A scenic landscape featuring a body of water, hills, and a road at sunset. The sky is filled with golden light and clouds. In the foreground, a road with a guardrail curves through a field. A white rectangular frame is visible on the right side of the image, containing a small inset image of a blue sky with clouds.

Throughout our long history, we have reinvented Abbott to meet the needs of every age and stage of a person's life, innovating for better health and empowering individuals to take ever-increasing control over their health.

We believe the best medical products are ones that help the most people. With a focus on maximizing broad access and affordability across our branded-generic pharmaceuticals, nutrition, medical devices, and diagnostics businesses, we're working to helping people to meet their healthcare needs.

In a constantly evolving environment that requires visionary leadership, we are well-positioned to continue delivering consistent growth across our portfolios.



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# Organizational Overview and External Environment



# 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 67 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.

# 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.



## NUTRITION

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.



## DIABETES CARE

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.

## 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 | Metabolic | Pain and fever relief | Respiratory |  
Hospital care.



## DIAGNOSTICS

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.



# 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 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.



# 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

### 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

# 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 distribution network with collaboration of over 50 distributors nation-wide
- Competent & committed human resources



## Weakness

- 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
- 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
- Inconsistent fiscal policies
- Political instability
- Deteriorating exchange rates & inflation
- Counterfeit Products
- Intense competition prevailing in the industry

# Established Pharmaceuticals

A growing array of medicines and therapies to transform the quality of healthcare in Pakistan.

Broad Portfolio of  
more than

**150** SKUs

**3**

Product  
Launches

**2**

Manufacturing  
Facilities

Each day, countless people across Pakistan rely on medicinal offerings of Abbott. Our meticulously curated product arrays encompass a diverse range of therapeutic domains: Gastroenterology, Women's Health, Cardiometabolic, Pain management, Central nervous system, and Respiratory health; and includes leading multi-vitamins and medicines for pain management, epilepsy, progesterone hormone therapy, and vertigo.

Abbott has been able to develop a detailed understanding of unique health challenges and needs of patients. We build on that knowledge, bringing our broad and deep scientific experience to improve trusted medicines, differentiating ourselves from pure generic competitors through our exacting quality standards, reliable supply chain, superior clinical science, broad product range, and patient-centered innovation.





Fatima always dreamed of securing the 1st position in her class. However, her aspirations seemed distant as weakness, low energy and frequent bouts of sickness hindered her progress. But she decided to struggle and never gave up on her dream. She continued to work hard and with unwavering dedication her grades began to improve steadily.

Yet on the evening before her exam, she fell ill with fever and body pain. Her doctor's solution for her condition was Abbott's medicine for immediate relief. These medicines helped Fatima throughout her journey and enabled her to not only perform her best but also to achieve the top position in her class.

Fatima  
Karachi, Pakistan

# Nutrition

**Setting the standard for science-based nutrition to support the growth, health, and wellness of people at every stage of life.**

At Abbott, we comprehend that adequate nourishment forms the cornerstone for leading the most optimal and enriching life feasible. Hence, we create nutrition products grounded in scientific research for individuals across all age groups. Abbott offerings facilitate the growth of infants and youngsters, fortify the bodies of adults, sustain vigor and dynamism, and cater to the distinct nutritional requirements of individuals grappling with chronic ailments - ensuring that each phase of life embodies robust health and vitality.

Ali, a bright 7-year-old who is active and loves playing outside, aspired to join his school's football team. However, he failed to qualify as his coach cited multiple reasons to his mother. The coach mentioned that Ali is underweight, frequently gets sick leading to school absences, is shorter in height compared to other players, and gets tired easily, unable to keep up with the long practice hours. Hearing this, Ali became greatly demotivated, and his mother's worries escalated. Acknowledging Ali's inability to play for extended periods and tendency to tire easily.

After consulting a paediatrician, it was discovered that Ali lacked the necessary nutrition for his active lifestyle. His picky eating habits and not finishing his meals further hindered his growth and health. The doctor recommended improving his natural diet and supplementing it with PediaSure, a nutritional supplement to fulfill his dietary requirements and make sure he gets complete and balanced nutrition.

Within 8 weeks, Ali's mother noticed significant improvements in his health and activity. She was immensely relieved to see Ali gaining weight and growing taller. With renewed health and energy. Ali is now preparing to try out for his school's football team again next year.

ALI  
LAHORE, PAKISTAN





# Diagnostics

Abbott offers customized, scalable solutions to help laboratories improve throughput, accuracy, and productivity in diagnostics labs.



“Abbott is a trusted partner of Indus Hospital. Back in 2017, when we were initiating our Total Lab Automation (TLA) System Services as a part of clinical laboratories expansion plan, Abbott supported us by installing the system and since then we have come a long way in the operational productivity & efficiency of Abbott TLA”.

Dr Saba Jamal  
Senior Director, Clinical Laboratories & Blood Transfusion  
Indus Hospital & Health Network, Karachi

Abbott’s revolutionary assays and instrument systems that aid healthcare professionals in health assessment, disease identification, and surveillance have established us as a prominent figure in immunoassay diagnostics, companion diagnostics, clinical chemistry, and blood screening. Our data solutions facilitate seamless information dissemination across departments, facilitating prompt and well-informed therapeutic choices.

In the upcoming years, Abbott will persist in introducing our Alinity series of integrated systems, engineered to conduct a greater number of tests in a compact area, expedite test outcome delivery, and reduce human fallibility, all the while ensuring exceptional test outcomes.



### Indus Hospital & Health Network

Over the past 16 years, Indus Hospital has evolved into Pakistan's largest free-of-cost healthcare network, providing quality healthcare to millions of deserving patients through its nationwide healthcare facilities.

Since the inception of The Indus Hospital & Health Network, Abbott Diagnostics has been its key partner in providing best-in-class services to the patients through state-of-the-art solutions. Indus Hospital relies on Abbott's Total Lab Automation with Alinity ci systems which integrate clinical chemistry and immunoassay testing to help deliver timely, accurate & cost-efficient results. Indus Hospital also uses Abbott's AlinIQ Informatics Solutions to streamline its lab operations.

# Diabetes Care

## Making diabetes management convenient

Abbott Diabetes Care operates on a unique direct to customer business model for its flagship brand the FreeStyle Libre system. The FreeStyle Libre system has been named Best Medical Technology in Last 50 Years by the Galien Foundation. It consists of 2 components; the FreeStyle Libre Reader and the FreeStyle Libre Sensor that enable patients to access data that helps people with diabetes to monitor their glucose levels continuously and therefore improve their quality of life.

Customers can purchase the FreeStyle Libre system directly through our Abbott Diabetes Care's:

Call Center | Experience Center | Website | Selected Pharmacies

The Experience Centers offer a unique experience of visiting a site designed and developed solely for the purpose of educating and displaying the FreeStyle Libre system. The Experience Centers are equipped with trained Educators, present to guide patients and / or their caregivers on the application, care, use and data interpretation from FreeStyle Libre system.

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

The selected pharmacies where the FreeStyle Libre is available consists of trained pharmacists who have been educated on how to apply, use, care for and make the most out of the FreeStyle Libre system.



“Habib used to struggle with staying on track and monitoring his glucose level consistently. But now, with a more advanced and convenient FreeStyle Libre system that keeps track of his sugar levels constantly. He no longer feels the need to prick his finger every time and follow the old steps which seem outdated. He is grateful that with a simple scan of the FreeStyle Libre sensor, he can ensure that his glucose levels are on the right track.”

