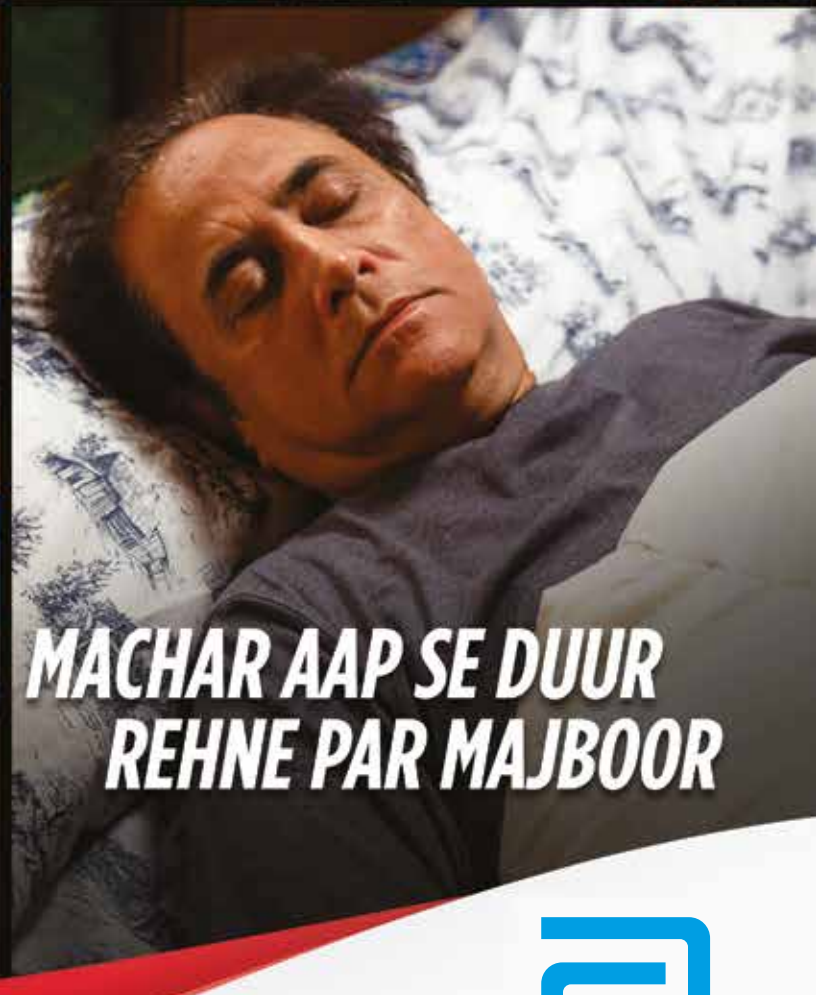
UNRESERVED STATEMENT OF COMPLIANCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Abbott Pakistan prepares its financial statements in accordance with IFRS issued by IASB as adopted and notified by Securities and Exchange Commission of Pakistan (SECP) under section 225 of the Companies Act, 2017, in addition to the local requirements of the Act under the Fourth Schedule. There are certain recent standards / amendments which have not been notified by SECP under the Companies Act, 2017, which are mentioned as follows:

- IFRS 1 - First time adoption of IFRSs
- IFRS 17 - Insurance Contracts

In addition, as mentioned in note 2.1.4 to the financial statements, certain recent amendments and standards, will be effective on their respective dates as notified by SECP under the Act.

کبھی کبھار خاموشی
بھی اچھی ہوتی ہے



**MACHAR AAP SE DUUR
REHNE PAR MAJBOOR**

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Abbott

AUDIT COMMITTEE REPORT

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended December 31, 2020. We would like to make the following submissions:

COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three members all of whom are either non-executive or independent directors. The Chairman of the Committee is an independent director who is a fellow of the Institute of Chartered Accountants in England and Wales and is alumni of the Wharton and Harvard Business Schools.

EVALUATION OF THE COMMITTEE

Evaluation of the audit committee's performance was carried out during the year by Pakistan Institute of Corporate Governance (PICG). Each member of the committee carried out the self-evaluation of the Committee as part of this exercise.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (REGULATIONS)

The Company has complied with the mandatory requirements specified under the Regulations. The Committee would like to further state that:

- The Company has issued a Statement of Compliance with the Regulations which has also been reviewed and certified by the external auditors of the Company.
- The Company's Code of Conduct has been disseminated across the organisation. The Company ensures that every year compliance refresher sessions are arranged throughout the organisation highlighting the Company's Code of Conduct.
- The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable. The Annual Report discloses and provides information to shareholders to assess the Company's position and performance and its business model and strategy. Similarly, it has also reviewed all related party transactions carried out during the year, which were subsequently approved by the Board.
- The Audit Committee also reviewed preliminary announcements of results prior to publication.

INTERNAL AUDIT AND RISK MANAGEMENT

The Board of Directors have set up effective internal financial controls across all functions. The independent Internal Audit function of the Company regularly monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework. The Audit Committee would further like to state that:

- The Company has developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company.
- The Audit Committee also undertook an overall review of the business risks to ensure that the management maintained a sound system of risk identification. The summary of the risks together with the mitigation plan was presented to the Board for its review.
- The Internal Audit department carries out its audits in accordance with the approved audit plan which is presented annually to the Audit Committee.
- Internal Audit function plays a vital role in improving the overall control environment. It also acts as an advisor to other functions for streamlining processes and ensuring implementation of the Company's policies.
- The Internal Audit department has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen. The performance appraisal of the Chief Internal Auditor is also carried out directly by the Audit Committee.
- The Chief Internal Auditor has the required qualifications as prescribed under the Regulations.

EXTERNAL AUDIT

- The external auditors were allowed direct access to the Audit Committee and also met the Audit Committee once a year without the presence of the management.
- The audit committee facilitates coordination between the internal and external audit of the Company to ensure they contribute effectively towards the achievement of company's objectives and to promote a transparent financial reporting mechanism.

- All internal audit reports were made available for review to the external auditors during the year.
- The external auditors M/s EY Ford Rhodes, Chartered Accountants have been engaged as the external auditors of the Company since 2014 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire on the conclusion of the 72nd Annual General Meeting.
- Being eligible for reappointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as external auditors of the Company for the year ending December 31, 2021.
- The Company also obtains taxation related services from M/s EY Ford Rhodes, Chartered Accountants. The firm has sound policies and procedures to ensure compliance of independence which includes separate engagement partners and separate teams for both audit and taxation work.

The Audit Committee believes that it has carried out its responsibilities to the full, in accordance with Terms of Reference approved by the Board and as stipulated under the Regulations.

On behalf of the Audit Committee



Ehsan Ali Malik

Chairman - Audit Committee

February 22, 2021

DIRECTORS' PROFILE



MUNIR A. SHAIKH
Chairman

Munir Shaikh is currently Chairman of the Board of Directors of Abbott Laboratories (Pakistan) Limited and also Chairman of the Board of Directors of Abbott India Ltd. and Sunshine Holdings Ltd. Sri Lanka. All of these companies are listed with their shares quoted on Pakistan, Mumbai and Colombo Stock Exchanges respectively.

Mr. Shaikh has held several management positions with Abbott in Asia, Middle East and the United States. He was the Managing Director of Abbott Pakistan, Regional Manager, Caribbean based in Puerto Rico, Director of Business Development based in Chicago, Vice President, Middle East and Africa based in Dubai and Vice President Pacific, Asia Africa based in Singapore. Mr. Shaikh is a Fellow of the Institute of Chartered Accountants in England and Wales.



SYED ANIS AHMED
Chief Executive Officer

Syed Anis Ahmed is the Chief Executive Officer of Abbott Laboratories (Pakistan) Limited. Previously, he has served as the Chief Financial Officer of Abbott Pakistan. He has over 20 years of experience in senior commercial and finance roles where he has provided his guidance and leadership across different functions.

Anis also served as the Chairman of Pharma Bureau and the Senior Vice President for American Business Council. He also remained a member of the Executive Committee of Overseas Investors' Chamber of Commerce & Industry (OICCI) where he played a major role in highlighting different issues faced by the Pharmaceutical industry. He was previously associated with A.F. Ferguson & Co. and Philips Pakistan. Anis is a Fellow member of the Institute of Chartered Accountants of Pakistan.



EHSAN ALI MALIK
Director

Ehsan Ali Malik is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is currently serving as Director on Board of Standard Chartered Bank (Pakistan) Limited, National Foods Limited and Gul Ahmed Textile Mills Limited. He is also serving as the Chief Executive of Pakistan Business Council. Previously he was the Chief Executive Officer/Director of Unilever Pakistan Limited. He was also a Director of Unilever Pakistan Foods Limited. Further, he had also served as the Chief Executive/Director of Lever Chemical (Private) Limited, Lever Associated Pakistan Trust (Private) Limited, Unilever Birds Eye Foods Pakistan (Private) Limited and Sadiq (Private) Limited. His earlier international appointments covered Unilever's regional business in Sri Lanka, Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. Ehsan is a Fellow of the Institute of Chartered Accountants in England and Wales and alumni of the Wharton and Harvard Business Schools.

**AYLA MAJID**

Director

Ayla is a leading mergers and acquisitions, advisory and governance expert with over two decades of rich experience. She runs the advisory practice of Khalid Majid Rehman Chartered Accountants as Managing Director, Financial Advisory Services. She is currently serving as Director on the Board of Siemens Pakistan, Mari Petroleum Company Limited, Central Power Procurement Authority and Government Holdings (Private) Limited. She is also a global board member of the Association of Chartered Certified Accountants, UK, an Advisory Board member of Young Global leaders and member of the Global Future Council on Energy Transition of the World Economic Forum. Ayla holds a MBA degree from LUMS, LLB Honours from University of London and ACCA. She has also attended executive courses at the Harvard Kennedy School, Oxford University, and Nanyang Technological University of Singapore.

**MOHSIN ALI NATHANI**

Director

Mohsin has been serving as a President and CEO of Habib Metropolitan Bank since 2018. He is a seasoned corporate banker with over 25 years of international banking experience in Asia, Middle East and Levant regions. He has worked in Pakistan, Dubai, Hong Kong and Singapore. He is currently serving as a Director on the Board of I-Care Pakistan and is the vice president of Swiss Business Council. Previously, he has served as the CEO of Standard Chartered Bank in Pakistan and the UAE, Country Head & Managing Director of Barclay's Bank Pakistan, as a Director at CDC, Kidney Center, and as a trustee in the IBA Endowment Fund. Earlier in his career, he served in various corporate and Islamic banking regional roles. Mohsin is an MBA from Institute of Business Administration, Karachi.

**MUHAMMAD ANJUM LATIF RANA**

Director

Rana Anjum Latif is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is working as Regional Director Operations & Supply Chain, Middle East, Africa, Turkey and Pakistan for Abbott Laboratories based in Dubai. Previously, he was Director Operations at Abbott Pakistan responsible for manufacturing, engineering, EHS, Operational Excellence, and Supply Chain functions at Karachi Plant. He has a professional career that spans over 24 years in Pharmaceuticals Operations & Supply Chain and has an established track record of success throughout his professional career, he has laid down the strong foundation of supply chain integration (Class A) and Operational Excellence in Plant Operations. He joined Abbott Laboratories in 1995 and held various leadership roles in supply chain and manufacturing operations at Abbott Pakistan, lead various projects including acquisition of Knoll, Solvay manufacturing & supply chain integration with Abbott Pakistan. He was a member of the trade and commerce subcommittee of the American Business council.

**SEEMA KHAN**

Director

Seema Khan is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. Seema holds a Bachelors in Pharmacy degree from Karachi University. She has extensive experience over 30 years in pharmaceutical sector, directing and leading multidisciplinary teams. Currently, she is working as a lead of Regulatory Affairs and is part of Executive Management at Abbott Laboratories (Pakistan) Limited. She is an expert on Regulatory Affairs with extensive experience in Pharmaceutical Industry which includes dealing with government at the highest level for resolution of regulatory and policy issues. Seema represents Abbott and provide support on technical matters for Pharma Bureau. She is also present on the Intellectual Property Rights (IPR) sub-committee of OICCI and Legal & Government relations subcommittee of American Business Council.

BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises of three members, all of whom are Non-Executive Directors. The committee is chaired by an independent director. The Audit Committee meets at least four times a year. The Company Secretary acts as the secretary to the Audit Committee. The brief terms of reference of the Audit Committee are as follows:

- Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors;
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by the external auditors and management's response thereto;
- Review of scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to the audit of its financial statements;
- Determination of appropriate measures to safeguard the Company's assets; and
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee comprises of an Independent Director, one Non-executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. Director Human Resource acts as the secretary to the Human Resource and remuneration committee. The terms of reference of the Committee as framed by the Board are as follows:

- Adopt the Company's corporate HR and remuneration policies as applicable; while ensuring that these remain within the framework of country laws and regulations.
- Make recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) and succession planning of the

Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit & Compliance, and any other key officers of the Company which shall normally be the direct reports of the CEO and Heads of Staff Functions.

- Ensure remuneration approach is consistent with performance assessment and compensation framework of the Company.

BANKING COMMITTEE

The Committee comprises of an Independent Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. The Banking Committee is conferred with authorities related to banking management, including issuing instructions to the Company's bankers with regards to the Company's banking transactions and business, as it may consider appropriate. The brief terms of reference of the Banking Committee are as follows:

- Approve any changes in banking signatory matrix;
- Approve increase, decrease and cancellation of existing facility with a particular bank;
- Sign / approve agreements and documents pertaining with the acquisition of funded and non-funded facility with the bank(s); and
- Execute service execution agreement with bank(s).

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of an Independent Director, one Non-executive Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. Director Regulatory affairs acts as the secretary to the risk management committee. The brief terms of reference of the risk management committee are as follows:

- Approve and review the risk management framework and policies;
- Assess the adequacy of the systems and risk readiness of the company;
- Evaluate risk exposure and tolerance of the company;
- Review risk identified by the management and measures suggested for mitigation;
- Evaluate risk management controls devised by management; and
- Assist the board in formulation of risk management policies.

SHARE TRANSFER COMMITTEE

The Committee comprises of Chief Executive Officer, one Executive Director and one Non-Executive Director. The Company Secretary acts as the secretary to the Committee. The Committee approves registration, transfer and transmission of shares. Moreover, it also issues and cancels share certificates including duplicate share certificates.

NOMINATION COMMITTEE

The Committee comprises of Chief Executive Officer, two Independent Directors and a Non-Executive Director. The Committee is chaired by the Non-Executive Director. The Nomination Committee is responsible for considering and making recommendation to the Board in respect of the Board's committee and its chairmanship. It is engaged in regular review of the structure, size and composition of the Board and to recommend any changes in respect thereof.

BOARD COMMITTEES ATTENDANCE**AUDIT COMMITTEE**

Name	Category	Meetings	
		Held	Attended
Ehsan Ali Malik	Chairman - Independent Director	4	4
Ayla Majid	Member - Independent Director	4	3
Muhammad Anjum Latif Rana	Member - Non Executive Director	4	3
Kamran Y. Mirza*	Member - Non Executive Director	4	1
Shamim Ahmad Khan*	Member - Non Executive Director	4	1
Syed Tabish Aseem	By invitation - Chief Financial Officer	4	4
Fahad Rehman	By invitation - Chief Internal Auditor	4	4
Humayun Altaf	Secretary	4	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name	Category	Meetings	
		Held	Attended
Mohsin Ali Nathani	Chairman - Independent Director	2	2
Syed Anis Ahmed	Member - Chief Executive Officer	2	2
Munir A. Shaikh	Member - Non Executive Director	2	1
Asghar ul Huda	Secretary / Director Human Resource	2	2

RISK MANAGEMENT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ayla Majid	Chairperson - Independent Director	2	1
Syed Anis Ahmed	Member - Chief Executive Officer	2	2
Seema Khan	Member - Executive Director	2	1
Muhammad Anjum Latif Rana	Member - Non Executive Director	2	1
Kamran Y. Mirza*	Member - Non Executive Director	2	1
Shamim Ahmad Khan*	Ex-Chairman - Non Executive Director	2	1
Zehra Naqvi*	Member - Independent Director	2	1

*Retired from the Board on the conclusion of the 71st Annual General Meeting of the Company.

REVIEW REPORT BY THE CHAIRMAN



The Coronavirus pandemic has altered the business dynamics world-wide. It has forced companies to re-evaluate their strategies and competencies in the light of ever-changing landscape of the operating environment. Your Company's mitigation

approach to such events is both tactical and strategic. I am pleased to inform you that the timely measures taken by our management team helped to ensure our business continuity and products' availability.

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. I would like to appreciate the valuable contributions made by Mr. Kamran Y. Mirza, Mr. Shamim Ahmad Khan and Ms. Zehra Naqvi during their term. I would also like to welcome the newly elected directors on the Board.

REVIEW OF OVERALL PERFORMANCE OF THE BOARD

The Board comprises of Directors with diverse and extensive experience who have performed their duties effectively and diligently.

The objective of the Board is to provide strategic direction to the Company and to oversee the management. The Board performed its duties as required under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), including approval of significant policies, establishing a sound system of internal controls, approving budgets and financial results.

Owing to the Listed Companies (Code of Corporate Governance) Regulations, 2019 which requires evaluation of the Board, the Pakistan Institute of Corporate Governance (PICG) was appointed by the Board during the year to carry out evaluation of the performance of the Board, its members and its committees.

As required by the Regulations, the Board has constituted the following committees which are operating effectively and within the framework of the law:

1. AUDIT COMMITTEE

The Audit Committee plays a key role in ensuring that effective and efficient systems and procedures of internal controls are in place.

2. BANKING COMMITTEE

The responsibilities of the Banking Committee are managing the overall relationship with the banks, credit limits, approval of authorized signatories and wise investment of surplus funds.

3. HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR&R)

The HR&R Committee is responsible for reviewing the personnel policies, remuneration and benefits of the Chief Executive Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor. It is also engaged in recommendation of Human Resource policies to the Board and determination of policy framework for the remuneration of directors in accordance with its Terms of Reference.

4. NOMINATION COMMITTEE

The Nomination Committee is responsible for considering and making recommendation to the Board in respect of the Board's committee and its chairmanship. It is engaged in regular review of the structure, size and composition of the Board and to recommend any changes in respect thereof.

5. SHARE TRANSFER COMMITTEE

The Committee approves registration, transfer and transmission of shares

6. RISK MANAGEMENT COMMITTEE

The Committee is responsible for the overall risk management of the Company, including establishment and implementation of a risk management framework and reviewing the effectiveness of all controls in place to mitigate the identified risks.

I would like to thank all our shareholders, customers, bankers and employees for their resilience and support during these unprecedented times. I would also like to thank the Board members, CEO and his team for their dedication and hard-work

Munir A. Shaikh
Chairman
February 26th, 2021

چیئر مین کی طرف سے جائزہ

کریڈٹ کی حد بندیوں کا انتظام کرنا، معاہدے کے مجاز فریقوں کی منظوری لینا اور فاضل رقوم کی دانشندانہ سرمایہ کاری کرنا ہیں۔

3۔ ہیومن ریسورس اینڈ ریمونیریشن کمیٹی (ایچ آر اینڈ آ):

ایچ آر اینڈ آ کمیٹی چیف ایگزیکٹو آفیسر، چیف فنانشیل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر کے حوالے سے پرسنل پالیسیوں، مشاہرے اور فوائد کے جائزے کی ذمہ دار ہے۔ یہ بورڈ کو انسانی وسائل کے بارے میں پالیسیوں کی سفارش کرنے کے علاوہ اس کے ریفرنس کی شرائط کے مطابق ڈائریکٹروں کے مشاہرے کے لیے پالیسی فریم ورک متعین کرنے پر بھی مامور ہے۔

4۔ نامزدگی کمیٹی

بورڈ کی کمیٹیوں اور اس کی چیئر مین شپ کے سلسلے میں بورڈ کے لیے سفارشات پر غور کرنے اور انہیں پیش کرنے کی ذمہ داری نامزدگی کمیٹی کی ہے۔ یہ بورڈ کے ڈھانچے، حجم اور مشتملات (composition) کا باقاعدہ جائزہ لیتی ہے اور ضرورت پڑنے پر تبدیلیوں کی سفارش کرتی ہے۔

5۔ شیئر ٹرانسفر کمیٹی

یہ کمیٹی شیئرز کے اندراج، منتقلی اور ترسیل کی منظوری دیتی ہے۔

6۔ رسک مینجمنٹ کمیٹی

یہ کمیٹی کمپنی کے بحیثیت مجموعی رسک مینجمنٹ کی ذمہ دار ہے، جس میں رسک مینجمنٹ فریم ورک کی تیاری اور اس پر عمل درآمد اور نافذ شدہ تمام کنٹرولز کی اثر انگیزی کا جائزہ لینا ہے تاکہ شناخت کردہ خطرات کو کم کیا جائے۔

میں اپنے تمام شیئر ہولڈرز، صارفین، بینکرز اور کارکنوں کا شکر گزار ہوں جنہوں نے اس غیر معمولی دورانیے میں اپنی لچک اور تعاون کو برقرار رکھا۔ میں اخلاص اور جاں فشانی سے کام کرنے پر بورڈ کے ارکان، سی ای او اور ان کی ٹیم کا بھی شکر گزار ہوں۔

منیر اے شیخ

چیئر مین

26 فروری 2021ء

کورونا وائرس کی وبا نے پوری دنیا میں کاروباری طریقوں کو تبدیل کر دیا ہے۔ اس وبائی کمپنیوں کو مجبور کیا ہے کہ وہ ہمیشہ بدلتے رہنے والے کاروباری ماحول کو پیش نظر رکھتے ہوئے اپنی حکمت عملیوں اور اہلیتوں کا از سر نو جائزہ لیں۔ ایسے واقعات کے جواب میں آپ کی کمپنی کی (mitigation approach) کی غرض سے بھی ہے اور حکمت عملی کے لیے بھی۔ میں آپ کو یہ بتاتے ہوئے خوشی محسوس کر رہا ہوں کہ ہماری انتظامی ٹیم نے جو بروقت اقدامات کیے ان سے ہمارے کاروباری تسلسل اور مصنوعات کی دستیابی کو یقینی بنانے میں مدد ملی۔

سال کے دوران، ڈائریکٹرز کے انتخابات کمپنیز ایکٹ، 2017 کی تقاضوں کے مطابق کرائے گئے۔ میں مسٹر کامران وائی مرزا، مسٹر شمیم احمد خان اور محترمہ زہرا نقوی کی مدت ملازمت کے دوران ان کی گراں قدر خدمات کی تعریف کرنا چاہتا ہوں۔ میں بورڈ میں منتخب ڈائریکٹرز کا استقبال بھی کرنا چاہتا ہوں۔

بورڈ کی مجموعی کارکردگی کا جائزہ

بورڈ متنوع اور وسیع تجربے کے حامل ڈائریکٹروں پر مشتمل ہے جنہوں نے اپنے فرائض موثر انداز میں اور جاں فشانی کے ساتھ ادا کیے ہیں۔ بورڈ کا مقصد کمپنی کو اسٹریٹجک رہنمائی فراہم کرنا اور انتظامیہ پر نظر رکھنا ہے۔ بورڈ نے کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) کے تحت مطلوبہ ذمہ داریاں انجام دیں، جن میں اہم پالیسیوں کی منظوری، داخلی کنٹرولز کے ایک مستحکم سسٹم کا قیام، بجٹ اور مالی نتائج کی منظوری شامل ہیں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کی بنا پر، جس کا تقاضا بورڈ کی جانچ ہے، چنانچہ دوران سال بورڈ نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کو بورڈ، اس کے ارکان اور اس کی کمیٹیوں کی کارکردگی کی جانچ کے لیے مقرر کیا۔

ریگولیشنز کے تقاضوں کے تحت بورڈ نے درج ذیل کمیٹیاں بنائی ہیں جو مؤثر طریقے سے قانون کے ضابطہ میں رہتے ہوئے اپنا کردار ادا کر رہی ہیں:

1۔ آڈٹ کمیٹی

آڈٹ کمیٹی اس بات کو یقینی بنانے میں کلیدی کردار ادا کرتی ہے کہ داخلی کنٹرولز کے مؤثر اور کارگر سسٹمز اور پروسیجرز موجود ہیں۔

2۔ بینکنگ کمیٹی

بینکنگ کمیٹی کی بنیادی ذمہ داریاں بینکوں کے ساتھ مجموعی تعلقات کو آگے بڑھانا،

DIRECTORS' REPORT

Your Directors are pleased to present their Report and the audited financial statements of the Company for the financial year ended December 31, 2020.

OPERATING RESULTS

	Rs. in '000
Profit for the year before taxation	6,243,559
Taxation	(1,708,310)
Profit after taxation	4,535,249
Other comprehensive loss - net of tax	(232,771)
Un-appropriated profit brought forward	6,405,498
Profit available for appropriation	10,707,976
Appropriations:	
- Final dividend 2019 Rs. 7.5 per share	(734,252)
- Interim dividend 2020 Rs. 15.0 per share	(1,468,505)
Un-appropriated profit carried forward	8,505,219

FINANCIAL PERFORMANCE

Net sales increased by 17.0% over the previous year. Gross Profit margin improved from 28.3% to 34.6% substantially contributed by the improved performance of our Nutritional segment. Selling and Distribution expenses increased by 4.9%, however declined as a percentage of sales mainly on account of reduced travelling and sales promotional activities due to COVID. Other charges increased by 35.5% mainly due to increase in Workers' Profit Participation Fund (WPPF), Workers' Welfare Fund (WWF) and Central Research Fund (CRF) driven by improvement in profitability. Other income registered an increase of 116.1% versus the same period last year primarily on account of liabilities written back. As a result of these factors, profit after tax for the year increased by Rs. 3.24 billion over the previous year. Earnings per share was Rs. 46.33 per share (2019: Rs. 13.28 per share).

DIVIDEND

The Directors are pleased to announce a final cash dividend of Rs. 25.0 per share (2019: Rs. 7.5 per share), which is in addition to an interim cash dividend of Rs. 15.0 per share (2019: NIL) paid to the shareholders during 2020.

SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased by 12.6% whereas Nutritional sales increased by 37.5% mainly driven by increase in sales of adult nutritional supplements. General Health Care, Diagnostic and Diabetes Care cumulatively grew by 4.5%.

INDUSTRY OVERVIEW

According to global pharma research company – IQVIA (previously known as IMS) published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.14 billion. The market share of multinational companies has been gradually declining over the years and at present is only 31%. There are a total of 623 active pharmaceutical companies in Pakistan with only 26 multinational companies. Several of these have scaled back their operations owing various reasons.

CAPITAL EXPENDITURE

Your Company continues to invest in latest production technologies in order to utilise new opportunities created by technological advancements. The Company made capital investment of Rs. 1,380 million during the year in order to expand manufacturing capacity, enhancement of productivity and improvement of plant efficiency.

LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

Rs. 8,148 million was generated from operating activities during the year. At year end, the Company had liquid funds comprising cash/bank balances and short-term investments amounting to Rs. 7,489 million, net of investments on capital projects and dividend payments.

Your Company has developed and implemented a formal cash flow monitoring system whereby cash inflows and outflows are projected and monitored on a regular basis. This ensures sufficient availability of funds at all times while generating optimum returns through placement of surplus funds in various investment avenues.

The Company follows prudent investment strategy and generally places surplus funds in short-term bank deposits, pending long-term investments.

EVALUATION OF COMPANY'S PERFORMANCE

For the purpose of evaluating the performance of the Company, the management uses various indicators like industry growth, position of peer companies in relevant therapeutic areas, prior years' performance, macro-economic indicators and business environment impacting the Company.

Budgets are formulated and actual performance is measured against the budget, at regular intervals during the year, enabling remedial actions on a timely basis.

PRINCIPAL RISKS AND THEIR MANAGEMENT

The Company's overall risk management program aims at minimising potential adverse effects on its performance.

This exercise is carried out by the Company's senior management team and the results are shared with the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks faced by the Company.

During the year, as recommended by the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Risk Management Committee also undertook an overall review of the business risks and its mitigation plan which was presented to the Board.

Pak Rupee depreciation and inflation will remain as the primary risk being faced by the Company as this will increase the costs of our products.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors have established effective internal financial controls across all functions. The independent Internal Audit function of your Company regularly monitors the implementation of financial controls, and the Audit Committee reviews it.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs. 4,606 million (2019: Rs. 5,211 million) to the Government on account of various Government levies including Income Tax, Customs Duties and Sales Tax.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Abbott acknowledges that a healthy environment is essential for better health, stronger communities and more fulfilling lives. Your Company is committed towards safeguarding a healthy environment for everyone by reducing the environmental impacts of its business. Your Company's manufacturing sites are Zero-Waste to Landfill Certified Sites, i.e. all the waste generated during manufacturing operations are either being reused or recycled. Your Company's contribution towards environment sustainability and preservation were recognised during the Annual Environmental Excellence Awards 2020.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being conscious of its Corporate Social Responsibilities, your Company made significant contributions to multiple nonprofit organisations during the year. These included donations to the Liver Foundation, Indus Hospital, Patients' Behbud Society for Aga Khan University Hospital, Patient's Aid Foundation and Muhammadi Blood Bank. Our Nutrition division also visited the children of Providence Home. The activity was aimed at bringing smiles on the faces of the children as well as educating them about self-love, hygiene and self-care.

BUSINESS PROCESS IMPROVEMENT

Your Company is focused on delivering safe and effective products of high-quality standards. Despite the challenges and constraints posed by COVID-19, we continued to invest for improvement of quality of our products as well as for meeting compliance with regulatory, safety and environmental requirements. Such initiatives include A3 (Abbott Agility Accelerator), Top Gear Campaign, Operational Leadership Forum and Technical Skills Development Forum. In addition, continued efforts are being made to enhance compliance levels in-line with World Health Organization (WHO) standards and other International Guidelines.

Your Company continues to explore alternate energy sources and has already installed 1,972 solar panels at Korangi production facility. In continuance of its pursuance of continuous improvement, Abbott Pakistan was awarded the Global class A certification, which reaffirms the quality of demand and operational planning process in place at Abbott.

With a view to achieve our growth objectives, your Company has invested for expansion and upgradation of capacity. Other examples include installation of high-speed machines and packaging lines.

