



## Conquering the uncharted

Un-Audited Financial Statements for the Quarter  
and Nine Months Ended September 30, 2023

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Ehsan Ali Malik (Chairman) (Non-Executive 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  
Citi Bank Limited  
Habib Metropolitan 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 Kanjran,  
Multan Road, Lahore.

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

## WEBSITE

[www.pk.abbott](http://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, 2023, as well as for the third quarter ended September 30, 2023.

### FINANCIAL HIGHLIGHTS

#### For nine months' period ended September 30, 2023

Sales for the period increased by 12% over the same period last year. Pharmaceutical sales increased by 18% driven by sustained performance of established brands, while Nutritional sales decreased by 7% mainly on account of lower volumes following restrained demand due to inflationary pressures. Diagnostics segment registered a growth of 20% following price revisions taken during Q3-2023.

Gross profit margin of your Company over this period was 20% vs 33% during the same period last year. It remained under pressure due to significant devaluation of Pakistani Rupee in Q1 2023 and increase in product costs. Gross margin for the pharmaceutical segment declined to 21% from 32%, whereas the gross margin for Nutritional segment also declined to 22% from 40%.

Operating expenses increased by 14% on account of inflation. Other charges increased by 18% mainly on account of exchange losses due to devaluation of Pakistani Rupee during Q1-2023.

Tax charge for the period was Rs.1,762.4 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. 792.7 million due to the reasons mentioned above.

#### For third quarter ended September 30, 2023

Sales for the quarter increased by 14% over the same period last year. Pharmaceutical sales increased by 16% whereas sales for nutrition decreased by 2% 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 18% from 30% 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 12% over the same period last year mainly due to inflation. Other charges decreased by 96% over the same period last year due to impact of exchange losses in Q3-2022. Tax charge for the quarter decreased by 35% in line with lower profitability.

### FUTURE OUTLOOK

The Company continues to face challenges of inflation and Rupee devaluation. The macroeconomic environment continues to pose significant external challenges which must be proactively addressed to ensure sustainable future of the pharmaceutical industry. We hope that the Drug Regulatory Authority of Pakistan will play its due role in this unprecedented situation through conducting necessary pricing reviews and ensuring timely resolution of pending hardship cases. As a long-term measure, the Authority may consider introducing automatic mechanism and policy to offset the impact of devaluation.

Notwithstanding, your Company remains dedicated to making all efforts to mitigate adverse impacts through productivity and cost containment initiatives



Chief Executive



Director

Karachi: October 23, 2023

## ڈائریکٹران کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کے 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کے ساتھ ساتھ 30 ستمبر 2023 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 2023 کو ختم ہونے والی نو ماہی کیلئے

گزشتہ سال کی اسی مدت کے مقابلے میں نومبر کے دوران سبز میں 12 فیصد اضافہ ہوا۔ فارماسیوٹیکل سبز میں 18 فیصد اضافہ ہوا جس کی وجہ مستحکم برانڈز کی مسلسل کارکردگی ہے جبکہ نیوٹریشنز کی فروخت میں 7 فیصد کمی ہوئی جس کی وجہ افراط زر کے سبب طلب میں کمی کے بعد کم حجم ہے ڈائیکسٹک شعبے میں 2023-2023 Q3 کے دوران قیمتوں میں کمی گئی نظر ثانی کے بعد 20 فیصد کا اضافہ درج کیا گیا۔

گزشتہ سال اس ہی مدت میں آپ کی کمپنی کا مجموعی منافع کا مارجن 20 فیصد تھا جو پچھلے سال اسی عرصے کے دوران 33 فیصد تھا۔ 2023 Q1 میں پاکستانی روپے کی قدر میں نمایاں کمی اور مصنوعات کی لاگت میں اضافے کی وجہ سے یہ دباؤ میں رہا۔ فارماسیوٹیکل کاروبار کے لیے مجموعی منافع کا مارجن 32 فیصد سے کم ہو کر 21 فیصد رہ گیا۔ اسی طرح نیوٹریشنز کے لیے مجموعی منافع کا مارجن 40 فیصد سے کم ہو کر 22 فیصد ہو گیا۔