Mr. Habib  
Karachi, Pakistan

# Key Brands

## BRUFEN

Brufen is Abbott Pakistan’s flagship and highest volume selling brand with a sales of 89 Million<sup>1</sup> Units per annum. Due to its high HCP acceptance and strong brand equity, Brufen approximately generates 75,000<sup>2</sup> prescriptions per day. In 2023, the brand not only maintained its volume leadership position but also achieved a major milestone of achieving a value of PKR 7.5 billion. In addition to day-to-day HCP and Trade engagements, maintaining its share of voice, the brand also capitalized itself on the digital front through numerous multi-channel engagements, positioning it as an effective solution in fever, pain, and inflammation.

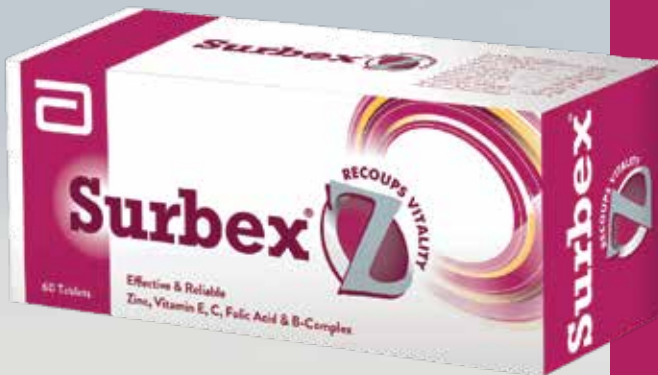


## SURBEX Z

Surbex Z is the # 1 brand on value, volume<sup>1</sup> and prescription in the Vitamin B complex market. It is also the # 1 prescribed brand in the vitamins market with 22 million annual prescriptions<sup>2</sup>. Surbex Z is a legacy brand for Abbott with a 27-year history of efficacy and trust. Millions of consumers across the country have been benefited from the advantages of Surbex Z at some point in life.

The brand engaged HCPs through its creative and innovative campaigns using scientific material and digital tools of engagement throughout the year 2023.

Our well-known consumer campaign, 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. 2023
2. IQVIA MIP S2, 2023



## 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 as orally effective luteal phase support.

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 59% value market share and has crossed milestone of PKR 4.4 Billion as per IQVIA MAT December 2023.



## ARINAC

Arinac holds the legacy to continue its leadership in R05A market, with 65% market share having PKR 3.2 billion sales on MAT (IQVIA Dec 2023). Being prescribed 6.6 Million times in a span of 6 months during the year.

# Key Brands

## ENSURE

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



## PEDIASURE

Pediasure is a complete and balanced nutritional supplement for children aged 3-10 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. Pediasure's unique Triple Sure system ensures visible growth in 8 weeks.

## 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.



## 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



Flexibility



Confidence -  
Error - Proof



Operational  
Productivity

# Product Launches

New product development is the catalyst of enterprise and indispensable for its natural progression. Abbott is dedicated to introducing fresh innovations to tackle persistent health issues, aiming to empower individuals to lead more enriched and robust lives. Abbott Pakistan diligently oversees this field of interest and persistently endeavors to meet the rising requirements of the domestic market through the introduction of distinct products and solutions.



## MOSPEL SILK SPRAY

Abbott continues its legacy of bringing innovative and user-friendly consumer solutions by launching a new variant in Mospel range. Mospel Silk Spray provides ease of application, it is launched in Lavender fragrance.

## TALOPEX TABLETS

With more than 90% people in Pakistan with mental health problems untreated, Talopex (Escitalopram) is a proof of Abbott's dedication to improving mental health. Talopex (Escitalopram) is available in tablets of 5mg, 10mg, & 20mg.



## LEVELANZ TABLETS

Levelanz (Levetiracetam) represents Abbott's commitment to advancing healthcare by providing solutions for patients living with Epilepsy. Maintaining high standards of quality with focus on patient affordability, Levelanz (Levetiracetam) is available in tablets of 250mg & 500mg.



# Awards and Recognitions

## ABBOTT PAKISTAN WON BEST CORPORATE REPORT AWARD 2022

Abbott Pakistan was awarded the first position in the 'Pharmaceutical' sector for the 'Best Corporate & Sustainability Report' awards 2022 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 accomplishment of the Company signifies Abbott's unwavering dedication to achieve perfection across all spheres.



## ABBOTT PAKISTAN WON MAP 38TH CORPORATE EXCELLENCE AWARD

Abbott Pakistan was awarded the First Prize by the Management Association of Pakistan (MAP) in Pharmaceutical sector for the tenth consecutive year. MAP organizes the Corporate Excellence Awards annually, aiming to identify and honor the best-managed companies in Pakistan. These companies exemplify the use of the latest management techniques and adhere to guidelines and principles that foster continuous improvement and innovation. 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 BEST PLACE TO WORK AWARD

Abbott Pakistan has been once again recognized at the “Best Place to Work” awards organized by Pakistan Society of Human Resource Management and Engage Consulting. This year Abbott Pakistan stands out as among the most preferred employers across industries and tops the slot in the Pharmaceutical Industry. This award also reflects our exceptional work environment, where our core values of ‘CARING’ and ‘ACHIEVING’ are deeply instilled in every team member.”

# Corporate Information

## BOARD OF DIRECTORS

Ehsan Ali Malik (Chairman) (Non-Executive Director)

Syed Anis Ahmed (Chief Executive Officer)

Celestino Jacinto Dos Anjos (Non-Executive Director)

Ayla Majid (Independent Director)

Mohsin Ali Nathani (Independent Director)

Muhammad Anjum Latif Rana (Non-Executive Director)

Seema Khan (Executive Director)

## AUDIT COMMITTEE

Mohsin Ali Nathani (Chairman)

Ayla Majid

Muhammad Anjum Latif Rana

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani (Chairman)

Ehsan Ali Malik

Syed Anis Ahmed

## RISK MANAGEMENT COMMITTEE

Ayla Majid (Chairperson)

Syed Anis Ahmed

Muhammad Anjum Latif Rana

Seema Khan

Celestino Jacinto Dos Anjos

## SHARE TRANSFER COMMITTEE

Syed Anis Ahmed (Chairman)

Muhammad Anjum Latif Rana

Seema Khan

## BANKING COMMITTEE

Mohsin Ali Nathani (Chairman)

Syed Anis Ahmed

Seema Khan

Celestino Jacinto Dos Anjos

## NOMINATION COMMITTEE

Ehsan Ali Malik (Chairman)

Mohsin Ali Nathani

Syed Anis Ahmed

## CHIEF FINANCIAL OFFICER

Syed Tabish Aseem

## COMPANY SECRETARY

Muhammad Usama Jamil

## CHIEF INTERNAL AUDITOR

Muhammad Ali Shiwani

## AUDITORS

EY Ford Rhodes, Chartered Accountants

(a member firm of Ernst & Young Global Limited)

## LEGAL ADVISORS

Orr, Dignam & Co.

SurrIDGE & Beecheno

## BANKERS

Standard Chartered Bank (Pakistan) Limited

Deutsche Bank AG

Habib Bank Limited

National Bank of Pakistan

MCB Bank Limited

Faysal Bank Limited

Habib Metropolitan Bank

Citibank

## SENIOR MANAGEMENT TEAM

Syed Anis Ahmed

(Chief Executive Officer)

Syed Tabish Aseem

(Chief Financial Officer)

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 Share Registration Services (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery Block 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi.

## FACTORY LOCATIONS

Plot No. 258 & 324, Opposite Radio Pakistan Transmission Centre,

Hyderabad Road, Landhi, Karachi.

Plot No. 13, Sector 20,

Korangi Industrial Area, Karachi.

