



Un-Audited Financial Statements for the
Quarter and Six Months Ended June 30, 2024



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 Ali Shiwani

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

Citibank

SENIOR MANAGEMENT TEAM

Syed Anis Ahmed

(Chief Executive Officer)

Syed Tabish Aseem

(Chief Financial Officer)

Moien Ahmed Khan

(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 Share Registration Services (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.

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, 2024, as well as for the second quarter ended June 30, 2024.

FINANCIAL HIGHLIGHTS

For six months' period ended June 30, 2024

Overall sales for the half year increased by 18% over the same period last year. Pharmaceutical sales increased by 17% driven by sustained performance of established brands. Diagnostics segment registered a significant growth of 38% primarily due to new customer acquisitions, while Nutritional sales increased by 13%.

Gross profit margin of your Company during this period improved to 26% vs 21% during the same period last year, mainly driven by price adjustments and various other efficiency measures taken across the Company. Gross margin for the pharmaceutical segment improved to 26% from 23%, whereas the gross margin for Nutritional segment increased to 32% from 23%.

Selling and distribution expenses increased by 14% against the same period last year in line with sales growth and inflation. Administrative expenses increased by 8% mainly due to inflation and increments. Net profit as a percentage of sales improved to 7% versus net loss as a percentage of sales of 3% during same period last year.

For second quarter ended June 30, 2024

Sales for the quarter increased by 20% over the same period last year. Pharmaceutical sales increased by 18% whereas sales for nutrition increased by 25% mainly on account of price adjustments.

Similar to the year-to-date results, gross profit margin of the Company improved to 24% from 19% during the same period last year on account of reasons mentioned above.

Operating expenses increased by 12% over the same period last year on account of inflation and sales growth. Other charges increased by 53% over the same period last year due to increase in statutory charges in line with improved profitability.

As a result of reasons mentioned above, profit after tax for the quarter increased by Rs. 1,201.2 million vs. the same period last year.

FUTURE OUTLOOK

The recent stability in the exchange rate and inflation scenario has provided some relief to the pharmaceutical sector, which has been under significant pressure due to economic uncertainty. While these developments are positive, the overall outlook remains mixed. Sustained economic stability, supportive fiscal policies together with continued review of current regulations to bring them in line with international practices are extremely critical for the sustained operations of the pharmaceutical industry.

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.



Syed Anis Ahmed
Chief Executive



Ehsan Ali Malik
Director

August 26, 2024


مذکورہ وجوہات کے نتیجے میں، سہ ماہی کے لیے ٹیکس کے بعد منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں 1,201.2 ملین روپے کا اضافہ ہوا۔

مستقبل کا منظر نامہ

زر مبادلہ کی شرح اور افراط زر کے منظر نامے میں حالیہ استحکام نے فارماسیوٹیکل کے شعبے کو کچھ راحت فراہم کی ہے، جو معاشی بے یقینی کی وجہ سے خاصے دباؤ کا شکار تھی۔ اگرچہ یہ پیش رفت مثبت ہیں، مجموعی نقطہ نظر مخلوط رہتا ہے۔ مستقل معاشی استحکام، معاون مالیاتی پالیسیاں اور موجودہ ضوابط کا مسلسل جائزہ لے کر انہیں بین الاقوامی طریقوں کے مطابق لانا فارماسیوٹیکل انڈسٹری کے پائیدار آپریشنز کے لیے انتہائی اہم ہیں۔

اس کے باوجود، آپ کی کمپنی ان چیلنجوں سے بخوبی آگاہ ہے اور پیداواریت اور لاگت پر قابو پانے کے اقدامات کے ذریعے منفی اثرات کو کم کرنے کے لیے تمام کوششیں جاری رکھے گی۔


ڈائریکٹر


چیف ایگزیکٹو

کراچی: 26 اگست 2024ء

ڈائریکٹرز رپورٹ

ڈائریکٹرز آپ کی کمپنی کے 30 جون 2024 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 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے

گزشتہ سال کی اسی مدت کے مقابلے میں نصف سال کی مجموعی فروخت میں 18 فیصد اضافہ ہوا۔ فارماسیوٹیکل سلیز میں 17 فیصد اضافہ ہوا جس کی وجہ سے قائم برانڈز کی مسلسل کارکردگی ہے۔ ڈائیکونسک شعبے نے بنیادی طور پر نئے صارفین کے حصول کی وجہ سے 38 فیصد کی نمایاں ترقی درج کی، جبکہ نیوٹریشنز کی فروخت میں 13 فیصد اضافہ ہوا۔

اس مدت کے دوران آپ کی کمپنی کے مجموعی منافع کا مارجن پچھلے سال کی اسی مدت کے مقابلے میں 21 فیصد سے بڑھ کر 26 فیصد ہو گیا، بنیادی طور پر قیمتوں میں ایڈجسٹمنٹ اور پوری کمپنی میں اٹھائے گئے مختلف دیگر کارکردگی کے اقدامات کی وجہ سے۔ فارماسیوٹیکل طبقہ کے لیے مجموعی مارجن 23 فیصد سے بڑھ کر 26 فیصد ہو گیا، جبکہ نیوٹریشنز کے طبقے کے لیے مجموعی مارجن 23 فیصد سے بڑھ کر 32 فیصد ہو گیا۔

فروخت میں اضافے اور افراط زر کی مناسبت سے فروخت اور تقسیم کے اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 14 فیصد اضافہ ہوا۔ انتظامی اخراجات میں 8 فیصد اضافہ ہوا جس کی بنیادی وجہ افراط زر اور تنخواہ میں اضافہ ہے۔ فروخت کے فیصد کے طور پر خالص منافع 7 فیصد تک بہتر ہوا پچھلے سال کی اسی مدت کے دوران خالص نقصان فروخت کے فیصد کے طور پر 3 فیصد تھا۔

30 جون 2024 کو ختم ہونے والی دوسری سہ ماہی کے لیے

گزشتہ سال کی اسی مدت کے مقابلے میں سہ ماہی کے لیے فروخت میں 20 فیصد اضافہ ہوا۔ فارماسیوٹیکل کی فروخت میں 18 فیصد اضافہ ہوا جبکہ نیوٹریشنز کی فروخت میں 25 فیصد اضافہ ہوا جو بنیادی طور پر قیمتوں میں ایڈجسٹمنٹ کی وجہ سے تھا۔

سال کے اب تک کے نتائج کی طرح، مذکورہ وجوہات کی بنا پر کمپنی کا مجموعی منافع کا مارجن پچھلے سال اسی عرصے کے 19 فیصد سے بڑھ کر 24 فیصد ہو گیا۔

افراط زر اور فروخت میں اضافے کی وجہ سے آپریٹنگ اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 12 فیصد اضافہ ہوا۔ دیگر چارجز میں پچھلے سال کی اسی مدت کے مقابلے میں 53 فیصد اضافہ ہوا ہے جس کی وجہ سے بہتر منافع کے مطابق قانونی چارجز میں اضافہ ہوا ہے۔

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 2024 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 2024 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months ended 30 June 2024.

