



Conquering the uncharted

Un-Audited Financial Statements for the
Quarter and Six Months Ended June 30, 2023

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
Celestino Jacinto Dos Anjos

SHARE TRANSFER COMMITTEE

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

BANKING COMMITTEE

Mohsin Ali Nathani (Chairman)
Syed Anis Ahmed
Seema Khan
Celestino Jacinto Dos Anjos

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

Muhammad Mussab (Ad interim)

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
Habib Metropolitan Bank

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 Kanjran,
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 six months ended June 30, 2023, as well as for the second quarter ended June 30, 2023.

FINANCIAL HIGHLIGHTS

For six months' period ended June 30, 2023

Sales for the half year increased by 10% over the same period last year. Pharmaceutical sales increased by 18% driven by sustained performance of established brands, while Nutritional sales decreased by 10% mainly on account of lower volumes following restrained demand due to inflationary pressures. Diagnostics segment registered an organic growth of 7%.

Gross profit margin of your Company over this period was 21% vs 34% during the same period last year. It remained under pressure due to continued devaluation of Pakistani Rupee and increase in product costs. Gross margin for the pharmaceutical segment declined to 23% from 34%, whereas the gross margin for Nutritional segment also declined to 23% from 41%.

Operating expenses increased on account of inflation. Other charges registered a substantial increase of 98% mainly on account of exchange losses due to devaluation of Pakistani Rupee during Q1-2023.

Tax charge for the period was Rs.1,439.3 million primarily on account of minimum tax regime and prior year super tax levy at the rate of 10% implemented through Finance Act 2023. Net loss for the period was Rs. 799.4 million due to the reasons mentioned above.

For second quarter ended June 30, 2023

Sales for the quarter increased by 4% over the same period last year. Pharmaceutical sales increased by 12% whereas sales for nutrition decreased by 18% mainly on account of lower volumes following restrained demand due to inflationary pressures.

Similar to the year-to-date results, gross profit margin of the Company declined to 19% from 34% during the same period last year. This is mainly due to increase in product costs on account of rupee devaluation and inflation.

Operating expenses increased by 16% over the same period last year mainly due to inflation. Other charges decreased by 82% over the same period last year due to impact of exchange losses in Q2-2022. Tax charge for the quarter decreased by 44% in line with lower profitability and impact of prior year super tax levy in Q2-2022.

As a result of reasons mentioned above, net loss for the quarter was Rs. 579.8 million.

FUTURE OUTLOOK

The Company continues to face challenges of inflation and Rupee devaluation. The Drug Regulatory Authority of Pakistan (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We hope that the Authority will play its due role in this unprecedented situation and conduct the necessary pricing review and adjustments, which has become critical for the sustainability of the industry. As a long-term measure, the Authority may consider introducing automatic mechanism and policy to offset the impact of devaluation.

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



Chief Executive



Director

Karachi: August 28, 2023

کاروباری اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 16 فیصد اضافہ ہوا جس کی بنیادی وجہ افراط زر ہے۔ دیگر اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 82 فیصد کمی ہوئی جس کی وجہ Q2-2022 میں زر مبادلہ کے نقصانات کے اثرات ہیں۔ سہ ماہی کے لیے ٹیکس چارج میں 44 فیصد کمی ہوئی جو بنیادی طور پر Q2-2022 سپر ٹیکس لیوی اور کم منافع کی وجہ سے ہے۔

مذکورہ وجوہات کے نتیجے میں سہ ماہی میں خالص نقصان 579.8 ملین روپے تھا۔

مستقبل کا منظر نامہ

کمپنی کو افراط زر اور روپے کی قدر میں کمی کی وجہ سے مشکلات کا سامنا کرنا پڑ رہا ہے۔ ڈرگ ریگولیٹری اتھارٹی آف پاکستان (اتھارٹی) فارماسیوٹیکل انڈسٹری کے ضابطے اور ترقی میں اہم کردار ادا کرتی ہے۔ ہمیں امید ہے کہ اتھارٹی اس غیر یقینی صورتحال کے دوران اپنا کردار ادا کرے گی اور پریسنگ اور ایڈجسٹمنٹ کے حوالے سے ضروری جائزہ لے گی، جو کہ صنعت کی بقا کے لیے انتہائی اہمیت اختیار کر چکا ہے۔ اتھارٹی قدر میں کمی کے اثرات کو دور کرنے کے لیے خودکار طریقہ کار اور پالیسی متعارف کرانے پر غور کر سکتی ہے۔