فروخت اور تقسیم کے اخراجات میں مہنگائی کی وجہ سے 14 فیصد اضافہ ہوا 2023 Q1 کے دوران پاکستانی روپے کی قدر میں کمی اور زر مبادلہ کے نقصانات کی وجہ سے دیگر چارجز میں 18 فیصد کا اضافہ ہوا۔

اس مدت کے لیے ٹیکس چارج 1,762.4 ملین روپے تھا جو بنیادی طور پر فنانس ایکٹ 2023 کے ذریعے لاگو ہونے والے 10 فیصد کی شرح سے کم از کم ٹیکس نظام اور پچھلے سال کے سپر ٹیکس لیوی کے حساب سے تھا۔ مذکورہ وجوہات کی بنا پر اس مدت کے لیے خالص نقصان 792.7 ملین روپے تھا۔

#### 30 ستمبر 2023 کو ختم ہونے والی تیسری سہ ماہی کیلئے

گزشتہ سال کی اسی مدت کے مقابلے میں سہ ماہی کے لیے سبز میں 14 فیصد اضافہ ہوا۔ فارماسیوٹیکل سبز میں 16 فیصد اضافہ ہوا جبکہ نیوٹریشنز کی فروخت میں 2 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 30 فیصد سے کم ہو کر 18 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۔


گزشتہ سال اس ہی مدت کے دوران فروخت اور تقسیم کے اخراجات میں فروخت میں اضافے کے سبب 12 فیصد اضافہ ہوا۔ 2023 Q3 میں زر مبادلہ کے نقصانات کے اثرات کی وجہ سے دیگر چارجز میں پچھلے سال کی اسی مدت کے مقابلے میں 69 فیصد کمی ہوئی۔ کم منافع کی مناسبت سے سہ ماہی کے لیے ٹیکس چارج میں 35 فیصد کمی گئی ہوئی۔

#### مستقبل کا منظر نامہ

کمپنی کو افراط زر اور پاکستانی روپے کی قدر میں کمی کے چیلنجز کا سامنا کرنا پڑتا ہے۔ میکرو اکنامک ماحول مسلسل اہم بیرونی چیلنجز کا سامنا کر رہا ہے جن سے فارماسیوٹیکل صنعت کے پائیدار مستقبل کو یقینی بنانے کے لیے فعال طور پر نمٹنا چاہیے۔ ہم امید کرتے ہیں کہ ڈرگ ریگولیشن کی تھرائی آف پاکستان اس غیر معمولی صورتحال میں قیمتوں کے جائزے کے ذریعے اور زیر التواء مشکلات کے مقدمات کے بروقت حل کو یقینی بنا کر اپنا بھرپور کردار ادا کرے گی۔ ایک طویل مدتی اقدام کے طور پر، احتیاطی 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

راچی 23 اکتوبر 2023

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

As At September 30, 2023

		September 30, 2023	December 31, 2022
	Note	----- Rupees in '000 ----- (Un-audited)	(Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	12,852,213	11,989,333
Intangible assets		16,065	26,904
Long-term loans and advances		87,161	66,509
Long-term deposits		7,513	7,513
Long-term prepayments		2,057	646
		<u>12,965,009</u>	<u>12,090,905</u>
<b>CURRENT ASSETS</b>			
Stores and spares		481,164	340,748
Stock-in-trade	8	15,266,603	8,515,228
Trade debts		1,637,316	1,276,655
Loans and advances	9	504,614	533,859
Trade deposits and short-term prepayments	10	939,864	910,115
Other receivables	11	2,447,142	1,432,351
Taxation - net		964,448	23,826
Short-term investments	12	502,598	830,079
Cash and bank balances	13	3,280,482	7,966,029
		<u>26,024,231</u>	<u>21,828,890</u>
<b>TOTAL ASSETS</b>		<u>38,989,240</u>	<u>33,919,795</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
200,000,000 ordinary shares of Rs.10 each		<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued, subscribed and paid-up capital</b>	14	979,003	979,003
Reserves			
- Capital		1,262,896	1,058,639
- Revenue		14,275,691	15,068,387
		<u>15,538,587</u>	<u>16,127,026</u>
		<u>16,517,590</u>	<u>17,106,029</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net		582,346	499,662
Staff retirement benefits		1,687,391	1,579,752
Lease liabilities		50,784	127,076
		<u>2,320,521</u>	<u>2,206,490</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	17,428,574	11,866,573
Current maturity of lease liabilities		103,080	120,211
Unclaimed dividends		65,402	66,419
Unpaid dividends	16	2,402,173	2,402,173
Provision against GIDC		151,900	151,900
		<u>20,151,129</u>	<u>14,607,276</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>38,989,240</u>	<u>33,919,795</u>