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: 26 August 2024

UDIN: RR202410120uEXi9nm6l

Condensed Interim Statement of Financial Position

As at June 30, 2024

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	13,511,784	13,375,186
Intangible assets		5,905	12,678
Long-term loans		104,794	95,423
Long-term deposits		7,513	7,513
Long-term prepayments		9,181	3,427
		<u>13,639,177</u>	<u>13,494,227</u>
CURRENT ASSETS			
Stores and spares		444,743	462,670
Stock-in-trade	8	11,781,885	12,826,865
Trade debts		2,220,693	1,649,512
Loans and advances		981,866	349,762
Trade deposits and short-term prepayments	9	426,704	443,372
Other receivables	10	1,827,816	2,036,432
Taxation - net		952,677	386,071
Short-term investments	11	501,705	502,822
Cash and bank balances	12	3,027,416	4,541,712
		<u>22,165,505</u>	<u>23,199,218</u>
TOTAL ASSETS		<u>35,804,682</u>	<u>36,693,445</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>2,000,000</u>	<u>2,000,000</u>
200,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital	13	979,003	979,003
Reserves			
- Capital		1,600,790	1,437,162
- Revenue		17,961,321	15,821,181
		<u>19,562,111</u>	<u>17,258,343</u>
		<u>20,541,114</u>	<u>18,237,346</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net		665,909	519,569
Staff retirement benefits		1,085,907	1,049,089
Lease liabilities		42,541	52,228
		<u>1,794,357</u>	<u>1,620,886</u>
CURRENT LIABILITIES			
Trade and other payables	14	13,219,995	15,483,144
Current maturity of lease liabilities		33,470	105,990
Unclaimed dividends		63,846	64,676
Unpaid dividends		-	1,029,503
Provision against GIDC		151,900	151,900
		<u>13,469,211</u>	<u>16,835,213</u>
CONTINGENCIES AND COMMITMENTS	15	<u>35,804,682</u>	<u>36,693,445</u>
TOTAL EQUITY AND LIABILITIES		<u>35,804,682</u>	<u>36,693,445</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the six months and quarter ended June 30, 2024

	Six Months Ended		Three Months Ended	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Note	----- Rupees in '000 -----			
SALES - NET				
Local	30,489,133	25,820,340	15,250,404	12,771,326
Export	1,710,400	1,422,838	920,201	665,934
	32,199,533	27,243,178	16,170,605	13,437,260
Cost of sales	(23,859,480)	(21,438,142)	(12,281,355)	(10,839,534)
GROSS PROFIT	8,340,053	5,805,036	3,889,250	2,597,726
Selling and distribution expenses	(4,715,510)	(4,125,152)	(2,317,942)	(2,063,340)
Administrative expenses	(556,903)	(513,882)	(288,168)	(261,943)
Other charges	(328,695)	(1,572,885)	(151,420)	(98,948)
Other income	458,108	1,063,753	202,567	226,239
	(5,143,000)	(5,148,166)	(2,554,963)	(2,197,992)
	3,197,053	656,870	1,334,287	399,734
Finance costs	(12,599)	(16,927)	(5,938)	(7,861)
PROFIT BEFORE INCOME TAX AND LEVIES	3,184,454	639,943	1,328,349	391,873
Minimum tax differential	(166,882)	(487,384)	(66,258)	(241,696)
Final taxes	-	(14,228)	-	(6,659)
PROFIT BEFORE INCOME TAX	3,017,572	138,331	1,262,091	143,518
INCOME TAX				
Current - For the year	(731,092)	(583,181)	(558,481)	(231,931)
- Prior year	-	(356,210)	-	(356,210)
Deferred	(146,340)	1,693	(82,230)	(135,223)
	(877,432)	(937,698)	(640,711)	(723,364)
NET PROFIT / (LOSS) FOR THE PERIOD	2,140,140	(799,367)	621,380	(579,846)
BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE (Rs. per share)				
	21.86	(8.17)	6.35	(5.93)

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the six months and quarter ended June 30, 2024

	Six Months Ended		Three Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----			
Profit / (Loss) for the period	2,140,140	(799,367)	621,380	(579,846)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	2,140,140	(799,367)	621,380	(579,846)

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the six months ended June 30, 2024

	June 30, 2024	June 30, 2023
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	19 1,981,122	(1,715,227)
Income taxes and levies paid	(1,464,580)	(1,945,122)
Long-term loans and advances - net	(9,371)	(14,249)
Long-term prepayments - net	(5,754)	(1,655)
Staff retirement benefits paid	(143,120)	(134,084)
Net cash inflow / (outflow) from operating activities	358,297	(3,810,337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and CWIP	7.1 (1,040,181)	(1,477,342)
Sale proceeds from disposal of property, plant and equipment	53,602	50,715
Interest income	239,125	419,553
Net cash outflow from investing activities	(747,454)	(1,007,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(4,883)	(4,001)
Lease rentals paid	(89,923)	(83,057)
Dividends paid	(1,030,333)	(1,767)
Net cash outflow from financing activities	(1,125,139)	(88,825)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,514,296)	(4,906,236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,036,712	8,791,829
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19.2 3,522,416	3,885,593

