



Abbott Pakistan

Un-Audited Financial Statements for the Quarter
and Nine Months Ended September 30, 2022

Empowering Health



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ehsan Ali Malik (Chairman) (Independent Director)
 Syed Anis Ahmed (Chief Executive Officer)
 Celestino Jacinto Dos Anjos (Non-Executive Director)
 Ayla Majid (Independent Director)
 Mohsin Ali Nathani (Independent Director)
 Muhammad Anjum Latif Rana (Non-Executive Director)
 Seema Khan (Executive Director)

AUDIT COMMITTEE

Mohsin Ali Nathani (Chairman)
 Ayla Majid
 Muhammad Anjum Latif Rana

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani (Chairman)
 Ehsan Ali Malik
 Syed Anis Ahmed

RISK MANAGEMENT COMMITTEE

Ayla Majid (Chairperson)
 Syed Anis Ahmed
 Muhammad Anjum Latif Rana
 Seema Khan

SHARE TRANSFER COMMITTEE

Syed Anis Ahmed (Chairman)
 Muhammad Anjum Latif Rana
 Seema Khan

BANKING COMMITTEE

Mohsin Ali Nathani (Chairman)
 Syed Anis Ahmed
 Seema Khan

NOMINATION COMMITTEE

Ehsan Ali Malik (Chairman)
 Mohsin Ali Nathani
 Syed Anis Ahmed

CHIEF FINANCIAL OFFICER

Syed Tabish Aseem

COMPANY SECRETARY

Muhammad Usama Jamil

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)
 Shumaila Amir
 (Director Operations)
 Asim Shafiq
 (General Manager, Abbott Nutrition
 International Pakistan)
 Saad Siddique
 (Country Manager, Abbott Diagnostics
 Division Pakistan)
 Dr. Shaikh Adnan Lateef
 (Head of Abbott Diabetes Care Pakistan)
 Asghar Huda
 (Director Human Resource)

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.

Plot No. 13, Sector 20,
 Korangi Industrial Area, Karachi.

CITY OFFICE

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

16 KM Shahpur Kanjan,
 Multan Road, Lahore.

Hasanabad Gate # 2,
 Near Pak Arab Fertilizers,
 Khanewal Road, Multan..

WEBSITE

www.pk.abbott

DIRECTORS' REPORT

The Directors are pleased to present the un-audited condensed interim financial statements of your Company, for the nine months ended September 30, 2022, as well as for the third quarter ended September 30, 2022.

FINANCIAL HIGHLIGHTS

For nine months' period ended September 30, 2022

Sales for the nine months increased by 18% over the same period last year. Pharmaceutical sales increased by 16% driven by sustained performance of established brands, whereas Nutritional sales increased by 23% mainly driven by increase in sales of adult nutritional supplements.

Gross profit margin of your Company over this period was 33%. Gross profit margin for the pharmaceutical business declined to 32% from 37% mainly on account of devaluation of Pakistani Rupee and increase in raw material prices. Similarly, gross profit margin for Nutritional declined to 40% from 47% which is also attributed to inflation and devaluation of Pakistani Rupee.

Selling and distribution expenses increased by 12% over the same period last year in line with sales growth. Other charges registered a substantial increase of 80% mainly on account of exchange losses due to devaluation of Pakistani Rupee.

Tax charge for the period showed an increase of 45% primarily on account of super tax levy implemented through Finance Act 2022. Overall, the profit after tax as a percentage of sales decreased to 7% versus 14% over the same period last year due to the reasons mentioned above.

For third quarter ended September 30, 2022

Sales for the quarter increased by 15% over the same period last year. Pharmaceutical sales increased by 14% whereas sales for nutrition increased by 26% mainly driven by increase in sales for adult nutritional supplements.

Similar to the year-to-date results, gross profit margin of the Company declined to 30% from 37% during the same period last year. This is mainly due to significant devaluation of Pakistani Rupee during the third quarter.

Operating expenses increased by 8% over the same period last year driven by sales growth. Other charges increased by 69% due to the impact of exchange loss.

As a result of reasons mentioned above, profit after tax declined by 35% in the quarter.

FUTURE OUTLOOK

Heavy monsoon rainfalls and the resulting floods have affected several million people across Pakistan, resulting in humanitarian crisis and significant damage to the infrastructure. Supply chain disruptions resulted from these floods have been thoroughly addressed and the company is ensuring availability of its products to the patients in need.