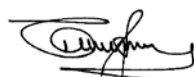
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For The Nine Months And Three Months Ended September 30, 2023

	Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Note	----- Rupees in '000 -----			
<b>SALES - NET</b>				
Local	39,362,460	35,269,498	13,542,120	11,553,166
Export	1,862,626	1,681,939	439,788	717,842
	41,225,086	36,951,437	13,981,908	12,271,008
Cost of sales	(32,910,279)	(24,849,827)	(11,472,137)	(8,630,742)
	8,314,807	12,101,610	2,509,771	3,640,266
<b>GROSS PROFIT</b>				
Selling and distribution expenses	(6,191,729)	(5,450,405)	(2,066,577)	(1,839,051)
Administrative expenses	(771,683)	(657,004)	(257,801)	(234,927)
Other charges	18 (1,592,953)	(1,353,027)	(20,068)	(559,368)
Other income	19 1,235,286	758,928	171,533	283,796
	(7,321,079)	(6,701,508)	(2,172,913)	(2,349,550)
	993,728	5,400,102	336,858	1,290,716
Finance costs	(24,019)	(37,881)	(7,092)	(9,760)
	969,709	5,362,221	329,766	1,280,956
<b>PROFIT BEFORE TAXATION</b>				
<b>TAXATION</b>				
- Current	(1,339,300)	(1,764,428)	(254,507)	(458,053)
- Prior	20 (340,421)	(832,274)	15,789	8,988
- Deferred	(82,684)	(200,536)	(84,377)	(46,921)
	(1,762,405)	(2,797,238)	(323,095)	(495,986)
	(792,696)	2,564,983	6,671	784,970
<b>NET (LOSS) / PROFIT FOR THE PERIOD</b>				
<b>BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (Rs. per share)</b>				
	(8.10)	26.20	0.07	8.02

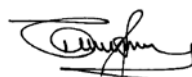
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For The Nine Months And Three Months Ended September 30, 2023

	Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in ' 000 -----			
(Loss) / profit for the period	(792,696)	2,564,983	6,671	784,970
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(792,696)	2,564,983	6,671	784,970

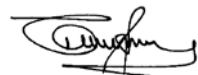
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)**

For The Nine Months And Three Months Ended September 30, 2023

		September 30, 2023	September 30, 2022
		---- Rupees in '000 ----	
	Note	(Un-audited)	(Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	21	(595,859)	3,186,820
Income taxes paid		(2,620,343)	(1,894,883)
Long-term loans and advances - net		(20,652)	1,146
Long-term prepayments - net		(1,411)	(69)
Staff retirement benefits paid		(202,152)	(192,551)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(3,440,417)</b>	<b>1,100,463</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment and CWIP	7.1	(2,072,889)	(2,220,523)
Investment in term deposit receipts		-	1,000,000
Sale proceeds from disposal of property, plant and equipment		71,889	81,964
Interest income		543,529	620,376
<b>Net cash outflow from investing activities</b>		<b>(1,457,471)</b>	<b>(518,183)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs paid		(6,197)	(19,745)
Lease rentals paid		(111,245)	(102,306)
Dividends paid		(1,017)	(893,230)
<b>Net cash outflow from financing activities</b>		<b>(118,459)</b>	<b>(1,015,281)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,016,347)</b>	<b>(433,001)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>8,791,829</b>	<b>6,619,347</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	21.2	<b>3,775,482</b>	<b>6,186,346</b>

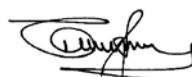
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

Share Capital	Reserves					Total	Total Equity
	Capital Reserves		Revenue Reserves				
	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)
Interim dividend for the year ended December 31, 2022 @ Rs. 15.0 per share declared subsequent to the year end	-	-	-	-	(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	-	-	-	-	-	-	-
	-	-	-	-	2,564,983	2,564,983	2,564,983
Balance as at September 30, 2022 (Un-audited)	979,003	46,097	972,253	5,338,422	9,283,540	15,640,312	16,619,315
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'	-	-	204,257	-	-	204,257	204,257
Total comprehensive loss for the period ended September 30, 2023							
Net loss for the period	-	-	-	-	(792,696)	(792,696)	(792,696)
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	(792,696)	(792,696)	(792,696)
Balance as at September 30, 2023 (Un-audited)	979,003	46,097	1,216,799	5,338,422	8,937,269	15,538,587	16,517,590

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, 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.