HUMAN RESOURCES

The year 2020 brought unprecedented challenges and disruptions caused by COVID-19 pandemic. The pandemic has affected businesses and operations worldwide and forced a major shift in the way people work and contribute towards organisation goals due to requirement of social distancing which necessitated practices of working remotely. We are pleased to report that our swift response to the situation in form of implementing work from home and split-shifts arrangements contributed significantly towards the safety of our employees whilst also ensuring continuity of our operations and products' availability. Your company made all possible efforts to ensure that safe practices are put to place in such a way that while remaining strictly within the WHO and federal and provincial guidelines, employees are provided with support so they can continue to operate and deliver at optimum.

Abbott takes great pride in its ability to attract, develop and retain its people. We are pleased to report that while we were able to keep our employees charged and motivated, we were also able to continue to attract best talent where needed during these times. Simultaneously, we continued to develop and further strengthen our robust succession pipeline. Our partnership with academic institutions also continued, though in a limited fashion, in various ways enabling us to provide virtual traineeship and internship experiences to students.

We take pride in reporting that our efforts ensured seamless continuity of operations that helped the organisation achieve its objectives despite major disruptions in ways of working.

GLOBAL CITIZENSHIP

Abbott Pakistan subscribes to the values of our parent company recognising that responsible, sustainable businesses have an important role to play in building a healthy, thriving society. This commitment to global citizenship shapes the way we operate, the people we hire, the activities we support and the relationships we develop. To transform our global citizenship ambitions into sustainable ideas, Abbott focuses on five key priorities: ensuring quality and safety, safeguarding our environment, strengthening our supply chain, valuing our people and supporting communities.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

BUSINESS CHALLENGES AND FUTURE OUTLOOK

The Coronavirus pandemic has affected businesses and operations worldwide. It has impacted the way we work, communicate and interact with each other. Your Company prioritised the safety of its employees and implemented arrangements where employees were able to contribute remotely whilst also ensuring business continuity. Our sincere efforts helped to ensure our products' availability in the market.

We believe that the pharmaceutical industry has a significant role to play in ensuring uninterrupted supply and access of its products to the consumers during these testing times.

The Company continues to face challenges of escalation in costs owing to inflation and devaluation of the Pak Rupee. The recent stability of the exchange rate is welcome, however should the scenario change, any further devaluation would impact the financial outlook.

The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. The role of the Authority in resolving the long-standing hardship pricing issue is appreciated. We look forward to working with the regulators to ensure that pragmatic steps are taken to ensure availability and access of high-quality medicines to the patients.

Coronavirus will continue to alter the global business dynamics and it's imperative for us as organisation, and the industry as a whole, to be flexible and adaptable to the changing environment. We will continue to build on

our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your company is making all efforts to improve profitability through innovation, improving efficiency and effective cost containment initiatives.

AUDITORS

The present Auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending December 31, 2021.

MANAGEMENT CHANGES

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. Details of the elected directors are disclosed on page 6. The Company would like to appreciate the valuable contributions made by Mr. Kamran Y. Mirza, Mr. Shamim Ahmad Khan and Ms. Zehra Naqvi during their term.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2020 is given on page 190.

Ms. Mariam Malik (spouse of Mr. Ehsan Ali Malik, Director) disposed off 1,800 shares during December 2020 at the rate of Rs. 762.21.

Other Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

HOLDING COMPANY

As at December 31, 2020 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (REGULATIONS)

As required by the Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- We affirm the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- Key operating and financial data for the last six years is summarised on page 106.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- In accordance with the criteria specified in the Regulations, two directors have certification under Directors' Training Program, one Director of the Company is exempt from the requirement of Directors' training program. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- Outstanding debts, if any, have been duly disclosed in the financial statements.
- The value of investments made by the staff retirements funds as per their financial statements are as follows:

Value (Rs. in millions)

- ALPL Pension Fund (Based on year ended December 31, 2019) – audited	3,775
- ALPL Provident Fund (Based on year ended December 31, 2019) – audited	806

- During the year, four meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:

Name of Directors/CFO/Co. Secretary	Number of Board Meetings Attended
1 Mr. Munir A. Shaikh	3
2 Syed Anis Ahmed	4
3 Ms. Seema Khan	4
4 Mr. Ehsan Ali Malik	4
5 Mr. Mohsin Ali Nathani	3
6 Ms. Ayla Majid	3
7 Mr. Muhammad Anjum Latif Rana	3
8 Mr. Kamran Y. Mirza*	1
9 Mr. Shamim Ahmad Khan*	1
10 Ms. Zehra Naqvi*	1
11 Syed Tabish Aseem (CFO) **	4
12 Mr. Humayun Altaf (Company Secretary) ***	4

* Retired on the conclusion of the 71st Annual General Meeting and did not offer themselves for elections.

** Appointed as the Chief Financial Officer on January 16th, 2020.

*** Appointed as the Company Secretary on January 16th, 2020.

Number of Board Committees' meetings and attendance therein is included on page 87.

DIRECTORS' REMUNERATION

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors.

The salient features of the policy are:

- The Company will not pay any remuneration to its non-executive directors (including independent directors) except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A director shall be provided or reimbursed all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

BOARD EVALUATION

During the year, the Board of Directors have appointed Pakistan Institute of Corporate Governance (PICG) to carry out evaluation of the Board with its committees and its members including the Chairman.

PARTICULARS OF THE EXTERNAL CONSULTANT

The PICG is a not-for-profit company engaged in promoting good corporate governance practices in Pakistan. Their founding shareholders include the Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), Pakistan Stock Exchange and leading business and educational institutions.

Their faculty comprises professionals from diverse experiences and backgrounds. Additional details are available on their website at <https://www.picg.org.pk/faculty-profile/>.

DIRECTORS' TRAINING

Two directors of the Company have a certification under Directors' Training Program, while one Director of the Company is exempt from the requirement of Directors' training program. Directors elected during the year will be trained within the timelines provided in Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

COMPOSITION OF THE BOARD

In line with the requirements of the Regulations, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board. The current composition of the Board is as follows:

TOTAL NUMBER OF DIRECTORS:

- (a) Male: 5
- (b) Female: 2

COMPOSITION:

- i. Independent Directors: 3
- ii. Non-Executive Directors: 2
- iii. Executive Directors: 2



Syed Anis Ahmed
Chief Executive

February 26th, 2021

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Ehsan Ali Malik - Chairman
Ayla Majid - Member
Muhammad Anjum Latif Rana - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani - Chairman
Munir A. Shaikh - Member
Syed Anis Ahmed - Member

RISK MANAGEMENT COMMITTEE

Ayla Majid - Chairperson
Syed Anis Ahmed - Member
Muhammad Anjum Latif Rana - Member
Seema Khan - Member

NOMINATION COMMITTEE

Munir A. Shaikh - Chairman
Syed Anis Ahmed - Member
Mohsin Ali Nathani - Member
Ehsan Ali Malik - Member

SHARE TRANSFER COMMITTEE

Syed Anis Ahmed - Chairman
Muhammad Anjum Latif Rana - Member
Seema Khan - Member

BANKING COMMITTEE

Mohsin Ali Nathani - Chairman
Syed Anis Ahmed - Member
Seema Khan - Member

ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, resilience, courage and dedication of employees during these testing times. We would also like to acknowledge the continued support and cooperation received from our esteemed customers, suppliers, bankers and shareholders and thank them for reposing confidence in our Company and products.



Ehsan Ali Malik
Director

اعتراف:

بورڈ آف ڈائریکٹرز ان مشکل حالات میں کارکنوں کے عزم، وفاداری اور اخلاص کا پُر خلوص جذبات کے ساتھ اعتراف کرتے ہیں۔ ہم اپنے باوقار صارفین، سیلرز، بینکرز اور حصص یافتگان کی طرف سے ملنے والے مسلسل تعاون کا بھی اعتراف کرنا چاہیں گے کہ انہوں نے ہماری کمپنی اور مصنوعات پر اپنا اعتماد برقرار رکھا۔



احسان علی ملک

ڈائریکٹر



سید انیس احمد

چیف ایگزیکٹو

26 فروری 2021ء

بیرونی کنسلٹنٹ کی خصوصیات

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

احسان علی ملک – چیئر مین
عائکہ ماجد – رکن
محمد انجم لطیف رانا – رکن

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

محسن علی ناتھانی – چیئر مین
منیر اے شیخ – رکن
سید انیس احمد – رکن

رسک مینجمنٹ کمیٹی

عائکہ ماجد – چیئر پرسن
سید انیس احمد – رکن
محمد انجم لطیف رانا – رکن
سیما خان – رکن

نامزدگی کمیٹی

منیر اے شیخ – چیئر مین
سید انیس احمد – رکن
محسن علی ناتھانی – رکن
احسان علی ملک – رکن

شیئر ٹرانسفر کمیٹی

سید انیس احمد – چیئر مین
محمد انجم لطیف رانا – رکن
سیما خان – رکن

بینکنگ کمیٹی

محسن علی ناتھانی – چیئر مین
سید انیس احمد – رکن
سیما خان – رکن

پی آئی سی جی ایک غیر منافع بخش کمپنی ہے جو پاکستان میں کارپوریٹ نظم و نسق کی عمدہ روایات کو فروغ دینے کے کام میں مشغول ہے۔ اس کے بانی شیئر ہولڈرز میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان (ایس بی پی)، پاکستان اسٹاک ایکسچینج اور صف اول کے کاروباری ادارے اور تعلیمی ادارے شامل ہیں۔

اس کی فیکلٹی میں متنوع تجربوں اور پس منظر کے حامل پیشہ ور افراد شامل ہیں۔ مزید معلومات اس کمپنی کی ویب سائٹ پر دستیاب ہیں
<https://www.picg.org.pk/faculty-profile/>

ڈائریکٹروں کی ٹریننگ

ڈائریکٹرز ٹریننگ پروگرام کے تحت کمپنی کے دو ڈائریکٹروں کے پاس سرٹیفیکیشن موجود ہے، جبکہ کمپنی کے ایک ڈائریکٹر متعلقہ ٹریننگ پروگرام کے تقاضے پورے کرنے سے مستثنیٰ ہیں۔ دوران سال منتخب ہونے والے ڈائریکٹروں کو لسنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء ریگولیشنز 19 کے تحت فراہم کردہ مدت میں ٹریننگ دی جائے گی۔ تمام ڈائریکٹرز کارپوریٹ اداروں کے ڈائریکٹروں کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔

بورڈ کی تفصیل

ضوابط کے تقاضوں کے مطابق کمپنی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹروں کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی بھی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ تشکیل اس طرح سے ہے:

ڈائریکٹروں کی مجموعی تعداد :

(i) مرد: 5

(ii) خواتین: 2

تشکیل:

• آزاد ڈائریکٹرز: 3

• نان ایگزیکٹو ڈائریکٹرز: 2

• ایگزیکٹو ڈائریکٹرز: 2

- 1 9- جناب شمیم احمد خان *
- 1 10- محترمہ زہرہ نقوی *
- 4 11- سید تابش عصیم (سی ایف او) **
- 4 12- جناب ہمایوں الطاف (کمپنی سیکرٹری) ***
- * 71 ویں سالانہ اجلاس عام کے اختتام پر سبکدوش ہوئے اور انہوں نے خود کو انتخابات کے لیے پیش نہیں کیا۔
- ** 16 جنوری 2020ء کو چیف فنانشیل آفیسر مقرر ہوئے۔
- *** 16 جنوری 2020ء کو کمپنی سیکرٹری مقرر ہوئے۔
- بورڈ کمیٹیوں کے اجلاسوں کی تعداد اور ان میں حاضری کی تفصیل صفحہ نمبر 87 پر درج ہے۔
- گوشواروں میں ظاہر کیا گیا ہے۔
- کمپنی کے آپریشننگ نتائج میں گزشتہ برس کے مقابلے میں ہونے والی بڑی تبدیلیوں کی نشاندہی اور وضاحت کردی گئی ہے۔
- ضوابط برائے کارپوریٹ نظم و نسق میں دیے گئے معیار کے مطابق ڈائریکٹرز ٹریننگ پروگرام کے تحت دو ڈائریکٹر سند یافتہ ہیں، کمپنی کے ایک ڈائریکٹر، ڈائریکٹرز ٹریننگ پروگرام کی شرط سے مستثنیٰ ہیں۔ بورڈ کے تمام ڈائریکٹرز ایک کارپوریٹ ادارے کے ڈائریکٹرز کے طور پر اپنے فرائض و ذمہ داریوں سے پوری طرح آگاہ ہیں۔
- واجب الادا قرضے، اگر ہوں تو، مالی گوشواروں میں مناسب طور پر ظاہر کر دیے گئے ہیں۔
- عملے کے ریٹائرمنٹ فنڈ سے کی جانے والی سرمایہ کاری کی مالیت کی تفصیل مالی گوشواروں کے مطابق درج ذیل ہے:

مالیت (ملین روپے میں)

- اے ایل پی ایل پنشن فنڈ (31 دسمبر 2019ء کو ختم ہونے والے سال کی بنیاد پر)۔ آڈٹ شدہ 3,775
- اے ایل پی ایل پراویڈینٹ فنڈ (31 دسمبر 2019ء کو ختم ہونے والے سال کی بنیاد پر)۔ آڈٹ شدہ 806
- سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے۔ جن میں ہر ڈائریکٹر، سی ایف او، کمپنی سیکرٹری کی حاضری کی تفصیلات درج ذیل ہیں:

اس پالیسی کی خاص نکات یہ ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹروں (بشمول آزاد ڈائریکٹرز) کو کوئی مشاہرہ ادا نہیں کرے گی ماسوائے اس مینٹنگ فیس کے جو بورڈ اور اس کی کمیٹیوں کی مینٹنگوں میں شرکت پر ادا کی جائے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت پر کسی ڈائریکٹر کا مشاہرہ وقتاً فوقتاً طے کیا جائے گا اور اس کی منظوری بورڈ آف ڈائریکٹرز دے گا۔
- بورڈ، اس کی کمیٹیوں کے اجلاسوں اور/یا کمپنی کے سالانہ اجلاس عام میں شرکت کی بنا پر ایک ڈائریکٹر کو سفر، قیام و بعام اور دیگر جو اخراجات برداشت کرنے پڑیں گے وہ فراہم کیے جائیں گے یا ادا کیے جائیں گے۔

بورڈ کی قدر پیمائی

سال کے دوران بورڈ آف ڈائریکٹرز نے بورڈ اور اس کی کمیٹیوں اور اس کے ارکان بشمول چیئرمین کی قدر پیمائی کرانے کے لیے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کا تقرر کیا۔

ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری کے نام بورڈ کے اجلاسوں میں شرکت کی تعداد

- 1- جناب منیر اے شیخ 3
- 2- سید انیس احمد 4
- 3- محترمہ سیما خان 4
- 4- جناب احسان علی ملک 4
- 5- جناب محسن علی ناتھانی 3
- 6- مس عائشہ ماجد 3
- 7- جناب محمد انجم لطیف رانا 3
- 8- جناب کامران وائی مرزا * 1

سال کے دوران دیگر ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکریٹری، ان کے ازواج اور کم عمر بچوں نے کمپنی کے حصص کا کوئی لین دین نہیں کیا۔

ہولڈنگ کمپنی

مورخہ 31 دسمبر 2020ء تک ایٹ ایشیا انویسٹمنٹس لمیٹڈ، برطانیہ کے پاس 76,259,454 حصص تھے۔ حتیٰ ہولڈنگ کمپنی ایٹ لیبارٹریز، امریکہ ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کی تعمیل

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کا تقاضا ہے، ڈائریکٹرز بہ مسرت درج ذیل بیان کرتے ہیں:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے کمپنی کے معاملات، آپریشنز کے نتائج، نقد رقوم کے بہاؤ اور لیکویٹی میں تبدیلیوں کی بے لاگ انداز میں تصویر کشی کرتے ہیں۔
- کمپنی کے کھاتوں کو باقاعدگی سے مرتب کیا گیا ہے۔
- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقلاً اختیار کی گئی ہیں۔ اکاؤنٹنگ کے تخمینے مناسب اور دانشمندانہ فیصلوں کی بنیاد پر لگائے گئے۔
- مالی تفصیلات مرتب کرنے میں پاکستان میں نافذ العمل مالی رپورٹنگ کے بین الاقوامی معیارات کی پابندی کی گئی، اور اس ضمن میں کسی بھی پہلو تہی کو معقول انداز میں منکشف اور واضح کر دیا گیا ہے۔
- کمپنی کا ایک مستحکم انٹرنل کنٹرول سسٹم موجود ہے، جو نقصان یا حقیقی غلط بیانیوں کا خاتمہ یقینی بناتا ہے۔ انٹرنل کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔
- ہم کمپنی کے روبہ عمل رہنے کی اہلیت کا وثوق کے ساتھ اعلان کرتے ہیں۔

کارپوریٹ نظم و نسق کی بہترین روایات کی کوئی خلاف ورزی نہیں کی گئی ہے۔

گذشتہ 6 برس کے کلیدی مالی اور آپریشننگ اعداد و شمار کا خلاصہ صفحہ نمبر 106 پر درج ہے۔

• واجب الادا ٹیکس، قانونی چارجز اور ڈیوٹیز کو، اگر ہوں تو، مالی

ہماری رائے ہے کہ فارماسیوٹیکل صنعت کا آزمائش کے ان دنوں میں صارفین کو اپنی مصنوعات کی بلا تعطل رسد اور رسائی یقینی بنانے میں اہم کردار ہے۔

ڈرگ ریگولیٹری اتھارٹی ملک میں دوا سازی کی صنعت کے ضوابط اور اس کی ترقی میں ایک اہم کردار ادا کرتی ہے۔ طویل عرصے سے حل طلب نزخوں کے دشوار مسئلے کے حل میں اتھارٹی کا کردار ادا کرنا خوش آئند ہے۔ ہم ضابطہ ساز اداروں کے ساتھ مل کر کام کرنے کے لیے پُر امید ہیں تاکہ مریضوں کو اعلیٰ معیار کی دواؤں کی دستیابی اور ان تک رسائی یقینی بنانے کے لیے عملی اقدامات کیے جائیں۔

کورونا وائرس عالمی سطح پر کاروباری طریقوں کو تبدیل کرتا رہے گا، چنانچہ ہمارے لیے بطور ادارہ، اور بحیثیت مجموعی اس صنعت کے لیے ضروری ہے کہ تبدیل ہوتے ہوئے حالات کے مطابق ڈھلنے کے لیے چمک دار رویہ اپنائیں۔ ہم اپنی اہلیت بدستور بڑھاتے رہیں گے، اور حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ انہیں ملکی اور عالمی مارکیٹ میں تبدیل ہوتی ہوئی طریقوں کے مطابق ڈھال سکیں۔ آپ کی کمپنی جدت طرازی اپنا کر، کارگزاری بہتر بنا کر اور اخراجات کم کرنے کے اقدامات کے ذریعے نفع یابی بہتر بنانے کی ہر ممکن کوشش کر رہی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائے فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے، اپنی اہلیت کے بنیاد پر انہوں نے دوبارہ تقرر کے لیے خود کو پیش کیا۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2021ء کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کے نئے تقرر کی آڈٹ کمیٹی کی سفارش تسلیم کر لی۔

انتظامی تبدیلیاں

دوران سال کمپنیز ایکٹ، 2017ء کے تقاضوں کے تحت ڈائریکٹروں کا انتخاب عمل میں آیا۔ منتخب ڈائریکٹروں کی تفصیلات صفحہ 6 پر دی گئی ہیں۔ کمپنی جناب کامران والی مرزا، جناب نسیم احمد اور مس زہرا نقوی کی گراں قدر خدمات کو سراہتی ہے جو انہوں نے اپنی مدت کے دوران انجام دیں۔

حصص داری کا طریق

کمپنی کے حصص داری کے طریق اور اضافی معلومات ظاہر کرنے والا مورخہ 31 دسمبر 2020ء تک کا بیان صفحہ 190 پر درج ہے۔

دسمبر 2020ء کے دوران محترمہ مریم ملک (ڈائریکٹر جناب احسان الی ملک کی اہلیہ) نے 1800 شیئرز 762.21 روپے کی قیمت میں فروخت کیے۔

بزنس پروسیس میں بہتری

محسوس ہو رہی ہے کہ ہم آزمائش کے ان دنوں میں اپنے ملازمین کو جذبے سے معمور اور پر عزم رکھنے میں کامیاب رہے، اور اس کے ساتھ ساتھ ہم اہلیت کے حامل بہترین ٹیلنٹ کو بھی اپنی طرف متوجہ کرنے میں کامیاب رہے۔ اس کے ساتھ، ہم جانشینی کے اپنے مضبوط سلسلے کو مزید مضبوط اور مستحکم بناتے رہے۔ تعلیمی اداروں کے ساتھ ہماری شراکت داری بھی جاری رہی، اگرچہ ایک محدود انداز میں، اور ہم مختلف طریقوں سے طلباء کو ورچوئل ٹریننگ شپ اور انٹرن شپ کے تجربات فراہم کرنے کے قابل ہوئے۔

ہمیں یہ بتاتے ہوئے فخر ہے کہ ہماری کوششوں نے آپریشنز کے بلا تعطل تسلسل کو یقینی بنایا جس کی بنا پر، کاموں کے طریقوں میں بڑی رکاوٹوں کے باوجود ادارے کو اپنے اہداف حاصل کرنے میں مدد ملی۔

عالمی حیثیت

ایبٹ اپنی پیرنٹ کمپنی کی ان اقدار پر عمل پیرا ہے کہ ایک صحت مند، فعال معاشرے کی تعمیر میں ذمہ دار اور مستحکم کاروباری ادارے اہم کردار ادا کرتے ہیں۔ عالمی حیثیت کے حوالے سے ہمارے عزم ہی نے ہمیں وہ راستہ دکھایا ہے جس کے ذریعے ہم کام کرتے ہیں، اسی عزم کی بدولت ہم لوگوں کو ملازمت پر رکھتے ہیں، اسی کی بنیاد پر ہم سرگرمیوں میں تعاون کرتے ہیں، اور اسی کی بنیاد پر ہم تعلقات استوار کرتے ہیں۔ عالمی حیثیت کے حصول کی امنگوں کو مستحکم تصورات میں ڈھالنے کے لیے ایبٹ پانچ بنیادی ترجیحات پر توجہ رکھتا ہے: معیار اور تحفظ کو یقینی بنانا، اپنے ماحول کی حفاظت کرنا، اپنی سپلائی چین کو مستحکم کرنا، اپنے لوگوں کو اہمیت دینا اور معاشرے کے ساتھ تعاون کرنا۔

مابعد واقعات

سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر تبدیلی رونما نہیں ہوئی، نہ ہی کمپنی کی مالی پوزیشن کو متاثر کرنے والے منصوباجات کیے گئے۔

کاروباری دشواریاں اور مستقبل کا منظر

کورونا وائرس کی وبا نے دنیا بھر میں کاروباری سرگرمیوں کو متاثر کیا ہے۔ ہمارے کام کرنے کے، ابلاغ کے اور ایک دوسرے سے بات چیت کرنے کے طریقوں پر اس نے اثر ڈالا ہے۔ آپ کی کمپنی نے اپنے ملازمین کی سلامتی کو ترجیح دی اور ایسے انتظامات کیے کہ وہ ادارے کی سرگرمیوں کا تسلسل جاری رکھتے ہوئے فاصلاتی طور پر امور انجام دیتے رہیں۔ ہماری مخلصانہ کوششوں سے مارکیٹ میں ہماری مصنوعات کی دستیابی کو یقینی بنانے میں مدد ملی۔

آپ کی کمپنی اعلیٰ معیار کی حامل محفوظ اور موثر مصنوعات فراہم کرنے کے لئے کوشاں ہے Covid-19 کی وبا کی وجہ سے آنے والے چیلنجوں اور رکاوٹوں کے باوجود ہم نے اپنی مصنوعات کا معیار بہتر بنانے کے لیے اور اس کے ساتھ ساتھ ضوابطی، حفاظتی اور ماحولیاتی تقاضوں کی تعمیل کرنے کے لیے سرمایہ کاری جاری رکھی۔ ان اقدامات میں اے تھری (Abbott Agility Accelerator)، ٹاپ گیر کمیپین، آپریشنل لیڈر شپ فورم اور ٹیکنیکل اسکول ڈیولپمنٹ فورم شامل ہیں۔ مزید برآں عالمی ادارہ صحت (WHO) کے معیارات اور دیگر بین الاقوامی رہنما ہدایات کے مطابق تعمیل کی سطح بڑھانے کے لیے کوششیں مسلسل جاری رکھی جا رہی ہیں۔

آپ کی کمپنی متبادل توانائی کے ذرائع کی تلاش جاری رکھے ہوئے ہے اور اس سے پہلے ہی کوریج پلانٹ پر 1,972 شمسی پینل نصب کر چکے ہیں۔ اس کی مسلسل بہتری کے تعاقب میں ایبٹ پاکستان کو گلوبل کلاس اے سرٹیفیکیشن سے نوازا گیا، جو ایبٹ میں مانگ کے معیار اور آپریشنل منصوبہ بندی کے عمل کی تصدیق کرتا ہے۔

ترقی اور نمو کے اپنے اہداف حاصل کرنے کی غرض سے آپ کی کمپنی نے استعداد بڑھانے اور اس کی اپ گریڈیشن پر سرمایہ کاری کی ہے۔ اس کی دیگر مثالوں میں تیز رفتار مشینوں اور پیکیجنگ لائنز کی تنصیب شامل ہے۔

انسانی وسائل

Covid-19 عالمی وبا کی صورت میں 2020ء میں غیر معمولی چیلنجز اور رکاوٹیں لایا۔ اس وبا نے دنیا بھر کے کاروباری سرگرمیوں کو متاثر کیا ہے اور لوگوں کو مجبور کیا ہے کہ وہ سماجی دوری کی ضرورت کی وجہ سے کام کرنے اور ادارے کے اہداف کے حصول کے لئے اپنے طریق کار میں بڑی تبدیلی لائیں جس کے باعث فاصلاتی کام کرنے کے طریقوں کی ضرورت سامنے آئی ہے۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ مذکورہ صورت حال میں گھر سے کام (work from home) اور جزوی شفٹوں کے انتظامات پر تیزی سے عمل درآمد کرنے کی وجہ سے ہمارے ملازمین کی حفاظت میں نمایاں کردار ادا کیا گیا جب کہ اپنے آپریشنز اور مصنوعات کی مستقل دستیابی کو بھی یقینی بنایا گیا۔ آپ کی کمپنی نے اس بات کو یقینی بنانے کی ہر ممکن کوشش کی کہ محفوظ طرز عمل کو اس طرح سے ترتیب دیا جائے کہ ڈیلیو ایج او، وفاقی اور صوبائی حکومتوں کی رہنما ہدایات پر سختی سے عمل ہو، اور ملازمین کو مدد فراہم کی جائے تاکہ وہ کام جاری رکھیں اور زیادہ سے زیادہ نتائج دے سکیں۔

ایبٹ اپنے ملازمین کو راغب کرنے، ترقی دینے اور انہیں اپنے ساتھ ملائے رکھنے کی صلاحیت پر فخر محسوس کرتی ہے۔ ہمیں یہ بتاتے ہوئے خوشی

اندرونی مالی کنٹرولز کا موزوں ہونا

بورڈ آف ڈائریکٹرز نے تمام فنکشنز میں مؤثر اندرونی مالی کنٹرولز تشکیل دیے ہیں۔ آپ کی کمپنی کا آزادانہ اندرونی آڈٹ ان مالی کنٹرولز پر عمل درآمد کی باقاعدگی سے جائزہ لیتا ہے جبکہ آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

قومی خزانے میں ہمارا حصہ

آپ کی کمپنی نے انکم ٹیکس، کسٹم ڈیوٹی اور سیلز ٹیکس سمیت مختلف سرکاری لیویز کی مد میں حکومت کو 4,606 ملین روپے (2019ء: 5,211 ملین روپے) ادا کیے ہیں۔

ماحول، صحت اور حفاظت (ای ایچ ایس)

لیبٹ اعتراف کرتی ہے کہ بہتر صحت، مضبوط معاشرہ اور زیادہ مطمئن زندگیوں کے لیے صحت مند ماحول ضروری ہے۔ آپ کی کمپنی ہر ایک کے لیے صحت مند ماحول کی حفاظت کرنے کے لیے مخلص ہے جس کے لیے وہ اپنے کاروبار کے ماحولیاتی اثرات گھٹانا چاہتی ہے۔ آپ کی کمپنی کے مینوفیکچرنگ مقامات کو زیرو ویسٹ ٹو لینڈ فیل (zero-waste-to-landfill) کا درجہ حاصل ہے جس کا مطلب یہ ہے کہ صنعتی سرگرمیوں کے دوران بننے والا تمام فضلہ یا تو دوبارہ استعمال کر لیا جاتا ہے یا اسے ری سائیکل کیا جاتا ہے۔ ماحول کے استحکام اور تحفظ کی خاطر آپ کی کمپنی کے کردار کو انوائرومنٹل ایکسی لینس کے سالانہ ایوارڈز 2020ء سے سراہا گیا۔

کارپوریٹ کی سماجی ذمہ داری (سی ایس آر)

آپ کی کمپنی معاشرے کے حوالے سے اپنی سماجی ذمہ داری کو سمجھتی ہے۔ ایک ذمہ دار کارپوریٹ ادارے کی حیثیت سے کمپنی نے دوران سال کئی غیر منافع بخش اداروں کو عطیات دیے۔ ان میں لیور فاؤنڈیشن، انڈس اسپتال، پیشینٹ بہبود سوسائٹی برائے آغا خان یونیورسٹی اسپتال، پیشینٹ ایڈ فاؤنڈیشن اور محمدی بلڈ بینک شامل ہیں۔ ہمارے نیوٹریشن ڈویژن نے پراویڈنس ہوم کے بچوں سے ملاقات کے لیے وہاں کا دورہ بھی کیا۔ اس کا مقصد بچوں کے چہرے پر مسکراہٹ لانا اور اس کے ساتھ ساتھ انہیں اپنے آپ سے محبت کرنے، صحت و صفائی اور اپنا خیال خود رکھنے کے بارے میں آگاہی دینا تھا۔