The company continues to face significant escalation of costs caused by the devaluation of our rupee and inflation resulting in depletion of our margins. We hope that the government will take adequate measures to ensure economic and political stability in the country. We also look forward to government's support in processing the outstanding sales tax refunds of the pharmaceutical industry.

Notwithstanding, your Company remains cognizant of the challenges and would continue to make all efforts to mitigate adverse impacts through productivity and cost containment initiatives..



Syed Anis Ahmed
Chief Executive



Ehsan Ali Malik
Director

ڈائریکٹران کی رپورٹ

گزشتہ سال اس ہی مدت کے دوران فروخت اور تقسیم کے اخراجات میں فروخت میں اضافے کے سبب 8 فیصد اضافہ ہوا۔ اس نتیجے کے نقصان کے اثرات کی وجہ سے دیگر اخراجات میں 69 فیصد اضافہ ہوا۔ مذکورہ وجوہات کے نتیجے میں سہ ماہی میں بعد از ٹیکس منافع میں 35 فیصد کمی واقع ہوئی۔

مستقبل کا منظر نامہ

مون سون کی شدید بارشوں اور اس کے نتیجے میں آنے والے سیلاب نے ملک بھر میں کئی ملین افراد کو متاثر کیا ہے جس کے نتیجے میں انسانی بحران پیدا ہوا اور بنیادی ڈھانچے کو کافی نقصان پہنچا ہے۔ سیلاب کے نتیجے میں سپلائی چین میں رکاوٹوں کو بہتر طریقے سے سے حل کیا گیا ہے اور کمپنی ضرورت مند مریضوں کو اپنی مصنوعات کی دستیابی کو یقینی بنانے میں تیار ہے۔

کمپنی کو پاکستانی روپے کی قدر میں کمی اور افراط زر کی وجہ سے لاگت میں نمایاں اضافے کا سامنا کرنا پڑ رہا ہے۔ جس کے نتیجے میں ہمارے مارجن میں کمی واقع ہوتی ہے۔ ہمیں امید ہے کہ حکومت ملک میں معاشی اور سیاسی استحکام کو یقینی بنانے کے لیے خاطر خواہ اقدامات کرے گی۔ ہم فارماسیوٹیکل انڈسٹری کے سیلز ٹیکس ریفرنڈم بقایاجات پر کارروائی کرنے میں حکومت کے تعاون کے بھی منتظر ہیں۔

آپ کی کمپنی ان چیلنجوں سے بخوبی آگاہ ہے اور تسلسل کے ساتھ پیداواریت اور لاگت پر قابو پانے کے اقدامات کے ذریعے منفی اثرات کو کم کرنے کی تمام کوششیں بروئے کار لاری ہے۔



چیف ایگزیکٹو



ڈائریکٹر

کراچی 26 اکتوبر 2022

ڈائریکٹران کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کے 30 ستمبر 2022 کو ختم ہونے والی نو ماہی کے ساتھ ساتھ 30 ستمبر 2022 کو ختم ہونے والی تیسری سہ ماہی کے لیے غیر آڈٹ شدہ عبوری مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جھلکیاں

30 ستمبر 2022 کو ختم ہونے والی نو ماہی کیلئے

گزشتہ سال کی اسی مدت کے مقابلے میں نومبر کے دوران فارماسیوٹیکل سیلز میں 18 فیصد اضافہ ہوا۔ فارماسیوٹیکل سیلز میں 16 فیصد اضافہ ہوا جس کی وجہ مستحکم برانڈز کی مسلسل کارکردگی ہے جبکہ نیوٹریشنز کی فروخت میں 23 فیصد اضافہ ہوا جو بنیادی طور پر پر بالغوں کیلئے غذائی سپلیمنٹس کی فروخت میں اضافے کی وجہ سے ہے۔

گزشتہ سال اس ہی مدت میں آپ کی کمپنی کے مجموعی منافع کا مارجن 33 فیصد رہا۔ پاکستانی روپے کی قدر میں کمی اور خام مال کی قیمتوں میں اضافے کی وجہ سے فارماسیوٹیکل کاروبار کے لیے مجموعی منافع کا مارجن 37 فیصد سے کم ہو کر 32 فیصد رہ گیا۔ اسی طرح نیوٹریشنز کے لیے مجموعی منافع کا مارجن 47 فیصد سے کم ہو کر 40 فیصد ہو گیا جس کی وجہ افراط زر اور روپے کی قدر میں کمی ہے۔