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 INT'ERNATIONAL 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 Nine Months And Three Months Ended September 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.

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

### 7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	10,710,234	9,895,494
Capital work-in-progress	7.1	1,972,173	1,859,957
Right-of-use assets	7.3	169,806	233,882
		<u>12,852,213</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	1,074,190	41,794	37,737
Vehicles	185,685	93,505	47,896
Office equipment	-	1,066	1,013
Computers	-	31,924	31,924
Service equipment	700,798	61,003	60,523
Capital work-in-progress - net of transfers	112,216	-	-
	<u>2,072,889</u>	<u>229,292</u>	<u>179,093</u>

7.2 Depreciation charge for the period ended September 30, 2023 amounting to Rs. 1,095.734 million (September 30, 2022: Rs. 986.319 million).

### 7.3 Right-of-use assets

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

Warehouses, sales offices and city office	7.3.1	<u>169,806</u>	<u>233,882</u>
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7.3.1 Depreciation charge for the period ended September 30, 2023 amounted to Rs. 64.076 million (September 30, 2022: Rs. 61.837 million).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

8. STOCK-IN-TRADE	Note	September 30,	December 31,
		2023	2022
		---- Rupees in '000 ----	
		(Un-audited)	(Audited)
Raw and packing materials [including stock-in-transit of Rs. 558,811 million (December 31, 2022: Rs. 220.762 million)]		6,899,608	3,179,141
Work-in-process		508,083	734,837
Finished goods [including stock-in-transit of Rs. 521.445 million (December 31, 2022: Rs. 1,365.869 million)]	8.1	8,326,278	4,829,042
		15,733,969	8,743,020
Less: provision for slow moving and obsolete items		(467,366)	(227,792)
		15,266,603	8,515,228

8.1 Stock-in-trade includes items costing Rs.1,897.605 million (December 31, 2022: Rs. 1,170.689 million) valued at net realisable value of Rs.1,451.886 million (December 31, 2022: Rs. 897.506 million) resulting in a write down of Rs. 445.719 million (December 31, 2022: 273.183 million)

### 9. LOANS AND ADVANCES

Represents loans and advances amounting to Rs. 45.343 million and Rs. 459.271 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. 414.293 million and Rs. 525.571 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. 1,795.572 million and Rs. 377.965 million (December 31, 2022: Rs. 1,064.240 million and Rs. 194.117 million), respectively.

12. SHORT-TERM INVESTMENTS	Note	September 30,	December 31,
		2023	2022
		---- Rupees in '000 ----	
		(Un-audited)	(Audited)
<b>At amortised cost</b>			
Term deposit receipts	12.1	495,000	825,800
Accrued profit thereon		7,598	4,279
		502,598	830,079
12.1 <b>Term deposit receipts</b>			
Having less than three months maturity period	12.1.1	495,000	825,800
		495,000	825,800

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

- 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 20.75% (December 31, 2022: 15.25%) per annum.

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

### 13. CASH AND BANK BALANCES

#### With banks

Saving accounts:

- local currency

13.1 1,855,150 6,947,311

Current accounts:

- local currency
- foreign currency

16,508	5,700
1,401,171	1,008,460
1,417,679	1,014,160

#### In hand

- local currency
- foreign currency

2,328	3,710
5,325	848
7,653	4,558

3,280,482	7,966,029
-----------	-----------

- 13.1 These saving accounts carrying markup at the rate of 20.5% (December 31, 2022: 14.5%) per annum.

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

As at September 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. 5,034.376 million (December 31, 2022: Rs. 3,921.977 million) and bills payable of Rs. 9,601.208 million (December 31, 2022: Rs. 4,905.046 million).

