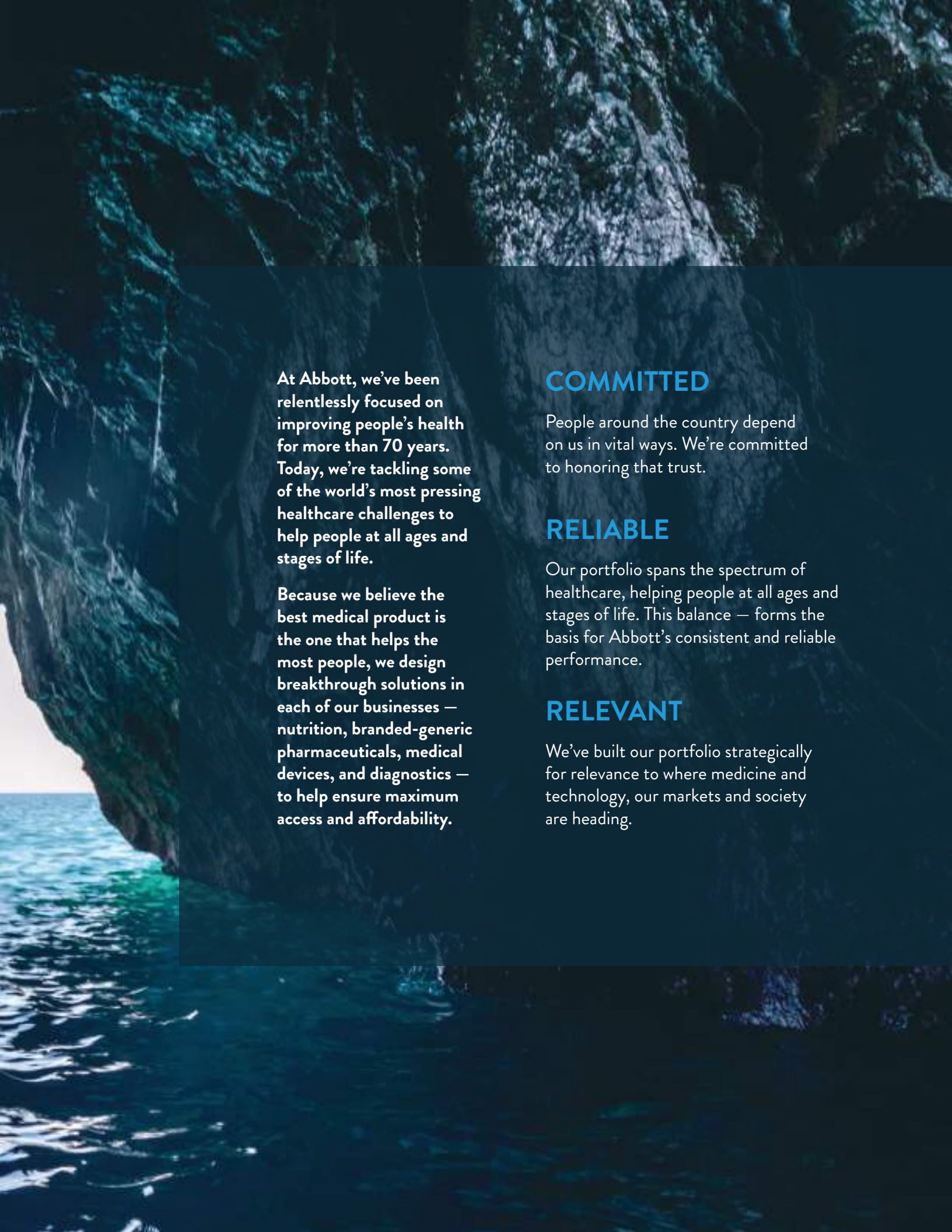


Conquering the uncharted

Annual Report  
T w e n t y   t w e n t y   t w o







**At Abbott, we've been relentlessly focused on improving people's health for more than 70 years. Today, we're tackling some of the world's most pressing healthcare challenges to help people at all ages and stages of life.**

**Because we believe the best medical product is the one that helps the most people, we design breakthrough solutions in each of our businesses — nutrition, branded-generic pharmaceuticals, medical devices, and diagnostics — to help ensure maximum access and affordability.**

## **COMMITTED**

People around the country depend on us in vital ways. We're committed to honoring that trust.

## **RELIABLE**

Our portfolio spans the spectrum of healthcare, helping people at all ages and stages of life. This balance — forms the basis for Abbott's consistent and reliable performance.

## **RELEVANT**

We've built our portfolio strategically for relevance to where medicine and technology, our markets and society are heading.



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# Organizational Overview And External Environment







# Our Global Narrative



Abbott is a global healthcare company, dedicated to improving people's health at all ages and stages of life. It believes good health is foundational to everything; Abbott is committed to decentralizing and democratizing care so more people can live their fullest possible lives.

For more than 130 years and in more than 160 countries, Abbott has been creating products and technologies that address some of the world's most pressing health problems. In each of Abbott's core businesses — nutrition, diagnostics, medicines and medical devices — it has built its portfolios strategically for relevance to where medicine and technology, markets, customers and society are heading. Abbott's 113,000 colleagues are also





helping millions of people to live better and healthier, every day around the world.

This forward focus helps Abbott to deliver long-term impact for the people we serve, and achieve above-market growth, strong cash flow, and consistently strong shareholder returns.

Today, Abbott portfolio includes:

## MEDICINES

Trusted medicines across the globe to help people get and stay healthy.

## DIAGNOSTICS

Systems and tests that provide information to support better and more timely decisions for people and their doctors.

## NUTRITION

That build and maintain health from infancy onward.

## MEDICAL DEVICES

That use the most advanced technologies to keep hearts and arteries healthy, treat chronic pain and movement disorders, and give people with diabetes more freedom and less pain.

# ADVANCING OUR VISION

Abbott has a clear vision for 2030: to improve the lives of one in every three people on the planet — 3 billion people a year. To achieve this, Abbott will continue to build on the progress it made during the year, propelling science, technology and healthcare into the future.

# Abbott Pakistan At a Glance



Since 1948, Abbott has been dedicated to helping people in Pakistan live healthier lives through a diverse range of branded generic medicines, science-based nutritional products, diagnostic solutions and glucose monitoring devices.





## ADVANCING HEALTH AND WELLNESS IN PAKISTAN

Abbott in Pakistan is dedicated to offer the highest-quality products and find lasting solutions to unique local health challenges. We have more than 1,400 employees and two state of the art manufacturing facilities in Karachi.

Our portfolio spans the spectrum of healthcare, helping people at all ages and stages of life. This balance — along with market leadership aligned with major trends — forms the basis for Abbott’s consistent and reliable performance.

## MARKET LEADER IN PAKISTAN

**BRUFEN** - #1 Brand in volume

**ARINAC** - #1 Cold preparations without Anti-Infectives

**KLARICID** - #2 Macrolide Antibiotic

**SURBEX Z** - #1 Vitamin B Complex Brand

**DUPHASTON** - #1 Brand for Progesterone Deficiency

**EPIVAL** - #1 Anti-Epileptic Brand

**ENSURE** - #1 Adult Nutrition Supplement

**DUPHALAC** - #2 Laxative Brand

**PEDIASURE** - #1 Child Nutrition Supplement

**SERC** - #1 Anti-Vertigo Brand

**GLUCERNA** - #1 Diabetic Nutritional Supplement

# Advancing Innovation IN Pakistan







LAUNCHING HIGH-  
QUALITY, TRUSTED  
MEDICINES TO ADDRESS  
ONGOING HEALTH  
CHALLENGES



PROVIDING ADVANCED  
NUTRITION AND  
IMPROVING NUTRITIONAL  
STANDARDS ACROSS THE  
COUNTRY



AN UNPRECEDENTED  
APPROACH TO PROVIDE A  
MORE EFFICIENT, COMPLETE  
DIAGNOSTICS SOLUTION



PIONEERING DIABETES  
MANAGEMENT THROUGH  
GROUND-BREAKING  
GLUCOSE SENSING  
TECHNOLOGY

# Our Business Segments









## ABBOTT IS IN THE BUSINESS OF LIFE

We understand that the first step to living your best life is good health. Everything we make is designed to help you do just that. We are committed to offer products, solutions and technologies that help you get and stay healthy, nourish your body at every stage of life, bring you information, and breakthroughs to manage your health.

## OUR DIVERSIFIED PRODUCTS AND SOLUTIONS

Abbott offers an array of leading products in Pakistan to help people live healthier, fuller lives. Our patient-centric solutions in Established Pharmaceuticals, Nutrition, Diagnostics and Diabetes Care are addressing important health needs of people across Pakistan. Our diversity of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across the country.

## ESTABLISHED PHARMACEUTICALS (EPD)

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

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





## NUTRITION (ANI)

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



## DIAGNOSTICS (ADD)

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

## DIABETES CARE (ADC)

We are committed to providing people with diabetes; convenience and ease. With the FreeStyle Libre system, patients are now able to manage their glucose levels with information at their finger-tips. The FreeStyle Libre system provides people with diabetes with continuous glucose monitoring.

Continuous Glucose Monitoring<sup>1</sup> (CGM) is a sensor-based system that provides real-time glucose readings day and night to people with diabetes.

### Disclaimers:

*1. In a study conducted by Abbott Diabetes Care, 99% of patients surveyed (n=123) agreed that the FreeStyle Libre system would reduce the hassles of glucose monitoring.*



# ESTABLISHED PHARMACEUTICALS TRUSTED BRANDS

Every day, millions of people across the country benefit from Abbott's medicines. In this business, we innovate in all areas beyond the molecule, using insights to apply new ways to make good medicines better. Our product portfolios are patient-centric and offer solutions to help treat some of the most prevalent health conditions.

We drive scale and market share by having breadth and depth in high-growth therapeutic areas — tailored to patient needs and supported through innovations and new partnerships. This portfolio approach helps us provide efficiencies, focus, and therapeutic expertise, and to build deep stakeholder relationships.

2 

State of the Art  
Manufacturing  
Facilities

>150

Broad Portfolio of  
trusted Medicines

Our portfolio spans multiple therapeutic areas: Gastroenterology, Women's Health, Cardiometabolic, Pain management, Central nervous system, and Respiratory; and includes leading multi-vitamins and medicines for pain management, epilepsy, progesterone hormone therapy, and vertigo.

2 

Product Launches

After her marriage, Uzma's biggest dream was to start a family. However, due to certain medical issues, she suffered multiple miscarriages. She felt disappointed and frustrated. Upon consultation with a gynaecologists, she was prescribed Abbott's medication as prophylactic approach to support luteal phase insufficiency. The medication was started from conception and continued till 12 weeks. Soon after the luteal phase support, Uzma conceived her first baby and began the beautiful journey of motherhood.

Becoming a mother has been the most gratifying and life-changing experience for her.

Uzma

Karachi, Pakistan





Abbott has helped women around the world for over 50 years by improving their lives and supporting them throughout their pregnancy, reproductive health and the menopause.



# NUTRITION

## NOURISHING POTENTIAL



Hammad, a 5-year-old boy studies at a local primary school. As Hammad's grades started to slip, his teacher informed his mother that he has become lethargic and has stopped taking interest in class activities. His mother also felt that he had started falling sick rather frequently, whilst showing little interest in food, developing picky eating habits in the process.

Upon sharing her concern about Hammad's faltering growth and overall health, the doctor suggested that Hammad may be suffering with malnutrition and needs a healthy and well-balanced diet to overcome caloric deficits. Alongside natural diet, the doctor recommended Pediasure, a complete and balanced nutritional supplement for Hammad to achieve his nutritional needs.

Hammad's mother has seen visible results and positive impact on Hammad's health and progress after using Pediasure for 8 weeks. She has also noticed that Hammad has started to gain weight, his height has improved, and he falls sick less often due to stronger immunity support. Hammad is now more active in class and has developed a newfound interest in class activities.

### **Hammad**

Karachi, Pakistan





At Abbott, we understand that proper nutrition is the foundation for living the best and fullest life possible. That's why we develop science-based nutrition products for people of all ages. Abbott products help babies and children grow, keep adult bodies strong and active, and support the unique nutrition needs of people with chronic illnesses — to make every stage of life a healthy one.

## Year in Review

The year 2022 was a particularly challenging one, especially on the economic front. It began with the imposition of 17% sales tax on PediaSure in Jan 2022. This seriously impacted consumers' purchasing power, that was dented even further by heightened inflation throughout the year.

Regardless though, ANI Pakistan continued to focus on raising nutritional awareness amongst mothers of young children, elderly 50+ and their caregivers. TV advertising was the cornerstone of our media strategy, complemented by advertising on social media, radio, and in cinemas.



Besides media, consumer communication was driven by a concentrated strategy revolving around direct-to-consumer activations. These were led by more than 200 in-store promoters in modern trade outlets across Pakistan. Further, we continued to engage more than 100,000 consumers through Nutri camps across diverse touchpoints including retail stores, restaurants, malls, and parks. 30,000 mothers of school children were educated through Sure Mom School Programs. Besides, children's grandparents were also engaged through celebration of Grandparents' Days in schools. We also partnered with airline companies to furnish brand reminders among young flyers 2-10 years of age, as well as PediaSure recipe books for their mothers. Our Hospital Partnership Program went from strength to strength, as we supported hospitals in getting more than 800,000 patients nutritionally assessed.

Driven by a well-executed Marketing strategy, the relentless focus on consumer engagement and Healthcare Professional's education resulted in ANI Pakistan crossing the PKR 12 billion barrier in terms of full-year revenue, by registering a strong 23% growth over previous year.



# DIAGNOSTICS

## DATA-BASED DECISIONS



### National Institute of Cardiovascular Diseases

Since its inception in 1963, the National Institute of Cardiovascular Diseases (NICVD) has played a pivotal role in caring for patients with heart diseases in Pakistan. NICVD was the first tertiary cardiac care institute in South Asia. NICVD offers testing services in the areas of biochemistry, haematology, microbiology, molecular pathology, blood bank and transfusion.

Abbott has been helping NICVD provide the best-in-class lab testing services to their patients over several years. Abbott partnership with NICVD started with the installation of Architect i2000SR in 2016, which was a fully automated integrated Immunochemistry Analyzer. Currently, Abbott has installed two state-of-the-art Alinity ci (Immunoassay and Clinical Chemistry) systems at NICVD Lab to enable them to meet current and future requirements, delivering unprecedented integration across their laboratory operations.

“

**NICVD considers Abbott to be a trusted partner in enabling them to deliver measurably better healthcare performance and best-in-class lab testing.**

**Dr. Muhammad Nadeem TI(M)**

*Head of Department of Pathology, NICVD,  
Karachi*

”

Abbott's innovative tests and instrument systems that support healthcare professionals with health screening, disease diagnosis, and monitoring have made us a leading name in immunoassay diagnostics, companion diagnostics, clinical chemistry, and blood screening. Our information solutions enable efficient information sharing across functions, allowing faster and better-informed treatment decisions.

Over the next few years, Abbott will continue rolling out our Alinity family of harmonized systems, which are being designed to run more tests in less space, generate test results faster, and minimize human errors, while continuing to provide high-quality results.

# Alinity

**MOLECULAR**  
Alinity m



**CORE LABORATORY**  
Alinity ci-series & Alinity h-series



**TRANSFUSION**  
Alinity s



**INFORMATICS**  
Alinity PRO

**POINT OF CARE**  
i-STAT Alinity



# DIABETES CARE

PEOPLE POWER





When my four-year old daughter was diagnosed with Type 1 Diabetes, it was one of the most difficult moments in my life. As any other parent, I too have only ever wanted the best for my child and that includes the care and support which I provide to her for her diabetes management.

I have found the FreeStyle Libre system to be a brand that I trust, to provide accurate glucose readings. By using the FreeStyle Libre system, I am able to monitor her glucose levels anytime, anywhere, conveniently and discreetly. Since the data on this device provides continuous glucose levels, I am able to adjust her meals, exercise and medication to ascertain that her readings stay within the targeted range, and that she can lead as normal a life as anybody else.

I cannot imagine life without the FreeStyle Libre system, simply because of the ease and convenience that it has brought to my daughter's and my life.

**MR. SHIRAZ**

KARACHI, PAKISTAN

Abbott Diabetes Care operates on a unique direct to customer business model for it's recently launched brand FreeStyle Libre.

This product is made available to consumers directly through their:

Call Center | Experience Center | Website

The Experience Centers offer users with the unique experience of visiting a site designed and developed solely for the purpose of educating and displaying the FreeStyle Libre system.

Similarly upon ordering on the website or through the call center, the FreeStyle Libre system is delivered free of cost to the residence of the purchaser, along with a free of cost visit from one of our resident Diabetes Educators.





# KEY BRANDS

## Duphaston

Duphaston is the world's #1 Brand in Progesterone Deficiency with a versatile Progestogen "Dydrogesterone" for women suffering from progesterone deficient disorders.

Duphaston is high in specificity for progesterone receptors, making it a convenient orally effective luteal phase support for treatment of miscarriages, menstrual disorders, endometriosis and IVF.

Duphaston is the only true Dydrogesterone present in market shaped by Light Technology under license from Abbott Healthcare Products B.V., Weesp, Holland. It is experienced in more than 113 million women and more than 20 million pregnancies in more than 100 countries worldwide.

In Pakistan, Duphaston is leading the progesterone market by having 56.1% value market share and has crossed milestone of PKR 3 Billion sales as per IQVIA MAT December 2022.



## Surbex Z

Surbex Z is the No. 1 brand on value, volume<sup>1</sup> and prescription in the Vitamin B complex market. It is also the no. 1 prescribed brand in the Vitamins market with 23 million annual prescriptions.<sup>2</sup>

Surbex Z is a legacy brand for Abbott with a 26-year history of efficacy and trust. Millions of consumers across the country have benefited from the advantages of Surbex Z at some point in life.



Surbex Z is a well-known brand among HCPs. The brand engaged HCPs through its creative and innovative campaigns using scientific material and digital tools of engagement throughout the year 2022.

Our well-known consumer campaign, Zinc Say Zindagi, has helped us raise awareness regarding Zinc deficiency through multiple channels across the nation. We continue to serve our patients and improve their lives by delivering quality with affordability.

References: 1. IQVIA MAT, DEC. 2022 | 2. IQVIA MIP S2, 2022

## Serc

Serc is Pakistan's # 1 anti-vertigo brand, valued at PKR 725 million\*, with 13,960\*\* prescriptions written daily, providing patients with trusted relief for more than 50 years.

HCP engagement was done through the combined efforts of the sales, medical and marketing teams, digital and face-to-face initiatives such as educational summits, webinars, awareness material, and scientific sessions were carried out with the goal of increasing brand awareness and maximizing market share.

\*IQVIA MAT December 2022 | \*\*IQVIA MIP S2 2022



## Duphalac

Duphalac is Abbott's biggest Gastro brand valued at PKR 1.3 Billion\* and is the most prescribed Laxative brand in the market with over 3.7\*\* million annual prescriptions. It is also the # 1 Lactulose brand worldwide\*\*\* and has a legacy of 31 years in Pakistan.

In 2022, the team accelerated HCP engagement by executing top-notch scientific programs throughout the year, with an objective of providing healthcare professionals from diverse backgrounds to learn from top gastroenterologists in the country.

\*IQVIA MAT December 2022 | \*\*IQVIA MIP S2 2022 | \*\*\*IQVIA MIDAS database Q3 2021 Release



## Klaricid®

(also registered as Klacid® in international market) is one of the flagship research molecules of Abbott Laboratories. Klaricid is an anti-biotic which falls in the category of Macrolides and indicated in treating bacterial respiratory tract infections along with skin and soft tissue infections and H-pylori infections amongst many others.

Klaricid® just marked its 30 years of excellence in Pakistan as per IQVIA DEC 2022, while valuing at PKR 2.08 billion and growing at 18% on units and 26% in value.







## ARINAC

Arinac holds leadership position in Cough and Cold market, with 54% market share having PKR 2.5 billion sales on IQVIA MAT December 2022.

Being prescribed 2.9 Million times in a span of 6 months, Arinac serves as a single solution for 5 symptoms to all ages above 6 years.

## Brufen

Brufen, our flagship brand is the highest volume selling brand with approximate sales of 87 Million<sup>1</sup> Units per annum.

Due to its high HCP acceptance and strong brand equity, Brufen enjoys an average of 68,000<sup>2</sup> prescriptions per day. In 2022, the brand not only maintained its volume leadership position but also achieved a major milestone of achieving a value of PKR 6.8 Billion<sup>3</sup>. The NSAID provides a longer duration of Fever control and possesses triple action properties i.e., Anti-Inflammatory, Anti Pyretic, and Analgesic. In addition to day-to-day HCP and pharmacy engagements, maintaining its share of voice, the brand capitalized itself on the Digital front through numerous multi-channel engagements positioning it as an effective solution in Fever, Pain, and Inflammation.

1. IQVIA MAT DEC 2022 | 2. MIP S2 2022 | 3. IQVIA MAT DEC 2022



## Ensure

Ensure is a science-based, complete and balanced nutritional supplement that aspires for healthy aging in people aged 50+ and promotes fast recovery in patients.

The brand has been serving the nutritional needs of Pakistanis since 1990. Key areas of focus for Ensure include healthy aging, fast recovery of hospitalized and surgical patients, as well as those who are critically ill and have additional nutritional needs. We continue to enhance nutritional awareness amongst Healthcare Professionals and consumers through a diverse range of educational and interactive programs.



## PediaSure

PediaSure is a complete and balanced nutritional supplement for children aged 2-10 years. It aims to be the leading Nutrition solution partner of mothers concerned about their child's eating habits and its impact on their growth.

The brand aims to unlock nutritional potential of Pakistani children by enhancing mothers' nutritional awareness on how to improve height, weight and immunity of their children. In Q1, 2022, a new 200g soft pack has been launched to cater to nutritional requirements of a wider segment of population.



## Glucerna

Glucerna is a scientifically-formulated nutritional supplement that fulfils specific nutritional needs of prediabetics and diabetics.

Its unique Triple Care formula makes Glucerna an integral component of patients' diabetic management plans, by helping them improve their quality of life through optimization of key cardiometabolic indicators.







## Similac

Similac range of infant formulas serve children from birth to 3 years of age.

The range offers a diverse set of solutions to mothers who are concerned about their infants' growth and development in early years; as well as specialized nutritional solutions for preterm and low birth weight babies, those suffering from infant formula tolerance issues, as well as babies who have cow's milk allergy and diarrhea.

## FREESTYLE LIBRE

The FreeStyle Libre system is a continuous glucose monitoring device designed to facilitate patients to monitor and manage their glucose levels and liberate them from the hassle and pain of pricking themselves multiple times daily to check their glucose level.

Our sensing technology - the FreeStyle Libre System - the only brand in Pakistan which gives users data and insights conveniently and in an easily understandable way. The sensor, worn on the back of the upper arm, automatically tracks glucose levels - every minute, day and night. FreeStyle Libre users can get a glucose reading, plus record the trends in their levels, giving them the confidence to make the right decisions because they know how different foods, exercise and medications impact their health.



## ALINITY

ALINITY is a next-generation family of systems, across key laboratory disciplines, designed to simplify diagnostics and help deliver results that drive better patient outcomes. It consists of next-generation instruments for clinical chemistry, immunoassay, hematology, blood and plasma screening.

It is a unified, holistic family of systems delivering unprecedented integration across laboratory which consists of compact, scalable systems to maximize throughput and efficiency, making today's high performing laboratories run at their best, today and into the future.

**ALINITY. A TOTAL LAB SOLUTION, DESIGNED TO DELIVER:**



**Uniformity**  
Common user experience



**Flexibility**  
Scalable system with open connectivity



**Confidence**  
Error - Proof design and quality assay performance



**Operational Productivity**  
Maximum throughput in a smaller footprint





# PRODUCT LAUNCHES

New product development is the driving force of companies and vital for their organic growth. This domain has received growing interest for several years along with the new opportunities and challenges. Abbott is committed to bring in new products to address ongoing health challenges in order to enable people to live fuller, healthier lives. Abbott Pakistan closely monitors this area of interest and continuously strives to cater to the increasing demand of the local market by introducing differentiated products, solutions and technologies.

## RUVASTAT TABLETS

To further strengthen its cardiovascular portfolio, Abbott relaunched Ruvastat (Rosuvastatin) tablets, a solution for chronic heart patients. Maintaining its high standards of quality, Ruvastat (Rosuvastatin) is the only brand in this market from a multinational company. Ruvastat (Rosuvastatin) is available in tablets of 5mg, 10mg and 20mg.



## Sunplex-D Drops:

Abbott continued to lead the vitamins portfolio in Pakistan by introducing brands that improve children's well-being, while also strengthening the footprints of Abbott legacy brands through the addition of Vitamin D supplementation.

Abbott is the first multinational in Pakistan to launch Vitamin D drops (400 IU) offering quality and affordability for the pediatric population.

## Pediasure 200gm Soft pack

In line with Abbott Nutrition vision of unlocking the nutritional potential for Pakistanis, ANI Pakistan launched Pediasure 200g in a soft pack, across the country with an objective of enhancing Pediasure's trial amongst consumers belonging to diverse socioeconomic strata. New Pediasure 200g soft pack will support mothers in the journey to fulfil nutritional needs of their children and provide them with optimal growth and development through complete and balanced nutrition.



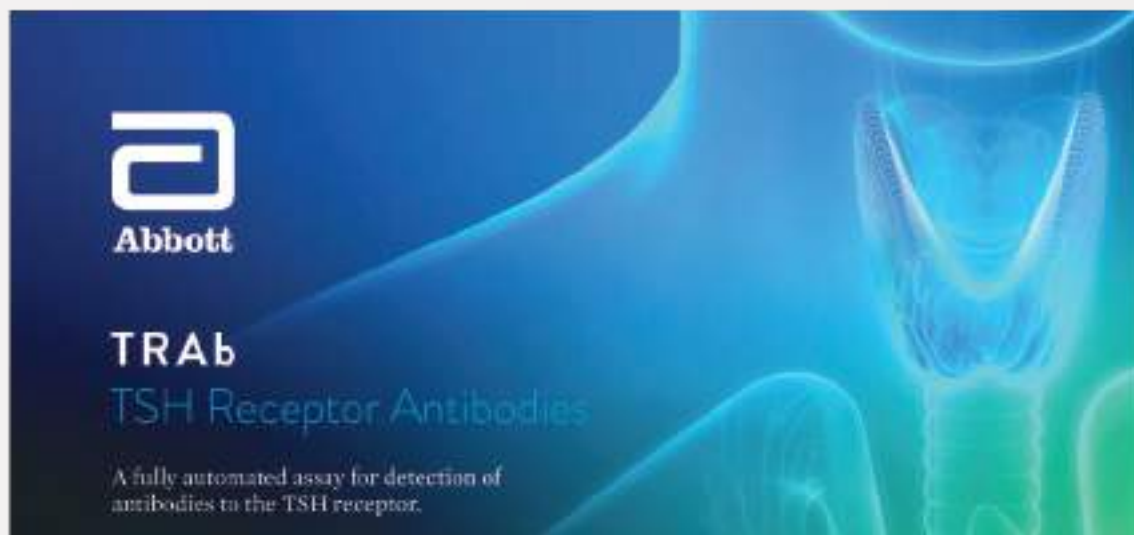
## Diagnostics New Tests Launches

### HSV-1 IgG, HSV-2 IgG

The HSV-1 IgG and HSV-2 IgG assays are chemiluminescent microparticle immunoassays (CMIA) used for the qualitative determination of specific IgG antibodies to herpes simplex virus type 1 (HSV-1) and herpes simplex virus type 2 (HSV-2) in human serum and plasma on the Alinity i-System.

### TSH Receptor Antibodies (TRAb) Assay

The TRAb assay is a chemiluminescent microparticle immunoassay (CMIA) used for the quantitative determination of thyroid stimulating hormone receptor antibodies (TRAb) in human serum on the Alinity I-system and the ARCHITECT i system. The TRAb assay is to be used as an aid in the differential diagnosis of Graves' disease.





# Awards and Recognitions

## BEST CORPORATE REPORT AWARD 2021

Abbott Pakistan was recognized among the top companies in the Pharmaceuticals category of the 2021 Best Corporate Report Awards organised by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The objective of the award is to encourage and give recognition to companies showing excellence in annual corporate reporting that promotes corporate accountability and transparency through the publication of timely, qualitative and reader-friendly annual reports. This achievement of the Company is a manifestation of Abbott's unrelenting drive towards excellence in all domains.

## ABBOTT PAKISTAN WON BEST PRACTICES ON WOMEN EMPOWERMENT AWARD

At Abbott, diversity, equity and inclusion is key to our sustainability strategy. More women in leadership will pave the path for opportunities for the younger generation to reach new heights in their careers. In Pakistan, we're actively working on creating a more diverse workforce, and this is why we've been recognised for our Best Practices on Women Empowerment by Employer's Federation of Pakistan (EFP) in its 'National Women Empowerment Conference 2022', held in Karachi.

## ABBOTT PAKISTAN WON ENVIRONMENT HEALTH AND SAFETY EXCELLENCE AWARD

Abbott Pakistan was presented with an award in the 8th International Environment, Health & Safety Awards to acknowledge its proven track record and performance on EHS particularly with regards to engaging employees in related initiatives. The plant sites in Karachi demonstrated commitment towards health & safety by utilizing smart tools to avoid any site exposures.

The EHS award validates Abbott Pakistan's commitment towards the enhancement of Abbott's Environment health and safety and Loss Prevention program.





## ABBOTT PAKISTAN WON MAP 37<sup>TH</sup> CORPORATE EXCELLENCE AWARD

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



## ABBOTT PAKISTAN WON ANNUAL ENVIRONMENTAL EXCELLENCE AWARD

Abbott Pakistan contributions towards environmental sustainability were recognized at the 19th Annual Environmental Excellence Award 2021 organized by M/s. National Forum for Environment and Health.



# Geographical Presence

- Global & Local Footprints



## UNITED STATES, LATIN AMERICA AND CANADA

### Illinois - Abbott Park - Head Office

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

## EUROPE

Albania  
Armenia  
Austria  
Azerbaijan  
Belarus  
Belgium  
Bosnia-Herzegovina  
Bulgaria  
Croatia  
Czech Republic  
Denmark  
Estonia  
Finland  
France  
Georgia  
Germany  
Greece  
Hungary  
Ireland  
Italy  
Kazakhstan  
Latvia

Lithuania  
Moldova  
Netherlands  
Norway  
Poland  
Portugal  
Republic of Serbia  
Romania  
Russian Federation  
Slovakia  
Slovenia  
Spain  
Sweden  
Switzerland  
Turkey  
Ukraine  
United Kingdom  
Uzbekistan

## MIDDLE EAST AND AFRICA

Algeria  
Egypt

Israel  
Kuwait  
Lebanon  
Saudi Arabia  
South Africa  
Tunisia  
United Arab Emirates

## ASIA PACIFIC

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





### Business Unit Addresses

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



# Our Vision

To be the most admired healthcare company in Pakistan.

# Our Mission

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

# Code of Conduct

Our Code of Business Conduct is the foundation for ethical conduct at Abbott.

Every year, we require every Abbott employee to read the code and certify that he or she adheres to it. The code explains Abbott's values and that it is every employee's responsibility to live them every day. The expectations it sets out include employees holding themselves to the highest ethical standards, keeping a watchful eye on our activities, reporting concerns in good faith, and always operating with honesty, fairness and integrity. The code highlights key areas such as the importance of adhering to policies and procedures, treating confidential information appropriately, avoiding conflicts of interest, and maintaining accurate books and records. The code clearly states that Abbott does not tolerate illegal or unethical behaviour in any aspect of our business and that employees are required to ask questions and/or report any concerns.



# Culture

We promote a culture of high values, by incorporating sustainability in all our business operations along with a transparent work environment to deliver the best to our patients and consumers. We strongly believe to invest in our human capital, which goes hand in hand with the growth of the Company. Our values of pioneering, caring, achieving and enduring are at the heart of our efficiency driven culture.

Our values and our compliance strategy provide the foundation of our culture and bind us into a world-class team yearning to stay ahead of the competition. While we thrive in the present and look towards the future, we never forget our roots, constantly reminding ourselves of who we are and how far we have come. We are proud of our history and yet humble in our approach.

# Ethics

We are committed to creating an ethical, value-driven culture, in which any issues are responded to swiftly and transparently. We expect everyone at Abbott to live our values and expectations, speak up if they have any concerns, engage appropriately with stakeholders and respect human rights.

We also extend these ethical expectations to the third parties we work with. Refer page 108 wherein, we describe the channels we use to promote ethics and integrity and the systems we have in place to embed ethical behaviour and manage compliance risks.





# OUR CORE VALUES

Our purpose as a business is clear: we help people live healthier, fuller lives through our life-changing products, solutions and technologies.

**Four core values guide how we support this purpose every day.**

## PIONEERING

We see needs first and deliver game-changing solutions. We create new technologies and products to help people live fuller lives through better health, and we bring that same spirit of innovation to everything we do as a company.

## ACHIEVING

We focus relentlessly on delivering for our stakeholders. Abbott is all about execution. Millions of people depend on us in vital ways. We're committed to honoring that trust.

## CARING

We treat the people who depend on us as if they were our family. Dr. Abbott began our company to provide better care to his own patients. That spirit still guides everything we do.

## ENDURING

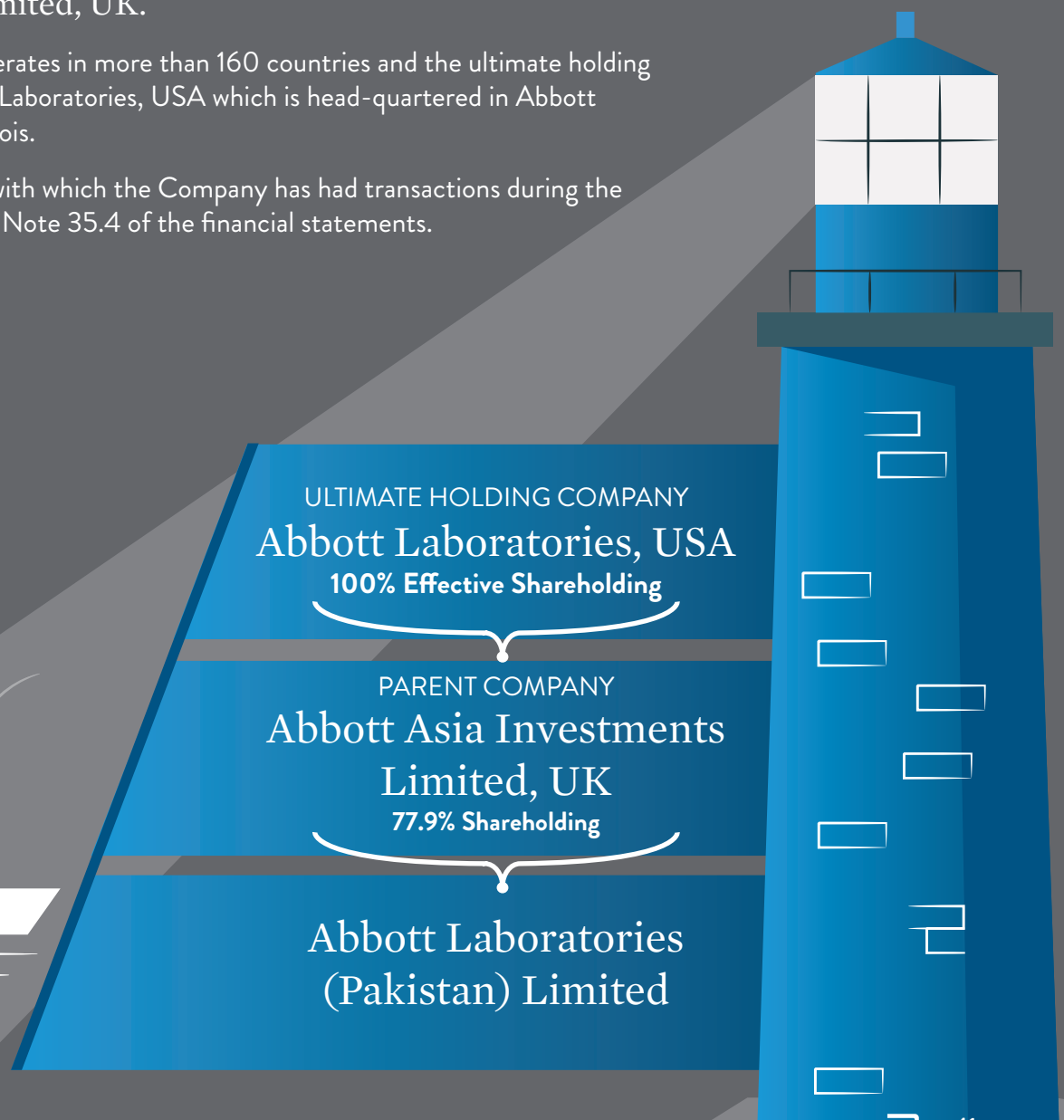
We know that everything we do today should contribute to a stronger tomorrow. Because our work is so important to so many, it's up to us to ensure that this company keeps thriving. That's why we think and act for the long term. We intend to be here for the long-term, bringing all the benefits that Abbott creates to all the people who need them.

# Ownership, Operating and Group Structure

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

Globally, Abbott operates in more than 160 countries and the ultimate holding Company is Abbott Laboratories, USA which is head-quartered in Abbott Park, Chicago – Illinois.

Key related parties with which the Company has had transactions during the year are disclosed in Note 35.4 of the financial statements.





# 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

Fahad Rehman

## AUDITORS

EY Ford Rhodes, Chartered Accountants  
(a member firm of Ernst & Young Global Limited)

## LEGAL ADVISORS

Orr, Dignam & Co.

SurrIDGE & BeechENO

## BANKERS

Standard Chartered Bank (Pakistan) Limited

Deutsche Bank AG

Habib Bank Limited

National Bank of Pakistan

MCB Bank Limited

Faysal Bank Limited

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.

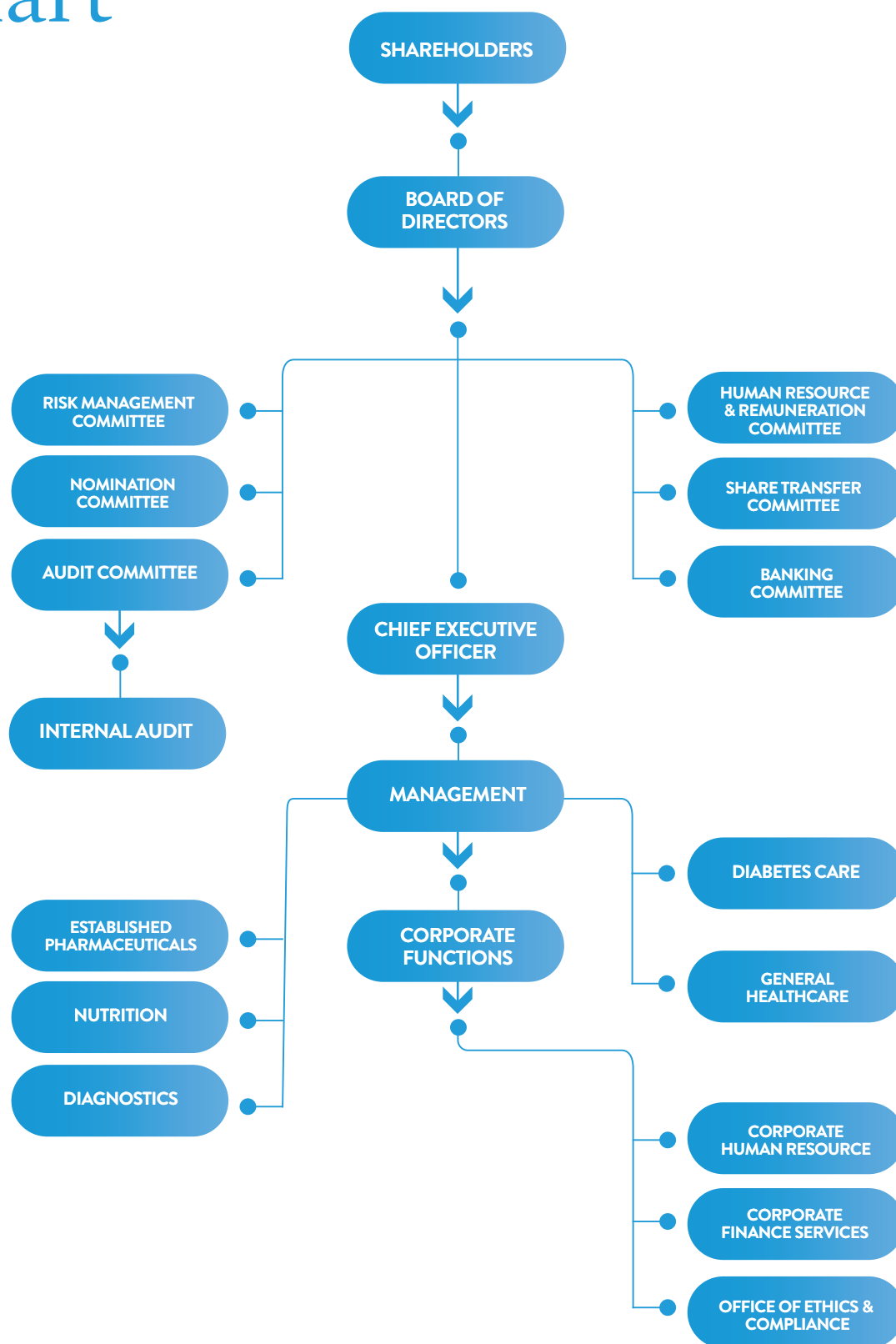
16 KM Shahpur Kanjran,  
Multan Road, Lahore.

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

## WEBSITE

[www.pk.abbott](http://www.pk.abbott)

# ORGANISATIONAL Chart



\*Each business segments has their own Marketing, Medical, Commercial Excellence, Commercial Finance, Regulatory and Distribution functions



# Business Model

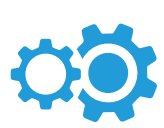



## INTEGRATED REPORTING FRAMEWORK

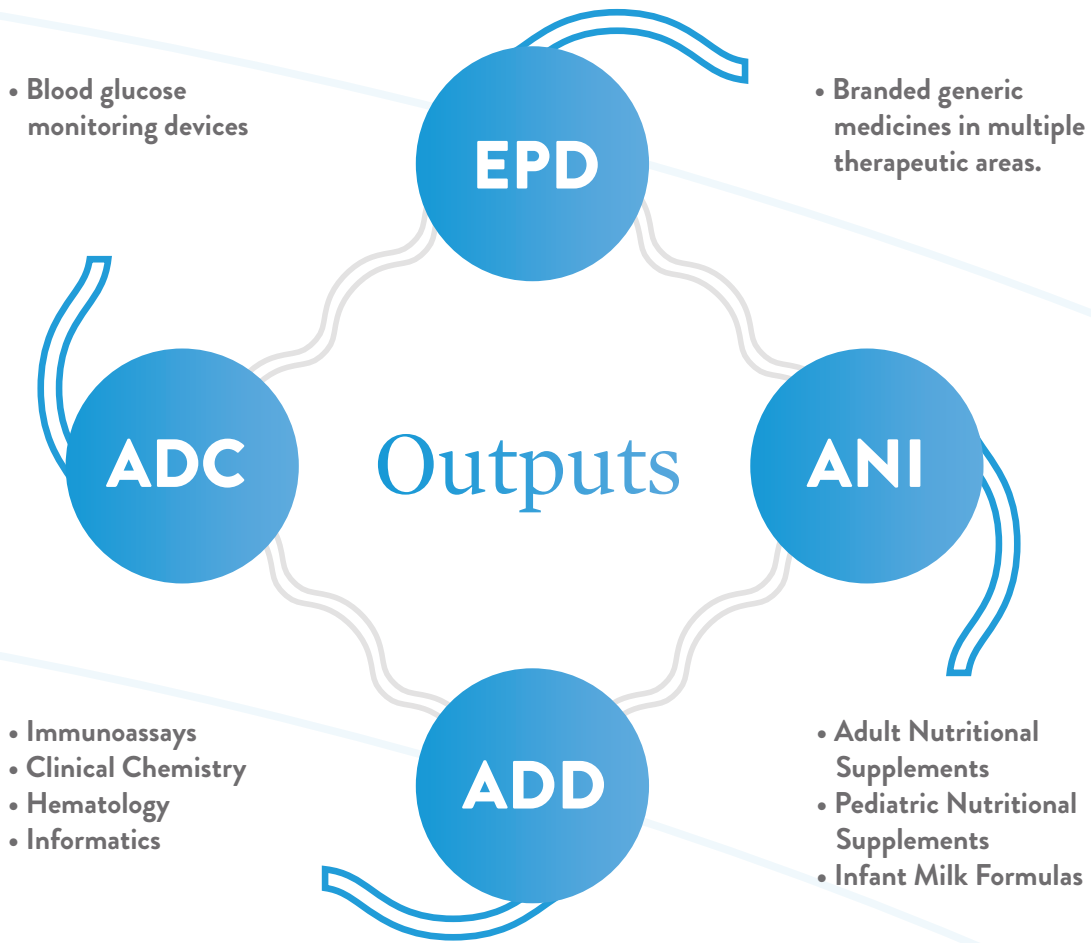
Abbott’s key resources are its sources of materials (APIs), its manufacturing technologies, its people, its financial capital, its goodwill and its relationship with its stakeholders, that create value in the long term.

## Inputs

INPUTS	SOURCES OF DIFFERENTIATION	RELATING CAPITAL
APIs and other materials	A broad portfolio of healthcare products and solutions	Manufactured
2 Manufacturing facilities	Latest technological advancements utilised in facilities ensure product quality	Manufactured
1,463 Employees	Our people-centered culture enable our employees to thrive	Human
Technical know-how and production processes	Our production processes and the related know-how enables us to differentiate on product quality	Intellectual & Manufactured
Equity financed capital structure	Reduced finance costs related to external financing	Financial
Our approach to sustainability	Relations with the wider stakeholders help to ensure that we operate sustainably	Social & Relationship

## Business Activities

			
<p><b>OUR PROCESS</b></p> <p>Abbott is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.</p>	<p><b>BUSINESS SEGMENTS</b></p> <p>Abbott’s patient-centric products and solutions address important health needs of people across various segments:</p> <ul style="list-style-type: none"> <li>&gt; Established Pharmaceuticals</li> <li>&gt; Nutrition</li> <li>&gt; Diagnostics</li> <li>&gt; Diabetes Care</li> </ul>	<p><b>CHANNELS</b></p> <p>Abbott uses a multichannel approach, depending on the type of product being sold. Majority of the sales are executed through third-party distributors.</p>	<p><b>CUSTOMER RELATIONSHIPS</b></p> <p>Abbott maintains customer relationships through its in-house sales teams and customer support. Abbott also ensures it proactively deals with customer complaints as and when they arise.</p>



## Outcomes

### Shareholders

Return of Equity  
**17.6%**  
 Dividend Payout Ratio  
**49%**

### Employees

Salaries Paid (PKR)  
**5.3 BLN**  
 Enrolment in various training and development programmes.

### Communities

Conducted various CSR initiatives (refer page 82-86 of the report)

### Customers

Our branded generic medicines and nutritional supplements build and maintain health at every stage of life.

Our diagnostic solutions provide the information to guide effective treatment decisions.

Our diabetes care products help in minimising the pain and inconvenience of testing.

### Regulators

Direct and Indirect taxes paid (PKR)  
**7.6 BLN**

# Position of Abbott Pakistan within the value chain

Abbott has made concerted efforts to ensure that we maintain a strong and agile value chain that fulfills the need of our end consumers effectively. The range of activities in place to ensure the provision of our products are illustrated in the diagram below.







# Significant factors effecting the external environment and the organization's response





## Effect of Seasonality on Business in Terms of Production and Sale

Abbott's presence in multiple business segments and therapeutic areas helps to insulate its sales from the impact of seasonality. Further, our nutritional and multi-vitamin supplements, diagnostic solutions in labs, glucose monitoring devices are insulated from the impact of seasonality as these are products of continuing use for our consumers. For production, the Company manages seasonality through an effective planning process which takes into account the forecasted demand, lead time from suppliers, planned shutdowns of suppliers etc. to ensure that our production process is not impacted due to any seasonal effect.



# Legitimate needs, interests of key stakeholders and industry trends

Stakeholders are fundamental to our success. Our stakeholders' engagement approach focuses on the identification of relevant and important stakeholders by considering those groups or individuals which can be significantly affected by our business activities, outputs, or outcomes, or whose actions can be expected to significantly affect our ability to create value over different time horizons. Stakeholders are profiled, mapped, and prioritized for consultation based on factors of influence, responsibility, proximity, dependency, willingness to engage, and representation. Abbott takes specific measures to understand the needs and interests of all its stakeholders. Key stakeholder and their interests are as follows:

- Investors take keen interest in the financial performance and strategic direction of the Company.
- Customers depend on our products and expect us to deliver quality in return.
- Employees expect us to provide them with an opportunity to learn, grow and develop while being adequately compensated.
- Business Partners depend on Abbott for long-term sustainable and strategic partnerships.
- Wider Community expects Abbott to play its role of a responsible corporate citizen.
- Governments expect Abbott to continue to provide essential products and solutions, whilst contributing to the national exchequer.

Details regarding stakeholders' management and frequency of engagement are detailed in 'Sustainability and Corporate Social Responsibility' and 'Stakeholder Relationship and Engagement' section of this report.

## Industry Trends

According to global pharma research company – IQVIA published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.10 billion. The market share of multinational companies has been gradually declining over the years and at present is only 27.8%. There are a total of 646 active pharmaceutical companies in Pakistan with only 26 multinational companies. Several of these have scaled back their operations owing to various reasons. Abbott Pakistan's market share is 6.1% and it is ranked 4th in the industry in terms of market share (IQVIA Dec-2022).

# SWOT Analysis

## Strengths

- Global footprint with operations in more than 160 countries
- Diverse portfolio of category defining brands that have established themselves as the leading products in their respective markets
- A broad mix of business segment that helps to insulate from volatility in any one market
- Established and long-standing legacy of 70+ years in Pakistan
- Among the market leaders in terms of volume and value amongst MNCs
- Two state-of-the-art manufacturing facilities
- Strong liquidity position with cash and cash equivalent of Rs. 8.8 billion
- Strong distribution network with collaboration of over 50 distributors nation-wide
- Competent & committed human resources

## Weaknesses

- Dependence on imported raw materials
- Regulated prices on pharmaceutical products



## Opportunities

- Great potential in the export and local market to capture new markets and grow consumer base through an added advantage of diversified product portfolio
- New product innovations and additional variants can grow and diversify the portfolio
- Leveraging new digital technology for the benefit of patients
- Secure pricing adjustments to offset the impact of inflation and currency devaluation
- Improvement in per capita spending on pharmaceutical products in Pakistan
- Increasing population coupled with increasing awareness and focus towards healthcare
- Capitalizing on health care programs or schemes initiated by the Government

## Threats

- Frequent changes in government policies and restrictive import regulations
- Inconsistent fiscal policies
- Political instability
- Deteriorating exchange rates & inflation
- Counterfeit Products
- Intense competition prevailing in the industry

## Competitive Landscape and Market Positioning

At Abbott, we provide real answers to real problems, delivering breakthrough solutions to prevent, diagnose and treat health needs. We adapt quickly to changes, harnessing leading-edge science and technology to deliver the best possible solutions for some of the most important health challenges. The Company’s competitive landscape and market positioning in terms of Porter’s five-forces model is described below:



### Threat of new entrants

There are nearly 650 companies operating in the pharmaceutical industry in Pakistan. The threat of new entrants is relatively low due to high start-up investments and regulatory constraints. Abbott Pakistan, nevertheless, is insulated from the threat of new entrants due to its diversified portfolio and brand equity.



### The bargaining power of suppliers

Abbott being a global brand with existence in more than 160 countries enables it to expand its supply chain network for smooth and uninterrupted supply of raw and packaging material, equipment and machinery. We maintain a robust, multi-layered governance structure that provides oversight of all supply chain-related activities, helping minimize risks and maximize opportunities to address shared impacts.



### Competition and Rivalry

According to global pharma research company – IQVIA published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.10 billion. Abbott is among the top 5 pharmaceutical companies of the industry. Our diversified product portfolio with state-of-the-art production facilities and dedicated team of professionals makes us to stay ahead of the competition and make a difference in the lives of our consumers through our high-quality product offerings.



### Substitute products or services

In the prescription-based industry, the threat of substitute is relatively low due to the technical and differentiated characteristics of this product in the market. There are very few alternatives for therapeutic, diagnostic, and nutritional products in the market. The substitutes available are often of inferior quality and patients feel hesitant in opting for substitute products over the prescribed product.



### The bargaining power of customers

Consumers have little power of bargaining due to the inherent nature of products being prescription-based. Abbott has been serving its customers with excellence for almost 75 years and always ensure that the customers get the desired product quality whilst ensuring accessibility and affordability.



## The legislative, regulatory and political environment

The pharmaceutical industry plays a vital role in ensuring supply of many essential and life-saving medicines. Due to the critical nature of this industry, it is highly regulated. There is plethora of regulatory compliances that apply to Abbott, and the Company pays due attention in ensuring compliance with the legislative and regulatory requirements applicable to it.

Key legislations that Abbott is subject to includes:

- Drug Regulatory Authority of Pakistan Act, 2012 mainly regulates the prices of the pharmaceutical products, ensures the safety and the efficacy of the drugs, approve new products registrations etc.;
- Companies Act, 2017 and Securities Act, 2015 mainly regulates the overall management of our Company and its secretarial affairs;
- PSX Regulation - regulates the workings of companies listed on the stock exchange;
- Listed Companies (Code of Corporate Governance) Regulations, 2019 - delineate the procedures, formalities, composition, and technicalities of the management of publicly listed companies;
- Sales Tax Act, 1990 – mainly regulates the rate of sales taxes applicable on our products;
- Income Tax Ordinance, 2001 - governs taxes on the income generated from the business and operations of our Company;
- Competition Act 2010 - which ensures the prevention of anti-competitive behavior;
- Other laws and regulations applicable to the company includes various Labor and Employment laws, various federal and provincial laws relating to the protection of environment etc.

Abbott prides itself on actively ensuring complete compliance with the law and takes painstaking precautions to avert the risk of any liability arising due to a breach of any law.