آپ کی کمپنی نے نقد رقم کے بہاؤ کی باضابطہ نگرانی کا ایک نظام تیار کر کے نافذ کیا ہے جس کے تحت نقد رقوم کی آمد اور اخراج کا تخمینہ لگایا جاتا ہے اور باقاعدگی کے ساتھ اس کی نگرانی کی جاتی ہے۔ اس طرح رقوم کی ہر وقت بہ کفایت دستیابی کو یقینی بنایا جاتا ہے جبکہ فاضل رقم کو سرمایہ کاری کے مختلف موزوں طریقوں میں رکھ کر بہتر سے بہتر منافع حاصل کیا جاتا ہے۔

کمپنی فاضل رقوم استعمال کرنے کے حوالے سے ایک محتاط حکمت عملی اختیار کرتی ہے جب تک طویل مدتی سرمایہ کاری زیر التوا ہے یہ رقوم عموماً شارٹ ٹرم بینک ڈپازٹس میں لگائی جاتی ہیں۔

کمپنی کی کارکردگی کی قدر پیمائی

کمپنی کی کارکردگی کی قدر پیمائی کے لیے انتظامیہ کئی طرح کے اظہارے استعمال کرتی ہے جن میں صنعت کی نمو، ہمسر کمپنیوں کی متعلقہ معیاری شعبوں میں پوزیشن، گذشتہ سالوں کی کارکردگی، کلی معاشی اظہارے اور کمپنی پر اثر انداز ہونے والا کاروباری ماحول شامل ہیں۔

بجٹ تیار کیے جاتے ہیں اور سال کے دوران بجٹ کے حوالے سے حقیقی کارکردگی کا باقاعدگی سے جائزہ لیا گیا تاکہ اصلاح کے لیے بروقت اقدامات کیے جاسکیں۔

بنیادی خطرات اور ان کا بندوبست

کمپنی کے انتظام خطر (risk management) کے مجموعی پروگرام کا مقصد یہ ہے کہ کمپنی کی کارکردگی پر ممکنہ منفی اثر ڈالنے والے عوامل کم سے کم کیے جائیں۔ کمپنی کا مجموعی انتظام خطر کمپنی کی سینئر انتظامیہ کے پاس ہوتا ہے اور اس کے نتائج بورڈ آف ڈائریکٹرز کے علم میں لائے جاتے ہیں۔ اس کے نتیجے میں کمپنی کو درپیش اسٹریٹجک، مالی، کاروباری اور آپریشنل خطرات کی نشاندہی، ان کی قدر پیمائی اور ازالہ کیا جاتا ہے۔

اس سال کے دوران لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کی سفارشات کے تحت رسک کمیٹی نے کاروباری خطرات اور انہیں دور کرنے کے منصوبے کا مجموعی جائزہ لیا۔ جسے بورڈ کو پیش کیا گیا۔

کمپنی کو اس وقت جن خطرات کا سامنا ہے ان میں پاکستانی روپے کی قدر میں کمی کی بنا پر کاروباری لاگت کا مسلسل بڑھنا اور مہنگائی شامل ہیں۔

ڈائریکٹران کی رپورٹ

منافع منقسمہ

ڈائریکٹرز مسرت کے ساتھ حتمی نقد منافع منقسمہ فی حصہ 25.0 روپے کی سفارش کرتے ہیں (2019ء: 7.5 روپے فی حصہ)، جو کہ 2020ء کے دوران شیئر ہولڈرز کو ادا کیے گئے عبوری نقد منافع منقسمہ 15.0 روپے فی حصہ کے علاوہ ہے (2019ء: Nil)۔

زمرے کے لحاظ سے سیلز اور مارکیٹ کی کارکردگی

فارماسیٹیکل کی سیلز 12.6 فیصد بڑھی جبکہ نیوٹریشنل کی فروخت میں بنیادی طور پر بالغ افراد کے نیوٹریشنل سپلیمنٹ کی فروخت بڑھنے کے سبب 37.5 فیصد اضافہ ہوا۔ جزل ہیلتھ کیئر، ڈاگناسٹک اور ڈیپالٹس کی کیئر میں مجموعی طور پر 4.5 فیصد اضافہ ہوا۔

صنعت کا عمومی جائزہ

فارما ریسرچ کے عالمی ادارے آئی کیو وی آئی اے (جسے پہلے آئی ایم ایس کہا جاتا تھا) کے جاری کردہ ڈیٹا کے مطابق پاکستان میں دوا سازی کی صنعت کا موجودہ حجم 3.14 ارب ڈالر ہے۔ کثیر القومی کمپنیوں کا مارکیٹ شیئر گزشتہ چند برسوں سے بتدریج گھٹ رہا ہے اور اس وقت صرف 31 فیصد ہے۔ پاکستان میں 623 فارماسیٹیکل کمپنیاں کام کر رہی ہیں جن میں سے صرف 26 کثیر القومی کمپنیاں ہیں۔ مختلف وجوہات کی بناء پر کئی کثیر القومی کمپنیوں نے اپنے آپریشنز سمیٹ لیے ہیں۔

سرمایہ جاتی اخراجات

آپ کی کمپنی تکنیکی ترقیوں کے ذریعہ پیدا کردہ نئے مواقع کو بروئے کار لانے کے لئے جدید ترین پروڈکشن ٹیکنالوجیز میں سرمایہ کاری جاری رکھے ہوئے ہے۔ کمپنی نے ایشیا سازی کی استعداد بڑھانے، پیداواریت میں اضافے اور پلانٹ کی کارگزاری بہتر بنانے کے لیے سال کے دوران 1,380 ملین روپے کی سرمایہ کاری کی۔

لیکوڈی مینجمنٹ اور رقم کے بہاؤ کی حکمت عملی

سال کے دوران عملی سرگرمیوں سے 8,148 ملین روپے استعمال کیے گئے۔ سال کے اختتام پر کمپنی کے پاس 7,489 ملین روپے کے لیکوڈ فنڈز تھے جس میں نقد رقم / بینک بیلنس اور قلیل مدتی سرمایہ کاریاں شامل ہیں، جبکہ سرمایہ جاتی منصوبوں پر لگائی گئی رقم اور منافع منقسمہ کی ادائیگی اس کے علاوہ ہے۔

آپ کے ڈائریکٹرز کمپنی کے 31 دسمبر 2020ء کو ختم ہونے والے مالی سال کے آؤٹ شدہ مالی گوشوارے اور اس پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

روپے ہزاروں میں

سال کا منافع قبل از ٹیکس	6,243,559
ٹیکس	(1,708,310)
منافع بعد از ٹیکس	4,535,249
دیگر جامع آمدنی - ٹیکس نکال کر	(232,771)
گزشتہ سال کا غیر مختص منافع	6,405,498
دستیاب منافع برائے اختصا	10,707,976

اختصاص:

حتمی منافع منقسمہ 2019ء فی حصہ 7.5 روپے	(734,252)
عبوری منافع منقسمہ 2020ء فی حصہ 15.0 روپے	(1,468,505)
آئندہ سال کے لیے غیر مختص منافع	8,505,219

مالی کارکردگی

مجموعی سیلز گزشتہ سال کے مقابلے میں 17.0 فیصد بڑھی۔ خام منافع 28.3 فیصد سے بڑھ کر 34.6 فیصد پر آگیا جس کی ایک بنیادی وجہ ہمارے نیوٹریشنل زمرے کی بہتر کارکردگی تھی۔ فروخت اور تقسیم کے اخراجات 4.9 فیصد بڑھ گئے تاہم سیلز کے فیصد کے لحاظ سے ان میں کمی آئی جس کا سبب COVID کی وجہ سے سفری اور اشتہاری سرگرمیاں میں کمی تھی۔ دیگر اخراجات 35.5 فیصد بڑھ گئے جس کی بنیادی وجہ منافع میں اضافے کی وجہ سے ورکرز پروفٹ پارٹیشنیشن فنڈ (ڈیلیو پی پی ایف)، ورکرز ویلفیئر فنڈ (ڈیلیو ویلفیئر ایف) اور سینٹرل ریسرچ فنڈ (سی آر ایف) میں اضافہ ہے۔ دیگر آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 116.1 فیصد بڑھی جس کی بنیادی وجہ واجبات کا written back ہونا تھا۔ ان وجوہات کی بنا پر سال کا منافع بعد از ٹیکس گزشتہ سال کی نسبت 3.24 ارب روپے بڑھ گیا۔ فی حصہ آمدنی 46.33 روپے رہی (2019ء: 13.28 روپے فی حصہ)۔

FORWARD LOOKING STATEMENT



The Coronavirus Pandemic has affected economies worldwide, and Pakistan is no different. GDP growth rates have plummeted, inflation rates have soared, while unemployment rates are on the rise as well. Although the economic activity has gained some momentum post relaxation of the nationwide lockdown, the recovery will be gradual and measured.

Our company exists to help people to live their life to the fullest. In our core mission of providing life-changing healthcare products and solutions, we've risen to the challenges of this year. Our diagnostics business has been able to deliver different tests in the fight against COVID. Our primary objective is to provide high quality and effective products in both local and export markets. We remain committed towards enhancing shareholder value while balancing profitability and investments into projects of long-term significance.

Despite the COVID-induced economic slowdown, our 'Pharmaceuticals' and 'Nutrition' segments were able to deliver double digits sales growth. Improvements in margins have been substantially contributed by the improved performance of our Nutritional segment. The Company continues to face challenges of escalation in costs owing to inflation and devaluation of the Pak Rupee. The recent stability of the exchange rate is welcome, however should the scenario change, any further devaluation would impact the financial outlook.

The Drug Regulatory Authority (Authority) plays a significant role in the development of the pharmaceutical industry. The role of the Authority in resolving the longstanding hardship pricing issue is appreciated. The new Drug Pricing Policy notified during 2018 has pricing reviews for exceptional situations such as devaluation which is welcomed. We hope that the Authority will continue conducting such pricing reviews and remain affirmative in helping the industry in speedy registration of new products.

The external factors (PESTLE) that might affect the Company are detailed on page 50. Your Company remains committed in making all efforts to improve profitability through innovation, improving efficiency and effective cost-containment initiatives.

EXPLANATION AS TO HOW THE PERFORMANCE OF THE ENTITY MEETS THE DISCLOSURES MADE IN THE PREVIOUS YEAR

The Coronavirus Pandemic disrupted businesses and operations worldwide during 2020. Our Company responded swiftly and shifted its focus to products and solutions which were the need of the hour. Our products in established pharmaceuticals and nutritional business helped people of all ages to maintain and build immunity, while our diagnostics business was able to deliver tests which detect anti-bodies and the virus itself. A coordinated approach from all the business segments enabled Abbott to deliver relevant and effective products and solutions.

STATUS OF THE PROJECTS DISCLOSED IN THE PREVIOUS YEAR

The Company has made significant capital expenditure during the year for the purpose of expanding manufacturing capacity, enhancing productivity and improving plant efficiency. Projects disclosed last year have been completed and are operational.

Brief details of the major projects for 2020 are as follows:

- Liquid and tablet manufacturing capacity upgrades; and
- Microbiological Lab.

The Company plans to continue to invest in projects that help it to achieve its desired objectives.

SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR FORECASTS

The Company prepares its annual plans and forecasts in line with the overall strategic direction of the Company. These plans are approved by the Board of Directors annually. Periodic reviews of performance are carried out against these plans to ensure adequate monitoring and control.

A number of different sources are used in preparing the plans, including, but not limited to, historical data and figures, market growth rates, APIs availability etc. Macroeconomic indicators are also taken into account to ensure that factors which are beyond the Company's control are also considered while drawing up the Company's plans. Assistance of external consultants is only taken for areas where Company feels that it does not have the adequate required level of expertise internally.

Assumptions used in these plans and the related rationale behind these assumptions are thoroughly documented and reviewed. Sensitivity analysis is also carried out to determine the impact of changes in assumptions on the financial performance of the Company.

OUR RESPONSE TO CRITICAL CHALLENGES AND UNCERTAINTIES

The Company has a robust Business Continuity Plan in place to ensure that any adverse or unforeseen events cause minimum disruption. The Company has also developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company.

The uncertainty surrounding the post-COVID era remains. However, our Company is confident that its overall approach to risk management and dealing with uncertainty will enable it to tackle critical challenges and uncertainties as and when they arise.



2020 FINANCIAL REPORT

106	Key Operating and Financial Data
109	Comments on Financial Ratios
110	Comments on Financial Statements
111	Statement of Cash Flows - Direct Method
112	Graphical Presentation
117	Segmental Review
118	Vertical Analysis
120	Horizontal Analysis
122	Statement of Value Addition and its Distribution
123	Free Cash Flows
124	Dupont Analysis
126	Quarterly Analysis
127	Share Price Sensitivity Analysis
128	Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
131	Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019
132	Independent Auditor's Report
136	Financial Statements
190	Pattern of Shareholding
193	Notice of Annual General Meeting
196	Calendar of Financial Events
197	Glossary
	Proxy Form
	Contact Details

KEY FINANCIAL INDICATORS

		2020	2019
Sales Revenue	Rs. in million	35,283	30,156
Return on Equity	%	29.1%	9.7%
Earnings per share	Rs.	46.33	13.28
Shareholders' Equity	Rs. in million	15,590	13,372
Total Assets Turnover Ratio*	Times	1.55	1.47
Current Ratio	Times	2.30	2.13
Market Capitalisation	Rs. in million	73,951	43,740

*Calculated on the basis of average assets.

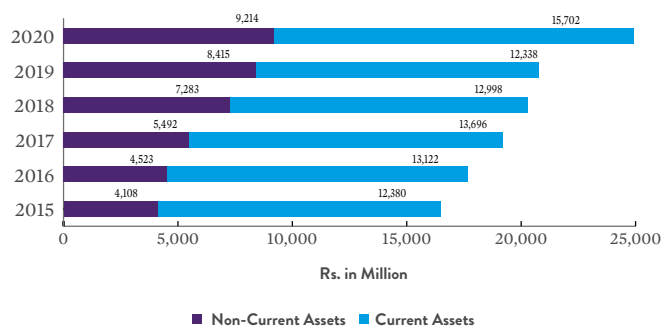
KEY OPERATING AND FINANCIAL DATA

	December 31,					
	2020	2019	2018	2017	2016	2015
(Rupees in '000)						

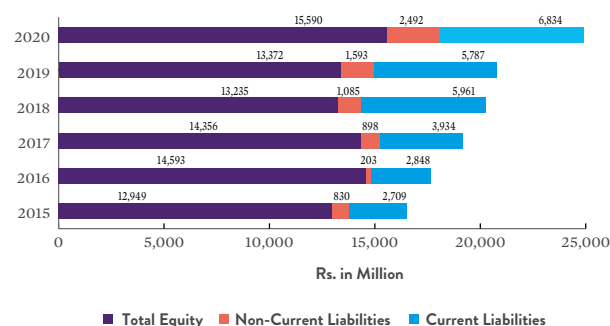
Statement of Financial Position

Fixed Assets - property, plant and equipment	9,070,460	8,267,557	7,191,606	5,419,054	4,443,019	4,017,403
Intangible assets	66,255	78,372	24,879	10,650	16,250	21,983
Other Non-Current Assets	77,292	68,889	66,641	62,618	63,764	68,797
Current Assets	15,701,737	12,337,862	12,998,131	13,695,788	13,122,151	12,380,092
Total Assets	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184	16,488,275
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	767,608	649,470	533,783	459,761	414,380	381,945
Revenue Reserves	13,843,641	11,743,920	11,722,225	12,917,071	13,199,857	11,588,299
Total Equity	15,590,252	13,372,393	13,235,011	14,355,835	14,593,240	12,949,247
Non-Current Liabilities	2,491,670	1,592,967	1,084,823	898,409	203,477	830,115
Current Liabilities	6,833,822	5,787,320	5,961,423	3,933,866	2,848,467	2,708,913
Total Liabilities	9,325,492	7,380,287	7,046,246	4,832,275	3,051,944	3,539,028
Total Equity and Liabilities	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184	16,488,275

Statement of Financial Position Analysis - Assets



Statement of Financial Position Analysis - Equity and Liabilities



OPERATING AND FINANCIAL TRENDS

	December 31,					
	2020	2019	2018	2017	2016	2015
(Rupees in '000)						
Statement of Profit or Loss						
Net sales	35,283,377	30,155,875	29,719,279	26,088,233	23,387,915	21,170,446
Gross profit	12,221,851	8,527,740	9,801,442	10,088,986	9,367,499	8,227,233
Operating profit	6,320,464	2,563,831	4,359,375	5,852,005	5,593,900	5,012,361
Profit before taxation	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141	5,006,477
Taxation	1,708,310	1,210,856	1,649,436	1,636,713	1,565,349	1,419,741
Profit after taxation	4,535,249	1,299,885	2,694,333	4,205,232	4,021,792	3,586,736
Ordinary cash dividends	3,916,012*	734,252	1,958,006	3,916,012	3,916,012	2,937,009
EBITDA**	7,451,585	3,573,887	5,096,544	6,459,090	6,128,490	5,496,717

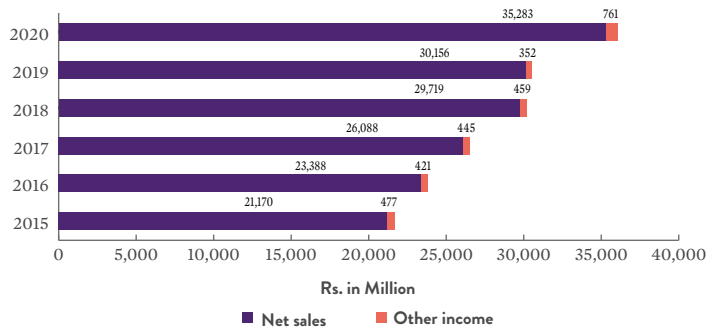
Statement of Cash Flows

Operating activities	8,147,958	(160,128)	2,937,218	5,764,509	3,119,545	4,062,034
Investing activities	(956,779)	(1,588,010)	(1,928,955)	(1,222,232)	(558,237)	(672,470)
Financing activities	(2,459,817)	(1,172,479)	(3,901,848)	(3,914,985)	(2,937,792)	(1,450,032)
Cash and cash equivalents at the end of the year	7,488,881	2,757,519	5,678,136	8,571,721	7,944,429	8,320,913

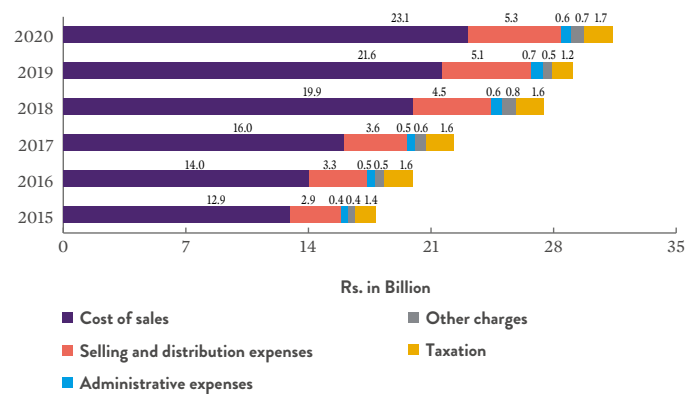
*Includes final dividend amounting to Rs. 2,447,508 million proposed by the Board of Directors subsequent to the year end.

**EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation).

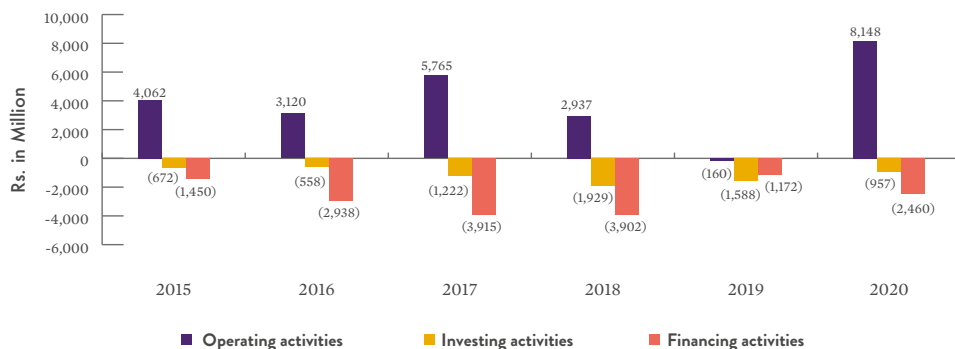
Statement of Profit or Loss Analysis - Sales and Other Income



Statement of Profit or Loss Analysis - Expenses



Statement of Cash Flows Analysis



		December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Ratios		Unit					
Profitability Ratios							
Gross profit margin	%	34.6%	28.3%	33.0%	38.7%	40.1%	38.9%
Net profit margin	%	12.9%	4.3%	9.1%	16.1%	17.2%	16.9%
EBITDA* margin	%	21.1%	11.9%	17.1%	24.8%	26.2%	26.0%
EBIT margin	%	17.9%	8.5%	14.7%	22.4%	23.9%	23.7%
Return on equity	%	29.1%	9.7%	20.4%	29.3%	27.6%	27.7%
Return on capital employed	%	27.6%	9.5%	20.0%	29.3%	27.6%	27.7%
Return on capital employed (average equity and debt)	%	30.1%	9.6%	19.4%	29.1%	29.2%	30.1%
Return on assets	%	18.2%	6.3%	13.3%	21.9%	22.8%	21.8%
Operating leverage ratio	Times	8.62	(28.04)	(1.83)	0.40	1.11	2.12
Liquidity Ratios							
Current ratio	Times	2.30	2.13	2.18	3.48	4.61	4.57
Quick / Acid test ratio	Times	1.57	1.09	1.44	2.60	3.35	3.50
Cash to Current Liabilities	Times	1.10	0.48	0.95	2.18	2.79	3.07
Cash flows from operations to Sales	Times	0.27	0.05	0.17	0.28	0.21	0.26
Activity / Turnover Ratios							
No. of days in inventory	Days	87.32	88.38	72.42	80.40	84.72	80.75
No. of days in receivables	Days	9.51	12.39	12.64	12.56	10.61	8.27
No. of days in payables	Days	80.04	82.58	76.84	61.14	55.54	54.89
Inventory Turnover	Times	4.18	4.13	5.04	4.54	4.32	4.52
Debtors Turnover	Times	38.37	29.47	28.88	29.06	34.48	44.14
Creditors Turnover**	Times	4.56	4.42	4.75	5.97	6.59	6.65
Operating Cycle	Days	16.79	18.19	8.22	31.82	39.79	34.13
Total assets turnover ratio (average assets)	Times	1.55	1.47	1.51	1.42	1.37	1.40
Total assets turnover ratio	Times	1.42	1.45	1.47	1.36	1.33	1.28
Fixed assets turnover ratio (average assets)	Times	4.07	3.90	4.71	5.29	5.53	5.74
Fixed assets turnover ratio	Times	3.89	3.65	4.13	4.81	5.26	5.27
Investment / Market Ratios							
Basic / Diluted Earnings per share	Rs.	46.33	13.28	27.52	42.95	41.08	36.64
Price earnings ratio	Times	16.30	33.64	22.93	16.24	23.30	17.33
Dividend yield ratio	%	5.3%	1.7%	3.2%	5.7%	4.2%	4.7%
Dividend payout ratio	Times	0.86	0.56	0.73	0.93	0.97	0.82
Dividend cover ratio	Times	1.16	1.77	1.38	1.07	1.03	1.22
Cash dividend per share	Rs.	***40.00	7.50	20.00	40.00	40.00	30.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	159.25	136.59	135.19	146.64	149.06	132.27
Price to book ratio	Times	2.98	2.12	3.05	3.56	5.32	3.78
No. of shares at end of year	Number	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302
Market Capitalisation	Rs. in million	73,951	43,740	61,780	68,296	93,699	62,167
Market value per share at the end of the year	Rs.	755.37	446.78	631.05	697.61	957.09	635.00
Market value per share (High)	Rs.	792.38	710.00	750.00	1,145.00	984.90	744.42
Market value per share (Low)	Rs.	309.00	302.10	475.00	610.00	575.00	473.19
Contribution to National Exchequer	Rs. in million	4,606	5,211	4,988	3,761	3,728	3,043
Capital Structure Ratios							
Interest cover ratio	Times	82.19	48.29	279.34	581.71	827.62	851.86
Finance leverage ratio	%	5.2%	2.9%	1.6%	-	-	-
Weighted average cost of debt	%	8.6%	11.3%	****6.9%	-	-	-
Debt to equity ratio	%	4.0%	2.2%	1.3%	-	-	-

*EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation).

**For average accounts payable, the sum of creditors, accrued liabilities, bills payable and payable to related parties has been used.

***Includes final dividend amounting to Rs. 25.00 per share proposed by the Directors subsequent to the year end.

****Grossed-up on a pro-rata basis, since debt was acquired during 2018.

COMMENTS ON FINANCIAL RATIOS

PROFITABILITY RATIOS

Profitability ratios of the Company, in general, have improved versus last year, mainly on account of product mix, revisions to products costs and lower operating expenses as percentage of sales.

Gross profit margin improved to 34.6% versus 28.3% last year. **Net profit margin** increased to 12.9% versus 4.3% last year in line with the reasons mentioned above.

LIQUIDITY RATIOS

Cash inflows from operating activities increased versus last year primarily on account of increase in profitability and favorable working capital changes. The Company has Rs. 7,488.88 million of cash and cash equivalents as of 31st December 2020 to meet its investment and operational cash requirements.

Current ratio (2020: 2.30, 2019: 2.13), **quick / acid test ratio** (2020: 1.57, 2019: 1.09) and **cash to current liabilities** (2020: 1.10, 2019: 0.48) have improved versus last year mainly on account of higher cash and bank balances.

ACTIVITY / TURNOVER RATIOS

Operating cycle has decreased to 16.79 days in 2020 from 18.19 days in 2019 mainly due to improved inventory and debtors turnover as compared to last year.

Total assets turnover ratio (average assets) increased slightly to 1.55 in 2020 from 1.47 in 2019 mainly due to sales growth during the year.

Fixed assets turnover ratio (average assets) improved to 4.07 in 2020 from 3.90 in 2019 mainly due to sales growth during the year.

INVESTMENT / MARKET RATIOS

Earnings per share increased to Rs. 46.33 in 2020 from Rs. 13.28 in 2019 as a result of increase in profit after tax driven by improved gross margin and lower operating expenses as a percentage of sales.

Price Earnings ratio declined to 16.30 in 2020 from 33.64 in 2019, mainly due to increase in earnings per share on account of reasons mentioned above. **Dividend yield ratio** improved to 5.3% in 2020 from 1.7% in 2019 due to increase in dividend per share partially offset by increase in share price.

Dividend payout ratio increased to 0.86 (times) in 2020 from 0.56 (times) in 2019, on account of increase in dividend per share partially offset by increase in profit after tax.

Break-up value per share has increased to Rs. 159.25 in 2020 from Rs. 136.59 in 2019 due to increase in total equity by Rs. 2,217.9 million as compared to prior year on account of profit after tax for the year. This has been partially offset by dividend paid during the year.

Market capitalisation has increased to Rs. 73,951 million in 2020 from Rs. 43,740 million in 2019 due to increase in market price per share to Rs. 755.37 in 2020 from Rs. 446.78 in 2019.

CAPITAL STRUCTURE ADEQUACY ANALYSIS

Total equity increased by 16.6% to Rs. 15.59 billion comprising of share capital amounting to Rs. 979,003 million which consists of issued share capital of 97,900,302 shares of Rs. 10.00 each. Abbott Asia Investments Limited, UK is the major shareholder of the Company, having 76,259,454 shares being 77.90% of total paid-up capital.

The Company's capital structure includes lease arrangements, which carries markup at rates ranging from 6-month KIBOR plus 0.45% to 6-month KIBOR plus 1.00% per annum. The long term component is only 2.5% of the total equity and liabilities of the Company.

Financial leverage ratio is 5.2% representing the amount of lease obligation of Rs. 816.2 million. The lease obligation has increased versus last year on account of lease liabilities recognised in respect of facilities and vehicles.

The **weighted average cost of debt** of 8.6% has decreased over last year driven primarily by decrease in interest rates during the year.

Interest cover ratio has improved versus last year on account of increase in profit before interest and tax, partially offset by increase in interest costs due to mark-up on lease liabilities.

COMMENTS ON FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

SALES

Net sales for the year increased by 17.0% over previous year. Pharmaceutical sales increased by 12.6% following sustained performance of established brands. Nutritional sales increased by 37.5% mainly driven by increase in sales of adult nutritional supplements. Diagnostic sales grew by 4.1%, whereas General Health Care (GHC) and Diabetes Care cumulatively grew by 5.6%.

COST OF SALES

Cost of sales of the Company increased primarily on account of volumes, fuel and power costs due to rising tariffs, depreciation on account of capitalisations and salaries.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses during the year increased by 4.9%, but reduced as a percentage of sales, mainly attributable to reduced travelling due to COVID. Increases were recorded in advertisement expense following extensive campaigns by our Nutritional divisions and forwarding expenses due to increase in sales volumes.

ADMINISTRATIVE EXPENSES

Administrative expenses during the year decreased by 12.2% primarily on account of lower computer expenses.

OTHER CHARGES

Increase in other charges during the current year by 35.5% is primarily on account of higher statutory charges (WWF, WPPF and CRF) in line with increase in profitability of the Company, partially offset by lower exchange losses versus last year.

OTHER INCOME

Increase in other income during the current year by 116.1% is primarily on account of liabilities written back pertaining to PC support and other related services.

STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

Property, plant and equipment have witnessed an increase over prior year due to investment in production facilities and infrastructure to support growing scale of business. Major capital expenditure incurred during the year was for expanding manufacturing capacity, enhancement of productivity, and improvement of plant efficiency. Increase in property, plant and equipment was also driven by right-of-use assets recorded in respect of new leases amounting to Rs. 616.7 million.

CURRENT ASSETS

The increase in current assets is mainly due to higher cash and bank balances primarily on account of increase in profitability. This has been partially offset by decrease in inventory balances versus last year.

CURRENT LIABILITIES

Trade and other payables have increased over prior year mainly on account of higher creditors and accrued liabilities in respect of various goods and services.

EQUITY

Increase in equity over prior year is driven by profit for the year partially offset by final dividend for 2019 (Rs. 7.5 per share) and interim dividend for 2020 (Rs. 15.0 per share).

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

There has been an increase in net cash flows from operating activities mainly due to improved profitability and favourable working capital changes versus last year.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities have decreased from prior year primarily due to lower capital expenditure and higher interest income due to increase in interest rates during the year.