## CITY OFFICE

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

## SALES OFFICES

House No. 25/III/B, Jamrud Lane,  
University Town, Peshawar, Pakistan.

House No. 187, Aurangzeb Block,  
Near Garden Town, Lahore, Pakistan.

## WAREHOUSES

Plot No. 136, Street # 9, Sector 1-10/3,  
Industrial Area, Islamabad.

16 KM Shahpur Kanjran,  
Multan Road, Lahore.

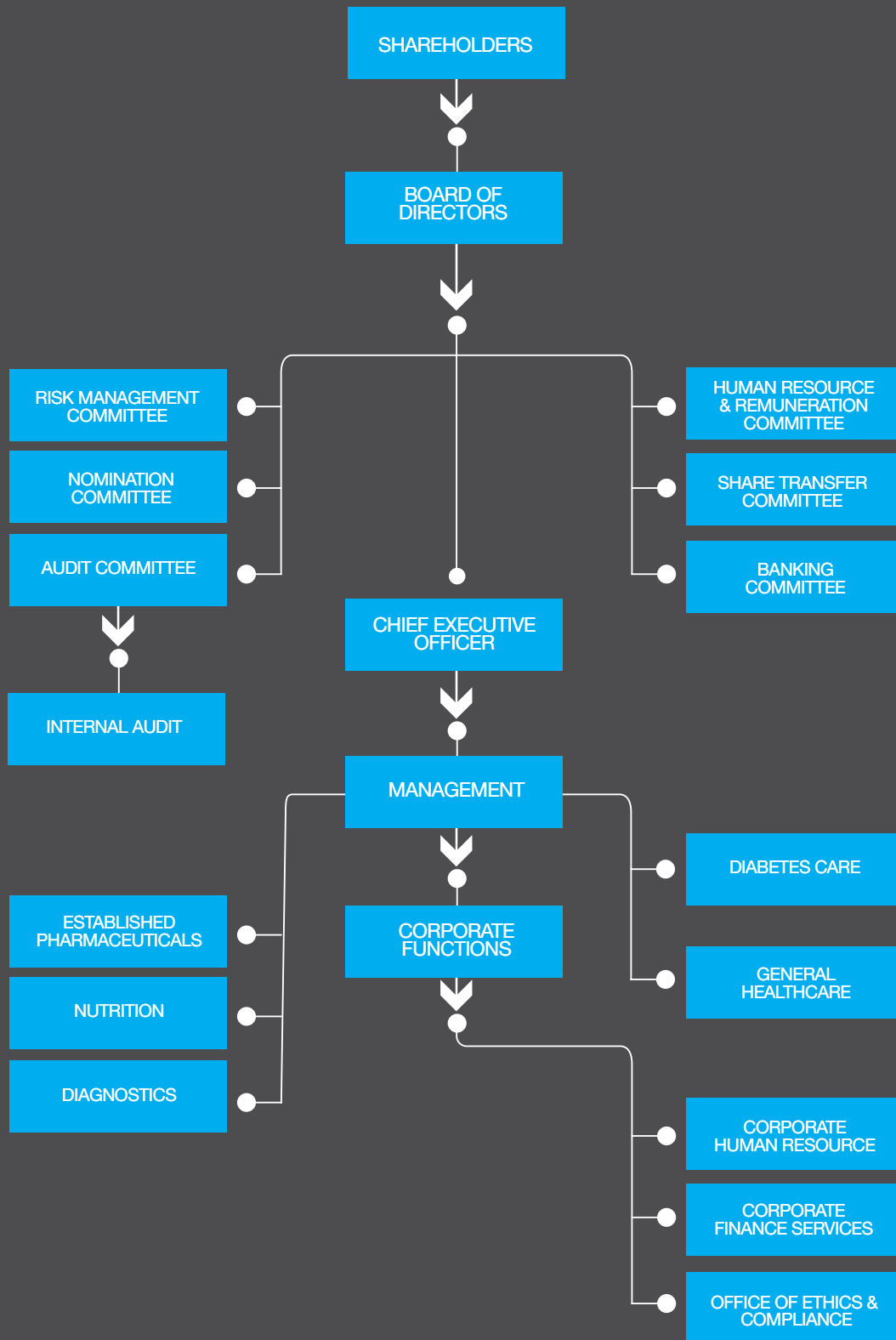
Hasanabad Gate # 2,  
Near Pak Arab Fertilizers,  
Khanewal Road, Multan..

## WEBSITE

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



# Organisational Chart



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



P

## POLITICAL

Political uncertainty and inconsistent policies.

### ORGANISATIONAL RESPONSE

- Discussion and engagement with relevant authorities on future policies and measures
- Industry issues are dealt through Pharma Bureau and other business associations



E

## ECONOMIC

Increasing labour costs, rising interest rates, inflation, low economic growth and exchange rate fluctuations impact profitability.

### ORGANISATIONAL RESPONSE

- Reduce cost through cost containment initiatives
- Price adjustments



S

## SOCIAL

Corporate Social Responsibility (CSR), increasing attention in healthcare, charity and donation, safe and healthy environment.

### ORGANISATIONAL RESPONSE

- Active participation in social work initiatives as part of CSR



T

## TECHNOLOGICAL

Technological obsolescence, competitors capitalising on new opportunities created by technological advancements.

### ORGANISATIONAL RESPONSE

- Actively invest in different projects to improve efficiency, build capacity and achieve operational excellence



L

## LEGAL

Drug Regulatory Authority of Pakistan Act, 2012, Companies Act 2017, Income Tax Ordinance 2001, Sales Tax Act 1990, PSX Rulebook, SECP Act and others.

### ORGANISATIONAL RESPONSE

- The Company ensures compliance with all the applicable laws and regulations. The Company's Finance, Compliance, Medical, and Regulatory departments monitor any new legislations impacting the Company and ensures compliance



E

## ENVIRONMENTAL

Growing attention to environmental protection, climate changes, natural disasters and natural resource conservation.

### ORGANISATIONAL RESPONSE

- The Company complies with Abbott Global Standards and local regulatory compliance requirements to environmental safety. The Zero Waste to Landfill Certification has also played its role to improve the environment

# History of Major Events

**1900**

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



**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.



**1929**

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



**1931**

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



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.

**1973**



Abbott is listed as a public limited company in Pakistan.