گزشتہ سال اس ہی مدت کے دوران فروخت اور تقسیم کے اخراجات میں فروخت میں اضافے کے سبب 12 فیصد اضافہ ہوا۔ پاکستانی روپے کی قدر میں کمی اور زر مبادلہ کے نقصانات کی وجہ سے دیگر چارجز میں 80 فیصد کا خاطر خواہ اضافہ ہوا۔

اس مدت کے لیے ٹیکس چارجز میں بنیادی طور پر فنانس ایکٹ 2022 کے ذریعے لاگو ہونے والے سپر ٹیکس کی وجہ سے 45 فیصد کا اضافہ ہوا۔ اوپر بیان کی گئی وجوہات کی بنا پر گزشتہ سال کی اسی مدت کے مقابلے میں ٹیکس کے بعد منافع 14 فیصد کے مقابلے میں 7 فیصد تک کم ہو گیا۔

30 ستمبر 2022 کو ختم ہونے والی تیسری سہ ماہی کیلئے

گزشتہ سال کی اسی مدت کے مقابلے میں سہ ماہی کے دوران فارماسیوٹیکل سیلز میں 15 فیصد اضافہ ہوا۔ فارماسیوٹیکل سیلز میں 14 فیصد اضافہ ہوا جبکہ نیوٹریشنز کی فروخت میں 26 فیصد اضافہ ہوا جو بنیادی طور پر پر بالغوں کیلئے نیوٹریشنل سپلیمنٹس کی فروخت میں اضافہ ہے۔

گزشتہ سال کی اسی مدت کے نتائج کی طرح کمپنی کے مجموعی منافع کا مارجن گزشتہ سال کی اسی مدت کے دوران 37 فیصد سے کم ہو کر 30 فیصد رہ گیا اس کی بنیادی وجہ تیسری سہ ماہی کے دوران پاکستانی روپے کی تیزی سے قدر میں کمی ہے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	September 30, 2022 ----- Rupees in '000 ----- (Un-audited)	December 31, 2021 ----- (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	11,198,724	10,006,158
Intangible assets		32,328	49,017
Long-term loans and advances		70,500	71,646
Long-term deposits		7,513	7,513
Long-term prepayments		1,035	966
		<u>11,310,100</u>	<u>10,135,300</u>
CURRENT ASSETS			
Stores and spares		298,479	284,097
Stock-in-trade	8	8,384,373	6,721,491
Trade debts		1,263,992	1,216,257
Loans and advances	9	724,532	455,639
Trade deposits and short-term prepayments	10	964,650	302,173
Other receivables	11	1,512,239	447,976
Taxation - net		-	344,437
Short-term Investments	12	5,568,522	7,841,030
Cash and bank balances	13	1,686,346	819,347
		<u>20,403,133</u>	<u>18,432,447</u>
TOTAL ASSETS		<u><u>31,713,233</u></u>	<u><u>28,567,747</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 ordinary shares of Rs.10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	14	979,003	979,003
Reserves			
- Capital		1,018,350	892,145
- Revenue		14,621,962	15,483,490
		<u>15,640,312</u>	<u>16,375,635</u>
		<u>16,619,315</u>	<u>17,354,638</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net		470,273	269,737
Staff retirement benefits		1,553,280	1,466,048
Lease liabilities		124,284	133,942
		<u>2,147,837</u>	<u>1,869,727</u>
CURRENT LIABILITIES			
Trade and other payables	15	9,729,628	9,039,575
Current maturity of lease liabilities		115,727	93,744
Unclaimed dividends		74,882	58,163
Unpaid dividends	16	2,516,562	-
Taxation - net		357,382	-
Provision against GIDC		151,900	151,900
		<u>12,946,081</u>	<u>9,343,382</u>
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u><u>31,713,233</u></u>	<u><u>28,567,747</u></u>

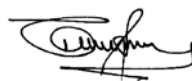
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)