### 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 September 30, 2023 aggregated to Rs. 445.006 million (December 31, 2022: Rs. 377.579 million).
- 17.2.2 Commitments in respect of letters of credit as at September 30, 2023 aggregated to Rs.1,574.699 million (December 31, 2022: Rs. 1,067.440 million).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

- 17.2.3 The Company has given bank guarantees as at September 30, 2023 of Rs. 622.165 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. 5,950 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

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Note	----- Rupees in '000 -----	
	(Un-audited)	(Un-audited)
Exchange loss - net	1,448,706	819,936
Workers' Profit Participation Fund	52,806	287,987
Workers' Welfare Fund	33,064	108,186
Central Research Fund	9,800	54,177
Donations	15,163	13,703
Auditors' remuneration	9,410	7,678
Stamp duty	23,717	20,204
Provision for expected credit loss on trade debts	-	40,078
Provision for expected credit loss on other receivables	287	1,078
	<u>1,592,953</u>	<u>1,353,027</u>

### 19. OTHER INCOME

#### Income from financial assets

- term deposit receipts	81,064	514,015
- saving accounts	465,784	133,853
	546,848	647,868

#### Income from non-financial assets

Gain on disposal of property, plant and equipment - net	21,690	5,668
Reversal of expected credit losses on trade debts	6,633	-
Scrap sales	46,810	33,005
Waiver of liability	499,688	-
Others	113,617	72,387
	688,438	111,060
	<u>1,235,286</u>	<u>758,928</u>

- 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. 340.421 million, computed on prior year's taxable income.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

		Nine months ended September 30, 2023	Nine months ended September 30, 2022
	Note	----- Rupees in '000 -----	
		(Un-audited)	(Un-audited)
<b>21. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		969,709	5,362,221
<b>Adjustment for non-cash changes and other items:</b>			
Depreciation of operating fixed assets		1,095,734	986,319
Depreciation of right-of-use assets		64,076	61,837
Amortisation of intangible assets		10,839	16,689
Gain on disposal of property, plant and equipment		(21,690)	(5,668)
Interest income		(546,848)	(647,868)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation		204,257	126,205
Staff retirement benefits		309,791	279,783
Finance costs		24,019	37,881
Working capital changes	21.1	(2,705,746)	(3,030,579)
		<u>(595,859)</u>	<u>3,186,820</u>
<b>21.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		(140,416)	(14,382)
Stock-in-trade		(6,751,375)	(1,662,882)
Trade debts		(360,661)	(47,735)
Loans and advances		29,245	(268,893)
Trade deposits and short-term prepayments		(29,749)	(662,477)
Other receivables		(1,014,791)	(1,064,263)
		<u>(8,267,747)</u>	<u>(3,720,632)</u>
<b>Increase in current liabilities</b>			
Trade and other payables		5,562,001	690,053
		<u>(2,705,746)</u>	<u>(3,030,579)</u>
<b>21.2 Cash and cash equivalents</b>			
Cash and bank balances	13	3,280,482	1,686,346
Term deposit receipts	12.1	495,000	4,500,000
		<u>3,775,482</u>	<u>6,186,346</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

### 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, 2023	Nine months ended September 30, 2022
	----- Rupees in '000 -----	
	(Un-audited)	(Un-audited)
<b>Group companies</b>		
Sale of goods	785,048	935,215
Purchase of materials	14,574,987	9,901,153
Technical service fee	185,718	170,579
Reimbursement of expenses - net	319,638	200,343
Other income	613,305	72,387
<b>Retirement fund:</b>		
- Contribution to Pension fund	177,217	177,890
- Contribution to Provident fund	106,625	100,026
- Contribution to Gratuity fund	28,784	18,882
<b>Key management personnel:</b>		
Remuneration and other short-term employee benefits	508,757	395,622
Post-employment benefits	39,705	36,612