The political environment has an impact on the ability of any organization to implement its strategy. Political uncertainties negatively affect consumers, businesses, investors, financial markets and economic policymakers. Political instability has hampered Pakistan's economic growth. Political pressures under these circumstances have led to short-term macroeconomic policies and inconsistency in fiscal reforms. The economic challenges facing the country includes depleting foreign exchange reserves, significant rupee devaluation and soaring inflation.

## Significant Changes from Prior Years

The Company's margins remained under pressure during the year on account of unprecedented devaluation, double-digit inflation, and significant increase in the price of APIs and other inputs. Further increase in effective corporate tax through the levy of Super tax, led to an unprecedented rise in the cost of doing business. The aforementioned challenges continued to test the competitiveness of all businesses by significantly impacting the operating environment.

Despite all the challenges, Abbott was able to deliver double digit growth in its top-line through a sustained performance of its established brands. The Company has launched 5 new products during 2022 which are disclosed on page 32 of the report.

Other significant changes and analysis of the detailed performance of the Company is presented in the Directors' Report to the shareholder on page 120 of the Report. Board changes during the year were as follows:

- Effective 01 August 2022, Mr. Muhammad Usama Jamil was appointed as the Company Secretary
- Effective 26 August 2022, Mr. Celestino Jacinto Dos Anjos was appointed as Non-executive Director on the Board

# History

## OF Major Events



1915

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



1920

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



1948

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



1962

Abbott opens its first manufacturing facility in Karachi, Pakistan.



1965

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



1900

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



1929

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



1931

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



1964

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





## 1973

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



## 2004

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



## 2010

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



## 2017

Abbott acquires St. Jude Medical. The acquisition strengthens Abbott's presence in cardiovascular area, thus making Abbott a premier medical device Company. Abbott also acquires Alere, a company focusing on cardiometabolic, infectious disease and toxicology testing.



## 2001

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



## 2013

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



## 2014

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



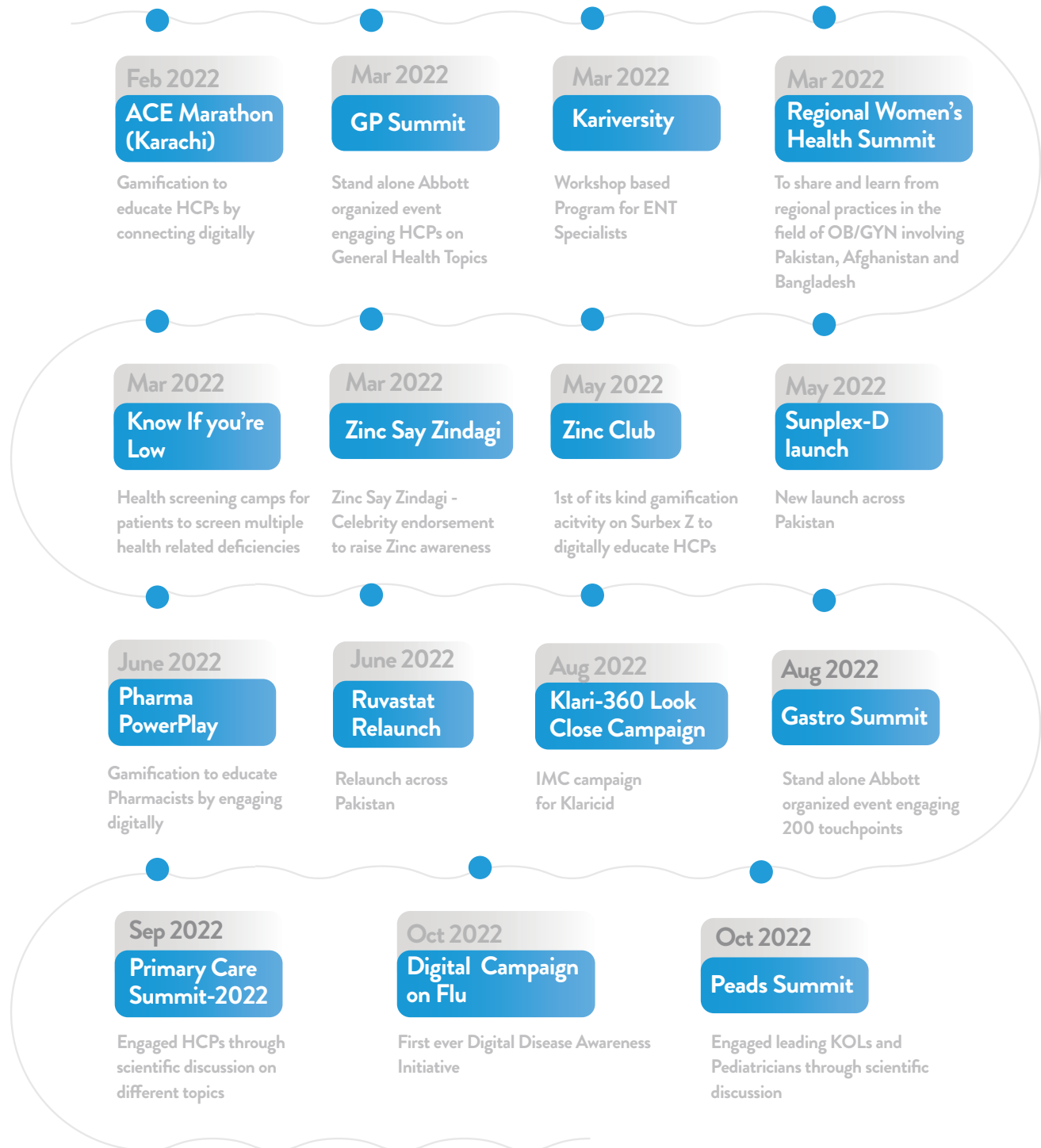
## 1982

Abbott is listed as a public limited company in Pakistan.



# Calendar of significant events

## CALENDAR OF MARKETING EVENTS



## CALENDAR OF MAJOR FINANCIAL EVENTS HELD IN 2022



## FINANCIAL CALENDAR 2023\*



\*Approved by the Board of Directors in its meeting held on February 22, 2023



Strategy  
and Resource  
Allocation





# Objectives, Strategy and Resource Allocation Plans



**OBJECTIVE**



**STRATEGY**



**NATURE**



**PRIORITY**



**RESOURCE ALLOCATED**

Maintain leadership position in the pharmaceutical sector

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

Long-term

High

Financial Capital, Human Capital, Manufactured Capital and Intellectual Capital.

Profitability & sales growth

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

Medium to Long term

High

Financial Capital, Human Capital, Manufactured Capital and Intellectual Capital.

Achieve operational efficiency and utilise cross-divisional expertise

Take initiatives for cost optimisation without compromising on quality standards. Maximise synergies through our diverse products offerings.

Medium to Long term

High

Manufactured Capital, Financial Capital, Human Capital and Intellectual Capital.

Be an employer of choice

Creating a diverse and inclusive workplace. Take initiatives that build value of trust and contribute in creating an enjoyable work environment.

Medium to Long term

High

Human Capital, Social and Relationship Capital.

Helping people live their best lives

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

Medium to Long term

High

Human Capital, Social and Relationship Capital, Intellectual Capital and Financial Capital.

Operating Sustainably

Operate responsibly, preserve healthy living environment and earning trust by doing the right things, for the long-term, for the benefit of everyone who relies on our products.

Long-term

High

Natural Capital.







## RESOURCE ALLOCATION PLANS

Strong emphasis on new product initiatives to identify opportunities in multiple therapeutic areas coupled with investments to retain / expand our market share.

Investment in capacity building by utilising latest technological advancements to minimise costs and simplify processes. Sales growth is pursued through our diverse product offering.

Investments and research to ensure and improve product quality. Utilising available technological opportunities to bring in efficiencies throughout our operations. Utilising our presence in multiple business segments to drive synergies.

Providing avenues for employees to grow and learn while contributing towards organisational success. Equipping our employees with tools for continuous self-development, together with market competitive salaries.

Our continuous focus on innovation enables us to broaden our product offering in line with the changing consumer needs.

Abbott has a dedicated environment, health & safety team which focuses on reducing greenhouse gas emissions and the Organisation's footprint on the environment. In addition, focus on sustainability is in-built throughout the organization's decision making framework.



## RELEVANT KPIS

Market share and ranking in the relevant therapeutic classes as per IQVIA (formerly IMS) – both in unit and value terms.

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

Operating income growth.

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

Product quality survey results and customer satisfaction surveys.

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



## EXTERNAL FACTORS THAT COULD AFFECT OUR STRATEGY

Availability of APIs, level of competition prevalent in the industry, population growth and Government healthcare spending and related policies.

Pak Rupee devaluation, inflation and macro-economic environment of the Country

Restriction on imports of plant and machineries.

Talent drain from the country.

Changes in consumer demands. Increased choices of healthcare products for consumers.

Legislation and reforms concerning social, environmental and citizenship responsibilities of businesses.



## STATUS

Ongoing

Ongoing

Ongoing

Ongoing

Ongoing

Ongoing

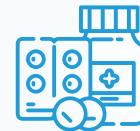


## Future Relevance of KPIs used to measure achievement of Strategic Objectives

The Company has a robust process in place to evaluate different KPIs that it uses to measure performance against strategic objectives. These KPIs are reviewed periodically to ensure that they remain relevant and reflect an accurate assessment of the Company's performance. Based on our analysis, the aforementioned KPIs will remain relevant in the future.

## Key resources and capabilities of the company which provides sustainable competitive advantage

Product Portfolio – Our patient centric products offering, aligned with key health trends



Trust – a brand that's trusted by healthcare professional and patients alike



Two state-of-the-art manufacturing facilities – help ensure operational excellence & products availability



Over 1400 employee – High-performance culture, driven to succeed

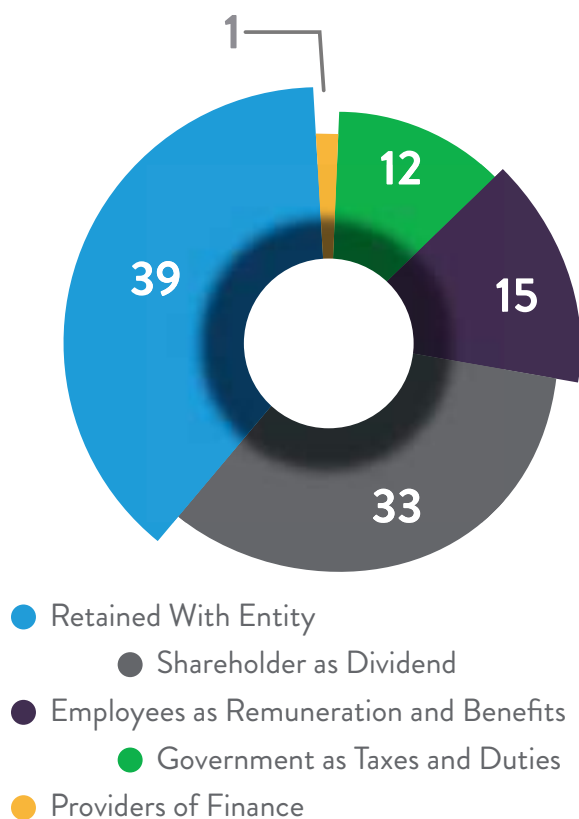


Diversified Business Segments – helps us remain insulated from volatility in any one market



## Value created by Abbott, and for whom, using these resources and capabilities

This information is disclosed on page 263 of this report. Below is the graphical presentation of the value created and its recipients.



## The effects of Technological Change, Societal Issues, and Environmental Challenges on the Company's Strategy and Resource Allocation

### Technological

Post COVID era has significantly evolved the way businesses operate. While it has presented a unique set of challenges, it has also offered opportunities for Abbott to rethink their operating philosophy. Work from home, a necessity in COVID times, has enabled Abbott to become much more flexible and adaptable. Similarly, digitalization has also affected

the way in which we interact with our customers, healthcare professionals and other stakeholders. In contrast, the technological revolution has also increased the importance of cybersecurity management. Our focus remains on reducing risks of security breaches by regularly updating our systems and protocols.

### Societal Issues

Increasing access and affordability has remained one of Abbott's core priorities. We work to deliver more affordable, more accessible solutions that effectively address pressing health needs. We want our products and technologies to reach as many people who need them as possible. We track our progress against following six areas to help ensure we have our greatest possible impact:

- Innovate for access and affordability
- People served
- Transforming standards of care
- Health outcomes
- Cost savings
- Infrastructure

### Environmental Challenges

We are champions for health. This means developing products and technologies that change people's lives. It also means protecting the planet that supports every living thing. One of our strategic objectives, 'Operating Sustainably' has been formulated keeping this in mind. A clearly defined, robust governance structure ensures the environmental impact of our operations is as positive as possible. Our responsibility for the impact of our products and services extends throughout the entire life cycle.

- Procurement - We ensure operational inputs — e.g., raw materials, processed goods and services — are procured ethically and sustainably.
- Design, Production and Distribution – We consider the environmental and social impacts of how we produce and deliver our products.
- Consumption - We ensure products can be consumed and disposed of in environmentally responsible ways.



## Strategic Decision-Making Process

At Abbott, the Board exercises oversight over the strategic decision-making process of the company. The Board reviews the Company's strategic direction and business plans and performance regularly. Further, the Board has also constituted sub-committees as required by the Code of Corporate Governance. The composition, role and responsibilities of the committees are clearly defined in their respective terms of reference.

Further, the Company has also formulated different management committees consisting of leadership team from each business segment. The committee meets once every quarter and deliberate on matters concerning the Company's strategy and its progress against the strategic objectives. Specific focus remains on ensuring all the concerned stakeholders and departments are made part of the decision-making process.

## Fostering Culture

The Company's vision and mission statement is strategically placed on different locations at our offices to reinforce the Company's overall purpose to its employees. The Company's Code of Conduct has also been disseminated across the organisation. The Company ensures that every year compliance refresher sessions are arranged throughout the organisation highlighting the Company's Code of Conduct.

## Attitude to Risk

The Board is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies. The Board has formulated a risk management committee for this purpose, which essentially carries out an overall review of the business risks that Company is facing and their related mitigation plans. This helps to ensure that a sound system of risk identification, risk management and internal controls is maintained to safeguard assets, resources, reputation and interest of the company and its shareholders.



## Addressing Integrity and Ethical Issues

Our Code of Business Conduct emphasizes our employees' responsibility to report concerns. This requires us to create an environment where they can do so in good faith, without fear of retaliation. The code outlines Abbott's responsibilities for handling employee grievances and complaints in an ethical way, and it strictly forbids any retaliation against any person who raises a complaint.

## Significant Plans and Decisions

There are no plans for any restructuring or discontinuance of operations except for enhancement of our production capacities for the foreseeable future.

## Major Capital Expenditure

In order to remain competitive, utilize latest available technological advancements, and offer our

customers with relevant products and solutions, the Company invests regularly to enhance production capacities and bring efficiencies into our existing operations. This year, capital expenditure of Rs. 3.58 billion has been made. This mainly includes service equipment, plant and machinery upgrades and capacity enhancement projects. These expenditures play a significant role in enabling the company to achieve sustained growth.

## Significant changes in objectives and strategies from prior years

The Company has a robust process in place to ensure that its objective and strategies remain relevant in alignment with its operating environment and the objectives and expectations of its stakeholders.

There has been no material change in the objectives and strategies of the Company from the previous years.



# Risks and Opportunities









## Risk Management Framework & Methodology

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

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

The "Risk Assessment Process" is carried out by the Chief Internal Auditor in consultation with the senior management team, under the supervision of Risk Management Committee, Audit Committee and the Board of Directors. The key risks pertinent to each department are identified, assessed and allocated to each function. These risks are mitigated through upgradation of SOPs and process revitalization.

## Assessment of Principal Risks and Uncertainties facing the Company

The very nature of the operating environment in which Abbott operates means that our operations are exposed to a variety of risks. However, through comprehensive planning and a thorough risk management framework and policies in place, the Company is able to successfully identify and mitigate actual, potential and perceived risks.

During the current year, the unprecedented Rupee devaluation, double-digit inflation, and sharp increase in the costs of APIs and other inputs have significantly increased the cost of our operations, adversely affecting margins in the process.

Volatile macro-economic environment and inconsistency in fiscal policies remain the key sources of uncertainties that the Company currently faces.

### Board's efforts for determining the Company's level of risk tolerance by establishing Risk Management Policies

The Board, through its enterprise risk management framework has formulated policies, that focuses on identifying risks that have the potential to impact business performance. It continuously evaluates likelihood, impact, and velocity to ensure our management team focuses efforts in the most relevant areas.

Determination for the level of risk tolerance is linked directly with the impact that the identified risk has on the achievement of organizational objectives. As well as addressing existing risks, we analyze emerging situations that represent potential risks and opportunities for Abbott. In addition, our Board monitors various compliance initiatives and promotes risk management and compliance culture in the Company. Our Board has delegated the responsibility of monitoring and control of business risks to the management of the Company.

### Board's statement regarding assessment of principal risks

Board statement on the assessment of principal risks and their management can be found on page 122 in the Directors' report section of this Report.

The Board monitors the principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity. This responsibility has been delegated by it to the Risk Management Committee which is chaired by an Independent Director. During the year, the risk management committee of the Board carried out a robust assessment of business risks being faced by the Company.

# Key Risks & Opportunities Report



KEY RISKS



TYPE OF CAPITALS AFFECTED



SOURCES OF RISKS & OPPORTUNITIES



ASSESSMENT OF LIKELIHOOD



MAGNITUDE

KEY RISKS	TYPE OF CAPITALS AFFECTED	SOURCES OF RISKS & OPPORTUNITIES	ASSESSMENT OF LIKELIHOOD	MAGNITUDE
Currency devaluation and high inflation adversely affecting the Company's margins.	Financial	External	High	High
Counterfeit products- Erosion of margins, loss of market share and reputational risk as a result of the Company's products being copied/smuggled.	Intellectual	External	Low	Low
Natural Disasters-The risk of disruption in operations due to any natural disaster, including inability to recover operational capacity.	Manufactured and Financial	External	Low	Low
Legal and Regulatory risk- Non-compliance with applicable laws and regulations and being adversely affected due to enactment/ imposition of new laws.	Financial	External	Low	Low
Liquidity Risk- inability to meet financial obligations as and when they fall due.	Financial	Internal	Low	Low
Inadequate price adjustments to offset the impact of devaluation and inflation.	Financial	External	High	High





**NATURE**



**RELATED OPPORTUNITIES\***



**MITIGATION MEASURES**

Long-term	Insulation from the adverse effects of currency devaluation can help the Company to sustain and improve its profitability.	The Company actively seeks to identify local sources for its raw materials to reduce its exposure to currency fluctuations. Further, the Company also has a natural hedge in place since it has both foreign currency denominated export receivables and import payables.
Long-term	Ensuring patients access to genuine products.	The Company continually engages with the regulators to highlight and identify any counterfeit products to prevent future penetration in the market.
Long-term	Ensure continuity of operations.	The Company has Business Continuity Plans (BCP) and Disaster Recovery Plan (DRP) in place to ensure that any adverse or unforeseen events/disasters cause minimum disruption. These plans help to ensure that there is a rapid and smooth transition to a back-up mode of operations and expeditious recovery of normal operations.
Medium-term	Investment in training of resources can aid the Company in becoming the best-in-class in adoption of laws and regulations.	Our regulatory, medical, and compliance departments collaboratively mitigate the risk by monitoring changes in the applicable legal and regulatory requirements to ensure timely compliances.
Medium-term	Planning and monitoring cash flows could result in significant cost savings and investment opportunities.	Regular monitoring of liquidity status, cash flow projections, and liaising cross functionally assist in timely fulfilment of funding requirements.
Medium-term	Adequate price adjustment will enable us to operate and thrive in a sustainable manner.	Engagement with the regulators and relevant government authorities.

\*Further opportunities are detailed under SWOT Analysis on page 51 of this Report.

## Steps taken to mitigate / manage risks or create value from Key opportunities

Abbott is committed towards ensuring a strong risk management framework is in place that aligns with our stakeholder interests. Our Board of Directors spend significant time with senior management to understand the full spectrum of business risk, challenges, and opportunities. Directors provide insight and ask questions that guide management decision-making.

Risk specific mitigation measures are detailed in the risk and opportunity report. Other measures taken to manage / mitigate risks or create value from opportunities are detailed below:

### Board Committees

The Board has formed the following Committees in line with best practices and requirements of the Code of Corporate Governance:

- The Audit Committee annually reviews the financial aspects and appropriateness of resources, the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management

of risks and the external and internal audit process.

- The Risk Management Committee approves and reviews the risk management framework and policies. It is also responsible for assessing the adequacy of the systems and risk readiness of the Company, while ensuring risk exposure and tolerance levels of the Company are reviewed and monitored on a continuous basis.

### Risk Register

A risk register is maintained that records inventory of key risks being faced by the Company. Risks are rated based on their likelihood and nature and mitigation plans are devised for each risk. This register is reviewed periodically by the risk management committee of the Board who oversee the entire risk management process of the Company.

### Internal Audit

The internal audit activities are driven by the Company's organisational objectives and the risks that may prevent the Company from meeting those objectives. The Audit Committee reviews the effectiveness of the internal control framework while the Internal Audit Function monitors and provides assurance on the effectiveness and adequacy of the internal controls.





## Liquidity Position of the Company

The Company has PKR 8,791 million of cash and cash equivalents as of 31st December, 2022 to meet its investment and working capital requirements. Dividend payable to the parent company amounting to Rs. 2,402 million is yet to be remitted.

## Repayment of Debts

There are no significant long-term or short-term debt obligations except for lease liabilities. The Company will be able to discharge its obligations in relation to these debts as and when they fall due.

## Capital Structure and its adequacy

Total equity decreased slightly by 1.4% to Rs. 17.10 billion comprising of share capital amounting to Rs. 979.003 million which consists of issued share capital of 97,900,302 shares of Rs. 10.00 each.

Abbott Asia Investments Limited, UK is the major shareholder of the Company, having 76,259,454 shares being 77.90% of total paid-up capital.

The Company's capital structure includes lease arrangements for warehouses, sales offices and City office with terms between two to five years.

The long-term component is only 0.4% of the total equity and liabilities of the Company.

The Company's Statement of Financial Position is financed primarily via equity except for the lease liabilities disclosed above. The Company generates adequate liquidity through its business operations and does not need any secondary financing. Therefore, we believe that the prevailing Capital Structure is adequate.

## Initiatives taken by the Company in promoting and enabling Innovation

Innovation is a key growth driver for Abbott. We manage innovation across the breadth of our value chain to help ensure maximum access to products and services that can help people live fuller, healthier lives. We've embedded considerations of access and affordability into our product design, development, manufacturing processes and commercialization. We're leveraging our technologies to make real progress against chronic disease, malnutrition and infectious diseases.

In order to remain competitive, utilize latest available technological advancements, and offer our customers with innovative products and solutions, the Company has made capital expenditure of Rs. 3,585 million during the year.







An aerial photograph of a vibrant turquoise lake. The water is exceptionally clear, revealing the rocky bottom. The shoreline is lined with a dense forest of green trees. In the upper left, a small rocky outcrop juts into the water. The overall scene is serene and natural, serving as a background for the text.

# Sustainability and Corporate Social Responsibility

## Our Philosophy & Policy on Corporate Citizenship & Sustainability

For Abbott, sustainability is about operating responsibly to deliver long-term impact for people — shaping the future of healthcare to help more people live better, healthier lives. A sustainable future starts with health. It's the foundation for all we can do in life — as individuals, families and communities. It helps societies thrive and fuels successful economies.

Abbott is a company that endures - that's because we've long understood that the key to sustaining our enterprise is a willingness to evolve it, to anticipate changes in the environment and to adapt Abbott in ways that make us best able to achieve our fundamental purpose — helping people live healthier, fuller lives. We've amply demonstrated that ability throughout our history, with a broad portfolio and global reach that let us help more people than ever before. The past few years have been among the most challenging in our lifetimes, but they've also highlighted for us the critical nature of the work we do and the significant positive impact we can have for patients and for the communities in which we operate.

As a healthcare business, we continuously work to identify ways in which we can help people, society and the planet through better health. We want to take this further, actively expanding the ways we benefit people and the planet. Four principles inform our approach:

- Apply our unique business strengths to identify and invest in life-changing innovations, evolving to meet emerging needs and finding measurable ways to address challenges
- Identify and increase our understanding of our top material issues and the growing needs of the people we serve
- Embed sustainability throughout the business through robust governance
- Partner with stakeholders for greater impact

## Our Performance and Initiatives on Corporate Citizenship & Sustainability

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

Abbott Global has a clear vision for 2030: to improve the lives of one in every three people on the planet — 3 billion people a year. To achieve this, we'll continue to build on the progress we made during the year, propelling science, technology and healthcare into the future.

Throughout the year, we have taken targeted action to evolve how we innovate our products, transform people's lives — at Abbott and further afield — and protect the planet for future generations.

Key areas of focus have been detailed in this section.

### IMPROVING ACCESS AND AFFORDABILITY

#### Our Management Approach

Innovation is a key growth driver for Abbott. We manage innovation across the breadth of our value chain to help ensure maximum access to products and services that can help people live fuller, healthier lives. We've embedded considerations of access and affordability into our product design, development, manufacturing processes and commercialization to ensure equitable access to quality healthcare.

#### How We Guide Our Efforts

We want our products and technologies to reach as many people who need them as possible. We track our progress against six areas to help ensure we have our greatest possible impact:

- Innovate for access and affordability



- People served
- Transforming standards of care
- Health outcomes
- Cost savings
- Infrastructure

### Partnering for Better Outcomes

In addition to ensuring our solutions deliver the best care possible, we work with others to magnify and enhance the outcomes of our efforts. During the year, Abbott Pakistan joined hands with leading nonprofit organisations to help expand access to critical health, education and social services, with the goal of building more resilient, healthier communities. Details of these engagement and initiative can be found on page 82 of this Report.

### Infrastructure and Transforming Standard of Care

We are building infrastructure, offering training and providing resources to help decentralize care and transform healthcare standards throughout the country. Evidence based clinical studies were conducted to generate local data and understand local epidemiology, in addition to contribution towards the drafting of expert consensus statements. Details of this can be found on page 84 - 85 of this report.

### Natural Disaster Relief

In 2022, Pakistan experienced the worst floods in a decade that devastated communities and left millions of people homeless. In response, Abbott joined its humanitarian relief partners, donating a wide range of pharmaceutical, nutritional and other healthcare products to support those impacted by the disaster.

### BUILD THE DIVERSE, INNOVATIVE WORKFORCE OF TOMORROW

Dedicated employees power our sustainable success. As they drive our growth, we provide a supportive, inclusive culture, and programs that help ensure their continued development and encourage them to build a successful career with us. To continually innovate lifesaving solutions, we must empower our teams with skills to meet the health needs of tomorrow.

### Talent Management

Our Board of Directors conducts an annual Talent Management Review (TMR) to review critical position succession plans and development actions. TMRs are also held at divisional, functional, country, region and team levels to find Ready Now and Ready Future successors, and to support intentional development plans for them.



## Developing Employees

We are committed to developing and retaining our current employees. Through our many programs and resources, we provide opportunities for individual growth and development, helping employees build great long-term careers at Abbott. We value our experienced employees; their knowledge helps us succeed as a company and contributes to a strong succession pipeline.

## Diversity and Inclusion

Promoting diversity and inclusion is integral to how we lead. We want to create an environment that nurtures everyone, regardless of race, gender, age, disability or nationality. We are creating a culture where inclusiveness is a natural state, not an initiative. We want it to be the natural way things get done at Abbott. It takes all of us to build and maintain the just and inclusive culture we want to live and work in. To help build engagement, we've initiated a program of "Let's Talk" sessions, in which employees engage in open and honest discussions about diversity and inclusion.

## Protecting Human Rights

We play an active role in protecting human rights, complying with laws and regulations and creating our own standards. We maintain policies, including our Code of Business Conduct and policy on workplace harassment, that reinforce our zero tolerance for any discrimination. They detail steps for reporting instances of workplace harassment or discrimination and clearly define escalation processes.

## Employee Community Engagement

Our employees care about the people we serve, whether that's delivering life changing solutions or giving back to the communities we call home. By supporting local causes, our employees bring to life Abbott's purpose to help more people than ever achieve better health.

Caring has always been one of our core values. Our Employee Giving Program and volunteering options create spaces for employees to uphold this legacy of care in their communities. During the

unprecedented floods this year, our employees took part in voluntary relief efforts in addition to donating part of their salaries to support the flood affectees; demonstrating Abbott's value of 'Caring'.

## Employee Well-Being, Health & Safety

Employee well-being matters, and we are fully committed to protecting it. We offer programs that support work-life harmony and promote good health, with many available to employees' families as well. We recognize that, to feel and perform at their best, employees must be able to balance work and family responsibilities.

In pursuance of the above, Abbott Pakistan organized multiple awareness and screening sessions for the benefits of its employees, details of which can be found on page 83-84 of this report.

## PROTECT A HEALTHY ENVIRONMENT

Safeguarding the environment must be a priority for Abbott if we are to help people around the world live healthier, fuller lives. Evolving our operations to reduce our environmental footprint will also help us build a more resilient business for the long term. A clearly defined, robust governance structure ensures the environmental impact of these facilities is as positive as possible.

Our policies and standards are updated regularly to reflect best practices, regulatory trends and requirements. A comprehensive audit program monitors compliance and identifies potential risks to our business and employees.

## Energy and Emissions

We're working to reduce the negative impacts of our emissions by investing in renewable energy, increasing manufacturing efficiency and partnering with suppliers. We are committed to purchasing a greater proportion of electricity from renewable sources and are developing a Renewable Energy Procurement initiative to drive continuous improvement in this area. In pursuance of the same, solar panels were installed at our Plant site during the year.

## Tree Plantation Drive

To celebrate ‘World Environment Day’, our EHS team joined hands with Clifton Urban Forest. Employees, including the leadership team participated in the activity, and planted saplings to contribute towards a greener Pakistan. An awareness sessions was also conducted on hazard of using plastic and related products with a theme of “Say No to Plastic”.



## Protecting Water Resources

We recognize the importance of water in sustaining life, human health, economic growth and ecosystems. Water also plays a critical role in our business continuity, manufacturing operations and product use. As such, we are committed to managing our water use efficiently and responsibly, contributing toward the goal of facilitating access to good quality water in the communities where we operate.

We perform an annual mapping process to understand where the water we use comes from, how it is treated and discharged, and the impacts our operations have on local basins.

Our process centers around four principles:

- Reduce: continuously work to improve water use efficiency in our operations

- Prevent: manage water discharges that could adversely impact human health or the environment
- Engage: develop and apply key water management principles and best practices across our company
- Educate: emphasize to our employees and suppliers the importance of protecting groundwater and other water resources vulnerable to overuse or contamination, and the role they play in doing so

## Waste Management

Each stage of a product’s life cycle has potential impacts on human health and the environment – from how materials are harvested to how final products and services are consumed. We believe waste management responsibility extends beyond the manufacturing phase and we are committed to staying accountable for impacts at each point of a product’s journey.

Our responsibility for the impact of our products and services extends throughout the entire life cycle.

- Procurement: We ensure operational inputs – e.g., raw materials, processed goods and services – are procured ethically and sustainably.
- Design, Production and Distribution: We consider the environmental and social impacts of how we produce and deliver our products.
- Consumption: We ensure products can be consumed and disposed of in environmentally responsible ways.

As part of its waste management strategy, Abbott Pakistan has taken several initiatives to mitigate the adverse impacts of Industrial effluents which include:

### Zero Waste to Landfill Initiative (ZWL)

Zero waste to landfill is a process whereby a site finds ethical, economical, and efficient means to manage processes in order to avoid and eliminate the volume and toxicity of waste and materials, and to conserve and recover all resources. ZWL remains a key component of Abbott’s overall waste management strategy. The Company acquired Zero Waste to Landfill Re-certification in 2021 and both plants continued the ZWL initiative during the year.



## Composting

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

## QUALITY MANAGEMENT

At Abbott, we all put the people we serve at the center of everything we do. We make our products and services as if they are for our own families. We live Abbott's purpose of creating a healthier world where everyone can have better, fuller lives. We know that every one of us plays a vital role in bringing our life-changing solutions around the globe to people who need them.

People depend on Abbott products to improve their lives; we must build and retain their trust, so delivering high-quality, safe products is always our number one priority. Product quality and safety are paramount for Abbott; we embed considerations from the highest levels of governance and throughout our entire business.

### Quality Management System

Abbott has implemented a Quality System Manual, based on established regulations and industry standards, which governs the specific quality framework for each Abbott business division. The Quality System elements encompass the entire product life cycle — from research and development, clinical studies and product design through risk management, material, production and process controls and right up to distribution and post-market surveillance.

The Quality Management System model and metrics are continuously reviewed to track performance at site, business and company levels. Key learnings and best practices, including those from external intelligence, are captured and applied elsewhere in our organization.

### Developing & Training Employees

New employees are trained on Quality Management System elements, while existing employees are systemically retrained. Topics include data analytics, cleanroom qualification, risk management and documentation controls. Annually, a Quality Management System Refresher course is updated and deployed to all existing and part-time personnel.

### Lab Safety

We provide our staff with all necessary equipment and take every measure to ensure the safety of our employee in our quality operations. Our labs have also been equipped with all necessary safety equipment: eye protection, respiratory protection, safety shoes, gloves and safety hoods are few examples. QC lab has been recently equipped with glassware washing machine for washing of used glassware in a safe manner.



## Laboratory Information Management System (StarLIMS)

To manage the data related to testing of any material or product a new Laboratory Information Management System called StarLIMS has been deployed at Landhi and Korangi sites. This management system is a web-based application, providing flexibility for access, making batch testing record easy to record and retrieve whilst ensuring fulfillment of data integrity requirements.

## Independent Quality Certification

We embrace independent quality certification as an opportunity to drive continuous improvement and operational excellence across Global Commercial Manufacturing, R&D and Commercial operations. Manufacturing operations hold Good Manufacturing Practices (GMP) certification such as International Organization for Standardization (ISO) certification for quality management.

## CREATE A RESILIENT, DIVERSE AND RESPONSIBLE SUPPLY CHAIN

Our supply chain has proven its strength, resilience and ability to amplify our positive impact on the world. When we nurture a supplier network that's strong and ethical, we multiply our ability to touch people's lives and reduce shared sustainability impacts. And, by focusing on spend with diverse companies, we're creating a supplier base as varied as those we serve.

We are constantly evolving how we manage supplier relationships to minimize our shared sustainability impacts. We maintain a robust, multi-layered governance structure that provides oversight of all supply chain-related activities, helping minimize risks and maximize opportunities to address shared impacts. Our supply chain and procurement strategy embeds sustainability considerations into supplier selection and management processes.

## Supplier Risk Assessment and Engagement

We want to work with suppliers that share our commitment to sustainability. We maintain a formal process for assessing suppliers to minimize

reputational and continuity risks, and to help ensure compliance with our Supplier Guidelines.

When selecting suppliers, we consider applicable environmental, social and governance factors alongside business capabilities and capacities, financial health and alignment with our vision. Using classification models, we measure the risk levels and shared sustainability impacts of the applicable relationship.

## Risk-Based Monitoring and Evaluation

We have global policies and procedures for evaluating suppliers for potential sustainability issues, including those related to ethics, human rights and labor, health and safety, environment and management systems. Our supplier assessment programs take a risk based approach to determine assessment, monitoring and audit requirements. They consider supplier size, maturity, industry, sourcing regions, ESG performance and Abbott spend.



## Corporate Social Responsibility

Abbott has a long and proud history of partnerships with leading nonprofit organizations to help expand access to critical health and social services, with the goal of building more resilient, healthier communities. The Company partnered with the following institution during the current year:

### **The Liver Foundation**

Abbott provided funding to the Liver Foundation to support their work to eliminate Hepatitis C. The Liver Foundation is a nonprofit organization that provides screening, research and care for people living with viral hepatitis.

### **Family Education Services Foundation (FESF)**

Abbott provided funding to the Family Education Services Foundation (FESF) to support their work to empower disadvantaged deaf children and youth. FESF takes a holistic approach, providing education, skills training, job placement and sign language development to create lasting change in the lives of deaf children and their families.

### **Patients' Behbud Society for AKUH (PBS)**

Abbott provided funding to the PBS to provide healthcare services for children. PBS provides high quality specialty care for children in the areas of cardiopulmonary, neurological, child development, gastroenterology, nutrition, endocrinology, nephrology, genetics, fetal and neonatal, and infectious diseases.

### **The Layton Rahmatulla Benevolent Trust (LRBT)**

Abbott provides regular funding to LRBT ensuring patients have access to surgeries for various eye diseases. LRBT provides no-cost treatment to patients with eye diseases, including cataract, glaucoma, and retinal disorders.

### **The Citizen Foundation (TCF)**

For the past four years, Abbott has funded TCF in their efforts to provide high-quality education to underprivileged children, supporting 64 students in Dhoke Chaudrian, Rawalpindi. TCF is managed

by Pakistani citizens and provides high-quality education to underprivileged children.

### **The Indus Hospital (TIH)**

For the last four years, Abbott has been funding the Chronic Dialysis Program at TIH. This contribution covers the expenses to provide 200 dialysis sessions free of charge. TIH network provides free healthcare services, including dialysis for end-stage kidney disease, to underprivileged populations.

### **Muhammadi Blood Bank & Thalassemia center**

Annually, Abbott sponsors five patients diagnosed with thalassemia, ensuring they have access at no cost to screened blood and chelating therapy for the entire year. Muhammadi Blood Bank & Thalassemia Center provides high-quality health services focused on the diagnosis, treatment, and prevention of blood related diseases.

### **Patients' Welfare Association (PWA)**

Abbott supports the cost of screening, regular blood transfusions and chelating therapy for five patients with Thalassemia. PWA is run by the medical students of Dow Medical College and serves patients who are unable to pay for care at the Civil Hospital Karachi. PWA runs the largest single outlet blood bank in the country providing more than 120,000 screened blood products every year, and a Thalassemia Day Care Centre (TDC) managed by Thalassemia Services department of the organization facilitating 250 registered patients.

### **Karwan-e-Hayat**

Abbott provides funding to support the work of Karwan-e-Hayat, providing high-quality psychiatric treatment and rehabilitation services to underprivileged patients.

### **Karachi Down Syndrome Program**

Abbott provided funding to support the efforts of Karachi Down Syndrome Program (KDSP), a non-profit organization, with the mission to advocate the value, acceptance and inclusion of people with Down syndrome living in Karachi and aims to provide them with the opportunity to lead independent and fulfilling lives.



### Professional Education Foundation

Abbott provided funding to support Professional Education Foundation. Professional Education Foundation is working with a sole aim to financially support brilliant but underprivileged students for their professional education. Our scope includes bachelor's degree Programs for Engineering, Medical, Agriculture, Business Management & IT discipline.

### Flood Relief Efforts

In 2022, Pakistan experienced the worst floods in a decade that devastated communities and left millions of people homeless. In response, Abbott joined its humanitarian relief partners, donating a wide range of pharmaceutical, nutritional and other healthcare products to support those impacted by the disaster. Abbott employees also contributed through cash donations and by volunteering to local relief efforts.

## Employee and Occupational Health & Safety

The health and safety of our employees and contract workers is paramount for Abbott. Through an integrated Environment, Health and Safety (EHS) management system and a dedicated EHS Leadership team, we are embedding a culture of safety across every area of our business.

Our EHS Leadership team governs the EHS organization. It comprises of professionals who manage internal programs across our sites, and commercial professionals who support field-based teams, offices and warehouses. At each Abbott site, designated safety representatives and safety teams help ensure the successful implementation of our internal programs.

Our global Occupational Health Services (OHS) team — part of the EHS organization — develops and maintains occupational health (OH) policies, procedures and guidelines, trains relevant employees and consults on regulatory compliance.

### Fostering a Health and Safety Culture

To build a robust health and safety culture, we must engage everyone at Abbott — something we achieve and maintain through our EHS policy and several technical and management standards, including:

- Risk Assessment and Self-Assessment Management Standard: requirements for assessing and mitigating health and safety risks
- Training and Awareness Management Standard: requirements for employees to be aware of health and safety risks and have knowledge of job-specific hazards
- Area-specific technical standards: e.g., Fleet Safety, Control of Hazardous Energy, Confined



Spaces, Ergonomics, Electrical Safety, Biological Safety and Working at Heights

- Emergency Preparedness Standard: requirements for emergency preparedness planning and minimum requirements to ensure health and safety on-site and in surrounding communities.

In pursuance of its commitment towards ensuring employee health and safety, Abbott organized the following during 2022:

### **Training and awareness session on warehouse safety procedure**

This training program was aimed at improving the employees' understanding of the warehouse safety protocols, potential hazards, work-related injuries, material handling, use of personal protective equipment etc. For Emergency Response Preparedness (ERP), role play sessions & unannounced mock drills were conducted to prepare the employees for any emergency situations. The training session was attended by all the employee of our warehouse sites.

### **Dengue Outbreak**

Abbott Pakistan played its role in preventing the spread of dengue by creating awareness for our employees & their families. Leaflets detailing preventive measures were distributed amongst all employees together with Mospel.

### **Drivers Safety Session**

Abbott Pakistan in collaboration with Atlas Honda conducted a drivers safety session for its field force to apprise them on the risk of injuries resulting from vehicle accidents and how they can play their part in avoiding such accidents.

### **Influvac Vaccination**

Ensuring the physical well-being of our employees and their dependents is our utmost priority. In continuation to our COVID vaccination drive last year, the Health Facility Department also initiated Flu vaccination for our employees and their dependents. Under this drive, more than 1,000 employees got themselves vaccinated throughout the country.



### **Launching of Health and Wellness Club at Plant site**

A health and wellness club was launched at our Plant site. The Club has been equipped with latest gym equipment, board games and few other indoor games so that employees can remain fit and mentally relaxed, while continuing to deliver their best on the job. The purpose of this facility is to ensure that the employees feel relaxed and are therefore able to deliver their best on the job.

## **Supporting our Communities**

### **Evidence based Clinical Studies**

Abbott Pakistan not only endeavours to provide quality medicines that are efficacious but also supports the healthcare community in understanding the disease and its local epidemiology in a better way. In pursuance of this cause, Abbott's medical department is in partnership with quite a few collaborators; including some of the country's well known therapeutic area specialists, institutions, and clinical research organisations.

We're working together with 15 Key Investigators from the Gastroenterology / Hepatology fraternity of Pakistan in Preempt Registry - Minimal Hepatic Encephalopathy (MHE) among Cirrhotics to evaluate the incidence of MHE amongst wider population of Pakistan. The study outcomes will help us in creating awareness for Health Care Professionals (HCPs) for diagnosing MHE at an

earlier stage so patients can be managed in a better way.

The PRECIOUS Study published in Cureus Journal was presented at the Biennial Conference of Society of Obstetrics and Gynecologists of Pakistan (SOGP) and CRAFT Annual Congress - Conference on Human Reproductive Health. As a result of the study, 1.6% of women were diagnosed with Subclinical Hypothyroidism and 6% were found to have hypothyroidism. Interestingly, 33.3% of the patients with hypothyroidism were receiving inadequate dose of thyroid replacement therapy. This provided us an opportunity to create awareness for screening of hypothyroidism during pregnancy and providing right dosage for right duration.



## Expert Consensus Statements

Abbott in collaboration with leading scientific societies and key specialty experts from Pakistan is working towards drafting and publishing first ever consensus statements for various ailments. Two of the key initiatives are:

### Management of Threatened Miscarriage in Pakistan

A 12 membered steering committee comprising of experts from Obstetrics and Gynecology specialty has drafted Pakistan's first Consensus Statement for Management of Threatened Miscarriage in Pakistan which will be published in a peer reviewed scientific journal.

### Flu vaccination

The first ever consensus statement for Flu Vaccination in Pakistan has been drafted in collaboration with 12 leading KOLs from Medical Microbiology and Infectious Diseases Society of Pakistan.

## Project ATHENA

Infertility affects millions of people of reproductive age worldwide – and has an impact on their families and communities. Under project ATHENA, leading IVF centers together with IVF experts set out to better understand the key management practices for infertile couples, their challenges, and deploying the results of LOTUS Clinical Trials.

IVF expert shared insights and updates on IVF Management practices and stressed on the importance of diagnosing male infertility and subclinical and clinical hypothyroidism. The sessions were well attended and appreciated by HCPs and upcoming physicians in this specialty.

## Field Trips with Underprivileged Children

Abbott's commitment to supporting communities is demonstrated through our employees' passion for giving back. Abbott employees give generously of their time, expertise and resources, supporting numerous community-based initiatives.

Abbott's team conducted a full-day trip to Joyland in Lahore with the children of 'SOS Village' to share the happiness and reminding them of their value and importance in the world. Abbott continues to ensure that the underprivileged children are provided with all the resources they need to make them realise that they are equally important to the society.

## Nutri Camps

Nutritional Assessment camps were set up at diverse touchpoints throughout Pakistan. Adults had access to free BMI check-up, blood-glucose test, and expert nutritional advise. Ensure and Glucerna samples were given to the customers based on their health assessment results. This mass nutritional assessment campaign catered more than 100,000 consumers at these camps, in addition to the 800,000 plus assessments in hospital wards.





### Initiative on Child Nutrition

During 2022, Abbott Nutrition entered into a global partnership with Real Madrid, whereby Abbott Nutrition became the official health nutrition sponsor of club and Real Madrid Foundation. The goal of this partnership is to improve children’s nutrition around the world (including Pakistan), so they can be healthier and reach their full nutritional potential. A national campaign was launched in October 2022, wherein, ANI Pakistan organized football-themed mall activations in Karachi and Lahore, along with engaging schools to participate in an inter-school football tournament.

## Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013

The Corporate Social Responsibility (Voluntary) Guidelines, 2013 were issued to promote responsible business conduct that supports community growth for public interest, eliminates adverse practices impacting the public sphere and ensures corporate accountability. The objective of these guidelines was to promote the development of a framework for CSR initiatives by all companies.

Abbott Pakistan has voluntarily adopted these guidelines and is currently in the process of taking the necessary actions for unreserved compliance with these guidelines.

### CSR governance

Our CSR priorities are embedded in our Governance Structure. Our Board of Directors lay strong emphasis on our extended responsibility as a Corporate Citizen. CSR commitments are discussed and deliberated in different meeting of the management and Board.

### Consultative Committee & Management Systems

Our compliance and medical functions collaborate to evaluate opportunities for CSR. Opportunities are screened in term of their impact on the wider social community, the number of people reached and financial aspect.

### Areas of Interest

As disclosed under the corporate social responsibility section of this Report, Abbott CSR contribution during the year have focused mainly on skill development, livelihood, health, education, social enterprise development, poverty alleviation and youth development.

## Implementation Structure

The Consultative Committee and management systems in place are responsible for overseeing the implementation of activities and achievement of related targets.

## Allocation of Resources

The company regularly donates money for charities and other social causes besides taking part in other activities that yield a positive social impact. Amount in excess of PKR 13 million were donated during 2022.

## External Assurance

No external assurance was sought on our CSR activities during 2022.

## Disclosure and Reporting

The Company has not issued a separate CSR report for the current year, however, our CSR activities and related initiatives have been disclosed in sufficient detail under 'Sustainability and Corporate Social Responsibility' section of this Report.

## Certifications acquired and International Standards adopted

Abbott has established its own environmental, technical, quality and management standards that closely mirror ISO standards. This ensures that our management systems operate in accordance with recognized environmental practices and regulatory requirements. In addition, the global and local management also supports the pursuance of external certifications where there is recognizable business value. Further, Abbott Pakistan sustained the following certifications during 2022:

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



# Governance







# CEO's Message

## DEAR FELLOW SHAREHOLDERS:

Abbott is in the business of helping people live healthier, fuller lives. We aspire to be the most admired healthcare company in Pakistan. We do this by delivering consistently superior products and services which contribute significantly to improve the quality of life of our consumers.

2022 was marred by a very challenging operating and macro-economic environment. Despite these challenges, our Company, through its resilience, was able to deliver double digit growth in its top-line. Margins, however, remained under pressure due to unprecedented devaluation, double-digit inflation, sharp increase in the cost of Active Pharmaceutical Ingredients and other inputs. Our bottom-line was also severely impacted by the levy of Super tax which was imposed through Finance Act, 2022.

Despite the foregoing, Abbott has played a very responsible and patient-centric role to support the country during critical times of COVID, Dengue and the unprecedented floods, by ensuring uninterrupted supply of many essential and life-saving medicines.

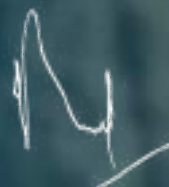
As significant as today's challenges are, you can rely on Abbott to persevere, to perform, and to live up to our values as we always have. The challenges of the

last few years have demonstrated precisely why and how Abbott will continue to lead far into the future. Our company has thrived consistently because of its resilience and adaptability, its diversified portfolio of leading businesses, its financial strength and acumen, and a deep-rooted culture of service, execution, and success.

Looking ahead, we hope that the Drug Regulatory Authority of Pakistan (DRAP) together with the Government will take the necessary steps, including pricing reviews, to address the margin depletion scenario that the industry currently faces, which is critical to ensure the availability of products for the patients. We remain committed and available for engagement with the regulators and the Government to explore avenues to drive this industry forward.

In the end, I would like to extend my personal and genuine appreciation to all our employees for their valuable contributions to Abbott Pakistan. I would also like to thank all our stakeholders and partners for their trust and support during the year. Let us look forward to a successful 2023.

**Abbott Proud,**



**Syed Anis Ahmed**

Managing Director & CEO

Abbott Pakistan







## BOARD COMPOSITION

Our Board structure is mainly governed by Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019. Our Board comprises of 7 Directors, possessing a diverse skill set and expertise. There are 2 Non-Executive Directors, 2 Executive Directors and 3 Independent Directors on our Board. The Board also consists of two female directors. Names and brief profiles of all the directors are disclosed on page 94 - 97 of this Report.

### Changes in the board composition

Mr. Munir Ahmed Shaikh (Chairman) resigned from the Board w.e.f 30<sup>th</sup> May 2022. Mr. Celestino Jacinto Dos Anjos was appointed as a non-executive director to fill in the casual vacancy for the remainder of the current term of the Board, whilst. Mr. Ehsan Ali Malik was elected as the new chairman of the Board.

## INDEPENDENT DIRECTORS

Our Board comprises of three (3) independent directors namely Mr. Ehsan Ali Malik, Mohsin Ali Nathani and Ms. Ayla Majid, who are not involved in the Company's management nor are connected with any business or other relationships that could interfere materially with or appear to affect their judgement. All the independent directors have provided their consent to act as director, along with 'Declaration to the Company' that they qualify the criteria of independence notified under the Companies Act 2017.

## DIVERSITY IN THE BOARD

Abbott Pakistan has a balanced Board; a diverse group of highly qualified professionals having appropriate mix of core competencies, diversity, requisite skills, knowledge and experience. This diversity ensures that all relevant perspectives are represented in decision making. Abbott continues to maintain female representation on the Board of Directors with two female members on the Board, surpassing the regulatory requirement of at least 1 female director.

## PRESENCE OF EXECUTIVE DIRECTORS ON OTHER BOARDS

None of the above Executive Directors of Abbott Pakistan are currently serving as non-executive directors of any other company.

Directors'  
Profiles

# Syed Anis Ahmed CEO



**Syed Anis Ahmed** is the Chief Executive Officer of Abbott Laboratories (Pakistan) Limited. Previously, he has served as the Chief Financial Officer of Abbott Pakistan. He has over 25 years of experience in senior commercial and finance roles where he has provided his guidance and leadership across different functions. Anis also served as the President of American Business Council and the Chairman of Pharma Bureau where he played a major role in highlighting different issues faced by the pharmaceutical industry. Currently, Anis is a member of the Executive Committee of Overseas Investors' Chamber of Commerce & Industry (OICCI). He was previously associated with A.F. Ferguson & Co. (a member firm of the PwC network) and Philips Pakistan. Anis is a Fellow member of the Institute of Chartered Accountants of Pakistan.





## Ehsan Ali Malik

Independent Director

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



## Mohsin Ali Nathani

Independent Director

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



## Seema Khan

Executive Director

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



## Ayla Majid

Independent Director

**Ayla** is a leading mergers and acquisition, advisory and governance expert with over two decades of rich experience. She is the Founder & CEO of Planetive, a sustainability and clean energy advisory firm and runs the advisory practice of Khalid Majid Rehman Chartered Accountants as Managing Director, Financial Advisory Services. Ayla sits on many local and global boards including being the Global Vice President and Board member of Association of Chartered Certified Accountants-UK; in Pakistan, she is a Board Member of listed companies including Siemens Pakistan; Abbott Laboratories (Pakistan) Limited; and TPL Insurance Limited. Ayla was part of the team that drafted Pakistan's first "Code of Governance for Public Sector Entities. Ayla is a strong advocate of the UN SDGs and ensures that her projects across different industries are aligned with SDGs including climate action, affordable clean energy, and gender equality. In 2015 Ayla was honoured by the World Economic Forum as a Young Global Leader. She is a member of the Global Future Council on Energy Transition of the World Economic Forum. She is Eisenhower Global Fellow 2021. Academically she holds MBA from LUMS, LLB Honours from University of London and ACCA. She has also attended executive courses at the Harvard Kennedy School, Oxford University, Nanyang Technological University of Singapore, and Princeton University.



## Muhammad Anjum Latif Rana

Non-Executive Director

**Anjum Latif Rana** is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is working as Regional Director Operations & Supply Chain Middle East, Turkey, Africa, Pakistan and CIS for Abbott Laboratories based in Dubai. Previously, he was Director Operations at Abbott Pakistan responsible for Manufacturing, Engineering, EHS, Operational Excellence, and Supply Chain functions at Karachi Plant. He has a professional career that spans over 27 years in Pharmaceuticals Operations & Supply Chain and has an established track record of success throughout his professional career, he has laid down the strong foundation of supply chain integration (Class A) and Operational Excellence in Plant Operations. He joined Abbott Laboratories in 1995 and held various leadership roles in Supply Chain and Manufacturing operations at Abbott Pakistan, led various projects including acquisition of Knoll, Solvay manufacturing & supply chain integration with Abbott Pakistan. He was a member of the Trade and Commerce subcommittee of the American Business Council.