For the nine months and three months ended September 30, 2022

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Note ----- Rupees in '000 -----				
SALES - NET				
Local	35,269,498	29,813,937	11,553,166	10,060,977
Export	1,681,939	1,633,352	717,842	588,329
	36,951,437	31,447,289	12,271,008	10,649,306
Cost of sales	(24,849,827)	(19,315,396)	(8,630,742)	(6,755,201)
GROSS PROFIT	12,101,610	12,131,893	3,640,266	3,894,105
Selling and distribution expenses	(5,450,405)	(4,885,453)	(1,839,051)	(1,699,020)
Administrative expenses	(657,004)	(550,611)	(234,927)	(216,455)
Other charges	(1,353,027)	(752,640)	(559,368)	(330,907)
Other income	758,928	526,335	283,796	146,425
	(6,701,508)	(5,662,369)	(2,349,550)	(2,099,957)
	5,400,102	6,469,524	1,290,716	1,794,148
Finance costs	(37,881)	(50,218)	(9,760)	(9,150)
PROFIT BEFORE TAXATION	5,362,221	6,419,306	1,280,956	1,784,998
TAXATION				
- Current	(1,764,428)	(1,784,701)	(458,053)	(500,416)
- Prior	(832,274)	13,207	8,988	13,207
- Deferred	(200,536)	(155,909)	(46,921)	(87,876)
	(2,797,238)	(1,927,403)	(495,986)	(575,085)
NET PROFIT FOR THE PERIOD	2,564,983	4,491,903	784,970	1,209,913
BASIC AND DILUTED EARNINGS PER SHARE (Rs. per share)				
	26.20	45.88	8.02	12.36

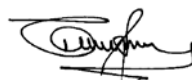
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the nine months and three months ended September 30, 2022

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- Rupees in ' 000 -----			
Profit for the period	2,564,983	4,491,903	784,970	1,209,913
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>2,564,983</u>	<u>4,491,903</u>	<u>784,970</u>	<u>1,209,913</u>

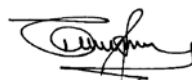
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(Unaudited)

For the nine months and three months ended September 30, 2022

	September 30, 2022 (Un-audited)	September 30, 2021 (Un-audited)
Note	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	21 2,994,269	7,578,364
Income taxes paid	(1,894,883)	(1,368,813)
Long-term loans and advances - net	1,146	(4,490)
Long-term prepayments - net	(69)	431
Net cash inflow from operating activities	<u>1,100,463</u>	<u>6,205,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	7.1 (2,220,523)	(1,368,848)
Disinvestment / (investment) in term deposit receipts	1,000,000	(3,000,000)
Sale proceeds from disposal of property, plant and equipment	81,964	75,439
Interest income	620,376	346,666
Net cash outflow from investing activities	<u>(518,183)</u>	<u>(3,946,743)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(19,745)	(20,645)
Lease rentals paid	(102,306)	(152,358)
Settlement of lease liabilities	-	(655,084)
Dividends paid	(893,230)	(3,021,591)
Net cash outflow from financing activities	<u>(1,015,281)</u>	<u>(3,849,678)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(433,001)	(1,590,929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,619,347	7,488,881
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	21.2 <u>6,186,346</u>	<u>5,897,952</u>

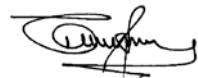
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the nine months and three months ended September 30, 2022

	Reserves						Total Equity
	Capital Reserves		Revenue Reserves		Total		
	Reserve Arising on Merger	Other	General Reserve	Un-appropriated Profit			
Share Capital							
Rupees in '000							
Balance as at January 1, 2021 (Audited)	979,003	46,097	721,511	5,338,422	8,505,219	14,611,249	15,590,252
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2020 @ Rs. 25.0 per share declared subsequent to the year end	-	-	-	-	(2,447,508)	(2,447,508)	(2,447,508)
Interim dividend for the year ended December 31, 2021 @ Rs. 20.0 per share	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Employee benefit cost under IFRS 2 - 'Share based payments'	-	-	91,168	-	-	91,168	91,168
Total comprehensive income for the period ended September 30, 2021							
Net profit for the period	-	-	-	-	4,491,903	4,491,903	4,491,903
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	4,491,903	4,491,903	4,491,903
Balance as at September 30, 2021 (Un-audited)	<u>979,003</u>	<u>46,097</u>	<u>812,679</u>	<u>5,338,422</u>	<u>8,591,608</u>	<u>14,788,806</u>	<u>15,767,809</u>
Balance as at January 01, 2022 (Audited)	979,003	46,097	846,048	5,338,422	10,145,068	16,375,635	17,354,638
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2021 @ Rs. 20.0 per share declared subsequent to the year end	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Interim dividend for the year ending December 31, 2022 @ Rs. 15.0 per share	-	-	-	-	(1,468,505)	(1,468,505)	(1,468,505)
Employee benefit cost under IFRS 2 - 'Share based payments'	-	-	126,205	-	-	126,205	126,205
Total comprehensive income for the period ended September 30, 2022							
Net profit for the period	-	-	-	-	2,564,983	2,564,983	2,564,983
Other comprehensive income for the period	-	-	-	-	-	-	-
Balance as at September 30, 2022 (Un-audited)	<u>979,003</u>	<u>46,097</u>	<u>972,253</u>	<u>5,338,422</u>	<u>9,283,540</u>	<u>15,640,312</u>	<u>16,619,315</u>