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 لارہی ہے۔



ڈائریکٹر



چیف ایگزیکٹو

کراچی 28 اگست 2023

ڈائریکٹران کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کے 30 جون 2023 کو ختم ہونے والے ششماہی کے ساتھ ساتھ 30 جون 2023 کو ختم ہونے والی دوسری سہ ماہی کے لیے غیر آڈٹ شدہ عبوری مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی جھلکیاں

30 جون 2023 کو ختم ہونے والی چھ ماہ کی مدت کے لیے

گزشتہ سال کی اسی مدت کے مقابلے میں نصف سال کے لیے فروخت میں 10 فیصد اضافہ ہوا۔ فارماسیوٹیکل سیلز میں 18 فیصد اضافہ ہوا جس کی وجہ مستحکم برانڈز کی مسلسل کارکردگی سے جبکہ نیوٹریشنز کی فروخت میں 10 فیصد کمی ہوئی جس کی وجہ افراط زر کے سبب طلب میں کمی کے بعد کم حجم ہے ڈائینوسٹک شعبے میں 7 فیصد کی صحت مند ترقی درج کی گئی۔

گزشتہ سال اس ہی مدت میں آپ کی کمپنی کا مجموعی منافع کا مارجن 21 فیصد تھا جو پچھلے سال اسی عرصے کے دوران 34 فیصد تھا۔ پاکستانی روپے کی قدر میں کمی اور خام مال کی قیمتوں میں اضافے کی وجہ سے یہ دباؤ میں رہا۔ فارماسیوٹیکل کاروبار کے لیے مجموعی منافع کا مارجن 34 فیصد سے کم ہو کر 23 فیصد ہو گیا۔ اسی طرح، نیوٹریشنز کے لیے مجموعی منافع کا مارجن 41 فیصد سے کم ہو کر 23 فیصد ہو گیا۔

مہنگائی کی وجہ سے آپریٹنگ اخراجات میں اضافہ ہوا۔ دیگر چارجز میں 0 فیصد کا خاطر خواہ اضافہ ہوا جو بنیادی طور پر Q1-2023 کے دوران پاکستانی روپے کی قدر میں کمی اور زرمبادلہ کے نقصانات کی وجہ سے ہے۔

اس مدت کے لیے ٹیکس چارج 1,439.3 ملین روپے تھا جو بنیادی طور پر فنانس ایکٹ 2023 کے ذریعے لاگو ہونے والے سپرنٹیکس 10 فیصد کی شرح سے کم از کم ٹیکس نظام اور پچھلے سال کے سپرنٹیکس لیوی کے حساب سے تھا۔ مذکورہ وجوہات کی بنا پر اس مدت کے لیے خالص نقصان 799.4 ملین روپے تھا۔

30 جون 2023 کو ختم ہونے والی دوسری سہ ماہی کے لیے

گزشتہ سال کی اس ہی مدت کے مقابلے میں سہ ماہی کے لیے فروخت میں 4 فیصد اضافہ ہوا۔ فارماسیوٹیکل سیلز میں 12 فیصد اضافہ ہوا جبکہ نیوٹریشنز کی فروخت میں 18 فیصد کمی ہوئی جس کی وجہ افراط زر کے سبب طلب میں کمی کے بعد کم حجم ہے۔

سال کے اب تک کے نتائج کی طرح کمپنی کے مجموعی منافع کا مارجن گزشتہ سال کی اسی مدت کے دوران 34 فیصد سے کم ہو کر 19 فیصد رہ گیا ہے۔ اس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی اور افراط زر کی وجہ سے مصنوعات کی لاگت میں اضافہ ہے۔



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Abbott Laboratories (Pakistan) Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of *Abbott Laboratories (Pakistan) Limited* (the Company) as at 30 June 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the notes forming part thereof for the three months ended 30 June 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months ended 30 June 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor’s report is Omer Chughtai.