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2024

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, 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

Balance as at January 01, 2024 (Audited) 979,003 46,097 1,391,065 5,338,422 10,482,759 17,258,343 18,237,346

Transactions with owners, recorded directly in equity

Employee benefit cost under IFRS 2- 'Share based payments' - - 163,628 - - 163,628 - 163,628

Total comprehensive income for the period ended June 30, 2024

Net profit for the period	-	-	-	-	2,140,140	2,140,140	2,140,140
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	2,140,140	2,140,140	2,140,140

Balance as at June 30, 2024 (Un-audited) 979,003 46,097 1,554,693 5,338,422 12,622,899 -19,562,111 20,541,114

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months ended June 30, 2024

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, 2023.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarters ended June 30, 2024 and June 30, 2023 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, 2024.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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, 2023, except for the following:

Pursuant to the release of circular 7/2024 by the Institute of Chartered Accountants of Pakistan, the Company has elected to change the method of accounting for minimum taxes and final taxes.

The Company has elected to designate the amount calculated on taxable income using the enacted tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, will then be recognised as a levy falling under the scope of IFRIC 21/IAS 37.

As computation of final taxes under provisions of ITO, 2001 is not based on taxable income, therefore, final taxes fall under levy within the scope of IFRIC 21/IAS 37 and not income tax in the condensed interim statement of profit or loss.

The Company reclassified the levies that fall under the scope of IFRIC 21/IAS 37 in the condensed interim statement of profit or loss. Consequently, there is no change to the net loss reported in the prior period due to this reclassification. The three column impact, in

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months ended June 30, 2024

the context of restatement in the Company's condensed interim financial statements, is not material.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO INTERNATIONAL 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, 2024. 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.

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, 2023.

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, 2023.

Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	---- Rupees in '000 ----	----

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1 & 7.2	11,655,915	10,423,061
Capital work-in-progress	7.1	1,752,550	2,803,504
Right-of-use assets	7.3	103,319	148,621
		<u>13,511,784</u>	<u>13,375,186</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	1,825,111	22,643	20,558	
Vehicles	163,531	96,192	67,151	
Service equipment	102,493	-	-	
Capital work-in-progress - net of transfers	(1,050,954)	-	-	
	<u>1,040,181</u>	<u>118,835</u>	<u>87,709</u>	

7.2 Depreciation charge for the period ended June 30, 2024 amounting to Rs. 827.155 million (June 30, 2023: Rs. 717.153 million).

7.3 Right-of-use assets

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Warehouses, sales offices and city office	7.3.1	103,319	148,621

7.3.1 Depreciation charge on right-of-use assets for the period ended June 30, 2024 amounting to Rs. 45.302 million (June 30, 2023: Rs. 42.890 million).

8. STOCK-IN-TRADE

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Raw and packing materials [including stock-in-transit of Rs. 811.078 million (December 31, 2023: Rs. 219.807 million)]		6,649,491	5,490,651
Work-in-process		816,004	803,969
Finished goods [including stock-in-transit of Rs. 486.788 million (December 31, 2023: Rs. 382.882 million)]		4,841,188	7,065,124
		12,306,683	13,359,744
Less: provision for slow moving and obsolete items		(524,798)	(532,879)
		11,781,885	12,826,865

8.1 Stock-in-trade includes items costing Rs. 682.543 million (December 31, 2023: Rs. 1,380.842 million) valued at net realisable value of Rs. 455.433 million (December 31, 2023: Rs. 1,003.759 million) resulting in a write down of Rs. 227.110 million (December 31, 2023: 377.083 million)

9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Represents trade deposits and short-term prepayments amounting to Rs. 175.528 million and Rs. 251.176 million (December 31, 2023: Rs. 164.309 million and Rs. 279.063 million), respectively, net of allowance.