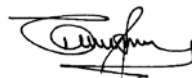
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (The Company) is a public limited Company incorporated in Pakistan on July 02, 1948, and its shares are quoted on Pakistan Stock Exchange. The address of its registered office is Plot No. 258 & 324, Opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting and notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2021.

5. NEW AMENDMENTS AND IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following are the amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective during the current period:

Amendments

IFRS 3 - Reference to the Conceptual Framework

IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract

Improvement

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities

IAS 41 - Agriculture - Taxation in fair value measurement

IFRS 16 - Leases: Lease incentives

The adoption of the above amendments and improvements to IFRSs did not have any material effect on these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2021.

Note	September 30, 2022 ---- Rupees in '000 ---- (Un-audited)	December 31, 2021 ---- (Audited)
------	---	---

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	9,667,941	8,060,044
Capital work-in-progress	7.1	1,275,716	1,725,705
Right-of-use assets [ROUA]	7.3	255,067	220,409
		<u>11,198,724</u>	<u>10,006,158</u>

7.1 Following were the additions and disposals of operating fixed assets and capital work-in-progress during the period:

	Additions		Disposals	
	Cost	Cost	Cost	Accumulated Depreciation
	----- Rupees in '000 -----			
Plant and machinery	1,408,137	701		631
Vehicles	321,739	125,568		49,590
Service equipment	940,636	53,618		53,370
Capital work-in-progress - net transfers	(449,989)	-		-
	<u>2,220,523</u>	<u>179,887</u>		<u>103,591</u>

7.2 Depreciation charge for the period ended September 30, 2022 amounted to Rs. 986.319 million (September 30, 2021: Rs. 807.144 million).

7.3 Right-of-use assets [ROUA]

Note	September 30, 2022 ---- Rupees in '000 ---- (Un-audited)	December 31, 2021 ---- (Audited)	
Warehouses, sales offices and city office	7.3.1	255,067	220,409

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

7.3.1 Following were the additions and disposals of right-of-use assets during the period:

	Additions	Disposals	
	Cost	Cost	Accumulated Depreciation
	-----	Rupees in '000	-----
Warehouses, sales offices and city office	96,495	-	-

7.3.2 Depreciation charge on right-of-use assets for the period ended September 30, 2022 amounted to Rs. 61.837 million (September 30, 2021: Rs. 102.034 million).

8. STOCK-IN-TRADE

	September 30, 2022	December 31, 2021
Note	---- Rupees in '000 ---- (Un-audited)	---- (Audited)
Raw and packing materials [including stock-in-transit of Rs. 1,104.124 million (December 31, 2021: Rs. 449.697 million)]	4,090,439	3,036,799
Work-in-process	718,245	311,929
Finished goods [including stock-in-transit of Rs. 446.765 million (December 31, 2021: Rs. 944.112 million)]	8.1 <u>3,899,163</u>	<u>3,744,603</u>
	<u>8,707,847</u>	7,093,331
Less: provision for slow moving and obsolete items	<u>(323,474)</u>	(371,840)
	<u>8,384,373</u>	<u>6,721,491</u>

8.1 Stock-in-trade includes items costing Rs. 920.106 million (December 31, 2021: Rs. 329.932 million) valued at net realisable value of Rs. 745.661 million (December 31, 2021: Rs. 269.677 million) resulting in a write down of Rs. 174.445 million (December 31, 2021: 60.255 million)

9. LOANS AND ADVANCES

Represent loans and advances amounted to Rs. 33.563 million and Rs. 690.969 million (December 31, 2021: Rs. 33.864 million and Rs. 421.775 million), respectively, net of allowance.

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represent trade deposits and short-term prepayments amounted to Rs. 584.094 million and Rs. 380.556 million (December 31, 2021: Rs. 231.865 million and Rs. 70.308 million), respectively, net of allowance.