## Celestino Dos Anjos

Non-Executive Director

**Celestino Dos Anjos** is the Controller for Emerging Market of the Established Pharmaceuticals Division of Abbott Laboratories. He is a French national currently based in Allschwil (Switzerland). Previously he worked as Controller of Latin America in Abbott and CFO of CFR, a Chilean pharmaceutical group, that was listed in the Santiago Stock Exchange. During his career, Celestino was also General Manager of Laboratoires Fournier in Slovakia and in the UK. He has over 30 years of experience in senior commercial and financial roles in Pharmaceutical Industry. Celestino graduated from the ISG (Institut Supérieur de Gestion) in Paris and from the CEDEP (Fontainebleau – France).





# Chairman's Review Report

It gives me great pleasure to present this report as required under section 192 of Companies Act, 2017.

2022 was marred by a very challenging operating and macro-economic environment. Despite these challenges, your Company was able to deliver double digit growth in its top-line. Margins, however, remained under pressure due to continued devaluation of our currency and inflation. Your Company through its resilience and commitment is managing these challenges to ensure business continuity and products availability to enable people who rely on our products live healthier, fuller lives.

## REVIEW OF OVERALL PERFORMANCE OF THE BOARD

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

The objective of the Board is to provide strategic direction to the Company and to oversee the management. The Board performed its duties as required under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), including approval of significant policies, establishing a sound system of internal controls, approving budgets and financial results. The non-executive directors and independent directors remain involved in all important decision-making by the Board of Directors.

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

### 1. AUDIT COMMITTEE

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

### 2. BANKING COMMITTEE

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

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

The HR&R committee is responsible for reviewing the personnel policies, remuneration and benefits of the Chief Executive Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor. It is also engaged in recommendation of Human

Resource policies to the Board and determination of policy framework for the remuneration of directors in accordance with its Terms of Reference.

### 4. NOMINATION COMMITTEE

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

### 5. SHARE TRANSFER COMMITTEE

The committee approves registration, transfer and transmission of shares.

### 6. RISK MANAGEMENT COMMITTEE

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

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



**Ehsan Ali Malik**

**Chairman**

February 22, 2023

## نامزدگی کمیٹی

نامزدگی کمیٹی بورڈ کی کمیٹیوں اور ان کی چیئرمین شپ کے حوالے سے جائزہ لینے اور بورڈ کو تجاویز فراہم کرنے کی ذمہ دار ہے۔ یہ بورڈ کے اسٹریکچر، سائز اور ساخت کے باقاعدگی سے جائزے اور اس میں کسی بھی قسم کی تبدیلیوں کے حوالے سے تجویز دینے میں بھی شامل رہتی ہے

## شیئر ٹرانسفر کمیٹی

مذکورہ کمیٹی شیئرز کی رجسٹریشن، ٹرانسفر اور ٹرانسمیشن کی منظوری دیتی ہے

## رسک مینجمنٹ کمیٹی

یہ کمیٹی مجموعی طور پر کمپنی کی رسک مینجمنٹ، بشمول رسک مینجمنٹ کے دائرہ کار کی تشکیل اور اس کے اطلاق اور جانچے گئے خدشات کو کم سے کم کرنے کے لیے تمام تر کنٹریولز کی افادیت کے جائزے کی ذمہ دار ہے

میں اپنے تمام تر شیئر ہولڈرز، کسٹمرز، بینکرز اور ملازمین کے بھروسے اور سال بھر ہر ممکن تعاون پر ان کا شکر گزار ہوں۔ اس کے ساتھ ساتھ میں بورڈ کے ممبران، سی ای او اور ان کی ٹیم کی محنت اور لگن پر ان کا بھی تہہ دل سے شکریہ ادا کرتا ہوں



احسان علی ملک  
چیئر مین  
22 فروری 2023



# چیمبر مین جائزہ رپورٹ

مجھے کمپنیز ایکٹ 2017 کے تحت درکار یہ رپورٹ پیش کرتے ہوئے بے حد خوشی محسوس ہو رہی ہے۔

2022 میکرو اکنامک ماحول اور آپریشنز کے حوالے سے چیلنجز سے بھرپور سال رہا۔ کمپنی کو درپیش ان چیلنجز کے باوجود، آپ کی کمپنی ٹاپ لائن میں دہرے ہندسوں پر مشتمل گروتھ فراہم کرنے میں کامیاب رہی۔ تاہم کرنسی کی قدر میں ہونے والی مسلسل کمی اور افراط زر کی بنا پر ہمارے مارجنز دباؤ کا شکار رہے۔ آپ کی کمپنی اپنی ثابت قدمی اور پر عزم طرز عمل کی بنا پر ان چیلنجز کا احسن انداز سے سامنا کرتے ہوئے کاروباری تسلسل اور پراڈکٹس کی دستیابی یقینی بنانے کے لیے ہمہ وقت سرگرم عمل ہے تاکہ ان افراد کی صحت سے بھرپور زندگی کو ممکن بنانے کے عمل کو جاری رکھا جائے جو ہماری پراڈکٹس پر مکمل بھروسہ رکھتے ہیں۔

## مجموعی بورڈ کی کارکردگی کا جائزہ

مختلف النوع اور وسیع تجربے کے حامل ڈائریکٹرز پر مشتمل بورڈ نے اپنی ذمہ داریاں انتہائی جانفشانی سے موثر انداز سے انجام دیں۔ بورڈ کا مقصد کمپنی کو حکمت عملی پر مبنی ڈائریکشن فراہم کرنا اور کمپنی کے انتظام پر نظر رکھنا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت درکار اپنی ذمہ داریاں، بشمول اہم پالیسیز کی منظوری، داخلی کنٹرولز کے مضبوط نظام کے قیام، بجٹس اور فائنانشل رزلٹس کی منظوری، احسن انداز سے انجام دیں۔ نان ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز بھی بورڈ آف ڈائریکٹرز کی طرف سے کی جانے والی اہم فیصلہ سازی میں شامل رہے

جیسا کہ قواعد کے مطابق درکار ہے، بورڈ نے درج ذیل کمیٹیاں قائم کیں جو کہ قانون کے دائرہ کار میں رہتے ہوئے موثر انداز میں اپنے فرائض انجام دے رہی ہیں

## آڈٹ کمیٹی

آڈٹ کمیٹی داخلی کنٹرول کے موثر اور بہتر کارکردگی کے حامل سسٹمز اور طریقہ کار کو یقینی بنانے کے لیے اہم کردار ادا کرتی ہے

## بینکنگ کمیٹی

بینکنگ کمیٹی کی ذمہ داریوں میں بینکوں سے مجموعی طور پر تعلق استوار کرنا، کریڈٹ لمٹس، مجاز دستخط کنندگان کی منظوری اور اضافی فنڈز کی دانشمندانہ سرمایہ کاری شامل ہیں

## ہیومن ریسورس اور مشاہرہ کمیٹی (ایچ آر اینڈ آر)

ایچ آر اینڈ آر کمیٹی چیف ایگزیکٹو آفیسر، چیف فائنانشل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر کی پرسنل پالیسیز، مشاہرے اور مینٹنس کی ذمہ دار ہے۔ یہ بورڈ کو ہیومن ریسورس پالیسیز سے متعلق تجاویز دینے اور ریفرنس کی شرائط کے مطابق ڈائریکٹرز کے مشاہرے کی پالیسی کے دائرہ کار کو وضع کرنے میں بھی اپنا کردار ادا کرتی ہے۔



## BOARD OPERATIONS AND DECISION MAKING

### How board operates

The Board operates as stewards on behalf of shareholders for the governance of the Company. The Board performs its duties by giving guidelines to the management, setting performance targets and monitoring their achievements.

The primary role of the Board of Directors of the Company is to enhance shareholder value. The Board of Abbott is concerned with Strategic matters and overseeing the business of the Company in light of emerging risks and opportunities, on a regular basis. The Board of Abbott is also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Company. The Board is also responsible for the Company's system of internal controls, policy frameworks, corporate governance, risk assessments and ultimately accountable for reviewing its effectiveness.

### Decisions taken by the board

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

The policy of materiality specifies which transactions are considered as significant or material and are to be presented to the Board for their approval or ratification. Certain tasks are also delegated by the Board of Directors to its Committees in line with the approved Terms of References.

## Decisions delegated to the management

Management is primarily concerned with setting in motion the strategies approved by the Board of Directors. It is the responsibility of management to operate the day-to-day business affairs of the Company in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities, which could affect the Company in the course of carrying out its business.

## ANNUAL EVALUATION OF THE BOARD, ITS MEMBERS AND ITS COMMITTEES AND DETAILS OF CRITERIA USED

In accordance with Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board through external consultants, PICG, has carried out an evaluation of performance of its individual members, and the performance of its Committees, CEO and Chairman. Annual evaluation questionnaire is developed by the Pakistan Institute of Corporate Governance (PICG) in conformity with the Code of Corporate Governance and is circulated to the Directors for performance evaluation. Strict level of confidentiality is exercised by PICG while conducting the evaluation process. Following are the broad categories set out by PICG to evaluate the performance of the Board of Directors, and its Committees:

**Board Composition:** Requisite knowledge and experience, diversity, size, number of independent directors, succession planning of the Board of Directors to gauge effective governance.

**Board and CEO Compensation:** Competitiveness of remuneration policy for the Board and its committees as well as the CEO, was evaluated to

gauge adequate remuneration.

**Strategic Planning:** Contributions towards robust and effective risk management and monitoring the Company's performance against its objectives.

**Board Procedures:** Evaluation of the transparency and effectiveness of the procedures of the Board.

**Board Information:** Whether appropriate and timely information was provided to the Board and its Committees.

**Board and its Committees:** The effectiveness and efficiency of the operation of the Board, and its committees was evaluated.

**Chairperson & CEO Effectiveness:** Effectiveness of the Chairperson, and CEO was assessed.

**Control Environment:** Assessment of the oversight of the financial reporting process, including Internal controls in place.

**ESG:** Board's commitment towards ESG, efforts and progress made on ESG initiatives was assessed.

The overall performance of the Board measured based on above-mentioned parameters for the year was satisfactory.

## BOARD'S PERFORMANCE EVALUATION CONDUCTED BY EXTERNAL CONSULTANT

As detailed in the preceding section, Abbott appointed Pakistan Institute of Corporate Governance (PICG) to perform the evaluation of the Board, its members, and its committees. Use of an external consultant enables Abbott to get an independent and impartial view on the strengths, capabilities, effectiveness of the Board, whilst identifying opportunities of value addition for the Board. Results from the evaluation are shared with the Chairman of the Board, and matters of importance are taken up in subsequent Board meetings.



## FORMAL ORIENTATION COURSES FOR DIRECTORS

The Company has made sufficient arrangements to carry out orientation sessions for their directors to acquaint them with company's operations, applicable laws and regulations and their duties and responsibilities in order to enable them to effectively govern the affairs of the company on behalf of shareholders. Further, the Company arranged workshop on Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for its Directors through its legal counsel.

## DIRECTORS' TRAINING PROGRAM

As disclosed in the statement of compliance, all the directors have obtained certification under the Directors' Training program except for the newly appointed Director, who will obtain the certification within the timelines provided in these Regulations. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies.

## EXTERNAL OVERSIGHT OF FUNCTIONS TO ENHANCE CREDIBILITY OF INTERNAL CONTROLS AND SYSTEMS

### Internal Audit

The Board of Directors has established a system of sound internal control, which is effectively implemented and maintained at all levels within the Company. The independent internal audit function is headed by the Chief Internal Auditor with an outsourced arrangement with BDO Pakistan. The internal audit is conducted as per the internal audit plan duly reviewed and approved by the Audit Committee keeping in view the organizational objectives and the risks that may prevent the Company from meeting those objectives.

### Enterprise risk management

Enterprise risk management focuses on risks that have the potential to impact business performance. It continuously evaluates likelihood, impact and velocity to ensure Abbott's management team focuses efforts in the most relevant areas. The Chief Internal Auditor presents annual updates to the Audit and Risk Management Committee regarding the specific enterprise risks.

## RELATED PARTY TRANSACTIONS

### Approved policy for related party transactions

The Company has a formal policy of Related Parties' Transactions which has been approved by the Board of Directors. The policy covers the procedures with regards to review, approval and ratification of related party transactions and for providing disclosures as required under Section 208 of Companies Act, 2017 and other applicable law. The Company maintains a party-wise record of transactions and ensures that it includes the minimum information as prescribed by the law. All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Under the Company Policy for related party transactions, all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director. Following review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

### Details of related party transactions

Names of all such related parties with whom Abbott has entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 35.4 and detailed disclosure regarding related party transactions has been presented in Note 35 of the Financial Statements.

## Contracts or arrangements other than in the ordinary course of business

There is no contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis.

## Disclosure of Directors' interest in related party transaction

During the year, none of our directors had interest in any of the related party transaction.

## Conflict Management and Monitoring

There was no instance involving conflict of interest during the year.

## BOARD'S POLICY OF SIGNIFICANT MATTERS

### Governance of risk and internal controls

Please refer 'Risk and Opportunities' section of the report which contains details on the risk management framework and methodology in place as well as the role of the internal audit function in reviewing the adequacy and effectiveness of internal controls in place at Abbott.

### Diversity and Inclusion

Promoting diversity and inclusion is integral to how we lead. We want to create an environment that nurtures everyone, regardless of race, gender, age, disability or nationality. We are creating a culture where inclusiveness is a natural state, not an initiative. We want it to be the natural way things get done at Abbott. It takes all of us to build and maintain the just and inclusive culture we want to live and work in.

### Disclosure of Directors' interest in significant contracts and arrangements

In order to avoid any known or perceived conflict of interest, formal disclosure of vested interests is encouraged under the Code of Business Ethics and the Policy for Conflict of Interest relating to

Board of Directors, approved by the Board. The Policy comprises of not only the requirements provided under Companies Act, 2017 and rules and regulations of SECP and Pakistan Stock Exchange but also encompasses global best practices as well. The board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are advised to discuss it with the chair of the meeting for guidance.

### Remuneration of non-executive directors and independent directors

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

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

### Retention of Board Fee by the executive director

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

## Security clearance of foreign directors

All Foreign Directors on our Board are required to submit relevant documents, including declarations, undertakings and any other document required to facilitate security clearance undertaken by the Ministry of Interior. The necessary documents of all Foreign Directors are submitted to the SECP's Company Registration Office (CRO), Islamabad, within the prescribed time. Further, Abbott endeavors to assist the clearance of Foreign Directors from Ministry of Interior and if needed makes available all necessary documentation for the same.

## Board meetings held outside Pakistan

No Board meetings were held outside Pakistan during the year.

## Human resource management including preparation of succession plan

Dedicated employees power our success. As they drive our growth, we provide a supportive, inclusive culture, and programs that help ensure their continued development and encourage them to build a successful career with us.

We are making a promise to every one of our employees to provide a work environment that:

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

Key focus areas for our human resource management policies are as follows:

### Attracting the Best Talent

We seek to maintain long-term relationships with candidates, showing them that their unique skills are valued by Abbott. We engage with candidates to provide all the information they need to succeed during interviews – including offering them access to our Abbott Talent Community – and maintain ongoing connections with them through our social





channels. This way, we can build a pipeline of qualified, interested candidates that we can consider for future opportunities.

### Developing Employees

In addition to attracting new employees, we are committed to developing and retaining our current employees. Through our many programs and resources, we provide opportunities for individual growth and development, helping employees build great long-term careers at Abbott. We value our experienced employees; their knowledge helps us succeed as a company and contributes to a strong succession pipeline. Some of the resources that help our employees progress includes:

- Ongoing reviews, career development discussions and goal setting with managers
- Access to Career Connect — our personalized career development and planning tool
- Mentoring, job-specific education and leadership training

### Succession planning

Abbott's Board of Directors and senior management teams place a strong emphasis on succession and talent planning and on ensuring diversity and inclusion through this process. Talent Management Reviews (TMR) are carried out annually to assess critical positions, identify succession plans and create development plans. In addition to destination jobs, we identify potential next roles for each incumbent and successor, with a focus on ensuring the right experiences for a successful ongoing career at Abbott. Our aim is to make sure that current and future leaders are building the skills they will need for success.

Similar succession planning takes place at every level of the company. The senior leadership team conducts TMRs, each of which sets out to identify "Ready Now" and "Ready Future" successors. This helps ensure that our pipeline of future leaders at all levels is continually maintained. Our people managers also have annual talent development goals.

### Diversity and Inclusion

Promoting diversity and inclusion is integral to how we lead. We want to create an environment that nurtures everyone, regardless of race, gender, age, disability or nationality. We are creating a culture where inclusiveness is a natural state, not an initiative. We want it to be the natural way things get done at Abbott. It takes all of us to build and maintain the just and inclusive culture we want to live and work in.

### Compensation and Benefits

Our compensation and benefits programs are designed to enable our employees to build financial security and to provide for the health and well-being of themselves and their families. Abbott compensates employees based on the work they do, regardless of race, ethnicity or gender. We are committed to equal pay for equal work, and do not tolerate discrimination in pay.

### Social and environmental responsibility

#### Making a positive social Impact

As a healthcare leader, we have an inherently positive social impact on helping people to live longer and better. We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs and find measurable ways to address social challenges through our scientific and technical expertise. When we prioritise systems-thinking and collaboration, we can grow our business, improve lives and create value for the people we serve. The Company engaged in various CSR initiatives during the year, details of which can be found on page number 82.

#### Protecting the healthy environment

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

on Environment, Health and Safety (EHS) which governs all operations and employee behavior to ensure that the Company conducts its business in a manner which is protective for human health, safety, and the environment.

The policy is designed to achieve the following objectives:

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

## Communication with stakeholders

Please refer ‘Stakeholders Engagement and Management’ section of the report that details our stakeholders engagement policy and process.

## Investors’ relationship and grievances

Over the years, we have earned the trust of our investors and are fully committed to sustain it. The objective of our investors’ grievance policy is to safeguard and protect the interest of all investors and shareholders, while ensuring that their grievances are resolved quickly and efficiently. The Company has internally established a mechanism for investor services and grievances handling to resolve all issues of investors.

The salient feature of our Investors’ Grievance Policy are as follows:

- A designated email address i.e. **pk.shareholderquery@abbott.com** for general correspondences can also be used by investors to register complaints. The grievances can also be notified via Complaint Form available on the Company’s website in line with the directives of SECP.
- The Company strives to resolve all investors’ complaints within ten (10) working days of the receipt thereof. A letter/ email in this regard is sent to the investor with intimation to the Shares Registrar/ SECP/ Stock Exchange, as and when required, duly signed by the Company Secretary.
- The Company maintains complete record of all the complaints received through email, fax, post, Share Registrar, SECP, and / or Stock Exchanges and their relevant replies.

## Employee health, safety and protection

The health and safety of our employees and contract workers is paramount for Abbott. Through an integrated Environment, Health and Safety (EHS) management system and a dedicated EHS Leadership Council, we are embedding a culture of safety across every area of our business. We maintain global policies and standards for managing employee health and safety. Experts regularly update these to reflect changes in regulations and global expectations. Similar standards extend to contractors working at Abbott locations. We recognize that, to feel and perform at their best, employees must be able to balance work and family responsibilities. We offer programs that support work–life harmony and promote good health, with many available to employees’ families as well.

## Whistleblowing policy - “SPEAK UP”

Our Code of Business Conduct emphasizes our employees’ responsibility to report concerns. This requires us to create an environment where they can do so in good faith, without fear of retaliation. The code outlines Abbott’s responsibilities for handling

employee grievances and complaints in an ethical way, and it strictly forbids any retaliation against any person who raises a complaint.

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

We also have a web-based Ethics and Compliance helpline with live telephone support and translation services for non-English speakers. The helpline is available 24 hours a day, seven days a week. We use a comprehensive reporting and investigations case management database to process, track and resolve all concerns that are reported.

### Safety of records of the Company

Company's policy for safety of records extends beyond the legal and regulatory requirements. The records include books of accounts, documentation pertaining to secretarial, legal, contractual, taxation and other matters. The objective of the Policy for Safety of Records is to safeguard Company's record by taking effective actions pertaining to the creation, confidentiality, maintenance and disposal of the documents.

The policy for Safety of Records consists of the following points:

- To ensure and maintain digital back-up of all the relevant Legal, Administrative, Operational and other documents, intellectual property and records.
- The creation, maintenance, confidentiality and disposal of any official document should adhere to SOPs mentioned in the departmental manuals.
- Real-time back up of data at on and off-site locations.
- Abbott has purpose-built record rooms at its Landhi and Korangi facilities in Karachi for maintenance of official documents and records.

- Maintenance of a fire-proof vault for the safekeeping of legal documents and conduct trainings to deal with fire hazards.

### Providing reasonable opportunity to the shareholder for participation in the AGM

The Company encourages shareholders, especially minority shareholders to participate in the AGM, the date of which is announced well before statutory time through stock exchange and publication in newspapers.

The Company also encourages its shareholders and different analysts to attend its quarterly analyst briefing sessions, the dates of which are announced through the stock exchange.

## BOARD'S REVIEW STATEMENT ON THE BUSINESS CONTINUITY PLAN AND DISASTER RECOVERY PLAN

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances and to ensure that any adverse or unforeseen events cause minimum disruption. The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote sites.

The Board has ensured that management has put in place adequate systems of IT Security, real-time data backup, off-site storage of data backup, establishment of disaster recovery facility (alternate Data Centre) and identification of critical persons for disaster recovery. It has also ensured that the disaster recovery plan is regularly tested to ensure the readiness of the IT systems in case of any disaster.



Although we undertake risk mitigation, we recognise that certain events could still result in delays or service interruptions. We use effective crisis management and business continuity planning to ensure the health and safety of our people and to minimise the impact on supply, by maintaining functional operations in the event of a natural or man-made disaster, or a public health emergency.

## BENEFICIAL OWNERSHIP AND GROUP STRUCTURE

Details of Company's shareholders are disclosed in the pattern of shareholding in this Report. Flowchart of group shareholding and relationship with group companies is available page 41 of this Report.

## COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

## ROLE OF CHAIRMAN

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

Role of Chairman of the Board is to:

- Ensure that the Board is operating effectively, and all matters relevant to the effective functioning of the Company are placed on the agenda of Board meetings;

- Conduct the Board meetings including fixing the agenda;
- Ensure that all the Directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board; and
- Ensure that relevant, accurate and up to date Company information is received from the management and shared with the board members to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

## ROLE OF CEO

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

The main responsibilities of the CEO are as follows:

- To develop strategies involving the executive team, for the implementation of decisions established by the Board and its Committees.
- To maintain an effective communication with the Chairman and bring all important Company matters to the attention of the Board.
- Working in the best interest of the Company and directing its overall growth by achieving and surpassing the performance targets set by the Board.
- Oversee the implementation of the Company's financial and operational plans in accordance with its business strategy.
- To ensure that all strategic and operational risks are effectively managed and that adequate system of internal controls are in place for all major operational and financial areas.
- Develop Key Performance Indicators (KPIs) of the Company for the approval of Board and

ensure dissemination of the same throughout the organization.

- To communicate on behalf of the Company with shareholders, employees, government authorities, other stakeholders and the public.
- To promote highest moral, ethical and professional values and good governance throughout the Company.

## TIMELY COMMUNICATION

The financial statements were authorised by the Board of Directors for issue on 22<sup>nd</sup> February, 2023 i.e. within 60 days.

## SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES

Number of shares held at 31 December 2022 are summarized below:

Name	Holding
Syed Anis Ahmed	1
Mr. Muhammad Anjum Latif Rana	1
Mr. Mohsin Ali Nathani	10,000
Ms. Ayla Majid	500
Mr. Ehsan Ali Malik	500
Total :	11,002

Details of the above have been presented in the Pattern of Shareholding, available on page 234 - 236 of this Annual Report.



## SALIENT FEATURES OF TERMS OF REFERENCE OF BOARD COMMITTEES

### AUDIT COMMITTEE

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

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

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

- Adopt the Company's corporate HR and remuneration policies as applicable; while ensuring that these remain within the framework of country laws and regulations;
- Make recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit & Compliance, and any other key officers of the Company which shall normally be the direct reports of the CEO and Heads of Staff Functions; and
- Ensure remuneration approach is consistent with performance assessment and compensation framework of the Company.

### BANKING COMMITTEE

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

- Approve any changes in banking signatory matrix;
- Approve increase, decrease and cancellation of existing facility with a particular bank;



- Sign / approve agreements and documents pertaining with the acquisition of funded and non-funded facility with the bank(s); and
- Execute service execution agreement with bank(s).

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of an Independent Director, one Non-Executive Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. The brief terms of reference of the Risk Management Committee are as follows:

- Approve and review the risk management

framework and policies;

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

## BOARD COMMITTEES ATTENDANCE

### AUDIT COMMITTEE

Particulars	Category	Meetings	
		Held	Attended
Ehsan Ali Malik	Ex-Chairman - Independent Director	4	2
Mohsin Ali Nathani	Chairman - Independent Director	4	2
Ayla Majid	Member - Independent Director	4	3
Muhammad Anjum Latif Rana	Member - Non Executive Director	4	3
Syed Tabish Aseem	By invitation - Chief Financial Officer	4	4
Fahad Rehman	By invitation - Chief Internal Auditor	4	4
Muhammad Usama Jamil	Secretary	4	2
Humayun Altaf	Ex-Secretary	4	2

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

Particulars	Category	Meetings	
		Held	Attended
Ayla Majid	Chairperson - Independent Director	1	1
Syed Anis Ahmed	Member - Chief Executive Officer	1	1
Seema Khan	Member - Executive Director	1	0
Muhammad Anjum Latif Rana	Member - Non Executive Director	1	1
Fahad Rehman	Secretary	1	1

# Audit Committee REPORT

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended December 31, 2022. We would like to make the following submissions:

## COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three members all of whom are either non-executive or independent directors. The Chairman of the Committee is an independent director who is a seasoned Corporate Banker and is currently serving as President and CEO of Habib Metro Bank. All the Committee members are financially literate, who possess significant acumen related to finance, economics, financial and business management.

The names and profiles of the Audit Committee members are given from Page 42 and 94 of the Report.

Chief Financial Officer of the Company attends the meeting of Audit Committee on invitation; Head of internal audit is present in all the Committee meetings whereas External Auditors attend the meetings on requirement basis.

## FINANCIAL STATEMENTS

The Committee has concluded its annual review of the Company's performance, financial position, and cash flows during 2022, and reports that:

- The financial statements of the Company for the year ended December 31, 2022, have been prepared in accordance with the requirements of the Companies Act 2017, Code of Corporate Governance, International Financial Reporting Standards, and other applicable regulations.
- These financial statements present a true and fair view of the state of affairs of the Company, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, Chief Executive Officer, and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by Chairman and Chief Executive Officer.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.

## EVALUATION OF THE COMMITTEE

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

The Company has complied with the mandatory requirements specified under the Regulations. The

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

Committee would like to further state that:

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

## RISK MANAGEMENT AND INTERNAL CONTROL

- The Company has developed a mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit function is responsible for providing assurance on the effectiveness and adequacy of internal control and risk management framework in managing risks within acceptable levels throughout the Company.
- The Company's approach towards risk management has been disclosed in the 'Risk and Opportunity' section of this Report.

## INTERNAL AUDIT

- The Company's system of internal controls is sound in design and is continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function.
- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.



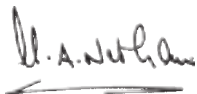
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters.
- Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.

## EXTERNAL AUDIT

- The external auditors were allowed direct access to the Audit Committee and also met the Audit Committee once a year without the presence of the management, where significant issues in relation to the financial statements and external audit were discussed in detail.
- The audit committee facilitates coordination between the internal and external audit of the Company to ensure they contribute effectively towards the achievement of company's objectives and to promote a transparent financial reporting mechanism.
- All internal audit reports were made available for review to the external auditors during the year.
- The external auditors M/s EY Ford Rhodes, Chartered Accountants have been engaged as the external auditors of the Company since 2014 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire on the conclusion of the 74th Annual General Meeting.
- Being eligible for reappointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as external auditors of the Company for the year ending December 31, 2023.
- The Company also obtains taxation related services from M/s EY Ford Rhodes, Chartered Accountants. The firm has sound policies and procedures to ensure compliance of independence which includes separate engagement partners and separate teams for both audit and taxation work.

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

On behalf of the Audit Committee



**Mohsin Ali Nathani**

Chairman - Audit Committee

February 22<sup>nd</sup>, 2023



## PRESENCE OF CHAIRMAN OF AUDIT COMMITTEE AT THE AGM

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

## ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE

### Design and Integration of Core Business Processes in a Single System

Abbott uses BCPS for business transactions and financial reporting. All modules are integrated with each other, which ensures data integrity and process controls. A comprehensive gap assessment is performed and documented on a routine basis and based on the gaps identified, required customization is done in the ERP, followed with comprehensive testing by the project team using different kinds of test cases to ensure that the system is working as per the users expectations.

### Management's support in continuous updation of ERP

Abbott's Business Advisory Committee oversees the entire process of keeping the organization up to date in terms of technology use and its updates. It is responsible to introduce new initiatives in the organization that can bring improvements in processes and increase efficiency with enhanced controls for effective business management. All IT Projects are governed by PIE (Project Initiation & execution) this includes Divisional IT, Business Relationship Managers (BRMs), IT Service Managers and other support staff. The Committee also ensures smooth implementation of IT projects.

### User Training

A comprehensive end user training program is conducted annually through external and internal

training sessions, where users are provided access to the ERP test environment to get familiar with the system and its customized tools.

### Management of Control Risk Factors and risks on ERP Projects

Risk management is the key focus of any ERP project. At Abbott, management uses the risk register template in the Power Steering tool and use a probability-impact Matrix (P-I matrix) as an aid to identify and prioritize risks. The risk management roles and responsibilities are documented in the risk section of the Power Steering PPM tool. IT team collaborates with all the stakeholders to document all possible scenarios and then develop a list of potential risks and develop specific controls to mitigate the risks.

### System Security and access controls

Abbott's systems are protected against unauthorized use, addition, deletion, alteration, and concealment. It is controlled as per the well-defined criteria i.e. access permissions, password protection, user access, off boarding, access recertification and encryption. Further, there is a routine process of access rights review, during which process owners ensure that rights assigned to users commensurate with their job responsibilities.





## USE OF AN EXTERNAL SEARCH CONSULTANCY IN THE APPOINTMENT OF CHAIRMAN OR NON-EXECUTIVE DIRECTORS

No external search consultancy was used for appointment of any director on the Board.

## CHAIRMAN'S SIGNIFICANT COMMITMENTS

Mr. Ehsan Ali Malik was appointed as the chairman of the Company during the year after the resignation of Mr. Munir Ahmed Shaikh. The details of his other engagements as Directors of other companies are given in his profile. He does not have any significant commitment other than the one mentioned in his profile.

## GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

Abbott's commitment towards excellence inculcates a culture where compliance with the prevailing

laws and regulations is the bare minimum standard. Abbott actively strives to adopt the best practices in industry and governance in order to ensure that it remains the best-in-class.

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

- The Board of Directors of the Company consists of two female directors since August 2016 one of which is an independent director. This exceeds the requirements of at least one female director for listed companies included in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- The requirement for the Chief Executive Officer and the Chairman to be separate individuals was introduced through Code of Corporate Governance, 2012 whereas the Chief Executive Officer and Chairman of Abbott Pakistan have been separate persons since 20th August 2004.
- Reporting requirements enhanced to best practice guidelines issued by ICAP & ICMAP, and the Pakistan Stock Exchange's Top 25 Companies requirements.



# DIRECTORS' REPORT

Your Directors are pleased to present their Report and the audited financial statements of the Company for the financial year ended December 31, 2022.

## Operating results

Rs. in '000

Profit for the year before taxation	6,147,655
Taxation	(3,143,469)
Profit after taxation	3,004,186
Other comprehensive income - net of tax	7,222
Un-appropriated profit brought forward	10,145,068
Profit available for appropriation	13,156,476
Appropriations:	
Final dividend 2021 Rs. 20 per share	(1,958,006)
Interim dividend 2022 Rs. 15.0 per share	(1,468,505)
Un-appropriated profit carried forward	<u>9,729,965</u>

## Financial Performance

Net sales increased by 15.7% over the previous year. Gross Profit margin declined from 37.8% to 29.5% mainly driven by Rupee devaluation and inflation. Operating expenses increased on account of general inflation. Other charges increased significantly by 43.9% mainly due to incurrence of exchange losses driven by Rupee devaluation. Other income witnessed a growth of 44.4% driven by increase in interest income due to higher interest rates. Taxation increased by 28.7% mainly on account of levy of Super tax.

As a result of these factors, profit after tax for the year decreased by Rs. 2.96 billion over the previous year. Earnings per share was Rs. 30.69 per share (2021: Rs. 60.95 per share).

## Dividend

The Company has declared an interim cash dividend of Rs. 15.0 per share (2021: total dividend Rs. 40.0 per share) which has already been paid to the local shareholders during the year.

The economic volatility, coupled with constant Rupee devaluation and the resulting inflation has had an adverse impact of the Company's margins and liquidity. Further, the imposition of sales tax on active pharmaceutical ingredients during the year has further impaired the liquidity position of the Company. Consequently, the Board of Directors have decided against recommending final dividend for the year ended December 31, 2022.

## Segment-wise Sales and Market Performance

Pharmaceutical sales increased by 14.2% driven by sustained performance of established brands. Nutritional segment registered a growth of 23.1% driven mainly by increase in sales of adult nutritional supplements. Diagnostic sales recorded an organic growth of 9.4% over last year whereas General Health Care and Diabetes Care cumulatively grew by 8.9%.

## Industry overview

According to global pharma research company – IQVIA (previously known as IMS) published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.10 billion. The market share of multinational companies has been gradually declining over the years and at present is only 27.8%. There are a total of 646 active pharmaceutical companies in Pakistan with only 26 multinational companies. Several of these have scaled back their operations owing various reasons.

## Capital Expenditure

Your Company continues to invest in latest production technologies in order to utilise new opportunities created by technological advancements. The Company made capital investment of Rs. 3,585 million during the year in order to expand manufacturing capacity,



enhancement of productivity and improvement of plant efficiency. The Company has also installed solar panels at its Landhi plant site in pursuance of its commitment towards reducing its carbon footprint.

## Liquidity Management and Cash Flow Strategy

Rs. 3,797 million was generated from operating activities during the year. At year end, the Company had liquid funds comprising cash / bank balances and short-term investments amounting to Rs. 8,790 million, net of investments on capital projects and dividend payments to local shareholders. Dividend payable to the parent company amounting to Rs. 2,402 million is yet to be remitted.

Your Company has developed and implemented a formal cash flow monitoring system whereby cash

inflows and outflows are projected and monitored on a regular basis. This ensures sufficient availability of funds at all times while generating optimum returns through placement of surplus funds in various investment avenues.

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

## Evaluation of Company's performance

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



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

## Principal risks and their management

The Company's overall risk management program aims at minimizing potential adverse effects on its performance. This exercise is carried out by the Company's senior management team and the results are shared with the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks faced by the Company.

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

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

## Adequacy of Internal Financial Controls

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

## Contribution to National Exchequer

Your Company has contributed Rs. 7,644 million (2021: Rs. 5,749 million) to the Government on account of various Government levies including Income Tax, Customs Duties and Sales Tax.

## Environment, Health and Safety (EHS)

We are champions for health. This means developing products and technologies that change people's lives. It also means protecting the planet that supports every living thing. Abbott is committed to safeguarding a healthy environment by reducing the environmental impacts of its business across the value chain. This commitment shapes the way we source, manufacture and distribute our products, and it forms the basis for our environmental management systems and governance.

Your Company's manufacturing sites are Zero-Waste to Landfill Certified Site, i.e. all the waste generated during manufacturing operations are either being reused or recycled.

The health, safety and wellness of our employees is a priority for Abbott. We have embedded this priority at every level of our business through our integrated Environment, Health and Safety (EHS) management system. Throughout the year, Abbott conducted various training and awareness sessions in order to reinforce its occupational health and safety priority.

## Corporate Social Responsibility (CSR)

In 2022, Pakistan experienced the worst floods in a decade that devastated communities and left millions of people homeless. In response, Abbott joined its humanitarian relief partners, donating a wide range of pharmaceutical, nutritional and other healthcare products to support those impacted by the disaster. Abbott employees also contributed through cash donations and by volunteering to local relief efforts.

In addition, your Company made significant contributions to multiple non-profit organizations during the year. These included donations to the Liver Foundation, Family Education Services Foundation, Patients' Behbud Society for Agha Khan University Hospital, Layton Rahmatulla Benevolent Trust, The Citizens Foundation and The Indus Hospital amongst others. Our Nutrition division

also visited multiple non-profit organizations. The purpose of these activities was aimed at bringing smiles on the faces of the underprivileged children as well as educating them about self-love and self-care.

## Business Process Improvement

In pursuit of its commitment to ensure supply of high-quality, safe, and effective medicines, significant improvements were brought in our manufacturing and quality operations during 2022. The initiatives taken include A3 (Abbott Agility Accelerator) and Lean Six Sigma. In addition, continued efforts are being made to enhance compliance levels in-line with World Health Organization (WHO) standards and other International Guidelines.



The Company has consciously worked towards embedding a culture of continuous improvement

in its operation so that we can continue to deliver products and solutions, that enable people to live their life to the fullest.

## Human Resources

Dedicated employees power our success. As they drive our growth, we provide them with a supportive, inclusive culture, and programs that help ensure their continued development and encourage them to build a successful career with us.

The sustained success of Abbott's businesses depends on attracting, engaging, and developing best talents. Talents who believe in our commitment and purpose, in the difference we make, in the work that we do, and in the vision and values that drive us. Our innovative interventions that ensure the well-being of our people, the benefits and resources addressing their diverse needs, and our rewards and recognition programs that acknowledges their efforts which in turn, help them build their careers at Abbott and in doing that, contribute to company's continued success.

With a caring environment for our people and our collaborative approach, we keep taking continued inputs from our employees to understand their needs in doing their job better. We connect with them to build a work environment that keep them charged and motivated and meets their needs aspirations. We believe and strive to ensure that working at Abbott gives our colleagues the opportunity and avenues for them to be and do the best they can. This ensures that our people feel being part of a community, not just a company, and that they have the opportunity to do meaningful work alongside committed colleagues who share the same passion and zeal.

## Our Citizenship and Sustainability Priorities

Abbott is a company that endures. We've long understood that the key to sustaining our enterprise is a willingness to evolve it, to anticipate changes in the environment and to adapt Abbott in ways that make us best able to achieve our fundamental purpose — helping people live healthier, fuller lives.

Abbott Pakistan subscribes to the values of our parent company recognizing that responsible, sustainable businesses have an important role to play in building a healthy, thriving society. This commitment to global citizenship shapes the way we operate, the people we hire, the activities we support and the relationships we develop. To transform our global citizenship ambitions into sustainable ideas, Abbott focuses on certain priorities, which have been detailed on page 76 - 81 of this Annual Report.

## Subsequent Events

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

## Business challenges and future outlook

The current economic scenario represents the biggest challenge the industry currently faces. The unprecedented devaluation, double-digit inflation, sharp increase in the cost of APIs and other inputs (including utilities), and imposition of sales on Active Pharmaceutical Ingredients (APIs) have all had a crippling effect on the industry.

Despite the foregoing, the Pharmaceutical industry has played a very responsible and patient-centric role to support the country during critical times of COVID, Dengue and the unprecedented floods, by ensuring the uninterrupted supply of many essential and life-saving medicines.

The Drug Regulatory ) 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 reviews and adjustments, which has become critical for the sustainability of the industry.

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your company remains focused on

expanding and diversifying its product offering to the customers, while also making concerted efforts to improve performance through innovation, efficiency and effective cost containment initiative.

## Auditors

The present Auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending December 31, 2023.

## Board Changes

During the year, Mr. Munir Ahmed Shaikh resigned from the Board w.e.f May 30<sup>th</sup>, 2022. The Company would like to appreciate the valuable contributions made by Mr. Munir Ahmed Shaikh during his tenure on the Board. Mr. Celestino Jacinto Dos Anjos was appointed as a Director on the Board w.e.f August 26<sup>th</sup>, 2022.

## Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2022 is given on page 234.

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

## Holding Company

As at December 31, 2022 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.

## Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations)

As required by the Listed Companies (Code of



Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- We affirm the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- Key operating and financial data for the last six years is summarized on page 138.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- In accordance with the criteria specified in the Regulations, all the directors have acquired certifications under Directors' Training Program except for the newly appointed Directors, who will obtain the certification within the timeline prescribed under the Regulations. All the Directors on the Board

are fully conversant with their duties and responsibilities as directors of corporate bodies.

- Outstanding debts, if any, have been duly disclosed in the financial statements.
- The value of investments made by the staff retirements funds as per their financial statements are as follows:

Particulars	Value (Rs. in millions)
- ALPL Pension Fund (Based on year ended December 31, 2021) – audited	4,087
- ALPL Provident Fund (Based on year ended December 31, 2021) – audited	989

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

Name of Directors/CFO/Co. Secretary	Number of Board Meet- ings Attended
Mr. Munir A. Shaikh*	2
Syed Anis Ahmed	4
Ms. Seema Khan	3
Mr. Ehsan Ali Malik	4
Mr. Mohsin Ali Nathani	4
Ms. Ayla Majid	4
Mr. Muhammad Anjum Latif Rana	3
Mr. Celestino Jacinto Dos Anjos**	1
Syed Tabish Aseem (CFO)	4
Mr. Humayun Altaf (Ex-Company Secretary) ***	2
Mr. Muhammad Usama Jamil (Company Secretary) ****	2

\* Resigned from the Board effective May 30<sup>th</sup>, 2022.

\*\* Appointed as a Director on the Board effective August 26<sup>th</sup>, 2022.

\*\*\* Resigned as the Company Secretary effective May 26<sup>th</sup>, 2022.

\*\*\*\* Appointed as the Company Secretary effective August 1<sup>st</sup>, 2022.

Number of Board Committees' meetings and attendance therein is included on page 113.

## Directors' Remuneration

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

The salient features of the policy are:

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

## Board Evaluation

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

## Particulars of the external consultant

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

Their faculty comprises professionals from diverse experiences and backgrounds. Additional details are

available on their website at <https://www.picg.org.pk/faculty-profile/>.

## Directors' Training

All the directors of the Company have acquired certification under Directors' Training Program in accordance with Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, except for the newly appointed Director, who will obtain the certification within the timeline prescribed under the Regulations. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

## Composition of the Board

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

### Total number of Directors:

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

### Composition:

- (i) Independent Directors: 3
- (ii) Non-Executive Directors: 2
- (iii) Executive Directors: 2

## Committees of the Board

### Audit Committee

Mohsin Ali Nathani - Chairman

Ayla Majid - Member

Muhammad Anjum Latif Rana - Member

### Human Resource and Remuneration Committee

Mohsin Ali Nathani - Chairman

Ehsan Ali Malik - Member

Syed Anis Ahmed - Member

## Risk Management Committee

Ayla Majid – Chairperson

Syed Anis Ahmed - Member

Muhammad Anjum Latif Rana – Member

Seema Khan – Member

Celestino Jacinto Dos Anjos - Member

## Nomination Committee

Ehsan Ali Malik – Chairman

Syed Anis Ahmed – Member

Mohsin Ali Nathani – Member

## Share Transfer Committee

Syed Anis Ahmed - Chairman

Muhammad Anjum Latif Rana – Member

Seema Khan - Member

## Banking Committee

Mohsin Ali Nathani - Chairman

Syed Anis Ahmed - Member

Seema Khan – Member

Celestino Jacinto Dos Anjos - Member

## Acknowledgement

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



**Syed Anis Ahmed**

Chief Executive Officer



**Ehsan Ali Malik**

Director

February 22<sup>nd</sup>, 2023





## بینکنگ کمیٹی

محسن علی نقحانی - چیئر مین  
سید انیس احمد - ممبر  
سیما خان - ممبر  
سیلیسٹینو جیکنٹو ڈوس انجوس - ممبر

## اعتراف

بورڈ آف ڈائریکٹرز اس موقع پر اپنے ملازمین کے عزم، حوصلے لگن اور گہری وابستگی پر ان کا تہہ دل سے شکریہ ادا کرتا ہے۔ ہم اپنے معزز کسٹمرز، سپلائرز، بینکرز اور شیئر ہولڈرز کی جانب سے ان کی مسلسل معاونت اور ہر ممکن تعاون کو بھی قدر کی نگاہ سے دیکھتے ہیں اور ہماری کمپنی اور پراڈکٹس پر ان کے بھرپور اعتماد پر ان کے شکر گزار ہیں۔



احسان علی ملک

ڈائریکٹر



سید انیس احمد

چیئر ایگزیکٹو

22 فروری 2023

## ساخت

- (i) انڈیپنڈنٹ ڈائریکٹرز: 3
- (ii) نان ایگزیکٹو ڈائریکٹرز: 2
- (iii) ایگزیکٹو ڈائریکٹرز: 2

## بورڈ کی کمیٹیز

### آڈٹ کمیٹی

محسن علی نقحانی - چیئر مین  
عائکہ ماجد - ممبر  
محمد انجم لطیف رعنا - ممبر

### ہیومن ریسور اینڈ ریویژن کمیٹی

محسن علی نقحانی - چیئر مین  
احسان علی ملک - ممبر  
سید انیس احمد - ممبر

### رسک مینجمنٹ کمیٹی

عائکہ ماجد - چیئر پرسن  
سید انیس احمد - ممبر  
محمد انجم لطیف رعنا - ممبر  
سیما خان - ممبر  
سیلیسٹینو جیکنٹو ڈوس انجوس - ممبر

### نوینیشن کمیٹی

احسان علی ملک - چیئر مین  
سید انیس احمد - ممبر  
محسن علی نقحانی - ممبر

### شیئر ٹرانسفر کمیٹی

سید انیس احمد - چیئر مین  
محمد انجم لطیف رعنا - ممبر  
سیما خان - ممبر

- اسٹاف کے ریٹائرمنٹ فنڈز کی سرمایہ کاری کی قدر، ان کی فائنل اسٹیٹمنٹس کے لحاظ سے درج ذیل ہے:
- اے ایل بی ایل پینشن فنڈ (31 دسمبر 2021 کو ختم ہونے والے سال کے مطابق)۔ آڈٹ شدہ 4,087
- اے ایل بی ایل پراویڈنٹ فنڈ (31 دسمبر 2021 کو ختم ہونے والے سال کے مطابق)۔ آڈٹ شدہ 989

• اس سال کے دوران، بورڈ آف ڈائریکٹرز کی چار میٹنگز کا انعقاد ہوا۔ ہر ڈائریکٹر، سی ایف او، کمپنی سیکرٹری کی طرف سے حاضری کی تفصیلات درج ذیل ہیں۔

ڈائریکٹر/سی ایف او/کمپنی سیکرٹری کا نام  
میٹنگز میں شرکت کی تعداد

2	جناب منیر اے شیخ*
4	سید انیس احمد
3	محترمہ سیما خان
4	جناب احسان علی ملک
4	جناب محسن علی نقھانی
4	محترمہ عائکہ ماجد
3	جناب محمد انجم لطیف رعنا
1	جناب سیلیسٹینو جیکنو ڈاس انجوس**
4	سید طاہش اٹیم (سی ایف او)
2	جناب ہمایوں الطاف (سابقہ کمپنی سیکرٹری)***
2	جناب محمد اسامہ جمیل (کمپنی سیکرٹری)****

\* 30 مئی 2022 کو بورڈ سے مستعفی ہو گئے  
\*\* 26 اگست 2022 کو بورڈ میں ڈائریکٹر کے طور پر منتخب ہوئے  
\*\*\* 26 مئی 2022 کو کمپنی سیکرٹری کے عہدے سے مستعفی ہوئے  
\*\*\*\* 01 اگست 2022 سے کمپنی سیکرٹری کے عہدے پر فائز ہوئے  
بورڈ کمیٹیز کے اجلاسوں کی تعداد اور اس میں شرکت کے حوالے سے تفصیل صفحہ نمبر 113 پر درج ہے۔

## ڈائریکٹرز کا مشاہرہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق، نان ایگزیکٹو ڈائریکٹرز (بشمول انڈیپنڈنٹ ڈائریکٹرز) کے مشاہرے کی پالیسی کی بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی گئی ہے۔

پالیسی کے اہم نکات درج ذیل ہیں

- کمپنی اپنے کسی نان ایگزیکٹو ڈائریکٹرز (بشمول انڈیپنڈنٹ ڈائریکٹرز) کو

- ماسوائے بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کی فیس کے کوئی مشاہرہ ادا نہیں کرے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹی میں شرکت کے لیے ڈائریکٹر کے مشاہرے کا تعین اور بورڈ سے منظوری وقتاً فوقتاً دی جاتی رہے گی۔
- ڈائریکٹر کو سفری، بورڈنگ، لاجنگ اور دیگر اخراجات جو اس کی طرف سے بورڈ یا اس کی کمیٹی کے اجلاس اور/یا کمپنی کے اجلاس عام میں شرکت کے لیے کیے گئے ہوں، فراہم یا خرچ کے بعد ادا کیے جائیں گے۔

## بورڈ کا تجزیہ

سال کے دوران بورڈ آف ڈائریکٹرز نے بورڈ اور اس کے ساتھ اس کی کمیٹی اور اس کے اراکین بشمول چیئر میں کے تجزیے کے لیے انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کا تقرر کیا ہے۔

## بیرونی کنسلٹنٹ کی جملہ تفصیلات

پی آئی سی جی ایک نان پرافٹ کمپنی ہے جو پاکستان میں عمدہ کارپوریٹ گورننس پریکٹسز کے فروغ کے لیے سرگرم عمل ہے۔ ان کے ابتدائی شیئر ہولڈرز میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان (ایس بی پی)، پاکستان اسٹاک اور نمایاں کاروباری اور تعلیمی ادارے شامل ہیں ان کی فیکلٹی مختلف تجربے اور پس منظر کے حامل پروفیشنلز پر مشتمل ہے۔ اضافی تفصیلات ان کی ویب سائٹ <https://www.picg.org.pk/faculty-profile> پر دستیاب ہیں۔

## ڈائریکٹرز کی ٹریننگ

کمپنی کے تمام ڈائریکٹرز نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ریگولیشن 19 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کی ہیں، ماسوائے نئے تقرر کردہ ڈائریکٹرز کے، جو قواعد میں بیان کردہ ٹائم لائن کے لحاظ سے سرٹیفیکیشن حاصل کریں گے۔ تمام ڈائریکٹرز، کارپوریٹ باڈی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔

## بورڈ کی ساخت

ریگولیشنز کی شرائط کے مطابق، کمپنی انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی اور صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ ساخت درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد

- (a) مرد: 5  
(b) خواتین: 2

## لسٹڈ کمپنیز کے ساتھ کمپلائنس (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز)

- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق، ڈائریکٹرز درج ذیل بیان کرتے ہوئے خوش محسوس کر رہے ہیں۔
- کمپنی کی مینجمنٹ کی طرف سے تیار کردہ فائنانشل اسٹیٹمنٹس معاملات کی صورت حال، آپریشنز کے نتائج، کیش فلوز، اور لیکوئٹی کی تبدیلیوں کو شفاف انداز میں بیان کرتی ہیں۔
- کمپنی کی بکس آف اکاؤنٹ باقاعدہ طور برقرار رکھی گئی ہیں۔
- فائنانشل اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے کی بنیاد مناسب اور دانشمندانہ فیصلوں پر ہے۔
- فائنانشل اسٹیٹمنٹس کی تیاری میں، پاکستان میں نافذ العمل الاقوامی فائنانشل رپورٹنگ اسٹینڈرڈز کو ملحوظ رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کی صورت میں اس کا واضح اظہار کرتے ہوئے تفصیلی طور پر بیان کیا گیا ہے۔
- کمپنی داخلی کنٹرول کا ایک مربوط نظام برقرار رکھتی ہے جو مادی غلط بیانی یا نقصان کے خلاف مناسب یقین دہانی مہیا کرتا ہے۔ داخلی کنٹرول کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے۔
- ہم گورننگ کنسرن کی حیثیت سے کمپنی کے کام جاری رکھنے کی صلاحیت کی تصدیق کرتے ہیں۔
- کارپوریٹ گورننس کی بہترین پریکٹسز سے کسی قسم کا انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا اہم آپرینٹنگ اور فائنانشل ڈیٹا صفحہ نمبر 138 پر فراہم کیا گیا ہے۔
- واجب الادا ٹیکسز، قانونی چارجز اور ڈیوٹیز، اگر کوئی ہیں، انہیں باقاعدہ طور فائنانشل اسٹیٹمنٹس میں ظاہر کیا گیا ہے۔
- کمپنی کے گزشتہ سال کے آپرینٹنگ نتائج سے اہم انحرافات کی نشاندہی اور وضاحت کی گئی ہے۔
- ریگولیشنز میں بیان کردہ معیار کے مطابق، تمام تر ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کی ہیں ماسوائے نئے تقرر کردہ ڈائریکٹرز کے، جو کہ ریگولیشنز میں تجویز کردہ ٹائم لائن کے لحاظ سے سرٹیفیکیشن حاصل کریں گے۔ بورڈ میں شامل تمام تر ڈائریکٹرز کارپوریٹ باڈی کے ڈائریکٹرز کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔
- واجب الادا قرضہ جات، اگر کوئی ہیں، کو فائنانشل اسٹیٹمنٹس میں باقاعدہ طور پر ظاہر کیا گیا ہے۔

ادویات کی بلا تعطل فراہمی کو یقینی بناتے ہوئے انتہائی ذمہ دارانہ کردار ادا کیا ہے۔

ڈرگ ریگولیشنری اتھارٹی فارما سیوٹیکل انڈسٹری کی ترقی اور ضابطے میں اہم کردار ادا کرتی ہے۔ ہمیں امید ہے کہ اتھارٹی اس غیر یقینی صورتحال کے دوران اپنا کردار ادا کرے گی اور پرائسنگ اور ایڈجسٹمنٹس کے حوالے سے ضروری جائزہ لے گی، جو کہ انڈسٹری کی بقا کے لئے انتہائی زیادہ اہمیت اختیار کر چکا ہے۔