CASH FLOWS FROM FINANCING ACTIVITIES

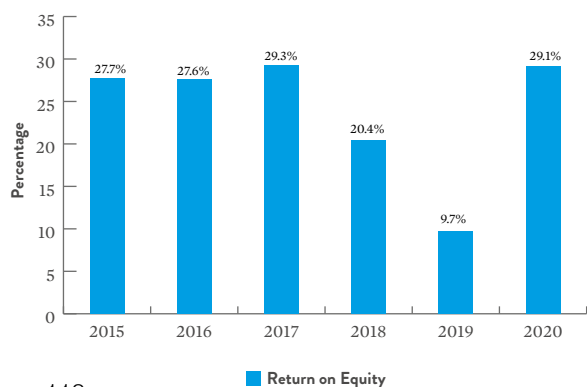
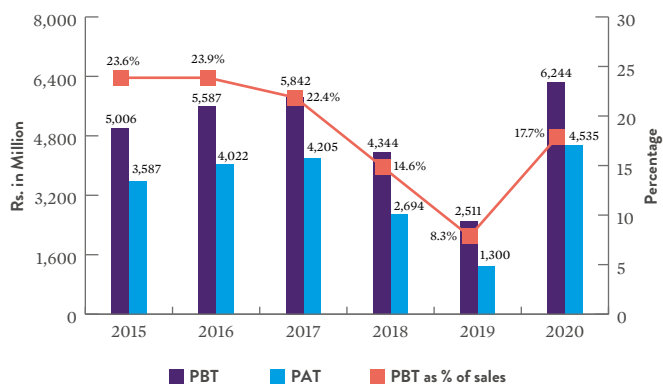
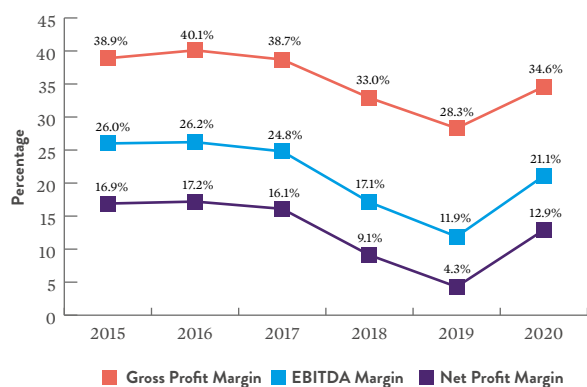
Net cash outflow from financing activities increased during the current year primarily on account of higher dividend paid during the year.

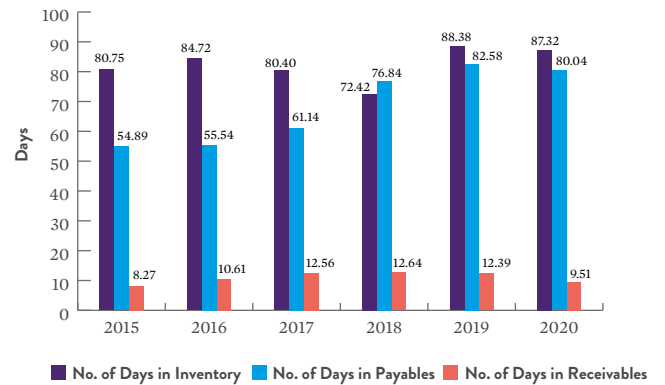
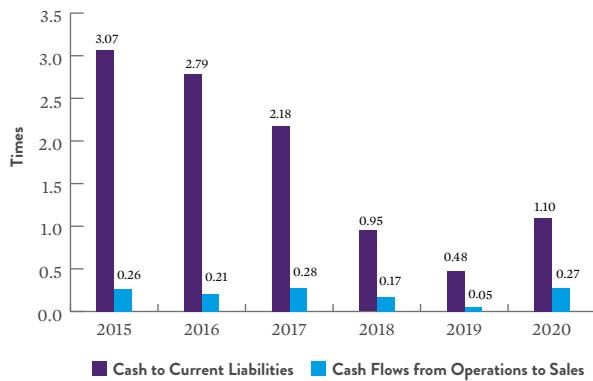
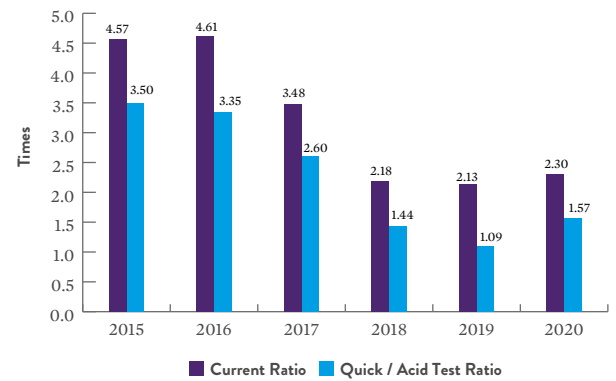
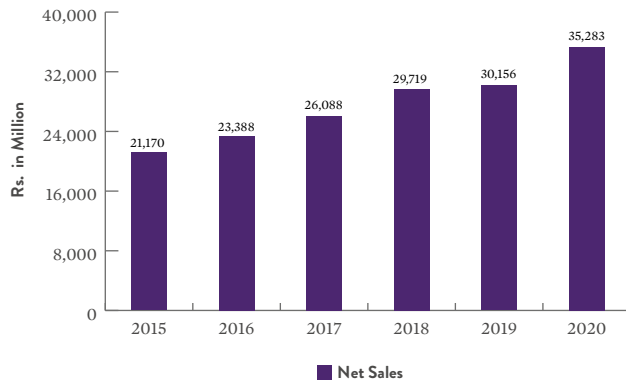
STATEMENT OF CASH FLOWS - DIRECT METHOD

For The Year Ended December 31, 2020

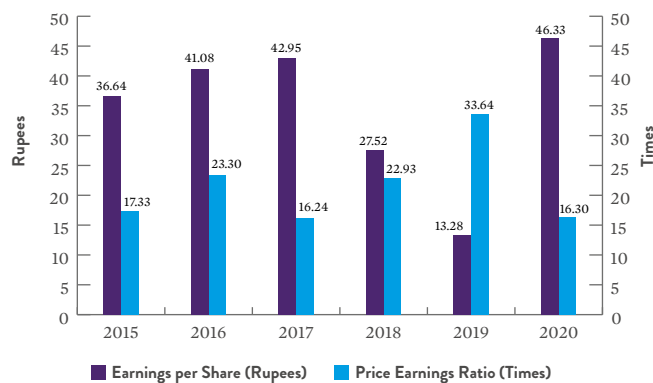
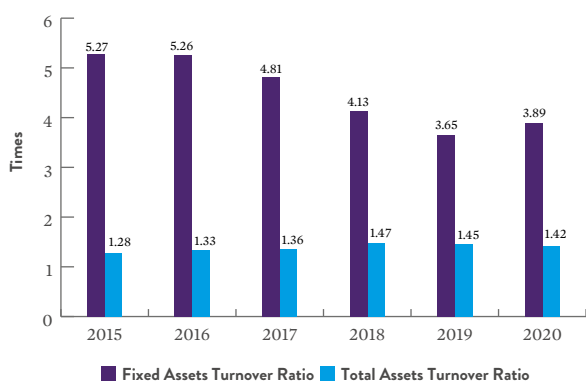
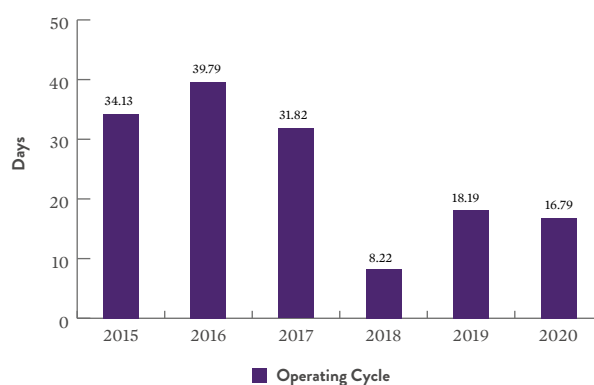
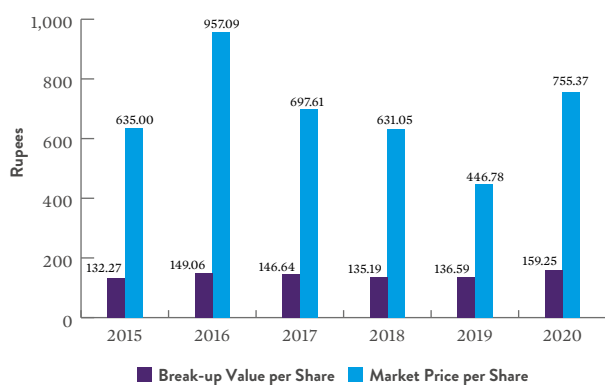
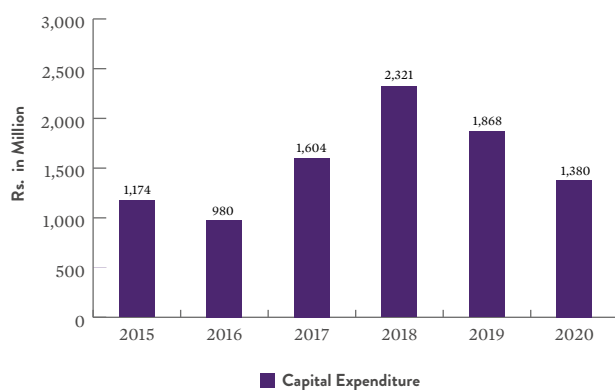
	2020	2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	35,459,257	30,538,320
Cash paid to suppliers / service providers	(21,039,048)	(24,643,198)
Cash paid to employees	(3,850,364)	(3,581,333)
Payment of royalty and technical service fee	(175,463)	(164,247)
Payment to retirement funds	(361,445)	(341,733)
Income taxes paid	(1,541,273)	(1,759,041)
Payment of other statutory charges	(345,840)	(209,135)
Long-term prepayments - net	2,134	239
Net cash inflow / (outflow) from operating activities	8,147,958	(160,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,380,060)	(1,867,504)
Acquisition of intangible asset	(9,879)	(63,568)
Sale proceeds from disposal of fixed assets	88,921	81,008
Interest income	344,239	262,054
Net cash outflow from investing activities	(956,779)	(1,588,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(53,163)	(43,001)
Lease rentals paid	(205,363)	(133,092)
Dividends paid	(2,201,291)	(996,386)
Net cash outflow from financing activities	(2,459,817)	(1,172,479)
Net increase / (decrease) in cash and cash equivalents	4,731,362	(2,920,617)
Cash and cash equivalents at the beginning of the year	2,757,519	5,678,136
Cash and cash equivalents at the end of the year	7,488,881	2,757,519

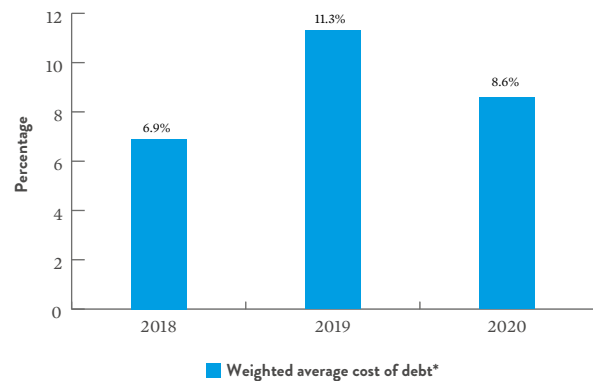
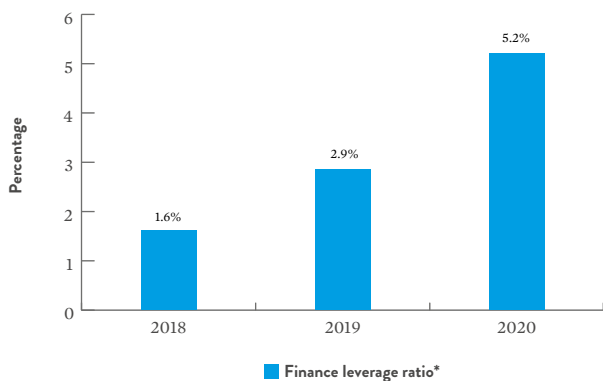
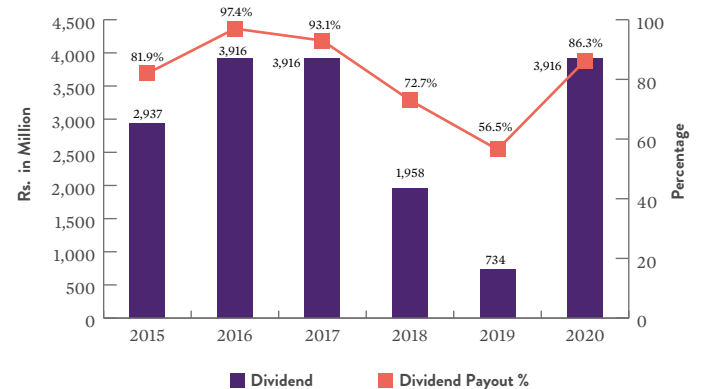
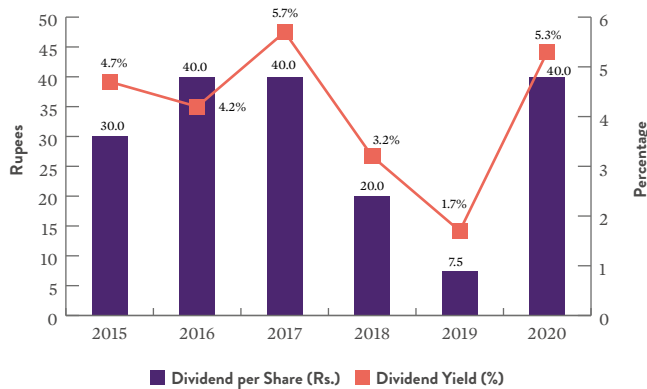
GRAPHICAL PRESENTATION





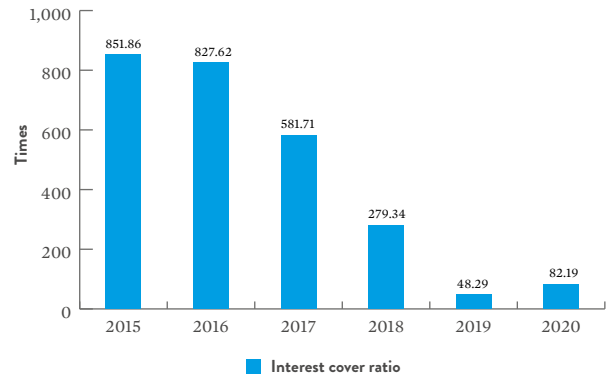
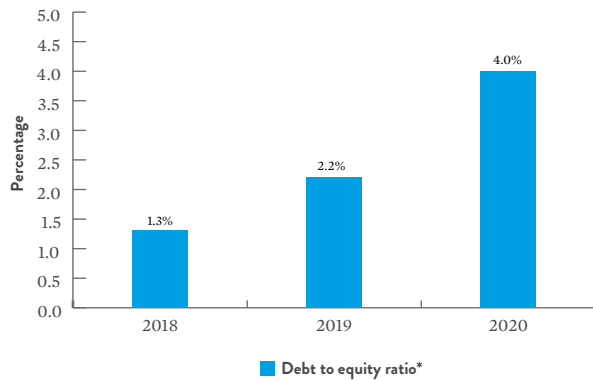
GRAPHICAL PRESENTATION





* The Company did not have any long-term debt before 2018.

GRAPHICAL PRESENTATION



* The Company did not have any long-term debt before 2018.



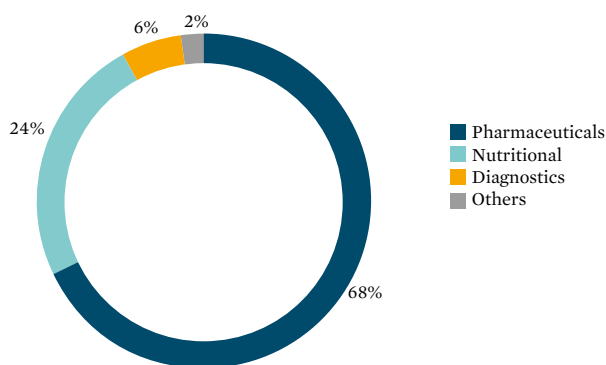
SEGMENTAL REVIEW

For The Year Ended December 31, 2020

During 2020, overall sales for the Company increased by Rs. 5,127.5 million resulting in an increase of 17.0%. Gross profit margin for 2020 improved to 34.6% as compared to 28.3% in the preceding year. Profit after tax for the year was Rs. 4.54 billion resulting in an EPS of Rs. 46.33 per share.

The chart below shows the segment wise breakdown of the Company on the basis of revenue:

ANALYSIS OF COMPANY'S SEGMENTS



PHARMACEUTICALS (EPD)

Sales of Pharmaceutical business increased by 12.6% following sustained performance of established brands. Gross profit margin for the business improved to 30.6% from 28.6% driven by product mix and price increases. Selling and Distribution expenses reduced as a percentage of sales following lower travelling expense due to COVID. Operating margin for EPD improved to 13.9% from 9.9% due to the reasons mentioned above.

NUTRITION (ANI)

Revenue for the Nutrition business during 2020 grew by 37.5% mainly driven by increase in sales of adult nutritional supplements. Gross profit margin for the division improved to 45.9% driven by revision to product costs and sales price increase. The operating margin of the division improved to 30.9% from 6.3% during 2019.

DIAGNOSTIC (ADD)

Revenue for the Diagnostic business during 2020 grew by 4.1%. Gross profit margin for the business improved to 36.5% from 34.5% mainly driven by product mix. The operating margin of the division improved to 10.8% from 7.8% during 2019.

OTHERS

Revenue for Others which consists of Diabetes Care and General Health Care representing 2% of total company revenue increased by Rs. 38.70 million. It achieved a cumulative Gross profit margin of 30.3% versus 31.1% during the preceding year. Depletion in gross profit margin is on account of increase in product costs. The operating margin of the division improved to 11.4% versus 10.6% last year primarily contributed by decrease in promotional spend and travelling driven by COVID.

Detailed segment-wise operating results are presented in Note 35 of the financial statements.

VERTICAL ANALYSIS

	December 31, 2020		December 31, 2019	
	Rupees in '000	%	Rupees in '000	%
Statement of Financial Position				
Total Equity	15,590,252	62.6	13,372,393	64.4
Non-Current Liabilities	2,491,670	10.0	1,592,967	7.7
Current Liabilities	6,833,822	27.4	5,787,320	27.9
Total Equity and Liabilities	24,915,744	100.0	20,752,680	100.0
Non-Current Assets	9,214,007	37.0	8,414,818	40.5
Current Assets	15,701,737	63.0	12,337,862	59.5
Total Assets	24,915,744	100.0	20,752,680	100.0

	December 31, 2020		December 31, 2019	
	Rupees in '000	%	Rupees in '000	%
Statement of Profit or Loss				
Sales - net	35,283,377	100.0	30,155,875	100.0
Cost of sales	23,061,526	65.4	21,628,135	71.7
Gross Profit	12,221,851	34.6	8,527,740	28.3
Selling and distribution expenses	5,311,541	15.1	5,061,510	16.8
Administrative expenses	642,162	1.8	731,620	2.4
Other income	6,268,148	17.7	2,734,610	9.1
Other charges	760,691	2.2	352,023	1.2
Finance costs	76,905	0.2	53,090	0.2
Profit before taxation	6,243,559	17.7	2,510,741	8.3
Taxation	1,708,310	4.8	1,210,856	4.0
Profit for the year	4,535,249	12.9	1,299,885	4.3

Note: Graphical presentation of the Statement of Financial Position and Statement of Profit or Loss is given on Page No. 106-107.

COMMENT ON VERTICAL ANALYSIS

Statement of Financial Position: Equity of the Company has increased versus last year on account of profit for the year partially offset by dividend paid, but reduced as a percentage of total equity and liabilities. Non-current liabilities are 10.0% (2019: 7.7%) of the total equity and liabilities and have increased mainly on account of lease liability and staff retirement benefits. Non-current assets are 37.0% (2019: 40.5%) of the total assets, which increased primarily on account of capital expenditure during the year for expanding manufacturing capacity, enhancement of productivity and improvement of plant efficiency. Current assets are 63.0% (2019: 59.5%) of total assets of the Company which increased mainly due to higher cash and bank balances versus last year.

December 31, 2018		December 31, 2017		December 31, 2016		December 31, 2015	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
13,235,011	65.3	14,355,835	74.8	14,593,240	82.7	12,949,247	78.6
1,084,823	5.3	898,409	4.7	203,477	1.2	830,115	5.0
5,961,423	29.4	3,933,866	20.5	2,848,467	16.1	2,708,913	16.4
20,281,257	100.0	19,188,110	100.0	17,645,184	100.0	16,488,275	100.0
7,283,126	35.9	5,492,322	28.6	4,523,033	25.6	4,108,183	24.9
12,998,131	64.1	13,695,788	71.4	13,122,151	74.4	12,380,092	75.1
20,281,257	100.0	19,188,110	100.0	17,645,184	100.0	16,488,275	100.0
December 31, 2018		December 31, 2017		December 31, 2016		December 31, 2015	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
29,719,279	100.0	26,088,233	100.0	23,387,915	100.0	21,170,446	100.0
19,917,837	67.0	15,999,247	61.3	14,020,416	60.0	12,943,213	61.1
9,801,442	33.0	10,088,986	38.7	9,367,499	40.0	8,227,233	38.9
4,503,521	15.2	3,611,882	13.9	3,258,175	13.9	2,876,407	13.6
610,885	2.0	468,172	1.8	450,297	1.9	383,612	1.8
4,687,036	15.8	6,008,932	23.0	5,659,027	24.2	4,967,214	23.5
458,654	1.5	445,317	1.7	420,937	1.8	476,868	2.2
786,315	2.6	602,244	2.3	486,064	2.1	431,721	2.0
4,359,375	14.7	5,852,005	22.4	5,593,900	23.9	5,012,361	23.7
15,606	0.1	10,060	0.0	6,759	0.0	5,884	0.1
4,343,769	14.6	5,841,945	22.4	5,587,141	23.9	5,006,477	23.6
1,649,436	5.5	1,636,713	6.3	1,565,349	6.7	1,419,741	6.7
2,694,333	9.1	4,205,232	16.1	4,021,792	17.2	3,586,736	16.9

COMMENT ON VERTICAL ANALYSIS

Statement of Profit or Loss: Gross profit margin of the Company improved to 34.6% from 28.3% in 2019 driven by product mix, revisions to product costs and sales price increases. Selling and distribution expenses decreased as a percentage of sales mainly driven by reduced travelling due to COVID. Net profit margin of the Company increased to 12.9% from 4.3% in 2019 mainly on account of improved gross profit margin and lower operating expenses as a percentage of sales (as explained above).

HORIZONTAL ANALYSIS

	December 31,					
	2020	2019	2018	2017	2016	2015

(Rupees in '000)

Statement of Financial Position

Total Equity	15,590,252	13,372,393	13,235,011	14,355,835	14,593,240	12,949,247
Non-Current Liabilities	2,491,670	1,592,967	1,084,823	898,409	203,477	830,115
Current Liabilities	6,833,822	5,787,320	5,961,423	3,933,866	2,848,467	2,708,913
Total Equity and Liabilities	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184	16,488,275
Non-Current Assets	9,214,007	8,414,818	7,283,126	5,492,322	4,523,033	4,108,183
Current Assets	15,701,737	12,337,862	12,998,131	13,695,788	13,122,151	12,380,092
Total Assets	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184	16,488,275

	December 31,					
	2020	2019	2018	2017	2016	2015

(Rupees in '000)

Statement of Profit or Loss

Sales - net	35,283,377	30,155,875	29,719,279	26,088,233	23,387,915	21,170,446
Cost of sales	23,061,526	21,628,135	19,917,837	15,999,247	14,020,416	12,943,213
Gross Profit	12,221,851	8,527,740	9,801,442	10,088,986	9,367,499	8,227,233
Selling and distribution expenses	5,311,541	5,061,510	4,503,521	3,611,882	3,258,175	2,876,407
Administrative expenses	642,162	731,620	610,885	468,172	450,297	383,612
	6,268,148	2,734,610	4,687,036	6,008,932	5,659,027	4,967,214
Other income	760,691	352,023	458,654	445,317	420,937	476,868
Other charges	708,375	522,802	786,315	602,244	486,064	431,721
	6,320,464	2,563,831	4,359,375	5,852,005	5,593,900	5,012,361
Finance costs	76,905	53,090	15,606	10,060	6,759	5,884
Profit before taxation	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141	5,006,477
Taxation	1,708,310	1,210,856	1,649,436	1,636,713	1,565,349	1,419,741
Profit for the year	4,535,249	1,299,885	2,694,333	4,205,232	4,021,792	3,586,736

Note: Graphical presentation of the Statement of Financial Position and Statement of Profit or Loss is given on Page No. 106-107.

COMMENT ON HORIZONTAL ANALYSIS

Statement of Financial Position: Equity has increased by 16.6% driven by profit for the year partially offset by final dividend for 2019 (Rs. 7.5 per share) and interim dividend for 2020 (Rs. 15.0 per share). Non-current liabilities have increased by 56.4% due to recording of lease liabilities in respect of facilities and vehicles. Non-current assets have increased by 9.5% over last year on account of capital expenditure and recognition of right-of-use assets in respect of new leases. Increase in current assets by 27.3% is mainly on account of higher cash and bank balances.

December 31,					
2020	2019	2018	2017	2016	2015
% increase / (decrease) over preceding year					
16.6	1.0	(7.8)	(1.6)	12.7	19.1
56.4	46.8	20.7	341.5	(75.5)	23.8
18.1	(2.9)	51.5	38.1	5.2	21.8
20.1	2.3	5.7	8.7	7.0	19.8
9.5	15.5	32.6	21.4	10.1	19.2
27.3	(5.1)	(5.1)	4.4	6.0	20.0
20.1	2.3	5.7	8.7	7.0	19.8

December 31,					
2020	2019	2018	2017	2016	2015
% increase / (decrease) over preceding year					
17.0	1.5	13.9	11.5	10.5	7.5
6.6	8.6	24.5	14.1	8.3	6.6
43.3	(13.0)	(2.9)	7.7	13.9	9.0
4.9	12.4	24.7	10.9	13.3	(3.0)
(12.2)	19.8	30.5	4.0	17.4	4.4
129.2	(41.7)	(22.0)	6.2	13.9	17.8
116.1	(23.2)	3.0	5.8	(11.7)	0.2
35.5	(33.5)	30.6	23.9	12.6	16.7
146.5	(41.2)	(25.5)	4.6	11.6	15.9
44.9	240.2	55.1	48.8	14.9	23.3
148.7	(42.2)	(25.6)	4.6	11.6	15.9
41.1	(26.6)	0.8	4.6	10.3	(5.5)
248.9	(51.8)	(35.9)	4.6	12.1	27.4

COMMENT ON HORIZONTAL ANALYSIS

Statement of Profit or Loss: Net sales for the year increased by 170% over previous year. Cost of sales increased by 6.6% primarily on account of volumes, fuel and power costs due to rising tariffs, depreciation on account of capitalisations and salaries. Other charges increased by 35.5% on account of higher statutory charges (WWF, WPPF and CRF) in line with increase in profitability of the Company. The profit after tax of the Company increased by 248.9% in line with the reasons mentioned above.

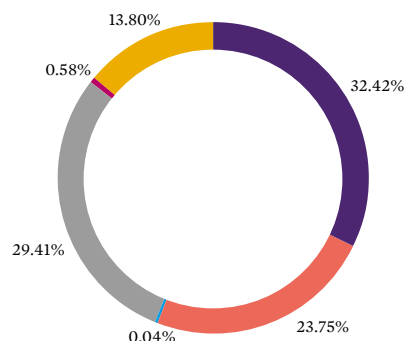
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

For The Year Ended December 31, 2020

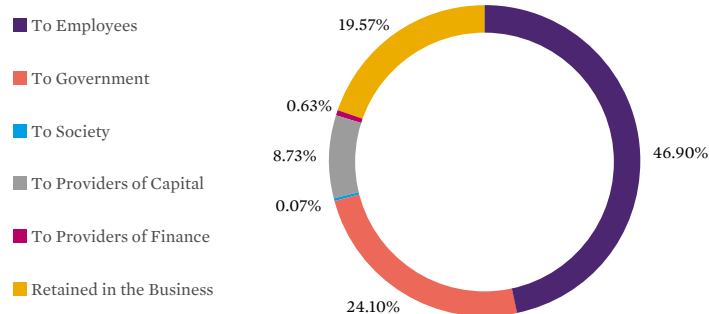
	2020		2019	
	Rupees '000	%	Rupees '000	%
Wealth Generated				
Total revenue inclusive of sales tax and other income	37,069,701		31,170,091	
Brought-in-materials and services	23,754,223		22,759,135	
	<u>13,315,478</u>	<u>100%</u>	<u>8,410,956</u>	<u>100%</u>
Wealth Distribution				
To Employees				
Salaries, wages, allowances and staff welfare	4,316,884	32.42%	3,944,936	46.90%
To Government				
Income Tax	1,620,971	12.17%	1,140,396	13.56%
Workers' Funds and Central Research Fund	516,577	3.88%	224,200	2.67%
Sales tax and excise duty	1,025,633	7.70%	662,193	7.87%
	<u>3,163,181</u>	<u>23.75%</u>	<u>2,026,789</u>	<u>24.10%</u>
To Society				
Donations	4,799	0.04%	5,740	0.07%
To Providers of Capital				
Dividends	*3,916,012	29.41%	734,252	8.73%
To Providers of Finance				
Finance costs	76,905	0.58%	53,090	0.63%
Retained in the Business				
Depreciation and amortisation	1,131,121	8.50%	1,010,056	12.01%
Actuarial Loss	320,110	2.40%	374,590	4.45%
Added to Unappropriated profit for distribution	386,466	2.90%	261,503	3.11%
	<u>1,837,697</u>	<u>13.80%</u>	<u>1,646,149</u>	<u>19.57%</u>
	<u>13,315,478</u>	<u>100.00%</u>	<u>8,410,956</u>	<u>100.00%</u>

*Dividends include final dividend amounting to Rs. 2,447,508 million proposed by the Board of Directors subsequent to the year end.