11. OTHER RECEIVABLES

Includes sales tax receivable and other receivables due from related parties amounted to Rs. 1,245.378 million and Rs. 234.738 million (December 31, 2021: Rs. 124.625 million and Rs. 222.706 million), respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

		September 30, 2022	December 31, 2021
	Note	---- Rupees in '000 ---- (Un-audited)	---- (Audited)
12. SHORT-TERM INVESTMENTS			
<i>At amortised cost</i>			
Term deposit receipts	12.1	5,500,000	7,800,000
Accrued profit thereon		68,522	41,030
		<u>5,568,522</u>	<u>7,841,030</u>
12.1 Term deposit receipts			
Having less than three months maturity period		4,500,000	5,800,000
Having more than three months maturity period		1,000,000	2,000,000
	12.1.1	<u>5,500,000</u>	<u>7,800,000</u>
12.1.1 Represents term deposit receipts upto maturity of six months with a commercial bank under conventional banking relationship carrying profit at the rates ranging from of 12.50% to 13.55% (December 31, 2021: 8.20% to 9.05%) per annum and having maturity upto November 18, 2022.			
		September 30, 2022	December 31, 2021
	Note	---- Rupees in '000 ---- (Un-audited)	---- (Audited)
13. CASH AND BANK BALANCES			
<i>With banks</i>			
Saving accounts:			
- local currency	13.1	672,323	129,137
Current accounts:			
- local currency		33,203	11,082
- foreign currency		975,200	673,322
		1,008,403	684,404
<i>In hand</i>			
- local currency		2,279	4,215
- foreign currency		3,341	1,591
		5,620	5,806
		<u>1,686,346</u>	<u>819,347</u>
13.1 These saving accounts carrying markup at the rate of 13.5% (December 31, 2021: 7.25%) per annum.			
14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
As at September 30, 2022, Abbott Asia Investments Limited, UK (the Holding Company) held 76,259,454 (December 31, 2021: 76,259,454) shares. The ultimate Holding Company is Abbott Laboratories, USA.			
15. TRADE AND OTHER PAYABLES			
Includes accrued liabilities amounted to Rs. 4,434.510 million (December 31, 2021: Rs. 4,032.346 million), bills payable of Rs. 3,186.643 million (December 31, 2021: Rs. 2,630.129 million)			

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

16. UNPAID DIVIDENDS

Represents amounts payable to Abbott Asia Investments Limited (the Holding Company) on account of final dividend for the year ended December 31, 2021 and interim dividend for the year ending December 31, 2022. The remittance of dividend is currently in process.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The Company is defending various minor suits filed against it in various courts in Pakistan related to its business operations as at reporting date, which are not material to disclose as contingencies. 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.

17.2 Commitments

17.2.1 Commitments for capital expenditure as at September 30, 2022 aggregated to Rs. 307.594 million (December 31, 2021: Rs. 661.503 million).

17.2.2 Commitments in respect of letters of credit as at September 30, 2022 aggregated to Rs. 1,415.245 million (December 31, 2021: Rs. 1,025.130 million).

17.2.3 The Company has given bank guarantees as at September 30, 2022 of Rs. 872.372 million (December 31, 2021: Rs 585.401 million) to the Customs Department, a utility company and other institutions against tenders.

17.2.4 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 3,650 million (December 31, 2021: Rs. 3,150 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. 1,290 million (December 31, 2021: Rs. 1,290 million). The running finance / short-term loan carries mark-up at rates ranging from KIBOR minus 0.25% to flat KIBOR (December 31, 2021: KIBOR minus 0.25% to flat KIBOR) per annum and are secured against first joint pari passu hypothecation charge over stocks and book debts of the Company, ranking hypothecation charge over stocks and book debts of the Company, promissory notes, and counter guarantees. The Company has not utilised any amount against running finance / short-term loan facilities neither pledged its inventory at the statement of financial position date.