آنے والے سال کی طرف نظر ڈالتے ہوئے، ہم اپنی مسابقتی کارکردگی کو آگے بڑھانے کے سلسلے کو جاری رکھیں گے اور اپنی حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ وہ مقامی اور عالمی مارکیٹ میں تیزی سے آنے والی تبدیلیوں کے مطابق اور موزوں رہیں۔ آپ کی کمپنی کسٹمرز کے لیے اپنی پراڈکٹس کے سلسلے کو وسیع اور مختلف النوع کرنے پر اپنی توجہ مرکوز رکھنے کے ساتھ ساتھ اپنی کارکردگی میں بہتری کے لیے اختراعات، افادیت اور لاگت کو قابو میں رکھنے کے لیے اٹھائے گئے موثر اقدامات کے لیے بھی کوشاں رہتی ہے

## آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائی فورڈ رہوڈز، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہو رہے ہیں اور اہل ہوتے ہوئے، انہوں نے اپنی دوبارہ تقرری کے لیے پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی طرف سے کمپنی کے آڈیٹرز کی سال محترمہ 31 دسمبر 2023 کے لیے دوبارہ تقرری تجویز کی توثیق کر دی ہے

## بورڈ کی تبدیلیاں

اس سال کے دوران جناب منیر احمد شیخ نے بورڈ سے استعفیٰ دے دیا جو کہ 31 مئی 2022 سے موثر ہے۔ بورڈ سے وابستگی کے اپنے عہد کے دوران جناب منیر احمد شیخ کی گرام قدر خدمات کا اعتراف کرتے ہوئے کمپنی ان کا شکریہ ادا کرتی ہے۔ 26 اگست 2022 سے جناب سیلسٹینو جیکینو ڈاس انجوس کی بورڈ کے ڈائریکٹر کے طور پر تقرری عمل میں لائی گئی۔

## شیئر ہولڈنگ کا انداز

31 دسمبر 2022 تک کمپنی میں شیئر ہولڈنگ کے انداز پر مبنی اسٹیٹمنٹ اور اضافی معلومات صفحہ نمبر 234 پر فراہم کی گئی ہے دیگر ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے شیئرز میں کسی قسم کی ٹرانزیکشن انجام نہیں دی گئی

## ہولڈنگ کمپنی

31 دسمبر 2022 تک ایبٹ ایشیا انوسٹمنٹ لمیٹڈ یو کے 76،259،454 شیئرز کی حامل ہے۔ حتیٰ ہولڈنگ کمپنی ایبٹ لیبارٹریز، یو ایس اے ہے۔



سے مسلسل رابطے میں رہتے ہیں جو انہیں ہمیشہ توانا اور پرعزم رکھے اور ان کی امتگوں کے عین مطابق ہو۔ ہم اس بات پر یقین رکھتے ہیں کہ ایبٹ میں کام کرنا ہمارے ساتھیوں کو ایسے مواقع اور سہولیات فراہم کرتا ہے کہ وہ اپنی صلاحیتوں کو بہترین انداز میں بروئے کار لا سکیں، اور اس کے لیے ہمیشہ کوشاں رہتے ہیں۔ یہ اس بات کو یقینی بناتا ہے کہ ہمارے لوگ خود کو صرف ایک کمپنی نہیں بلکہ ایک کیونٹی کا حصہ سمجھیں اور انہیں اپنے جیسے عزم اور جذبے کے حامل دیگر ساتھیوں کے ساتھ بہترین انداز میں کام کرنے کے مواقع میسر ہوں۔

## ہماری شہریت اور پائیداری کی ترجیحات

بحیثیت ایک کمپنی ایبٹ برداشت پر یقین رکھتی ہے۔ ہم بخوبی سمجھتے ہیں کہ ہماری کمپنی کے استحکام کا راز ہمارے سے مستقل آگے لے جانے کے پختہ ارادے، ماحول میں آنے والی متوقع تبدیلیوں کے ادراک اور اس بات میں پنہاں ہے کہ ایبٹ کو اس انداز سے ڈھالا جائے جو ہمیں ہمارے بنیادی مقصد یعنی لوگوں کو صحت سے بھرپور زندگی فراہم کرنے میں معاونت کے لیے بہترین انداز سے پورا کرنے کے قابل بنا سکے۔

اس بات کا ادراک کرتے ہوئے کہ ذمہ دار، پائیدار کاروبار، صحت مند اور مثبت معاشرے کی تعمیر میں اہم کردار ادا کرتا ہے، ایبٹ پاکستان اپنی پیرنٹ کمپنی کی اقدار پر عمل پیرا رہتا ہے۔ گلوبل سٹیزن شپ (عالمی شہریت) سے ایسی پرعزم وابستگی ہمارے کام کرنے کے انداز، ہمارے بھرتی کیے گئے افراد، ان سرگرمیوں جنہیں ہم سپورٹ کرتے ہیں، اور ہماری طرف سے قائم کردہ تعلقات کو بھی اسی انداز سے ڈھالتی ہے۔ اپنے گلوبل سٹیزن شپ کے عزائم کو مستحکم تصورات میں بدلنے کے لیے، ایبٹ مخصوص ترجیحات پر اپنی توجہ مرکوز رکھتا ہے جنہیں اس سالانہ رپورٹ کے صفحہ نمبر 76-81 پر تفصیلی طور پر بیان کیا گیا ہے۔

## بعد کے واقعات

سال کے اختتام اور اس رپورٹ کے دوران کمپنی کی مالیاتی پوزیشن پر اثر انداز ہونے والی کوئی بھی مادی تبدیلیاں یا وعدے نہیں کیے گئے ہیں۔

## کاروباری چیلنجز اور مستقبل کا منظر نامہ

موجودہ معاشی صورتحال اس بات کا مظہر ہے کہ انڈسٹری کو اس وقت بڑے چیلنجز کا سامنا ہے۔ روپے کی قدر میں بے پناہ کمی، دہرے ہندسوں پر مشتمل افراط زر، اے پی آئی اور دیگر ان پٹس (بشمول یوٹیلٹیز) کی لاگت میں تیزی سے اضافے اور ایکٹو فارما سیویٹل اجزا پر سیلز ٹیکس کے اطلاق کے انڈسٹری پر تباہ کن اثرات مرتب ہوئے ہیں۔

مذکورہ بالا عوامل کے باوجود، فارماسیورٹیکل انڈسٹری نے کووڈ، ڈیٹنگی اور سیلاب کی تباہ کاریوں کے دوران مشکل ترین وقت میں مریضوں کو مرکزی حیثیت دیتے ہوئے، بے شمار ضروری اور زندگی بچانے والی

لیٹن رحمت اللہ بیویلیٹ ٹرسٹ، دی سٹیزن فاؤنڈیشن اور انڈس ہاسپٹل اور دیگر شامل ہیں۔ ہمارے نیوٹریشن کے شعبے نے بے شمار نان پرافٹ آرگنائزیشنز کا دورہ کیا۔ ان سرگرمیوں کا مقصد بنیادی سہولیات سے محروم بچوں کے چہروں پر مسکراہٹ بکھیرنا اور انہیں اپنے آپ سے پیار کرنے اور اپنا خیال رکھنے کے حوالے سے آگاہ کرنا تھا۔

## کاروباری طریقہ کار میں بہتری

عمرہ کوالٹی کی حامل، محفوظ اور موثر ادویات کی فراہمی کو یقینی بنانے کے اپنے عزم کی تکمیل میں، ہمارے مینوفیکچرنگ اور کوالٹی آپریشنز میں 2022 کے دوران قابل ذکر بہتری لائی گئی۔ اس سلسلے میں اٹھائے جانے والے اقدامات میں اے 3 (ایبٹ ایجلیٹی ایکسپریس) اور لین سکس سگما شامل ہیں۔ اس کے علاوہ، ورلڈ ہیلتھ آرگنائزیشن (WHO) اور دیگر بین الاقوامی رہنما اصولوں کی روشنی میں کمپلائنس لیول کو بڑھانے کے لیے مسلسل کوششیں کی جا رہی ہیں۔

کمپنی مسلسل بہتری کی روایت کو اپنے آپریشنز میں شامل رکھنے کے لیے شعوری طور پر کام انجام دیتی ہے تاکہ ہم ان پراڈکٹس اور خدمات کے سلسلے کو جاری رکھ سکیں جو افراد کو اپنی زندگی بھرپور انداز میں چھنے کے قابل بناتی ہیں۔

## ہیومن ریسورسز

خود کو پوری طرح وقف کرنے والے ملازمین کی طاقت ہماری کامیابی ہے۔ جیسے یہ ہماری گروتھ کے سلسلے کو آگے بڑھاتے ہیں، اسی طرح ہم ان کے مستقبل کے حوالے سے مددگار ثابت ہونے والے پروگرامز کے ساتھ بھرپور معاونت اور شمولیت کا کلچر فراہم کرتے ہیں اور انہیں اپنی کمپنی کے ساتھ ایک کامیاب کیریئر بنانے کے لیے ان کی حوصلہ افزائی کرتے ہیں۔

ایبٹ کی مسلسل کامیابی کا دارومدار بہترین ٹیلنٹ کے حامل افراد کو اپنی جانب راغب کرنے، انہیں اپنے ساتھ شامل کرنے اور ان کی ترقی کی راہیں ہموار کرنے پر ہے۔ ٹیلنٹ جسے ہمارے عزم اور اس مقصد پر بھروسہ ہو کہ ہم اپنے ہر کام کی انجام دہی میں دوسروں سے یکسر مختلف ہیں، اور اس کے ساتھ ساتھ ہماری بصیرت اور اقدار پر بھی جو ہمیں ترقی کی راہوں پر گامزن رکھتی ہیں۔ ہماری اختراعات جو افراد کی بہتر زندگی کو یقینی بناتی ہیں، ان کی مختلف ضروریات پوری کرنے کے لیے فوائد اور ریسورسز، اور ہمارے مشاہرے اور ان کی کارکردگی کو تسلیم کرنے کے پروگرامز جو ان کی کاوشوں کا بھرپور اعتراف کرتے ہیں، ایبٹ میں ان کے کیریئر کی تعمیر میں مددگار ثابت ہوتے ہیں، اور اس طرح کمپنی کی کامیابی کے تسلسل میں اہم کردار ادا کرتے ہیں۔

اپنے لوگوں کے لیے دیکھ بھال پر مبنی ماحول فراہم کرنے اور انہیں شانہ بہ شانہ رکھنے کی سوچ کے ساتھ، ہم اپنے ملازمین سے ان کے کام میں مزید بہتری کے لیے درکار ضروری عوامل کو سمجھنے کے لیے مسلسل ان کی رائے لیتے ہیں۔ ہم کام کے ایسے ماحول کے فروغ کے لیے ان

کنٹرولز کے اطلاق کا جائزہ لیتا ہے اور آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

## نیشنل ایکس چیکر میں ہمارا حصہ

آپ کی کمپنی نے مختلف سرکاری لیویز کی مد میں بشمول انکم ٹیکس، کسٹمز ڈیوٹیز اور سیلز ٹیکس، 7,644 ملین روپے کا حصہ شامل کیا (جو کہ 2021 میں 5,749 ملین روپے) تھا۔

## ماحول صحت اور حفاظت (ای ای ایچ ایس)

ہم صحت کے چیمپئنز ہیں۔ اس سے مراد یہ کہ ہم ایسی پراڈکٹس اور ٹیکنالوجی تیار کرتے ہیں جو لوگوں کی زندگی بدل دیتی ہے۔ اس سے مراد اپنے سارے کی حفاظت بھی ہے جو ہر جاندار کے لیے معاون ثابت ہوتی ہے۔ ایبٹ پوری ویلیو چین میں اپنے کاروبار کے ماحولیاتی اثرات کو کم سے کم کرتے ہوئے ایک صحت مند ماحول کے بھرپور تحفظ کے لیے پرعزم ہے۔ ہمارا یہ عزم ان راہوں کا تعین کرتا ہے جن پر ہم اپنی پراڈکٹس کے لیے اجزا کی فراہمی، ان کی تیاری اور تقسیم کو ممکن بناتے ہیں اور ہمارا یہی عزم ہماری گورننس اور ہمارے انوآرمنٹ مینجمنٹ سسٹم کی بنیادوں کا بھی تعین کرتا ہے۔

آپ کی کمپنی کی مینوفیکچرنگ سائٹس زیرو ویسٹ ٹو لینڈ فل سرٹیفائیڈ سائٹس ہیں، یعنی مینوفیکچرنگ آپریشنز کے دوران پیدا ہونے والا تمام تر ویسٹ دوبارہ استعمال یا ری سائیکل کیا جاتا ہے۔

ہمارے ملازمین کی صحت، حفاظت اور بھرپور بہتر زندگی ایبٹ کی ترجیح ہے۔ ہم اپنی اس ترجیح کا خیال اپنے تمام تر کاروباری امور، اپنے مربوط انوآرمنٹ، ہیلتھ اینڈ سیفٹی مینجمنٹ نظام کے ذریعے رکھتے ہیں۔ سال بھر ایبٹ مختلف تربیتی اور آگہی پر مبنی سیشنز کا انعقاد کرتا ہے تاکہ اپنی ترجیحی پیشہ ورانہ صحت اور حفاظت کو یقینی بنایا جاسکے۔

## کارپوریٹ سماجی ذمہ داری (سی ایس آر)

2022 میں پاکستان نے دہائی کے بدترین سیلاب کا سامنا کیا جس نے بے شمار کمیونٹیز پر تباہ کن اثرات مرتب کرتے ہوئے لاکھوں افراد کو بے گھر کر دیا۔ اس صورتحال میں ایبٹ نے انسانی ہمدردی کی بنیاد پر کام کرنے والے ریلیف پارٹنرز کے ساتھ مل کر وسیع پیمانے پر فارما سیوشیل، نیوٹریشن اور دیگر ہیلتھ کیئر پراڈکٹس سیلاب سے متاثرہ افراد کو فراہم کیں۔ ایبٹ کے ملازمین نے بھی کیش عطیات کے ساتھ ساتھ امدادی کاروائیوں میں رضاکارانہ طور پر بڑھ چڑھ کر حصہ لیا۔

مزید برآں، آپ کی کمپنی نے اس سال کے دوران مختلف نان پرافٹ آرگنائزیشنز کو قابل ذکر عطیات دے۔ اس میں لیور فاؤنڈیشن، فیملی ایجوکیشن سروسز، پریٹنس بہبود سوسائٹی برائے آغا خان یونیورسٹی ہاسپٹل،

ادائیگی پر مشتمل ہیں۔ پیرنٹ کمپنی کو قابل ادا ڈیوٹنڈ 2,402 ملین روپے ہے جس کی ترسیل ابھی باقی ہے۔

آپ کی کمپنی نے ایک باقاعدہ کیش مانیٹرنگ کا نظام تشکیل دیتے ہوئے اس کا اطلاق کیا ہے جبکہ کٹن ان فلو اور آڈٹ فلو پر بھی باقاعدگی سے نظر رکھی جاتی ہے۔ یہ ہمہ وقت فنڈز کی وافر فراہمی کو یقینی بناتا ہے جبکہ اضافی فنڈز کو مختلف سرمایہ کاری کے مواقعوں میں انویسٹ کرتے ہوئے زیادہ سے زیادہ آمدن کے حصول کو بھی ممکن بناتا ہے۔

کمپنی انویسٹمنٹ کی ایک مستند حکمت عملی پر عمل پیرا رہتی ہے اور بالعموم اضافی فنڈز طویل مدتی سرمایہ کاری کے بجائے قلیل مدتی بینک ڈپازٹس میں استعمال کیے جاتے ہیں۔

## کمپنی کی کارکردگی کا جائزہ

کمپنی کی کارکردگی کے جائزے کے لیے، مینجمنٹ مختلف انڈیکسٹرز استعمال کرتی ہے جس میں گروتھ، متعلقہ شعبے میں یکساں نوعیت کی دیگر کمپنیز کی پوزیشن، گذشتہ سال کی کارکردگی، میکرو اکنامک انڈیکسٹرز اور کمپنی پر اثر انداز ہونے والا کاروباری ماحول شامل ہیں۔

بجٹ تیار کیے جاتے ہیں اور بجٹ کے مقابل اصل کارکردگی کا موازنہ سال بھر وقفے وقفے سے باقاعدگی کے ساتھ کیا جاتا ہے جو کسی بھی درستی کے حوالے سے بروقت اقدامات کو ممکن بناتا ہے۔

## بنیادی خدشات (رسک) اور ان کا انتظام

کمپنی کے مجموعی رسک مینجمنٹ پروگرام کا مقصد کارکردگی پر اثر انداز ہونے والے ممکنہ عوامل کو کم سے کم کرنا ہے۔ مذکورہ مشق کمپنی کی سینئر مینجمنٹ کی طرف سے کی جاتی ہے اور اس کے نتائج بورڈ آف ڈائریکٹرز سے شیئر کیے جاتے ہیں، اس میں کمپنی کو درپیش حکمت عملی سے متعلق، مالیاتی، تجارتی اور آپریشنل خدشات کی جانچ، ان کا جائزہ اور انہیں موثر انداز سے حل کرنا شامل ہیں۔

سال کے دوران، جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں تجویز کیا گیا ہے، رسک مینجمنٹ کمیٹی مجموعی طور پر بھی ان کاروباری خدشات اور انہیں کم سے کم کرنے کی منصوبہ بندی کا جائزہ لیتی رہتی ہے جن سے بورڈ کو پیش کیا گیا ہو۔

پاکستانی روپے کی قدر میں کمی اور افراط زر کمپنی کے لیے بنیادی خدشہ رہے گا کیونکہ اس کی بنا پر ہماری پراڈکٹس کی لاگت میں اضافہ ہوگا۔

## داخلی مالیاتی کنٹرول کی مناسبت

بورڈ آف ڈائریکٹرز نے تمام تر افعال کے لیے موثر داخلی مالیاتی کنٹرول تشکیل دیے ہیں۔ آپ کی کمپنی کا خود مختار آڈٹ فنکشن باقاعدگی سے مالیاتی

# ڈائریکٹرز رپورٹ

جانے والے سیلز ٹیکس نے کمپنی کی لیکویڈٹی پوزیشن کو مزید متاثر کیا۔ جس کے نتیجے میں بورڈ آف ڈائریکٹرز نے حتمی منافع منقسمہ برائے سال محتتمہ 31 دسمبر 2022 تجویز کرنے کے خلاف فیصلہ کیا۔

## شعبہ جاتی سیلز اور مارکیٹ میں کارکردگی

مسٹحکم برانڈز کی کارکردگی کے برقرار رہنے کی بنا پر فارماسیوٹیکل سیلز میں 14.2 فیصد اضافہ ہوا۔ نیوٹریشل شعبے میں بنیادی طور پر بالغان کے نیوٹریشل سپلنٹ کی سیلز میں اضافے کی بنا پر 23.1 فیصد گروتھ ریکارڈ کی گئی۔ ڈائگنوسٹک سیلز میں گذشتہ سال کے مقابلے میں 9.4 فیصد آرگینک گروتھ ریکارڈ کی گئی جبکہ جہز ہیلتھ کیئر اور ڈیابیطس کیئر میں مجموعی طور پر 8.9 فیصد اضافہ ہوا۔

## انڈسٹری کا جائزہ

گلوبل فارما ریسرچ کمپنی آئی کیو وی آئی اے (سابقہ آئی ایم ایس) نے پاکستان کی فارماسیوٹیکل انڈسٹری کا ڈیٹا شائع کیا جس کا موجودہ طور پر تخمینہ 3.10 بلین ڈالر ہے۔ سال کے دوران ملٹی نیشنل کمپنیز کا مارکیٹ شیئر کم ہوا جو کہ اس وقت 27.8 فیصد ہے۔ اس وقت پاکستان میں 646 ایکٹو فارما سیوٹیکل کمپنیاں ہیں جن میں صرف 26 ملٹی نیشنل کمپنیاں ہیں۔ ان میں سے بے شمار نے مختلف وجوہات کی بنا پر اپنے آپریشنز کے دائرے کو محدود کر دیا ہے

## کیپٹل اخراجات

آپ کی کمپنی نے جدید ترین پراڈکشن ٹیکنالوجی کے حوالے سے سرمایہ کاری کے سلسلے کو جاری رکھا ہے تاکہ ٹیکنالوجی کے ارتقا کے ثمرات سے فائدہ اٹھایا جاسکے۔ کمپنی نے سال کے دوران اپنی مینوفیکچرنگ کی صلاحیت کو بڑھانے، پراڈکٹوٹی میں اضافے اور پلانٹ کی کارکردگی میں بہتری کے لیے 3,585 ملین روپے کی کیپٹل سرمایہ کاری کی۔ کمپنی نے کاربن فٹ پرنٹ کم کرنے کے اپنے عزم کے تحت اپنی لاندھی پلانٹ سائٹ پر سولر پنیلز بھی نصب کیے۔

## لیکویڈٹی کا انتظام اور کیش فلو کی حکمت عملی

سال کے دوران آپریشنل سرگرمیوں کی بدولت 3,797 ملین روپے حاصل کیے گئے۔ سال کے اختتام پر، کمپنی کے لیکویڈ فنڈز 8,790 ملین روپے ہیں جو کہ کیش/بینک بیلینس اور قلیل مدتی سرمایہ کاریوں، کیپٹل پراجیکٹس پر کل انوسٹمنٹس اور مقامی شیئر ہولڈرز کو ڈیوڈنڈ کی

آپ کے ڈائریکٹرز اپنی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال محتتمہ 31 دسمبر 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## روپے 000 میں

6,147,655
(3,143,469)
3,004,186
7,222
10,145,068
13,156,479

## آپریٹنگ نتائج

قبل از ٹیکس منافع برائے سال  
ٹیکسیشن  
منافع بعد از ٹیکسیشن  
دیگر مکمل اکم - نیٹ آف ٹیکس  
گذشتہ سے پیوستہ غیر مختص کردہ منافع  
اپروپریٹیشن مختص کرنے کے لیے دستیاب منافع

## اپروپریٹیشنز

(1,958,006)
(1,468,505)
9,729,965

حتمی منافع منقسمہ 2021 بلحاظ 20 روپے فی شیئر  
عبوری منافع منقسمہ 2022 بلحاظ 15 روپے فی شیئر  
گذشتہ سے پیوستہ غیر مختص کردہ منافع

## مالیاتی کارکردگی

گذشتہ سال کے مقابلے میں کل سیلز میں 15.7 فیصد اضافہ ہوا۔ مجموعی منافع کا مارجن 37.8 فیصد سے کم ہو کر 29.5 فیصد رہ گیا، جو کہ بنیادی طور پر روپے کی قدر میں کمی اور افراط زر کی بنا پر ہوا۔ عمومی افراط زر کے باعث آپریٹنگ اخراجات میں اضافہ ہوا۔ دیگر چارجز میں روپے کی قدر میں کمی کی وجہ سے ہونے والے ایکسیجنگ نقصانات کی بنا پر 43.9 فیصد قابل ذکر اضافہ ہوا۔ دیگر منافع میں انٹرسٹ اکم کی بدولت ہونے والی آمدنی میں اضافے کی بنا پر 44.4 فیصد گروتھ ریکارڈ کی گئی۔ ٹیکسیشن میں 28.7 فیصد اضافہ ہوا جس کی بنیادی وجہ سپر ٹیکس کا نفاذ تھا۔

مذکورہ بالا تمام عوامل کی بنا پر، بعد از ٹیکس آمدنی برائے سال میں، گذشتہ سال کے مقابلے میں 2.96 بلین روپے کمی واقع ہوئی۔ فی شیئر آمدنی 30.69 روپے فی شیئر رہی (2021 میں فی شیئر آمدنی 60.95 روپے) تھی۔

## منافع منقسمہ (ڈیوڈنڈ)

کمپنی نے 15.0 روپے فی شیئر کی شرح سے عبوری کیش ڈیوڈنڈ کا اعلان کیا ہے (2021 میں فی شیئر ڈیوڈنڈ 40.0 روپے فی شیئر) تھا جو کہ پہلے ہی مقامی شیئر ہولڈرز میں سال کے دوران تقسیم کر دیا گیا ہے۔ معاشی طیران پذیری، روپے کی قدر میں مسلسل کمی، اور اس کے نتیجے میں جنم لینے والے افراط زر نے کمپنی کے مارجنز اور لیکویڈٹی پر برے اثرات مرتب کیے۔ مزید یہ کہ ایکٹو فارما سیوٹیکل اجزا پر سال کے دوران نافذ کیے



Analysis of the  
**Financial**  
Information









## KEY PERFORMANCE INDICATORS



Sales Revenue  
Rs. in million

49,258

Sales Growth

15.7%



Gross Profit Margin

29.5%

Net Profit Margin

6.1%



Return on Equity

17.6%

Earnings per share  
Rupees

30.69



Current Ratio  
Times

1.49

## KEY OPERATING AND FINANCIAL HIGHLIGHTS

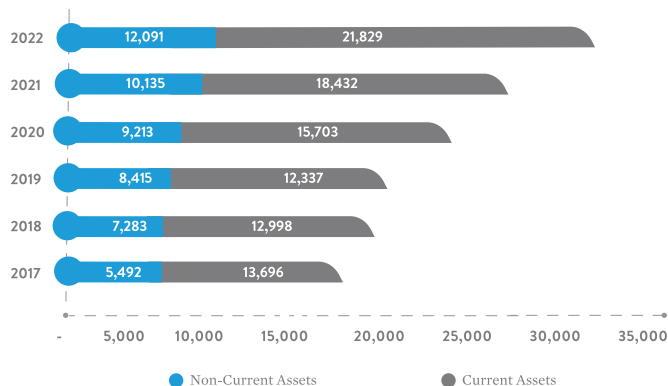
	December 31,					
	2022	2021	2020	2019	2018	2017
<b>Rupees in Million</b>						
<b>Statement of Financial Position</b>						
Property, plant and equipment	11,989	10,006	9,070	8,268	7,191	5,419
Intangible asset	27	49	66	78	25	11
Other Non-Current Assets	75	80	77	69	67	62
Current Assets	21,829	18,432	15,703	12,337	12,998	13,696
<b>Total Assets</b>	<b>33,920</b>	<b>28,567</b>	<b>24,916</b>	<b>20,752</b>	<b>20,281</b>	<b>19,188</b>
Issued, subscribed and paid-up capital	979	979	979	979	979	979
Capital Reserves	1,059	892	768	649	534	460
Revenue Reserves	15,068	15,483	13,843	11,744	11,722	12,917
<b>Total Equity</b>	<b>17,106</b>	<b>17,354</b>	<b>15,590</b>	<b>13,372</b>	<b>13,235</b>	<b>14,356</b>
Non-Current Liabilities	2,207	1,870	2,492	1,593	1,085	898
Current Liabilities	14,607	9,343	6,834	5,787	5,961	3,934
<b>Total Liabilities</b>	<b>16,814</b>	<b>11,213</b>	<b>9,326</b>	<b>7,380</b>	<b>7,046</b>	<b>4,832</b>
<b>Total Equity and Liabilities</b>	<b>33,920</b>	<b>28,567</b>	<b>24,916</b>	<b>20,752</b>	<b>20,281</b>	<b>19,188</b>
<b>Statement of Profit or Loss</b>						
Net sales	49,258	42,570	35,283	30,156	29,719	26,088
Gross profit	14,526	16,075	11,846	8,528	9,801	10,089
Operating profit	6,195	8,499	6,320	2,564	4,359	5,852
Profit before taxation	6,148	8,410	6,243	2,511	4,343	5,842
Taxation	3,144	2,443	1,708	1,211	1,649	1,637
Profit after taxation	3,004	5,967	4,535	1,300	2,694	4,205
Ordinary cash dividends	1,469*	3,916	3,916	734	1,958	3,916
EBITDA **	7,639	9,754	7,452	3,574	5,097	6,459
<b>Statement of Cash Flows</b>						
Operating activities	3,797	7,823	8,148	(160)	2,937	5,765
Investing activities	(484)	(3,436)	(957)	(1,588)	(1,929)	(1,222)
Financing activities	(1,140)	(5,257)	(2,460)	(1,172)	(3,902)	(3,915)
Cash and cash equivalents at the end of the year	8,792	6,619	7,489	2,758	5,678	8,572

\*Represents interim dividend amounting to Rs. 1,469 million declared during the year.

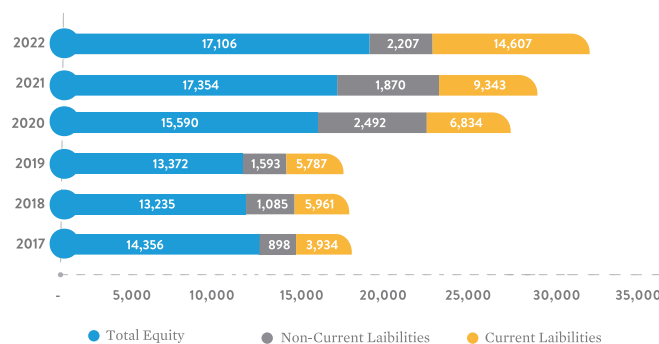
\*\*EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation).

# Graphical Presentation of Key Operating and Financial Highlights

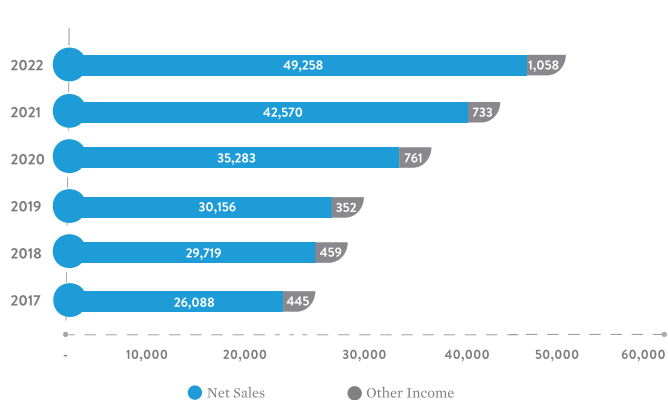
Statement of Balance Sheet Analysis - Assets



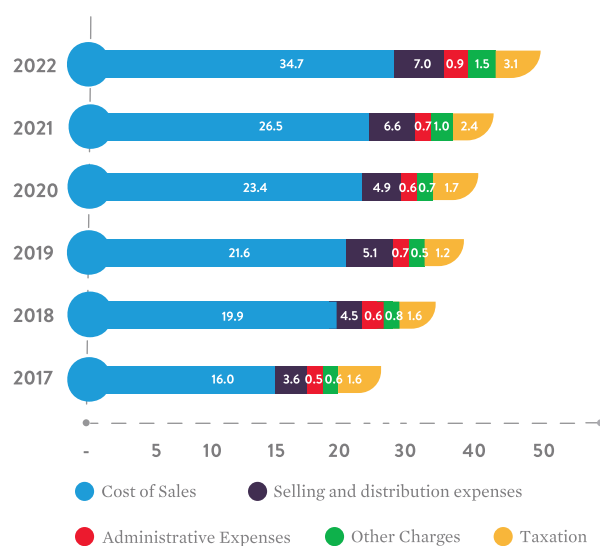
Statement of Balance Sheet Analysis - Equity and Liabilities



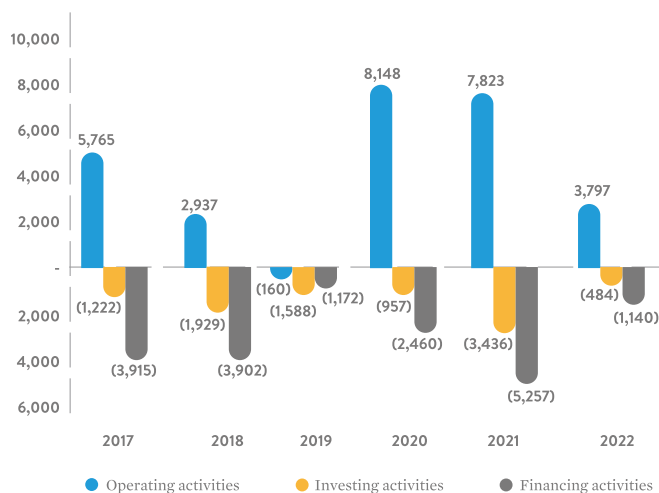
Statement of Profit and Loss Analysis - Sales and Other Income



Statement of Profit and Loss Analysis - Expenses



Statement of Cash Flow Analysis





## ANALYSIS OF FINANCIAL PERFORMANCE

### STATEMENT OF PROFIT OR LOSS

#### SALES

Net sales for the year increased by 15.7% over previous year. Pharmaceutical sales increased by 14.2% following sustained performance of established brands. Nutritional sales increased by 23.1% mainly driven by increase in sales of adult nutritional supplements. Diagnostic sales recorded an organic growth of 9.4% over last year whereas General Health Care and Diabetes Care cumulatively grew by 8.9%.

#### COST OF SALES

Cost of sales of the Company increased by 31.1%, primarily on account of increase in product costs due to exchange and inflation, higher volumes, fuel and power costs, repairs and maintenance, depreciation on account of capitalisations and salaries.

#### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by 7.1% mainly attributable to inflation, higher salaries due to annual increments, higher promotional activities due to extensive campaigns by our Nutritional divisions and increased travelling expenses on account of rising tariffs. However, selling and distribution reduced as a percentage of sales vs last year.

#### ADMINISTRATIVE EXPENSES

Administrative expenses increased by 22.7% primarily on account of increase in depreciation, higher salaries due to annual increments and impact of new joiners, increase in utilities and travelling expense due to rising tariffs and impact of general inflation.

#### OTHER CHARGES

Increase is mainly driven by higher exchange losses incurred vs. last year following significant rupee devaluation i.e. 27.1% vs last year, partially offset by decrease in statutory charges in line with reduced profitability.

#### OTHER INCOME

Increase is primarily on account of higher interest income due to increased interest rates during the year.

### STATEMENT OF FINANCIAL POSITION

#### NON-CURRENT ASSETS

Property, plant and equipment have witnessed an increase over prior year due to investment in production facilities and infrastructure to support growing scale of

business and service equipment of diagnostic division. Major capital expenditure incurred during the year was for expanding manufacturing capacity, enhancement of productivity, and improvement of plant efficiency. This has been partially offset by depreciation charge and disposals of operating fixed assets.

#### CURRENT ASSETS

The increase in current assets is mainly due to increase in stock in trade due to increase in product cost and higher inventory level on account of increased business activities. This has been augmented by increase in sales tax receivable which is paid at the time of imports and local purchases and yet to be refunded by the tax authorities.

#### CURRENT LIABILITIES

Trade and other payables have increased over prior year mainly on account of higher creditors in line with increased business activity and bills payables on account of timing of import shipments. Further increase in current liabilities is on account of unpaid dividends, payable to the parent company, which are yet to be remitted.

#### EQUITY

Slight decrease in equity over prior year is on account of final dividend for 2021 (Rs. 20.0 per share) and interim dividend for 2022 (Rs. 15.0 per share) partially offset by profit for the year.

### STATEMENT OF CASH FLOWS

#### CASH FLOWS FROM OPERATING ACTIVITIES

There has been a decrease in net cash flows from operating activities mainly due to decrease in profit before tax, augmented by unfavorable working capital changes versus last year driven primarily by increase in stock in trade.

#### CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities have decreased from prior year primarily due to redemption of short-term investment to cater higher capital expenditure on property plant and equipment and augmented by increase in interest income due to higher interest rates.

#### CASH FLOWS FROM FINANCING ACTIVITIES

Net cash outflow from financing activities decreased during the current year primarily on account of lower dividends paid during the year.

## ANALYSIS OF NON-FINANCIAL PERFORMANCE

Non-financial KPIs	Objectives to assess stewardship of management	Non-financial performance Analysis
<p><b>Market share and ranking in the relevant therapeutic classes as per IQVIA</b></p>	<p><b>Maintain leadership position in the pharmaceutical sector</b></p>	<p>Based on IQVIA data for December 2022 (including Nutrition), Abbott outperformed the market, growing at 15.6% vs. market growth of 14.3%.</p>
<p><b>Employee turnover rate and employee satisfaction</b></p>	<p><b>Be an employer of choice</b></p>	<p>Abbott provided avenues for employees to grow and learn and equipped its employees with tools for continuous self-development, together with market competitive salaries. Our employee turnover rate was 11.4%.</p>
<p><b>Product quality and customer satisfaction</b></p>	<p><b>Helping people live their best lives</b></p>	<p>Abbott continues to manufacture and supply top quality products in Pakistan and based on product quality and customer satisfaction surveys results, it managed to satisfy its customers. In Addition Abbott also launched 5 new products during the year to meet consumers demands and increased choices of healthcare products for consumers.</p>
<p><b>Energy conservation</b></p>	<p><b>Operating Sustainably</b></p>	<p>Abbott has a dedicated environment, health &amp; safety team which focuses on reducing greenhouse gas emissions and the organisation's footprint on the environment and the team managed to reduce waste and recycle it during the year &amp; also conserved water and energy through strict implementation of defined SOPs.</p>

## ANALYSIS OF FINANCIAL RATIOS

Ratios	Units	2022	2021	2020	2019	2018	2017
<b>Profitability Ratios</b>							
Gross profit margin	%	29.5%	37.8%	33.6%	28.3%	33.0%	38.7%
Net profit margin	%	6.1%	14.0%	12.9%	4.3%	9.1%	16.1%
EBITDA* Margin	%	15.5%	22.9%	21.1%	11.9%	17.1%	24.8%
EBIT Margin	%	12.6%	20.0%	17.9%	8.5%	14.7%	22.4%
Return on equity / shareholder's fund	%	17.6%	34.4%	29.1%	9.7%	20.4%	29.3%
Return on capital employed	%	17.3%	33.9%	27.6%	9.5%	20.0%	29.3%
Return on capital employed (average equity and debt)	%	17.2%	35.1%	30.1%	9.6%	19.4%	29.1%
Return on Assets	%	8.9%	20.9%	18.2%	6.3%	13.3%	21.9%
Operating leverage ratio	Times	(1.73)	1.67	8.62	(28.04)	(1.83)	(0.40)
Shareholder's funds	%	50.4%	60.7%	62.6%	64.4%	65.3%	74.8%
<b>Liquidity Ratios</b>							
Current ratio	Times	1.49	1.97	2.30	2.13	2.18	3.48
Quick / Acid test ratio	Times	0.91	1.25	1.57	1.09	1.44	2.60
Cash to Current Liabilities	Times	0.60	0.92	1.10	0.48	0.95	2.18
Cash flow from operations to Sales	Times	0.13	0.23	0.28	0.05	0.17	0.28
Cash flow to capital expenditure	Times	1.85	4.83	7.20	0.86	2.15	4.56
Cash flow coverage ratio	Times	0.23	0.70	0.87	(0.02)	0.42	1.19
<b>Activity / Turnover Ratios</b>							
No. of days in inventory	Days	80.04	80.57	85.88	88.38	72.42	80.40
No. of days in Receivables	Days	9.24	9.22	9.51	12.39	12.64	12.56
No. of days in Payables	Days	98.92	91.94	78.16	82.58	76.84	61.14
Inventory Turnover	Times	4.56	4.53	4.25	4.13	5.04	4.54
Debtors Turnover	Times	39.52	39.57	38.37	29.47	28.88	29.06
Creditors Turnover**	Times	3.69	3.97	4.67	4.42	4.75	5.97
Operating Cycle	Days	(9.64)	(2.15)	17.23	18.19	8.22	31.82
Total assets turnover ratio (average assets)	Times	1.58	1.59	1.55	1.47	1.51	1.42
Total assets turnover ratio	Times	1.45	1.49	1.42	1.45	1.47	1.36
Fixed Assets Turnover Ratio (average assets)	Times	4.48	4.46	4.07	3.90	4.71	5.29
Fixed Assets Turnover Ratio	Times	4.11	4.25	3.89	3.65	4.13	4.81
<b>Investment / Market Ratios</b>							
Basic / Diluted earnings per share	Rs.	30.69	60.95	46.33	13.28	27.52	42.95
Price Earning ratio	Times	15.10	11.77	16.30	33.64	22.93	16.24
Dividend Yield ratio	%	3.2%	5.6%	5.3%	1.7%	3.2%	5.7%
Dividend Pay out ratio	Times	0.49	0.66	0.86	0.56	0.73	0.93
Dividend cover ratio	Times	2.05	1.52	1.16	1.77	1.38	1.07
Cash Dividend per share	Rs.***	15.00	40.00	40.00	7.50	20.00	40.00
Break-up value per share with / without Surplus on Revaluation of Fixed Assets	Rs.	174.73	177.27	159.25	136.59	135.19	146.64
Price to book ratio	Times	1.34	2.46	2.98	2.12	3.05	3.56
No. of shares at end of year	Number	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302
Market Capitalization	Rs in Million	45,358	70,244	73,951	43,740	61,780	68,296
Market value per share at the end of the year	Rs.	463.31	717.51	755.37	446.78	631.05	697.61
Market value per share (High)	Rs.	764.00	820.00	792.38	710.00	750.00	1,145.00
Market value per share (Low)	Rs.	440.00	675.00	309.00	302.10	475.00	610.00
Contribution to National Exchequer	Rs in Million	7,644	6,408	4,606	5,211	4,988	3,761
<b>Capital Structure Ratios</b>							
Interest Cover ratio	Times	130.70	96.18	82.19	48.29	279.34	581.71
Finance leverage ratio	%	1.4%	1.3%	5.2%	2.9%	1.6%	-
Weighted Average cost of debt	%****	*****10.3%	14.8%	8.6%	11.3%	****6.9%	-
Debt to equity ratio	%	0.7%	0.8%	4.0%	2.2%	1.3%	-
Net assets per share	Rupees	174.7	177.3	159.2	136.6	135.2	146.6
<b>Non-Financial Ratio</b>							
% of plant availability	%	85.0	84.2	83.8	84.7	83.1	84.2
Customer satisfaction index	%	81.0	75.4	74.0	75.8	75.5	75.6
<b>Employee Productivity and Other Ratios</b>							
Revenue per employee	Rs in Million	34.0	29.0	24.1	19.6	63.9	18.4
Staff turnover ratio	%	11.4%	6.9%	7.1%	7.0%	5.0%	5.0%
Spare inventory as % of assets cost	%	1.0%	1.0%	1.0%	1.3%	0.9%	0.7%
Maintenance cost as % of operating expense	%	1.3%	1.1%	0.8%	0.7%	0.6%	1.5%
<b>Ratios required for shariah compliant listed companies</b>							
Loan on interest to market capitalization	%	-	-	0.7%	0.9%	0.5%	-
Total interest taking deposits to market capitalization	%	17.1%	11.3%	9.4%	5.2%	8.2%	11.8%
Income generated from prohibited component*****	%	1.8%	2.0%	2.4%	2.9%	2.9%	3.3%

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

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

\*\*\*Represent interim dividend amounting to Rs. 15.00 per share declared during the year

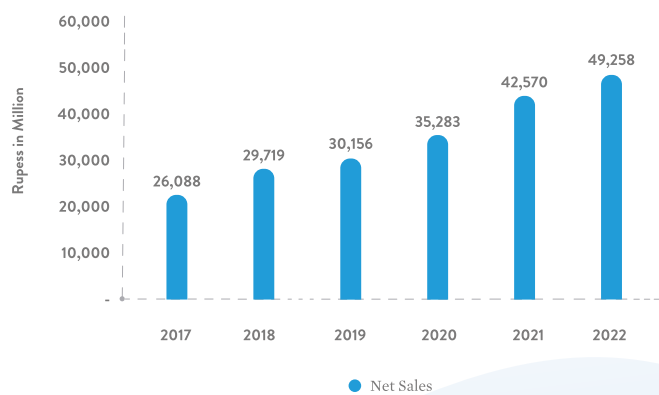
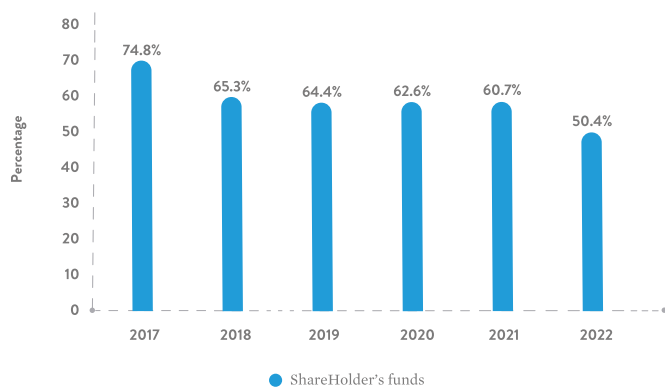
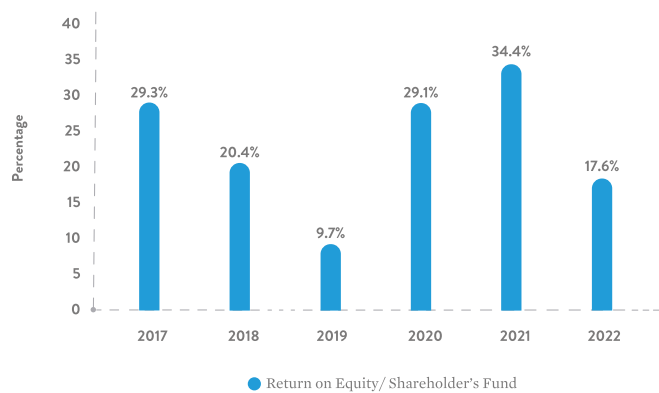
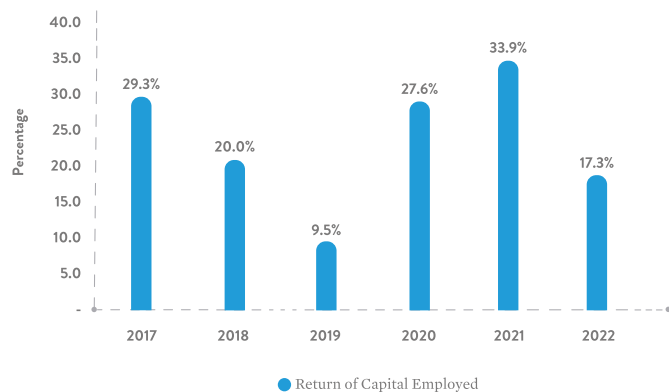
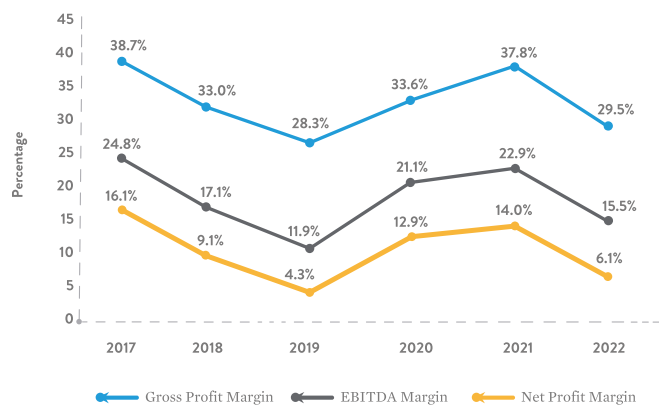
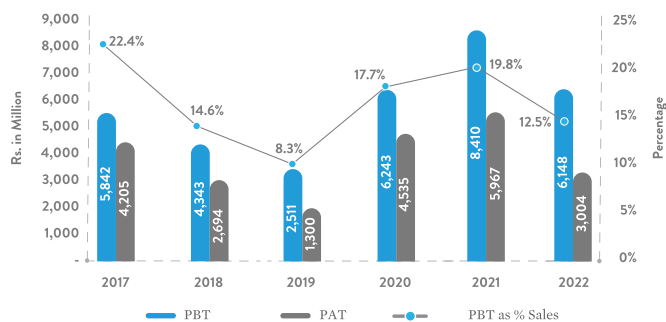
\*\*\*\*Grossed-up on a pro-rata basis, since debt was acquired during 2018.

\*\*\*\*\* Computed in respect of warehouses, sales offices and city office lease only, since the vehicles lease was settled in 2021.

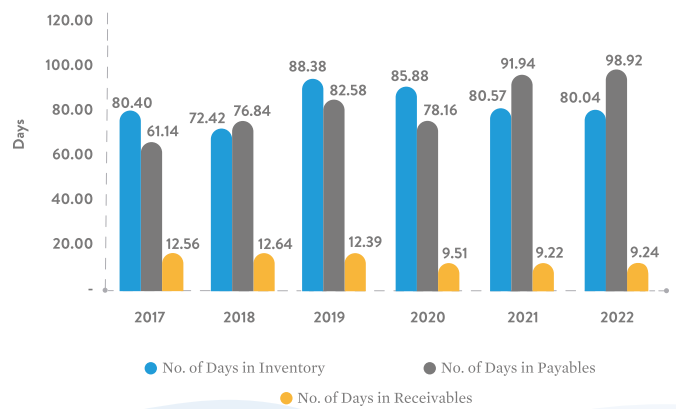
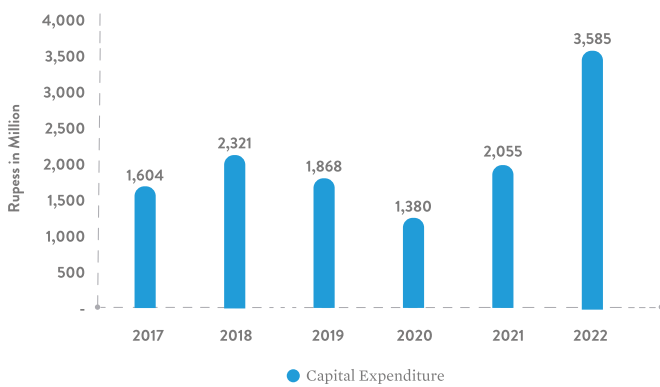
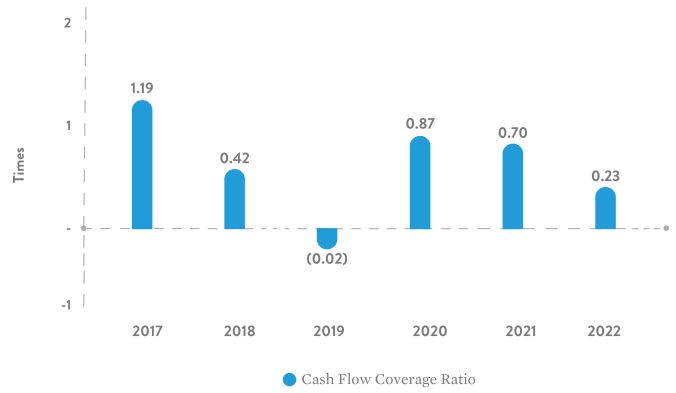
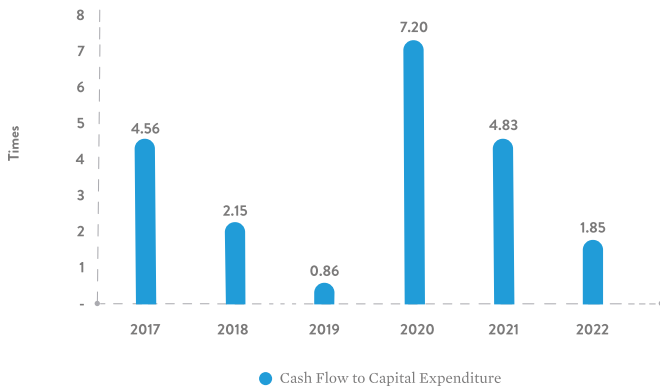
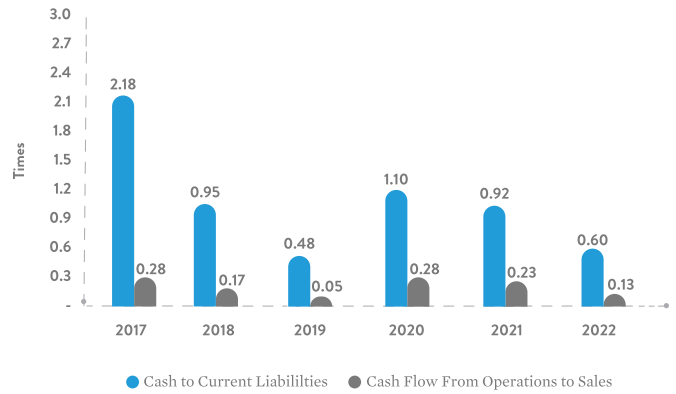
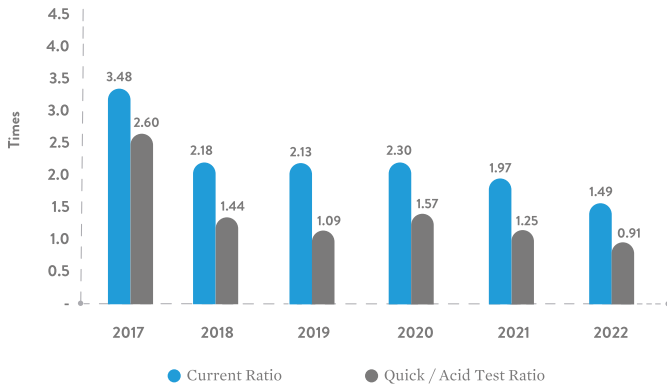
\*\*\*\*\*Income includes net sales revenue and other income.