**1982**



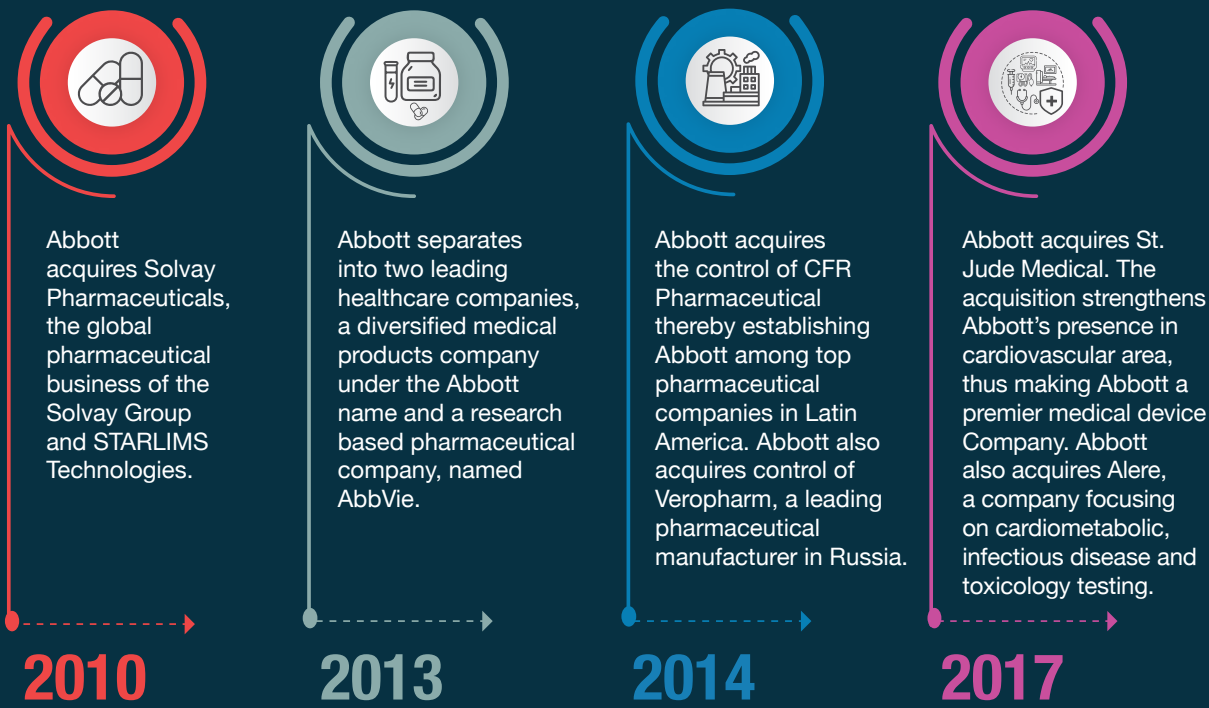
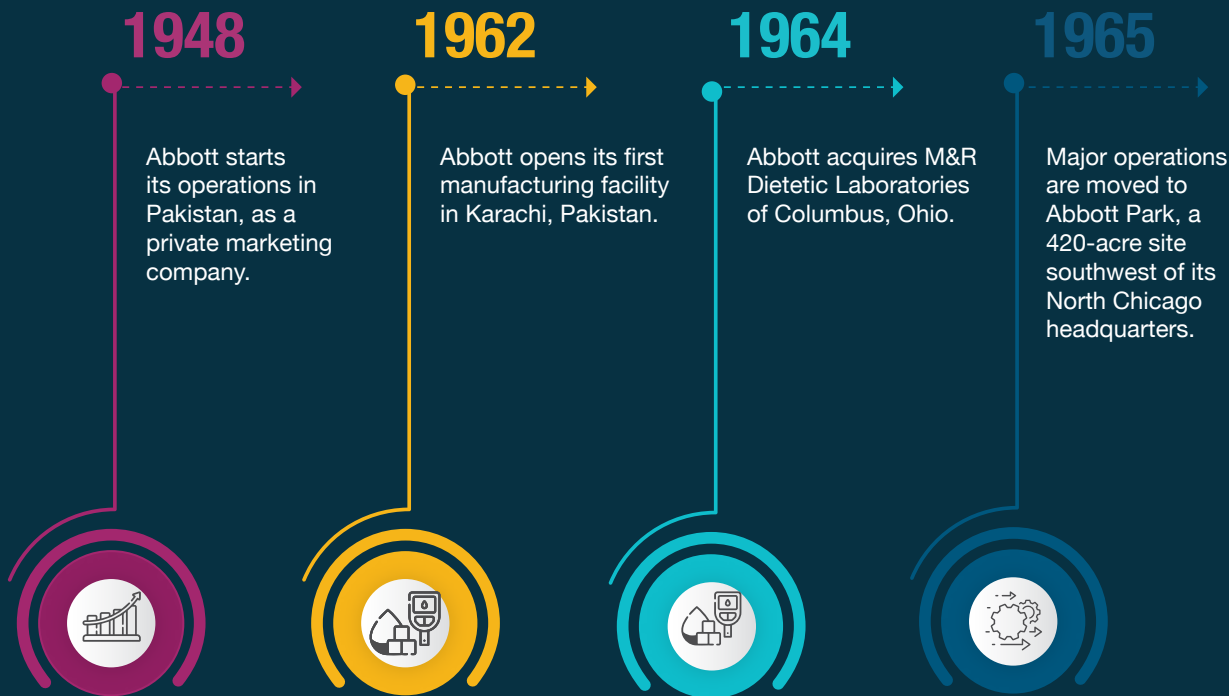
Abbott acquires the pharmaceutical business of BASF, including the global operations of Knoll Pharmaceuticals. Vysis, Inc., a leading genomic disease management company, is also acquired.

**2001**



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.

**2004**





# 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.

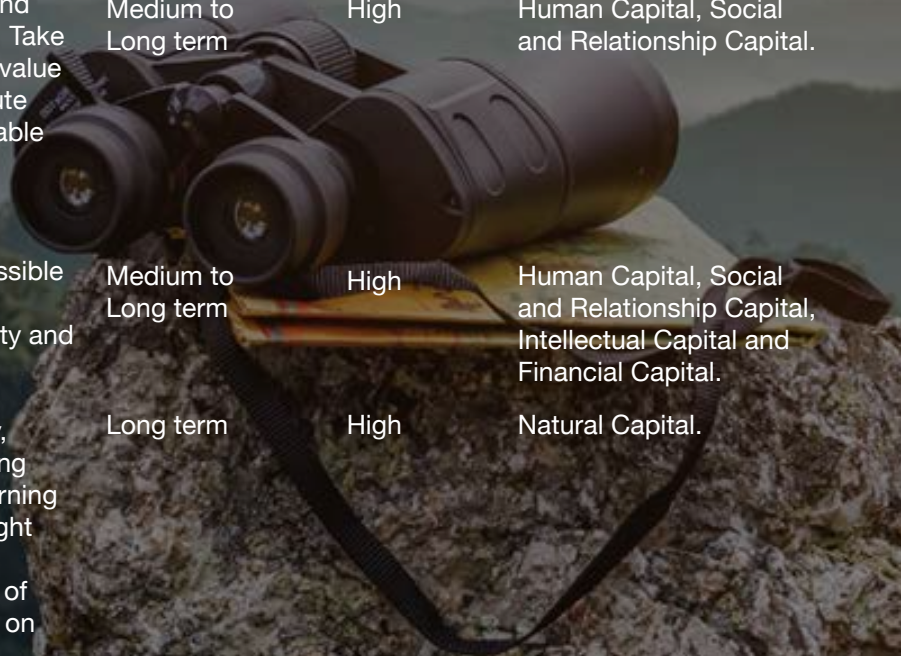
Operating Sustainably

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

# 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

## 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.

## 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. 3.07 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 year.



An aerial photograph of a vast mountain range covered in snow. The mountains are rugged and layered, with deep valleys and ridges. The sky is filled with soft, white clouds, creating a serene and somewhat somber atmosphere. The overall color palette is dominated by whites, greys, and muted blues.

# 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.

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.

## Board's statement regarding assessment of principal risks

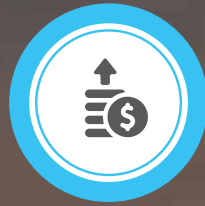
Board statement on the assessment of principal risks and their management can be found on page 73 in the Directors' report section of this Report.



# Key Risks & Opportunities



KEY RISKS



TYPE OF CAPITALS AFFECTED



SOURCES OF RISKS & OPPORTUNITIES



ASSESSMENT OF LIKELIHOOD



MAGNITUDE

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







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 foreign currency denominated export receivables and cash balances.
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.



# Sustainability and Corporate Social Responsibility



## Our Philosophy & Policy on Corporate Citizenship & Sustainability

Sustainability is about operating responsibly to deliver long-term impact. At Abbott, we're strengthening the resilience of our company so we can continue to shape the future of healthcare — to help more people live better, healthier lives. 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.