Chartered Accountants

Place: Karachi

Date: 28 August 2023

UDIN: RR202310120blqf3XgyM

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As At June 30, 2023

		June 30, 2023	December 31, 2022
	Note	----- Rupees in '000 -----	
		(Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	12,674,906	11,989,333
Intangible assets		19,452	26,904
Long-term loans and advances		80,758	66,509
Long-term deposits		7,513	7,513
Long-term prepayments		2,301	646
		<u>12,784,930</u>	<u>12,090,905</u>
CURRENT ASSETS			
Stores and spares		416,646	340,748
Stock-in-trade	8	13,458,761	8,515,228
Trade debts		1,416,575	1,276,655
Loans and advances	9	501,389	533,859
Trade deposits and short-term prepayments	10	1,011,428	910,115
Other receivables	11	2,256,620	1,432,351
Taxation - net		527,945	23,826
Short-term investments	12	509,245	830,079
Cash and bank balances	13	3,390,593	7,966,029
		<u>23,489,202</u>	<u>21,828,890</u>
TOTAL ASSETS		<u>36,274,132</u>	<u>33,919,795</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		1,193,742	1,058,639
- Revenue		14,269,020	15,068,387
		<u>15,462,762</u>	<u>16,127,026</u>
		16,441,765	17,106,029
NON-CURRENT LIABILITIES			
Deferred taxation - net		497,969	499,662
Staff retirement benefits		1,652,195	1,579,752
Lease liabilities		76,530	127,076
		<u>2,226,694</u>	<u>2,206,490</u>
CURRENT LIABILITIES			
Trade and other payables	15	14,886,322	11,866,573
Current maturity of lease liabilities		100,626	120,211
Unclaimed dividends		64,652	66,419
Unpaid dividends	16	2,402,173	2,402,173
Provision against GIDC		151,900	151,900
		<u>17,605,673</u>	<u>14,607,276</u>
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u>36,274,132</u>	<u>33,919,795</u>

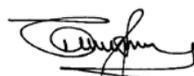
The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



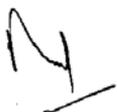
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

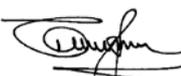
FOR THE SIX MONTHS AND QUARTER ENDED JUNE 30, 2023

	Six Months Ended		Three Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note ----- Rupees in '000 -----				
SALES - NET				
Local	25,820,340	23,716,332	12,771,326	12,193,220
Export	1,422,838	964,097	665,934	716,050
	<u>27,243,178</u>	<u>24,680,429</u>	<u>13,437,260</u>	<u>12,909,270</u>
Cost of sales	<u>(21,438,142)</u>	<u>(16,219,085)</u>	<u>(10,839,534)</u>	<u>(8,529,082)</u>
GROSS PROFIT	5,805,036	8,461,344	2,597,726	4,380,188
Selling and distribution expenses	(4,125,152)	(3,611,354)	(2,063,340)	(1,795,199)
Administrative expenses	(513,882)	(422,077)	(261,943)	(214,499)
Other charges	(1,572,885)	(793,659)	(98,948)	(539,703)
Other income	1,063,753	475,132	226,239	249,799
	<u>(5,148,166)</u>	<u>(4,351,958)</u>	<u>(2,197,992)</u>	<u>(2,299,602)</u>
	656,870	4,109,386	399,734	2,080,586
Finance costs	(16,927)	(28,121)	(7,861)	(13,175)
PROFIT BEFORE TAXATION	<u>639,943</u>	<u>4,081,265</u>	<u>391,873</u>	<u>2,067,411</u>
TAXATION				
- Current	(1,084,793)	(1,306,375)	(480,286)	(730,978)
- Prior	(356,210)	(841,262)	(356,210)	(841,262)
- Deferred	1,693	(153,615)	(135,223)	(156,937)
	<u>(1,439,310)</u>	<u>(2,301,252)</u>	<u>(971,719)</u>	<u>(1,729,177)</u>
NET (LOSS) / PROFIT FOR THE PERIOD	<u>(799,367)</u>	<u>1,780,013</u>	<u>(579,846)</u>	<u>338,234</u>
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (Rs. per share)	<u>(8.17)</u>	<u>18.18</u>	<u>(5.93)</u>	<u>3.45</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS AND QUARTER ENDED JUNE 30, 2023

	Six Months Ended		Three Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- Rupees in ' 000 -----			
(Loss) / profit for the period	(799,367)	1,780,013	(579,846)	338,234
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(799,367)</u>	<u>1,780,013</u>	<u>(579,846)</u>	<u>338,234</u>