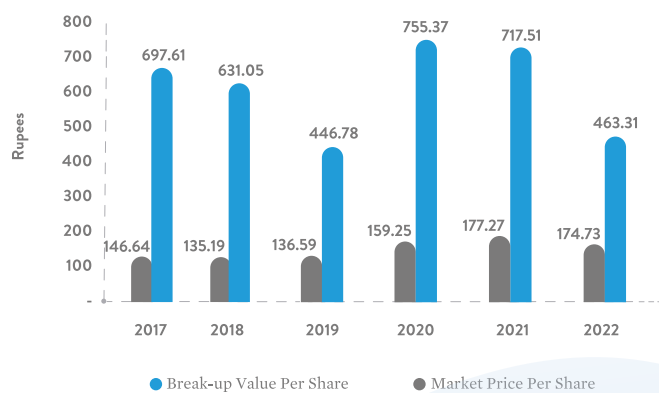
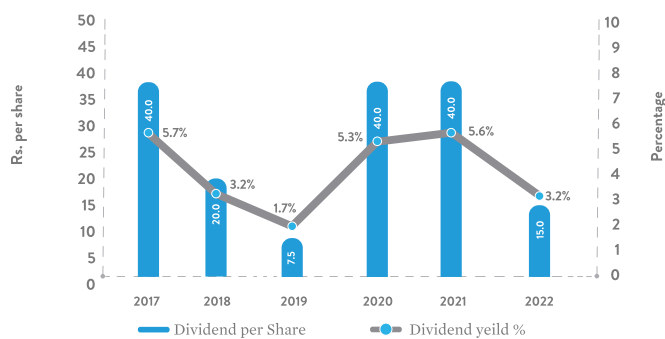
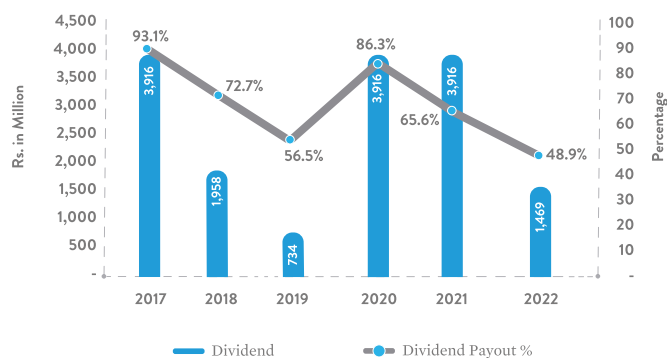
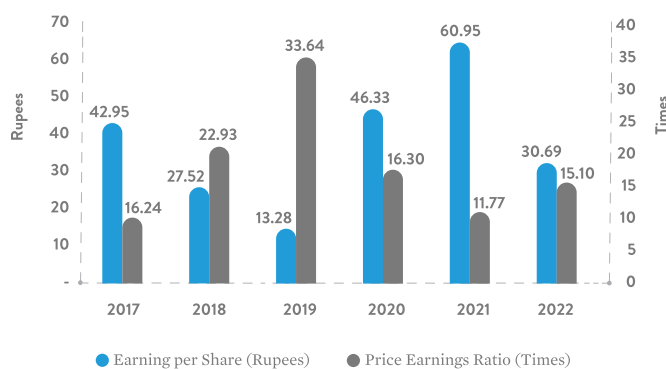
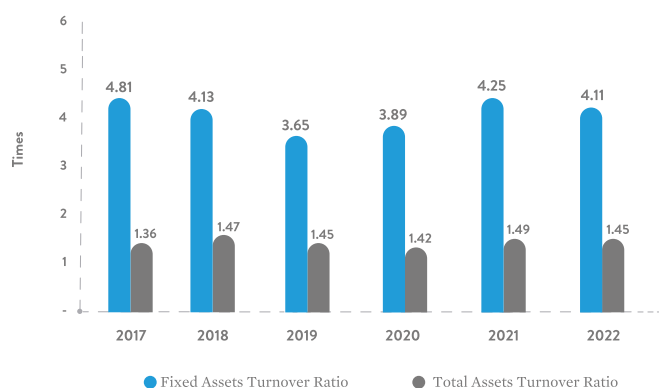
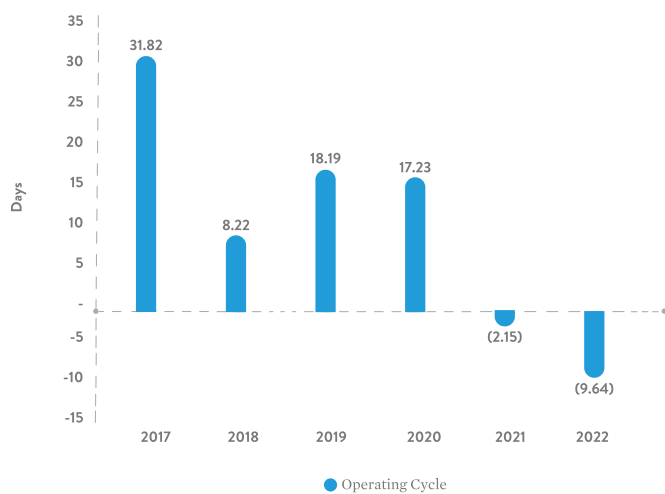


# Graphical Presentation Of Financial Ratios



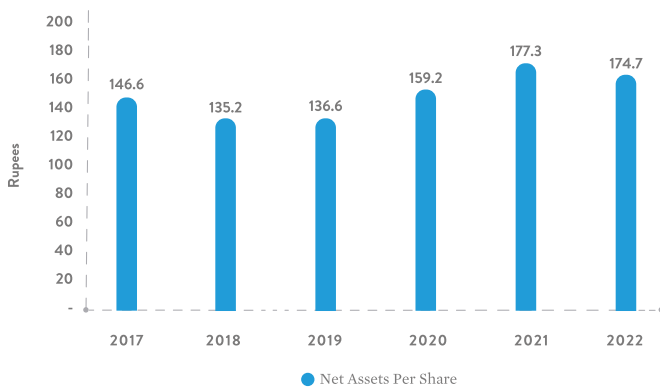
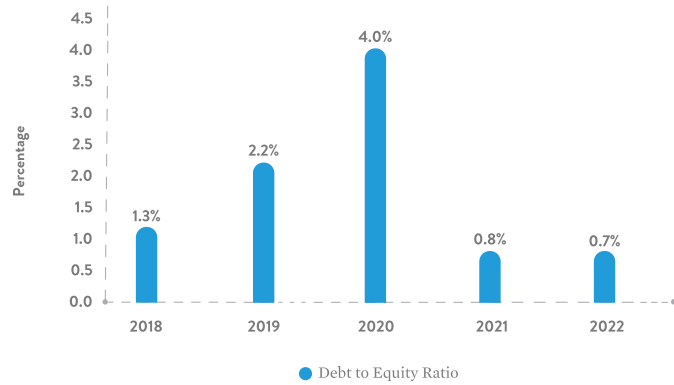
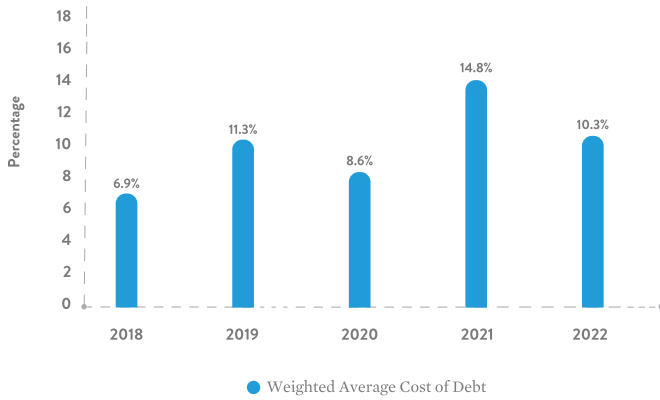
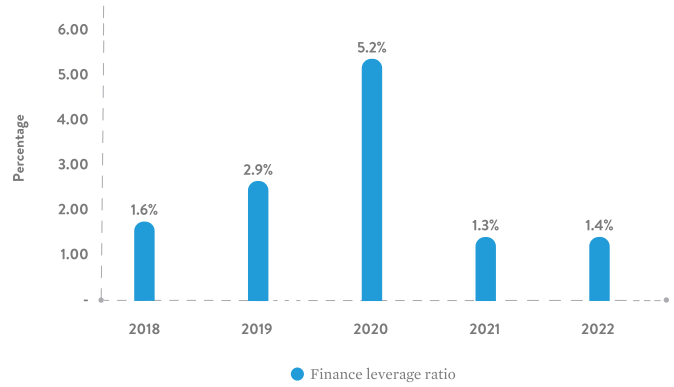
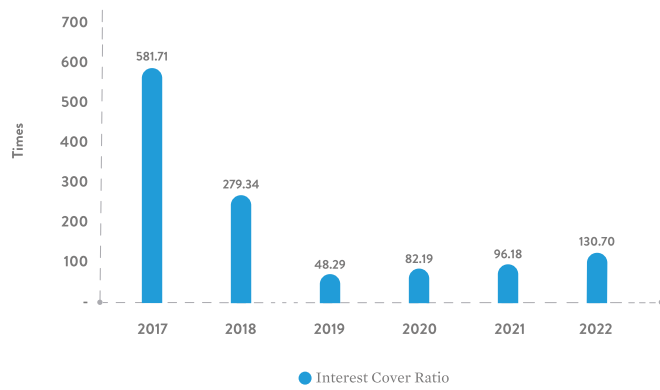
# Graphical Presentation Of Financial Ratios

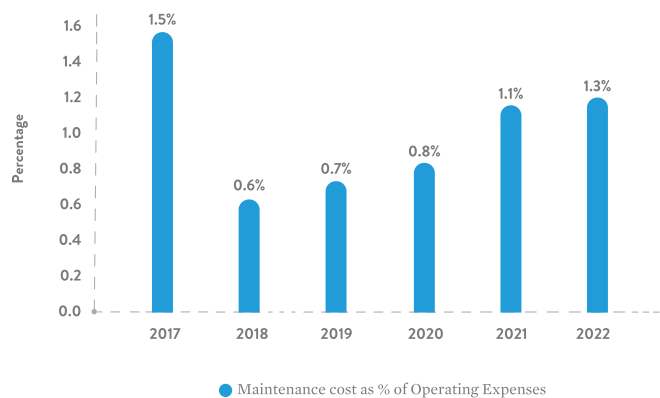
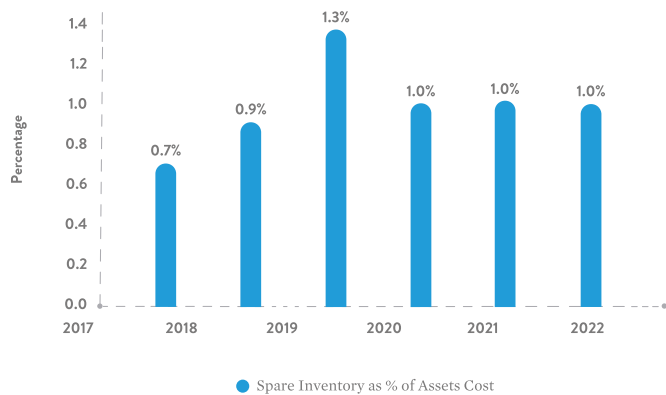
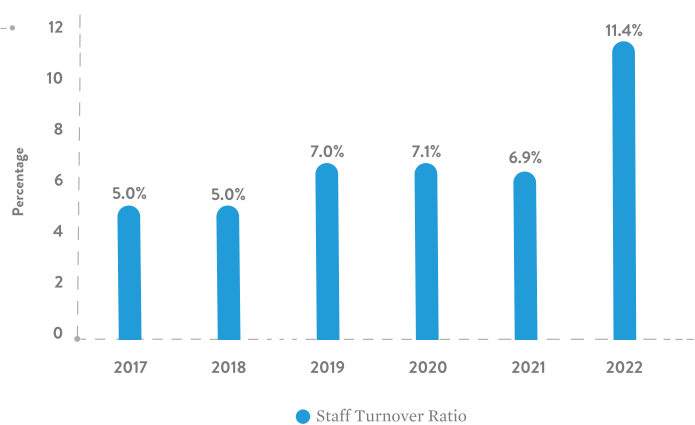
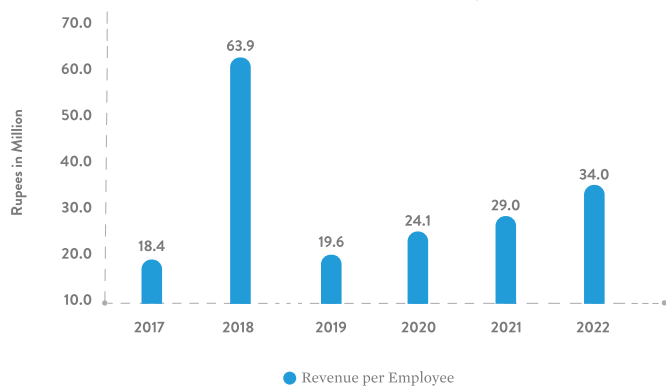
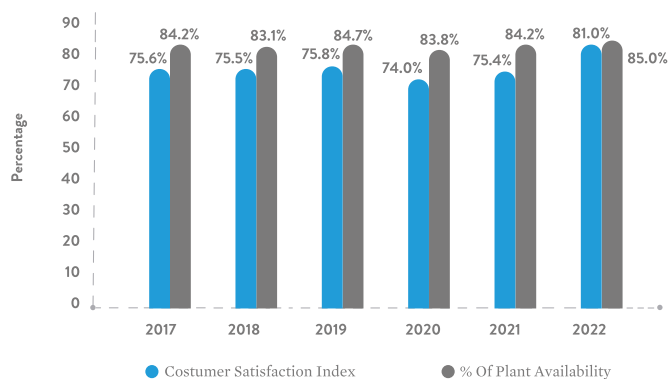




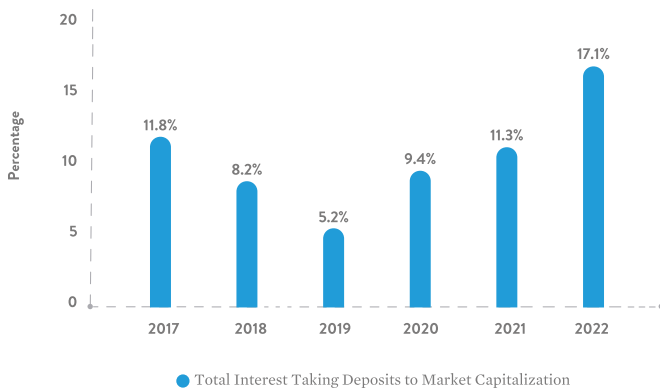
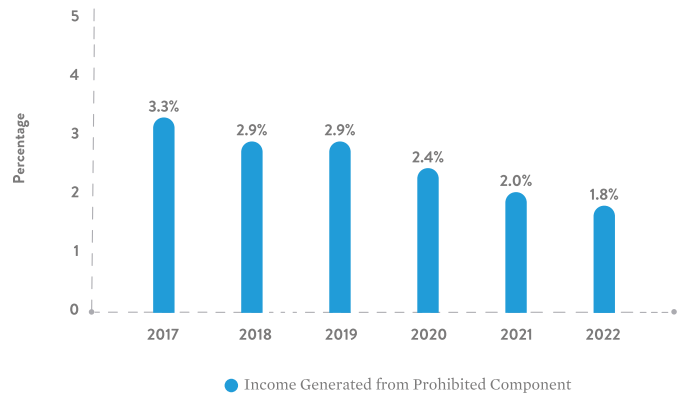
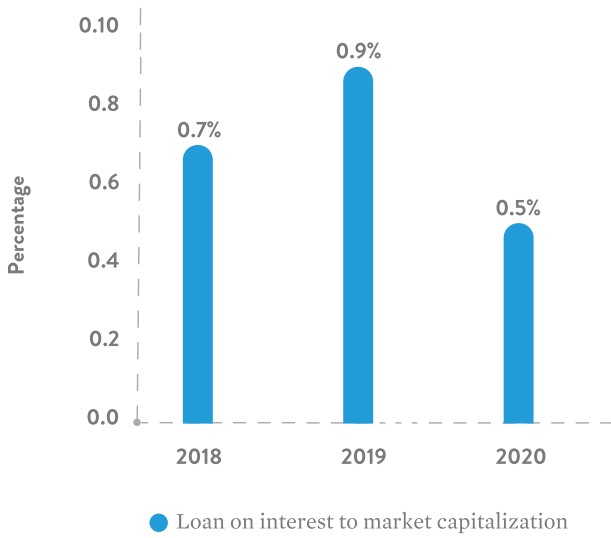


# Graphical Presentation Of Financial Ratios





# Graphical Presentation Of Financial Ratios





## COMMENTS ON FINANCIAL RATIOS

### PROFITABILITY RATIOS

Profitability ratios of the Company, in general, have declined versus last year, mainly on account of currency devaluation, inflation and higher product cost. Gross profit margin declined to 29.5% versus 37.8% last year. Net profit margin declined to 6.1% versus 14.0% last year driven by decrease in gross profit margin on account of reasons mentioned above and super tax levy at the rate of 10% for prior year and 4% for current year.

### LIQUIDITY RATIOS

Cash inflows from operating activities decreased versus last year primarily on account of unfavorable working capital changes driven mainly by stock in trade. The Company, however, remains sufficiently liquid and has Rs. 8,796.1 million of cash and cash equivalents as of December 31, 2022, to meet its investment and operational cash requirements.

**Current ratio** (2022: 1.49, 2021: 1.97), **quick / acid test ratio** (2022: 0.91, 2021: 1.25) and **cash to current liabilities** (2022: 0.60, 2021: 0.92) have declined versus last year mainly on account of higher levels of inventory and increase in current liabilities.

### ACTIVITY / TURNOVER RATIOS

**Operating cycle** has decreased to negative 9.64 days in 2022 from negative 2.15 days in 2021 mainly due to improved creditors' turnover as compared to last year.

**Total assets turnover ratio (average assets)** decreased to 1.58 in 2022 from 1.59 in 2021 mainly due to increase in current assets during the year.

**Fixed assets turnover ratio (average assets)** improved to 4.48 in 2022 from 4.46 in 2021 mainly due to sales growth during the year.

### INVESTMENT / MARKET RATIOS

**Earnings per share** decreased to Rs. 30.69 in 2022 from Rs. 60.95 in 2021 as a result of decrease in profit after tax on account of higher product cost, currency devaluation, inflation and super tax levy.

**Price Earnings ratio** improved to 15.10 in 2022 from 11.77 in 2021, mainly due to decrease in earnings per share on account of reasons mentioned above.

**Dividend yield ratio** decreased to 3.2% in 2022 from 5.6% in 2021 due to decrease in dividend declared per share.

**Dividend pay-out ratio** declined to 0.49 (times) in 2022 from 0.66 (times) in 2021, mainly on account of decrease in dividend declared per share.

**Break-up value per share** has decreased to Rs. 174.73 in 2022 from Rs. 177.27 in 2021 due to decrease in total equity by Rs. 248.6 million as compared to prior year on account of decrease in profit after tax for the year, augmented by dividend paid during the year.

**Market capitalisation** has been decreased to Rs. 45,358 million in 2022 from 70,244 million in 2021 due to decrease in market price per share to Rs. 463.3 in 2022 from Rs. 717.51 in 2021.

### CAPITAL STRUCTURE ADEQUACY ANALYSIS

Total equity decreased by 1.4% to Rs. 17.10 billion on account of reasons mentioned above, comprising of share capital amounting to Rs. 979.003 million which consists of issued share capital of 97,900,302 shares of Rs. 10.00 each. Abbott Asia Investments Limited, UK is the major shareholder of the Company, having 76,259,454 shares being 77.90% of total paid-up capital.

The Company's capital structure includes lease arrangements for warehouses, sales offices and City office with terms between two to five years. The long-term component is only 0.4% of the total equity and liabilities of the Company.

**Financial leverage ratio** is 1.4% representing the amount of lease obligation of Rs. 247.3 million. The lease obligation slightly increased versus last year on account of addition to the rental facilities, partially offset by rentals paid during the year.

**The weighted average** cost of debt of 10.3% has decreased over last year driven primarily average decrease in lease liability during the year.

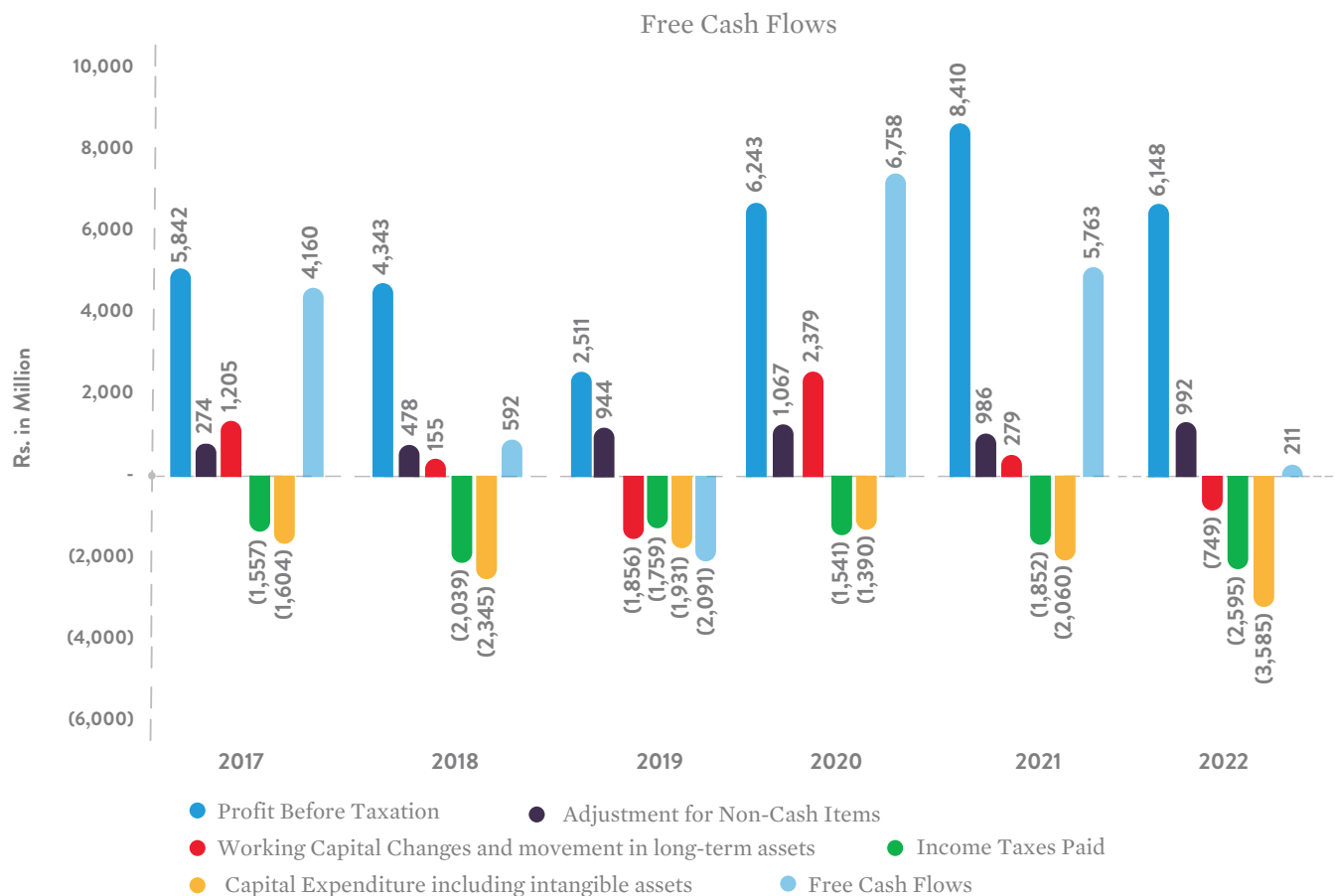
**Interest cover ratio** has improved versus last year on account of early settlement of lease liability in 2021, offset by increase in interest costs versus last year.

## FREE CASH FLOWS

	December 31,					
	2022	2021	2020	2019	2018	2017
	<b>Rupees in Million</b>					
Profit before taxation	6,148	8,410	6,243	2,511	4,343	5,842
<b>Adjustment for non-cash items</b>						
Depreciation on operating fixed assets	1,339	1,110	965	882	723	601
Depreciation on right-of-use assets	83	123	144	107	4	-
Amortisation on intangible assets	22	22	22	10	10	6
(Gain)/ Loss on disposal and write-off of property plant & equipment	94	(19)	(4)	11	(2)	15
Interest income	(882)	(571)	(344)	(260)	(370)	(372)
Expense recognised in profit or loss in respect of equity-settled share-based compensation	166	125	118	116	74	45
Staff retirement benefit	123	108	89	25	23	(31)
Finance costs	47	88	77	53	16	10
	992	986	1,067	944	478	274
Working capital changes - net of provisions	(754)	282	2,387	(1,854)	159	1,203
Income taxes paid	(2,595)	(1,852)	(1,541)	(1,759)	(2,039)	(1,557)
Long-term loans and advances	5	(4)	(10)	(2)	(4)	(1)
Long-term deposits	-	-	-	-	-	-
Long-term prepayments	-	1	2	-	-	3
	(3,344)	(1,573)	838	(3,615)	(1,884)	(352)
Net cash generated from operating activities	3,796	7,823	8,148	(160)	2,937	5,764
Capital expenditure	(3,585)	(2,055)	(1,380)	(1,867)	(2,321)	(1,604)
Acquisition of intangible assets	-	(5)	(10)	(64)	(24)	-
Free cash flows	<u>211</u>	<u>5,763</u>	<u>6,758</u>	<u>(2,091)</u>	<u>592</u>	<u>4,160</u>

## Comments On Free Cash Flows

Company's free cash flows decreased versus last year mainly on account of decrease in profit before tax, augmented by unfavorable working capital changes versus last year primarily due to increase stock in trade.





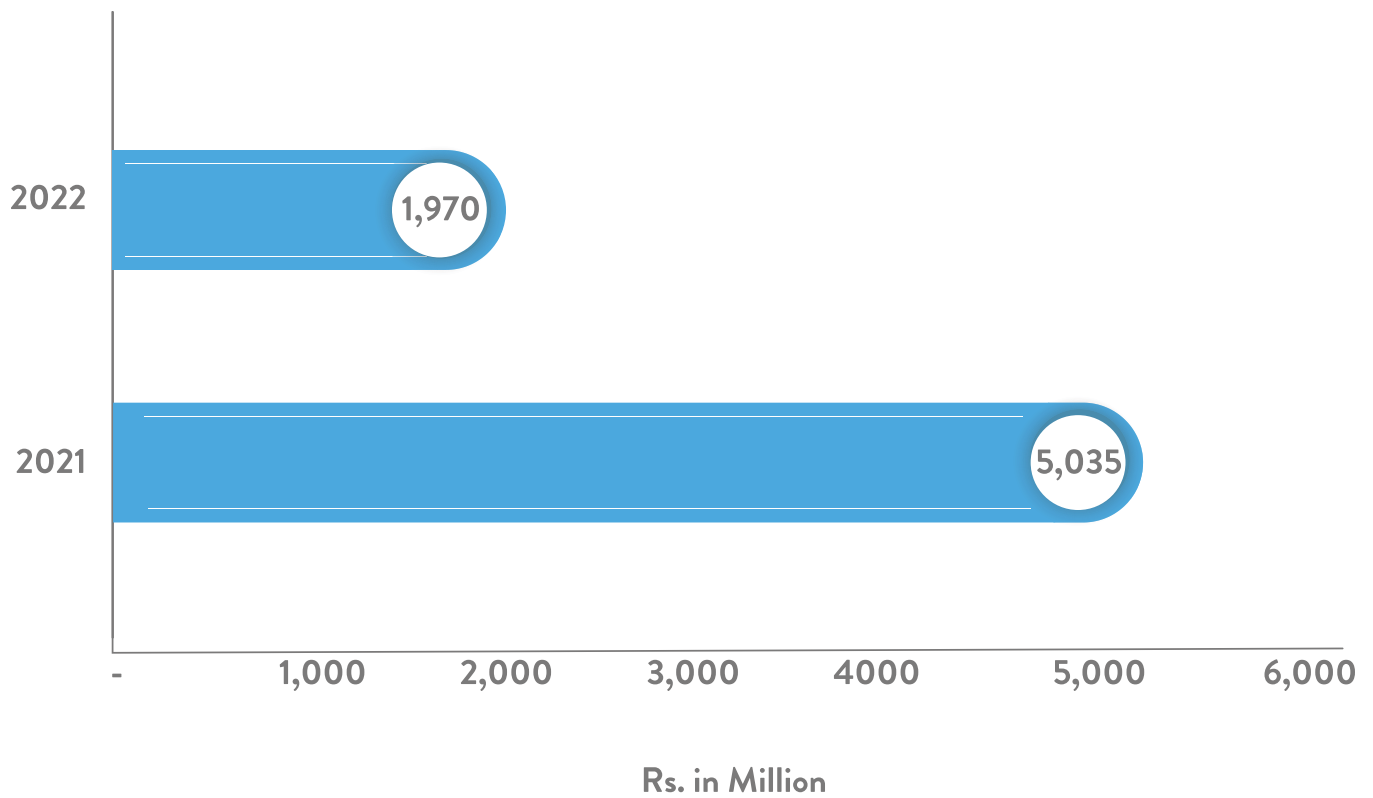
## ECONOMIC VALUE ADDED (EVA)

Economic value added (EVA) is a measure of a company’s financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on cash basis (NOPAT)

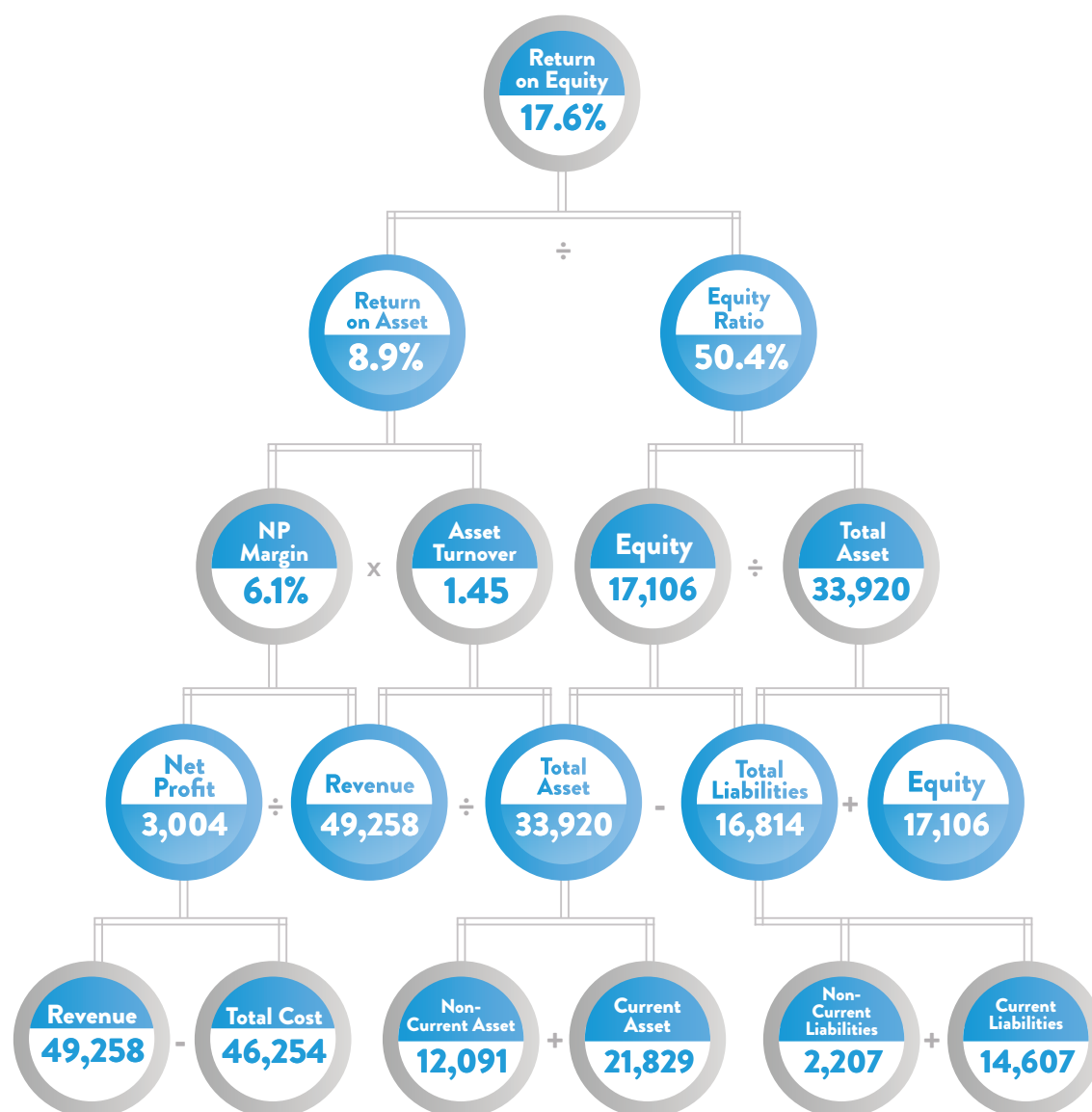
Operating Profit  
 Cost of Capital  
 Economic Value Added

2022	2021
<b>Rupees in Millions</b>	
3,228	6,228
(1,258)	(1,193)
<u>1,970</u>	<u>5,035</u>

Economic Value Added



## DUPONT ANALYSIS



DUPONT ANALYSIS	December 31,	
	2022	2021
EBIT Margin	12.6%	20.0%
Asset turnover	1.45	1.49
Interest burden / efficiency	99.2%	99.0%
Tax burden / efficiency	48.9%	70.9%
Leverage	1.83	1.54
Net profit margin	6.1%	14.0%
Return on equity	17.6%	34.4%

### COMMENT ON DUPONT ANALYSIS

Return on equity has decreased to 17.6% from 34.4% during 2022 driven by decrease in net margin. Interest burden / efficiency improved versus last year on account of decrease in finance cost. Tax efficiency declined due to increase in tax expense during the year 2022 owing to the introduction of super tax levy of 4% for current and 10% for prior year.

## VERTICAL ANALYSIS

	December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019		December 31, 2018		December 31, 2017	
	Rupees in Million											
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
<b>Statement of Financial Position</b>												
Total Equity	17,106	50.4	17,354	60.8	15,590	62.6	13,372	64.4	13,235	65.3	14,356	74.8
Non-Current Liabilities	2,207	6.5	1,870	6.5	2,492	10.0	1,593	7.7	1,085	5.3	898	4.7
Current Liabilities	14,607	43.1	9,343	32.7	6,834	27.4	5,787	27.9	5,961	29.4	3,934	20.5
<b>Total Equity and Liabilities</b>	<b>33,920</b>	<b>100.0</b>	<b>28,567</b>	<b>100.0</b>	<b>24,916</b>	<b>100.0</b>	<b>20,752</b>	<b>100.0</b>	<b>20,281</b>	<b>100.0</b>	<b>19,188</b>	<b>100.0</b>
Non-Current Assets	12,091	35.6	10,135	35.5	9,214	37.0	8,415	40.5	7,283	35.9	5,492	28.6
Current Assets	21,829	64.4	18,432	64.5	15,702	63.0	12,337	59.5	12,998	64.1	13,696	71.4
<b>Total Assets</b>	<b>33,920</b>	<b>100.0</b>	<b>28,567</b>	<b>100.0</b>	<b>24,916</b>	<b>100.0</b>	<b>20,752</b>	<b>100.0</b>	<b>20,281</b>	<b>100.0</b>	<b>19,188</b>	<b>100.0</b>
	-		-		-		-		-		-	
<b>Statement of Profit or Loss</b>												
Sales-net	49,258	100.0	42,570	100.0	35,283	100.0	30,156	100.0	29,719	100.0	26,088	100.0
Cost of sales	34,732	70.5	26,495	62.2	23,437	66.4	21,628	71.7	19,918	67.0	15,999	61.3
<b>Gross Profit</b>	<b>14,526</b>	<b>29.5</b>	<b>16,075</b>	<b>37.8</b>	<b>11,846</b>	<b>33.6</b>	<b>8,528</b>	<b>28.3</b>	<b>9,801</b>	<b>33.0</b>	<b>10,089</b>	<b>38.7</b>
Selling and distribution expenses	7,038	14.3	6,569	15.4	4,936	14.0	5,062	16.8	4,504	15.2	3,612	13.9
Administrative expenses	886	1.8	722	1.7	642	1.8	732	2.4	611	2.0	468	1.8
<b>Operating Profit</b>	<b>6,602</b>	<b>13.4</b>	<b>8,784</b>	<b>20.7</b>	<b>6,268</b>	<b>17.8</b>	<b>2,734</b>	<b>9.1</b>	<b>4,686</b>	<b>15.8</b>	<b>6,009</b>	<b>23.0</b>
Other income	1,058	2.1	733	1.7	761	2.1	352	1.2	459	1.5	445	1.7
Other charges	1,465	3.0	1,018	2.4	708	2.0	523	1.8	786	2.6	602	2.3
	<b>6,195</b>	<b>12.6</b>	<b>8,499</b>	<b>20.0</b>	<b>6,321</b>	<b>17.9</b>	<b>2,563</b>	<b>8.5</b>	<b>4,359</b>	<b>14.7</b>	<b>5,852</b>	<b>22.4</b>
Finance costs	47	0.1	88	0.2	77	0.2	53	0.2	16	0.1	10	0.0
<b>Profit before taxation</b>	<b>6,148</b>	<b>12.4</b>	<b>8,411</b>	<b>19.8</b>	<b>6,244</b>	<b>17.7</b>	<b>2,510</b>	<b>8.3</b>	<b>4,343</b>	<b>14.6</b>	<b>5,842</b>	<b>22.4</b>
Taxation	3,144	6.4	2,443	5.8	1,708	4.8	1,211	4.0	1,649	5.5	1,637	6.3
<b>Profit for the year</b>	<b>3,004</b>	<b>6.0</b>	<b>5,968</b>	<b>14.0</b>	<b>4,536</b>	<b>12.9</b>	<b>1,299</b>	<b>4.3</b>	<b>2,694</b>	<b>9.1</b>	<b>4,205</b>	<b>16.1</b>
<b>Summary of Cash Flows Statement</b>												
Net cash inflow / (outflow) from operating activities	3,797	43	7,823	118	8,148	109	(160)	(6)	2,937	52	5,765	67
Net cash outflow on investing activities	(484)	(6)	(3,436)	(52)	(957)	(13)	(1,588)	(58)	(1,929)	(34)	(1,222)	(14)
Net cash outflow on financing activities	(1,140)	(13)	(5,257)	(79)	(2,460)	(33)	(1,172)	(42)	(3,902)	(69)	(3,915)	(46)
Cash and cash equivalents at the beginning of the year	6,619	76	7,489	113	2,758	37	5,678	206	8,572	151	7,944	93
<b>Cash and cash equivalents at the end of the year</b>	<b>8,792</b>	<b>100</b>	<b>6,619</b>	<b>100</b>	<b>7,489</b>	<b>100</b>	<b>2,758</b>	<b>100</b>	<b>5,678</b>	<b>100</b>	<b>8,572</b>	<b>100</b>

## COMMENT ON VERTICAL ANALYSIS

**Statement of Financial Position:** Equity of the Company has decreased versus last year and reduced as a percentage of total equity and liabilities, mainly on account of decrease in profit for the year augmented by dividend paid during the year. Non-current liabilities increased during the year on account of increase in deferred tax liability, however, it remains static at 6.5% (2021: 6.5%) of the total equity and liabilities. Current liabilities increased to 43.1% (2021: 32.7%) primarily due to increase in trade and other payables mainly on account of increase in bills payable owing to the timing of import shipments and creditors. Non-current assets increased due to addition in fixed assets, however, remains static at 35.6% (2021: 35.5%) of the total assets. Current assets also increased due to higher stock in trade, however, it also remains static at 64.4% (2021: 64.5%) of total assets of the Company.

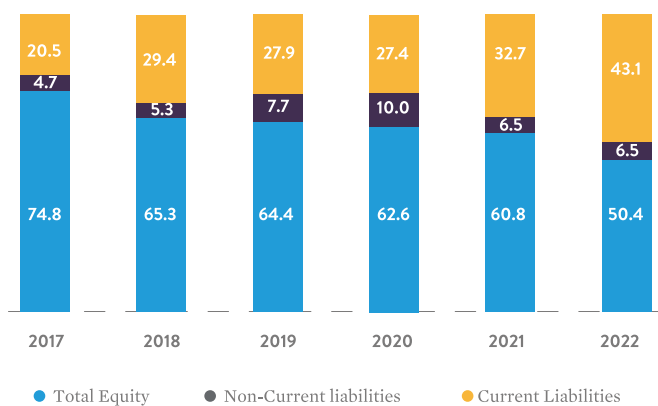
**Statement of Profit or Loss:** Gross profit margin of the Company decreased to 29.5% from 37.8% in 2021 driven by revision to product costs and rupee devaluation. Selling and distribution expenses decreased as a percentage of sales due to rationalization of promotional spend. Other charges increased to 3.0% from 2.4% on account of exchange losses. Net profit margin of the Company decreased to 6.1% from 14.0% in 2021 mainly on account of decrease in gross profit margin (as explained above) and increase in tax due to super tax levy on current and prior year.

**Summary of cashflow statement:** Net cashflow from operating activities decreased due to lower profit before tax. Whereas net cash outflows from investing activities have decreased due to redemption of short-term investment and increase in interest income. Net cash outflow from financing activities decreased on account of lower dividends paid during the year.

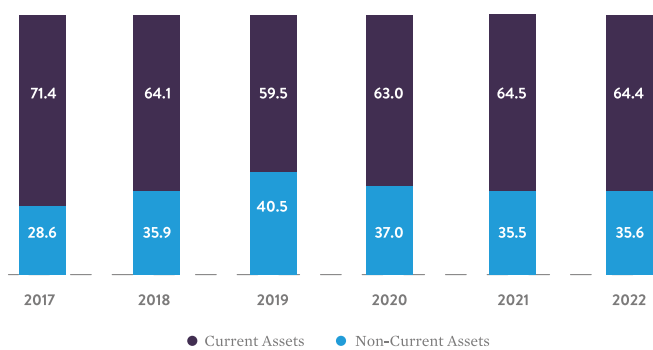


# Graphical Presentation Of Vertical Analysis

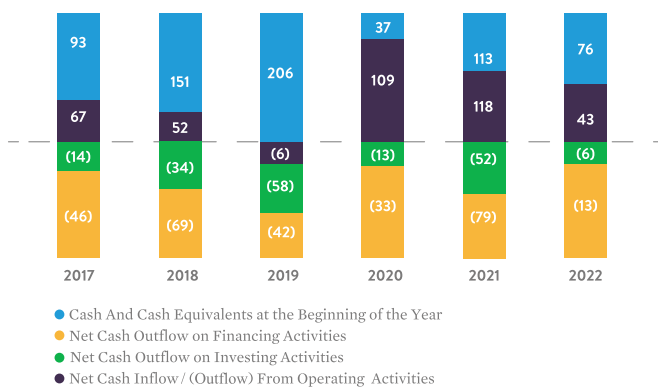
Financial Position Analysis - Equity and Liabilities (Percentage)



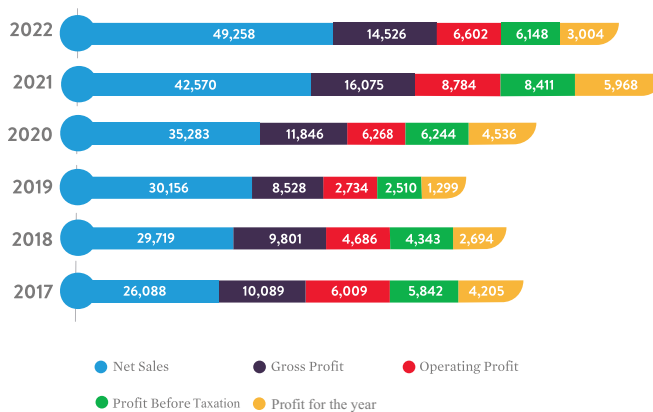
Financial Position Analysis - Assets (percentage)



Statement of Cash Flow (percentage)



Profit or Loss Analysis (Rs. in Million)



## HORIZONTAL ANALYSIS

	December 31,		December 31,		December 31,		December 31,		December 31,		December 31,	
	2022	22vs21	2021	21vs20	2020	20vs19	2019	19vs18	2018	18vs17	2017	17vs16
Rupees in Million												
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
<b>Statement of Financial Position</b>												
Total Equity	17,106	(1.4)	17,354	11.3	15,590	16.6	13,372	1.0	13,235	(7.8)	14,356	(1.6)
Non-Current Liabilities	2,207	18.0	1,870	(25.0)	2,492	56.4	1,593	46.8	1,085	20.7	898	341.5
Current Liabilities	14,607	56.3	9,343	36.7	6,834	18.1	5,787	(2.9)	5,961	51.5	3,934	38.1
<b>Total Equity and Liabilities</b>	<b>33,920</b>	<b>18.7</b>	<b>28,567</b>	<b>14.7</b>	<b>24,916</b>	<b>20.1</b>	<b>20,752</b>	<b>2.3</b>	<b>20,281</b>	<b>5.7</b>	<b>19,188</b>	<b>8.7</b>
Non-Current Assets	12,091	19.3	10,135	10.0	9,214	9.5	8,415	15.5	7,283	32.6	5,492	21.4
Current Assets	21,829	18.4	18,432	17.4	15,702	27.3	12,337	(5.1)	12,998	(5.1)	13,696	4.4
<b>Total Assets</b>	<b>33,920</b>	<b>18.7</b>	<b>28,567</b>	<b>14.7</b>	<b>24,916</b>	<b>20.1</b>	<b>20,752</b>	<b>2.3</b>	<b>20,281</b>	<b>5.7</b>	<b>19,188</b>	<b>8.7</b>
<b>Statement of Profit or Loss</b>												
Net sales	49,258	15.7	42,570	20.7	35,283	17.0	30,156	1.5	29,719	13.9	26,088	11.5
Cost of sales	34,732	31.1	26,495	13.0	23,437	8.4	21,628	8.6	19,918	24.5	15,999	14.1
<b>Gross Profit</b>	<b>14,526</b>	<b>(9.6)</b>	<b>16,075</b>	<b>35.7</b>	<b>11,846</b>	<b>38.9</b>	<b>8,528</b>	<b>(13.0)</b>	<b>9,801</b>	<b>(2.9)</b>	<b>10,089</b>	<b>7.7</b>
Selling and distribution expenses	7,038	7.1	6,569	33.1	4,936	(2.5)	5,062	12.4	4,504	24.7	3,612	10.9
Administrative expenses	886	22.7	722	12.4	642	(12.2)	732	19.8	611	30.6	468	4.0
<b>Operating Profit</b>	<b>6,602</b>	<b>(24.8)</b>	<b>8,784</b>	<b>40.1</b>	<b>6,268</b>	<b>129.3</b>	<b>2,734</b>	<b>(41.7)</b>	<b>4,686</b>	<b>(22.0)</b>	<b>6,009</b>	<b>6.2</b>
Other income	1,058	44.3	733	(3.7)	761	116.1	352	(23.2)	459	3.1	445	5.8
Other charges	1,465	43.9	1,018	43.7	708	35.5	523	(33.5)	786	30.5	602	23.9
	<b>6,195</b>	<b>(27.1)</b>	<b>8,499</b>	<b>34.5</b>	<b>6,321</b>	<b>146.5</b>	<b>2,563</b>	<b>(41.2)</b>	<b>4,359</b>	<b>(25.5)</b>	<b>5,852</b>	<b>4.6</b>
Finance costs	47	(46.6)	88	14.9	77	44.1	53	240.2	16	55.1	10	48.8
<b>Profit before taxation</b>	<b>6,148</b>	<b>(26.9)</b>	<b>8,411</b>	<b>34.7</b>	<b>6,244</b>	<b>148.7</b>	<b>2,510</b>	<b>(42.2)</b>	<b>4,343</b>	<b>(25.6)</b>	<b>5,842</b>	<b>4.5</b>
Taxation - net	3,144	28.7	2,443	43.0	1,708	41.1	1,211	(26.6)	1,649	0.8	1,637	4.6
<b>Profit for the year</b>	<b>3,004</b>	<b>(49.6)</b>	<b>5,968</b>	<b>31.6</b>	<b>4,536</b>	<b>248.9</b>	<b>1,299</b>	<b>(51.8)</b>	<b>2,694</b>	<b>(35.9)</b>	<b>4,205</b>	<b>4.5</b>
<b>Summary of Cash Flows Statement</b>												
Net cash inflow / (outflow) from operating activities	3,797	(51.5)	7,823	(4.0)	8,148	(5,192.5)	(160)	(105.4)	2,937	(49.1)	5,765	84.8
Net cash outflow on investing activities	(484)	(85.9)	(3,436)	259.0	(957)	(39.7)	(1,588)	(17.7)	(1,929)	57.9	(1,222)	119.0
Net cash outflow on financing activities	(1,140)	(78.3)	(5,257)	113.7	(2,460)	109.9	(1,172)	(70.0)	(3,902)	(0.3)	(3,915)	33.3
Cash and cash equivalents at the beginning of the year	6,619	(11.6)	7,489	171.5	2,758	(51.4)	5,678	(33.8)	8,572	7.9	7,944	(4.5)
<b>Cash and cash equivalents at the end of the year</b>	<b>8,792</b>	<b>32.8</b>	<b>6,619</b>	<b>(11.6)</b>	<b>7,489</b>	<b>171.5</b>	<b>2,758</b>	<b>(51.4)</b>	<b>5,678</b>	<b>(33.8)</b>	<b>8,572</b>	<b>7.9</b>

## COMMENT ON HORIZONTAL ANALYSIS

**Statement of Financial Position:** Equity has decreased by 1.4%, mainly on account of decrease in profit for the year augmented by dividend paid during the year.

Non-current liabilities have increased by 18.0% due to increase in deferred tax. Current liabilities increased by 56.3% primarily due to increase in trade and other payables mainly on account of increase in bills payable owing to the timing of import shipments and creditors.

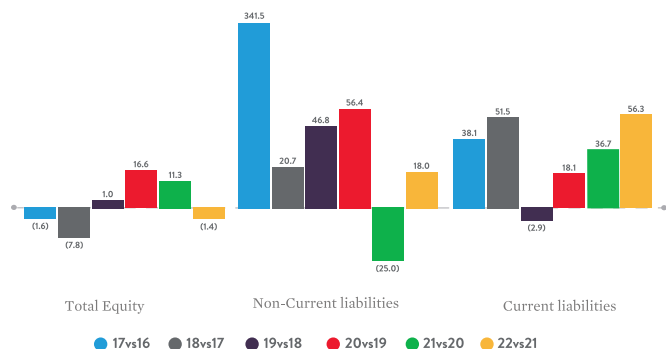
Non-current assets have increased by 19.3% over last year on account of capital expenditure for enhancement of productivity and improvement of plant efficiency. Increase in current assets by 18.4% is on account of higher stock in trade in line with increased business activities.

**Statement of Profit or Loss:** Net sales for the year increased by 15.7% over previous year. Cost of sales increased by 31.1% primarily on account of increase in product cost, rupee devaluation, effect of volumes, higher fuel and power costs due to rising tariffs. Selling and distribution expenses increased by 7.1% mainly driven by sales growth. Other charges increased by 43.9% on account of exchange losses. The profit after tax of the Company decreased by 49.6% in line with the reasons mentioned above, augmented by increase in tax expense on account of super tax levy of 4% for current and 10% for prior year.

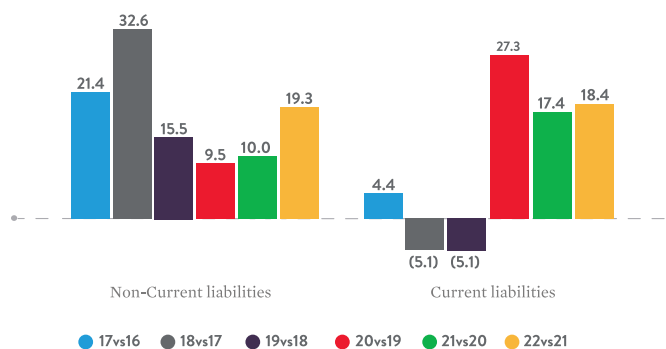
**Summary of cashflow statement:** Net cashflow from operating activities decreased by 51.5% versus last year, due to decrease in profit before tax. Whereas net cash outflows from investing activities decreased by 85.9% from prior year primarily due to redemption of short-term investment and increase in interest income. Net cash outflow from financing activities decreased by 78.3 % during the current year primarily on account of lower dividend paid during the year.