## 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. 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

We drive innovation to help ensure people can access the products and services they need to 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.

### Transforming Care

We are committed to transforming standards of care for people with chronic health conditions, malnutrition, and infectious diseases. Innovating new solutions for disease management is just one aspect of enhancing quality of care. Abbott is also working to expand capabilities in disease detection and prevention. And we're partnering to educate more people to help them live more balanced, healthier lives.



## Advancing Health Equity

To reach as many people as possible, we must remove barriers standing in the way of good health. We're working across our business and in partnership with others to advance health equity, removing barriers that prevent people from living healthy lives. During the year, Abbott Pakistan joined hands with leading nonprofit organizations to help expand access to critical health, education and social services, with the goal of building more resilient, healthier communities.

## BUILD THE DIVERSE, INNOVATIVE WORKFORCE OF TOMORROW

Our ability to build a healthy, sustainable future depends on the innovative ideas, execution, and dedication of a diverse workforce. In return, Abbott provides an environment that helps all employees learn and grow in careers that matter, where they can bring their true selves to work each day.

### Talent Management

Our talent management approach focuses on attracting, retaining, engaging, and developing a diverse workforce ready for tomorrow's challenges while bringing our strategy to life today. Our senior leadership conducts TMRs by division and function to review succession plans for our most critical positions. As part of these discussions, senior leadership considers employees with leadership potential who are early in their careers and discusses how they can continue to develop that talent.

### Developing Employees

Creating the workforce of the future requires inspiring the workforce of today and tomorrow. We continue to invest in resources that support the development and professional growth of all our employees and to help them build their best careers. Our employees can access growth and development opportunities at every stage of their career to build new skills and gain new perspectives. These programs have been designed to support the development and strengthen the skills of all our employees. By continuing to foster a culture of learning and growth, we will be able to meet the challenges of today and tomorrow.

### Diversity, Equity and Inclusion

We are committed to creating an environment that fosters diversity, equity, and inclusion — driving our business forward, fueling our creativity, and inspiring collective innovations that can serve more people. We strive to maintain an inclusive culture where each person can bring their true self to work, and where everyone is valued for their contributions.



## Employee Well-Being, and Occupational Health & Safety

Abbott offers innovative programs and solutions that reward our efforts, recognize our rich diversity, promote healthy lifestyles, help our employees balance work and family, and provide financial security. Keeping employees healthy and safe is non-negotiable for Abbott. We're committed to driving a culture of shared responsibility, embedding safety considerations throughout our business process. Our Occupational Health Services team develops and maintains occupational health policies, procedures, and guidelines, trains relevant employees, and consults on regulatory compliance.

## PROTECT A HEALTHY ENVIRONMENT

We are evolving our operations to better preserve a healthy environment, building a more resilient, responsible business. We rely on natural resources to manufacture and supply products that help people around the world live healthy, full lives. We are committed to using them as responsibly as possible to preserve a healthy environment — now and for future generations.

### Energy and Emissions

Reducing climate impact is key to a healthy planet. We're working to deliver results against near-term science-based targets to reduce carbon 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. In pursuance of the same, solar panels were installed at our Plant site during the year.

### Protecting Water Resources

Water sustains life, health, and ecosystems. It also plays a critical role in our operations. That's

why we're committed to responsible water use in the communities where we operate. Our water management approach centers around four principles:

- **Reduce** water usage by improving water use efficiency;
- **Prevent** water discharge that could adversely impact human health or environment
- **Educate** our employees the importance of water conservation
- **Engagement** through development and application key water management principles

### 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.

### QUALITY MANAGEMENT

We make our products and services as if they were for our own families. That's why we continuously improve our systems and processes to help ensure we deliver

only the highest quality products and services. Every day, people around the world rely on Abbott to provide life-changing products and services. Delivering high-quality, safe, and effective products is fundamental to our business.

Maintaining quality requires a company-wide commitment. That's why we work to embed it across our company. We have robust quality processes in place for all of our products and services, and we are committed to continually assessing and improving those processes as information, technologies, and practices evolve. Abbott's Quality Management System (QMS) model and metrics are continuously reviewed to track performance. We capture and apply key learnings and best practices, including those from external intelligence, and industry-specific issues are examined and escalated as appropriate.

### CREATE A RESILIENT, DIVERSE AND RESPONSIBLE SUPPLY CHAIN

As a key element of our business, Abbott proactively manages our supply chain to amplify our positive impact on the world. To reduce shared sustainability impacts, we work to nurture a global supplier network that is strong, responsible, and resilient.

Our supply chain and procurement strategy embed sustainability considerations into supplier selection and management processes. Our strategy is designed to ensure the products we make — and what others



make for us — are sourced and produced ethically while attempting to mitigate negative sustainability impacts.

We have global policies and procedures for evaluating suppliers for potential sustainability issues in their operations, including those related to human rights and labor, health and safety, environment, and management systems. These policies guide Abbott's supply chain sustainability due diligence activities, including, but not limited to, supplier selection and management, compliance to Abbott's Supplier Guidelines, and participation in sustainability due diligence and remediation activities. We take a risk-based approach to supplier screening, assessment, and monitoring, considering supplier size, industry, sourcing location(s), ESG performance, and Abbott spend. We maintain a supplier assessment process to minimize reputational and business continuity risks.



## Corporate Social Responsibility

At Abbott, our priority is to reach more people, in more places than ever before, with access and affordability in mind for our life-changing technologies and products. We work within our businesses and in partnership with others to remove barriers that prevent people from accessing the care they need to live their healthiest lives. Abbott has a long 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 Liver Foundation

The Liver Foundation has transformed the viral hepatitis agenda, going from a time when there was practically zero priority given to viral hepatitis, to now having a global commitment to eliminating this cancer-

causing disease as a public health threat by 2030. Abbott provides funding to the Liver Foundation to support their work to eliminate Hepatitis C.

### Family Education Services Foundation (FESF)

Family Educational Services Foundation (FESF) is a charitable organization committed towards empowerment of disadvantaged deaf children and young people through a holistic approach to deaf education, skills training, job placement, and sign language development – creating lasting change in their lives and that of their families. Abbott's contribution and funding has helped them to establish higher education programs in furtherance of their cause.

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

PBS was established in 2001 to provide access to quality healthcare for needy patients at Aga Khan University Hospital. Since its inception, PBS has provided financial assistance to thousands of needy patients to access quality care. Abbott's funding has enabled PBS to support the quality treatment of pediatric patients suffering from various complicated diseases.

### The Layton Rahmatulla Benevolent Trust (LRBT)

LRBT as an organization envisions to provide free eye treatment to the poor & underprivileged citizens across Pakistan. Abbott's funding to LRBT supported the restoration of sight of 362 cataract affected adults in 2023.

### Arthritis Care Foundation (ACF)

Arthritis Care Foundation (ACF) is a registered trust working for the welfare of patients with rheumatic diseases in Pakistan. There is limited awareness about arthritis and rheumatic diseases, which is a leading cause of disability globally. Abbott's funding has enabled ACF to procure various biologics being used for treatment.

### Muhammadi Blood Bank & Thalassemia center

Abbott sponsored six 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 catering to blood requests from all over Karachi.

### **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. Karwan-e-Hayat works for the prevention, relief, treatment of mental illness and to raise public awareness.

### **Karachi Down Syndrome Program (KDSP)**

KDSP was formed with the goal of advocating the value, acceptance, and inclusion of individuals with Down syndrome in Karachi and to provide them with the opportunity to lead independent and fulfilling lives. Abbott's funding enabled KDSP to support the development and empowerment of 10 individuals with Down syndrome.