18. OTHER CHARGES

	Nine months ended September 30, 2022 ----- Rupees in '000 ----- (Un-audited)	Nine months ended September 30, 2021 ----- (Un-audited)
Exchange loss - net	819,936	176,631
Workers' Profit Participation Fund	287,987	344,418
Workers' Welfare Fund	108,186	124,639
Central Research Fund	54,177	64,842
Donations	13,703	9,500
Auditors' and Tax Consultant's remuneration	7,678	8,742
Stamp duty	20,204	13,704
Provision for expected credit loss on trade debts	40,078	-
Provision for expected credit loss on other receivables	1,078	164
Provision for expected credit loss on trade deposits	-	10,000
	<u>1,353,027</u>	<u>752,640</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

19. OTHER INCOME

	Nine months ended September 30, 2022 ----- Rupees in '000 ----- (Un-audited)	Nine months ended September 30, 2021 ----- (Un-audited)
Income from financial assets		
- term deposit receipts	514,015	351,449
- saving accounts	133,853	58,286
	647,868	409,735
Income from non-financial assets		
Gain on disposal of property, plant and equipment - net	5,668	15,730
Reversal of expected credit losses on trade debts	-	31,003
Scrap sales	33,005	12,286
Others	72,387	57,581
	111,060	116,600
	<u>758,928</u>	<u>526,335</u>

20. TAXATION - PRIOR

Includes super tax levy introduced through Finance Act 2022 amounted to Rs. 825.755 million, computed on prior year's taxable income at the rate of 10%.

	Nine months ended September 30, 2022 ---- Rupees in '000 ---- (Un-audited)	Nine months ended September 30, 2021 ---- (Un-audited)
21. CASH GENERATED FROM OPERATIONS		
Profit before taxation	5,362,221	6,419,306
Adjustment for non-cash changes and other items:		
Depreciation of operating fixed assets	986,319	807,144
Depreciation of right-of-use assets	61,837	102,034
Amortisation of intangible assets	16,689	11,606
Gain on disposal of property, plant and equipment	(5,668)	(15,730)
Interest income	(647,868)	(409,735)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation	126,205	91,168
Staff retirement benefits - net	87,232	76,295
Finance costs	37,881	50,218
Working capital changes	21.1 (3,030,579)	446,058
	<u>2,994,269</u>	<u>7,578,364</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

21.1 Working capital changes		Nine months ended September 30, 2022 ---- Rupees in '000---- (Un-audited)	Nine months ended September 30, 2021 ---- (Un-audited)
(Increase) / decrease in current assets	Note		
Stores and spares		(14,382)	(39,175)
Stock-in-trade		(1,662,882)	(2,099,063)
Trade debts		(47,735)	(30,425)
Loans and advances		(268,893)	(162,367)
Trade deposits and short-term prepayments		(662,477)	(172,313)
Other receivables		<u>(1,064,263)</u>	<u>123,770</u>
		<u>(3,720,632)</u>	<u>(2,379,573)</u>
Increase in current liabilities			
Trade and other payables		690,053	2,825,631
		<u>(3,030,579)</u>	<u>446,058</u>
21.2 Cash and cash equivalents			
Cash and bank balances	13	1,686,346	2,757,943
Term deposit receipts	12.1	<u>4,500,000</u>	<u>2,000,000</u>
		<u>6,186,346</u>	<u>4,757,943</u>

22. 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 during the period are as follows:

		Nine months ended September 30, 2022 ----- Rupees in '000----- (Un-audited)	Nine months ended September 30, 2021 ----- (Un-audited)
Group companies			
Sale of goods		935,215	648,802
Purchase of materials		9,901,153	7,453,511
Technical service fee		170,579	156,565
Reimbursement of expenses - net		200,343	111,651
Other income		72,387	57,581
Retirement fund:			
- Contribution to Pension fund		177,890	176,343
- Contribution to Provident fund		100,026	93,219
- Contribution to Gratuity fund		18,882	10,416
Dividend:			
- Payable / paid to Abbott Asia Investments Limited		2,669,081	3,431,675
- Paid to Pension Fund		15,354	19,741
- Paid to Provident Fund		17,182	22,092
Key management personnel:			
Remuneration and other short-term employee benefits		395,622	306,835
Post-employment benefits		36,612	30,709