2020



2019



FREE CASH FLOWS

	December 31,					
	2020	2019	2018	2017	2016	2015
	(Rupees in '000)					
Profit before taxation	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141	5,006,477
Adjustment for non-cash items						
Depreciation	964,742	881,746	722,641	601,485	522,357	463,444
Right-of-use assets	144,383	107,339	4,477	-	-	-
Amortisation	21,996	10,075	10,051	5,600	12,233	20,912
(Gain) / Loss on disposal and write-off of property plant & equipment	(4,158)	11,350	(2,302)	15,350	(4,354)	(10,857)
Interest income	(344,355)	(260,485)	(370,491)	(371,598)	(394,844)	(448,150)
Expense recognised in statement of profit or loss in respect of equity-settled share-based compensation	118,138	115,687	74,022	45,381	32,435	42,464
Staff retirement benefits	89,223	25,115	23,457	(31,427)	42,312	30,358
Finance costs	76,905	53,090	15,606	10,060	6,759	5,884
	1,066,874	943,917	477,461	274,851	216,898	104,055
Working capital changes	2,387,201	(1,853,497)	159,288	1,203,128	(974,650)	477,382
Income taxes paid	(1,541,273)	(1,759,041)	(2,039,277)	(1,556,561)	(1,714,877)	(1,520,063)
Long-term loans and advances	(10,537)	(2,487)	(4,021)	(1,334)	2,058	(5,508)
Long-term deposits	-	-	-	(38)	-	130
Long-term prepayments	2,134	239	(2)	2,518	2,975	(439)
	837,525	(3,614,786)	(1,884,012)	(352,287)	(2,684,494)	(1,048,498)
Net cash generated from operating activities	8,147,958	(160,128)	2,937,218	5,764,509	3,119,545	4,062,034
Capital expenditure	(1,380,060)	(1,867,504)	(2,321,269)	(1,604,089)	(980,258)	(1,174,097)
Acquisition of intangible assets	(9,879)	(63,568)	(24,280)	-	(6,500)	(18,500)
Free cash flows	6,758,019	(2,091,200)	591,669	4,160,420	2,132,787	2,869,437

GRAPHICAL PRESENTATION OF FREE CASH FLOWS



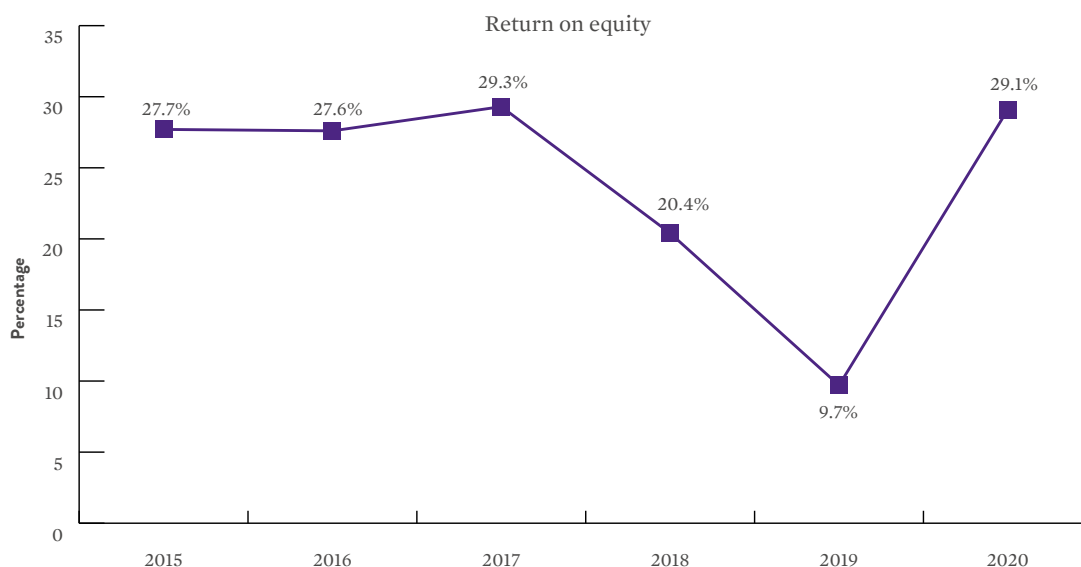
COMMENT ON FREE CASH FLOWS

Company's free cash flows increased versus last year mainly on account of higher cash flows from operating activities contributed primarily by increase in profit before taxation and favourable working capital changes driven by decrease in stock-in-trade.

DUPONT ANALYSIS

	December 31,					
	2020	2019	2018	2017	2016	2015
EBIT Margin	17.9%	8.5%	14.7%	22.4%	23.9%	23.7%
Asset turnover (average assets)	1.55	1.47	1.51	1.42	1.37	1.40
Interest burden / efficiency	98.8%	97.9%	99.6%	99.8%	99.9%	99.9%
Tax burden / efficiency	72.6%	51.8%	62.0%	72.0%	72.0%	71.6%
Leverage	1.46	1.53	1.49	1.28	1.17	1.17
Net profit margin	12.9%	4.3%	9.1%	16.1%	17.2%	16.9%
Return on equity	29.1%	9.7%	20.4%	29.3%	27.6%	27.7%

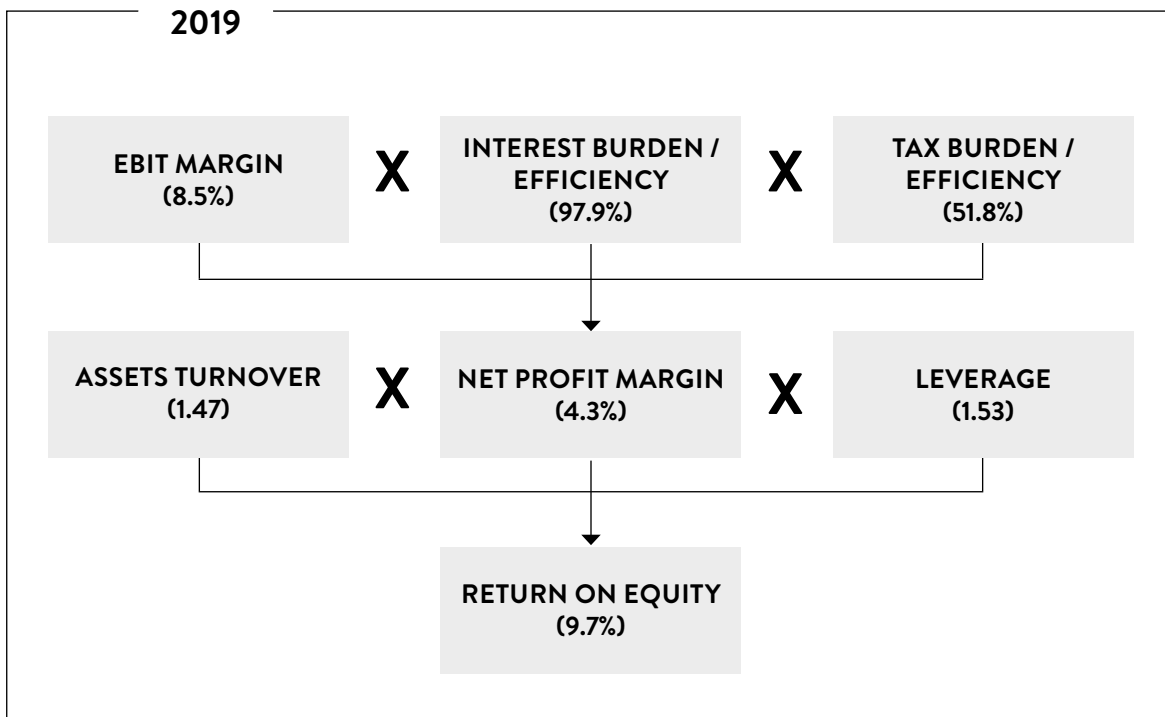
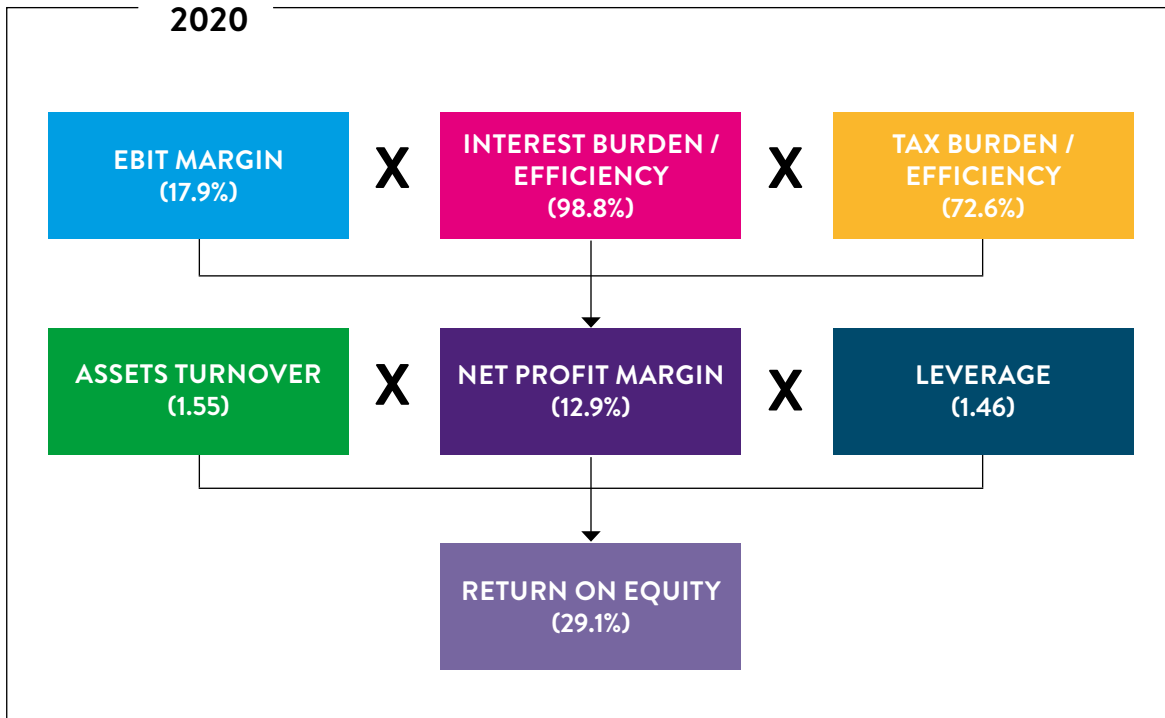
GRAPHICAL PRESENTATION OF DUPONT ANALYSIS



COMMENT ON DUPONT ANALYSIS

Return on equity has increased to 29.1% from 9.7% during 2020 driven by improved gross margin and lower operating expenses as a percentage of sales. Interest burden / efficiency and tax efficiency improved versus last year on account of improvements in earnings. Assets turnover increased to 1.55 in 2020 from 1.47 in 2019 mainly due to sales growth during the year.

DUPONT ANALYSIS

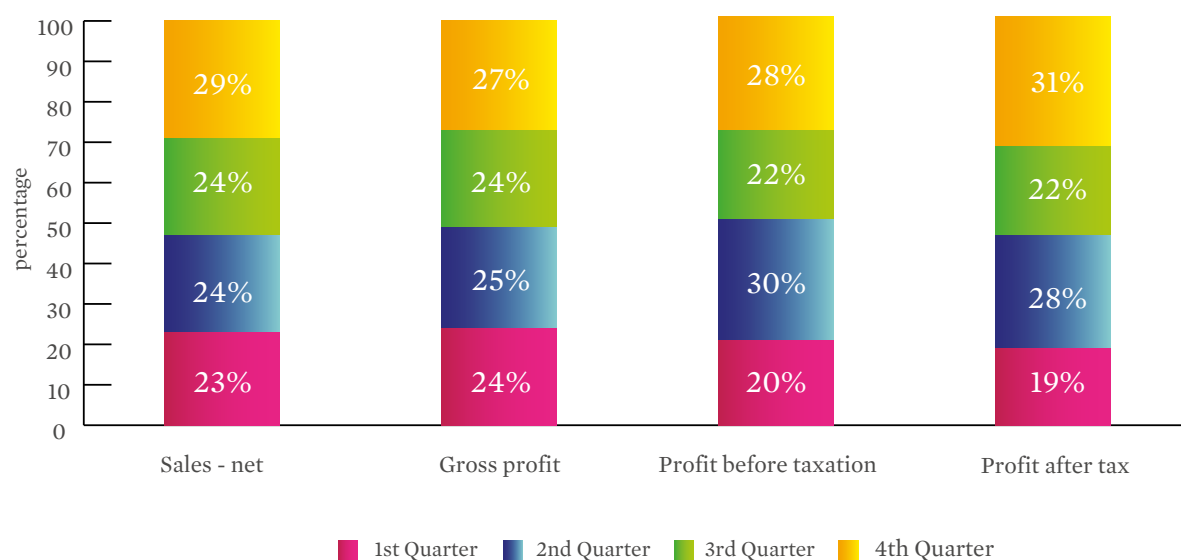


QUARTERLY ANALYSIS

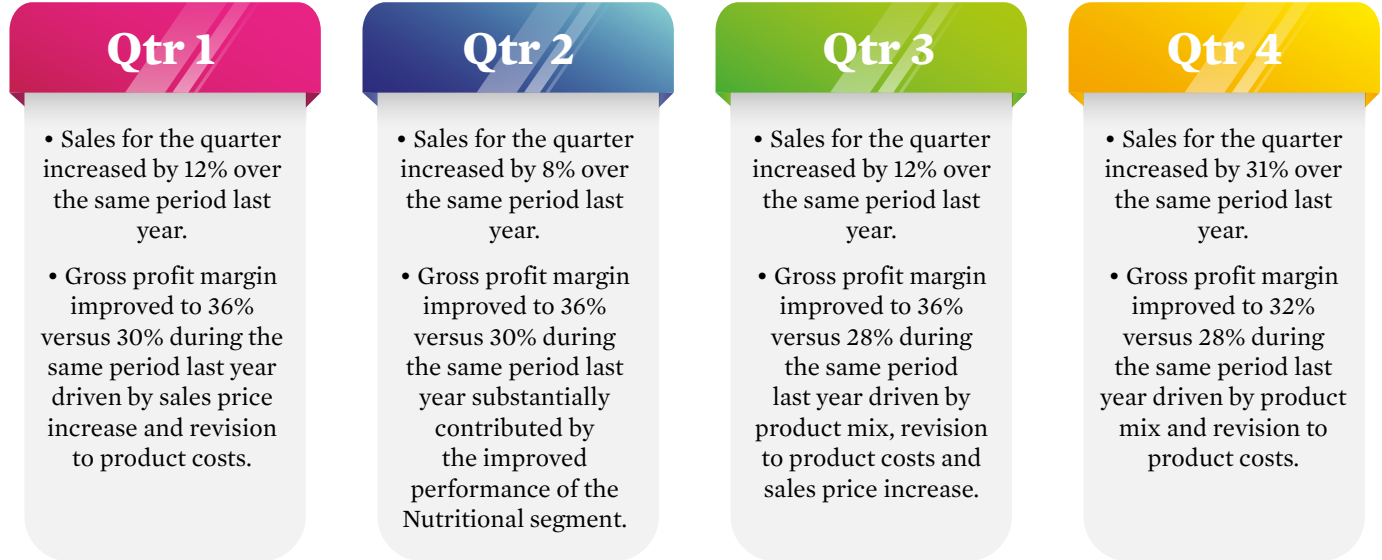
For The Year Ended December 31, 2020

	2020				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
----- (Rupees '000) -----					
Sales - net	8,061,493	8,472,178	8,438,241	10,311,465	35,283,377
Cost of sales	5,122,461	5,455,371	5,451,200	7,032,494	23,061,526
Gross profit	2,939,032	3,016,807	2,987,041	3,278,971	12,221,851
Selling and distribution expenses	1,363,717	1,169,039	1,411,669	1,367,116	5,311,541
Administrative expenses	154,588	159,920	166,129	161,525	642,162
Other income	99,936	366,999	116,265	177,491	760,691
Other charges	218,677	187,524	159,391	142,783	708,375
	1,637,046	1,149,484	1,620,924	1,493,933	5,901,387
	1,301,986	1,867,323	1,366,117	1,785,038	6,320,464
Finance costs	13,575	14,493	13,179	35,658	76,905
Profit before taxation	1,288,411	1,852,830	1,352,938	1,749,380	6,243,559
Taxation	425,894	595,283	367,494	319,639	1,708,310
Profit after tax	862,517	1,257,547	985,444	1,429,741	4,535,249

GRAPHICAL PRESENTATION OF QUARTERLY PERFORMANCE ANALYSIS

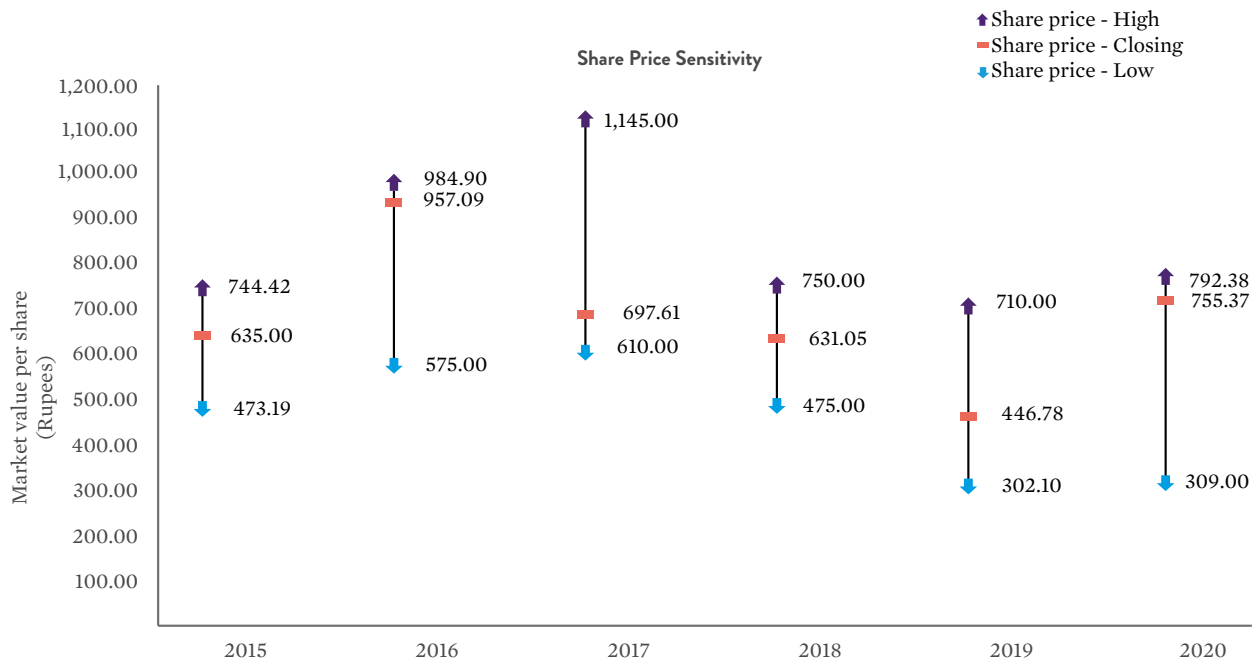


COMMENTS ON QUARTERLY PERFORMANCE ANALYSIS



SHARE PRICE SENSITIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company's performance, general market sentiments, economic events and interest rates, etc. Being a responsible and law-compliant Company, Abbott circulates price sensitive information to the Pakistan Stock Exchange (PSX) in accordance with the requirements of the PSX Rulebook in a timely manner. During the current year, Abbott share price touched the peak of Rs 792.38 while the lowest recorded price was Rs 309.00 with a closing price of Rs. 755.37 at the end of the year.



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Abbott Laboratories (Pakistan) Limited for the year ended 31st December 2020.

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 7 (seven) as per the following:

- a. Male: 5
- b. Female: 2

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Ehsan Ali Malik
	Mr. Mohsin Ali Nathani
	Ms. Ayla Majid
Other Non-Executive Directors	Mr. Munir A. Shaikh (Chairman)
	Mr. Muhammad Anjum Latif Rana
Executive Directors	Syed Anis Ahmed
	Ms. Seema Khan
Female Directors	Ms. Ayla Majid
	Ms. Seema Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations;
9. Two directors have a certification under Directors' Training Program, one director of the Company is exempt from the requirement of Directors' Training Program. Directors elected during the year will be trained within the timelines provided in these Regulations;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Category	Names
Audit Committee	Mr. Ehsan Ali Malik (Chairman)
	Ms. Ayla Majid
	Mr. Muhammad Anjum Latif Rana
HR & Remuneration Committee	Mr. Mohsin Ali Nathani (Chairman)
	Mr. Munir A. Shaikh
	Syed Anis Ahmed
Risk Management Committee	Ms. Ayla Majid (Chairperson)
	Mr. Muhammad Anjum Latif Rana
	Syed Anis Ahmed
	Ms. Seema Khan
Nomination Committee	Mr. Munir A. Shaikh (Chairman)
	Syed Anis Ahmed
	Mr. Mohsin Ali Nathani
	Mr. Ehsan Ali Malik

13. The terms of reference of the Audit Committee, HR & Remuneration Committee and Risk Management Committee have been formed, documented and advised to the committee for compliance. The Nomination Committee was formed during the current year and its terms of reference are in the process of being finalized and approved;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:
 - a) Audit Committee: 4
 - b) HR and Remuneration Committee: 2
 - c) Risk Management Committee: 2

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

By order of the Board



Munir A. Shaikh
Chairman



Syed Anis Ahmed
Chief Executive Officer

Karachi: February 26th, 2021



EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of **Abbott Laboratories (Pakistan) Limited (the Company)**

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Abbott Laboratories (Pakistan) Limited** for the year ended **31 December 2020** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **31 December 2020**.

Chartered Accountants

Place: Karachi

Date: 10 March 2021



EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Abbott Laboratories (Pakistan) Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Abbott Laboratories (Pakistan) Limited** (the Company), which comprise the statement of financial position as at **31 December 2020**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the profit, the other comprehensive loss, the cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. Estimates and assumptions involved in staff retirement benefits	
<p>As disclosed in note 22.1 to the financial statements, the Company operates a funded pension and gratuity schemes for all its permanent employees, based on their joining, with liabilities amounting to Rs. 1,464.964 million, which were significant in the context of the overall statement of financial position of the Company.</p> <p>In determining the obligation in respect of staff retirement benefits, the Company engaged an actuarial expert to perform the actuarial valuation of the present value of the defined benefit obligation, which involves use of key assumptions including discount rate and expected rates of increase in future salaries and pension. Changes in any of these key assumptions can have a material impact on the calculation of the liability.</p> <p>Accordingly, owing to the involvement of significant estimates, we have identified this area as a key audit matter.</p>	<p>We obtained an understanding of the process for recognition of defined benefit plan and the Company's control in this area relevant to our audit.</p> <p>We evaluated the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under International Accounting Standard 19 'Employee Benefits'. We engaged our expert to assess the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plan.</p> <p>We tested data provided by the Company to the actuary, on a test basis, for purpose of valuation.</p> <p>We have also assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b. the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d. zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

Chartered Accountants

Place: Karachi

Date: 10 March 2021


STATEMENT OF FINANCIAL POSITION

As At December 31, 2020

	Note	2020 (Rupees '000)	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		767,608	649,470
- revenue		13,843,641	11,743,920
Total Equity		15,590,252	13,372,393
NON-CURRENT LIABILITIES			
Deferred taxation	5	227,587	239,609
Staff retirement benefits	22.1.1	1,464,964	1,055,631
Long-term portion of Gas Infrastructure Development Cess Payable	7.3	172,825	-
Long-term lease liabilities	6	626,294	297,727
Total Non-current Liabilities		2,491,670	1,592,967
CURRENT LIABILITIES			
Trade and other payables	7	6,593,576	5,655,083
Unclaimed dividends		50,291	48,825
Current maturity of lease liabilities	6	189,955	83,412
Total Current Liabilities		6,833,822	5,787,320
Total Liabilities		9,325,492	7,380,287
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		24,915,744	20,752,680

	Note	2020 (Rupees '000)	2019
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	9	9,070,460	8,267,557
Intangible assets	10	66,255	78,372
Long-term loans and advances	11	68,033	57,496
Long-term deposits	12	7,513	7,513
Long-term prepayments		1,746	3,880
Total Non-current Assets		9,214,007	8,414,818
CURRENT ASSETS			
Stores and spares	13	244,519	276,322
Stock-in-trade	14	4,981,489	6,049,215
Trade debts	15	935,468	903,829
Loans and advances	16	277,661	133,171
Trade deposits and short-term prepayments	17	364,015	559,152
Interest accrued		6,404	6,288
Other receivables	18	481,869	639,215
Taxation - net		921,431	1,013,151
Cash and bank balances	19	7,488,881	2,757,519
Total Current Assets		15,701,737	12,337,862
TOTAL ASSETS		24,915,744	20,752,680

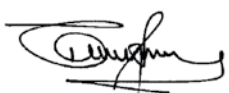
The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
Sales - net	20	35,283,377	30,155,875
Cost of sales	21	23,061,526	21,628,135
Gross profit		12,221,851	8,527,740
Selling and distribution expenses	23	5,311,541	5,061,510
Administrative expenses	24	642,162	731,620
Other charges	25	708,375	522,802
Other income	26	(760,691)	(352,023)
		5,901,387	5,963,909
		6,320,464	2,563,831
Finance costs	27	76,905	53,090
Profit before taxation		6,243,559	2,510,741
Taxation	28	1,708,310	1,210,856
Profit for the year		4,535,249	1,299,885
(Rupees)			
Earnings per share - basic / diluted	29	46.33	13.28

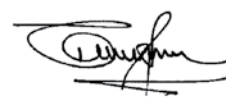
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Chief Executive



Director




Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

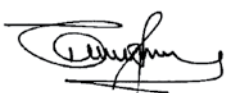
For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
Profit for the year		4,535,249	1,299,885
Other comprehensive loss for the year			
Items that will not to be reclassified subsequently to the statement of profit or loss:			
- Actuarial losses on staff retirement benefits	22.1.7	(320,110)	(374,590)
- Tax on actuarial losses		87,339	70,460
Other comprehensive loss - net of tax		(232,771)	(304,130)
Total comprehensive income for the year		<u>4,302,478</u>	<u>995,755</u>

The annexed notes 1 to 41 form an integral part of these financial statements.


 Chief Executive


 Director


 Chief Financial Officer

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	9,697,634	1,601,161
Income taxes paid		(1,541,273)	(1,759,041)
Long-term loans and advances		(10,537)	(2,487)
Long-term prepayments		2,134	239
Net cash inflow / (outflow) from operating activities		8,147,958	(160,128)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(1,380,060)	(1,867,504)
Acquisition of intangible assets		(9,879)	(63,568)
Proceeds from disposals of property, plant and equipment		88,921	81,008
Interest income		344,239	262,054
Net cash outflow from investing activities		(956,779)	(1,588,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		(53,163)	(43,001)
Lease rentals paid		(205,363)	(133,092)
Dividends paid		(2,201,291)	(996,386)
Net cash outflow from financing activities		(2,459,817)	(1,172,479)
Net increase / (decrease) in cash and cash equivalents		4,731,362	(2,920,617)
Cash and cash equivalents at the beginning of the year		2,757,519	5,678,136
Cash and cash equivalents at the end of the year	19	7,488,881	2,757,519

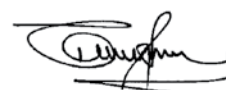
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Chief Executive



Director




Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

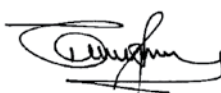
For The Year Ended December 31, 2020

	Reserves						Total Equity
	Share Capital	Capital Reserves		Revenue Reserves		Total	
		Reserve Arising on Merger	Other- (Note 2.20)	General Reserve	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 01, 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	-	-	-	-	(979,003)	(979,003)	(979,003)
Capital contribution from Abbott Laboratories, USA	-	-	115,687	-	-	115,687	115,687
Total comprehensive income for the year ended December 31, 2019							
Profit for the year	-	-	-	-	1,299,885	1,299,885	1,299,885
Other comprehensive loss for the year, net of tax	-	-	-	-	(304,130)	(304,130)	(304,130)
Total comprehensive income for the year	-	-	-	-	995,755	995,755	995,755
Balance as at December 31, 2019	979,003	46,097	603,373	5,338,422	6,405,498	12,393,390	13,372,393
Balance as at January 01, 2020	979,003	46,097	603,373	5,338,422	6,405,498	12,393,390	13,372,393
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2019 @ Rs. 7.5 per share	-	-	-	-	(734,252)	(734,252)	(734,252)
Interim dividend for the year ended December 31, 2020 @ Rs. 15 per share	-	-	-	-	(1,468,505)	(1,468,505)	(1,468,505)
Capital contribution from Abbott Laboratories, USA	-	-	118,138	-	-	118,138	118,138
Total comprehensive income for the year ended December 31, 2020							
Profit for the year	-	-	-	-	4,535,249	4,535,249	4,535,249
Other comprehensive loss for the year, net of tax	-	-	-	-	(232,771)	(232,771)	(232,771)
Total comprehensive income for the year	-	-	-	-	4,302,478	4,302,478	4,302,478
Balance as at December 31, 2020	979,003	46,097	721,511	5,338,422	8,505,219	14,611,249	15,590,252

The annexed notes 1 to 41 form an integral part of these financial statements.


 Chief Executive


 Director


 Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 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 the Pakistan Stock Exchange Limited. 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.