### **Professional Education Foundation (PEF)**

PEF was established in January 2009, with the sole aim of financially supporting brilliant but underprivileged students for their professional education. Abbott's funding enabled PEF to support 22 professional students enrolled in various programs.

## **Supporting our Communities**

### **Evidence Based Clinical Studies**

Abbott Pakistan not only endeavors 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, our 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 organizations.

Epidemiological studies are increasingly used to plan and evaluate strategies to prevent and manage illnesses. These studies review real-world evidence to understand disease epidemiology, unmet medical needs, patient journey and management protocols.

We have worked together with 15 Key Investigators from the Gastroenterology / Hepatology fraternity of Pakistan in Preempt Registry - Minimal Hepatic Encephalopathy (MHE) among Cirrhotic to evaluate the incidence of MHE amongst wider population of

Pakistan. The registry successfully recruited 1200 patients. 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.

We have also partnered with Health Promotion Foundation for an investigator-initiated study. This study will provide an estimate of Subclinical Hypothyroidism in pregnant women of Pakistan. Pregnant women with untreated subclinical hypothyroidism are at higher risk for pregnancy loss, placental abruption, premature rupture of membranes, and neonatal death. This study will provide an opportunity to create awareness for screening of hypothyroidism during pregnancy and providing management in right dose for right duration leading to better diagnosis and management of such patients.

### **Engagement with Top Tier Psychiatry Experts for General Anxiety Disorder and Major Depressive Disorders**

Medical advisory board meetings are an integral part of the healthcare and, in particular, the pharmaceutical landscape. These meetings serve to identify knowledge gaps in a specific therapeutic area and to suggest measures that could be implemented and followed to bridge the identified gaps.

A comprehensive diagnostic assessment is a critical first step in treating patients with generalized anxiety and depression. Through consultation with an advisory board comprising of General Physicians (GP), knowledge gaps and training requirements were identified. Subsequently, relevant training material was developed, and training workshops were conducted pan Pakistan with these experts. Together with these experts we managed to train 1000+ GPs in helping them better diagnose and manage their patients.

### **Advancing the Understanding and Management of Common Ailments – Hands on Workshops and CME events for General/Family Physicians**

With time medical science is evolving at a much faster pace. Busy healthcare professionals often find it difficult to keep pace between learning the up-to-date management regimen and managing their clinics. At Abbott, we are the flag bearers of educational initiatives for physicians. This year we conducted ten scientific summits. The scientific agenda was designed to address emergency maternal and neonatal care, post-partum hemorrhage management, evaluating liver function test report, Dix Hallpike Maneuver, interpretation of a chest ultrasound and patient questionnaire to diagnose anxiety and depression.



## Other Collaborations

We also collaborated with 'Saving Limbs' and 'Baqai Institute of Diabetes and Endocrinology' to share guidelines in management of diabetic foot. Diabetic foot ulcer poses a significant challenge, reducing patients' quality of life and significantly increases their risk of amputation, which is a tragic end for most people. The prevalence of diabetes and associated complications in Pakistan is steadily rising. To effectively educate the physicians to diagnose and manage their patients effectively, we supported the development of awareness material, training content and diagnostic kits and conducted 10+ CME events pan Pakistan.

We also supported the continuous learning for the physicians by facilitating their participation at CME events for Women Health and Paediatric Specialty at KOC university, one of the most prestigious universities in Turkey.

At Abbott, we are committed to provide play our part in enhancing the skills and knowledge of our healthcare fraternity, whilst providing quality medicine and services. We ensure that our partnerships with leading national societies are based on long term benefit paradigm for our patients.





# Corporate Governance



# CEO's Message

DEAR FELLOW SHAREHOLDERS:

We're here at Abbott to help people live fuller lives through better health. That's a responsibility that we take very seriously. To us, it means the motivation to create the life-changing products and technologies of the future, the vigilance to ensure they're of the highest quality, and the commitment to meet the needs of the people we're here to serve.

2023 has been a turbulent year characterized by high-inflation, supply chain disruptions amid global conflicts, internal political instability, commodities price volatilities and Pak Rupee devaluation. The monetary tightening measures have further decelerated economic activity throughout the country. Despite the challenging operating environment, your Company has played a very responsible and patient-centric role by ensuring uninterrupted supply of many essential and life-saving medicines for the patients. Margins, however, remained under pressure as the one-off price adjustment granted to the pharmaceutical industry was not sufficient to offset the impact of inflation and Rupee devaluation.

The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We believe that a conducive regulatory framework is essential for the sustained future of the industry. 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 sincere gratitude 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 2024.

Abbott Proud,



**Syed Anis Ahmed**

**Managing Director & CEO**

**Abbott Pakistan**



# Directors' Profiles



## Ehsan Ali Malik - Non - Executive Director (Chairman)

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

## 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.



## Mohsin Ali Nathani - Independent Director

Mohsin's banking experience of almost three decades spans geographically across Asia (East and South-East), Middle East and Levant regions. He is currently the Regional CEO of Habib Bank AG Zurich, a multinational banking group with a presence in 11 countries. Prior to his current role, Mohsin was the President & CEO of HABIBMETRO. Previously, Mohsin was associated with Standard Chartered PLC as the UAE CEO and Standard Chartered Bank Pakistan as the CEO. Prior to that, he was at Barclays Bank Pakistan as their Country Head and Managing Director. Mohsin is an MBA from the Institute of Business Administration, Karachi. He is currently serving as a member of the Boards of Directors of HABIBMETRO, Habib Canadian Bank, Habib Bank Zurich (Hong Kong), Abbott and I-Care Pakistan.

## Celestino Jacinto 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 Laboratories 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).





### Ayla Majid - Independent Director

Ayla is a leading mergers and acquisition, advisory and governance expert with over two decades of rich experience in decarbonization. She is Founder & CEO of Planetive, a sustainability and clean energy advisory firm and project development. 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 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 an 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.

### 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.



### 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.

# Corporate Governance

## BOARD COMPOSITION

Our Board structure is mainly governed by Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 and other good corporate governance practices. During the year, election of Directors was held as per the requirements of the Companies Act, 2017.

Our Board comprises of 7 Directors, who ensure that the interests of all shareholders and stakeholders are fully protected. There are 3 Non-Executive Directors, 2 Executive Directors and 2 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 60.

## INDEPENDENT DIRECTORS

Our Board comprises of two (2) independent directors namely Mr. 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's Board comprise 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 atleast 1 female director.

## PRESENCE OF EXECUTIVE DIRECTORS ON OTHER BOARD

None of the above Executive Directors of Abbott Pakistan are currently serving as non-executive directors of any other company and hence no fee is earned against attendance of Board meetings.

## 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, public and other stakeholders.
- To promote highest moral, ethical and professional values and good governance throughout the Company.

## ANNUAL EVALUATION OF PERFORMANCE AND THE CRITERIA USED FOR THE MEMBERS OF THE BOARD AND ITS COMMITTEES, CEO AND CHAIRMAN

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.

The Board of Directors and its Committees are evaluated by PICG on different categories including, but not limited to, Board composition, strategic planning, Board procedures and information, Chairperson and CEO effectiveness, control environment and ESG.

The overall performance of the Board measured on the basis of above-mentioned parameters was satisfactory.

## 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 to enable them to effectively govern the affairs of the company on behalf of shareholders.

## DIRECTORS' TRAINING PROGRAM

As disclosed in the statement of compliance, all the directors have either obtained certification under

the Directors' Training program or are exempt from obtaining the certification. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies.