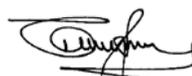
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Share Capital	Reserves					Total	Total Equity
	Capital Reserves		Revenue Reserves		Total		
	Reserve Arising on Merger	Other	General Reserve	Un-appropriated Profit			
Rupees in '000							

Balance as at January 1, 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)

Employee benefit cost under IFRS 2- 'Share based payments' - - 78,285 - - 78,285 78,285

Total comprehensive income for the period ended June 30, 2022

Net profit for the period	-	-	-	-	1,780,013	1,780,013	1,780,013
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	1,780,013	1,780,013	1,780,013

Balance as at June 30, 2022 (Un-audited) 979,003 46,097 924,333 5,338,422 9,967,075 16,275,927 17,254,930

Balance as at January 01, 2023 (Audited) 979,003 46,097 1,012,542 5,338,422 9,729,965 16,127,026 17,106,029

Transactions with owners, recorded directly in equity

Employee benefit cost under IFRS 2- 'Share based payments' - - 135,103 - - 135,103 135,103

Total comprehensive income for the period ended June 30, 2023

Net loss for the period	-	-	-	-	(799,367)	(799,367)	(799,367)
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	(799,367)	(799,367)	(799,367)

Balance as at June 30, 2023 (Un-audited) 979,003 46,097 1,147,645 5,338,422 8,930,598 15,462,762 16,441,765

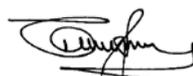
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of 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, 2022.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarters ended June 30, 2023 and June 30, 2022 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the six months ended June 30, 2023.

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, 2022.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO INTGERNATIONAL FINANCIAL REPORTING STANDARDS

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly, have not been detailed in these condensed interim financial statements.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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, 2022.

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, 2022.

6.1 Change in accounting estimate

During the period, the management of the Company has revised its policy for provision against stores and spares. As per the new policy, a provision will be booked based on technical review by the relevant department on a quarterly basis and no general provision will be recorded. However, previously, a general provision was calculated upto 20% of the closing balance of stores and spares in addition to any specific provision made on the basis of obsolete items identified by the relevant department. This change in estimate has been accounted for in accordance with International Accounting Standard (IAS) 8 'Accounting policies, Changes in accounting estimates and errors,' Had there been no change in the accounting estimate, the profit before tax for the half-year ended June 30, 2023 would have been lower by Rs. 46,674 million and carrying value of stores and spares as at that date would have been lower by the same amount.

Note	June 30, 2023	December 31, 2022
	---- Rupees in '000 ----	
	(Un-audited)	(Audited)

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	9,904,622	9,895,494
Capital work-in-progress	7.1	2,579,292	1,859,957
Right-of-use assets	7.3	190,992	233,882
		<u>12,674,906</u>	<u>11,989,333</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	Accumulated Depreciation
	----- Rupees in '000 -----		
Plant and machinery	30,691	18,368	16,654
Vehicles	148,068	60,045	30,568
Office equipment	-	1,067	1,013
Computers	-	25,553	25,552
Service equipment	579,248	61,003	60,523
Capital work-in-progress - net of transfers	719,335	-	-
	<u>1,477,342</u>	<u>166,036</u>	<u>134,310</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

7.2 Depreciation charge for the period ended June 30, 2023 amounting to Rs. 717.153 million (June 30, 2022: Rs. 644.157 million).

7.3 Right-of-use assets

Note	June 30, 2023	December 31, 2022
	---- Rupees in '000 ----	
	(Un-audited)	(Audited)

Warehouses, sales offices and city office	7.3.1	190,992	233,882
---	-------	---------	---------

7.3.1 Depreciation charge on right-of-use assets for the period ended June 30, 2023 amounting to Rs. 42.890 million (June 30, 2022: Rs. 40.714 million).

8. STOCK-IN-TRADE

Note	June 30, 2023	December 31, 2022
	---- Rupees in '000 ----	
	(Un-audited)	(Audited)

Raw and packing materials [including stock-in-transit of Rs. 856.436 million (December 31, 2022: Rs. 220.762 million)]		5,625,316	3,179,141
Work-in-process		678,095	734,837
Finished goods [including stock-in-transit of Rs.1,212.222 million (December 31, 2022: Rs. 1,365.869 million)]	8.1	7,532,346	4,829,042
		13,835,757	8,743,020
Less: provision for slow moving and obsolete items		(376,996)	(227,792)
		13,458,761	8,515,228

8.1 Stock-in-trade includes items costing Rs.1,558.850 million (December 31, 2022: Rs. 1,170.689 million) valued at net realisable value of Rs. 1,231.458 million (December 31, 2022: Rs. 897.506 million) resulting in a write down of Rs. 327.392 million (December 31, 2022: 273.183 million)

9. LOANS AND ADVANCES

Represents loans and advances amounting to Rs. 39.627 million and Rs. 461.762 million (December 31, 2022: Rs. 32.914 million and Rs. 500.945 million), respectively, net of allowance.