10. OTHER RECEIVABLES

Includes sales tax receivable and due from related parties amounting to Rs. 1,231.298 million and Rs. 196.737 million (December 31, 2023: Rs. 1,497.844 million and Rs. 451.907 million), respectively.

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
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11. SHORT-TERM INVESTMENTS

At amortised cost			
Term deposit receipts	11.1	495,000	495,000
Accrued profit thereon		6,705	7,822
		501,705	502,822

11.1 Term deposit receipts

Having less than three months maturity period	11.1.1	495,000	495,000
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Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months ended June 30, 2024

- 11.1.1** 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 20.50% (December 31, 2023: 20.60%) per annum.

Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	---- Rupees in '000 ----	

12. CASH AND BANK BALANCES

With banks

Saving accounts:

- local currency 12.1 1,488,951 3,131,102

Current accounts:

- local currency	70,249	4,107
- foreign currency	1,462,383	1,400,229
	1,532,632	1,404,336

In hand

- local currency	2,368	5,214
- foreign currency	3,465	1,060
	5,833	6,274

<u>3,027,416</u>	<u>4,541,712</u>
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- 12.1** These saving accounts carrying markup at the rate of 20.05% (December 31, 2023: 20.50%) per annum.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at June 30, 2024, Abbott Asia Investments Limited, UK (the Holding Company) held 76,259,454 (December 31, 2023: 76,259,454) shares. The ultimate holding company is Abbott Laboratories, USA.

14. TRADE AND OTHER PAYABLES

Includes accrued liabilities amounting to Rs. 5,030.746 million (December 31, 2023: Rs. 4,404.080 million) and bills payable of Rs. 6,433.100 million (December 31, 2023: Rs. 7,888.745 million).

15. CONTINGENCIES AND COMMITMENTS

- 15.1** 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.

15.2 Commitments

- 15.2.1** Commitments for capital expenditure as at June 30, 2024 aggregated to Rs. 1,123.508 million (December 31, 2023: Rs. 793.963 million).
- 15.2.2** Commitments in respect of letters of credit as at June 30, 2024 aggregated to Rs. 1,904.406 million (December 31, 2023: Rs. 1,600.866 million).
- 15.2.3** The Company has given bank guarantees as at June 30, 2024 of Rs. 855.181 million (December 31, 2023: Rs 652.159 million) to the Customs Department, a utility company and other institutions against tenders.

15.2.4 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 6,600 million (December 31, 2023: Rs. 6,600 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. 3,290 million (December 31, 2023: Rs. 2,290 million). The running finance / short-term loan carries mark-up at rates ranging from KIBOR minus 0.25% to flat KIBOR (December 31, 2023: 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.

16. OTHER CHARGES	Six months ended June 30, 2024 (Unaudited)	Six months ended June 30, 2023 ---- Rupees in '000 ---- (Audited)
Exchange loss - net	-	1,464,841
Workers' Profit Participation Fund	168,740	33,746
Workers' Welfare Fund	62,320	31,143
Central Research Fund	31,755	6,162
Donations	15,241	15,163
Auditor's remuneration	7,855	6,203
Stamp duty	20,300	15,627
Provision for expected credit loss on trade debts	22,359	-
Provision for expected credit loss on other receivables	125	-
	<u>328,695</u>	<u>1,572,885</u>

17. OTHER INCOME

Income from financial assets

Term deposit receipts	50,801	55,112
Saving accounts	187,207	374,407
	238,008	429,519

Income from non-financial assets

Gain on disposal of property, plant and equipment - net	22,476	18,989
Reversal of expected credit losses on trade debts and other receivables- net	-	10,641
Scrap sales	29,706	31,735
Liabilities no longer payable written off	-	500,054
Exchange gain - net	87,191	-
Income earned from Abbott GmbH	80,727	72,815
	220,100	634,234
	<u>458,108</u>	<u>1,063,753</u>

18. LEVIES CLASSIFIED UNDER IFRIC 21 / IAS 37

This represents minimum taxes and final taxes paid under section 148 and 154 of Income Tax Ordinance, 2001 respectively, representing levy in terms of the requirements of IFRIC 21/IAS 37.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months ended June 30, 2024