The geographical location and addresses of all business units of the Company are as follows:

Business Unit	Address
- Registered address / Manufacturing facility	Plot No. 258 & 324, opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi.
- Manufacturing facility	Plot No. 13, Sector 20, Korangi Industrial Area, Karachi.
- City office	8th Floor, Faysal House, ST-02, Shahrah-e-Faisal, Karachi.
- Sales office Peshawar	House No. 25/III/B, Jamrud Lane, University Town, Peshawar.
- Sales office Lahore	House No. 187, Aurangzeb Block, Near Garden Town, Lahore.
- Sales office Rawalpindi	House No. 168-F, Adamjee Road, Near Panj Sarki Chowk, Rawalpindi Cantt.
- Warehouse Islamabad	Plot No. 136, Street # 9, Sector 1-10/3, Industrial Area, Islamabad 44800.
- Warehouse Lahore	16 KM Shahpur Kanjran, Multan Road, Lahore.
- Warehouse Multan	Hasanabad gate # 2, near Pak Arab Fertilizers, Khanewal Road, Multan 60650.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, shall prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.1.3 Adoption of standards, amendments and framework effective during the year

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

Standard or Amendment or Framework:

- IFRS 3 - Definition of a Business (Amendments);
 - IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments);
 - IFRS 14 - Regulatory Deferral Accounts;
 - IAS 1 / IAS 8 - Definition of Material (Amendments);
 - IFRS 16 - COVID 19 Related Rent Concessions (Amendments); and
- The Conceptual Framework for Financial Reporting.

The adoption of the above standards, amendments of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements

2.1.4 Standards, amendments and improvements that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments	Effective date (annual periods beginning on or after)
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

The above amendments are not expected to have any material impact on the financial statements, when effective.

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)	IASB effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2021

2.1.5 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

Estimates and judgments made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

- i) Useful lives and residual values of items of property, plant and equipment (note 2.3 and note 9.1);
- ii) Provision for slow moving and obsolete stock-in-trade (note 2.6 and note 14);
- iii) Provision for slow moving and obsolete stores and spares (note 2.5 and 13);
- iv) Allowance for expected credit losses on trade debts (note 2.18 and 15);
- v) Allowance for expected credit losses on loans (note 2.18 and 16);
- vi) Allowance for expected credit losses on other receivables (note 2.18 and 18);
- vii) Allowance for expected credit losses on trade deposits (note 2.18 and 17);
- viii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.13 and note 22);
- ix) Provision for taxation (note 2.8, note 5 and note 28);
- x) Share based compensation (note 2.20 and 31);
- xi) Contingencies (note 8.1);
- xii) Leases (note 2.10 and note 6); and
- xii) Provision for sales return (note 2.16).

2.1.6 Shariah related disclosures

As at the reporting date, the Company is listed on the PSX-KMI All Share Index. The Company accordingly, as per requirements specified in the Sub-clause 10 of Clause VI of Part 1 of the 4th Schedule to the Companies Act, 2017, has provided disclosures applicable to it in notes 25.3 and 26.1 respectively.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Pakistani Rupees, which is also the Company’s functional currency.

2.3 Property, plant and equipment

a) Owned

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except freehold land, which is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

b) Depreciation / amortisation

Depreciation is charged to the statement of profit or loss applying the straight line method whereby the cost less residual value of an asset is allocated over its estimated useful life at the rates given in note 9.1 to these financial statements. Depreciation on assets is charged from the month of addition to the month of disposal. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. Amortisation on leasehold land is charged to statement of profit or loss equally over the period of the lease.

c) Gains or losses on disposal of fixed assets

Gains or losses on disposal of fixed assets are taken to the statement of profit or loss in the period in which they arise.

d) Subsequent costs

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

e) Capital work-in-progress

This is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when the assets are available for use.

f) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets, as follows:

• Vehicles	4 to 5 years
• Warehouses, sales offices and city office	3 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of an asset.

2.4 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost can be measured reliably. An intangible asset with finite life is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any. It is amortised on a straight line basis over its estimated useful life at the rates mentioned in note 10 to these financial statements. The amortisation period for intangible assets with finite useful lives is reviewed and adjusted at each financial year-end.

2.5 Stores and spares

These are valued at cost determined on weighted average basis. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon upto the statement of financial position date. Provision is made in the financial statements for obsolete and slow moving items based on estimates regarding their usability.

2.6 Stock-in-trade

Stock of raw and packing materials, work-in-process and finished goods are valued at the lower of cost, calculated on first-in-first-out basis, and net realisable value. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads. Cost in relation to items in transit represents invoice value and other charges incurred thereon upto the statement of financial position date. Provision is made in the financial statements for obsolete and slow moving items based on estimates.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

Net realisable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Inventory is considered as sample inventory when it is labelled as a sample. The cost of sample inventory is charged to statement of profit or loss when the Company has a right to access those goods.

2.7 Impairment

Non-financial assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

2.8 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and the liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date and recognised after adjusting the impact of tax under FTR.

2.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short term investments, at amortised cost, with a maturity of three months or less from the date of acquisition, net of short-term borrowings, if any. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

2.10 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

As at the reporting date, the Company did not have any low-value or short term lease.

2.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date to reflect the current best estimate.

2.13 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund (defined contribution plan) for all permanent employees who have completed six months' service. Equal monthly contributions are made by the Company and its employees at the rate of 10% of basic salary. The contribution of the Company is charged to the statement of profit or loss as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

Defined benefit plan - pension scheme

The Company operates an approved funded pension scheme covering all its permanent employees who joined on or before September 30, 2019 and who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at December 31, 2020 and on that basis, the Company has recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in the statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to the statement of profit or loss.

Defined benefit plan - gratuity scheme

The Company also operates an approved funded gratuity scheme covering all its permanent employees who joined on or after October 01, 2019 and who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The actuarial valuation was carried out at December 31, 2020 and on that basis, the Company has recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in the statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to the statement of profit or loss.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

2.14 Liability for employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

2.15 Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Pakistani Rupees at the foreign currency rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. Exchange differences are taken to the statement of profit or loss.

2.16 Revenue from contract with customers

The Company is principally engaged in the manufacture, import and marketing of branded generics pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The Company enters into contractual arrangements for diagnostic instruments which include provision of assets to customers for the contracted period as well as performance obligations for sale of reagents and other consumables. Such contracts typically include operating lease component and require customers to purchase minimum specified levels of reagents and consumables over the period of the contract. The Company retains title to such instruments and the customers can not remove, transfer or alter these instruments without the Company's consent. Contract period in such arrangements vary by customer to customer and range up to 7 years. The operating lease revenue component embedded in the sale revenue of reagents and consumables is not contractually distinguishable, however it is considered not to be significant portion of the Company's net sales based on the management's estimate. Accordingly, such revenue is not considered significant to be disclosed separately in these financial statements.

a) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contract for the sale of goods provide customers with a right to return the goods in case of expired / damaged goods. The rights of return give rise to variable consideration.

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue.

b) Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company transfers control of the related goods to the customer.

2.17 Other Income

Interest income / other income is recognised on an accrual basis.

2.18 Financial instruments – initial recognition and subsequent measurement

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade debts, loans, trade deposits, interest accrued, certain portion of other receivables, cash and bank balances and short-term investments.

The Company does not have any debt instruments at fair value through OCI, equity instruments at fair value through OCI and equity instruments at fair value through profit or loss.

Derecognition

A financial asset, a part of a financial asset or part of a group of similar financial assets is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due, however, in certain cases, the Company also considers a financial asset in default when contractual payments are 360 days past due.

Further, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities only include certain portion of trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets / liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Pharmaceutical

The Pharmaceutical segment is engaged in the manufacture, import and marketing of branded generic pharmaceutical products registered with the Drug Regulatory Authority of Pakistan.

Nutritional

The Nutritional segment is engaged in the import and marketing of nutritional products.

Diagnostics

The Diagnostics segment is engaged in the import and marketing of diagnostic equipment, molecular devices, and their testing kits.

Others

The Others segment represents the import and marketing of diabetes care products and manufacturing and marketing of general healthcare products.

2.20 Share based compensation

The cost of awarding shares to employees is reflected by recording a charge in the statement of profit or loss equivalent to the fair value of shares on the grant date over the vesting period. Since awarded shares relate to the ultimate holding company, a corresponding reserve is created to reflect the equity component.

3. AUTHORISED CAPITAL

2020	2019		2020	2019
Number of shares			(Rupees '000)	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,000,000</u>	<u>2,000,000</u>

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019			
Number of shares				
5,832,196	5,832,196	Ordinary shares of Rs. 10 each issued as fully paid for cash	58,322	58,322
18,479,640	18,479,640	Ordinary shares of Rs. 10 each, determined pursuant to merger of Abbott Laboratories (Pakistan) Limited with Knoll Pharmaceutical Limited in accordance with the swap ratio stipulated therein	184,796	184,796
73,588,466	73,588,466	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	735,885	735,885
<u>97,900,302</u>	<u>97,900,302</u>		<u>979,003</u>	<u>979,003</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

As at December 31, 2020, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 shares (77.90%). The ultimate holding company is Abbott Laboratories, USA.

- 4.1 Voting rights, board selection, right of first refusal and block voting of all shareholders are in proportion to their shareholding.

	2020 (Rupees '000)	2019
5. DEFERRED TAXATION		
Deferred tax liability arising due to accelerated tax depreciation allowance	680,357	411,077
Deferred tax asset arising in respect of provisions	(452,770)	(171,468)
	<u>227,587</u>	<u>239,609</u>

6. LEASE LIABILITIES

The Company has a finance lease arrangement with a commercial bank for the purchase of vehicles. The finance lease arrangement carries mark-up at rates ranging from 6-month KIBOR plus 0.45% to 6-month KIBOR plus 1.00% per annum (December 31, 2019: 6-month KIBOR plus 0.50% to 6-month KIBOR plus 1.00% per annum). The contract enforces certain covenants including but not limited to the conditions of the vehicles and rights of assignment.

The Company also has lease contracts for warehouses, sales offices and City Office used in its operations. These leases generally have lease terms between 3 to 5 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.

	2020			2019		
	Minimum lease payments	Financial charge for future periods	Present value of minimum lease payments (Rupees in '000)	Minimum lease payments	Financial charge for future periods	Present value of minimum lease payments
Not later than one year	252,032	62,077	189,955	130,612	47,200	83,412
Later than one year but not later than five years	708,160	81,866	626,294	369,183	71,456	297,727
	<u>960,192</u>	<u>143,943</u>	<u>816,249</u>	<u>499,795</u>	<u>118,656</u>	<u>381,139</u>

	2020 (Rupees '000)	2019
6.1 Movement of lease liabilities is as follows:		
As at January 1,	381,139	214,252
Impact of initial application of IFRS 16	-	100,847
Additions	619,161	195,248
Accretion of interest	70,390	36,980
Payments	(254,441)	(166,188)
As at December 31	<u>816,249</u>	<u>381,139</u>
Current maturity of lease liabilities	<u>189,955</u>	<u>83,412</u>
Long-term lease liabilities	<u>626,294</u>	<u>297,727</u>

	Note	2020 (Rupees '000)	2019
7. TRADE AND OTHER PAYABLES			
Creditors		967,798	682,473
Accrued liabilities		2,888,270	2,210,695
Bills payable	7.1	1,422,913	1,496,409
Contract liabilities		480,636	273,117
Payable to related parties	7.2	170,730	283,305
Central Research Fund		75,310	37,605
Workers' Welfare Fund		326,695	208,037
Gas Infrastructure Development Cess (GIDC) payable	7.3	54,618	-
Provision against GIDC	7.4	186,095	436,629
Others		20,511	26,813
		<u>6,593,576</u>	<u>5,655,083</u>
7.1 Bills payable include the following amounts payable to related parties:			
Abbott Diagnostics GmbH		164,402	338,140
Abbott Logistics B.V.		295,918	148,942
Abbott Laboratories (Singapore) PTE Limited		4,052	3,927
Abbott Products Operation AG		129,730	252,239
Abbott Laboratories International Co.		11,686	101,512
Abbott GmbH & Co. KG.		15,857	17,910
Abbott Argentina S.A.		399	384
Abbott S.R.L Italy		21,515	11,892
Abbott Diabetes Care Inc.		49,294	82,700
Abbott Diabetes Care Limited, UK		34,515	212,989
Abbott Rapid Diagnostics		275,077	-
		<u>1,002,445</u>	<u>1,170,635</u>
7.2 Payable to related parties represents the following amounts payable to:			
Abbott International LLC., USA		59,594	45,442
ALSA MERO Office		19,402	808
Abbott B.V. Netherlands		-	154,028
Abbott Ireland		257	176
Abbott GmbH & Co. KG.		13,585	12,116
Abbott Laboratories UK Limited		-	6,917
Abbott Logistics B.V.		10,697	403
Abbott Products Operation AG		67,195	63,415
		<u>170,730</u>	<u>283,305</u>
7.3 GIDC Payable			
Opening as at January 01,		-	-
GIDC recognised		250,907	-
Payments during the year		(23,464)	-
Closing as at December 31,		<u>227,443</u>	<u>-</u>
Current portion of GIDC Payable		<u>54,618</u>	<u>-</u>
Long-term portion of GIDC Payable		<u>172,825</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

7.4 Provision against GIDC

The Company has maintained a provision against GIDC under the GIDC Act 2015 in respect of the rate differential matter for captive and industrial consumers. Pursuant to the recent Judgment of the Supreme Court raised in August 2020, Gas companies started to recover the outstanding cess at industrial rate and the same has now been recorded as a payable.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1** The taxation officer has contended that the Company has not deducted tax under the law on certain expenses. The demand orders amounting to Rs. 13.313 million and Rs. 20.070 million were raised against the Company for tax years 2011 and 2014, respectively. Appeal has been filed by the Company with the Appellate Tribunal Inland Revenue (ATIR) for tax year 2014 whereas, a writ petition has been filed by the Company in the High Court of Sindh (HCS) for tax year 2011 on the grounds that the tax year selected for monitoring proceedings is time barred. The appeal and the petition are pending for adjudication. There has been no change in the status of this contingency during the year.

Based on the legal 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.

- 8.1.2** The Deputy Commissioner Inland Revenue (DCIR) while finalising the Income tax audit proceedings for tax year 2016 issued an order raising a demand of Rs. 106.007 million on various contentions, the most significant of which is that the Company has allegedly paid excessive amounts for importing certain raw materials. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) against the order of DCIR. In 2019, the Company's appeal to CIRA in respect of its income tax assessment for tax years 2016 was decided whereby additions amounting to Rs. 81.205 million were decided in favour of the tax department, whilst certain additions were remanded back to the DCIR. The Company has filed appeal before the ATIR against the additions to income confirmed by the CIRA whereas the department has filed appeal before the ATIR against the additions to income deleted by CIRA. There has been no change in the status of this contingency during the year.

Based on the legal 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.

- 8.1.3** The Additional Commissioner Inland Revenue (ACIR) while finalizing the amendment of assessment proceedings u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2017 has issued an order raising a demand of Rs. 5.731 million on the contention that the Company had allegedly claimed excess amount of exchange loss in its income tax return. The Company filed an appeal with the CIRA against the order of ACIR. During 2019, the Company also paid 10% of the said amount to obtain an automatic stay against recovery of the remaining amount. CIRA remanded back the matter to the ACIR under the directions to allow proper opportunity of being heard to the Company. In pursuance of the directions of the CIRA, the ACIR initiated set-aside proceedings against the Company, which has not yet been concluded. There has been no change in the status of this contingency during the year.

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.

- 8.1.4** The DCIR while finalising the income tax audit proceedings for tax year 2014 has issued an order raising a demand of Rs. 298.598 million on various contentions. The Company filed an appeal with the CIRA against the order of DCIR. In 2019, Company's appeal to CIRA in respect of its income tax assessment for tax years 2014 was decided whereby additions amounting to Rs. 42.795 million were decided in favour of the tax department, whilst certain additions were remanded back to the DCIR. The Company has filed an appeal before the ATIR against the additions to income confirmed by the CIRA. There has been no change in the status of this contingency during the year.

Based on the legal 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.

- 8.1.5 As a result of monitoring of withholding tax for the tax year 2018 (accounting year ended December 31, 2017), the taxation officer has contended that the Company has not deducted tax under the law on certain expenses. DCIR issued an order raising tax demand amounting to Rs. 26.483 million. The Company filed an appeal with the CIRA against the order of DCIR. CIRA decided one of the matter in favour of the Company amounting to Rs. 25.503 million and deleted the impugned demand. The other matter was decided in favour of the tax department. The department has filed appeal before the ATIR against the additions to income deleted by CIRA. There has been no change in the status of this contingency during the year.

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.

- 8.1.6 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 year, 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 during the year, 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.

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.

- 8.1.7 The 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 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.

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.

- 8.1.8 The Additional Commissioner Inland Revenue (ACIR) while finalising the amendment of assessment proceedings u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2019 has issued an order reducing the tax refundable by Rs. 305.111 million on account of various contentions. The Company, in line with the advice of its legal and tax advisors filed an appeal before the CIRA. Subsequent to the year end, 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. 1.043 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.

- 8.1.9 The Company is defending various minor 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 favour.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

8.2 Commitments

- 8.2.1** Commitments for capital expenditure outstanding amounted to Rs. 191.262 million (2019: Rs. 357.584 million).
- 8.2.2** Commitments in respect of letters of credit outstanding as of statement of financial position date amounted to Rs. 747.263 million (2019: Rs. 309.195 million).
- 8.2.3** The Company has given bank guarantees of Rs. 269.858 million (2019: Rs. 275.145 million) to the Customs Department, a utility company and other institutions against tenders.
- 8.2.4** The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 2,150 million (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 (2019: Rs. 250 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1.00% to KIBOR plus 2.00% (2019: KIBOR plus 1.00% to KIBOR plus 2.00%) 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 utilized any amount against running finance / short-term loan facilities as at the statement of financial position date.

	Note	2020 (Rupees '000)	2019
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	7,346,918	6,608,821
Capital work-in-progress	9.5	911,993	1,268,799
Right-of-use assets	9.6	811,549	389,937
		<u>9,070,460</u>	<u>8,267,557</u>

9.1 Operating fixed assets

The following is a statement of operating fixed assets:

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles - owned	Office equipment	Computers	Service equipment- note 9.2	Total
	(Rupees '000)									
At December 31, 2018										
Cost	20,679	2,718	461,570	68,573	6,027,005	425,598	125,429	203,382	2,907,096	10,242,050
Accumulated depreciation / amortisation	-	978	267,218	67,242	2,519,344	190,382	102,610	168,576	1,139,264	4,455,614
Net book value	20,679	1,740	194,352	1,331	3,507,661	235,216	22,819	34,806	1,767,832	5,786,436
Year ended December 31, 2019										
Opening net book value	20,679	1,740	194,352	1,331	3,507,661	235,216	22,819	34,806	1,767,832	5,786,436
Additions / transfers	-	-	-	-	1,080,054	69,937	1,071	52,429	587,297	1,790,788
Disposals / write offs										
Cost	-	-	-	754	136,778	169,775	40,528	-	1,144	348,979
Depreciation	-	-	-	754	123,006	99,887	38,217	-	458	262,322
	-	-	-	-	13,772	69,888	2,311	-	686	86,657
Depreciation / amortisation charge for the year	-	29	17,696	100	422,894	45,899	6,255	20,284	368,589	881,746
Closing net book value	20,679	1,711	176,656	1,231	4,151,049	189,366	15,324	66,951	1,985,854	6,608,821
At December 31, 2019										
Cost	20,679	2,718	461,570	67,819	6,970,281	325,760	85,972	255,811	3,493,249	11,683,859
Accumulated depreciation / amortisation	-	1,007	284,914	66,588	2,819,232	136,394	70,648	188,860	1,507,395	5,075,038
Net book value	20,679	1,711	176,656	1,231	4,151,049	189,366	15,324	66,951	1,985,854	6,608,821
Year ended December 31, 2020										
Opening net book value	20,679	1,711	176,656	1,231	4,151,049	189,366	15,324	66,951	1,985,854	6,608,821
Additions / transfers	-	-	-	-	1,334,478	57,673	-	78,634	266,081	1,736,866
Disposals / write offs										
Cost	-	-	-	-	217	63,618	-	-	191,728	255,563
Depreciation	-	-	-	-	196	33,307	-	-	188,033	221,536
	-	-	-	-	21	30,311	-	-	3,695	34,027
Depreciation / amortisation charge for the year	-	29	17,320	100	506,474	32,570	5,236	27,318	375,695	964,742
Closing net book value	20,679	1,682	159,336	1,131	4,979,032	184,158	10,088	118,267	1,872,545	7,346,918
At December 31, 2020										
Cost	20,679	2,718	461,570	67,819	8,304,542	319,815	85,972	334,445	3,567,602	13,165,162
Accumulated depreciation / amortisation	-	1,036	302,234	66,688	3,325,510	135,657	75,884	216,178	1,695,057	5,818,244
Net book value	20,679	1,682	159,336	1,131	4,979,032	184,158	10,088	118,267	1,872,545	7,346,918
Annual rate of depreciation / amortisation %										
2019	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2020	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	

9.2 Service equipment of the Company is in the possession of various hospitals and clinics.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
9.3 The depreciation / amortisation charge for the year on operating fixed assets has been allocated as follows:			
Cost of sales	21	503,653	431,481
Selling and distribution expenses	23	432,948	430,872
Administrative expenses	24	28,141	19,393
		<u>964,742</u>	<u>881,746</u>

9.4 Details of disposals of operating fixed assets having book value exceeding Rs. 500,000:

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser and relationship	
	(Rupees '000)						
Vehicles							
	8,842	6,963	7,074	111	Company Policy	Jamshed Azhar	Employee
	7,000	2,800	2,800	-	Company Policy	Ihsan Ullah Khatak	Employee
	2,697	1,686	1,686	-	Company Policy	Fahimuddin	Employee
	2,009	1,657	1,683	26	Company Policy	Farman Hadi	Ex-Employee
	1,998	799	799	-	Company Policy	Sarmad Butt	Employee
	1,953	781	781	-	Company Policy	Abdul Wahab Godil	Employee
	1,828	731	731	-	Company Policy	Sarbiland Khan	Ex-Employee
	1,828	731	731	-	Company Policy	M. Imran Khan	Employee
	1,828	731	731	-	Company Policy	Shakeel Aftab	Employee
	1,828	731	731	-	Company Policy	Salman Ahmed	Employee
	1,828	731	731	-	Company Policy	Saifullah Phathan	Employee
	1,764	1,257	1,257	-	Company Policy	Malik Saadtullah	Ex-Employee
	1,678	671	671	-	Company Policy	Amir Khan Niazi	Employee
	1,678	671	671	-	Company Policy	Faizan Pervaiz	Employee
	1,678	671	671	-	Company Policy	Muhammad Uzair	Ex-Employee
	1,678	671	671	-	Company Policy	Omair Nouman	Employee
	1,678	671	671	-	Company Policy	Amir Alvi	Employee
	1,668	667	667	-	Company Policy	Muhammad Noman	Employee
	1,668	667	667	-	Company Policy	Muhammad Walid	Employee
	1,663	665	665	-	Company Policy	Wajeeha Badar	Ex-Employee
	1,663	665	665	-	Company Policy	Ashar Ayoob	Employee
	1,653	661	661	-	Company Policy	Hassan Iqbal	Employee
	1,643	657	657	-	Company Policy	Aqil Ali	Employee
	1,643	678	698	20	Company Policy	Arif Subhan	Employee
	1,628	651	651	-	Company Policy	Ghulam Mujhtaba	Employee
	1,537	615	615	-	Company Policy	Arif Iqbal	Employee
Service equipment	5,130	1,848	2,479	631	Company Policy	ZEDCO	Office # T-3 3rd Floor Fazal Center Faiz Road Muslim Town Lahore
	5,130	1,848	2,479	631	Company Policy	ZEDCO	Office # T-3 3rd Floor Fazal Center Faiz Road Muslim Town Lahore
Items having book value less than Rs. 500,000 each	5,276	1,452	4,554	3,102	Open Market Auction		
	181,468	-	-	-	Write-off		
Total - 2020	<u>255,563</u>	<u>34,027</u>	<u>38,548</u>	<u>4,521</u>			
- 2019	<u>348,979</u>	<u>86,657</u>	<u>75,307</u>	<u>(11,350)</u>			

9.5 Capital work-in-progress

	Plant and machinery and buildings	Vehicles	Office equipment and computers	Total
	(Rupees '000)			
At December 31, 2018	1,171,936	15,662	4,485	1,192,083
Additions	1,137,690	93,275	49,242	1,280,207
Transferred to operating fixed assets	(1,080,054)	(69,937)	(53,500)	(1,203,491)
At December 31, 2019	1,229,572	39,000	227	1,268,799
Additions	979,694	43,362	90,923	1,113,979
Transferred to operating fixed assets	(1,334,478)	(57,673)	(78,634)	(1,470,785)
At December 31, 2020	874,788	24,689	12,516	911,993

9.6 Right-of-use assets

	Note	Vehicles	Warehouses, sales offices and city office	Total
		(Rupees '000)		
At December 31, 2018		213,087	-	213,087
Impact of initial application of IFRS 16		-	105,538	105,538
Additions		195,248	-	195,248
Depreciation		(44,189)	(74,046)	(118,235)
Disposals		(5,701)	-	(5,701)
At December 31, 2019		358,445	31,492	389,937
Additions		284,158	332,573	616,731
Depreciation	9.7	(68,232)	(76,151)	(144,383)
Disposals	9.8	(50,736)	-	(50,736)
At December 31, 2020		523,635	287,914	811,549

9.7 The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2020 (Rupees '000)	2019
Cost of sales	21	14,678	7,603
Selling and distribution expenses	23	97,220	77,654
Administrative expenses	24	32,485	32,978
		144,383	118,235

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

9.8 Details of disposals of right-of-use assets having book value exceeding Rs. 500,000:

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser and relationship
		(Rupees '000)				
Vehicles						
	15,750	10,828	10,828	-	Company Policy	Asim Shafiq Employee
	3,108	2,448	2,448	-	Company Policy	Syed Nasir Employee
	2,918	2,152	2,152	-	Company Policy	Zahid Hussain Ex-Employee
	2,917	2,479	2,479	-	Company Policy	Shah Muhammad Saleem Ex-Employee
	2,679	2,244	2,244	-	Company Policy	Mian Tahir Mehmood Employee
	2,679	2,210	2,210	-	Company Policy	Asadullah Nizamani Employee
	2,444	2,047	2,077	30	Company Policy	Muhammad Akram Shaheen Ex-Employee
	2,379	1,814	1,903	89	Company Policy	Umer Rashid Ex-Employee
	2,379	1,784	1,784	-	Company Policy	Abdul Hameed Khan Employee
	2,379	1,814	1,814	-	Company Policy	Rehan Nazir Employee
	2,379	1,755	1,755	-	Company Policy	Zafar Hussain Naqvi Employee
	2,379	1,695	1,725	30	Company Policy	Shoukat Ali Shah Employee
	2,379	1,814	1,844	30	Company Policy	Ali Asghar Hirani Employee
	2,229	1,811	1,895	84	Company Policy	Dr. Farheen Mohtasim Khan Ex-Employee
	2,229	1,700	1,727	27	Company Policy	Dr. Saif Ullah Employee
	2,229	1,672	1,700	28	Company Policy	Sikandar Sharif Shams Employee
	2,074	1,659	1,763	104	Company Policy	Ahmed Hassam Ex-Employee
	2,024	1,619	455	(1,164)	Insurance Claim	IGI General Insurance Limited 7th Floor, The Forum, Suite 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton.
	2,024	1,569	1,720	151	Company Policy	Dr. Anas Iqbal Ghodil Employee
	2,024	1,518	1,720	202	Company Policy	Hafiz Amjad Javed Employee
	2,024	1,467	1,493	26	Company Policy	Dr. Arif Hussain Osmani Ex-Employee
	1,883	1,342	1,342	-	Company Policy	Shakeel Mithaba Employee
	1,883	1,295	1,295	-	Company Policy	Waqas Ahmed Employee
Total - 2020	67,392	50,736	50,373	(363)		
- 2019	6,707	5,701	5,701	-		

9.9 Particulars of immovable property in the name of the Company are as follows:

Location	Usage of immovable property	Total area (Sq. ft)
Landhi, Karachi	Manufacturing facility	499,264
Korangi, Karachi	Manufacturing facility	339,765

10. INTANGIBLE ASSETS

Intangible assets include software licenses and rights acquired against transfer of technical, marketing and sales know-how and necessary rights and requisites for marketing and selling different products.

	Software license	Marketing authorisation rights (Rupees '000)	Total
Cost			
As at January 01, 2019	-	135,380	135,380
Additions	-	63,568	63,568
As at December 31, 2019	-	198,948	198,948
Additions	9,879	-	9,879
As at December 31, 2020	9,879	198,948	208,827
Amortisation			
As at January 01, 2019	-	110,501	110,501
Amortisation	-	10,075	10,075
As at December 31, 2019	-	120,576	120,576
Amortisation	3,019	18,977	21,996
As at December 31, 2020	3,019	139,553	142,572
Net book value			
As at December 31, 2019	-	78,372	78,372
As at December 31, 2020	6,860	59,395	66,255
Useful life		Years	
		3	4-5
Note		2020 (Rupees '000)	2019

11. LONG-TERM LOANS AND ADVANCES - considered good, secured

Long-term loans

Due from:

- Executives	3,037	1,276
- Employees	93,929	84,956
	96,966	86,232

11.1

Less: recoverable within one year

- Executives	1,096	458
- Employees	31,577	32,092
	32,673	32,550
	64,293	53,682

16

Long-term advances

- Employees	3,740	3,814
	68,033	57,496

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

- 11.1 Loans given to executives and employees are in accordance with the Company policy. These loans are interest free and are repayable in equal monthly installments within a maximum period of four years. These loans are carried at cost due to practicality and materiality of the amounts involved. These loans are for the purpose of purchase of refrigerators, scooters, vehicles and television sets. The loans for purchase of vehicles are secured by way of registration of vehicles purchased in the name of the Company.

12. LONG-TERM DEPOSITS

Represents deposits paid for utilities and gas cylinders. These deposits are interest free.

	Note	2020 (Rupees '000)	2019
13. STORES AND SPARES			
Stores		105,070	97,678
Spares [including spares-in-transit of Rs. 6.047 million (2019: Rs. 60.861 million)]		172,484	209,154
		277,554	306,832
Less: provision for slow moving and obsolete items	13.1	33,035	30,510
		244,519	276,322

13.1 Provision for slow moving and obsolete items

Opening provision	30,510	30,775
Charge / (reversal) for the year	2,525	(265)
Closing provision	33,035	30,510

14. STOCK-IN-TRADE

Raw and packing materials [including stock-in-transit of Rs. 439.711 million (2019: Rs. 289.746 million)]	21	2,816,482	3,165,804
Work-in-process	21	263,213	328,896
Finished goods [including stock-in-transit of Rs. 308.928 million (2019: Rs. 241.198 million)]	21	2,405,697	2,972,399
		5,485,392	6,467,099
Less: provision for slow moving and obsolete items	14.2	503,903	417,884
		4,981,489	6,049,215

- 14.1 Stock-in-trade includes items costing Rs. 1,031.304 million (2019: Rs. 1,442.153 million) valued at net realisable value of Rs. 885.013 million (2019: Rs. 1,214.542 million) resulting in a write down of Rs. 146.291 million (2019: Rs. 227.611 million).