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represents trade deposits and short-term prepayments amounting to Rs. 314.037 million and Rs. 697.391 million (December 31, 2022: Rs. 647.920 million and Rs. 262.195 million), respectively, net of allowance.

11. OTHER RECEIVABLES

Includes sales tax receivable and due from related parties amounting to Rs. 1,769.716 million and Rs. 220.692 million (December 31, 2022: Rs. 1,064.240 million and Rs. 194.117 million), respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	June 30, 2023	December 31, 2022
		---- Rupees in '000 ----	
		(Un-audited)	(Audited)
12. SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts	12.1	495,000	825,800
Accrued profit thereon		14,245	4,279
		<u>509,245</u>	<u>830,079</u>
12.1 Term deposit receipts			
Having less than three months maturity period	12.1.1	495,000	825,800
		<u>495,000</u>	<u>825,800</u>
12.1.1 Represents term deposit receipts up to maturity of less than three months with a commercial bank under conventional banking relationship carrying profit at the rate of 20.7% (December 31, 2022: 15.25%) per annum.			

	Note	June 30, 2023	December 31, 2022
		---- Rupees in '000 ----	
		(Un-audited)	(Audited)
13. CASH AND BANK BALANCES			
With banks			
Saving accounts:			
- local currency	13.1	1,991,705	6,947,311
Current accounts:			
- local currency		36,152	5,700
- foreign currency		1,355,468	1,008,460
		<u>1,391,620</u>	<u>1,014,160</u>
In hand			
- local currency		1,958	3,710
- foreign currency		5,310	848
		<u>7,268</u>	<u>4,558</u>
		<u>3,390,593</u>	<u>7,966,029</u>
13.1 These saving accounts carrying markup at the rate of 19.5% (December 31, 2022: 14.5%) per annum.			

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at June 30, 2023, Abbott Asia Investments Limited, UK (the Holding Company) held 76,259,454 (December 31, 2022: 76,259,454) shares. The ultimate holding company is Abbott Laboratories, USA.

15. TRADE AND OTHER PAYABLES

Includes accrued liabilities amounting to Rs. 4,682.879 million (December 31, 2022: Rs. 3,921.977 million) and bills payable of Rs. 8,100.443 million (December 31, 2022: Rs. 4,905.046 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 ended December 31, 2022. The remittance of dividend is currently in process.

17. CONTINGENCIES AND COMMITMENTS

17.1 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 June 30, 2023 aggregated to Rs. 462.711 million (December 31, 2022: Rs. 377.579 million).

17.2.2 Commitments in respect of letters of credit as at June 30, 2023 aggregated to Rs. Rs. 1,760.130 million (December 31, 2022: Rs. 1,067.440 million).

17.2.3 The Company has given bank guarantees as at June 30, 2023 of Rs. 632.038 million (December 31, 2022: Rs 708.983 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. 5,250 million (December 31, 2022: Rs. 3,650 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, 2022: 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, 2022: 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

Note	Six months ended June 30, 2023	Six months ended June 30, 2022
	---- Rupees in '000 ----	
	(Un-audited)	(Un-audited)
Exchange loss - net	1,464,841	407,024
Workers' Profit Participation Fund	33,746	219,033
Workers' Welfare Fund	31,143	80,357
Central Research Fund	6,162	41,225
Donations	15,163	11,703
Auditors' remuneration	6,203	5,396
Stamp duty	15,627	12,770
Provision for expected credit loss on trade debts	-	15,168
Provision for expected credit loss on other receivables	-	983
	<u>1,572,885</u>	<u>793,659</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

19. OTHER INCOME

	Six months ended June 30, 2023	Six months ended June 30, 2022
Note	---- Rupees in '000 ---- (Un-audited)	(Un-audited)
Income from financial assets		
- term deposit receipts	55,112	331,105
- saving accounts	374,407	72,708
	429,519	403,813
Income from non-financial assets		
Gain on disposal of property, plant and equipment - net	18,989	799
Reversal of expected credit losses on trade debts and other receivables- net	10,641	-
Scrap sales	31,735	22,262
Waiver of liability	500,054	-
Others	72,815	48,258
	634,234	71,319
	1,063,753	475,132

19.1 This represents an amount waived off by Abbott Rapid Dx International Limited, a related party against purchase of goods.