		Six months ended June 30, 2024	Six months ended June 30, 2023
	Note	(Unaudited)	(Audited)
---- Rupees in '000 ----			
19. CASH GENERATED FROM OPERATIONS			
Profit before income tax and levies		3,184,454	639,943
Adjustment for non-cash changes and other items:			
Depreciation of operating fixed assets		827,155	717,153
Depreciation of right-of-use assets		45,302	42,890
Amortisation of intangible assets		6,773	7,452
(Reversal) for slow moving and obsolete stores and spares		-	(36,691)
Provision for slow moving and obsolete stock in trade		6,666	149,204
Provision / (Reversal) allowance for expected credit losses on trade debts		22,359	(10,777)
Allowance for expected credit losses on other receivables		125	136
Gain on disposal of property, plant and equipment		(22,476)	(18,989)
Interest income		(238,008)	(429,519)
Expense recognized in profit or loss in respect of equity-settled shared-based compensation		163,628	135,103
Staff retirement benefits		179,938	206,527
Finance costs		12,599	16,927
Working capital changes	19.1	(2,207,393)	(3,134,586)
		<u>1,981,122</u>	<u>(1,715,227)</u>
19.1 Working capital changes			
Decrease / (increase) in current assets			
Stores and spares		17,927	(39,207)
Stock-in-trade		1,038,314	(5,092,737)
Trade debts		(593,540)	(129,143)
Loans and advances		(632,104)	32,470
Trade deposits and short-term prepayments		16,668	(101,313)
Other receivables		208,491	(824,405)
		<u>55,756</u>	<u>(6,154,335)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		(2,263,149)	3,019,749
		<u>(2,207,393)</u>	<u>(3,134,586)</u>
19.2 Cash and cash equivalents			
Cash and bank balances	12	3,027,416	3,390,593
Term deposit receipts	11.1	495,000	495,000
		<u>3,522,416</u>	<u>3,885,593</u>

20. 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, 2024	Six months ended June 30, 2023
	----- Rupees in '000----- (Unaudited) (Unaudited)	
Group companies		
Sale of goods	657,096	554,655
Purchase of materials	7,688,261	9,878,824
Technical service fee	150,530	119,471
Reimbursement of expenses - net	217,490	162,111
Other income	80,727	572,869
Retirement fund:		
- Contribution to Pension fund	119,897	117,848
- Contribution to Provident fund	76,412	70,433
- Contribution to Gratuity fund	24,714	18,360
Key management personnel:		
Remuneration and other short-term employee benefits	391,107	333,480
Post-employment benefits	28,912	26,424

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months ended June 30, 2024

21. SEGMENT ANALYSIS

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

	June 30, 2024					June 30, 2023				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
Rupees in '000										
Sales	23,211,620	8,343,269	3,232,689	1,011,861	35,799,439	19,962,542	7,354,520	2,345,907	1,069,258	30,722,227
Less:										
Sales return	43,724	18,089	-	2,595	64,408	15,239	8,791	-	2,972	27,002
Trade discounts	1,490,915	446,221	-	28,158	1,965,294	1,616,430	403,825	-	41,654	2,061,909
Sales tax and excise duty	188,949	1,307,641	19,868	53,746	1,570,204	-	1,136,122	15,731	238,285	1,390,138
Sales - net	21,488,032	6,571,318	3,212,821	927,362	32,199,533	18,330,873	5,805,782	2,330,176	776,347	27,243,178
Cost of sales	(15,874,894)	(4,461,743)	(2,784,773)	(738,070)	(23,859,480)	(14,200,315)	(4,484,951)	(2,154,440)	(596,436)	(21,438,142)
Gross profit	5,613,138	2,109,575	428,048	189,292	8,340,053	4,130,558	1,320,831	175,736	177,911	5,805,036
Selling and distribution expenses	(3,139,970)	(1,165,041)	(217,976)	(192,523)	(4,715,510)	(2,693,733)	(1,071,267)	(209,967)	(150,185)	(4,125,152)
Administrative expenses	(459,776)	(78,405)	(18,722)	-	(556,903)	(415,711)	(77,459)	(20,712)	-	(513,882)
Segment result	2,013,392	866,129	191,350	(3,231)	3,067,640	1,021,114	172,105	(54,943)	27,725	1,166,002