	Note	2020 (Rupees '000)	2019
14.2 Provision for slow moving and obsolete items			
Opening provision		417,884	134,811
Charge for the year		226,865	354,927
Write-offs during the year		(140,846)	(71,854)
Closing provision		<u>503,903</u>	<u>417,884</u>

15. TRADE DEBTS

Considered good:

Secured		40,607	42,788
Unsecured			
- Due from a related party	15.1	-	35,142
- Others		894,861	825,899
		<u>894,861</u>	<u>861,041</u>
		<u>935,468</u>	<u>903,829</u>

Considered doubtful:

Unsecured		94,582	57,895
		<u>1,030,050</u>	<u>961,724</u>
Less: allowance for expected credit losses	15.4	94,582	57,895
		<u>935,468</u>	<u>903,829</u>

15.1 Represents receivable from Abbott Products Operations AG, which is not yet due.

15.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 100.798 million (2019: Rs. 204.911 million).

15.3 The Company has made export sales amounting to Rs. 1,761.059 million (2019: Rs. 2,430.066 million) out of which Rs. 40.607 million (2019: Rs. 77.930 million) is outstanding as at reporting date. Jurisdiction wise breakup of outstanding debts from exports sales is as follows:

	Note	2020 (Rupees '000)	2019
Bangladesh		22,714	-
Sri Lanka		17,893	42,788
Switzerland		-	35,142
		<u>40,607</u>	<u>77,930</u>

15.4 Allowance for Expected Credit Losses

Opening provision		57,895	45,418
Impact of initial application of IFRS 9		-	(4,943)
Adjusted opening provision		<u>57,895</u>	<u>40,475</u>
Charge for the year	25	36,687	17,420
Closing provision		<u>94,582</u>	<u>57,895</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
16. LOANS AND ADVANCES - unsecured			
Considered good			
Current portion of long-term loans	11	32,673	32,550
Advances to:			
- Executives		-	8,661
- Employees		451	18,302
- Suppliers		244,537	73,658
		244,988	100,621
		277,661	133,171
Considered doubtful		794	794
		278,455	133,965
Less: allowance for expected credit losses		794	794
		277,661	133,171
16.1 These loans and advances are interest free.			
17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Considered good			
Trade deposits	17.1	261,517	344,105
Prepayments		102,498	215,047
		364,015	559,152
Considered doubtful			
Trade deposits		67,894	47,019
Less: allowance for expected credit losses	17.2	431,909	606,171
		67,894	47,019
		364,015	559,152
17.1 These trade deposits are interest free.			
17.2 Allowance for Expected Credit Losses			
Opening provision		47,019	25,827
Charge for the year	25	20,875	21,192
Closing provision		67,894	47,019

	Note	2020 (Rupees '000)	2019
18. OTHER RECEIVABLES			
Considered good			
Due from related parties	18.1	158,141	143,766
Receivable from customers		52,493	52,601
Insurance claim receivable		2,438	6,896
Workers' Profit Participation Fund	18.3	14,917	29,291
Sales tax receivable		232,756	366,768
Others		21,124	39,893
		<u>481,869</u>	<u>639,215</u>
Considered doubtful		<u>5,325</u>	<u>5,035</u>
		<u>487,194</u>	<u>644,250</u>
Less: allowance for expected credit losses	18.2	<u>5,325</u>	<u>5,035</u>
		<u>481,869</u>	<u>639,215</u>

18.1 Due from related parties

Abbott International LLC., USA	8,415	3,554
Abbott Products Operation AG	3,029	2,915
ALSA MERO Office	2,727	16,604
Abbott Ireland	32,291	4,701
Alere Inc.	45,775	17,835
Abbott GmbH & Co. KG.	45,750	98,121
Abbott Saudi Arabia	1,039	-
Abbott Laboratories International Co.	19,077	-
Abbott Laboratories SA Egypt	38	36
	<u>158,141</u>	<u>143,766</u>

18.1.1 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 158.141 million (2019: Rs. 143.766 million).

18.1.2 As at December 31, 2020, the gross amount of other receivables due from related parties is Rs. 158.141 million (2019: Rs. 143.766 million) out of which Rs. 67.080 million (2019: Rs. 83.039 million) were past due but not impaired. The age analysis of these balances is as follows:

	Note	2020 (Rupees '000)	2019
Not yet due		91,061	60,727
Upto 3 months		8,164	67,850
3 to 6 months		6,994	7,442
More than 6 months		51,922	7,747
		<u>158,141</u>	<u>143,766</u>

18.2 Allowance for expected credit losses

Opening provision		5,035	4,628
Charge for the year	25	290	407
Closing provision		<u>5,325</u>	<u>5,035</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
18.3 Workers' Profit Participation Fund			
Opening balance		29,291	17,104
Allocation for the year	25	(334,853)	(153,094)
		(305,562)	(135,990)
Payment made during the year - net		320,479	165,281
Closing balance		14,917	29,291
19. CASH AND BANK BALANCES			
With banks			
Savings accounts:			
- Local currency	19.1	454,162	53,454
Current accounts:			
- Local currency		7,251	5,020
- Foreign currency		515,015	476,354
		522,266	481,374
In hand			
- Foreign currency		5,433	2,160
- Local currency		1,540	2,972
		6,973	5,132
Cheques and drafts in hand and in transit		5,480	17,559
Cash and bank balances		988,881	557,519
Short-term investments	19.2	6,500,000	2,200,000
Cash and cash equivalents		7,488,881	2,757,519

19.1 These savings accounts carry markup rate of 5.50% (2019: 12.00%) per annum.

19.2 These represents term deposit receipts, carrying markup rate of 6.25% (2019: ranging from 12.45% to 12.50%) per annum.

	Note	2020 (Rupees '000)	2019
20. SALES – NET			
Local		34,665,419	28,470,479
Export			
- to related parties	33	567,131	1,065,787
- to others		1,193,928	1,364,279
		1,761,059	2,430,066
		36,426,478	30,900,545
Less:			
Sales returns and discounts		117,468	82,477
Sales tax and excise duty		1,025,633	662,193
		1,143,101	744,670
		35,283,377	30,155,875

- 20.1 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs. 273.117 million (2019: Rs. 134.801 million).

	Note	2020 (Rupees '000)	2019
21. COST OF SALES			
Opening raw and packing materials		3,165,804	2,207,683
Purchases		11,661,269	13,302,885
		14,827,073	15,510,568
Closing raw and packing materials	14	(2,816,482)	(3,165,804)
Raw and packing materials consumed		12,010,591	12,344,764
Opening work-in-process		328,896	338,289
		12,339,487	12,683,053
Manufacturing expenses:			
Salaries, wages, allowances and staff welfare	21.1	1,876,405	1,763,636
Stores and spares consumed		197,270	229,055
Fuel and power		654,402	513,350
Depreciation	9.3	503,653	431,481
Depreciation on right-of-use assets	9.7	14,678	7,603
Repairs and maintenance		182,243	160,906
Technical service fee	21.2 & 33	190,979	162,028
Insurance		17,707	13,666
Printing and stationery		8,651	10,774
Travelling and entertainment		-	53,491
Rent, rates and taxes		530	-
Laboratory testing supplies		87,048	69,599
Computer expenses		9,304	5,860
Postage, telephone and telegram		11,074	7,287
Legal, professional and other services		32,494	20,350
Fees and purchased services		110,029	95,681
Recruitment and training expenses		1,435	1,202
Membership and subscription		823	2,141
Other expenses		89,617	92,449
		3,988,342	3,640,559
Closing work-in-process	14	(263,213)	(328,896)
Cost of goods manufactured		16,064,616	15,994,716
Finished goods			
Opening stock		2,972,399	2,017,732
Purchases		6,430,208	6,588,086
		25,467,223	24,600,534
Closing stock	14	(2,405,697)	(2,972,399)
		23,061,526	21,628,135

- 21.1 These include a charge of Rs. 192.938 million (2019: charge of Rs. 153.297 million) in respect of staff retirement benefits (note 22.3).

- 21.2 Technical service fee is paid to Abbott International LLC., USA. Its registered address is 100 Abbott Park Road, Abbott Park, Illinois 60064-3500, USA. Abbott International LLC, USA is a related party of the Company by virtue of both companies being members of the same group.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

22. STAFF RETIREMENT BENEFITS

22.1 Defined benefit scheme

As mentioned in note 2.13, the Company operates a Pension Fund and a Gratuity Fund (the Funds) under an irrevocable trust managed in conformity with the provisions of the Income Tax Ordinance, 2001 and the Trust Deeds. The Company makes contributions to the Funds as prescribed under the Trust Deed and its rules whereas the trustees are responsible for the day to day management of the Funds. The pension fund is exposed primarily to Pakistan's inflation rate, interest rate risks and changes in the life expectancy of pensioners. The gratuity fund is exposed primarily to Pakistan's inflation rate and interest rate risks. As the plan assets of the Pension Fund includes investments in listed equity shares, the Pension Fund is also exposed to equity market risk. The actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method.

	Note	Pension Fund 2020	2019 (Rupees '000)	Gratuity Fund 2020	2019
22.1.1 Amounts recognised in the statement of financial position:					
Present value of the defined benefit obligation	22.1.2	5,547,168	4,650,447	2,549	227
Less: fair value of plan assets	22.1.3	4,080,394	3,595,043	4,359	-
Deficit / (Surplus)		<u>1,466,774</u>	<u>1,055,404</u>	<u>(1,810)</u>	<u>227</u>
22.1.2 Movement in present value of defined benefit obligations					
As at January 1,		4,650,447	4,190,545	227	-
Current service cost		204,756	180,899	2,426	227
Interest cost		544,652	494,647	28	-
Benefits paid		(408,369)	(305,220)	-	-
Remeasurements recognised in statement of comprehensive income:					
- Loss / (gain) due to changes in experience adjustment		64,921	89,576	(132)	-
- Loss due to changes in financial assumptions		490,761	-	-	-
		<u>555,682</u>	<u>89,576</u>	<u>(132)</u>	<u>-</u>
As at December 31,		<u>5,547,168</u>	<u>4,650,447</u>	<u>2,549</u>	<u>227</u>
22.1.3 Movement in fair value of plan assets					
As at January 1,		3,595,043	3,534,846	-	-
Interest income		429,383	427,951	265	-
Company contributions		228,670	222,480	4,321	-
Benefits paid		(408,369)	(305,220)	-	-
Remeasurements recognised in statement of comprehensive income:					
- Remeasurement of fair value of plan assets		235,667	(285,014)	(227)	-
As at December 31,		<u>4,080,394</u>	<u>3,595,043</u>	<u>4,359</u>	<u>-</u>

		Pension Fund		Gratuity Fund	
		2020	2019	2020	2019
	Note	(Rupees '000)			
22.1.4 Expense recognised in the statement of profit or loss					
Current service cost		204,756	180,899	2,426	227
Net interest cost / (income)		115,269	66,696	(237)	-
		<u>320,025</u>	<u>247,595</u>	<u>2,189</u>	<u>227</u>
22.1.5 Actual return on plan assets					
		<u>665,050</u>	<u>142,937</u>	<u>38</u>	<u>-</u>
22.1.6 Net recognised asset / liability					
As at January 1,		1,055,404	655,699	227	-
Current service cost		204,756	180,899	2,426	227
Interest cost / (income)		115,269	66,696	(237)	-
Company contributions		(228,670)	(222,480)	(4,321)	-
Remeasurements recognised in the statement of comprehensive income:					
- Loss / (gain) due to changes in experience adjustment		64,921	89,576	(132)	-
- Loss due to changes in financial assumptions		490,761	-	-	-
- Remeasurement of fair value of plan assets		(235,667)	285,014	227	-
		<u>320,015</u>	<u>374,590</u>	<u>95</u>	<u>-</u>
As at December 31,		<u>1,466,774</u>	<u>1,055,404</u>	<u>(1,810)</u>	<u>227</u>
22.1.7 Remeasurements recognised in the statement of comprehensive income:					
Loss / (gain) due to changes in experience adjustment		64,921	89,576	(132)	-
Loss due to changes in financial assumptions		490,761	-	-	-
Remeasurement of fair value of plan assets		(235,667)	285,014	227	-
		<u>320,015</u>	<u>374,590</u>	<u>95</u>	<u>-</u>
22.1.8 Plan assets are comprised as follows:					
Debt instruments		2,421,002	1,610,808	-	-
Equity instruments	22.1.10	1,610,497	1,473,163	-	-
Bank balances		48,895	511,072	4,359	-
		<u>4,080,394</u>	<u>3,595,043</u>	<u>4,359</u>	<u>-</u>
22.1.9 Principal actuarial assumptions used were as follows:					
Discount rate	22.1.11	10.00	12.25	10.00	12.25
Future salary increases		8.00	10.25	8.00	10.25
Future pension increases		0.00	0.00	-	-
Minimum wage increases		5.25	7.50	-	-
22.1.10 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 331.373 million (2019: Rs. 195.997 million).					
22.1.11 The discount rate of 10.00% is representative of yields on long-term Government Bonds.					

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

22.1.12 Expected contributions to pension fund and gratuity fund for the year ending December 31, 2021 are Rs. 399.680 million and Rs. 4.385 million respectively.

Note	Pension Fund		Gratuity Fund	
	2020	2019	2020	2019
	(Rupees '000)			
22.1.13 Expected maturity analysis of undiscounted retirement benefit plan:				
Less than one year	244,390	294,755	12	-
Between one to two years	329,641	256,258	30	-
Between two to five years	1,258,603	1,104,076	1,278	-
Between five to ten years	3,292,504	3,302,790	9,560	227
	<u>5,125,138</u>	<u>4,957,879</u>	<u>10,880</u>	<u>227</u>

22.1.14 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation	
	Pension Fund	Gratuity Fund
	(Rupees '000)	
Discount rate (1% increase)	(523,100)	(367)
Discount rate (1% decrease)	618,996	449
Salary growth rate (1% increase)	353,168	453
Salary growth rate (1% decrease)	(317,683)	(376)
Pension growth rate (1% increase)	296,518	-
Pension growth rate (1% decrease)	(263,062)	-
Minimum wage increase (1% increase)	(18,235)	-
Minimum wage increase (1% decrease)	16,167	-

If life expectancy increases by 1 year, the obligation increases by Rs. 118.874 million.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension and gratuity liability recognised within the statement of financial position.

22.2 Defined contribution scheme

An amount of Rs. 116.102 million (2019: Rs. 107.281 million) has been contributed during the year in respect of the contributory provident fund maintained by the Company.

	Note	2020 (Rupees '000)	2019
22.3 Staff retirement benefit cost recognised in the statement of profit or loss			
Pension cost	22.1.4	320,025	247,595
Reimbursement from related party		(2,967)	(3,177)
Provident fund contribution	33	116,102	107,281
Employees Old-Age Benefits Institution		15,319	14,922
Gratuity cost		2,189	227
		<u>450,668</u>	<u>366,848</u>

Allocated as:

Cost of sales	21.1	192,938	153,297
Selling and distribution expenses	23.1	210,352	172,895
Administrative expenses	24.1	47,378	40,656
		<u>450,668</u>	<u>366,848</u>

22.4 As at December 31, 2020, investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2020	2019
22.5 Number of employees	No of employees	

The detail of number of employees are as follows:

Average number of employees during the year	1,482	1,531
Number of employees as at year end	1,464	1,540

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
23. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages, allowances and staff welfare	23.1	2,016,884	1,768,629
Rent, rates and taxes		72	-
Repairs and maintenance		50,025	38,550
Royalty	23.2	27,280	29,378
Insurance		10,400	5,312
Depreciation	9.3	432,948	430,872
Depreciation on right-of-use assets	9.7	97,220	77,654
Amortisation of intangible assets	10	21,996	10,075
Legal, professional and other services		55,653	42,052
Postage, telephone and telegram		36,712	38,751
Printing and stationery		12,135	6,997
Travelling and conveyance		176,117	510,720
Advertising, samples and sales promotion		1,509,812	1,307,499
Forwarding expenses		553,679	505,735
Utilities		57,570	35,731
Computer expenses		8,049	3,431
Training and development expenses		14,025	23,696
Packing and miscellaneous supplies		110,316	65,745
Distributors commission		78,953	113,784
Fees and purchased services		70,742	77,521
Warehousing Services		74,807	68,215
Security expenses		29,309	28,388
Membership and subscription		2,112	5,348
Other expenses		24,732	34,409
		<u>5,471,548</u>	<u>5,228,492</u>
Less: reimbursement from related party		<u>160,007</u>	<u>166,982</u>
		<u>5,311,541</u>	<u>5,061,510</u>

23.1 These include a charge of Rs. 210.352 million (2019: charge of Rs. 172.895 million) in respect of staff retirement benefits (note 22.3).

23.2 Royalty is paid to Hospira Inc. Its registered address is 275 N. Field Drive, Lake Forest, Illinois 60045, USA. The Company and its directors have no relationship with Hospira Inc.

	Note	2020 (Rupees '000)	2019
24. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances and staff welfare	24.1	423,595	412,671
Rent, rates and taxes		106	14,503
Repairs and maintenance		11,698	8,753
Insurance		13,567	12,790
Depreciation	9.3	28,141	19,393
Depreciation on right-of-use assets	9.7	32,485	32,978
Legal, professional and other services		22,140	22,148
Postage, telephone and telegram		8,001	7,431
Printing and stationery		3,459	3,663
Travelling and conveyance		12,814	22,475
Utilities		21,760	16,608
Computer expenses		2,627	101,681
Training and development expenses		876	1,578
Miscellaneous office supplies		15,395	6,906
Fees and purchased services		15,035	16,128
Security expenses		18,320	17,448
Membership and subscription		8,214	8,794
Other expenses		27,202	25,119
		<u>665,435</u>	<u>751,067</u>
Less: Reimbursement from related party		23,273	19,447
		<u>642,162</u>	<u>731,620</u>
24.1	These include a charge of Rs. 47.378 million (2019: charge of Rs. 40.656 million) in respect of staff retirement benefits (note 22.3).		
25. OTHER CHARGES			
Workers' Profit Participation Fund	18.3	334,853	153,094
Auditors' remuneration	25.1	9,531	8,224
Donations	25.2	4,799	5,740
Workers' Welfare Fund		118,658	45,745
Central Research Fund		63,066	25,361
Provision for expected credit loss on trade debts	15.4	36,687	17,420
Provision for expected credit loss on trade deposits	17.2	20,875	21,192
Provision for expected credit loss on other receivables	18.2	290	407
Exchange loss - net	25.3	105,828	223,355
Property, plant and equipment written off - net		-	11,350
Stamp duty		13,788	10,914
		<u>708,375</u>	<u>522,802</u>
25.1 Auditors' remuneration			
Statutory audit fee		2,813	2,557
Tax advisory services		4,574	4,497
Special certifications		1,664	882
Out of pocket expenses		480	288
		<u>9,531</u>	<u>8,224</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

25.2 Recipients of donations do not include any donee in which any director or his / her spouse had any interest.

25.3 This includes exchange gain earned from export receivables amounting to Rs. 45.515 million (2019: Rs. 49.035 million) which has been offset against exchange losses incurred during the year.

26. OTHER INCOME	Note	2020 (Rupees '000)	2019
Income from financial assets			
Income from savings and term deposit receipts	26.1	344,355	260,485
Income from non-financial assets			
Other income	26.2	101,594	76,563
Gain on disposal of property, plant and equipment - net		4,158	-
Write back of liabilities	26.3	255,457	-
Gain on recognition of GIDC payables - net		41,614	-
Scrap sales		13,513	14,975
		416,336	91,538
		<u>760,691</u>	<u>352,023</u>

26.1 Income is derived from saving accounts and term deposit receipts maintained in / from conventional banks.

26.2 This represents income earned from Abbott GmbH & Co. KG., a related party, at the rate of 10% (2019: 10%) of half of the written down value of assets deployed by the Company on their behalf in the Company's Diagnostic Division in Pakistan.

26.3 During the year ended 31 December 2020, Abbott B.V. Netherlands, a related party, waived off the amount cross charged to the Company, during current and prior years, in respect of PC support and other related services, such as infrastructure services.

27. FINANCE COSTS	2020 (Rupees '000)	2019
Bank charges	6,515	9,905
Mark-up on lease liabilities	70,390	43,185
	<u>76,905</u>	<u>53,090</u>

28. TAXATION - net

Current		
- For the year	1,736,496	1,135,481
- Prior year	(16,164)	91,171
	<u>1,720,332</u>	<u>1,226,652</u>
Deferred	(12,022)	(15,796)
	<u>1,708,310</u>	<u>1,210,856</u>

	2020	2019
	(Rupees '000)	
28.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	6,243,559	2,510,741
Tax rate	29%	29%
Tax on accounting profit	1,810,632	728,115
Tax for prior years	(16,164)	91,171
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	35,652	35,106
- Applying lower tax rates to certain income	13,731	385,264
- Tax rate adjustment	-	36,069
- Others (including the impact arising as a consequence of reversal of deferred tax liability and change in allocation ratio of revenue chargeable under FTR and Non-FTR)	(135,541)	(64,869)
	1,708,310	1,210,856
29. EARNINGS PER SHARE - BASIC / DILUTED		
Profit for the year	4,535,249	1,299,885
	Number of shares	
Weighted average number of ordinary shares in issue during the year	97,900,302	97,900,302
	(Rupees)	
Earnings per share	46.33	13.28
29.1 There is no dilutive effect on the basic earnings per share of the Company.		

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

		2020	2019
	Note	(Rupees '000)	
30. CASH GENERATED FROM OPERATIONS			
Profit before taxation		6,243,559	2,510,741
Adjustment for:			
Depreciation / amortisation		964,742	881,746
Right-of-use assets		144,383	107,339
Amortisation on intangible assets		21,996	10,075
Gain on disposal of property, plant and equipment - net		(4,158)	(4,733)
Property, plant and equipment written off		-	16,083
Interest income		(344,355)	(260,485)
Expense recognised in profit or loss in respect of equity-settled share-based compensation		118,138	115,687
Staff retirement benefits		89,223	25,115
Finance costs		76,905	53,090
Working capital changes	30.1	2,387,201	(1,853,497)
		<u>9,697,634</u>	<u>1,601,161</u>
30.1 Working capital changes			
Decrease / (increase) in current assets net of provision			
Stores and spares		31,803	(97,507)
Stock-in-trade		1,067,726	(1,620,322)
Trade debts		(31,639)	244,129
Loans and advances		(144,490)	14,012
Trade deposits and short-term prepayments		195,137	61,724
Other receivables		157,346	(256,161)
		<u>1,275,883</u>	<u>(1,654,125)</u>
Increase / (decrease) in current liabilities			
Trade and other payables - net		<u>1,111,318</u>	<u>(199,372)</u>
		<u>2,387,201</u>	<u>(1,853,497)</u>

30.2 Changes in liabilities arising from financing activities

	1 January 2020	Cash flows	New leases	Dividend declared	Others	31 December 2020
	(Rupees '000)					
Dividend	48,825	(2,201,291)	-	2,202,757	-	50,291
Lease liabilities	381,139	(254,441)	619,161	-	70,390	816,249
	<u>429,964</u>	<u>(2,455,732)</u>	<u>619,161</u>	<u>2,202,757</u>	<u>70,390</u>	<u>866,540</u>
	1 January 2019	Cash flows	New leases	Dividend declared	Others	31 December 2019
	(Rupees '000)					
Dividend	66,208	(996,386)	-	979,003	-	48,825
Lease liabilities	214,252	(166,188)	296,095	-	36,980	381,139
	<u>280,460</u>	<u>(1,162,574)</u>	<u>296,095</u>	<u>979,003</u>	<u>36,980</u>	<u>429,964</u>

31. SHARE-BASED COMPENSATION

Share-based compensation plan

As at December 31, 2020, the Company's equity settled share-based compensation plan includes restricted stock units plan.

Under the plan, the Company employees, eligible as per policy are awarded restricted stock units of Abbott Laboratories, USA (the ultimate holding company). The plan entitles eligible employees to receive shares of the ultimate holding company which are vested equally over next three years, subject to certain vesting conditions.

In accordance with IFRS 2 (Share-Based Payments), services received from employees as consideration for stock units are recognised as an expense in the statement of profit or loss, with the corresponding entry recorded as equity. The expense corresponds to the fair value of the stock unit of the Abbott Laboratories, USA and is charged to statement of profit or loss on a straight-line basis over the vesting period of the plan.

An expense of Rs. 118.138 million (2019: Rs. 115.687 million) was recognized for this plan during the year.

The fair value of restricted stock units plan is measured at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2019	2018	2017
Volatility	19.80%	19.00%	18.00%
Dividend yield	1.70%	1.90%	2.40%
Risk free interest rate	2.50%	2.70%	2.10%

Expected volatility is based on implied volatilities from traded options on Abbott Laboratories, USA's stock and historical volatility of Abbott Laboratories, USA's stock over the expected life of the stock units.

A summary of units outstanding is given below:

	2020		2019	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	69.44	12,132	54.75	14,315
Granted	87.72	7,416	75.90	10,936
Exercised / cancelled	71.56	(11,315)	58.80	(13,119)
At December 31,	83.00	8,233	69.44	12,132

Stock units outstanding at the end of the year have the following expiry date and exercise prices:

	2020		2019	
Vesting date	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2020	-	-	8,487	66.67
2021	5,761	80.97	3,645	75.90
2022	2,472	87.72	-	-
	8,233	83.00	12,132	69.44

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

	2020 (Million units)	2019
32. PLANT CAPACITY AND PRODUCTION		
Actual production		
Packs solids	95.17	84.26
Packs liquids	122.03	127.45
Packs injectables	1.31	2.67
Packs cream	11.10	12.21
Packs GHC	2.47	2.22
Total units	<u>232.08</u>	<u>228.81</u>

The production capacity of the Company's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

33. 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:

	Note	2020 (Rupees '000)	2019
Group companies			
Sale of goods	20	567,131	1,065,787
Purchase of materials		6,713,394	7,772,418
Technical service fee	21	190,979	162,028
Reimbursements of expenses - net		179,174	261,490
Other income		357,051	76,563
Retirement fund:			
Contribution to Pension Fund	22.1.3	228,670	222,480
Contribution to Provident Fund	22.3	116,102	107,281
Contribution to Gratuity Fund	22.1.3	4,321	-
Dividend:			
Paid to Abbott Asia Investment Limited		1,715,838	762,595
Paid to Pension Fund		9,871	4,387
Paid to Provident Fund		11,046	4,909
Key management personnel:			
Short-term employee benefits		381,881	354,875
Post-employment benefits		34,766	33,420

33.1 Disposals of property, plant and equipment and right-of-use assets to key management personnel are disclosed in note 9.4 and 9.8 respectively.

33.2 Outstanding balances in respect of related party sales and purchases, reimbursements and staff retirement benefits are included in notes 7, 15, 18 and 22.

33.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers all members of their executive management team, including the chief executive and directors, to be key management personnel. Outstanding balances of loans and advances to key management personnel are disclosed in notes 11 and 16.

33.4 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place:

S No.	Name of undertaking	Country of incorporation	Basis of association	Aggregate percentage of shareholding in the Company
1	Abbott Asia Investments Limited, U.K.	United Kingdom	Holding Company	77.90%
2	Abbott Laboratories, USA	USA	Ultimate Holding Company	77.90%
3	Abbott GmbH & Co. K.G.	Germany	Associated Company	Not Applicable
4	Abbott Diagnostics GmbH	Germany	Associated Company	Not Applicable
5	Abbott Logistics B.V.	Netherlands	Associated Company	Not Applicable
6	Abbott International LLC., USA	USA	Associated Company	Not Applicable
7	Abbott Diabetes Care Inc.	USA	Associated Company	Not Applicable
8	Abbott Diabetes Care Limited, UK	United Kingdom	Associated Company	Not Applicable
9	Abbott Products Operation AG	Switzerland	Associated Company	Not Applicable
10	Abbott Laboratories (Singapore) PTE Limited	Singapore	Associated Company	Not Applicable
11	Abbott Argentina S.A.	Argentina	Associated Company	Not Applicable
12	Abbott Laboratories Limited UK	United Kingdom	Associated Company	Not Applicable
13	Abbott Laboratories SA Egypt - note 33.4.1	Switzerland	Associated Company	Not Applicable
14	Abbott Laboratories International Co.	USA	Associated Company	Not Applicable
15	Abbott B.V. Netherlands	Netherlands	Associated Company	Not Applicable
16	Abbott S.R.L Italy	Italy	Associated Company	Not Applicable
17	Abbott Laboratories B.V.	Netherlands	Associated Company	Not Applicable
18	ALSA MERO Office - note 33.4.1	Switzerland	Associated Company	Not Applicable
19	Abbott Ireland	Ireland	Associated Company	Not Applicable
20	Alere Inc. USA	USA	Associated Company	Not Applicable
21	Abbott Rapid Diagnostics	Ireland	Associated Company	Not Applicable
22	Abbott Saudi Arabia	Saudi Arabia	Associated Company	Not Applicable

33.4.1 These entities are branch offices of Abbott Laboratories S.A., incorporated in Switzerland.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2020

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	2020			2019		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees '000)					
Short-term employee benefits						
Managerial remuneration	41,670	12,520	745,083	34,757	10,318	637,617
Leave passage / encashment	1,759	1,086	44,834	2,203	685	40,923
Medical expenses	267	38	20,793	491	12	15,868
Rent / utility / maintenance / furnishing	2,537	-	5,747	-	889	6,851
	46,233	13,644	816,457	37,451	11,904	701,259
Retirement benefits	5,837	1,932	111,778	5,717	1,752	98,680
	52,070	15,576	928,235	43,168	13,656	799,939
Number of persons	1	1	169	1	1	145

- 34.1 In addition, Rs. 118.138 million (2019: Rs. 115.687 million) has been charged in the statement of profit or loss in respect of share-based payments to chief executive, directors and certain executives of the Company as mentioned in notes 2.21 and 31.
- 34.2 Managerial remuneration includes Rs. 126.283 million (2019: Rs. 85.288 million) charged in the statement of profit or loss in respect of bonus to chief executive, directors and certain executives of the Company.
- 34.3 Directors and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.
- 34.4 The aggregate amount charged in these financial statements for fees to non-executive directors is Rs. 2.225 million (2019: Rs. 2.250 million).