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

### 23. SEGMENT ANALYSIS

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

	September 30, 2023					September 30, 2022				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	29,748,269	11,401,828	3,677,161	1,599,973	46,427,231	25,298,179	12,051,245	3,068,725	1,197,255	41,615,404
Less:										
Sales return	30,445	27,378	-	4,001	61,824	95,042	17,515	-	1,592	114,149
Trade discounts	2,300,359	629,356	-	58,928	2,988,643	1,921,181	647,751	-	62,330	2,631,262
Sales tax and excise duty	-	1,770,017	28,555	353,106	2,151,678	-	1,743,493	24,008	151,055	1,918,556
Sales - net	27,417,465	8,975,077	3,648,606	1,183,938	41,225,086	23,281,956	9,642,486	3,044,717	982,278	36,951,437
Cost of sales	(21,674,338)	(6,964,507)	(3,331,408)	(940,026)	(32,910,279)	(15,809,669)	(5,811,790)	(2,628,625)	(599,743)	(24,849,827)
Gross profit	5,743,127	2,010,570	317,198	243,912	8,314,807	7,472,287	3,830,696	416,092	382,535	12,101,610
Selling and distribution expenses	(4,091,325)	(1,544,362)	(310,662)	(245,380)	(6,191,729)	(3,525,935)	(1,463,508)	(228,198)	(232,764)	(5,450,405)
Administrative expenses	(621,584)	(120,212)	(29,887)	-	(771,683)	(544,548)	(91,924)	(20,532)	-	(657,004)
Segment result	1,030,218	345,996	(23,351)	(1,468)	1,351,395	3,401,804	2,275,264	167,362	149,771	5,994,201

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

	September 30, 2023					September 30, 2022				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
	Rupees in '000									
Sales	9,785,728	4,047,308	1,331,254	540,714	15,705,004	8,582,804	4,049,210	869,430	450,353	13,951,797
Less:										
Sales return	15,206	18,587	-	1,029	34,822	57,855	8,312	-	517	66,684
Trade discounts	683,929	225,531	-	17,274	926,734	665,130	214,797	-	23,137	903,064
Sales tax and excise duty	-	633,895	12,824	114,821	761,540	-	605,132	7,910	97,999	711,041
Sales - net	9,086,593	3,169,295	1,318,430	407,590	13,981,908	7,859,819	3,220,969	861,520	328,700	12,271,008
Cost of sales	(7,474,023)	(2,479,556)	(1,176,968)	(341,590)	(11,472,137)	(5,674,625)	(2,014,223)	(708,765)	(233,129)	(8,630,742)
Gross profit	1,612,570	689,739	141,462	66,000	2,509,771	2,185,194	1,206,746	152,755	95,571	3,640,266
Selling and distribution expenses	(1,397,594)	(473,095)	(100,693)	(95,195)	(2,066,577)	(1,144,922)	(528,901)	(78,907)	(86,321)	(1,839,051)
Administrative expenses	(205,873)	(42,753)	(9,175)	-	(257,801)	(193,535)	(33,699)	(7,693)	-	(234,927)
Segment result	9,103	173,891	31,594	(29,195)	185,393	846,737	644,146	66,155	9,250	1,566,288

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For The Nine Months And Three Months Ended September 30, 2023

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

	Nine Months Ended		Quarter Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
Total segment results	1,351,395	5,994,201	185,393	1,566,288
Other income	1,235,286	758,928	171,533	283,796
Other charges	(1,592,953)	(1,353,027)	(20,068)	(559,368)
Finance costs	(24,019)	(37,881)	(7,092)	(9,760)
<b>Profit before taxation</b>	<b>969,709</b>	<b>5,362,221</b>	<b>329,766</b>	<b>1,280,956</b>

### 23.4 Geographical information (Un-audited)

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

Pakistan	39,362,460	35,269,498	13,542,120	11,553,166
Afghanistan	994,089	715,934	168,102	269,837
Srilanka	83,489	30,790	41,293	13,800
Switzerland	785,048	935,215	230,393	434,205
	<b>41,225,086</b>	<b>36,951,437</b>	<b>13,981,908</b>	<b>12,271,008</b>

### 23.5 Segment Assets and Liabilities

	UN-AUDITED					AUDITED				
	September 30, 2023					December 31, 2022				
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
	----- (Rupees '000) -----									
Segment assets employed	19,348,036	6,010,852	5,345,751	367,473	31,072,112	16,613,831	2,493,301	4,780,594	158,408	24,046,134
Unallocated corporate assets					7,917,128					9,873,661
Total reported assets					<b>38,989,240</b>					<b>33,919,795</b>
Segment liabilities	11,141,981	4,607,871	2,666,489	108,477	18,524,818	8,845,813	1,826,775	2,315,740	110,910	13,099,238
Unallocated corporate liabilities					3,946,832					3,714,528
Total liabilities					<b>22,471,650</b>					<b>16,813,766</b>

### 24. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 23, 2023 by the Board of Directors of the Company.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

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