## Graphical Presentation Of Horizontal Analysis

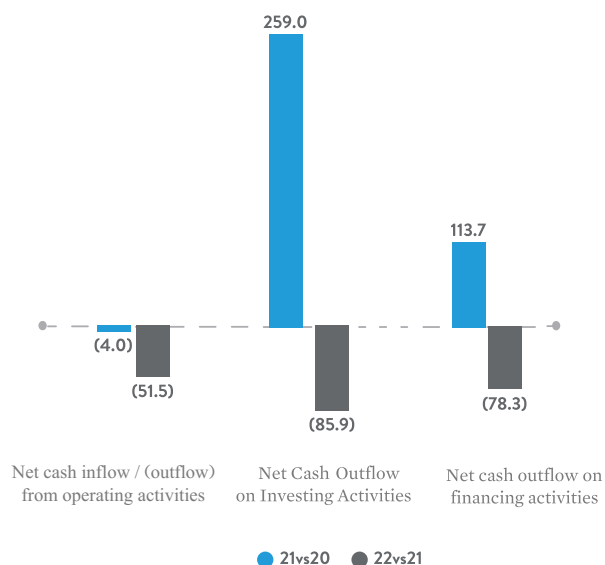
Financial Position Analysis - Equity and Liabilities  
(Percentage)



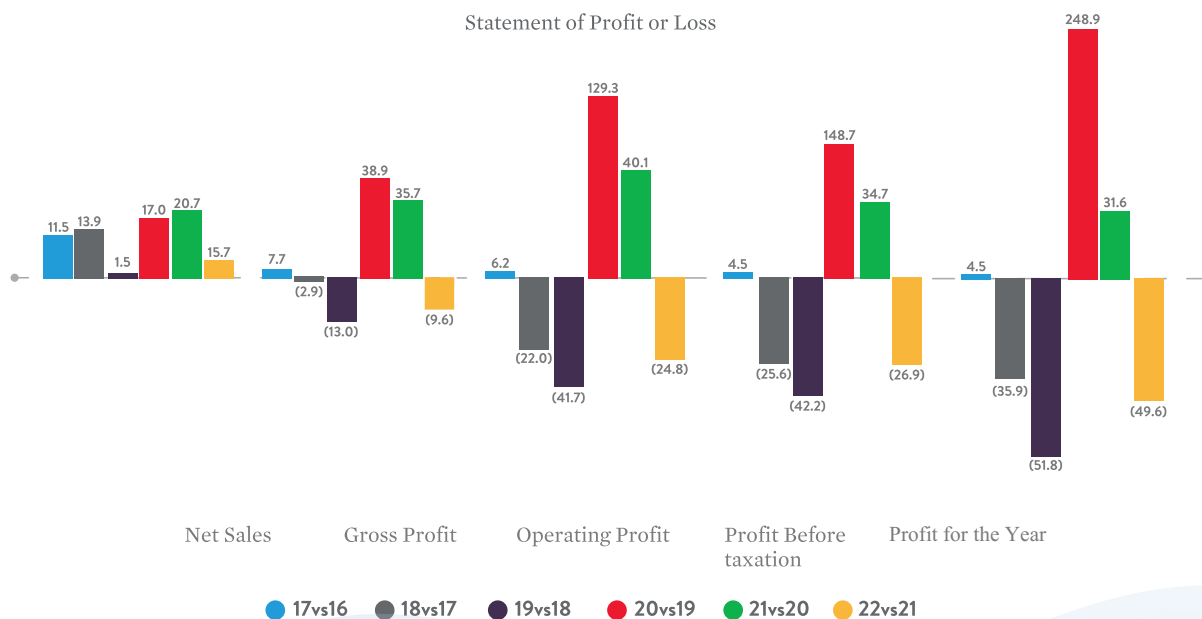
Financial Position Analysis - Assets  
(Percentage)



Summary of Cash Flow Statement



Statement of Profit or Loss

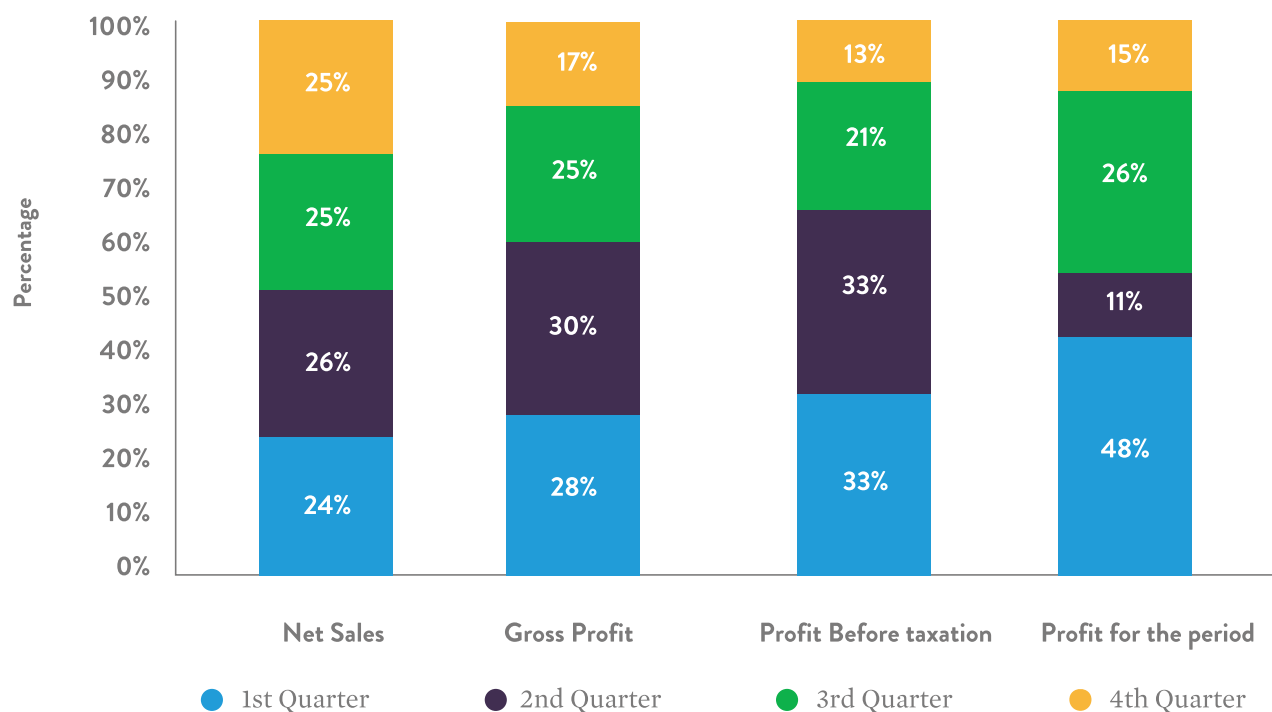




## QUARTERLY ANALYSIS

For the Year Ended December 31, 2022

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
	------(Rupees '000) -----				
Sales-net	11,771,159	12,909,270	12,271,008	12,306,285	49,257,722
Cost of sales	7,690,003	8,529,082	8,630,742	9,881,933	34,731,760
<b>Gross profit</b>	<u>4,081,156</u>	<u>4,380,188</u>	<u>3,640,266</u>	<u>2,424,352</u>	<u>14,525,962</u>
Selling and distribution expenses	1,816,155	1,795,199	1,839,051	1,588,077	7,038,482
Administrative expenses	207,578	214,499	234,927	228,897	885,901
Other income	225,333	249,799	283,796	299,246	1,058,174
Other charges	253,956	539,703	559,368	111,671	1,464,698
	<u>2,052,356</u>	<u>2,299,602</u>	<u>2,349,550</u>	<u>1,629,399</u>	<u>8,330,907</u>
	<u>2,028,800</u>	<u>2,080,586</u>	<u>1,290,716</u>	<u>794,953</u>	<u>6,195,055</u>
Finance costs	14,946	13,175	9,760	9,519	47,400
<b>Profit before taxation</b>	<u>2,013,854</u>	<u>2,067,411</u>	<u>1,280,956</u>	<u>785,434</u>	<u>6,147,655</u>
Taxation	572,075	1,729,177	495,986	346,231	3,143,469
<b>Profit for the period</b>	<u>1,441,779</u>	<u>338,234</u>	<u>784,970</u>	<u>439,203</u>	<u>3,004,186</u>



## Comments on Quarterly Performance Analysis

# Q1

- Sales for the quarter increased by 19% over the same period last year.
- Gross profit margin slightly decreased to 35% versus 38% during the same period last year driven by revision of product cost.

# Q2

- Sales for the quarter increased by 18% over the same period last year.
- Gross profit margin decreased to 34% versus 41% during the same period last year driven mainly due to increase in product cost of imported goods.

# Q3

- Sales for the quarter increased by 15% over the same period last year.
- Gross profit margin decreased to 30% versus 36% during the same period last year driven mainly due to increase in product cost and exchange impact on account of rupee devaluation.

# Q4

- Sales for the quarter increased by 11% over the same period last year.
- Gross profit margin decreased to 20% versus 35% during the same period last year driven mainly due to significant exchange impact on account of rupee devaluation and increase in product cost.

## EXPLANATION OF NEGATIVE CHANGES IN PERFORMANCE

As evident from comments and explanation given in this section, the negative changes in terms of performance versus last year has been duly explained and justified at each respective financial analysis section.

## SIGNIFICANT CHANGE IN ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

There has been no significant change in accounting policies, judgments, estimated and assumptions from last year. Please refer note 2 to the financial statements.

## INFORMATION ABOUT DEFAULTS IN PAYMENT

There were no defaults in payments of debts during the year ended December 31, 2022. The cash generation from Company's business operations allow retiring of its obligations in a timely manner. Besides, robust liquidity monitoring controls are in place to ensure that sufficient financing is in place to cater all business requirements.

## METHODS AND ASSUMPTIONS USED IN COMPILING THE INDICATORS

Financial indicators are computed using formulae which are widely used in the industry and are relevant to different stakeholders such as shareholders, bankers and regulators. The data used is generated through our internal management information systems, together with audited financial statements.

# CASH FLOW STATEMENT - DIRECT METHOD

## FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	.....(Rupees '000).....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	49,302,859	42,268,855
Cash paid to suppliers / service providers	(36,970,977)	(26,884,173)
Cash paid to employees	(4,773,157)	(4,287,085)
Payment of royalty and technical service fee	(141,199)	(195,707)
Payment to retirement funds	(407,311)	(381,631)
Income taxes paid	(2,594,968)	(1,853,211)
Payment of other statutory charges	(618,656)	(844,768)
Long-term prepayments - net	320	780
<b>Net cash inflows from operating activities</b>	<b>3,796,911</b>	<b>7,823,060</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,584,678)	(2,054,976)
Addition to intangible asset	-	(5,000)
Investments in term deposit receipts	2,000,000	(2,000,000)
Sale proceeds from disposal of property, plant and equipment	182,078	87,724
Interest income	918,547	536,508
<b>Net cash outflows from investing activities</b>	<b>(484,053)</b>	<b>(3,435,744)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(21,988)	(33,886)
Lease rentals paid	(102,306)	(170,238)
Settlement of lease liabilities	-	(655,084)
Dividends paid	(1,016,082)	(4,397,642)
<b>Net cash outflows from financing activities</b>	<b>(1,140,376)</b>	<b>(5,256,850)</b>
Net increase / (decrease) in cash and cash equivalents	2,172,482	(869,534)
Cash and cash equivalents at the beginning of the year	6,619,347	7,488,881
<b>Cash and cash equivalents at the end of the year</b>	<b>8,791,829</b>	<b>6,619,347</b>

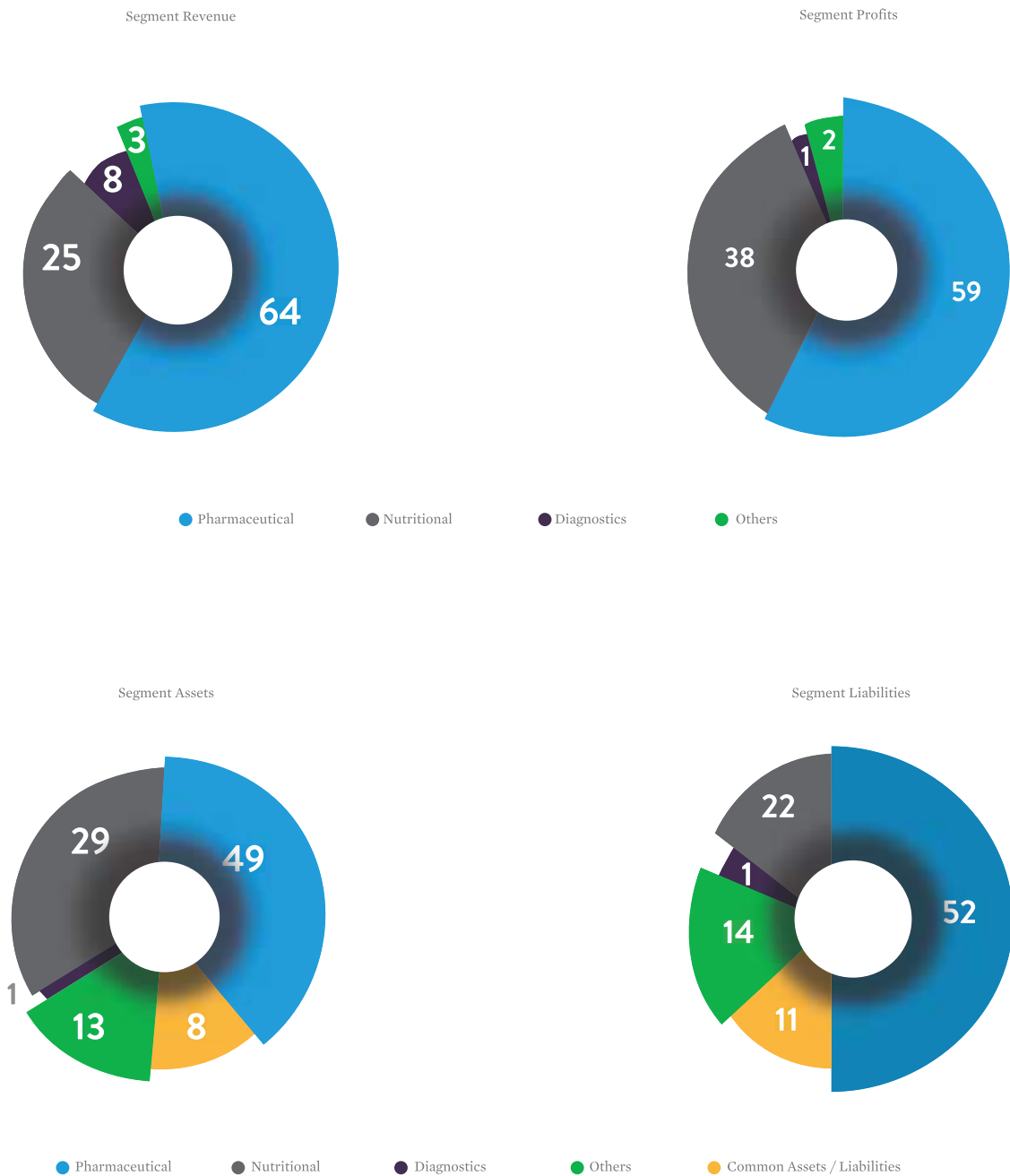


## SEGMENTAL REVIEW AND ANALYSIS

### For The Year Ended December 31, 2022

During 2022, overall sales for the Company increased by Rs. 6,687.8 million resulting in an increase of 15.7%. Gross profit margin for 2022 decreased to 29.5% as compared to 37.8% in the preceding year. Profit after tax for the year was Rs. 3.00 billion resulting in an EPS of Rs. 30.69 per share.

The chart below shows the segment wise breakdown of the Company on the basis of revenue, segment profits, segment assets and liabilities:



### PHARMACEUTICALS (EPD)

Sales of Pharmaceutical business increased by 14.2% following sustained performance of established brands. Gross profit margin for the business decreased to 29.6% from 36.3% driven by increase in product cost, rupee devaluation and general inflation. Selling and Distribution expenses increased in line with sales growth. Operating margin for EPD decreased to 12.4% from 18.2% due to the reasons mentioned above. EPD assets increased by Rs. 4.3 billion versus last year on account of investment in production facilities and infrastructure to support growing scale of business. Whereas EPD liabilities also increased by Rs. 3.4 billion on account of increase in bills payables due to timing of import shipments and delays in related payments.

### NUTRITIONAL (ANI)

Revenue for the Nutrition business grew by 23.1% mainly driven by increase in sales of adult nutritional supplements. Gross profit margin decreased to 36.3% from 46.3%, mainly on account of increase in product cost and rupee devaluation. The operating margin of the division was 20.8%. ANI assets slightly increased by Rs. 212.1 million versus last year on account of increase in value of stock in trade. Whereas ANI liabilities also increased by Rs. 324.8 million on account of increase in bills payables due to timing of import shipments.

### DAIGNOSTICS (ADD)

Revenue for the Diagnostics business grew organically by 9.4%. However, gross profit margin for the business decreased to 5.7% from 25.6% mainly due to higher product costs, freight costs and rupee devaluation. The operating margin of the division decreased to negative 2.2% due to reasons mentioned above. ADD assets increased by Rs. 1.2 billion versus last year mainly on account of further investment in service equipment. Whereas ADD liabilities also increased by Rs. 1.3 billion on account of increase in bills payables due to timing of import shipments and delays in related payments.

### OTHERS

Revenue for Others which consists of Diabetes Care and General Health Care representing 3% of total company revenue increased by Rs.104.5 million. It achieved a cumulative Gross profit margin of 36.6%. The operating margin of the division improved to 16.0% versus 14.9% last year primarily contributed by revision of sale prices and improved product mix.

Detailed segment-wise operating results are presented in Note 37 of the financial statements.

## SHARE PRICE SENSITIVITY ANALYSIS

Shares of Abbott are traded on Pakistan Stock Exchange (PSX) and market capitalization at the end of the day of the year was PKR 45.3 Billion. Share price in the stock market moves due to various factors such as company's performance, general market sentiments, economic events and interest rates, etc. A few of them are listed below as follows:

### Profitability

Increase in production costs may lower margins, while an increase in sales prices along with volume can support increased profitability and a higher EPS, thus translating into a greater share price in the market.

### Product cost

A rise in major input prices (Active Pharmaceuticals Ingredients, other raw and packing material) can cause a negative impact on margins, therefore lowering the EPS, which further lowers the share price.

### Regulations and government policies

Government and regulatory policies, both the overall policies and the policies specific to the pharmaceutical sector which is regulated by DRAP, may affect the share price of the company either negatively or positively, depending on whether the policy itself is in favor or against the industry.

### Currency Risk

Volatility in currency exchange rates can affect the margins in a positive or a negative manner, as the company is involved in both exports and imports. This ultimately affects the share price as well.

### Market risk

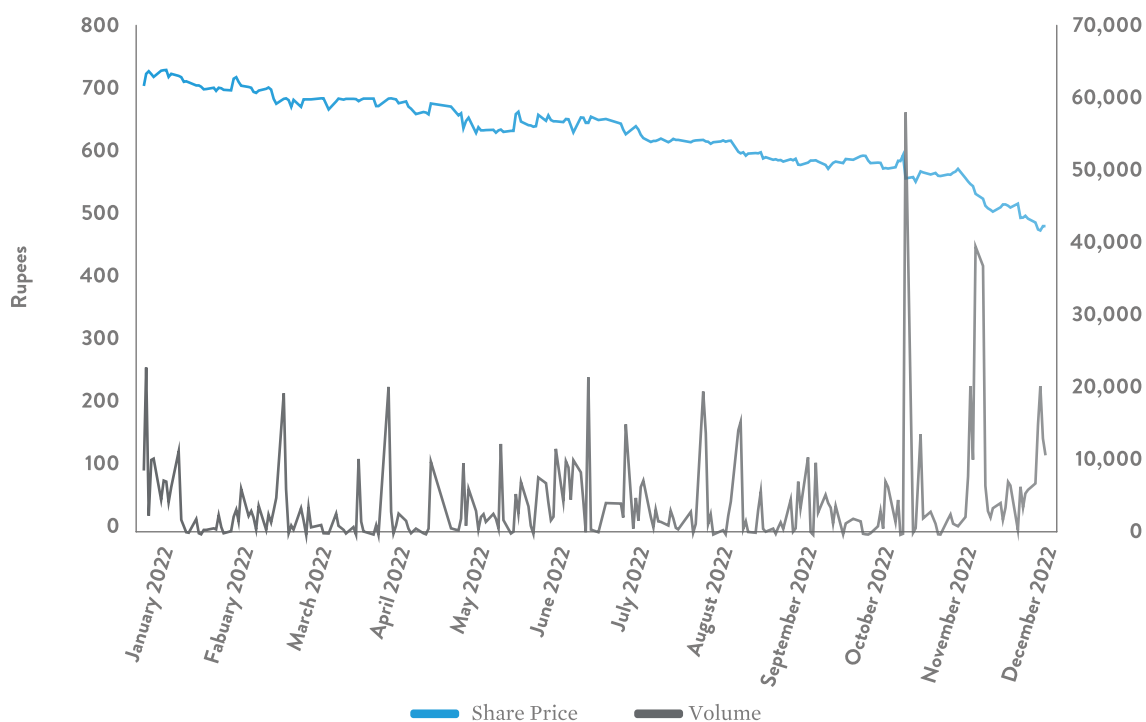
Market risk, apart from systematic risk, also leaves the market share price vulnerable to the risks of all the platforms that the share is trading on.

### Interest rate risk

The interest rate risk is the risk that the value of a financial instrument will decline due to changes in market interest rates. The majority of the interest rate exposure arises from short and longterm borrowings and short-term deposits with banks. Since Abbott has no short and longterm borrowings it is not exposed to such risk, however, increase or decrease in interest rates will affect the interest income of the company and ultimately affects the share price.

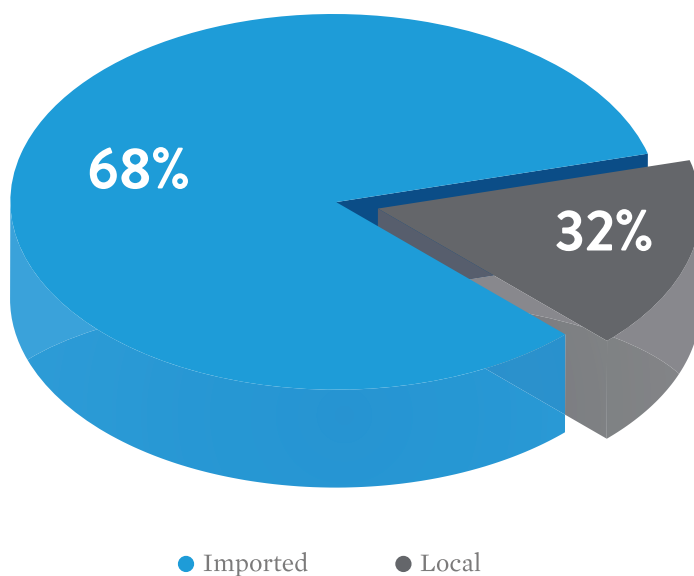
Being a responsible and law-compliant Company, Abbott circulates price sensitive information to the Pakistan Stock Exchange (PSX) in accordance with the requirements of the PSX Rulebook in a timely manner. However, during the current year, volatility in prices of raw materials due to rupee devaluation, coupled with political and economic uncertainty kept the equity market under pressure, which negatively impacted the share price during the year and Abbott's share price at the year end was Rs. 463.31.

### Share Price Sensitivity



## COMPOSITION OF LOCAL VS. IMPORTED MATERIAL

Abbott procures its materials from both local and international sources. Composition of local versus imported materials during the year ended December 31, 2022 was as follows:





## FOREIGN CURRENCY SENSITIVITY ANALYSIS

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The liability is mainly denominated in US Dollars. Abbott's net payables exposed to foreign currency risk as at December 31, 2022, is amounting to Rs. 3.9 billion (2021: Rs. 1.9 billion). A ten percent strengthening / weakening of the Pakistani Rupee against the US Dollar at the reporting date would increase / decrease profit after tax for the year by Rs.267.6 million (2021: Rs. 138.1 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade payables, trade debts and bank balances. This analysis assumes that all other variables, in particular interest rates, remain constant.

## REASON FOR NOT DECLARING DIVIDEND

As a result of economic volatility, coupled with constant Rupee devaluation and the resulting inflation has had an adverse impact of the Company's margins and liquidity. Further, the imposition of sales tax on active pharmaceutical ingredients during the year has further impaired the liquidity position of the Company. Consequently, the Board of Directors have decided against recommending final dividend for the year ended December 31, 2022.

## REASONS FOR OUTSTANDING TAXES, DUTIES AND LEVIES

There are no outstanding taxes duties or any other levies as at December 31, 2022.

## CEO VIDEO

Chief Executive Officer's Video on Company's Performance, Strategy and Outlook can be seen at the Company's website and can be accessed through the following web link: (<https://www.pk.abbott/investor/investor-information.html>)

Scan the QR CODE





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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Abbott Laboratories (Pakistan) Limited** for the year ended **31 December 2022** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.

*Ey Ford Rhodes*

Chartered Accountants

Place: Karachi

Date: 03 March 2023

UDIN: CR202210120PNjgUc4uGC

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

### Abbott Laboratories (Pakistan) Limited for the year ended 31<sup>st</sup> December 2022.

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

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

1. The total number of directors are 7 (seven) as per the following:
  - a. Male: 5
  - b. Female: 2
2. The composition of the Board is as follows:

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

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

8. The Board of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations;
9. All the directors have obtained certification under the Directors' Training program except for the newly appointed Director, who will obtain the certification within the timelines provided in these Regulations;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

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

13. The terms of reference of the Audit Committee, HR & Remuneration Committee and Risk Management Committee have been formed, documented and advised to the committee for compliance. The terms of reference of the Nomination Committee are in the process of being finalized and approved;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:
  - a) Audit Committee: 4
  - b) HR and Remuneration Committee: 2
  - c) Risk Management Committee: 1



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

By order of the Board



Ehsan Ali Malik  
Chairman



Syed Anis Ahmed  
Chief Executive Officer

Karachi: February 22, 2023



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## INDEPENDENT AUDITOR'S REPORT

To the members of Abbott Laboratories (Pakistan) Limited

### Report on the Audit of Financial Statements

#### Opinion

We have audited the annexed financial statements of **Abbott Laboratories (Pakistan) Limited** (the Company), which comprise the statement of financial position as at **31 December 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit and other comprehensive income, the cash flows and its changes in equity for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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



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Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
<p><b>1. Revenue Recognition</b></p> <p>As disclosed in note 2.16 to the accompanying financial statements, revenue from sale of goods is recognised when the control of goods is transferred which generally coincides with the delivery of goods. During the year, the Company recognised revenue of Rs. 49.258 billion which is approximately 16% higher as compared to previous year (refer note 23).</p> <p>When identifying and assessing the risk relating to revenue recognition, our focus was whether the sales recorded by the management actually occurred during the year and were properly recorded in the correct accounting period.</p> <p>Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <p>Obtained an understanding of the Company’s process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process.</p> <p>Obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP.</p> <p>Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company.</p> <p>Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, including dispatch-related documents and customer acknowledgement, on test basis.</p> <p>Analyzed various trends and benchmarks including growth in pharmaceutical industry and logical basis of the increase in revenue.</p> <p>Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period.</p> <p>Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Company and reviewed underlying documentation and business rationale of such journal entries.</p> <p>We assessed the adequacy of the Company’s disclosures in accordance with applicable financial reporting standards.</p>





Key audit matters	How our audit addressed the key audit matters
<p><b>2. Valuation of stock-in-trade</b></p> <p>As disclosed in note 16 to the accompanying financial statements, the stock-in-trade balance (net of provision for slow moving, obsolete and damaged items) constitutes approximately 25% of total assets of the Company as at the reporting date.</p> <p>The Company records stock-in-trade using standard costing as a method of valuation which is then actualized at the year end. Further, the net realizable value (NRV) of stock-in-trade is determined keeping in view the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>We have identified this area as a key audit matter due to the complexities of the processes, significant values and the level of audit efforts required.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <p>Obtained an understanding of policies and procedures followed by the Company with respect to valuation of stock-in-trade.</p> <p>We tested the design, implementation and operating effectiveness of the Company's controls in place over the standard costing process.</p> <p>We evaluated the accuracy of the assumptions used by management to actualize the variances in standard cost of stock-in-trade at the year end. We also tested the variances on a sample basis by comparing standard cost with the actual cost as per the purchase invoice and ensured on a sample basis.</p> <p>Performed recalculation of net realizable value (NRV) for samples selected in the closing stock-in-trade by comparing the cost with the subsequent selling prices verified through sales invoices Issued after the year end less estimated cost to sell which was based on the actual cost incurred during the year to sell the underlying products.</p> <p>Tested provision recorded for slow moving, obsolete and damaged stock-in-trade to ensure it is as per the policy of the Company.</p> <p>Assessed the adequacy of related financial statement disclosures in accordance with the applicable financial reporting framework.</p>





### **Information Other than the Financial Statements and Auditor’s Report Thereon**

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

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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



## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



### Report on Other Legal and Regulatory Requirements

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

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

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

*EY Feroz Khan*

### Chartered Accountants

Place: Karachi

Date: 03 March 2023

UDIN: AR202210120CK20Zpl8L



# STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2022

		2022	2021
	Note	..... (Rupees '000) .....	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		1,058,639	892,145
- revenue		15,068,387	15,483,490
<b>Total Equity</b>		<u>17,106,029</u>	<u>17,354,638</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net	5	499,662	269,737
Staff retirement benefits	6	1,579,752	1,466,048
Lease liabilities	7	127,076	133,942
<b>Total Non-current Liabilities</b>		<u>2,206,490</u>	<u>1,869,727</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	11,866,573	9,039,575
Unclaimed dividends		66,419	58,163
Unpaid dividends	9	2,402,173	-
Current maturity of lease liabilities	7	120,211	93,744
Provision against GIDC	8.4	151,900	151,900
<b>Total Current Liabilities</b>		<u>14,607,276</u>	<u>9,343,382</u>
<b>Total Liabilities</b>		<u>16,813,766</u>	<u>11,213,109</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>33,919,795</b></u>	<u><b>28,567,747</b></u>

**ASSETS****NON-CURRENT ASSETS**

	Note	2022 ..... (Rupees '000) .....	2021
Property, plant and equipment	11	11,989,333	10,006,158
Intangible assets	12	26,904	49,017
Long-term loans and advances	13	66,509	71,646
Long-term deposits	14	7,513	7,513
Long-term prepayments		646	966
<b>Total Non-current Assets</b>		<b>12,090,905</b>	<b>10,135,300</b>

**CURRENT ASSETS**

Stores and spares	15	340,748	284,097
Stock-in-trade	16	8,515,228	6,721,491
Trade debts	17	1,276,655	1,216,257
Loans and advances	18	533,859	455,639
Trade deposits and short-term prepayments	19	910,115	302,173
Other receivables	20	1,432,351	447,976
Taxation - net		23,826	344,437
Short-term investments	21	830,079	7,841,030
Cash and bank balances	22	7,966,029	819,347
<b>Total Current Assets</b>		<b>21,828,890</b>	<b>18,432,447</b>

**TOTAL ASSETS**

	Note	2022 ..... (Rupees '000) .....	2021
<b>Total Current Assets</b>		<b>21,828,890</b>	<b>18,432,447</b>
<b>TOTAL ASSETS</b>		<b>33,919,795</b>	<b>28,567,747</b>

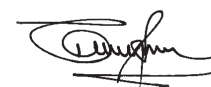
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	..... (Rupees '000) .....	
Sales - net	23	49,257,722	42,569,856
Cost of sales	24	34,731,760	26,494,583
<b>Gross profit</b>		14,525,962	16,075,273
Selling and distribution expenses	25	7,038,482	6,569,384
Administrative expenses	26	885,901	722,001
Other charges	27	1,464,698	1,017,890
Other income	28	(1,058,174)	(732,846)
		8,330,907	7,576,429
Finance costs	29	6,195,055	8,498,844
		47,400	88,365
<b>Profit before taxation</b>		6,147,655	8,410,479
Taxation	30	3,143,469	2,443,422
<b>Profit for the year</b>		<b>3,004,186</b>	<b>5,967,057</b>
		<b>..... (Rupees) .....</b>	
Earnings per share - basic / diluted	31	<b>30.69</b>	<b>60.95</b>

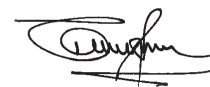
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Chief Executive Officer



Director



Chief Financial Officer

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	..... (Rupees '000) .....	
Profit for the year	3,004,186	5,967,057
Other comprehensive income for the year		
<b>Items that will not to be reclassified subsequently to the statement of profit or loss:</b>		
- Actuarial gain on staff retirement benefits	9,257	107,239
- Tax on actuarial gains	(2,035)	(28,933)
Other comprehensive income - net of tax	7,222	78,306
Total comprehensive income for the year	<u>3,011,408</u>	<u>6,045,363</u>

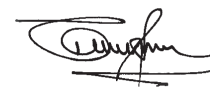
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Note	2022	2021
	..... (Rupees '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	6,648,892	9,929,391
Income taxes paid	(2,594,968)	(1,853,211)
Long-term loans and advances - net	5,137	(3,613)
Long-term prepayments - net	320	780
Staff retirement benefits paid	(262,470)	(250,287)
Net cash inflow from operating activities	3,796,911	7,823,060
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,584,678)	(2,054,976)
Addition to intangible asset	-	(5,000)
Investments in term deposit receipts	2,000,000	(2,000,000)
Sale proceeds from disposal of property, plant and equipment	182,078	87,724
Interest income	918,547	536,508
Net cash outflow from investing activities	(484,053)	(3,435,744)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance costs paid	(21,988)	(33,886)
Lease rentals paid	(102,306)	(170,238)
Settlement of lease liabilities	-	(655,084)
Dividends paid	(1,016,082)	(4,397,642)
Net cash outflow from financing activities	(1,140,376)	(5,256,850)
<b>Net increase / (decrease) in cash and cash equivalents</b>	2,172,482	(869,534)
<b>Cash and cash equivalents at the beginning of the year</b>	6,619,347	7,488,881
<b>Cash and cash equivalents at the end of the year</b>	<b>8,791,829</b>	<b>6,619,347</b>

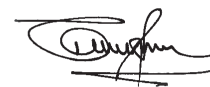
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2022

Issued, subscribed and paid-up capital	Reserves					Total	Total Equity
	Capital Reserves		Revenue Reserves				
	Reserve Arising on Merger	Other - (Note 2.20)	General Reserve	Un-appropriated Profit			
----- (Rupees '000) -----							
<b>Balance as at January 01, 2021</b>	979,003	46,097	721,511	5,338,422	8,505,219	14,611,249	15,590,252
<b>Transactions with owners, recorded directly in equity</b>							
Final dividend for the year ended December 31, 2020 @ Rs. 25.0 per share	-	-	-	-	(2,447,508)	(2,447,508)	(2,447,508)
Interim dividend for the year ended December 31, 2021 @ Rs. 20.0 per share	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
<b>Employee benefit cost under IFRS 2- 'Share-based payments'</b>	-	-	124,537	-	-	124,537	124,537
<b>Total comprehensive income for the year ended December 31, 2021</b>							
Profit for the year	-	-	-	-	5,967,057	5,967,057	5,967,057
Other comprehensive income for the year - net of tax	-	-	-	-	78,306	78,306	78,306
Total comprehensive income for the year	-	-	-	-	6,045,363	6,045,363	6,045,363
<b>Balance as at December 31, 2021</b>	<b>979,003</b>	<b>46,097</b>	<b>846,048</b>	<b>5,338,422</b>	<b>10,145,068</b>	<b>16,375,635</b>	<b>17,354,638</b>
<b>Balance as at January 01, 2022</b>	979,003	46,097	846,048	5,338,422	10,145,068	16,375,635	17,354,638
<b>Transactions with owners, recorded directly in equity</b>							
Final dividend for the year ended December 31, 2021 @ Rs. 20.0 per share	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Interim dividend for the year ended December 31, 2022 @ Rs. 15.0 per share	-	-	-	-	(1,468,505)	(1,468,505)	(1,468,505)
<b>Employee benefit cost under IFRS 2- 'Share-based payments'</b>	-	-	166,494	-	-	166,494	166,494
<b>Total comprehensive income for the year ended December 31, 2022</b>							
Profit for the year	-	-	-	-	3,004,186	3,004,186	3,004,186
Other comprehensive income for the year - net of tax	-	-	-	-	7,222	7,222	7,222
Total comprehensive income for the year	-	-	-	-	3,011,408	3,011,408	3,011,408
<b>Balance as at December 31, 2022</b>	<b>979,003</b>	<b>46,097</b>	<b>1,012,542</b>	<b>5,338,422</b>	<b>9,729,965</b>	<b>16,127,026</b>	<b>17,106,029</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. THE COMPANY AND ITS OPERATIONS

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

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

##### 2.1.1 Statement of compliance

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

##### 2.1.2 Accounting convention

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

##### 2.1.3 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) effective during the year

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

**Amendments**

- IFRS 3 - Reference to the Conceptual Framework (Amendments)
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments) and
- IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

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

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

**2.1.4 Standards, amendments and improvements that are not yet effective**

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

<b>Amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2024
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	01 January 2024
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1 – First time adoption of IFRSs	01 July 2009
IFRS 17 – Insurance Contracts	01 January 2023

**2.1.5 Critical accounting estimates and judgments**

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



period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The management has used the following estimates and judgments in the preparation of these financial statements:

- i) Useful lives and residual values of items of property, plant and equipment (note 2.3 and note 11);
- ii) Estimate and assumptions involved in valuation of stock-in-trade (note 2.6 and note 16);
- iii) Provision for slow moving and obsolete stores and spares (note 2.5 and note 15);
- iv) Allowance for expected credit losses on trade debts (note 2.18 and note 17);
- v) Allowance for expected credit losses on loans (note 2.18 and note 18);
- vi) Allowance for expected credit losses on other receivables (note 2.18 and note 20);
- vii) Allowance for expected credit losses on trade deposits (note 2.18 and note 19);
- viii) Estimate and assumptions involved in respect of defined benefit obligation schemes (note 2.13 and note 6);
- ix) Provision for taxation (note 2.8, note 5 and note 30);
- x) Share-based compensation (note 2.20 and note 33);
- xi) Contingencies (note 10.1);
- xii) Leases (note 2.10 and note 7); and
- xiii) Refund liabilities (note 2.16 and note 8).

### **2.1.6 Shariah related disclosures**

As at the reporting date, the Company is listed on the PSX-KMI All Share Index. The Company accordingly, as per requirements specified in the Sub-clause 10 of Clause VI of Part 1 of the 4th Schedule to the Companies Act, 2017, has provided disclosures applicable to it in notes 27.3 and 28.1 respectively.

### **2.2 Functional and presentation currency**

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

### **2.3 Property, plant and equipment**

#### **a) Owned**

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

#### **b) Depreciation**

Depreciation is charged to the statement of profit or loss applying the straight line method whereby the cost less residual value of an asset is allocated over its estimated useful life at the rates given in note 11.1 to these financial statements. Depreciation on assets is charged from the month of addition to the month of disposal. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. Depreciation on leasehold land is charged to statement of profit or loss equally over the period of the lease.

**c) Gains or losses on disposal of fixed assets**

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

**d) Subsequent costs**

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

**e) Capital work-in-progress**

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

**f) Right-of-use assets**

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

- Warehouses, sales offices and city office 3 to 5 years

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

**2.4 Intangible assets**

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost can be measured reliably. An intangible asset with finite life is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any. It is amortised on a straight line basis over its estimated useful life at the rates mentioned in note 12 to these financial statements. The amortisation period for intangible assets with finite useful lives is reviewed and adjusted at each financial year-end, if required.

**2.5 Stores and spares**

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

**2.6 Stock-in-trade**

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

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

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

## **2.7 Impairment**

### **Non-financial assets**

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

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

## **2.8 Taxation**

### **Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the statement of comprehensive income.

### **Deferred**

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

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

## **2.9 Cash and cash equivalents**

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

## 2.10 Lease liabilities

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

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

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

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

## 2.11 Dividend distribution

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

## 2.12 Provisions

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

## 2.13 Staff retirement benefits

### Defined contribution plan

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

### Defined benefit plan - pension scheme

The Company operates an approved funded pension scheme covering all its permanent employees who joined on or before September 30, 2019 and who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at December 31, 2022 and on that basis, the Company has recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to the statement of profit or loss.



### Defined benefit plan - gratuity scheme

The Company also operates an approved funded gratuity scheme covering all its permanent employees who joined on or after October 01, 2019 and who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The actuarial valuation was carried out at December 31, 2022 and on that basis, the Company has recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to the statement of profit or loss.

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

### 2.14 Liability for employees' compensated absences

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

### 2.15 Foreign currency transactions

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

### 2.16 Revenue from contract with customers

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

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

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

#### a) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and

constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contract for the sale of goods provide customers with a right to return the goods in case of expired / damaged goods. The rights of return give rise to variable consideration.

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

#### **b) Refund liability**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company's refund liabilities arise from customers' right of return. The Company updates its estimates of refund liabilities at the end of each reporting period. Refer to above accounting policy on variable consideration.

#### **c) Contract liabilities**

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

### **2.17 Other Income**

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

### **2.18 Financial instruments – initial recognition and subsequent measurement**

#### **a) Financial assets**

##### **Initial recognition and measurement**

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

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

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

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

### Subsequent measurement

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

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

### Financial assets at amortised cost (debt instruments)

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

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

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

### Derecognition

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

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

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

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

### Impairment

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a

12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

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

## **b) Financial liabilities**

### **Initial recognition and measurement**

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

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

### **Subsequent measurement**

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

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

### **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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

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

### **Derecognition**

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



**c) Offsetting of financial instruments**

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

**2.19 Segment reporting**

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components and for which discrete financial information is available. An operating segment’s operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance. The Company reports segment information separately that meets the quantitative thresholds as defined under IFRS 8, i.e. 10 percent or more of the combined revenue, profit or loss or assets.

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

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

**Pharmaceutical**

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

**Nutritional**

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

**Diagnostics**

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

**Others**

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

**2.20 Share-based compensation**

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

**3. AUTHORISED CAPITAL**

2022	2021
----- (Number of shares) -----	
200,000,000	200,000,000

Ordinary shares of Rs. 10 each

2022	2021
..... (Rupees '000) .....	
2,000,000	2,000,000



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

2022	2021		2022	2021
----- (Number of shares) -----			..... (Rupees '000) .....	
5,832,196	5,832,196	Ordinary shares of Rs. 10 each issued as fully paid for cash	58,322	58,322
18,479,640	18,479,640	Ordinary shares of Rs. 10 each, determined pursuant to merger of Abbott Laboratories (Pakistan) Limited with Knoll Pharmaceutical Limited in accordance with the swap ratio stipulated therein	184,796	184,796
73,588,466	73,588,466	Ordinary shares of Rs. 10 each issued as fully paid bonus share	735,885	735,885
<b>97,900,302</b>	<b>97,900,302</b>		<b>979,003</b>	<b>979,003</b>

4.1 As at December 31, 2022, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 (2021: 76,259,454) shares with the total shareholding of 77.90% (2021: 77.90%). The ultimate holding company is Abbott Laboratories, USA.

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

## 5. DEFERRED TAXATION - NET

**Taxable temporary difference arising on:**

Accelerated tax depreciation

826,362 539,588

**Deductible temporary differences arising on:**

Provisions

(245,095) (202,875)

Lease liabilities

(81,605) (62,827)

Gas and Infrastructure Development Cess payable

- (4,149)

**499,662** **269,737**

## 6. STAFF RETIREMENT BENEFITS

## 6.1 Defined benefit scheme

As mentioned in note 2.13, the Company operates a Pension Fund and a Gratuity Fund (the Funds) under an irrevocable trust managed in conformity with the provisions of the Income Tax Ordinance, 2001 and the Trust Deeds. The Company makes contributions to the Funds as prescribed under the Trust Deed and its rules whereas the trustees are responsible for the day to day management of the Funds. The Company faces the following risks on account of defined benefit plans:

**Final salary risk:** The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility:** Most assets of the funds are invested in Government Bonds, which are risk free investments. However, investments in equity instruments of the funds are subject to adverse fluctuations as a result of change in the market price.

**Discount rate fluctuation:** The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

The actuarial valuation was carried out as at December 31, 2022 using the Projected Unit Credit Method

		2022	2021	2022	2021	
		..... (Rupees '000) .....				
Note		Pension Fund		Gratuity Fund		
<b>6.1.1</b>	<b>Amounts recognised in the statement of financial position:</b>					
	Present value of the defined benefit obligation	6.1.2	5,364,177	5,582,276	28,630	11,256
	Less: fair value of plan assets	6.1.3	3,759,865	4,107,392	53,190	20,092
	Deficit / (Surplus)		<u>1,604,312</u>	<u>1,474,884</u>	<u>(24,560)</u>	<u>(8,836)</u>
<b>6.1.2</b>	<b>Movement in present value of defined benefit obligations</b>					
	As at January 1,		5,582,276	5,547,168	11,256	2,549
	Current service cost		212,433	216,333	16,158	8,294
	Interest cost		619,857	535,253	1,323	255
	Benefits paid		(613,790)	(389,283)	-	-
	Remeasurements recognised in other comprehensive income:					
	- Loss / (gain) due to changes in experience adjustment	6.1.7	95,139	97,789	(107)	158
	- Gain due to changes in financial assumptions	6.1.7	(531,738)	(424,984)	-	-
			(436,599)	(327,195)	(107)	158
	As at December 31,		<u>5,364,177</u>	<u>5,582,276</u>	<u>28,630</u>	<u>11,256</u>
<b>6.1.3</b>	<b>Movement in fair value of plan assets</b>					
	As at January 1,		4,107,392	4,080,394	20,092	4,359
	Interest income		460,398	400,326	3,942	1,199
	Company contributions	35	235,564	235,034	26,906	15,253
	Benefits paid		(613,790)	(389,283)	-	-
	Remeasurements recognised in other comprehensive income:					
	- Remeasurement of fair value of plan assets	6.1.7	(429,699)	(219,079)	2,250	(719)
	As at December 31,		<u>3,759,865</u>	<u>4,107,392</u>	<u>53,190</u>	<u>20,092</u>

		2022	2021	2022	2021
		Pension Fund		Gratuity Fund	
Note		..... (Rupees '000) .....			
<b>6.1.4</b>	<b>Expense recognised in the statement of profit or loss</b>				
	Current service cost	212,433	216,333	16,158	8,294
	Net interest cost / (income)	159,459	134,927	(2,619)	(944)
		<b>371,892</b>	<b>351,260</b>	<b>13,539</b>	<b>7,350</b>
<b>6.1.5</b>	Actual return on plan assets	<b>30,699</b>	<b>181,247</b>	<b>6,192</b>	<b>480</b>
<b>6.1.6</b>	<b>Net recognised liability / (asset)</b>				
	As at January 1,	1,474,884	1,466,774	(8,836)	(1,810)
	Current service cost	212,433	216,333	16,158	8,294
	Interest cost / (income)	159,459	134,927	(2,619)	(944)
	Company contributions	(235,564)	(235,034)	(26,906)	(15,253)
	Remeasurements recognised in the statements of comprehensive income:				
	- Loss / (gain) due to changes in experience adjustment	95,139	97,789	(107)	158
	- Gain due to changes In financial assumptions	(531,738)	(424,984)	-	-
	- Remeasurement of fair value of plan assets	429,699	219,079	(2,250)	719
		(6,900)	(108,116)	(2,357)	877
	As at December 31,	<b>1,604,312</b>	<b>1,474,884</b>	<b>(24,560)</b>	<b>(8,836)</b>
<b>6.1.7</b>	<b>Remeasurements recognised in other comprehensive income:</b>				
	- Loss / (gain) due to changes in experience adjustment	95,139	97,789	(107)	158
	- Gain due to changes In financial assumptions	(531,738)	(424,984)	-	-
	- Remeasurement of fair value of plan assets	429,699	219,079	(2,250)	719
		<b>(6,900)</b>	<b>(108,116)</b>	<b>(2,357)</b>	<b>877</b>
<b>6.1.8</b>	<b>Plan assets are comprised as follows:</b>				
	Debt instruments	3,316,097	2,288,172	-	-
	Equity instruments	314,443	1,690,806	-	-
	Bank balances	129,325	128,414	53,190	20,092
		<b>3,759,865</b>	<b>4,107,392</b>	<b>53,190</b>	<b>20,092</b>
<b>6.1.9</b>	<b>Principal actuarial assumptions used were as follows:</b>				
		..... (Percentages) .....			
	Discount rate	13.75	11.75	13.75	11.75
	Future salary increases	11.75	9.75	11.75	9.75
	Future pension increases	-	-	-	-
	Minimum wage increases	9.00	7.00	-	-

**6.1.10** Pension plan assets include the Company's ordinary shares with a fair value of Rs. 314.443 million (2021: Rs. 486.966 million).

**6.1.11** The discount rate of 13.75% is representative of yields on long-term Government Bonds.

**6.1.12** Expected contributions to pension fund and gratuity fund for the year ending December 31, 2023 are Rs. 403.567 million and Rs. 18.777 million respectively.



	2022	2021	2022	2021
	Pension Fund		Gratuity Fund	
Note	..... (Rupees '000) .....			
<b>6.1.13 Expected maturity analysis of undiscounted retirement benefit plan:</b>				
Less than one year	314,999	300,654	814	257
Between one to two years	368,685	399,179	217	101
Between two to five years	1,450,078	1,425,791	14,516	5,844
Between five to ten years	4,745,144	3,972,170	80,056	43,974
	<b>6,878,906</b>	<b>6,097,794</b>	<b>95,603</b>	<b>50,176</b>

**6.1.14 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

	Impact on defined benefit obligation (Rupees '000)	
	Pension Fund	Gratuity Fund
Discount rate (1% increase)	(438,616)	(3,595)
Discount rate (1% decrease)	508,881	4,350
Salary growth rate (1% increase)	327,220	4,393
Salary growth rate (1% decrease)	(295,225)	(3,684)
Pension growth rate (1% increase)	225,914	-
Pension growth rate (1% decrease)	(203,864)	-
Minimum wage increase (1% increase)	(24,502)	-
Minimum wage increase (1% decrease)	21,755	-

If life expectancy increases by 1 year, the obligation increases by Rs. 95.416 million.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension and gratuity liability recognised within the statement of financial position.

## 7. LEASE LIABILITIES

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

	2022	2021
	..... (Rupees '000) .....	
Not later than one year	120,211	93,744
Later than one year but not later than five years	127,076	133,942
	<b>247,287</b>	<b>227,686</b>

### 7.1 Movement of lease liabilities is as follows:

	Vehicles	Warehouses, sales offices and city office	Total
	----- (Rupees in '000) -----		
As at January 1, 2021	531,392	284,857	816,249
Additions	175,239	7,041	182,280
Accretion of interest	20,761	33,718	54,479
Payments	(72,308)	(97,930)	(170,238)
Early settlement	(655,084)	-	(655,084)
<b>As at December 31, 2021</b>	<b>-</b>	<b>227,686</b>	<b>227,686</b>
Additions	-	96,495	96,495
Accretion of interest	-	25,412	25,412
Payments	-	(102,306)	(102,306)
<b>As at December 31, 2022</b>	<b>-</b>	<b>247,287</b>	<b>247,287</b>

		2022	2021
	Note	..... (Rupees '000) .....	
<b>8. TRADE AND OTHER PAYABLES</b>			
Creditors		1,692,785	1,096,533
Accrued liabilities		3,921,977	4,032,346
Bills payable	8.1	4,905,046	2,630,129
Contract liabilities		565,959	460,424
Payable to related parties	8.2	302,352	231,776
Central Research Fund		74,335	97,197
Workers' Welfare Fund		114,254	165,315
Gas Infrastructure Development Cess (GIDC) payable	8.3	-	140,588
Refund liabilities		268,719	151,402
Book over-draft		-	15,775
Others		21,146	18,090
		<b>11,866,573</b>	<b>9,039,575</b>

**8.1 Bills payable include the following amounts payable to related parties:**

Abbott Diagnostics GmbH	1,020,945	255,874
Abbott Logistics B.V.	1,268,139	598,990
Abbott Laboratories (Singapore) PTE Limited	5,698	4,442
Abbott Products Operation AG	1,126,040	429,920
Abbott Laboratories Greece	-	904
Abbott GmbH	50,708	31,069
Abbott Argentina S.A.	562	438
Abbott S.R.L Italy	22,072	9,312
Abbott Diabetes Care Inc.	40,358	51,387
Abbott Diabetes Care Limited, UK	15,864	88,115
Abbott Rapid DX International Ltd	851,477	451,836
Abbott Diagnostics Korea	-	74,979
	<b>4,401,863</b>	<b>1,997,266</b>

	2022	2021
Note	..... (Rupees '000) .....	
<b>8.2 Payable to related parties represents the following amounts payable to:</b>		
Abbott International LLC., USA	136,473	76,083
ALSA MERO Office	28,577	22,278
Abbott Ireland	2,122	580
Abbott GmbH	17,068	26,948
Abbott Logistics B.V.	13,071	10,814
Abbott Products Operation AG	100,048	72,434
Abbott Labs GMBH (Dubai)	4,993	3,893
Abbott Laboratories S.A.	-	18,746
	<b>302,352</b>	<b>231,776</b>
<b>8.3 Gas Infrastructure Development Cess (GIDC) payable</b>		
Opening as at January 01,	140,588	227,443
Accretion of interest on GIDC	15,098	26,580
Payments during the year	(155,686)	(113,435)
Closing as at December 31,	-	<b>140,588</b>
Current portion of GIDC Payable	-	<b>140,588</b>
<b>8.4 PROVISION AGAINST GIDC</b>		
Opening as at January 01,	151,900	186,095
(Reversal) / charge during the year	-	(34,195)
Closing as at December 31,	<b>151,900</b>	<b>151,900</b>
	8.4.1	

**8.4.1** The Company has maintained a provision against GIDC under the GIDC Act 2015 in respect of the rate differential matter for captive and industrial consumers. The Gas companies reserve the right to recover the differential after the final determination by the superior courts. Pursuant to the Judgment of the Supreme Court in August 2020, Gas companies started to recover the outstanding cess at industrial rate and the same has now been fully paid during the year.

## 9. 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.



## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

10.1.1 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.

### 10.2 Commitments

10.2.1 Commitments for capital expenditure outstanding amounted to Rs. 377.579 million (2021: Rs. 661.503 million).

10.2.2 Commitments in respect of letters of credit outstanding as of statement of financial position date amounted to Rs. 1,067.440 million (2021: Rs. 1,025.130 million).

10.2.3 The Company has given bank guarantees of Rs. 708.983 million (2021: Rs. 585.401 million) to the Customs Department, a utility company and other institutions against tenders.

10.2.4 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 3,650 million (2021: Rs. 3,150 million). These facilities can be utilised for letters of credit, guarantees and running finance / short-term loans. However, the running finance / short-term loan utilisation cannot exceed Rs. 1,290 million (2021: Rs. 1,290 million). The running finance / short-term loan carries markup at rates ranging from KIBOR minus 0.25% to flat KIBOR (2021: KIBOR minus 0.25% to flat KIBOR) per annum and are secured against first joint pari passu hypothecation charge over stocks and book debts of the Company, ranking hypothecation charge over stocks and book debts of the Company, promissory notes, and counter guarantees. The Company has not utilized any amount against running finance / short-term loan facilities neither pledged its inventory as at the statement of financial position date.