35. SEGMENT WISE OPERATING RESULTS

	2020					2019				
	Pharma- ceutical	Nutritional	Diagnostics	Others	Total	Pharma- ceutical	Nutritional	Diagnostics	Others	Total
(Rupees '000)										
Sales	23,960,687	9,515,163	2,162,855	787,773	36,426,478	21,252,586	6,823,293	2,075,358	749,308	30,900,545
Less: Sales returns	83,707	21,392	-	12,369	117,468	50,763	13,947	-	17,767	82,477
Less: Sales tax and excise duty	-	961,797	15,680	48,156	1,025,633	-	605,612	13,592	42,989	662,193
Sales - net	23,876,980	8,531,974	2,147,175	727,248	35,283,377	21,201,823	6,203,734	2,061,766	688,552	30,155,875
Cost of sales	16,572,308	4,618,888	1,363,093	507,237	23,061,526	15,144,233	4,658,449	1,350,817	474,636	21,628,135
Gross profit	7,304,672	3,913,086	784,082	220,011	12,221,851	6,057,590	1,545,285	710,949	213,916	8,527,740
Selling and distribution expenses	3,440,818	1,195,232	538,584	136,907	5,311,541	3,308,720	1,078,290	533,523	140,977	5,061,510
Administrative expenses	549,410	80,059	12,693	-	642,162	642,256	73,552	15,812	-	731,620
Segment results	3,314,444	2,637,795	232,805	83,104	6,268,148	2,106,614	393,443	161,614	72,939	2,734,610
Unallocated corporate expenses / income										
Other income					760,691					352,023
Other charges					708,375					522,802
Profit before finance costs and taxation					6,320,464					2,563,831
Finance costs					76,905					53,090
Profit before taxation					6,243,559					2,510,741
Taxation					1,708,310					1,210,856
					4,535,249					1,299,885
Other Information										
Segment assets employed	11,593,408	1,089,473	3,203,432	68,517	15,954,830	12,231,707	1,342,100	2,980,042	94,720	16,648,569
Unallocated corporate assets					8,960,914					4,104,111
Total assets					24,915,744					20,752,680
Segment liabilities	5,221,834	972,307	714,521	80,073	6,988,735	4,670,954	614,597	444,776	121,400	5,851,727
Unallocated corporate liabilities					2,336,757					1,528,560
Total liabilities					9,325,492					7,380,287
Capital expenditure during the year	1,076,274	-	299,788	3,998	1,380,060	1,231,496	-	636,008	-	1,867,504
Depreciation / amortisation - operating										
fixed assets	569,400	3,246	391,354	742	964,742	495,219	3,431	382,053	1,043	881,746
Depreciation - right-of-use assets	118,748	17,761	7,064	810	144,383	99,344	12,505	6,386	-	118,235

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

	Note	2020 (Rupees '000)	2019
35.1 Reconciliation of segment assets and liabilities to total assets and liabilities			
35.1.1 Segment Assets			
Allocated segment assets		15,954,830	16,648,569
Loans and advances		277,661	133,171
Taxation - net		921,431	1,013,151
Cash and bank balances		7,488,881	2,757,519
Other unallocated assets		272,941	200,270
		<u>24,915,744</u>	<u>20,752,680</u>
35.1.2 Segment Liabilities			
Allocated segment liabilities		6,988,735	5,851,727
Staff retirement benefits		1,464,964	1,055,631
Deferred taxation		227,587	239,609
Unclaimed dividends		50,291	48,825
Other unallocated liabilities		593,915	184,495
		<u>9,325,492</u>	<u>7,380,287</u>
35.2 Geographical information			
Sales to external customers, net of returns, discounts, sales tax and excise duty			
Pakistan		33,522,317	27,725,809
Afghanistan		1,115,628	1,260,863
Sri Lanka		55,793	69,679
Bangladesh		22,508	33,737
Switzerland	33	567,131	1,065,787
		<u>35,283,377</u>	<u>30,155,875</u>
35.3 Segment assets consist primarily of property, plant and equipment, trade debts and stock-in-trade. Segment liabilities comprise of trade creditors and an apportionment of accrued expenses. Assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.			
36. FINANCIAL RISK MANAGEMENT			
36.1 Financial assets and financial liabilities			
Financial assets		2020 (Rupees '000)	2019
Debt instruments at amortised cost			
Long-term loans		64,293	53,682
Long-term deposits		7,513	7,513
Trade debts		935,468	903,829
Loans		32,673	32,550
Trade deposits		261,517	344,105
Interest accrued		6,404	6,288
Other receivables		234,196	243,156
Cash and cash equivalents		7,488,881	2,757,519
		<u>9,030,945</u>	<u>4,348,642</u>
Financial liabilities at amortised cost			
Trade and other payables		5,524,840	5,115,769
		<u>5,524,840</u>	<u>5,115,769</u>

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimize the potential adverse affects of financial market on the Company's performance are as follows:

36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The normal credit term is 30 to 120 days upon delivery for certain private customers and 120 to 180 days for government institutions.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

The maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
	(Rupees '000)	
Loans	96,966	86,232
Deposits	269,030	351,618
Trade debts	935,468	903,829
Interest accrued	6,404	6,288
Other receivables	234,196	243,156
Balances with banks & short-term investments	7,476,428	2,734,828
	<u>9,018,492</u>	<u>4,325,951</u>

Loans, deposits, interest accrued and certain portion of other receivables as mentioned above are neither past due nor impaired.

The impaired trade debts and the basis of impairment are disclosed in notes 15 and 2.18 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

Set out below is the information about the credit risk exposure on the Company's trade debts from Government institutions and private customers.

	31 st December 2020							
	Receivables from Government Institutions (Rs. in 000's)							
	(Days Past Due)							
	Current	0-240	240-270	270-300	300-330	330-360	>360	Total
Expected credit loss rate	0.02%	0.02%	14.57%	16.11%	28.05%	70.23%	100.00%	
Estimated total gross carrying amount at default	157,706	36,268	-	176	1,417	2,098	64,717	262,382
Expected credit loss	29	8	-	28	398	1,472	64,717	66,652
Amounts past due but not impaired	157,677	36,260	-	148	1,019	626	-	195,730

31 st December 2020							
Private Customers (Rs. in 000's)							
(Days Past Due)							
Current	0-30	30-60	60-90	90-360	>360	Total	
Expected credit loss rate	0.01%	0.01%	0.01%	10.00%	47.34%	100.00%	
Estimated total gross carrying amount at default	648,378	57,663	15,479	5,853	24,736	15,559	767,668
Expected credit loss	67	7	2	585	11,710	15,559	27,930
Amounts past due but not impaired	648,311	57,656	15,477	5,268	13,026	-	739,738

	31 st December 2019							
	Receivables from Government Institutions (Rs. in 000's)							
	(Days Past Due)							
	Current	0-240	240-270	270-300	300-330	330-360	>360	Total
Expected credit loss rate	0.03%	0.03%	14.57%	23.04%	45.84%	75.82%	100.00%	
Estimated total gross carrying amount at default	289,868	92,304	-	1,053	2,070	61	32,960	418,316
Expected credit loss	90	30	-	243	949	45	32,960	34,317
Amounts past due but not impaired	289,778	92,274	-	810	1,121	16	-	383,999

31 st December 2019							
Private Customers (Rs. in 000's)							
(Days Past Due)							
Current	0-30	30-60	60-90	90-360	>360	Total	
Expected credit loss rate	0.01%	0.01%	0.01%	0.01%	52.00%	100.00%	
Estimated total gross carrying amount at default	422,283	63,892	18,895	5,669	19,059	13,610	543,408
Expected credit loss	46	8	2	1	9,911	13,610	23,578
Amounts past due but not impaired	422,237	63,884	18,893	5,668	9,148	-	519,830

The credit quality of balances with banks can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Ratings		Date of Rating	2020 (Rupees '000)	2019
		Short-term	Long-term			
Deutsche Bank AG	Moody's	P-2	A3	May 2020	44,147	4,667
	S&P	A-2	BBB+	Apr 2020		
	Fitch	F2	BBB	Jun 2019		
MCB Bank Limited	PACRA	A1+	AAA	Jun 2020	1,954	216
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Jun 2020	7,382,991	2,719,300
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2020	5,297	5,020
	PACRA	A1+	AAA	Jun 2020		
Faysal Bank Limited	PACRA	A1+	AA	Jun 2020	2,686	1,092
	JCR-VIS	A-1+	AA	Jun 2020		
Habib Bank Limited	JCR-VIS	A-1+	AAA	Jun 2020	39,353	4,533

Financial assets other than trade debts and bank balances, are not exposed to any material credit risk.

36.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining sufficient cash / bank balance and the availability of funding through an adequate amount of committed credit facilities. As at December 31, 2020, the Company's financial liabilities of Rs. 5,523.461 million (2019: Rs. 5,136.288 million) are all current and due in next financial year.

36.4 Market risk

Market risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk whereas the exposure to currency risk and interest rate risk is given below:

36.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises where transactions are done in foreign currency. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2020		2019	
	Rupees	US Dollars	Rupees	US Dollars
	(‘000)			
Cash and cash equivalents	520,448	3,233	478,514	3,088
Due from related parties	158,141	982	178,908	1,155
Bills payable	(1,422,913)	(8,838)	(1,496,409)	(9,657)
Payable to related parties	(170,730)	(1,060)	(283,305)	(1,828)
	<u>(915,054)</u>	<u>(5,683)</u>	<u>(1,122,292)</u>	<u>(7,242)</u>

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2020	2019	2020	2019
	(Rupees)			
US Dollars	161.00	154.95	161.91	149.67

A ten percent strengthening / weakening of the Pakistani Rupee against the US Dollar at the reporting date would increase / decrease profit after tax for the year by Rs. 66.248 million (2019: Rs. 58.104 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

36.4.2 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from savings and deposit accounts with banks.

	2020	2019
	(Rupees ‘000)	
Fixed rate instruments		
Financial assets	<u>6,954,162</u>	<u>2,253,454</u>

As of the statement of financial position date, the Company is not significantly exposed to any interest rate risk.

36.5 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the statement of financial position date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

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

37. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The current capital structure of the Company is equity based with only vehicles being procured through a lease facility.

38. NON - ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

In their meeting held on February 26, 2021, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2020 of Rs. 25.0 per share (2019: cash dividend of Rs. 7.5 per share). This is in addition to interim cash dividend of Rs. 15.0 per share (2019: Rs. NIL per share). The total dividend declared during the year and dividend per share have been summarised below:

	2020 (Rupees '000)	2019 (Rupees)
Cash dividend	3,916,012	734,252
		(Rupees)
Cash dividend per share	40.00	7.50

The financial statements for the year ended December 31, 2020 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending December 31, 2021.

39. Certain corresponding figures have been reclassified or rearranged for better presentation of these financial statements.

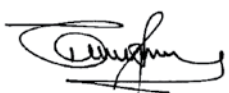
40. Figures in these financial statements are rounded to the nearest thousand (Rs. in '000), except as otherwise indicated.

41. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 26, 2021 by the Board of Directors of the Company.


 Chief Executive


 Director


 Chief Financial Officer

PATTERN OF SHAREHOLDING

As At December 31, 2020

Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares
1	964	38,956
101	621	172,522
501	255	197,100
1,001	510	1,084,404
5,001	89	637,741
10,001	23	292,755
15,001	10	176,443
20,001	7	158,170
25,001	3	88,200
30,001	2	64,452
35,001	6	223,529
40,001	3	126,550
45,001	1	45,100
50,001	1	53,000
55,001	3	174,800
60,001	2	127,200
65,001	2	135,900
70,001	1	75,000
75,001	1	76,456
80,001	1	84,550
90,001	1	93,400
140,001	1	141,050
145,001	1	147,203
150,001	1	152,500
155,001	1	156,350
220,001	1	223,350
225,001	1	227,390
240,001	1	241,450
245,001	1	245,500
335,001	1	336,834
340,001	1	342,889
365,001	1	369,400
380,001	1	380,122
385,001	1	385,750
435,001	1	438,689
440,001	1	442,105
450,001	1	454,150
490,001	1	490,926
520,001	1	521,101
585,001	1	590,000
745,001	1	746,093
830,001	1	830,624
835,001	1	839,200
1,075,001	1	1,077,418
1,085,001	3	3,262,341
1,960,001	1	1,963,250
2,505,001	1	2,508,938
76,255,001	1	76,259,451
TOTAL	2,535	97,900,302

CATEGORIES OF SHAREHOLDERS

As At December 31, 2020

S.No.	Shareholder's category	Number of shareholders	Number of shares held	%
1	Directors, Chief Executive Officer and their spouse(s) and minor children	8	19,903	0.02
2	Associated Companies, Undertakings and Related Parties*	3	77,189,066	78.84
3	NIT and ICP	2	980	0.00
4	Banks, Development Finance Institutions, Non-Banking Finance Institutions	5	1,132,197	1.16
5	Insurance Companies	13	3,520,626	3.60
6	Modarabas and Mutual Funds	25	3,757,276	3.84
7	General Public - local	2,357	9,299,943	9.50
8	Others	122	2,980,311	3.04
Total:		2,535	97,900,302	100.00

*Includes shareholders having shareholding greater than 10%, these are disclosed on page 192.

Directors, Chief Executive Officer and their spouse(s) and minor children

S.No.	Folio	Name	Holding
1	4487	MR. MUNIR A. SHAIKH	1
2	4607	SYED ANIS AHMED	1
3	4831	MR. MUHAMMAD ANJUM LATIF RANA	1
4	03277-82073	MR. MOHSIN ALI NATHANI	10,000
5	03277-91835	MS. ZOYA TAZEEN MOHSIN NATHANI (Spouse of Mr. Mohsin Ali Nathani)	5,000
6	03350-136842	MS. AYLAL MAJID	500
7	03277-90453	MR. EHSAN ALI MALIK	500
8	12690-1374	MS. MARIAM EHSAN ALI MALIK (Spouse of Mr. Ehsan Ali Malik)	3,900
Total:			19,903

Associated Companies, Undertakings and Related Parties

S.No.	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,451
2	03277-2083	TRUSTEES ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	438,689
3	03277-7217	TRUSTEES ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	490,926
Total:			77,189,066

List of NIT and ICP

S.No.	Folio	Name	Holding
1	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE DEPARTMENT)	100
2	4171	NBP TRUSTEE DEPARTMENT	880
Total :			980

Banks, Development Finance Institutions and Non-Banking Finance Institutions

S.No.	Folio	Name	Holding
1	02246-42	HABIB BANK LIMITED-TREASURY DIVISION	245,500
2	02832-32	MEEZAN BANK LIMITED	45,100
3	03889-28	NATIONAL BANK OF PAKISTAN	1,397
4	03525-105464	INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1,000
5	04127-28	MCB BANK LIMITED - TREASURY	839,200
Total:			1,132,197

CATEGORIES OF SHAREHOLDERS

As At December 31, 2020

Insurance Companies

S.No.	Folio	Name	Holding
1	3137	UNITED INSURANCE CO. OF PAK LIMITED	2
2	03277-10526	HABIB INSURANCE CO. LIMITED	55,700
3	18085-28	EFU LIFE ASSURANCE LIMITED	4,550
4	13748-915	ADAMJEE LIFE ASSURANCE CO.LTD - DGF	10,750
5	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	6,400
6	13748-600	ADAMJEE LIFE ASSURANCE COMPANY LTD-AMAANAT FUND	11,400
7	12690-996	IGI LIFE INSURANCE LIMITED	350
8	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	369,400
9	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	223,350
10	13748-543	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-NUIL FUND	16,650
11	18044-22	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	28,200
12	18093-27	JUBILEE LIFE INSURANCE COMPANY LIMITED	1,963,250
13	02683-23	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	830,624
Total :			3,520,626

Modarabas and Mutual Funds

S.No.	Folio	Name	Holding
1	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
2	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	2,250
3	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	59,100
4	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,964
5	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	69,050
6	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	63,200
7	12120-28	CDC - TRUSTEE NIT EQUITY MARKET OPPORTUNITY FUND	41,350
8	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	1,500
9	13961-26	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1,400
10	14126-26	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	900
11	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,508,938
12	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	4,000
13	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	84,550
14	16162-20	CDC-TRUSTEE NIT-IPF EQUITY SUB-FUND	4,300
15	17277-26	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1,200
16	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	50
17	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	454,150
18	05488-25	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	14,750
19	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	156,350
20	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	21,250
21	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	66,850
22	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	19,200
23	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	141,050
24	02113-708	FIRST UDL MODARABA	100
25	07450-521	BRR GUARDIAN MODARABA	36,776
Total:			3,757,276

Shareholders Holding 10% or more Voting Rights in the Listed Company

S.No.	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,451
Total :			76,259,451

S.No.	No. of Shareholders	Name	Holding
1	2479	GENERAL PUBLIC & OTHERS	12,280,254
Total :			12,280,254

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 72nd Annual General Meeting of the Members of Abbott Laboratories (Pakistan) Limited (“the Company”) will be held on Wednesday, April 21st, 2021 at 10:00 a.m. virtually through a video-link facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements, together with the Directors’ Report, the Auditors’ Report, and the Chairman’s Review Report thereon for the financial year ended December 31st, 2020.
2. To approve cash dividend of Rs. 25.0 per share (i.e. 250%) for the financial year ended December 31st, 2020.
3. To reappoint M/s EY Ford Rhodes, Chartered Accountants, as the Auditors of the Company for the period ending on date of the next Annual General Meeting, and to authorise the Directors to fix their remuneration.

In view of the continuing COVID-19 related risks associated with holding a physical meeting, to ensure the well-being of the meeting participants and in line with best practices and in compliance with the Government of Sindh Home Department Notification No. SOJI/8-1(04)/2020 (Stage-2 NPISs) dated 15 March 2021 directing the closure of indoor gatherings, the Company will hold the meeting virtually, and has made adequate arrangements for the members to participate seamlessly via video-link. For attending the meeting, members are required to email their names, folio number, valid email address and number of shares held in their names to the following email address: pk.shareholderquery@abbott.com. The members/proxies will receive video-link login credentials following the provision of the requisite details.

By Order of the Board of Directors



HUMAYUN ALTAF
COMPANY SECRETARY

Karachi: dated February 26th, 2021

Notes:

1. The Share Transfer books of the Company will remain closed from 14th April 2021 to 21st April 2021 (both days inclusive) and the dividend will be paid to the Members whose names will appear in the Register of Members on 13th April, 2021. Members (Non-CDC) are requested to promptly notify the Company’s Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi. Tel: 009-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants.
2. A Member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Company’s registered office not less than 48 hours before the time of holding the meeting. In calculating the aforesaid period, no account shall be taken of any day that is not a working day. A proxy need, not be a Member of the Company. The proxy shall produce and/or verify his/her original CNIC or Passport details to prove his/her identity.
3. Form of proxy is attached in the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

4. Shareholders are requested to notify the Company of any change in their addresses, if any immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. **For Attending the Meeting:**
 - (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by producing and/or verifying his/her original Computerised National Identity Card (CNIC) or original passport details for the purpose of attending the meeting.
 - (ii) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
7. **For Appointing Proxies:**
 - (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy shall be furnished with the proxy form.
 - (iv) The Proxy shall produce and/or verify his/her original CNIC or original passport at the time of the Meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) and/or verified along with proxy form to the Company.
8. **Withholding Tax on Dividend under Section 150 of the Income Tax Ordinance, 2001:**
 - (i) Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 1. Rate of tax deduction for active tax payers is 15%.
 2. Rate of tax deduction for non-active tax payers is 30%.

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.
 - (ii) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar FAMCO Associates (Private) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.
 - (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s):

- (iv) For any query/problem/information, the investors may contact the Company and/or the Share Registrar, FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk
- (v) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

9. Electronic Transmission of Audited Financial Statements & Notices:

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website <https://www.pk.abbott>. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

10. Payment of Cash Dividend Electronically

The Securities and Exchange Commission of Pakistan (SECP) had earlier initiated e-dividend mechanism through its letter No: 8(4) SM/CDC/2008 dated April 05, 2013. The Companies Act 2017 also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. As such, the Company will only be able to make payment of cash dividend to its shareholder through electronic mode. Therefore, shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying:

- (i) title of account,
- (ii) account number and IBAN,
- (iii) bank name,
- (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, M/s FAMCO Associates (Private) Limited.

CALENDAR OF FINANCIAL EVENTS

Tentative dates for announcement of financial results for the Financial Year 2021:

1 st quarter ending March 31, 2021	3 rd week of April, 2021
2 nd quarter ending June 30, 2021	2 nd week of August, 2021
3 rd quarter ending September 30, 2021	3 rd week of October, 2021
Year ending December 31, 2021	3 rd week of February, 2022

Actual dates for announcement of financial results for the financial year 2020:

1 st quarter ended March 31, 2020	May 28, 2020
2 nd quarter ended June 30, 2020	August 17, 2020
3 rd quarter ended September 30, 2020	October 27, 2020
Year ended December 31, 2020	February 26, 2021

GLOSSARY

ABC - American Business Council of Pakistan	IAS - International Accounting Standards
ADC - Abbott Diabetes Care	IASB - International Accounting Standards Board
ADD - Abbott Diagnostics Division	IgM - Immunoglobulin M
ANI - Abbott Nutrition International	IgG - Immunoglobulin G
AGM - Annual General Meeting	ICP - Investment Corporation of Pakistan
API - Active Pharmaceutical Ingredient	ICAP - Institute of Chartered Accountants of Pakistan
ATL - Active Taxpayer List	ICMAP - Institute of Cost & Management Accountants of Pakistan
BCP - Business Continuity Plan	IFAC - International Federation of Accountants
CEO - Chief Executive Officer	IFRS - International Financial Reporting Standards
CFO - Chief Financial Officer	IIRC - International Integrated Reporting Council
CIR - Commissioner Inland Revenue	IQVIA - A global market research company (formerly known as IMS)
CIR(A) - Commissioner Inland Revenue (Appeals)	ITO - Income Tax Ordinance
CODM - Chief Operating Decision Maker	KIBOR - Karachi Inter Bank Offer Rate
Companies Act - Companies Act, 2017	KPI - Key Performance Indicator
Company - Abbott Laboratories (Pakistan) Limited (ALPL)	MAP - Management Association of Pakistan
CSR - Corporate Social Responsibility	NIT - National Investment Trust
DRAP - Drug Regulatory Authority of Pakistan	OEC - Office of Ethics and Compliance
DCIR - Deputy Commissioner Inland Revenue	OPD - Out Patient Department
DRP - Disaster Recovery Plan	OICCI - Overseas Investors' Chamber of Commerce & Industry
DARIUS - Document and Regulatory Information Universal System	PAT - Profit After Tax
Earnings Per Share (EPS) - Calculated by dividing the profit after interest, tax by the weighted average number of Ordinary Shares in issue	PCR - Polymerase Chain Reaction
EBIT - Earnings before Interest and Taxes	PBC - Pakistan Business Council
EBITDA - Earnings before Interest, Taxes, Depreciation and Amortisation	PICG - Pakistan Institute of Corporate Governance
EHS - Environment, Health and Safety	QA - Quality Assurance
EPD - Established Pharmaceuticals Division	Regulations - Listed Companies (Code of Corporate Governance) Regulations, 2019
EPO - Established Pharmaceuticals Operations	SBP - State Bank of Pakistan
FBR - Federal Board of Revenue	SECP - Securities and Exchange Commission of Pakistan
FTR - Final Tax Regime	SKU - Stock Keeping Unit
GHC - General Healthcare	SOP - Standard Operating Procedure
GHG - Greenhouse Gas	SRO - Statutory Regulatory Order
GMP - Good Manufacturing Practices	TMRs - Talent Management Reviews
GPTW - Great Place to Work	ZWL - Zero Waste to Landfill
GLP - Good Laboratory Practices	
HCP - Healthcare Professional	
HR&R - Human Resource and Remuneration Committee	



ABBOTT LABORATORIES (PAKISTAN) LIMITED
P.O. Box 7229, Landhi Karachi-74400

Proxy Form

I / We _____
of _____
in the district of _____ being a member of ABBOTT LABORATORIES (PAKISTAN) LIMITED and holder of
_____ Ordinary Shares as per Share Register Folio No. _____
and/or CDC Participant I.D. No. _____ and Sub Account No. _____
hereby appoint _____

(Name)

of _____
or falling him _____

(Name)

as my / our proxy to vote for me/us and on my/our behalf at the 72nd Annual General Meeting of the Company to be held
on Wednesday, April 21, 2021 at 10:00 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2021

1. Witness:
Signature: _____

Name: _____
CNIC No. _____
Address _____

Affix Revenue
stamps of Rs. 5/-

2. Witness:
Signature: _____

Signature of Member

Name: _____
CNIC No. _____
Address _____

Shareholder's Folio No. _____
CDC A/c No. _____
CNIC No. _____

Note:

- Proxies in order to be effective, must be received by the Company Secretary, Abbott Laboratories (Pakistan) Limited P.O. Box 7229, Landhi, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished along with the proxy form to the Company.
- The Beneficial Owner of share of the Company in the Central Depository System of the Central Depository Company (CDC) of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be submitted with the proxy form to the Company and the same shall be produced in original at the meeting to authenticate the identity.





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P.O. Box 7229, Landhi
KARACHI-74400



پراکسی فارم

میں / ہم _____
 سکنہ _____
 بحیثیت ممبر ایبٹ لیبارٹریز (پاکستان) لمیٹڈ اور _____
 اور / یا سی ڈی سی کے شرابی آئی ڈی نمبر _____
 بذریعہ ہذا _____
 (نام) _____
 سکنہ _____
 اور مزید _____
 (نام) _____

کو اپنا پراکسی مقرر کرتا ہوں/کرتے ہیں کہ وہ میری/ہماری جگہ کمپنی کے ۷۲ ویں سالانہ اجلاس عام میں، جو بدھ ۲۱ اپریل ۲۰۲۱ کو دن ۱۰:۰۰ بجے منعقد ہوگا یا اس سے متعلق کسی اجلاس میں شرکت کرے/کریں۔
 میری / ہماری جانب سے درج ذیل گواہان نے تصدیق کی، بتاریخ ۲۰۲۱ _____

5 روپے کے رسیدی

ٹکٹ چسپاں کریں

۱۔ گواہ
 دستخط

نام _____
 سی این آئی سی نمبر _____

پتہ _____

ممبر کے دستخط

۲۔ گواہ
 دستخط

نام _____
 سی این آئی سی نمبر _____

پتہ _____

شئیر ہولڈر فولیو نمبر _____
 سی ڈی سی کھاتہ نمبر _____
 سی این آئی سی نمبر _____

نوٹ:

۱۔ پراکسی کے موثر ہونے کیلئے ضروری ہے کہ اس کی تحریری اطلاع کمپنی سیکریٹری ایبٹ لیبارٹریز (پاکستان) لمیٹڈ پی او بکس ۷۲۲۹، لاندھی کو اجلاس شروع ہونے کے وقت سے زیادہ سے زیادہ ۴۸ گھنٹہ قبل موصول ہو جائے اور اس پر اسٹیپ، دستخط اور گواہان کی تصدیق موجود ہو۔

۲۔ سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل ڈپازٹری سسٹم میں شامل کمپنی کے شئیر کے فائدہ حاصل کرنے والے مالک اور اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ہمراہ کمپنی میں جمع کرائی جائیں۔

۳۔ سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل ڈپازٹری سسٹم میں شامل کمپنی کے شئیر کے فائدہ حاصل کرنے والے مالک اور اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل پراکسی کو شناخت کی تصدیق کیلئے شرکت کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔

۴۔ کارپوریٹ اکائی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد کردہ فرد کے دستخط کے نمونے، کمپنی کے پراکسی فارم کے ساتھ جمع کرائے جائیں اور شناخت کی تصدیق کیلئے اجلاس میں شرکت کے وقت ان کی اصل کاپی پیش کرنا ہوگی۔



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CONTACT DETAILS

Registered Office

Plot No. 258 & 324,
Opposite Radio Pakistan
Transmission Centre,
Hyderabad Road, Landhi,
P.O. Box. 7229, Karachi, Pakistan.
Tel: (92-21) 111-ABBOTT (111-222-688)
Fax: (92-21) 35001903

City Office

8th Floor, Faysal House
St-02, Shahrah-e-Faisal, Karachi, Pakistan.
Tel: (92-21) 32799018, 32799019
Fax: (92-21) 32800244

Distribution Offices

Multan

Hassan Abad Gate # 2
Near Pak Arab Fertilizers
Khanewal Road
Multan 60650, Pakistan.
Tel: (92-61) 4551818, (92-61) 4556145
Fax: (92-61) 4551817

Lahore

16-Km Shah Pur Kanjran Multan Road
Lahore 53700, Pakistan.
Tel: (92-42) 37512188, (92-42) 37512199
Fax: (92-42) 37511171

Islamabad

Plot # 136
Street # 9, I-10/3
Industrial Area
Islamabad 44800, Pakistan.
Tel: (92-51) 34445020, (92-51) 34447464, (92-51) 34448278
Fax: (92-51) 34449868

Website

www.pk.abbott

Sales Offices

Peshawar

House No. 25/III/B,
Jamrud Lane, University Town,
Peshawar, Pakistan.
Tel: (92-91) 5840024
Fax: (92-91) 5840024

Lahore

House No. 187, Aurangzeb Block,
Near Garden Town,
Lahore, Pakistan.
Tel: (92-42) 35854141
Fax: (92-42) 35844737

Rawalpindi

House No. 168-F, Adamjee Road,
Near Panj Sarki Chowk,
Rawalpindi Cantt, Pakistan.
Tel: (92-51) 35130132
Fax: (92-51) 35130126

A man and a young boy are playing on a balcony. The man, wearing a light blue shirt over a green t-shirt and grey shorts, is holding the boy. The boy, wearing a green t-shirt and khaki shorts, is holding a colorful soccer ball. They are both smiling and looking up. The balcony has a white railing, potted plants, and a wooden chair. The background shows a clear blue sky and a building.

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