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

23. SEGMENT ANALYSIS

23.1 Segment wise operating results for nine months ended (Un-audited):

	September 30, 2022					September 30, 2021				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	25,298,179	12,051,245	3,068,725	1,197,255	41,615,404	22,021,186	9,340,262	2,689,024	900,542	34,951,014
Less:										
Sales return	95,042	17,515	-	1,592	114,149	54,598	12,229	-	5,021	71,848
Trade discounts	1,921,181	647,751	-	62,330	2,631,262	1,835,196	515,072	-	48,240	2,398,508
Sales tax and excise duty	-	1,743,493	24,008	151,055	1,918,556	-	951,618	22,300	59,451	1,033,369
Sales - net	23,281,956	9,642,486	3,044,717	982,278	36,951,437	20,131,392	7,861,343	2,666,724	787,830	31,447,289
Cost of sales	(15,809,669)	(5,811,790)	(2,628,625)	(599,743)	(24,849,827)	(12,753,832)	(4,130,246)	(1,939,320)	(491,998)	(19,315,396)
Gross profit	7,472,287	3,830,696	416,092	382,535	12,101,610	7,377,560	3,731,097	727,404	295,832	12,131,893
Selling and distribution expenses	(3,525,935)	(1,463,508)	(228,198)	(232,764)	(5,450,405)	(3,267,268)	(1,244,129)	(167,454)	(206,602)	(4,885,453)
Administrative expenses	(544,548)	(91,924)	(20,532)	-	(657,004)	(463,663)	(72,889)	(14,059)	-	(550,611)
Segment result	3,401,804	2,275,264	167,362	149,771	5,994,201	3,646,629	2,414,079	545,891	89,230	6,695,829

23.2 Segment wise operating results for the three months ended (Un-audited):

	September 30, 2022					September 30, 2021				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	8,582,804	4,049,210	869,430	450,353	13,951,797	7,539,759	3,030,021	950,406	282,438	11,802,624
Less:										
Sales return	57,855	8,312	-	517	66,684	24,904	5,451	-	1,188	31,543
Trade discounts	665,130	214,797	-	23,137	903,064	602,338	165,952	-	19,307	787,597
Sales tax and excise duty	-	605,132	7,910	97,999	711,041	-	309,056	6,507	18,615	334,178
Sales - net	7,859,819	3,220,969	861,520	328,700	12,271,008	6,912,517	2,549,562	943,899	243,328	10,649,306
Cost of sales	(5,674,625)	(2,014,223)	(708,765)	(233,129)	(8,630,742)	(4,456,943)	(1,453,749)	(689,276)	(155,233)	(6,755,201)
Gross profit	2,185,194	1,206,746	152,755	95,571	3,640,266	2,455,574	1,095,813	254,623	88,095	3,894,105
Selling and distribution expenses	(1,144,922)	(528,901)	(78,907)	(86,321)	(1,839,051)	(1,134,285)	(440,485)	(58,170)	(66,080)	(1,699,020)
Administrative expenses	(193,535)	(33,699)	(7,693)	-	(234,927)	(185,761)	(26,245)	(4,449)	-	(216,455)
Segment result	846,737	644,146	66,155	9,250	1,566,288	1,135,528	629,083	192,004	22,015	1,978,630

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

	Nine months ended		Three months ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
	Rupees in '000			
Total segment results	5,994,201	6,695,829	1,566,288	1,978,630
Other income	758,928	526,335	283,796	146,425
Other charges	(1,353,027)	(752,640)	(559,368)	(330,907)
Finance costs	(37,881)	(50,218)	(9,760)	(9,150)
Profit before taxation	5,362,221	6,419,306	1,280,956	1,784,998

23.4 Geographical information (Un-audited)

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

Pakistan	35,269,498	29,813,937	11,553,166	10,060,977
Afghanistan	715,934	972,904	269,837	293,598
Sri Lanka	30,790	11,646	13,800	4,679
Switzerland	935,215	648,802	434,205	290,052
	36,951,437	31,447,289	12,271,008	10,649,306

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the nine months and three months ended September 30, 2022

22.5 Segment Assets and Liabilities

	UNAUDITED					AUDITED				
	September 30, 2022					December 31, 2021				
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
	(Rupees '000)									
Segment assets employed	16,444,839	2,115,168	4,438,414	195,946	23,194,367	12,352,347	2,281,134	3,575,463	151,700	18,360,644
Unallocated corporate assets					8,518,866					10,207,103
Total reported assets					31,713,233					28,567,747
Segment liabilities	8,911,852	1,005,438	1,442,941	102,858	11,463,089	5,474,722	1,501,895	1,042,472	157,145	8,176,234
Unallocated corporate liabilities					3,630,829					3,036,875
Total liabilities					15,093,918					11,213,109

24. DATE OF AUTHORISATION

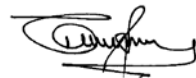
These condensed interim financial statements were authorised for issue on October 26, 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



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