	2022	2021
Note	..... (Rupees '000) .....	
	<b>11,989,333</b>	<b>10,006,158</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	11.1	9,895,494	8,060,044
Capital work-in-progress	11.5	1,859,957	1,725,705
Right-of-use assets	11.6	233,882	220,409
		<b>11,989,333</b>	<b>10,006,158</b>



## 11.4 Details of disposals of property, plant and equipment having book value exceeding Rs. 500,000:

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser and relationship	
	----- (Rupees '000) -----						
Vehicles	2,229	1,198	1,198	-	Company Policy	Saleem Ul Haq	Employee
	1,883	989	1,012	23	Company Policy	Amar Pirzada	Ex-Employee
	2,605	1,693	1,726	33	Company Policy	Amjad Ali	Employee
	2,074	1,063	1,063	-	Company Policy	Akber Ali	Employee
	1,678	671	671	-	Company Policy	Ashar Waheed	Employee
	1,883	989	989	-	Company Policy	Muzammil Rafiq	Employee
	5,399	4,049	5,250	1,201	Insurance Claim	EFU General Insurance Ltd.	1st Floor, Kashif Centre, Shahrah-e-Faisal, Karachi
	2,735	2,120	2,120	-	Company Policy	Arif Iqbal	Ex-Employee
	2,657	2,092	2,126	34	Company Policy	Uzair Ansari	Ex-Employee
	1,764	639	706	67	Company Policy	Muhammad Akram	Employee
	2,229	1,087	1,115	28	Company Policy	Nausheen Amin	Ex-Employee
	1,883	918	942	24	Company Policy	Muhammad Shakeel Haroon	Ex-Employee
	3,797	2,800	2,848	48	Company Policy	Abdul Hameed	Ex-Employee
	3,797	2,800	2,800	-	Company Policy	Rehan Nazir	Employee
	2,965	2,224	2,261	37	Company Policy	Salman Ahmed	Employee
	1,713	621	685	64	Company Policy	Azam Khan Niazi	Ex-Employee
	1,881	893	893	-	Company Policy	Shakil Ahmed	Employee
	2,855	1,784	1,856	72	Company Policy	Malik A Rehman	Employee
	2,855	1,784	1,784	-	Company Policy	Kifayat Ullah	Employee
	2,965	2,298	2,298	-	Company Policy	Owais Ahmed	Employee
	2,735	2,120	2,154	34	Company Policy	Aqil Ahmed	Employee
	2,024	886	911	25	Company Policy	Akif Shoaib	Ex-Employee
	1,883	847	847	-	Company Policy	Muhammad Farhan Khan	Ex-Employee
	1,883	871	871	-	Company Policy	Soubia Hassan	Employee
	3,129	1,799	1,838	39	Company Policy	Humayun Altaf	Ex-Employee
	2,189	1,286	1,286	-	Company Policy	Iftikhar Dhariwal	Employee
	2,965	2,187	2,187	-	Company Policy	Shakeel Mithabha	Employee
	2,735	2,051	2,051	-	Company Policy	Muhammad Usama Jamil	Employee
	2,229	1,059	1,059	-	Company Policy	Zaigham Raza	Employee
	3,917	2,889	2,889	-	Company Policy	Zafar Hussain	Employee
	7,047	3,523	3,612	89	Company Policy	Habib Ahmed	Ex-Employee
	2,855	1,677	1,677	-	Company Policy	Anas Wali	Employee
	2,965	2,150	2,150	-	Company Policy	Owais Ahmed	Employee
	1,628	651	1,992	1,341	Open Market Auction	Abdullah Dhario	Abraal Talka Mirpur Bathoro District Sajawal
	725	193	729	536	Open Market Auction	Sajjad Qadri	House # R-536, 15-A, Muhallah Bafazon, North Karachi
	1,736	694	694	-	Company Policy	Najeebuddin Siddiqui	Employee
	1,736	694	694	-	Company Policy	Ayaz Khan	Employee
	1,880	823	917	94	Company Policy	Syed M. Abid Raza	Ex-Employee
	2,229	1,003	1,003	-	Company Policy	Naveed Siddiqui	Employee
	2,229	1,031	2,700	1,669	Insurance Claim	EFU General Insurance Ltd.	1st Floor, Kashif Centre, Shahrah-e-Faisal, Karachi
	2,855	1,642	1,642	-	Company Policy	Tariq Khan	Employee
	2,735	1,983	2,800	817	Insurance Claim	EFU General Insurance Ltd.	1st Floor, Kashif Centre, Shahrah-e-Faisal, Karachi
	1,736	629	694	65	Company Policy	Sher Rehman	Employee
	2,444	1,253	1,253	-	Company Policy	Samra Shahzad	Employee
	1,734	694	694	-	Company Policy	Ahmed Hashmi	Employee
	2,605	1,465	1,498	33	Company Policy	Muzafar Mehdi	Employee
	2,965	2,113	2,113	-	Company Policy	Shakil Aftab	Employee
	2,965	2,150	2,187	37	Company Policy	Muhammad Ubaid	Employee
	2,965	2,224	2,224	-	Company Policy	Arif Subhan	Employee
	2,379	952	952	-	Company Policy	Atif Zaheer	Employee
	1,949	828	780	(48)	Company Policy	Ahmed Waheed	Employee
	2,024	810	810	-	Company Policy	Mubashir Hussain	Employee
	1,883	753	753	-	Company Policy	Habib Fareed	Employee
	1,883	753	753	-	Company Policy	Muhammad Rashid Khan	Employee
	1,883	753	753	-	Company Policy	Mirza Atiq Ur Rehman	Employee
	1,883	753	753	-	Company Policy	Muhammad Kamran Rauf	Employee
	1,883	753	753	-	Company Policy	Muhamad Amir Hussain Khan	Employee
	2,073	1,062	2,850	1,788	Insurance Claim	EFU General Insurance Ltd.	1st Floor, Kashif Centre, Shahrah-e-Faisal, Karachi
	2,605	1,433	1,433	-	Company Policy	Hassan Iqbal	Employee
	1,678	671	2,155	1,484	Open Market Auction	Waqar Ahmed Khan	West Point Tower, Flat No 307 DHA Phase 2 Karachi
	1,883	753	753	-	Company Policy	Nasar Usmani	Employee
	2,444	1,222	1,253	31	Company Policy	Ather Raza Kazmi	Employee
	2,875	1,617	1,653	36	Company Policy	Muhammad Akbar	Employee
	1,808	362	1,602	1,240	Open Market Auction	Hussain Engineering & Services	388, C-Block, Jubilee Town, Lahore
	1,755	351	1,812	1,461	Open Market Auction	Hussain Engineering & Services	388, C-Block, Jubilee Town, Lahore
	2,024	810	810	-	Company Policy	Zakir Rehman	Employee
	2,024	810	810	-	Company Policy	Muhammad Aftab Alam	Employee
	2,024	810	810	-	Company Policy	Faisal Zulfiqar	Employee

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser and relationship	
(Rupees '000)							
	2,024	810	810	-	Company Policy	Tahir Masood Haroon	Employee
	1,881	752	752	-	Company Policy	Hanif Muhammad Hanif	Employee
	1,881	752	752	-	Company Policy	Khaldoon Alvi	Employee
	1,881	752	752	-	Company Policy	Bakhtiar Ali	Employee
	1,873	749	749	-	Company Policy	Muhammad Suleman Raza	Employee
	1,880	752	752	-	Company Policy	Muhammad Afzal	Employee
	2,229	892	892	-	Company Policy	Umar Ishaq	Employee
	2,229	892	892	-	Company Policy	Amir Hashmi	Employee
	5,399	3,442	3,509	67	Company Policy	Abdul Wahab Godil	Employee
	6,300	4,016	4,090	74	Company Policy	Nayyar Jamil	Employee
	2,965	1,927	1,964	37	Company Policy	Shafullah Phattan	Employee
	2,735	1,880	1,880	-	Company Policy	Zaheer Anis	Employee
	3,300	2,269	2,310	41	Company Policy	Muhammad Omair Nouman	Employee
	1,883	753	753	-	Company Policy	Muhammad Ayaz Khan	Employee
	1,881	752	752	-	Company Policy	Usman Ali	Employee
	5,399	3,442	3,509	67	Company Policy	Imran Khan	Ex-Employee
	2,965	1,927	3,100	1,173	Company Policy	EFU General Insurance Ltd.	1st Floor, Kashif Centre, Shahrah-e-Faisal, Karachi
Service Equipment	53,618	247	-	(247)	Write-off		
	17,610	7,966	9,643	1,677	Insurance Claim	EFU General Insurance Ltd.	1st Floor, Kashif Centre, Shahrah-e-Faisal, Karachi
Items having book value less than Rs. 500,000 each	701	69	260	191	Open Market Auction	Zahid Amin	F/2, Banal colony, Faisalabad
Sub-total- 2022	285,164	126,596	142,078	15,482			
Capital work-in-progress	149,814	149,814	40,000	(109,814)	Open Market Auction	Macter International Limited	F-216 SITE Area, Karachi
Total - 2022	434,978	276,410	182,078	(94,332)			
- 2021	372,690	56,359	75,054	18,695			

## 11.5 Capital work-in-progress

	Plant and machinery and buildings	Vehicles	Office equipment and computers	Total
(Rupees '000)				
At December 31, 2020	874,788	24,689	12,516	911,993
Additions / transfers from right-of-use-assets	1,291,861	289,845	12,536	1,594,242
Transferred to operating fixed assets	(713,364)	(58,876)	(8,290)	(780,530)
At December 31, 2021	1,453,285	255,658	16,762	1,725,705
Additions	1,838,222	411,415	24,010	2,273,647
Transferred to operating fixed assets	(1,415,382)	(537,652)	(36,547)	(1,989,581)
Disposal from CWIP	(149,814)	-	-	(149,814)
At December 31, 2022	1,726,311	129,421	4,225	1,859,957



## 11.6 Right-of-use assets

	Vehicles	Warehouses, sales offices and city office	Total
Note	.....(Rupees '000) .....		
<b>At December 31, 2020</b>	523,635	287,914	811,549
Additions	175,239	7,041	182,280
Depreciation	(48,710)	(74,546)	(123,256)
Disposals	(12,442)	-	(12,442)
Transfers to operating fixed assets and CWIP	(637,722)	-	(637,722)
<b>At December 31, 2021</b>	-	<b>220,409</b>	<b>220,409</b>
Additions	-	96,495	96,495
Depreciation	-	(83,022)	(83,022)
<b>At December 31, 2022</b>	-	<b>233,882</b>	<b>233,882</b>

## 11.7 The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2022 ..... (Rupees '000) .....	2021
Cost of sales	24	-	12,212
Selling and distribution expenses	25	61,904	73,531
Administrative expenses	26	21,118	37,513
		<b>83,022</b>	<b>123,256</b>

## 11.8 Particulars of immovable property in the name of the Company are as follows:

Location	Usage of immovable property	Total area (Sq. ft)
Landhi, Karachi	Manufacturing facility	499,264
Korangi, Karachi	Manufacturing facility	339,765

## 12. INTANGIBLE ASSETS

Intangible assets includes software licenses and rights acquired against transfer of technical, marketing and sales know-how and necessary rights and requisites for marketing and selling different products.

	Software licenses	Marketing authorisation rights	Total
	..... (Rupees '000) .....		
<b>Cost</b>			
As at January 01, 2021	9,879	198,948	208,827
Additions	-	5,000	5,000
<b>As at December 31, 2021</b>	<b>9,879</b>	<b>203,948</b>	<b>213,827</b>
Additions	-	-	-
<b>As at December 31, 2022</b>	<b>9,879</b>	<b>203,948</b>	<b>213,827</b>
<b>Amortisation</b>			
As at January 01, 2021	3,019	139,553	142,572
Amortisation	3,293	18,945	22,238
<b>As at December 31, 2021</b>	<b>6,312</b>	<b>158,498</b>	<b>164,810</b>
Amortisation	3,293	18,820	22,113
<b>As at December 31, 2022</b>	<b>9,605</b>	<b>177,318</b>	<b>186,923</b>
<b>Net book value</b>			
As at December 31, 2021	3,567	45,450	49,017
<b>As at December 31, 2022</b>	<b>274</b>	<b>26,630</b>	<b>26,904</b>
Useful life (years)	<b>3</b>	<b>4-5</b>	

## 12.1 The amortization for the year on intangible assets has been allocated as follows:

		2022	2021
	Note	..... (Rupees '000) .....	
Cost of sales	24	1,031	1,033
Selling and distribution expenses	25	20,991	21,114
Administrative expenses	26	91	91
		<b>22,113</b>	<b>22,238</b>

## 13. LONG-TERM LOANS AND ADVANCES - considered good, secured

## Long-term loans

Due from:

- Executives
- Employees

Less: recoverable within one year

- Executives
- Employees

## Long-term advances

- Employees

	2022	2021
Note	..... (Rupees '000) .....	
	2,745	2,827
	93,102	99,060
13.1	95,847	101,887
	1,107	1,331
	31,807	32,533
18	32,914	33,864
	62,933	68,023
	3,576	3,623
	<b>66,509</b>	<b>71,646</b>

- 13.1 Loans given to executives and employees are in accordance with the Company policy. These loans are interest free and are repayable in equal monthly installments within a maximum period of four years. These loans are carried at cost due to practicality and materiality of the amounts involved. These loans are for the purpose of purchase of refrigerators, scooters, vehicles and television sets.

## 14. LONG-TERM DEPOSITS

Represents deposits paid for utilities and gas cylinders. These deposits are interest free.

	2022	2021
Note	..... (Rupees '000) .....	

## 15. STORES AND SPARES

Stores

150,485

137,471

Spares [including spares-in-transit of Rs. 21.556 million (2021: Rs. 13.906 million)]

236,459

185,892

386,944

323,363

Less: provision for slow moving and obsolete items

46,196

39,266

**340,748****284,097**

## 15.1 Provision for slow moving and obsolete items

Opening provision

39,266

33,035

Charge for the year

6,930

6,231

Closing provision

**46,196****39,266**

## 16. STOCK-IN-TRADE

Raw and packing materials [including stock-in-transit of Rs. 220.762 million (2021: Rs. 449.697 million)]

24

3,179,141

3,036,799

Work-in-process

24

734,837

311,929

Finished goods [including stock-in-transit of Rs. 1,365.869 million (2021: Rs. 944.112 million)]

24

4,829,042

3,744,603

8,743,020

7,093,331

Less: provision for slow moving and obsolete items

16.2

227,792

371,840

16.1

**8,515,228****6,721,491**

- 16.1 Stock-in-trade includes items costing Rs. 1,170,689 million (2021: Rs. 329.932 million) valued at net realisable value of Rs. 897.506 million (2021: Rs. 269.677 million) resulting in a write down of Rs. 273.183 million (2021: Rs. 60.255 million).

		2022	2021
	Note	..... (Rupees '000) .....	
<b>16.2</b>	<b>Provision for slow moving and obsolete items</b>		
		371,840	503,903
		191,746	366,685
		(335,794)	(498,748)
		<b>227,792</b>	<b>371,840</b>
<b>17.</b>	<b>TRADE DEBTS</b>		
	<b>Considered good:</b>		
	Secured	5,178	32,642
	Unsecured		
	- Due from a related party	6,417	14,587
	- Others	1,265,060	1,169,028
		1,271,477	1,183,615
		1,276,655	1,216,257
	<b>Considered doubtful:</b>		
	Unsecured	79,248	68,402
		1,355,903	1,284,659
	Less: allowance for expected credit losses	79,248	68,402
		<b>1,276,655</b>	<b>1,216,257</b>

- 17.1 Represents receivable from Abbott Products Operations AG, which is not yet due.

- 17.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 123.571 million (2021: Rs. 50.346 million).

- 17.3 The Company has made export sales amounting to Rs. 2,054.628 million (2021: Rs. 2,057.534 million) out of which Rs. 11.595 million (2021: Rs.47.229 million) is outstanding as at reporting date. Jurisdiction wise breakup of outstanding debts from exports sales is as follows:

		2022	2021
	Terms	..... (Rupees '000) .....	
Bangladesh		-	13
Sri Lanka	L/C 90 days	5,178	32,629
Switzerland	Bank contract 30 days	6,417	14,587
		<b>11,595</b>	<b>47,229</b>



			2022	2021
		Note	..... (Rupees '000) .....	
17.4	<b>Allowance for expected credit losses</b>			
	Opening provision			
	Charge / (reversal) for the year	27 & 28	68,402	94,582
	Write offs during the year		11,475	(26,180)
			(629)	-
	Closing provision		<u>79,248</u>	<u>68,402</u>
18.	<b>LOANS AND ADVANCES</b>			
	<b>Considered good</b>			
	Current portion of long-term loans	13	32,914	33,864
	Advances to:			
	- Executives		-	2,798
	- Employees		24,678	20,820
	- Suppliers		476,267	398,157
			500,945	421,775
			533,859	455,639
	<b>Considered doubtful</b>		1,805	1,805
			535,664	457,444
	Less: allowance for expected credit losses	18.2	1,805	1,805
			<u>533,859</u>	<u>455,639</u>
18.1	These loans and advances are interest free.			
18.2	<b>Allowance for expected credit losses</b>			
	Opening provision		1,805	794
	Charge for the year	27	-	1,011
	Closing provision		<u>1,805</u>	<u>1,805</u>
19.	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
	<b>Considered good</b>			
	Trade deposits	19.1	647,920	231,865
	Prepayments		262,195	70,308
			910,115	302,173
	<b>Considered doubtful</b>			
	Trade deposits		112,291	96,894
			1,022,406	399,067
	Less: allowance for expected credit losses	19.2	112,291	96,894
			<u>910,115</u>	<u>302,173</u>
19.1	These trade deposits are interest free.			
19.2	<b>Allowance for expected credit losses</b>			
	Opening provision		96,894	67,894
	Charge for the year	27	15,397	29,000
	Closing provision		<u>112,291</u>	<u>96,894</u>

		2022	2021
		..... (Rupees '000) .....	
<b>20. OTHER RECEIVABLES</b>	<b>Note</b>		
<b>Considered good</b>			
Due from related parties	20.1	194,117	222,706
Receivable from customers	20.4	103,026	78,524
Insurance claim receivable		4,173	1,249
Workers' Profit Participation Fund	20.3	50,103	13,141
Sales tax receivable		1,064,240	124,625
Others		16,692	7,731
		<u>1,432,351</u>	<u>447,976</u>
<b>Considered doubtful</b>		6,662	5,489
		<u>1,439,013</u>	<u>453,465</u>
Less: allowance for expected credit losses	20.2	6,662	5,489
		<u><b>1,432,351</b></u>	<u><b>447,976</b></u>
<b>20.1 Due from related parties</b>			
Abbott International LLC., USA		5,590	5,612
Abbott Products Operation AG		17,275	31,609
ALSA MERO Office		22,719	12,638
Abbott Ireland		43,584	34,023
Abbott GmbH		98,888	125,540
Abbott Laboratories International Co.		484	13,243
Abbott Laboratories SA Egypt		53	41
Abbott Rapid DX International Ltd		5,524	-
		-	-
	20.1.1 & 20.1.2	<u><b>194,117</b></u>	<u><b>222,706</b></u>

**20.1.1** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 194.117 million (2021: Rs. 222.706 million).

**20.1.2** As at December 31, 2022, the gross amount of other receivables due from related parties is Rs. 194.117 million (2021: Rs. 222.706 million) out of which Rs. 21.667 million (2021: Rs. 110.287 million) were past due but not impaired.

The age analysis of these balances is as follows:

	2022	2021
	..... (Rupees '000) .....	
Not yet due	172,450	112,419
Upto 3 months	-	87,453
3 to 6 months	-	10,202
More than 6 months	21,667	12,632
	<u><b>194,117</b></u>	<u><b>222,706</b></u>

		2022	2021
		..... (Rupees '000) .....	
<b>20.2</b>	<b>Allowance for expected credit losses</b>		
	Opening provision	5,489	5,325
	Charge for the year	1,173	164
	Closing provision	<b>6,662</b>	<b>5,489</b>
<b>20.3</b>	<b>Workers' Profit Participation Fund</b>		
	Opening balance	13,141	14,917
	Allocation for the year	(329,667)	(451,629)
		(316,526)	(436,712)
	Payment made during the year - net	366,629	449,853
	Closing balance	<b>50,103</b>	<b>13,141</b>

**20.4** Represents advance tax deducted at source by the customers for which related challans were not received as at the reporting date.

		2022	2021
		..... (Rupees '000) .....	
<b>21.</b>	<b>SHORT-TERM INVESTMENTS</b>		
	<b>At amortised cost</b>		
	Term deposit receipts	825,800	7,800,000
	Accrued profit thereon	4,279	41,030
		<b>830,079</b>	<b>7,841,030</b>
<b>21.1</b>	<b>Term deposit receipts</b>		
	Having less than three months maturity period	825,800	5,800,000
	Having more than three months maturity period	-	2,000,000
		<b>825,800</b>	<b>7,800,000</b>

**21.1.1** Represents term deposit receipts up to maturity of three months with a commercial bank under conventional banking relationship carrying profit at the rate of 15.25% (2021: 8.20% to 9.05% ) per annum and having maturity up to January 19, 2023.

		2022	2021
	Note	..... (Rupees '000) .....	
<b>22. CASH AND BANK BALANCES</b>			
<b>With banks</b>			
Savings accounts:			
- Local currency	22.1	6,947,311	129,137
Current accounts:			
- Local currency		5,700	11,082
- Foreign currency		1,008,460	673,322
		1,014,160	684,404
<b>In hand</b>			
- Foreign currency		3,710	4,215
- Local currency		848	1,591
		4,558	5,806
<b>Cash and bank balances</b>		<b>7,966,029</b>	<b>819,347</b>

22.1 These savings accounts carry markup rate of 14.50% (2021: 7.25%) per annum.

		2022	2021
	Note	..... (Rupees '000) .....	
<b>23. SALES – NET</b>			
Local		53,395,913	45,121,970
Export			
- to related parties	35	1,172,401	829,034
- to others		882,227	1,228,500
		2,054,628	2,057,534
		55,450,541	47,179,504
Less:			
Sales returns		150,515	94,665
Trade discounts		3,489,000	3,198,600
Sales tax and excise duty		2,553,304	1,316,383
		6,192,819	4,609,648
	23.1	<b>49,257,722</b>	<b>42,569,856</b>

23.1 Total revenue of the Company during the year is recognised at point in time.

23.2 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs. 460.424 million (2021 : Rs. 480.636 million).



		2022	2021
		..... (Rupees '000) .....	
<b>24. COST OF SALES</b>			
Opening raw and packing materials		3,036,799	2,816,482
Purchases		17,539,965	12,765,715
		20,576,764	15,582,197
Closing raw and packing materials	16	(3,179,141)	(3,036,799)
Raw and packing materials consumed		17,397,623	12,545,398
Opening work-in-process		311,929	263,213
		17,709,552	12,808,611
<b>Manufacturing expenses:</b>			
Salaries, wages, allowances and staff welfare	24.1	2,260,237	2,017,750
Stores and spares consumed		324,741	256,659
Fuel and power		1,328,259	797,134
Depreciation on operating fixed assets	11.3	1,124,269	970,547
Depreciation on right of use assets	11.7	-	12,212
Amortisation of intangible assets	12.1	1,031	1,033
Repairs and maintenance		452,315	304,395
Technical service fee	24.2 & 35	227,332	219,596
Provision for slow moving and obsolete stores and spares	15.1	6,930	6,231
Provision for slow moving and obsolete stock-in-trade	16.2	191,746	366,685
Insurance		18,603	17,826
Printing and stationery		13,108	8,644
Rates and taxes		1,110	1,190
Laboratory testing supplies		116,109	92,391
Postage, telephone and telegram		15,799	10,777
Legal, professional and other services		6,101	23,070
Fees and purchased services		129,965	126,409
Recruitment and training expenses		10,180	2,429
Membership and subscription		678	676
Other expenses		138,767	116,005
		6,367,280	5,351,659
		24,076,832	18,160,270
Closing work-in-process	16	(734,837)	(311,929)
Cost of goods manufactured		23,341,995	17,848,341
<b>Finished goods</b>			
Opening stock		3,744,603	2,405,697
Purchases		12,474,204	9,985,148
		39,560,802	30,239,186
Closing stock	16	(4,829,042)	(3,744,603)
		<b>34,731,760</b>	<b>26,494,583</b>

- 24.1** These include a charge of Rs. 204.882 million (2021: Rs. 201.730 million) (note 24.4) pertaining to staff pension fund of Rs. 144.775 million (2021: Rs. 145.651 million), staff gratuity fund of Rs. 3.884 million (2021: Rs. 1.740 million) and contributory fund of Rs. 56.223 million (2021: Rs. 54.330 million).
- 24.2** Technical service fee is paid to Abbott International LLC., USA. Its registered address is 100 Abbott Park Road, Abbott Park, Illinois 60064-3500, USA. Abbott International LLC, USA is a related party of the Company by virtue of both companies being members of the same group.

**24.3 Defined contribution scheme**

An amount of Rs. 129.713 million (2021: Rs.121.305 million) has been recognised in the statement of profit or loss during the year in respect of the contributory provident fund maintained by the Company.

Note	2022	2021
	..... (Rupees '000) .....	
<b>24.4 Staff retirement benefit cost recognised in the statement of profit or loss</b>		
Pension cost	6.1.4 371,892	351,260
Reimbursement from related party	(7,248)	(5,725)
Provident fund contribution	24.3 129,713	121,305
Employees Old-Age Benefits Institution	22,376	15,764
Gratuity cost	6.1.4 13,539	7,350
	<b>530,272</b>	<b>489,954</b>
<b>Allocated as:</b>		
Cost of sales	24.1 204,882	201,730
Selling and distribution expenses	25.1 266,389	235,400
Administrative expenses	26.1 59,001	52,824
	<b>530,272</b>	<b>489,954</b>

- 24.5** As at December 31, 2022, investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2022	2021
	..... No of employees .....	
<b>24.6 Number of employees</b>		
The detail of number of employees are as follows:		
Average number of employees during the year	1,448	1,474
Number of employees as at year end	<b>1,463</b>	<b>1,469</b>
Average number of employees working in the Company's factories during the year	550	548
Number of employees working in the Company's factories at year end	<b>565</b>	<b>533</b>

		2022	2021
	Note	..... (Rupees '000) .....	
<b>25.</b>	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
	Salaries, wages, allowances and staff welfare	2,483,516	2,254,970
	Repairs and maintenance	72,214	48,873
	Royalty	27,912	26,022
	Insurance	13,901	14,579
	Depreciation on operating fixed assets	135,750	94,811
	Depreciation on right-of-use assets	61,904	73,531
	Amortisation of intangible assets	20,991	21,114
	Legal, professional and other services	78,193	65,148
	Postage, telephone and telegram	65,075	74,724
	Printing and stationery	12,553	1,551
	Travelling and conveyance	714,538	522,802
	Advertising, samples and sales promotion	2,287,611	2,368,864
	Forwarding expenses	633,424	627,859
	Utilities	125,662	94,335
	Computer expenses	5,852	17,568
	Training and development expenses	2,865	7,255
	Packing and miscellaneous supplies	116,186	63,882
	Distributors commission	57,395	65,059
	Fees and purchased services	88,912	78,687
	Warehousing Services	106,470	102,448
	Security expenses	16,013	33,466
	Other expenses	116,619	75,376
		<u>7,243,556</u>	<u>6,732,924</u>
	Less: reimbursement from related party	205,074	163,540
		<u><b>7,038,482</b></u>	<u><b>6,569,384</b></u>

**25.1** These include a charge of Rs. 266.389 million (2021: Rs. 235.400 million) (note 24.4) pertaining to staff pension fund of Rs. 180.265 million (2021: Rs.163.073 million), staff gratuity fund of Rs. 6.099 million (2021: Rs.3.746 million) and contributory fund of Rs. 80.025 million (2021: Rs.68.580 million) .

**25.2** Royalty is payable to Hospira Inc. Its registered address is 275 N. Field Drive, Lake Forest, Illinois 60045, USA. The Company and its directors have no relationship with Hospira Inc.

		2022	2021
		..... (Rupees '000) .....	
<b>26.</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries, wages, allowances and staff welfare	564,703	476,348
	Repairs and maintenance	17,259	11,005
	Insurance	14,708	13,465
	Depreciation on operating fixed assets	78,547	44,143
	Depreciation on right-of-use assets	21,118	37,513
	Legal, professional and other services	14,437	10,738
	Postage, telephone and telegram	12,269	9,548
	Printing and stationery	5,014	2,577
	Travelling and conveyance	24,414	6,138
	Amortization of intangible assets	91	91
	Utilities	39,269	24,044
	Miscellaneous office supplies	13,752	12,859
	Fees and purchased services	33,183	22,196
	Security expenses	17,495	19,901
	Membership and subscription	17,941	9,816
	Other expenses	38,908	38,958
		<u>913,108</u>	<u>739,340</u>
	Less: Reimbursement from related party	27,207	17,339
		<u><b>885,901</b></u>	<u><b>722,001</b></u>

**26.1** These include a charge of Rs. 59.001 million (2021: Rs. 52.824 million) (note 24.4) pertaining to staff pension fund of Rs. 41.674 million (2021: Rs.37.933 million), staff gratuity fund of Rs.1.486 million (2021: Rs.0.732 million) and contributory fund of Rs. 15.841 million (2021: Rs.14.159 million).

		2022	2021
		..... (Rupees '000) .....	
<b>27.</b>	<b>OTHER CHARGES</b>		
	Workers' Profit Participation Fund	329,667	451,629
	Auditors' remuneration	11,272	9,982
	Donations	13,703	9,499
	Workers' Welfare Fund	116,013	170,469
	Central Research Fund	62,091	84,953
	Provision for expected credit losses on trade debts	11,475	-
	Provision for expected credit losses on advances	-	1,011
	Provision for expected credit losses on trade deposits	15,397	29,000
	Provision for expected credit losses on other receivables	1,173	164
	Exchange losses - net	779,791	240,342
	Loss on disposal of property, plant and equipment - net	94,332	-
	Stamp duty	29,784	20,841
		<u><b>1,464,698</b></u>	<u><b>1,017,890</b></u>
<b>27.1</b>	<b>Auditors' remuneration</b>		
	Statutory audit fee	4,009	3,093
	Tax advisory services	5,352	5,405
	Special certifications	1,431	1,004
	Out of pocket expenses	480	480
		<u><b>11,272</b></u>	<u><b>9,982</b></u>



27.2 Recipients of donations do not include any donee in which any director or his / her spouse had any interest. Donation amounting to Rs. 6.503 million (2021: 4.00 million) was paid to The Citizens Foundation, Layton Rahmatulla Benevolent Trust (LRBT), Indus Hospital and Family Educational Services Foundation.

27.3 This includes exchange gain earned from export receivables and import payables amounting to Rs.172.453 million (2021: Rs. 40.179 million) which has been offset against exchange losses incurred during the year.

		2022	2021
		..... (Rupees '000) .....	
28.	<b>OTHER INCOME</b>		
	<b>Income from financial assets</b>		
	Term deposit receipts	608,632	488,644
	Saving accounts	273,164	82,490
		881,796	571,134
	<b>Income from non-financial assets</b>		
	Income earned from Abbott GmbH	113,308	99,823
	Gain on disposal of property, plant and equipment - net	-	18,923
	Reversal of expected credit losses on trade debts	-	26,180
	Scrap sales	63,070	16,786
		176,378	161,712
		<b>1,058,174</b>	<b>732,846</b>

28.1 Income is derived from saving accounts and term deposit receipts maintained in / from conventional banks.

28.2 This represents income earned from Abbott GmbH, a related party, at the rate of 10% (2021: 10%) of half of the written down value of assets deployed by the Company on their behalf in the Company's Diagnostic Division in Pakistan.

		2022	2021
		..... (Rupees '000) .....	
29.	<b>FINANCE COSTS</b>		
	Bank charges	6,890	7,306
	Unwinding of GIDC	15,098	26,580
	Mark-up on lease liabilities	25,412	54,479
		<b>47,400</b>	<b>88,365</b>

	2022	2021
	..... (Rupees '000) .....	
<b>30. TAXATION</b>		
Current		
- For the year	2,081,270	2,389,278
- Prior year	832,274	11,994
	<u>2,913,544</u>	<u>2,401,272</u>
Deferred	229,925	42,150
	<u>3,143,469</u>	<u>2,443,422</u>
<b>30.1 Relationship between tax expense and accounting profit</b>		
Accounting profit before taxation	<u>6,147,655</u>	<u>8,410,479</u>
Effective Tax rate with Super tax impact	33%	29%
Tax on accounting profit	2,028,726	2,439,039
Tax for prior years	832,274	11,994
Tax effect of:		
-Expenses that are not deductible in determining taxable profit	54,943	39,856
-Applying lower tax rates to certain income	43,970	5,086
-Tax rate adjustment	76,290	-
-Others (including the impact arising as a consequence of reversal of deferred tax liability and change in allocation ratio of revenue chargeable under FTR and Non-FTR)	107,266	(52,553)
	<u>3,143,469</u>	<u>2,443,422</u>
<b>31. EARNINGS PER SHARE - BASIC / DILUTED</b>		
Profit for the year	<u>3,004,186</u>	<u>5,967,057</u>
	<b>Number of shares</b>	
Weighted average number of ordinary shares in issue during the year	<u>97,900,302</u>	<u>97,900,302</u>
	<b>..... (Rupees) .....</b>	
Earnings per share	<u>30.69</u>	<u>60.95</u>
<b>31.1</b>	There is no dilutive effect on the basic earnings per share of the Company.	

		2022	2021
	Note	..... (Rupees '000) .....	
<b>32. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		6,147,655	8,410,479
Adjustment for:			
Depreciation on operating fixed assets	11.3	1,338,566	1,109,501
Depreciation on right-of-use assets	11.7	83,022	123,256
Amortisation on intangible assets	12.1	22,113	22,238
Provision for slow moving and obsolete stores and spares	15.1	6,930	6,231
Provision for slow moving and obsolete stock in trade	16.2	191,746	366,685
Provision / (reversal) for expected credit losses on trade debts	17.4	11,475	(26,180)
Allowance for expected credit losses on trade deposits	19.2	15,397	29,000
Allowance for expected credit losses on other receivables	20.2	1,173	164
Allowance for expected credit losses on loans and advances	18.2	-	1,011
Reversal against GIDC	8.4	-	(34,195)
Loss / (gain) on disposal of property, plant and equipment - net	27 & 28	94,332	(18,923)
Interest income	28	(881,796)	(571,134)
Expense recognised in profit or loss in respect of equity-settled share-based compensation		166,494	124,537
Provision of Staff retirement benefits		385,431	358,610
Finance costs		47,400	88,365
Working capital changes	32.1	(981,046)	(60,254)
		<b>6,648,892</b>	<b>9,929,391</b>
<b>32.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores and spares		(63,581)	(45,809)
Stock-in-trade		(1,985,483)	(2,106,687)
Trade debts		(71,873)	(254,609)
Loans and advances		(78,220)	(178,989)
Trade deposits and short-term prepayments		(623,339)	93,875
Other receivables		(985,548)	(27,304)
		<b>(3,808,044)</b>	<b>(2,519,523)</b>
<b>Increase in current liabilities</b>			
Trade and other payables - net		2,826,998	2,459,269
		<b>(981,046)</b>	<b>(60,254)</b>
<b>32.2 Cash and cash equivalents</b>			
Cash and bank balances		7,966,029	819,347
Term deposit receipts		825,800	5,800,000
		<b>8,791,829</b>	<b>6,619,347</b>

## 32.3 Changes in liabilities arising from financing activities

	1 January 2022	Cash flows	New leases	Dividend declared	Others	31 December 2022
..... (Rupees '000) .....						
Dividend	58,163	(1,016,082)	-	3,426,511	-	2,468,592
Lease liabilities	227,686	(102,306)	96,495	-	25,412	247,287
	<b>285,849</b>	<b>(1,118,388)</b>	<b>96,495</b>	<b>3,426,511</b>	<b>25,412</b>	<b>2,715,879</b>

	1 January 2021	Cash flows	New leases	Dividend declared	Others	31 December 2021
..... (Rupees '000) .....						
Dividend	50,291	(4,397,642)	-	4,405,514	-	58,163
Lease liabilities	816,249	(170,238)	182,280	-	(600,605)	227,686
	<b>866,540</b>	<b>(4,567,880)</b>	<b>182,280</b>	<b>4,405,514</b>	<b>(600,605)</b>	<b>285,849</b>

## 33. SHARE-BASED COMPENSATION

## Share-based compensation plan

As at December 31, 2022, the Company's equity settled share-based compensation plan includes restricted stock units plan.

Under the plan, the Company employees, eligible as per policy are awarded restricted stock units of Abbott Laboratories, USA (the ultimate holding company). The plan entitles eligible employees to receive shares of the ultimate holding company which are vested equally over next three years, subject to certain vesting conditions.

In accordance with IFRS 2 (Share-Based Payments), services received from employees as consideration for stock units are recognised as an expense in the statement of profit or loss, with the corresponding entry recorded as equity. The expense corresponds to the fair value of the stock unit of the Abbott Laboratories, USA and is charged to statement of profit or loss on a straight-line basis over the vesting period of the plan.

An expense of Rs. 166.494 million (2021: Rs. 124.537 million) was recognized for this plan during the year.

The fair value of restricted stock units plan is measured at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2021	2020	2019
Volatility	23.80%	19.40%	19.80%
Dividend yield	1.50%	1.60%	1.70%
Risk free interest rate	0.80%	1.30%	2.50%

Expected volatility is based on implied volatilities from traded options on Abbott Laboratories, USA's stock and historical volatility of Abbott Laboratories, USA's stock over the expected life of the stock units.



A summary of units outstanding is given below:

	2022		2021	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	111.52	7,176	83.00	8,233
Granted	117.58	9,511	124.04	7,055
Exercised / cancelled	110.88	(8,496)	93.46	(8,112)
<b>At December 31,</b>	<b>119.23</b>	<b>8,191</b>	<b>111.52</b>	<b>7,176</b>

Stock units outstanding at the end of the year have the following expiry date and exercise prices:

Vesting date	2022		2021	
	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2022	-	-	4,824	105.43
2023	5,140	120.21	2,352	124.04
2024	3,051	117.58	-	-
	<b>8,191</b>	<b>119.23</b>	<b>7,176</b>	<b>111.52</b>

34.

#### PLANT CAPACITY AND PRODUCTION

##### Actual production

	2022	2021
	..... (Million units) .....	
Packs solids	60.88	98.43
Packs liquids	152.66	129.31
Packs injectables	1.15	1.32
Packs cream	12.79	14.59
Packs GHC	4.14	2.63
Total units	<b>231.62</b>	<b>246.28</b>

The production capacity of the Company's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

## 35. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise the parent company, ultimate parent company, group companies, employee retirement benefit plans, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Transactions with related parties are as follows:

		2022	2021
	Note	..... (Rupees '000) .....	
<b>Parent Company</b>			
Dividend		2,669,081	3,431,675
<b>Group companies</b>			
Sale of goods	23	1,172,401	829,034
Purchase of materials		13,525,662	9,877,714
Technical service fee	24	227,332	219,596
Reimbursements of expenses - net		539,326	255,144
Other income	28	113,308	99,823
<b>Retirement fund:</b>			
Contribution to Pension Fund	6.1.3	235,564	253,034
Contribution to Provident Fund	24.3	129,713	121,305
Contribution to Gratuity Fund	6.1.3	26,906	15,253
<b>Dividend</b>			
Paid to Pension Fund		15,354	19,741
Paid to Provident Fund		17,182	22,092
<b>Key management personnel:</b>			
Short-term employee benefits		477,627	413,571
Post-employment benefits		39,419	38,690

- 35.1** Disposals of property, plant and equipment to key management personnel are disclosed in note 11.4.
- 35.2** Outstanding balances in respect of related party sales and purchases, reimbursements and staff retirement benefits are included in notes 8, 17, 20 and 6.
- 35.3** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers all members of their executive management team, including the chief executive officer and directors, to be key management personnel. Outstanding balances of loans and advances to key management personnel are disclosed in notes 13 and 18.

35.4 Following are the related parties including group companies with whom the Company had entered into transactions or have arrangements / agreements in place:

S No.	Name of undertaking	Country of incorporation	Basis of association	Aggregate percentage of shareholding in the Company
1	Abbott Asia Investments Limited, U.K.	United Kingdom	Parent Company	77.90%
2	Abbott Laboratories, USA	USA	Ultimate Parent Company	77.90%
3	Abbott GmbH	Germany	Group Company	Not Applicable
4	Abbott Diagnostics GmbH	Germany	Group Company	Not Applicable
5	Abbott Logistics B.V.	Netherlands	Group Company	Not Applicable
6	Abbott International LLC., USA	USA	Group Company	Not Applicable
7	Abbott Diabetes Care Limited, UK	United Kingdom	Group Company	Not Applicable
8	Abbott Diabetes Care INC.	USA	Group Company	Not Applicable
9	Abbott Products Operation AG	Switzerland	Group Company	Not Applicable
10	Abbott Laboratories (Singapore) PTE Limited	Singapore	Group Company	Not Applicable
11	Abbott Argentina S.A.	Argentina	Group Company	Not Applicable
12	Abbott Laboratories SA Egypt - note 35.4.1	Switzerland	Group Company	Not Applicable
13	Abbott Laboratories International Co.	USA	Group Company	Not Applicable
14	Abbott S.R.L Italy	Italy	Group Company	Not Applicable
15	ALSA MERO Office - note 35.4.1	Switzerland	Group Company	Not Applicable
16	Abbott Ireland	Ireland	Group Company	Not Applicable
17	Abbott Rapid DX International Ltd	Ireland	Group Company	Not Applicable
18	Abbott Laboratories GmbH Dubai	Dubai	Group Company	Not Applicable

35.4.1 These entities are branch offices of Abbott Laboratories S.A., incorporated in Switzerland.

## 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	2022			2021		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
..... (Rupees '000) .....						
<b>Short-term employee benefits</b>						
Managerial remuneration	51,555	15,383	1,025,786	47,430	13,729	826,070
Leave passage / encashment	2,961	906	57,061	2,786	1,095	60,697
Medical expenses	378	115	25,750	505	95	27,950
Rent / utility / maintenance / furnishing	-	-	8,844	-	-	4,009
	<u>54,894</u>	<u>16,404</u>	<u>1,117,441</u>	<u>50,721</u>	<u>14,919</u>	<u>918,726</u>
Retirement benefits	7,166	2,342	144,629	6,494	2,140	131,000
	<u>62,060</u>	<u>18,746</u>	<u>1,262,070</u>	<u>57,215</u>	<u>17,059</u>	<u>1,049,726</u>
Number of persons	<u>1</u>	<u>1</u>	<u>216</u>	<u>1</u>	<u>1</u>	<u>195</u>

- 36.1** In addition, Rs. 166.494 million (2021: Rs. 124.537 million) has been charged in the statement of profit or loss under salaries, wages and allowances in respect of share-based payments to chief executive, directors and certain executives of the Company as mentioned in notes 2.20 and 33.
- 36.2** Managerial remuneration includes Rs. 165.522 million (2021: Rs. 142.263 million) charged in the statement of profit or loss in respect of bonus to chief executive, directors and certain executives of the Company.
- 36.3** Chief Executive, Directors and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.
- 36.4** The aggregate amount charged in these financial statements for fees to non-executive directors is Rs. 3.000 million (2021: Rs. 3.550 million).

## 37. SEGMENT WISE OPERATING RESULTS

	2022					2021				
	Pharma ceutical	Nutritional	Diagnos- tics	Others	Total	Pharma ceutical	Nutritional	Diagnos- tics	Others	Total
(Rupees `000)										
Sales	34,331,581	15,476,532	4,165,550	1,476,878	55,450,541	30,127,672	11,937,802	3,803,042	1,310,988	47,179,504
Less: Sales returns	122,171	25,123	-	3,221	150,515	73,373	16,058	-	5,234	94,665
Less: Trade discounts	2,581,250	830,181	-	77,569	3,489,000	2,476,641	661,643	-	60,316	3,198,600
Less: Sales tax and excise duty	141,870	2,256,230	32,992	122,212	2,553,304	-	1,214,110	26,220	76,053	1,316,383
Sales - net	31,486,290	12,364,998	4,132,558	1,273,876	49,257,722	27,577,658	10,045,991	3,776,822	1,169,385	42,569,856
Cost of sales	22,150,018	7,877,264	3,896,914	807,564	34,731,760	17,569,458	5,399,692	2,810,623	714,810	26,494,583
Gross profit	9,336,272	4,487,734	235,644	466,312	14,525,962	10,008,200	4,646,299	966,199	454,575	16,075,273
Selling and distribution expenses	4,691,439	1,782,757	302,326	261,960	7,038,482	4,393,739	1,663,448	231,670	280,527	6,569,384
Administrative expenses	734,208	129,053	22,640	-	885,901	600,720	100,204	21,077	-	722,001
Segment result	<b>3,910,625</b>	<b>2,575,924</b>	<b>(89,322)</b>	<b>204,352</b>	<b>6,601,579</b>	<b>5,013,741</b>	<b>2,882,647</b>	<b>713,452</b>	<b>174,048</b>	<b>8,783,888</b>
<b>Unallocated corporate expenses / income</b>										
Interest income					881,796					571,134
Other income other than interest income					176,378					161,712
Other charges					1,464,698					1,017,890
Profit before finance costs and taxation					<b>6,195,055</b>					<b>8,498,844</b>
Finance costs					47,400					88,365
Profit before taxation					<b>6,147,655</b>					<b>8,410,479</b>
Taxation					3,143,469					2,443,422
					<b>3,004,186</b>					<b>5,967,057</b>
<b>Other Information</b>										
Segment assets employed	<b>16,613,831</b>	<b>2,493,301</b>	<b>4,780,594</b>	<b>158,408</b>	<b>24,046,134</b>	<b>12,352,347</b>	<b>2,281,134</b>	<b>3,575,463</b>	<b>151,700</b>	<b>18,360,644</b>
Unallocated corporate assets					9,873,661					10,207,103
<b>Total assets</b>					<b>33,919,795</b>					<b>28,567,747</b>
Segment liabilities	<b>8,845,813</b>	<b>1,826,775</b>	<b>2,315,740</b>	<b>110,910</b>	<b>13,099,238</b>	<b>5,474,722</b>	<b>1,501,895</b>	<b>1,042,472</b>	<b>157,145</b>	<b>8,176,234</b>
Unallocated corporate liabilities					3,714,528					3,036,875
<b>Total liabilities</b>					<b>16,813,766</b>					<b>11,213,109</b>
Capital expenditure during the year	<b>2,068,986</b>	<b>38,332</b>	<b>1,468,584</b>	<b>8,776</b>	<b>3,584,678</b>	<b>1,462,686</b>	<b>62,623</b>	<b>526,737</b>	<b>2,930</b>	<b>2,054,976</b>
Depreciation / amortisation - operating fixed assets	<b>835,050</b>	<b>24,954</b>	<b>476,975</b>	<b>1,587</b>	<b>1,338,566</b>	<b>686,711</b>	<b>13,384</b>	<b>405,565</b>	<b>3,841</b>	<b>1,109,501</b>
Depreciation - right-of use assets	<b>64,238</b>	<b>10,503</b>	<b>8,281</b>	<b>-</b>	<b>83,022</b>	<b>103,566</b>	<b>14,314</b>	<b>4,971</b>	<b>405</b>	<b>123,256</b>



		2022	2021
		----- (Rupees '000) -----	
<b>37.1</b>	<b>Reconciliation of segment assets and liabilities to total assets and liabilities</b>		
<b>37.1.1</b>	<b>Segment Assets</b>		
	Allocated segment assets	24,046,134	18,360,644
	Loans and advances	533,859	455,639
	Taxation - net	23,826	344,437
	Short-term investments	830,079	7,841,030
	Cash and bank balances	7,966,029	819,347
	Other unallocated assets	519,868	746,650
		<b>33,919,795</b>	<b>28,567,747</b>
<b>37.1.2</b>	<b>Segment Liabilities</b>		
	Allocated segment liabilities	13,099,238	8,176,234
	Staff retirement benefits	1,579,752	1,466,048
	Deferred taxation - net	499,662	269,737
	Unclaimed dividends	66,419	58,163
	Other unallocated liabilities	1,568,695	1,242,927
		<b>16,813,766</b>	<b>11,213,109</b>
<b>37.2</b>	<b>Geographical information</b>		
	<b>Sales to external customers, net of returns, discounts, sales tax and excise duty</b>		
	Pakistan (Domicile country)	47,203,094	40,512,322
	Afghanistan	797,453	1,189,721
	Sri Lanka	36,018	38,779
	Bangladesh	48,756	-
	Switzerland	1,172,401	829,034
		<b>49,257,722</b>	<b>42,569,856</b>
<b>37.3</b>	All non-current assets of the company are located in Pakistan (domicile country).		
<b>37.4</b>	Segment assets consist primarily of property, plant and equipment, trade debts and stock-in-trade. Segment liabilities comprise of trade creditors and an apportionment of accrued expenses. Assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.		
<b>37.5</b>	Revenues from two distributors of the Company represents approximately 13.62% (pertaining to pharmaceutical segment) (2021: 12.78%) and 16.36% (pertaining to nutritional segment) (2021: 15.87%) of the Company's total revenues.		

## 38. FINANCIAL RISK MANAGEMENT

## 38.1 Financial assets and financial liabilities

	2022	2021
	----- (Rupees '000) -----	
<b>Financial assets</b>		
<b>Debt instruments at amortised cost</b>		
Long-term loans	62,933	68,023
Long-term deposits	7,513	7,513
Trade debts	1,276,655	1,216,257
Loans and advances	32,914	33,864
Trade deposits	647,920	231,865
Short-term investments	830,079	7,841,030
Other receivables	318,008	310,210
Bank balances	7,966,029	819,347
	<b>11,142,051</b>	<b>10,528,109</b>
<b>Financial liabilities at amortised cost</b>		
Lease liabilities	247,287	227,686
Trade and other payables	11,112,025	8,316,639
	<b>11,359,312</b>	<b>8,544,325</b>

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

## 38.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The normal credit term is 30 to 120 days upon delivery for certain private customers and 120 to 180 days for Government Institutions.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	---- (Rupees '000) ----	
Loans	95,847	101,887
Deposits	655,433	239,378
Trade debts	1,276,655	1,216,257
Other receivables	318,008	310,210
Short-term investments	830,079	7,841,030
Bank balances	7,961,471	813,541
	<b>11,137,493</b>	<b>10,522,303</b>

Loans, deposits, interest accrued and certain portion of other receivables as mentioned above are neither past due nor impaired. The impaired trade debts and the basis of impairment are disclosed in notes 17 and 2.18 respectively.

Set out below is the information about the credit risk exposure on the Company's trade debts from Government Institutions and private customers.

#### 31st December 2022

##### Receivables from Government Institutions (Rs. in 000's)

###### Days Past Due

	Current	0-240	240-270	270-300	300-330	330-360	>360	Total
Expected credit loss rate	0.04%	0.04%	7.57%	15.56%	27.57%	71.60%	100.00%	
Estimated total gross carrying amount at default	243,485	166,342	1,506	4,675	3,147	5,433	42,430	467,018
Expected credit losses	89	59	114	728	868	3,890	42,430	48,178
Amounts past due but not impaired	<b>243,396</b>	<b>166,283</b>	<b>1,392</b>	<b>3,947</b>	<b>2,279</b>	<b>1,543</b>	<b>-</b>	<b>418,840</b>

#### 31st December 2022

##### Private Customers (Rs. in 000's)

###### Days Past Due

	Current	0-30	30-60	60-90	90-360	>360	Total
Expected credit loss rate	0.01%	0.01%	0.02%	10.00%	10.35%	100.00%	
Estimated total gross carrying amount at default	615,750	102,345	33,610	10,736	112,513	13,931	888,885
Expected credit losses	104	16	6	4,800	12,213	13,931	31,070
Amounts past due but not impaired	<b>615,646</b>	<b>102,329</b>	<b>33,604</b>	<b>5,936</b>	<b>100,300</b>	<b>-</b>	<b>857,815</b>

#### 31st December 2021

##### Receivables from Government Institutions (Rs. in 000's)

###### Days Past Due

	Current	0-240	240-270	270-300	300-330	330-360	>360	Total
Expected credit loss rate	0.03%	0.03%	9.18%	16.11%	28.05%	70.23%	100.00%	
Estimated total gross carrying amount at default	175,055	72,204	15,222	17,633	259	-	36,628	317,001
Expected credit losses	55	24	1,397	2,840	73	-	36,628	41,017
Amounts past due but not impaired	<b>175,000</b>	<b>72,180</b>	<b>13,825</b>	<b>14,793</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>275,984</b>

#### 31st December 2021

##### Private Customers (Rs. in 000's)

###### Days Past Due

	Current	0-30	30-60	60-90	90-360	>360	Total
Expected credit loss rate	0.01%	0.01%	0.01%	10.00%	43.17%	100.00%	
Estimated total gross carrying amount at default	615,205	150,175	143,457	17,408	27,921	13,492	967,658
Expected credit losses	66	17	17	1,740	12,053	13,492	27,385
Amounts past due but not impaired	<b>615,139</b>	<b>150,158</b>	<b>143,440</b>	<b>15,668</b>	<b>15,868</b>	<b>-</b>	<b>940,273</b>

The credit quality of balances with banks can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Ratings		Date of Rating	2022	2021
		Short-term	Long-term		..... (Rupees '000) .....	
Deutsche Bank AG	Moody's	P-1	A1	Oct 2022	355,131	141,166
	S&P	A-2	BBB-	Oct 2022		
	Fitch	F2	BBB+	Oct 2022		
MCB Bank Limited	PACRA	A1+	AAA	Jun 2022	2,694	4,267
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Jun 2022	7,557,418	8,435,534
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2022	3,006	6,815
	PACRA	A1+	AAA	Jun 2022		
Faysal Bank Limited	PACRA	A1+	AA	Jun 2022	5,583	5,191
	JCR-VIS	A-1+	AA	Jun 2022		
Habib Bank Limited	JCR-VIS	A-1+	AAA	Jun 2022	34,838	20,568
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	Jun 2022	828,601	-
					<b>8,787,271</b>	<b>8,613,541</b>

Financial assets other than trade debts and bank balances, are not exposed to any material credit risk.

### 38.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounter difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure that it always has sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining sufficient cash / bank balance and the availability of funding through an adequate amount of committed credit facilities.

As at December 31, 2022, the Company's all financial liabilities are current and the appropriate time bands could, possibly, be as follows:

	2022	2021
	----- (Rupees '000) -----	
Not later than one month	5,980,891	2,881,366
Later than one month and not later than three months	1,153,581	1,135,454
Later than three months and not later than one year	4,097,764	4,393,563
Later than one year and not later than five years	127,076	133,942
	<b>11,359,312</b>	<b>8,544,325</b>

## 38.4 Market risk

Market risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk whereas the exposure to currency risk and interest rate risk is given below:

## 38.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises where transactions are done in foreign currency. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company's exposure to foreign currency risk at the reporting date is as follows:

	2022		2021	
	Rupees	US Dollars	Rupees	US Dollars
	..... ('000) .....			
Trade debts	6,417	28	14,587	83
Bank balances	1,012,170	4,470	677,537	3,838
Due from related parties	194,117	857	222,706	1,262
Bills payable	(4,905,046)	(21,662)	(2,630,129)	(14,900)
Payable to related parties	(302,352)	(1,335)	(231,776)	(1,313)
	<b>(3,994,694)</b>	<b>(17,642)</b>	<b>(1,947,075)</b>	<b>(11,030)</b>

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2022	2021	2022	2021
	..... (Rupees) .....			
<b>US Dollars</b>	226.43	176.51	225.00	162.94

A ten percent strengthening / weakening of the Pakistani Rupee against the US Dollar at the reporting date would increase / decrease profit after tax for the year by Rs. 267.644 million (2021: Rs. 138.141 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.