20. TAXATION- PRIOR

This represents the retrospective application of super tax levy introduced through Finance Act, 2023 amounting to Rs. 356.210 million, computed on prior year's taxable income.

	Six months ended June 30, 2023	Six months ended June 30, 2022
Note	---- Rupees in '000 ---- (Un-audited)	(Un-audited)
21. CASH GENERATED FROM OPERATIONS		
Profit before taxation	639,943	4,081,265
Adjustment for non-cash changes and other items:		
Depreciation of operating fixed assets	717,153	644,157
Depreciation of right-of-use assets	42,890	40,714
Amortisation of intangible assets	7,452	11,265
(Reversal) / provision for slow moving and obsolete stores and spares	(36,691)	3,934
Provision / (reversal) for slow moving and obsolete stock in trade	149,204	(33,510)
(Reversal) / Provision allowance for expected credit losses on trade debts	(10,777)	15,168
Allowance for expected credit losses on other receivables	136	983
Gain on disposal of property, plant and equipment	(18,989)	(799)
Interest income	(429,519)	(403,813)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation	135,103	78,285
Staff retirement benefits	206,527	186,522
Finance costs	16,927	28,121
Working capital changes	(3,134,586)	(1,375,108)
	(1,715,227)	3,277,184

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		Six months ended June 30, 2023	Six months ended June 30, 2022
	Note	---- Rupees in '000----	
		(Un-audited)	(Un-audited)
21.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares	(39,207)	(13,344)
	Stock-in-trade	(5,092,737)	(423,353)
	Trade debts	(129,143)	(196,531)
	Loans and advances	32,470	(281,939)
	Trade deposits and short-term prepayments	(101,313)	(321,424)
	Other receivables	(824,405)	(970,976)
		6,154,335	2,207,567
	Increase in current liabilities		
	Trade and other payables	3,019,749	832,459
		(3,134,586)	(1,375,108)
21.2	Cash and cash equivalents		
	Cash and bank balances	13 3,390,593	2,857,371
	Term deposit receipts	12.1 495,000	2,000,000
		3,885,593	4,857,371

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:

	Six months ended June 30, 2023	Six months ended June 30, 2022
	---- Rupees in '000----	
	(Un-audited)	(Un-audited)
Group companies		
Sale of goods	554,655	501,010
Purchase of materials	9,878,824	6,742,357
Technical service fee	119,471	116,242
Reimbursement of expenses - net	162,111	139,711
Other income	572,869	48,258
Retirement fund:		
- Contribution to Pension fund	117,848	117,266
- Contribution to Provident fund	70,433	65,559
- Contribution to Gratuity fund	18,360	11,401
Dividend:		
- Payable to Abbott Asia Investments Limited	-	1,525,189
- Paid to Pension Fund	-	8,774
- Paid to Provident Fund	-	9,819
Key management personnel:		
Remuneration and other short-term employee benefits	333,480	251,122
Post-employment benefits	26,424	23,837

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS AND QUARTER ENDED JUNE 30, 2023