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

	June 30, 2024					June 30, 2023				
	Pharmaceutical	Nutritional	Diagnostic	Others	Total	Pharmaceutical	Nutritional	Diagnostic	Others	Total
Rupees in '000										
Sales	11,661,132	4,251,061	1,547,634	567,189	18,027,036	9,881,438	3,393,098	1,276,563	565,318	15,116,417
Less:										
Sales return	30,798	9,573	-	1,563	41,934	7,467	2,253	-	1,548	11,268
Trade discounts	761,625	230,538	-	16,642	1,008,805	823,834	182,780	-	13,392	1,020,006
Sales tax and excise duty	94,513	667,522	10,956	32,701	805,692	(80,570)	532,813	8,217	187,423	647,863
Sales - net	10,774,196	3,343,448	1,536,678	516,283	16,170,605	9,130,707	2,675,252	1,268,346	362,955	13,437,260
Cost of sales	(8,110,339)	(2,319,518)	(1,419,336)	(432,162)	(12,281,355)	(7,306,408)	(2,000,134)	(1,197,868)	(335,104)	(10,839,534)
Gross profit	2,663,857	1,023,930	117,342	84,121	3,889,250	1,824,299	675,118	70,458	27,851	2,597,726
Selling and distribution expenses	(1,596,720)	(511,606)	(108,333)	(101,283)	(2,317,942)	(1,409,453)	(491,668)	(101,764)	(80,455)	(2,063,340)
Administrative expenses	(242,934)	(34,656)	(10,578)	-	(288,168)	(209,525)	(39,125)	(13,293)	-	(261,943)
Segment result	824,203	477,668	(1,569)	(17,162)	1,283,140	205,321	144,325	(44,599)	(32,604)	272,443

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

	Six Months Ended		Quarter Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
----- Rupees in '000 -----				
Total segment results	3,067,640	1,166,002	1,283,140	272,443
Other income	458,108	1,063,753	202,567	226,239
Other charges	(328,695)	(1,572,885)	(151,420)	(98,948)
Finance costs	(12,599)	(16,927)	(5,938)	(7,861)
Profit before taxation	3,184,454	639,943	1,328,349	391,873

21.4 Geographical information (Un-audited)

	Six Months Ended		Quarter Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
----- Rupees in '000 -----				
Sales to external customers, net of returns				
Pakistan	30,489,133	25,820,340	15,250,404	12,771,326
Afghanistan	998,948	825,987	552,813	381,939
Srilanka	15,006	42,196	15,006	42,196
Bangladesh	39,350	-	13,067	-
Switzerland	657,096	554,655	339,315	242,799
	32,199,533	27,243,178	16,170,605	13,438,260

21.5 Segment Assets and Liabilities

	Unaudited				Audited					
	June 30, 2024				December 31, 2023					
	Pharmaceutical	Nutritional	Diagnostics	Others	Total	Pharmaceutical	Nutritional	Diagnostics	Others	Total
----- (Rupees '000) -----										
Segment assets employed	20,746,078	2,702,010	5,532,119	354,825	29,335,032	19,696,555	4,618,904	5,292,456	352,290	30,160,205
Unallocated corporate assets					6,469,650					6,533,240
Total reported assets					35,804,682					36,693,445
Segment liabilities	7,768,941	2,244,379	1,942,967	60,080	12,016,367	9,780,736	2,963,040	2,567,667	92,140	15,403,583
Unallocated corporate liabilities					3,247,201					3,052,516
Total liabilities					15,263,568					18,456,099

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

The Board of Directors in its meeting held on August 26th, 2024 have proposed an interim cash dividend @ NIL% (June 30, 2023: NIL%).

23. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on August 26th, 2024 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer



Abbott

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