## 38.4.2 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from savings and deposit accounts with banks.

	2022	2021
	..... (Rupees '000) .....	
<b>Fixed rate instruments</b>		
Financial assets	7,777,390	7,929,137

A one percent increase / decrease in applicable interest rates will increase / decrease profit after tax for the year by Rs. 40.745 million (2021: Rs. 44.829 million). This analysis assumes that all other variables remain constant.

## 38.5 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the statement of financial position date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

As of the statement of financial position date, the Company does not have any financial instruments measured at fair value.

## 39. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The current capital structure of the Company is equity based.

## 40. NON - ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

In their meeting held on February 22, 2023, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2022 of Rs. NIL per share (2021: cash dividend of Rs. 20.0 per share). This is in addition to interim cash dividend of Rs. 15.0 per share (2021: Rs. 20.0 per share). The total dividend declared during the year and dividend per share have been summarised below:

	2022	2021
	..... (Rupees '000) .....	
Cash dividend	1,468,505	3,916,012
	..... (Rupees) .....	
Cash dividend per share	15.00	40.00

The financial statements for the year ended December 31, 2022 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending December 31, 2023.

41. Figures in these financial statements are rounded to the nearest thousand (Rs. in '000), except as otherwise indicated.

42. **RECLASSIFICATION**

Corresponding figures have been reclassified and rearranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However there is no material reclassification or rearrangement.

43. **DATE OF AUTHORISATION**

These financial statements were authorised for issue on February 22, 2023 by the Board of Directors of the Company.



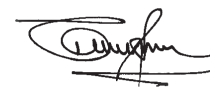
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Chief Executive Officer



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Director



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Chief Financial Officer

## Pattern of Shareholding

As at December 31, 2022

	Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares
1	100	1,053	40,456
101	500	676	188,580
501	1,000	246	185,374
1,001	5,000	485	1,020,388
5,001	10,000	91	635,694
10,001	15,000	32	415,486
15,001	20,000	15	262,103
20,001	25,000	9	207,020
25,001	30,000	4	116,800
30,001	35,000	3	95,602
35,001	40,000	4	150,976
40,001	45,000	2	89,650
45,001	50,000	3	145,100
55,001	60,000	4	232,400
60,001	65,000	2	120,450
70,001	75,000	2	147,450
80,001	85,000	2	166,750
105,001	110,000	1	107,450
120,001	125,000	2	250,000
140,001	145,000	1	142,500
145,001	150,000	1	147,203
155,001	160,000	1	159,200
225,001	230,000	1	227,390
240,001	245,000	1	241,450
250,001	255,000	1	250,926
270,001	275,000	1	272,800
335,001	340,000	1	336,834
340,001	345,000	1	342,889
365,001	370,000	1	369,400
380,001	385,000	1	383,122
440,001	445,000	1	442,105
590,001	595,000	1	590,300
675,001	680,000	1	678,689
745,001	750,000	1	746,093
800,001	805,000	1	801,250
830,001	835,000	1	830,624
835,001	840,000	1	835,427
860,001	865,000	1	860,700
1,075,001	1,080,000	1	1,077,418
1,085,001	1,090,000	2	2,176,914
2,430,001	2,435,000	1	2,432,488
2,715,001	2,720,000	1	2,717,400
76,255,001	76,260,000	1	76,259,451
<b>TOTAL</b>		<b>2,661</b>	<b>97,900,302</b>

S.No	Shareholder's category	Number of shareholders	Number of shares held	%
1	Directors, Chief Executive Officer and their spouse(s) and minor children	7	22,452	0.02
2	Associated Companies, Undertakings and Related Parties	3	77,189,066	78.84
3	NIT and ICP	2	980	0.00
4	Banks, Development Finance Institutions, Non-Banking Finance Institutions	10	1,339,758	1.37
5	Insurance Companies	9	4,059,176	4.15
6	Modarabas and Mutual Funds	24	3,173,176	3.24
7	General Public - local	2,473	9,528,556	9.73
8	Others	133	2,587,138	2.64
<b>Total :</b>		<b>2,661</b>	<b>97,900,302</b>	<b>100.00</b>

#### Directors, Chief Executive Officer and their spouse(s) and minor children

S.No	Folio	Name	Holding
1	4607	SYED ANIS AHMED	1
2	4831	MR. MUHAMMAD ANJUM LATIF RANA	1
3	03277-82073	MR. MOHSIN ALI NATHANI	10,000
4	03277-91835	MS. ZOYA TAZEEN MOHSIN NATHANI (Spouse of Mr. Mohsin Ali Nathani)	5,000
5	03350-136842	MS. AYL MAJID	500
6	03277-90453	MR. EHSAN ALI MALIK	500
7	03277-122655	MS. MARIAM EHSAN ALI MALIK (Spouse of Mr. Ehsan Ali Malik)	6,450
<b>Total :</b>			<b>22,452</b>

#### Associated Companies, Undertakings and Related Parties

S.No	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,451
2	03277-2083	TRUSTEES ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	678,689
3	03277-7217	TRUSTEES ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	250,926
<b>Total :</b>			<b>77,189,066</b>

#### List of NIT and ICP

S.No	Folio	Name	Holding
1	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE DEPARTMENT)	100
2	4171	NBP TRUSTEE DEPARTMENT	880
<b>Total :</b>			<b>980</b>

#### Banks, Development Finance Institutions, Non-Banking Finance Institutions

S.No	Folio	Name	Holding
1	02246-42	HABIB BANK LIMITED-TREASURY DIVISION	142,500
2	02832-32	MEEZAN BANK LIMITED	45,100
3	03889-28	NATIONAL BANK OF PAKISTAN	1,397
4	03889-44	NATIONAL BANK OF PAKISTAN	11,000
5	03525-105464	INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1,000
6	04127-28	MCB BANK LIMITED - TREASURY	860,700
7	06510-28	BANKISLAMI PAKISTAN LIMITED	200
8	07088-47	THE BANK OF PUNJAB TREASURY DIVISION.	272,800
9	2610	INDUSTRIAL DEVELOPMENT BANK LIMITED	2,901
10	4213	INDUSTRIAL DEVELOPMENT BANK LIMITED	2,160
<b>Total :</b>			<b>1,339,758</b>

## Pattern of Shareholders

### Insurance companies

S.No	Folio	Name	Holding
1	3137	UNITED INSURANCE CO. OF PAK LIMITED	2
2	03277-10526	HABIB INSURANCE CO. LIMITED	55,700
3	13748-915	ADAMJEE LIFE ASSURANCE CO.LTD - DGF	1,250
4	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	31,150
5	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	369,400
6	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	44,650
7	18044-22	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	9,000
8	18093-27	JUBILEE LIFE INSURANCE COMPANY LIMITED	2,717,400
9	02683-23	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	830,624
<b>Total :</b>			<b>4,059,176</b>

### Modarabas and Mutual Funds

S.No	Folio	Name	Holding
1	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
2	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	2,250
3	05959-27	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	159,200
4	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	5,664
5	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	60,050
6	06619-26	CDC - TRUSTEE KSE MEEZAN INDEX FUND	60,400
7	12120-28	CDC - TRUSTEE NIT EQUITY MARKET OPPORTUNITY FUND	56,750
8	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	2,400
9	09449-25	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	16,950
10	14126-26	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	7,000
11	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,432,488
12	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1,800
13	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	84,750
14	09480-21	CDC-TRUSTEE NIT-IPF EQUITY SUB-FUND	72,450
15	09506-26	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	2,600
16	10801-27	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	16,700
17	12195-21	MC FSL - TRUSTEE JS GROWTH FUND	45,000
18	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	19,200
19	02113-708	FIRST UDL MODARABA	100
20	07450-521	BRR GUARDIAN MODARABA	36,226
21	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	12,900
22	17368-25	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	39,000
23	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1,500
24	17921-26	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	37,750
<b>Total :</b>			<b>3,173,176</b>

### Shareholders Holding 5% or more Voting Rights in the Listed Company

S.No	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,451
<b>Total :</b>			<b>76,259,451</b>

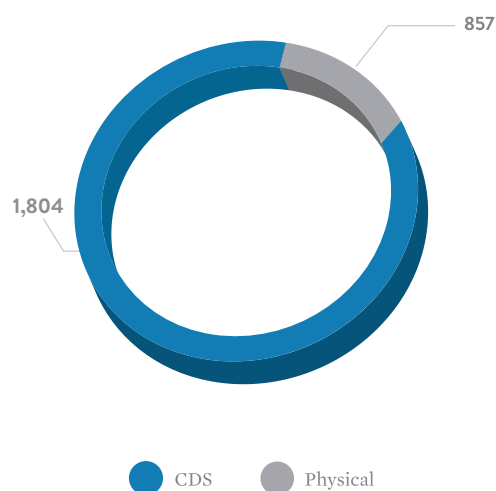
S.No	No. of shareholders	Name	Holding
1	2606	GENERAL PUBLIC & OTHERS	12,115,694
<b>Total :</b>			<b>12,115,693</b>



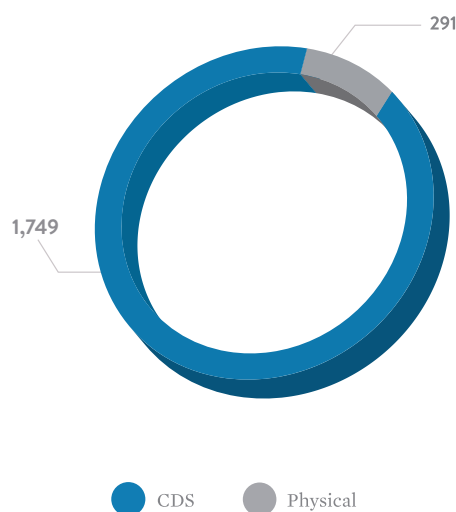
## Shareholding Positions / IBAN

Total Number of Shareholders as on 31 December 2022			Current Number of IBAN updated as on 31 December 2022			Ratio/Percentage of IBAN updated
Physical	CDS	Total	Physical	CDS	Total	%
857	1,804	2,661	291	1,749	2,040	77%

Total No. Shareholders as on 31 December 2022

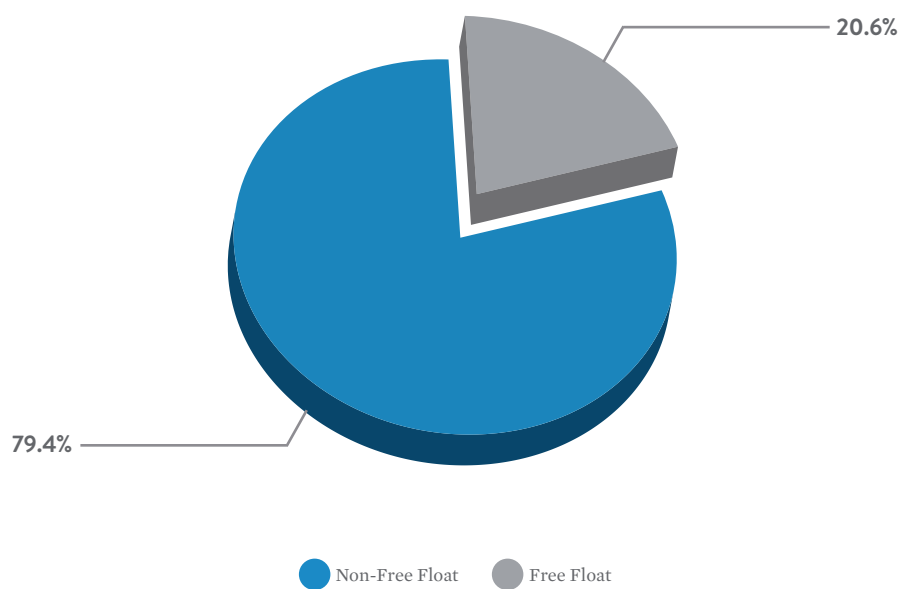


Number of IBAN Updated as on 31 December 2022



## Free Float of Shares

Free Float Shares of the Company are 20,128,759 i.e. (20.6%) out of the total 97,900,302 shares of the Company as at 31 December 2022.



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 74<sup>th</sup> Annual General Meeting of the Members of Abbott Laboratories (Pakistan) Limited (“the Company”) will be held on Thursday, April 20<sup>th</sup>, 2023, at 10:00 a.m. at the ICAP Auditorium, Chartered Accountants Avenue, Clifton, Karachi and virtually through a video-link facility to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements, together with the Directors’ Report, the Auditors’ Report, and the Chairman’s Review Report thereon for the financial year ended December 31<sup>st</sup>, 2022.
2. To appoint the Auditors of the Company for the period ending on date of the next Annual General Meeting, and to authorise the Directors to fix their remuneration. The present auditors, M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.
3. To elect seven directors as fixed by the Board in the meeting held on February 22<sup>nd</sup>, 2023 for term of 3 years commencing on April 20, 2023. The Board of Directors have fixed their number at seven (7) Directors, and the names of the retiring Directors are as follows:

Syed Anis Ahmed  
Ms. Seema Khan  
Mr. Ehsan Ali Malik  
Mr. Muhammad Anjum Latif Rana  
Mr. Celestino Jacinto Dos Anjos  
Ms. Ayla Majid  
Mr. Mohsin Ali Nathani

### SPECIAL BUSINESS

4. To authorize the executive directors who are whole time working directors of the Company to hold their respective offices of profits as executives of the Company.

By Order of the Board of Directors



**MUHAMMAD USAMA JAMIL**  
COMPANY SECRETARY

Karachi: dated 22<sup>nd</sup> February 2023

**Notes:**

1. The Share Transfer books of the Company will remain closed from 14<sup>th</sup> April 2023 to 20<sup>th</sup> April 2023 (both days inclusive). Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi. Tel: 009-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants.
2. A Member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the time of holding the meeting. In calculating the aforesaid period, no account shall be taken of any day that is not a working day. A proxy need, not be a Member of the Company. The proxy shall produce his/her original CNIC or Passport to prove his/her identity.
3. Form of proxy is attached in the Annual Report, which is also available on the Company's website (**www.pk.abbott**), the website of the Pakistan Stock Exchange and will be circulated via email to all the shareholders who have provided their email address to the Company.
4. Shareholders are requested to notify the Company of any change in their physical addresses and email address immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

**6. For Attending the Meeting:**

- (i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- (iii) In case a member desires to attend the meeting virtually, the Company has made adequate arrangements for the members to participate seamlessly via video-link. To attend the AGM via video-link, members are required to email their names, folio number, valid email address and number of shares held in their names to the following email address: pk.shareholderquery@abbott.com. The members / proxies will receive video-link login credentials following the provision of the requisite details.

**7. For Appointing Proxies:**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group

account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy shall be furnished with the proxy form.
- (iv) The Proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

#### **8. Withholding Tax on Dividend under Section 150 of the Income Tax Ordinance, 2001:**

(i) Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for active tax payers is 15%.
2. Rate of tax deduction for non-active tax payers is 30%.

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

(ii) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. 1166417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar FAMCO Associates (Private) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

(iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company and/or the Share Registrar, FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)
- (v) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

## 9. Electronic Transmission of Audited Financial Statements & Notices:

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 470(I)/2016, dated 31 May 2016 has permitted companies to circulate Audited Financial Statements to its Members through CD/ DVD/USB. Members who wish to receive the physical copies of financial statements are requested to convey their request in writing to [pk.shareholderquery@abbott.com](mailto:pk.shareholderquery@abbott.com), and those who wish to receive the financial statements in soft copy are requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail at the following email address: [pk.shareholderquery@abbott.com](mailto:pk.shareholderquery@abbott.com). In order to avail this facility a Standard Request Form is available at the Company's website <https://www.pk.abbott>. Alternatively, the Annual Reports may be downloaded from the following link: <https://www.pk.abbott/investor/investor-information.html>

## 10. Payment of Cash Dividend Electronically

The Securities and Exchange Commission of Pakistan (SECP) had earlier initiated e-dividend mechanism through its letter No: 8(4) SM/CDC/2008 dated April 05, 2013. The Companies Act 2017 also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. As such, the Company will only be able to make payment of any cash dividend to its shareholder through electronic mode. Therefore, shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying:

- (i) title of account,
- (ii) account number and IBAN,
- (iii) bank name,
- (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, M/s FAMCO Associates (Private) Limited.

11. Any person who seeks to contest the election of directors shall file with the Company at its registered office **(addressed to the Company Secretary)** not later than fourteen days before the day of the above said meeting his / her intention to offer himself/herself for the election of Directors in terms of Section 159 (3) of the Companies



Act, 2017 together with (A) consent on form 28 prescribed under the Act, and (B) a Declaration under regulation 3 of the Code of Corporate Governance Regulations 2019 to the effect that he/she is not serving as a Director on more than seven listed companies, that his/her name is borne on the register of National Tax Payers (except where he/she is a non-resident), that he/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial Institution and that he/she is not otherwise ineligible to act as a director under Section 159 (3) of the Companies Act, 2017. Independent directors are also required to submit a declaration confirming that they qualify the criteria of independence under S. 166 of the Companies Act 2017. Such declaration is to be submitted to the chairman of the Board at the first meeting after the election of directors.

12. Independent directors shall be elected and appointed in accordance with the provisions of Section 159 of the Act and the Listed Companies (Code of Corporate Governance) Regulations, 2019. After the notice / intention to stand for elections has been filed, the Company shall choose the independent directors applying the following criteria:

- Respective competencies, diversity, skills, knowledge and experience of those contesting the elections shall be assessed;
- Name of independent directors appearing in the databank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP, unless exempted and due diligence shall be undertaken before selecting the person from the data bank.

#### Statement of material fact under Section 134 (3) of the Companies Act, 2017

As required by section 171(1)(c)(i) of the Companies Act, 2017, the Members in General Meeting are required to authorize the holding of office of profit by the Executive Directors. For this purpose, it is proposed that the following resolution be considered and passed as an ordinary resolution:

**RESOLVED THAT** the Executive Directors (including Alternate Directors) of the Company be and are hereby authorized to hold their offices of profits as executives of the Company under their respective contracts of service and that they be allowed benefits arising under their respective contracts of service and the applicable service rules of the Company.

**FURTHER RESOLVED THAT** in the event of any of the aforesaid offices of profit falling vacant, the approval hereby given shall be equally applicable to any other person appointed to fill such vacancy.



ABBOTT LABORATORIES (PAKISTAN) LIMITED  
P.O. Box 7229, Landhi Karachi-74400

### Proxy Form

I/We \_\_\_\_\_ of  
\_\_\_\_\_ in  
the district of \_\_\_\_\_ being a member of ABBOTT LABORATORIES (PAKISTAN) LIMITED and holder of  
\_\_\_\_\_ Ordinary Shares as per Share Register Folio No. \_\_\_\_\_  
and/ or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_  
here by appoint \_\_\_\_\_  
(Name)  
of \_\_\_\_\_  
or falling him \_\_\_\_\_  
(Name)  
as my / our proxy to vote for me/us and on My /our behalf at the 74<sup>th</sup> Annual General Meeting of the Company to be held on  
Thursday, April 20, 2023 at 10:00 a.m. and at any adjournment thereof.  
As witnessed given under my/our hand(s) \_\_\_\_\_ day of \_\_\_\_\_ 2023

1. Witness:  
Signature:

Name: \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Affix Revenue  
stamps of Rs. 5/-

2. Witness:  
Signature:

Name: \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Member

Shareholder's Folio No. \_\_\_\_\_  
CDC A/c No. \_\_\_\_\_  
CNIC No. \_\_\_\_\_

Note:

- Proxies in order to be effective, must be received by the Company Secretary, Abbott Laboratories (Pakistan) Limited P.O. Box 7229, Landhi, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished along with the proxy form to the Company.
- The Beneficial Owner of share of the Company in the Central Depository System of the Central Depository Company (CDC) of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be submitted with the proxy form to the Company and the same shall be produced in original at the meeting to authenticate the identity.





AFFIX  
CORRECT  
POSTAGE

ABBOTT LABORATORIES (PAKISTAN) LIMITED  
P.O. Box 7229, Landhi  
KARACHI-74400



ایبٹ لیبارٹریز (پاکستان) لمیٹڈ  
پی او بکس ۷۲۲۹، لانڈھی، کراچی ۷۴۴۰۰

پراکسی فارم

میں / ہم \_\_\_\_\_  
سکنہ \_\_\_\_\_  
بجائے ممبر ایبٹ لیبارٹریز (پاکستان) لمیٹڈ اور \_\_\_\_\_  
اور / یا اسی ڈی سی کے شرکائی آئی ڈی نمبر \_\_\_\_\_  
بذریعہ ہذا \_\_\_\_\_  
(نام) \_\_\_\_\_  
سکنہ \_\_\_\_\_  
اور مزید \_\_\_\_\_  
(نام) \_\_\_\_\_

کو اپنا پراکسی مقرر کرتا ہوں/کرتے ہیں کہ وہ میری/ہماری جگہ کمپنی کے ۷۳ ویں سالانہ اجلاس عام میں، جو جمعرات ۲۰ اپریل ۲۰۲۳ کو دن ۱۰:۰۰ بجے منعقد ہوگا یا اس سے متعلق کسی اجلاس میں شرکت کرے/کریں۔

میری/ہماری جانب سے درج ذیل گواہان نے تصدیق کی، بتاریخ \_\_\_\_\_ ۲۰۲۳

5 روپے کے رسیدی

ٹکٹ چسپاں کریں

۱- گواہ  
دستخط

نام \_\_\_\_\_  
سی این آئی سی نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

ممبر کے دستخط

۲- گواہ  
دستخط

نام \_\_\_\_\_  
سی این آئی سی نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

شئیر ہولڈر فولیو نمبر \_\_\_\_\_  
سی ڈی سی کھاتہ نمبر \_\_\_\_\_  
سی این آئی سی نمبر \_\_\_\_\_

نوٹ:

۱- پراکسی کے موثر ہونے کیلئے ضروری ہے کہ اس کی تحریری اطلاع کمپنی سکریٹری ایبٹ لیبارٹریز (پاکستان) لمیٹڈ پی او بکس ۷۲۲۹، لانڈھی کو اجلاس شروع ہونے کے وقت سے زیادہ سے زیادہ ۲۸ گھنٹہ قبل موصول ہو جائے اور اس پر اسٹیپ، دستخط اور گواہان کی تصدیق موجود ہو۔

۲- سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل ڈپازٹری سسٹم میں شامل کمپنی کے شئیر کے فائدہ حاصل کرنے والے مالک اور اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ہمراہ کمپنی میں جمع کرائی جائیں۔

۳- سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل ڈپازٹری سسٹم میں شامل کمپنی کے شئیر کے فائدہ حاصل کرنے والے مالک اور اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل پراکسی کو شناخت کی تصدیق کیلئے شرکت کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔

۴- کارپوریٹ اکائی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد کردہ فرد کے دستخط کے نمونے، کمپنی کے پراکسی فارم کے ساتھ جمع کرائے جائیں اور شناخت کی تصدیق کیلئے اجلاس میں شرکت کے وقت ان کی اصل کاپی پیش کرنا ہوگی۔



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# PROTECT YOURSELF & YOUR FAMILY

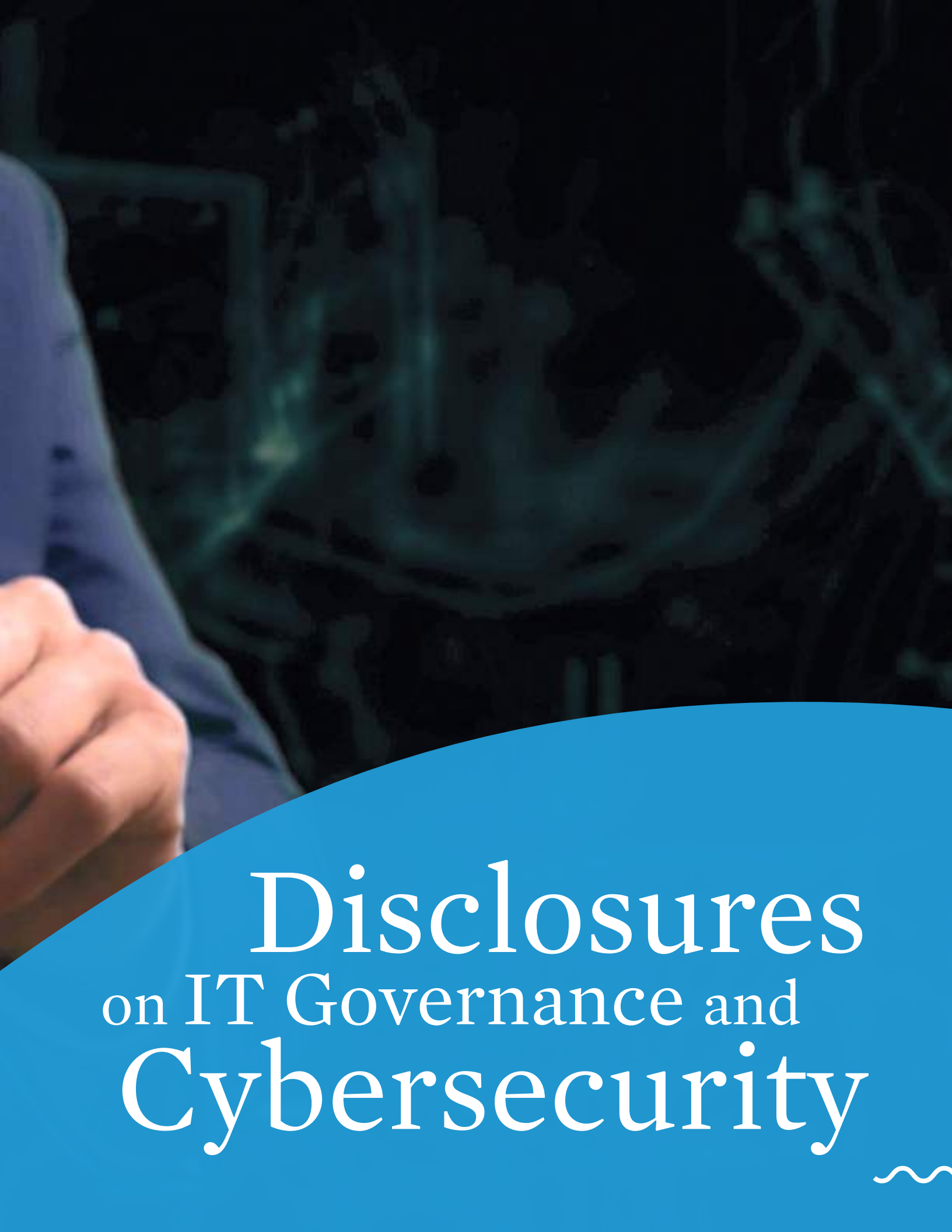
“Stop Dengue by preventing  
mosquito bites”



**Abbott**







# Disclosures on IT Governance and Cybersecurity



## Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks

The company continuously monitors cybersecurity legal and regulatory frameworks as well as industry practices; and best practices are adopted to manage the company's risk.

### Board's risk oversight function for Cybersecurity

Cybersecurity at Abbott is managed by global and local teams. A dedicated Cybersecurity and Privacy Oversight Committee comprised of officers from Legal, Office of Ethics and Compliance, Finance, Human Resources, Quality and Information Technology provides oversight to senior management on Abbott's cybersecurity and privacy programs. It also monitors and advises on strategies and has its own operational committees that engage at a business-unit level.

In addition, Abbott's senior cybersecurity and privacy leaders provide regular updates to the Abbott Board of Directors and Board Committees, providing progress updates, sharing opportunities for improvement and embedding data protection and cybersecurity into the top levels of governance.





## Board Committees' Oversight on IT Governance and Cybersecurity Matters

The Audit Committee of the Abbott Board of Directors evaluates and monitors cybersecurity risks. Regular updates on critical matters, if any, related to IT governance and cybersecurity are shared with the Board.

## Contingency and Disaster Recovery Plan

Abbott Pakistan puts significant efforts in attempting to ensure business operations are uninterrupted. Business Continuity Plans (BCPs) are in place to plan for adverse or unforeseen events and minimum disruption to ongoing operations. The Abbott Pakistan Board of Directors reviews the BCPs on a regular basis.

Further, the Company has also adopted an effective disaster recovery plan to minimise the effect of disasters, facilitate rapid and smooth transition to a back-up mode of operation, and expeditiously recover the normal operations in the data centre. Such planning is designed to ensure that essential functions are supported with minimum disruption.



# Future Outlook









## FORWARD LOOKING STATEMENT

At Abbott, our goal is to provide life-changing products and solutions to help people live healthier, fuller lives. In each of our core businesses – Established Pharmaceuticals, Nutrition, Diagnostic and Diabetes Care – we have built our portfolios strategically for relevance to where medicine and technology, our markets, customers, and society are heading. This forward focus helps us deliver long-term impact for the people we serve and achieve sustainable growth in the process. 2022 was marred by a very challenging operating and macro-economic environment. Despite these challenges, your Company was able to deliver double digit growth in its top-line. Margins, however, remained under pressure due to unprecedented devaluation, double-digit inflation and a sharp increase in the price of APIs and other inputs. In addition, imposition of income and sales taxes have had a dampening effect on the bottom-line of the Company.

Despite the foregoing, Abbott has played a very responsible and patient-centric role to support the country during critical times of COVID, Dengue and the unprecedented floods, by ensuring uninterrupted supply of many essential and life-saving medicines.

The Drug Regulatory Authority (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 reviews and adjustments, which has become critical for the sustainability of the industry.

Looking ahead to 2023, a stable exchange and

inflation scenario complemented by an across-the-board price adjustment is paramount to the sustained operations of the industry. We will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace.

We remain focused on expanding and diversifying our product offering to the customers, while also making concerted efforts to improve profitability through innovation, improving efficiency and effective cost containment initiatives to maximize shareholders' returns.

Board's statement on the business challenges and future outlook can be found on page 124 of this Report.

## OVERVIEW OF THE EXTERNAL ENVIRONMENT AND ITS EFFECT ON THE COMPANY

The external factors (PESTLE) that might affect the Company are detailed on page 48-49 of this Report.

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

### Focus on Expanding and Diversifying our Product Offering

The Company demonstrated its commitment towards expanding and diversifying its products offering through 5 new product launches – details

of which can be accessed on page 32 of this Report. This was one of the key focus areas for the Company.

## Financial Performance

Net sales increased by 15.7% over the previous year. Gross Profit margin declined from 37.8% to 29.5% mainly driven by Rupee devaluation and inflation. Operating expenses increased on account of general inflation. Other charges increased significantly by 43.9% mainly due to incurrance of exchange losses driven by Rupee devaluation. Other income witnessed a growth of 44.4% driven by increase in interest income due to higher interest rates. Taxation increased by 28.7% mainly on account of levy of Super tax.

## STATUS OF THE PROJECTS DISCLOSED IN THE PREVIOUS YEAR

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

Brief details of the major projects for 2022 are as follows:

- Liquid and tablet manufacturing capacity upgrades and related structural improvements;
- C40 overhauling and control system upgrades;
- Tablet Printing Machines;
- ETC Autoclave Replacement; and
- Installation of solar panels at Landhi Plant.

The Company plans to continue to invest in projects that help it to achieve its desired objectives. Major projects planned for 2023 are as follows:

- New Coating Equipment to expand coating operations
- Enhancement of automated packing capacity;
- Storage capacity enhancement for raw materials; and

- Installation of solar panels for cleaner and greener energy.

## SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR FORECASTS

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

A number of different sources are used in preparing the plans, including, but not limited to, historical data and figures, market growth rates, APIs availability etc. Macroeconomic indicators are also taken into account to ensure that factors which are beyond the Company's control are also considered while drawing up the Company's plans. Assistance of external consultants is only taken for areas where Company feels that it does not have the required level of expertise internally. Assumptions used in these plans and the related rationale behind these assumptions are thoroughly documented and reviewed. Sensitivity analysis is also carried out to determine the impact of changes in assumptions on the financial performance of the Company.

## OUR RESPONSE TO CRITICAL CHALLENGES AND UNCERTAINTIES

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

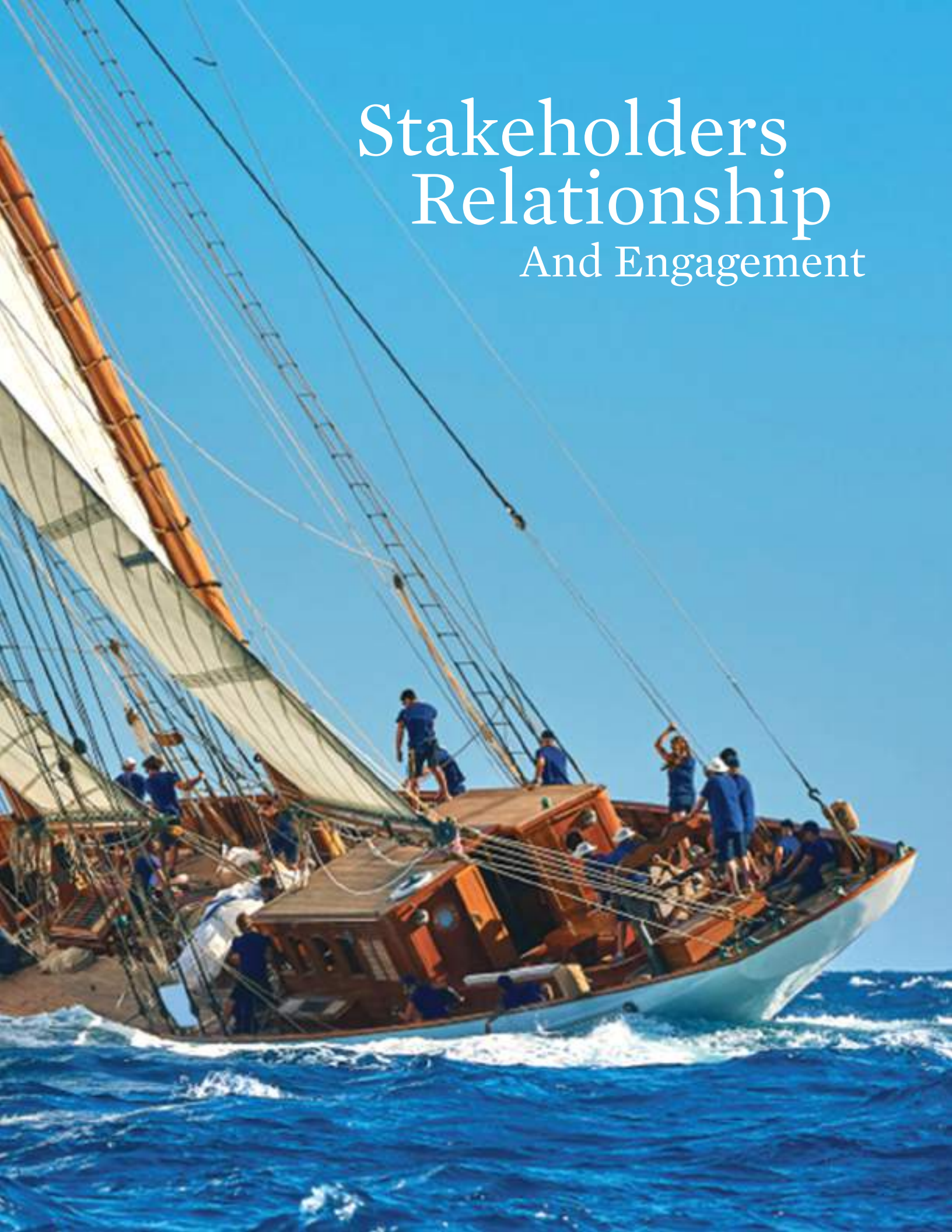
The uncertainty surrounding the political, macro-economic environment and inconsistent fiscal policy remains. However, your Company is confident that its overall approach to risk management and dealing with uncertainty will enable it to tackle critical challenges and uncertainties as and when they arise.







# Stakeholders Relationship And Engagement







## STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

We understand listening to stakeholders is vital to our success. That's why Abbott is an active participant in identification and engaging its stakeholders to stay adaptable, creating local solutions that meet people's changing needs and tackle Pakistan's most important health challenges.

### Stakeholders Engagement Policy

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





### Stakeholders Identification




Our stakeholders' engagement approach focuses on the identification of relevant and important stakeholders by considering those groups or individuals which can be significantly affected by our business activities, outputs, or outcomes, or whose actions can be expected to significantly affect our ability to create value over different time horizons. Stakeholders are profiled, mapped, and prioritized for consultation based on factors of influence, responsibility, proximity, dependency, willingness to engage, and representation. Abbott takes specific measures to understand the needs and interests of all its stakeholders. Key stakeholders identified by the Company are shareholders/ investors, customers, employees, banks, wider community, government etc.

### Our Stakeholder's Engagement Process and frequency

We conduct stakeholders engagement formally through the associations and partnerships we are a member of. Informally, we also connect with stakeholders through a range of networks and organizations we participate in.

The frequency of engagements is based on business needs and corporate requirements as specified by the Listed Companies (Code of Corporate Governance) Regulations, 2019 or as contracted, under defined procedures. Employee communication is undertaken through in-house newsletters, employee portals and electronic bulletin boards. Information regarding the engagement processes, their management, their related frequency and how it affects the performance and values is presented as follows:

Stakeholders	Engagement Process And its Management	Frequency	How it affects the Performance and Values
 <p>SHAREHOLDERS/ INSTITUTIONAL INVESTORS/ ANALYST</p>	<ul style="list-style-type: none"> <li>• Annual General Meetings</li> <li>• Corporate Briefing Sessions</li> <li>• Annual Reports</li> <li>• Quarterly Financial Statements</li> <li>• Directors' Report</li> <li>• Investors' section on website</li> <li>• Social media</li> <li>• Press release</li> </ul>	<p>Quarterly, Semi-annually and Annually</p>	<ul style="list-style-type: none"> <li>• Maintain regular and constructive dialogue with investors and shareholders to communicate performance updates in order to build confidence and ensure continued access to capital</li> <li>• Briefly explain key financial highlights and Abbott's approach towards growth</li> <li>• Apprise Company's stance in the market to create a positive and transparent image</li> </ul>
 <p>CUSTOMERS &amp; SUPPLIERS</p>	<ul style="list-style-type: none"> <li>• Clinical Trials</li> <li>• Strategic Partnerships</li> <li>• Surveys</li> <li>• Regular meetings</li> <li>• Customer call centers</li> <li>• Focus Groups</li> <li>• Field Services Representatives</li> </ul>	<p>On-going process, as and when required</p>	<ul style="list-style-type: none"> <li>• Feedback from summits and other engagements enable us to develop products and advocate for policies that better cater to our valued customers needs</li> <li>• Suppliers provide materials and services that support us in delivering high-quality, safe products for our customers</li> </ul>
 <p>BANKS</p>	<ul style="list-style-type: none"> <li>• Routine business meetings</li> <li>• Trade negotiation</li> <li>• Discussion on banking requirements</li> </ul>	<p>On-going process, as and when required</p>	<ul style="list-style-type: none"> <li>• Access to the financial products at competitive prices</li> <li>• Ensure availability of funds / liquidity at all time</li> <li>• Ensure optimal return is generated on surplus funds</li> </ul>
 <p>MEDIA</p>	<ul style="list-style-type: none"> <li>• Different communication mediums including social media used on need basis to apprise the general public about new developments and activities</li> <li>• TV commercials for Nutrition products</li> <li>• Press release</li> </ul>	<p>On-going process, as and when required</p>	<ul style="list-style-type: none"> <li>• Public awareness of our company</li> <li>• Direct marketing of our nutrition and diabetes care products.</li> </ul>

Stakeholders	Engagement Process And its Management	Frequency	How it affects the Performance and Values
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> <li>Employee surveys</li> <li>Business and functional townhall meetings</li> <li>Employee Networks</li> <li>Learning Gigs</li> <li>Abbott World Today (daily email)</li> <li>Employee Volunteering – CSR activities</li> </ul>	<p>On-going process, as and when required</p>	<ul style="list-style-type: none"> <li>The Company realizes that employees are its most valuable resource representing the Company in the industry and community</li> <li>Providing a nurturing and friendly work environment that helps the Company to maintain a dedicated and competent workforce</li> <li>Motivated workforce supports effective implementation of strategies</li> </ul>
 <p>GOVERNMENT &amp; REGULATORY AUTHORITIES</p>	<ul style="list-style-type: none"> <li>Trade associations / organisations</li> <li>Meetings with policy makers</li> <li>Participation in different surveys through forums such as Pharma Bureau OICCI, ABC, PBC etc.</li> </ul>	<p>On-going process, as and when required</p>	<ul style="list-style-type: none"> <li>Understanding and ensuring compliance with all legal and regulatory requirements</li> <li>Dialogue with regulatory authorities to address matters impacting business operations and new product registrations</li> </ul>
 <p>LOCAL COMMUNITY</p>	<ul style="list-style-type: none"> <li>CSR activities</li> <li>Patient Care Program</li> <li>Virtual Advisory Board</li> <li>Clinical Trials</li> </ul>	<p>On-going Process</p>	<ul style="list-style-type: none"> <li>Company being socially responsible supports less privileged society</li> <li>Promoting health awareness in the society</li> </ul>



## Encouraging minority shareholders to attend annual general meetings

We value our shareholders who are the providers of Financial Capital. Each shareholder is important to the Company irrespective of the holding and voting power. We value our investors, their concerns and grievances (if any). At the Annual General Meetings, we ensure a two-way communication with the shareholders particularly the minority shareholders. We take the following steps to encourage our minority shareholders to attend the general meetings:

- Annual Report of the Company containing the notice for AGM is sent out to minority shareholders in the same manner as the majority shareholders. To encourage minority shareholders to attend general meetings and participate in the affairs of the Company, proxy form is also attached along with the notices of general meetings to ensure their representation and participation in the general meetings, even if they are unable to attend, personally. AGM notices are also published in the English and Urdu newspapers having country-wide circulation to ensure every shareholder gets the notice on time.
- The Company ensures that there is dedicated time slot for questions and answers session in its general meetings so that the minority shareholders, in particular, can engage with the Board of Directors, and raise any queries that they may have with regards to the Company's performance. This encourages a healthy attendance from the minority shareholders in the Company's meetings.

## Investors' relation section on website

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

Scan the QR CODE



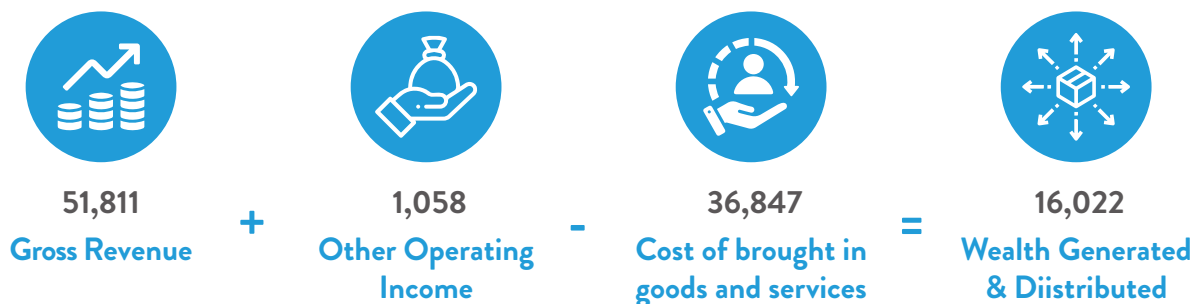
## Issues raised in last AGM

Besides the ordinary business of dividend approval and appointment of auditors, general clarifications were requested by the shareholders about the Company's financial performance and published financial statements during the 73rd Annual General Meeting held on April 26th, 2022. The Chairman of the meeting addressed all questions to the satisfaction of the shareholders. Apart from these matters, no significant issues were raised.

## Statement of Value Added and Distribution

### Value Added

Rupees in Million



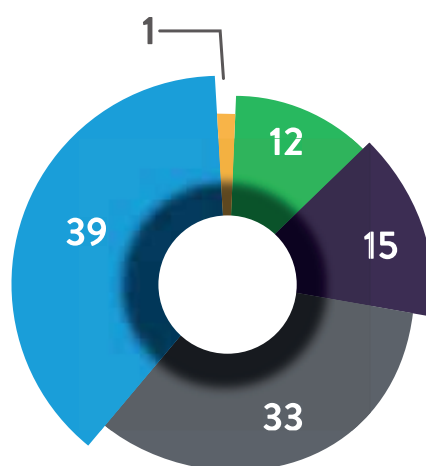
### Wealth Distributed

Rupees in Million

Retained with Entity  
Shareholders As Dividend  
Employees As Remuneration And Benefits  
Government As Taxes & Duties  
Providers of Finance  
Society As Donation

	2022	2021
Retained with Entity	1,998	3,277
Shareholders As Dividend	2,448	3,916
Employees As Remuneration And Benefits	5,308	4,749
Government As Taxes & Duties	6,207	4,496
Providers of Finance	47	88
Society As Donation	14	9
	<b>16,022</b>	<b>16,535</b>

### Distribution of Wealth



- Retained With Entity
- Shareholder as Dividend
- Employees as Remuneration and Benefits
- Government as Taxes and Duties
- Providers of Finance & Society as Donations

## Understanding shareholders' views through Corporate Briefing Session

Company's shareholders comprise of mutual funds, investment companies, foreign shareholders, pension funds, high net worth individuals, housewives, professionals, and individuals of varied requirements. The Company regularly interacts with all categories of shareholders, through regular Corporate / investor briefings, press releases, quarterly reports etc. The Chief Executive Officer and the Chief Financial Officer remain available to respond to any shareholder / investor's query in person or on telephone. The Chief Executive Officer regularly updates the non-executive members of the views of the major shareholders about the Company.

Abbott continues to maintain a healthy relationship with the Investor community. In pursuance of the requirements laid out by the Pakistan Stock Exchange, the Company conducted a Corporate Briefing Session on 14th December 2022 to understand Shareholder's views. The session was attended by various analysts and shareholders. The Chief Financial Officer of the Company, Syed Tabish Aseem, gave a detailed presentation on the financial performance of the Company. The presentation was followed by a Q&A session, where thought provoking questions were put forward to the management of the Company, which were well addressed to the satisfaction of the attendees by our Chief Financial Officer and Chief Executive Officer.

The following are some of the topics discussed during the briefing session:

- The landscape of the industry and the Company's growth in relation to other players.
- Key brands performance and performance highlights of the Company since the last AGM.
- The Company's response to the increase in product cost and rupee devaluation.
- The Company's future outlook and challenges.
- The presentation from the corporate briefing session can be viewed on the Company's Website under the "Investors" section i.e. Abbott In Pakistan | Investor Information (pk.abbott)

Scan the QR CODE



## Investors' grievance policy and redressal of investor complaints

The Company has a dedicated section on its website where shareholders can register their grievances. An email address has also been provided on the website whereby shareholders can contact the relevant person in the Company. Our company secretary is actively engaged to liaison with the shareholders and ensure that all queries including grievances received are resolved in an appropriate and timely manner in line with the legal requirements.



# Zinc Se Zindagi...

صحت مند اور خوبصورت

”اپنے ڈاکٹر کی رائے کے مطابق ہم روزانہ اپنی غذا میں زنک شامل رکھتے ہیں، کیونکہ زنک کی کمی سے  
تھکاوٹ، بے رونق جلد اور کمزور بال جیسے دیگر مسائل پیش آ سکتے ہیں۔“



زنک کی کمی کی صورت میں آج ہی اپنے ڈاکٹر سے مشورہ کریں





Striving for  
Excellence in  
Corporate Reporting





## BOARD'S RESPONSIBILITY STATEMENT ON FULL COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS

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

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

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

## ADOPTION OF INTEGRATED REPORTING FRAMEWORK

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

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

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

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

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

The Annual Report of the Company for 2021 is partially in compliance with the International Integrated Reporting Framework issued by the International Integrated Reporting Council. Most of the aforementioned content has been disclosed under various sections of this Report.

At present, the requirement to publish an integrated report is not mandatory in Pakistan. The Company is reviewing the reporting requirements of an integrated report mandated by the local authorities, so that compliance can be ensured timely, when required.



# BEST CORPORATE REPORT AWARDS 2022

## CHECKLIST

Sr no.	Description	Reference (Page no)
1	<b>Organizational Overview and External Environment</b>	
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1.02	Geographical location and address of all business units including sales units and plants.	36-37, 42
1.03	Mission, vision, code of conduct, culture, ethics and values.	38-40
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	41, 224
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	43
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	44-45
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	46
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1.12	The legislative and regulatory environment in which the organization operates.	53
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1.14	Significant changes from prior years (regarding the information disclosed in this section).	53
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2.04	Key resources and capabilities of the company which provide sustainable competitive advantage.	62
2.05	Value created by the business, and for whom, using these resources and capabilities.	63
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2.07	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	64-65
2.08	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	62
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<b>3</b>	<b>Risks and Opportunities</b>	
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3.02	Risk Management Framework including risk management methodology and principal risk and uncertainties facing the company.	68-69
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3.04	The initiatives taken by the company in promoting and enabling innovation.	73
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	70-71
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	72
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	69
3.08	Statement from the board that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	69

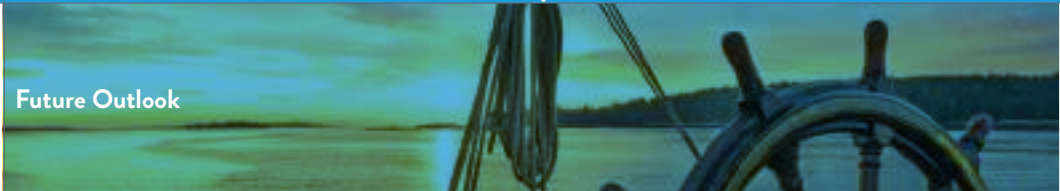


Sr no.	Description	Page no.
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# CONTACT DETAILS

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## Distribution Offices

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## Sales Offices

### Peshawar

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# GLOSSARY

- ABC** - American Business Council of Pakistan
- ACCA** - Association of Chartered Certified Accountants
- ADC** - Abbott Diabetes Care
- ADD** - Abbott Diagnostics Division
- ANI** - Abbott Nutrition International
- AGM** - Annual General Meeting
- API** - Active Pharmaceutical Ingredient
- ATL** - Active Taxpayer List
- BCP** - Business Continuity Plan
- BOD** - Board of Directors
- BMI** - Body Mass Index
- CEO** - Chief Executive Officer
- CFO** - Chief Financial Officer
- CGM** - Continuous Glucose Monitoring
- CODM** - Chief Operating Decision Maker
- COVID** - Coronavirus
- Companies Act** - Companies Act, 2017
- Company** - Abbott Laboratories (Pakistan) Limited (ALPL)
- CDC** - Central Depository Company
- CRF** - Central Research Fund
- CSR** - Corporate Social Responsibility
- CWIP** - Capital Work in Progress
- DRAP** - Drug Regulatory Authority of Pakistan
- DRP** - Disaster Recovery Plan
- DARIUS** - Document and Regulatory Information Universal System
- Earnings Per Share (EPS)** - Calculated by dividing the profit after interest, tax by the weighted average number of Ordinary Shares in issue
- ECL** - Expected Credit Loss
- EBIT** - Earnings before Interest and Taxes
- EBITDA** - Earnings before Interest, Taxes, Depreciation and Amortisation
- EHS** - Environment, Health and Safety
- EIR** - Effective Interest Rate
- ENT** - Ear, Nose and Throat
- EPD** - Established Pharmaceuticals Division
- ESG** - Environmental, Social, and Governance
- EVA** - Economic Value Added
- FBR** - Federal Board of Revenue
- FTR** - Final Tax Regime
- GHC** - General Healthcare
- GHG** - Greenhouse Gas
- GIDC** - Gas Infrastructure Development Cess
- GMP** - Good Manufacturing Practices
- GPTW** - Great Place to Work
- HCP** - Healthcare Professional
- HR&R** - Human Resource and Remuneration Committee
- IAS** - International Accounting Standards
- IASB** - International Accounting Standards Board
- IBAN** - International Bank Account Numbers
- ICP** - Investment Corporation of Pakistan
- ICAP** - Institute of Chartered Accountants of Pakistan
- ICMAP** - Institute of Cost & Management Accountants of Pakistan
- IFAC** - International Federation of Accountants
- IMC** - Integrated Marketing Campaign
- IFRS** - International Financial Reporting Standards
- IIRC** - International Integrated Reporting Council
- ISO** - International Organization for Standardisation
- IQVIA** - A global market research company (formerly known as IMS)
- ITO** - Income Tax Ordinance
- IVF** - In vitro Fertilization
- KIBOR** - Karachi Inter Bank Offer Rate
- KOLs** - Key Opinion Leaders
- KPI** - Key Performance Indicator
- LERN** - Legal and Ethics Resource Network
- LLC** - Limited Liability Company
- LUMS** - Lahore University of Management Sciences
- MAP** - Management Association of Pakistan
- MHE** - Minimal Hepatic Encephalopathy
- NIT** - National Investment Trust
- NOPAT** - Net Operating Profit After Tax
- NSAID** - Non-Steroidal Anti-Inflammatory Drugs
- NTN** - National Tax Number
- OCI** - Other Comprehensive Income
- OEC** - Office of Ethics and Compliance
- OICCI** - Overseas Investors' Chamber of Commerce & Industry
- PAT** - Profit After Tax
- PBC** - Pakistan Business Council
- PICG** - Pakistan Institute of Corporate Governance
- PSX** - Pakistan Stock Exchange
- QA** - Quality Assurance
- Regulations** - Listed Companies (Code of Corporate Governance) Regulations, 2019
- SBP** - State Bank of Pakistan
- SDGs** - Sustainable Development Goals
- SECP** - Securities and Exchange Commission of Pakistan
- SKU** - Stock Keeping Unit
- StarLIMS** - Laboratory Information Management System
- SOP** - Standard Operating Procedure
- SOGP** - Society of Obstetrics and Gynecologists of Pakistan
- SWOT** - Strength, Weakness, Opportunities and Threats
- TMRs** - Talent Management Reviews
- WPPF** - Workers' Profit Participation Fund
- WWF** - Workers' Welfare Fund
- ZWL** - Zero Waste to Landfill







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