23. SEGMENT ANALYSIS

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

	June 30, 2023					June 30, 2022				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	19,962,542	7,354,520	2,345,907	1,089,258	30,722,227	16,715,376	8,002,035	2,199,295	746,901	27,663,607
Less:										
Sales return	15,239	8,791	-	2,972	27,002	37,187	9,203	-	1,075	47,465
Trade discounts	1,616,430	403,825	-	41,654	2,061,909	1,256,051	432,954	-	39,193	1,728,198
Sales tax and excise duty	-	1,136,122	15,731	238,285	1,390,138	-	1,138,361	16,098	53,056	1,207,515
Sales - net	18,330,873	5,805,782	2,330,176	776,347	27,243,178	15,422,138	6,421,517	2,183,197	653,577	24,680,429
Cost of sales	(14,200,315)	(4,484,951)	(2,154,440)	(598,436)	(21,438,142)	(10,135,044)	(3,797,567)	(1,919,860)	(366,614)	(16,219,085)
Gross profit	4,130,558	1,320,831	175,736	177,911	5,805,036	5,287,094	2,623,950	263,337	286,963	8,461,344
Selling and distribution expenses	(2,693,733)	(1,071,267)	(209,967)	(150,185)	(4,125,152)	(2,381,015)	(934,607)	(149,289)	(146,444)	(3,611,354)
Administrative expenses	(415,711)	(77,459)	(20,712)	-	(513,882)	(351,013)	(58,225)	(12,839)	-	(422,077)
Segment result	1,021,114	172,105	(54,943)	27,726	1,166,002	2,555,066	1,631,118	101,209	140,520	4,427,913

23.2 Segment wise operating results for the second quarter (Un-audited):

	June 30, 2023					June 30, 2022				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	9,881,438	3,393,098	1,276,563	565,318	15,116,417	8,894,252	4,112,041	1,142,158	359,669	14,508,120
Less:										
Sales return	7,467	2,253	-	1,548	11,268	21,978	4,679	-	518	27,175
Trade discounts	823,834	182,780	-	13,392	1,020,006	686,162	214,694	-	17,154	918,010
Sales tax and excise duty	(80,570)	532,813	8,217	187,423	647,883	-	624,147	9,925	19,593	653,665
Sales - net	9,130,707	2,675,252	1,268,346	362,955	13,437,260	8,186,112	3,268,521	1,132,233	322,404	12,909,270
Cost of sales	(7,306,408)	(2,000,134)	(1,197,888)	(335,104)	(10,839,534)	(5,368,341)	(1,905,547)	(1,077,270)	(177,924)	(8,529,082)
Gross profit	1,824,299	675,118	70,458	27,851	2,597,726	2,817,771	1,362,974	54,963	144,480	4,380,188
Selling and distribution expenses	(1,409,453)	(491,668)	(101,764)	(60,455)	(2,063,340)	(1,220,880)	(413,666)	(85,093)	(75,560)	(1,795,199)
Administrative expenses	(209,525)	(39,125)	(13,293)	-	(261,943)	(182,462)	(28,236)	(3,801)	-	(214,499)
Segment result	205,321	144,325	(44,599)	(32,604)	272,443	1,414,429	921,072	(33,931)	68,920	2,370,490

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

	Six Months Ended		Quarter Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Rupees in '000			
Total segment results	1,166,002	4,427,913	272,443	2,370,490
Other income	1,063,753	475,132	226,239	249,799
Other charges	(1,572,885)	(793,659)	(98,948)	(539,703)
Finance costs	(16,927)	(28,121)	(7,861)	(13,175)
Profit before taxation	639,943	4,081,265	391,873	2,067,411

23.4 Geographical information (Un-audited)

Sales to external customers, net of returns

Pakistan	25,820,340	23,716,332	12,771,326	12,193,220
Afghanistan	825,987	446,097	381,939	315,959
Sri Lanka	42,196	16,990	42,196	8,398
Switzerland	554,655	501,010	242,799	391,693
	27,243,178	24,680,429	13,438,260	12,909,270

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS AND QUARTER ENDED JUNE 30, 2023

23.5 Segment Assets and Liabilities

	UNAUDITED					AUDITED				
	June 30, 2023					December 31, 2022				
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
	(Rupees '000)									
Segment assets employed	18,581,978	6,456,097	5,528,609	552,370	31,119,054	16,613,831	2,493,301	4,780,594	158,408	24,046,134
Unallocated corporate assets					5,501,889					9,873,661
Total reported assets					36,620,943					33,919,795
Segment liabilities	10,602,700	3,853,253	2,482,725	236,477	17,175,155	8,845,813	1,826,775	2,315,740	110,910	13,099,238
Unallocated corporate liabilities					3,004,023					3,714,528
Total liabilities					20,179,178					16,813,766

24. NON ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

24.1 The Board of Directors in its meeting held on August 28, 2023 have proposed an interim cash dividend @ 0 % (June 30, 2022: 150%).

25. DATE OF AUTHORISATION

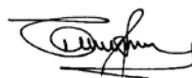
These condensed interim financial statements were authorised for issue on August 28, 2023 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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