## 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 for reviewing, approving and ratifying related party transactions and in providing disclosures as required under section 208 of Companies Act, 2017 and other applicable laws.

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.

Details of related party transactions are disclosed by the Company in note 35 of the financial statements. There is no contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis. All related party transactions are carried in accordance with the Company's related party policy.

## BOARD'S POLICY OF SIGNIFICANT MATTERS

### Remuneration of non-executive 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.

## Security clearance of foreign directors

All Foreign Directors on our Board are required to submit relevant documents, including declarations and/or undertaking 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.

## 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 are 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 company, 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 prioritize systems-thinking and collaboration, we can grow our business, improve lives and create value for the people we serve.

### 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. Key objective of this policy are as follows:

- 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.

### 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](mailto: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.

### Whistle blowing

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.

### 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.

### SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES

Number of shares held at 31 December 2023 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
<b>Total:</b>	<b>11,002</b>

Details of the above have been presented in the Pattern of Shareholding, available on page 175 - 177 of this Annual Report.



## SALIENT FEATURES OF TERMS OF REFERENCE OF BOARD COMMITTEES

### AUDIT COMMITTEE

The Audit Committee comprises of three members, two Independent Directors and one Non-Executive Director. 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:

- Review of annual and interim financial statements 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 Non- Executive 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, two 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.

## PRESENCE OF CHAIRMAN OF AUDIT COMMITTEE AT THE AGM

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

## CHAIRMAN'S SIGNIFICANT COMMITMENTS

Mr. Ehsan Ali Malik was the chairman of the Company during the year. 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.

## BOARD COMMITTEES ATTENDANCE

### AUDIT COMMITTEE

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

### 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
Ehsan Ali Malik	Member - Non Executive Director	2	2
Asghar ul Huda	Secretary / HR Director	2	2

# Chairman's Review Report

On behalf of the Board of Directors of Abbott Laboratories (Pakistan) Limited, I am pleased to present this report as required under section 192 of Companies Act, 2017.

2023 has been a turbulent year characterized by high-inflation, supply chain disruptions amid global conflicts, commodities price volatilities and Pak Rupee devaluation. The monetary tightening measures have further decelerated economic activity throughout the country. Despite these challenges, your Company was able to deliver double digit growth in its topline. 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

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. 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, 2024



## چیسر مین جائزہ رپورٹ

3. ہیومن ریسورس اور مشاہرہ کمیٹی (ایچ آر اینڈ آر) ایچ آر اینڈ آر کمیٹی چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور چیف انٹرنل آڈیٹر کی ذاتی پالیسیوں، مشاہرے کا تعین اور مراعات کا جائزہ لینے کی ذمہ دار ہے۔ یہ کمیٹی بورڈ کو ہیومن ریسورس پالیسی سے متعلق تجاویز دینے اور ٹرمز آف ریفرنس کی شرائط کے مطابق ڈائریکٹرز کے مشاہرے کی پالیسی کا دائرہ کار و وضع کرنے میں بھی اپنا کردار ادا کرتی ہے۔

## 4. نامزدگی کمیٹی

نامزدگی کمیٹی بورڈ کی جانب سے تشکیل دی گئی کمیٹیوں اور کمیٹی کی سربراہی کے سلسلے میں بورڈ کو زیر غور لانے کے لئے سفارشات تیار کرنے کی ذمہ دار ہے۔ یہ بورڈ کے اسٹریکچر، حجم اور ساخت کا باقاعدہ جائزہ لینے اور اس کے سلسلے میں کسی بھی قسم کی تبدیلی کی تجاویز پیش کرنے میں بھی شامل رہتی ہے۔

## 5. شیئر ٹرانسفر کمیٹی

کمیٹی حصص کی رجسٹریشن، ٹرانسفر اور ٹرانسمیشن کی منظوری دیتی ہے۔

## 6. رسک مینجمنٹ کمیٹی

رسک کمیٹی کمپنی کے مجموعی رسک مینجمنٹ، بشمول رسک مینجمنٹ کے دائرہ کی تشکیل، اطلاق اور جانچنے گئے خطرات کو کم کرنے کے لیے تمام انتظامی امور کی موثر طریقے انجام دہی کا جائزہ لینے کی ذمہ دار ہے۔

میں سال کے دوران اپنے تمام شیئر ہولڈرز، صارفین، مینکوز اور ملازمین سے ان کے اعتماد اور تعاون پر ان کا شکر گزار ہوں۔ اس کے ساتھ ساتھ میں بورڈ کے اراکین، سی ای او اور ان کی ٹیم کا لگن اور انتھک محنت پر تہہ دل سے شکریہ ادا کرتا ہوں۔



احسان علی ملک  
چیسر مین

22 فروری 2024

میں کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت درکار ایبٹ لیبارٹریز (پاکستان) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے یہ رپورٹ پیش کرتے ہوئے بے حد خوشی محسوس کر رہا ہوں۔

2023 ایک ہنگامہ خیز سال رہا جس میں بطور خاص مہنگائی بلند ترین شرح پر پہنچ گئی، عالمی تنازعات کے باعث سپلائی چین میں خلل پیدا ہوا، اشیاء کی قیمتوں میں اتار چڑھاؤ اور پاکستانی روپے کی قدر میں کمی واقع ہوئی۔ مالیاتی قواعد پر سختی سے عمل درآمدات نے ملک بھر میں معاشی سرگرمیوں کو مزید سست کر دیا۔ ان چیلنجوں کے باوجود آپ کی کمپنی اپنی ٹاپ لائن میں دو ہندسوں کی شرح نمو فراہم کرنے میں کامیاب رہی۔ تاہم پاکستانی کرنسی کی قدر میں مسلسل کمی اور افراط زر کی وجہ سے ہمارے مارجن دباؤ کا شکار رہے۔ آپ کی کمپنی اپنی ثابت قدمی اور پرعزم طرز عمل کے ذریعے ان چیلنجوں کا احسن انداز میں سامنا کر رہی ہے تاکہ کاروباری تسلسل اور پروڈکشن کی دستیابی کو یقینی بنایا جاسکے تاکہ ان شہریوں کی صحت سے بھرپور زندگی کو ممکن بنانے کے عمل کو جاری رکھا جاسکے جو ہماری پروڈکشن پر انحصار اور مکمل بھروسہ رکھتے ہوئے صحت مند اور بھرپور زندگی گزار رہے ہیں۔

## بورڈ کی مجموعی کارکردگی کا جائزہ

سال کے دوران ڈائریکٹرز کے انتخاب کا انعقاد کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق ہوا۔ متنوع اور وسیع تجربے کے حامل ڈائریکٹرز پر مشتمل بورڈ نے اپنی ذمہ داریاں انتہائی جاں فشانی سے موثر انداز میں انجام دیں۔

بورڈ کا مقصد کمپنی کو اسٹریٹجک سمت فراہم کرنا اور کمپنی کے انتظام پر نظر رکھنا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) کے تحت اپنی ذمہ داریاں انجام دیں جن میں اہم پالیسیوں کی منظوری، داخلی کنٹرول کے مضبوط نظام تشکیل دینے کے اقدامات، بجٹ اور مالیاتی نتائج کی منظوری شامل ہے۔ نان ایگزیکٹو ڈائریکٹرز اور انڈی پینڈنٹ ڈائریکٹرز بھی بورڈ آف ڈائریکٹرز کے اہم فیصلہ سازی کے امور میں شامل رہے۔

جیسا کہ قواعد کے تقاضوں کے تحت درکار ہے بورڈ نے درج ذیل کمیٹیاں تشکیل دی ہیں جو قانون کے دائرہ کار کے اندر موثر انداز میں اپنے فرائض انجام دے رہی ہیں:

## 1. آڈٹ کمیٹی

آڈٹ کمیٹی داخلی کنٹرول کے موثر اور جامع نظام اور طریقہ کار کو یقینی بنانے میں کلیدی کردار ادا کرتی ہے۔

## 2. بینکنگ کمیٹی

بینکنگ کمیٹی کی ذمہ داریوں میں بینکوں کے ساتھ مجموعی طور پر تعلق استوار کرنا، کریڈٹ کی حد، مجاز دستخط کنندگان کی منظوری اور اضافی فنڈ کی دانشمندانہ سرمایہ کاری شامل ہیں۔

# 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, 2023.

Operating results	Rs. in '000
Profit for the year before taxation	2,589,722
Taxation	<u>(2,327,945)</u>
Profit after taxation	261,777
Other comprehensive income - net of tax	491,017
Un-appropriated profit brought forward	<u>9,729,965</u>
Profit available for appropriation	10,482,759
<b>Appropriations:</b>	
Dividend Rs. NIL per share	-
Un-appropriated profit carried forward	<u>10,482,759</u>

## Financial Performance

Net sales increased by 12.6% over the previous year. Gross Profit margin declined from 29.5% to 21.4% mainly driven by Rupee devaluation, inflation and due to delayed pricing adjustment in 2023. Operating expenses increased on account of general inflation. Other charges increased by 12.3% mainly due to incurrence of exchange losses driven by Rupee devaluation. Other income witnessed a growth of 41.1% primarily on account of write-back of liabilities. Tax charge for the period was Rs. 2,327.9 million primarily on account of minimum tax charge due to reduced profitability and prior year super tax levy at the rate of 10% implemented through Finance Act 2023.

As a result of these factors, profit after tax for the year decreased by Rs. 2.74 billion over the previous year. Earnings per share was Rs. 2.67 per share (2022: Rs. 30.69 per share).

## Reasons for not declaring Dividend

The economic volatility, coupled with constant Rupee devaluation and the resulting inflation has had an adverse impact on the Company's margins and liquidity. Despite our best efforts to mitigate these challenges, the impact on our profitability has necessitated a cautious approach to capital allocation. Our strategic focus on capacity building requires investment on our operational capabilities, which will help us sustain long-term growth and maximize shareholders' return. Consequently, the Board of Directors have decided against recommending final dividend for the year ended December 31, 2023.

## Segment-wise Sales and Market Performance

Pharmaceutical sales increased by 20.0% driven by sustained performance of established brands, while Nutritional sales decreased by 7.7% mainly on account of lower volumes following restrained demand due to inflationary pressures. Diagnostics segment registered a growth of 15.5% over last year, following price revisions taken during Q3-2023. whereas General Health Care and Diabetes Care cumulatively grew by 18.1%.

## Industry overview

According to global pharma research company – IQVIA (previously known as IMS) published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 2.94 billion. The market share of multinational companies has been gradually declining over the years and at present is only 25.7%. There are a total of 653 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 utilize new opportunities created by technological advancements. The Company made capital investment of Rs. 3,075 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 manufacturing sites in pursuance of its commitment towards reducing its carbon footprint.

## Liquidity Management and Cash Flow Strategy

Cash generated from operations amounted to Rs. 3,104 million during the year. The Company has cautiously invested in building up its inventory levels citing supply chain disruptions witnessed during the year, which would help to ensure that the Company is able to ensure availability of its products for the patients.

At year end, the Company had liquid funds comprising cash/bank balances and short-term investments amounting to Rs. 5,037 million, net of investments on capital projects and dividend payments to local shareholders. Dividend payable to the parent company amounting to Rs. 1,030 million has not been remitted as of the year end.

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, prioritizing and addressing strategic, financial, commercial, and operational risks faced by the Company.

Pak Rupee devaluation 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. 8,994 million (2022: Rs. 7,644 million) to the Government on account of

various Government levies including Income Tax, Customs Duties and Sales Tax.

### Environment, Health, and Safety (EHS)

As champions for health, we do more than develop life-changing products and solutions. We take targeted action to help protect our environment. We are committed towards evolving our operations to better preserve a healthy environment, building a more resilient, responsible business. 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're committed to driving a culture of shared responsibility, embedding safety considerations throughout our business process. Throughout the year, Abbott conducted various training and awareness sessions in order to reinforce its occupational health and safety priority.

### Corporate Social Responsibility (CSR)

We're working across our business and in partnership with others non-profit organizations to advance health equity, removing barriers that prevent people from living healthy lives, with a special focus on programs that support health, wellness and education needs of the underprivileged population. In pursuance of this cause, your Company made significant contributions to multiple nonprofit 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, Arthritis Care Foundation and The Indus Hospital amongst others.

### Quality Management

Every day, people around the world rely on Abbott to provide life-changing products and services. Delivering high-quality, safe, and effective products and technologies is fundamental to our business. Maintaining quality requires a company-wide commitment. We have robust quality processes in place

for all our products and services, and we are committed to continually assessing and improving those processes as information, technologies, and practices evolve.

Our quality system is based on established regulations and industry standards that govern the quality framework for Abbott businesses. We have policies, processes, and procedures that encompass the total product life cycle.

### Human Resources

Our ability to build a healthy, sustainable future depends on the innovative ideas, execution, and dedication of a diverse workforce. In return, Abbott provides an environment that helps all employees learn and grow in careers that matter, where they can bring their true selves to work each day.

Creating the workforce of the future requires inspiring the workforce of today and tomorrow. We continue to invest in resources that support the development and professional growth of all our employees and to help them build their best careers. Our talent management approach focuses on attracting, retaining, engaging, and developing a diverse workforce ready for tomorrow's challenges while bringing our strategy to life today. Our goal is to build a strong pipeline of internal talent through intentional development. This includes offering growth opportunities such as mentoring, leadership training, and personalized career development conversations and tools.

We are committed to creating an environment that fosters diversity, equity, and inclusion — driving our business forward, fueling our creativity, and inspiring collective innovations that can serve more people. We strive to maintain an inclusive culture where each person can bring their true self to work, and where everyone is valued for their contributions.

### Our Citizenship and Sustainability Priorities

To help create the future of healthcare, we must continually build on the trust Abbott has earned over its long history. We aim to offer accessible, affordable products and solutions that transform lives, and do so sustainably. Robust governance helps ensure we have the leadership, policies, and structures in place to succeed.

Abbott Pakistan subscribes to the values of its 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 50-55 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 outlook

2023 has been a turbulent year characterized by high-inflation, supply chain disruptions amid global conflicts, internal political instability, commodities price volatilities and Pak Rupee devaluation. The monetary tightening measures have further decelerated economic activity throughout the country. Despite these challenges, your Company has played a very responsible and patient-centric role by ensuring uninterrupted supply of many essential and life-saving medicines for the patients.

The one-off price adjustment granted to the pharmaceutical industry was not sufficient to offset the impact of inflation and Rupee devaluation. Consequently, margins were impacted adversely due to increasing cost of doing business. The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We believe that a conducive regulatory framework is essential for the sustained future 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 initiatives.

## 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, 2024.

## Election of Directors

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. All the retiring directors were re-elected w.e.f from May 28th, 2023. Directors' profiles are disclosed on page 60 of this report.

## Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as of December 31, 2023, is given on page 175.

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, 2023, 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 98.
- 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 either acquired certifications under Directors' Training Program or are exempted from acquiring the certifications. 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, 2023) – un-audited	4,222
• ALPL Provident Fund (Based on year ended December 31, 2023) – un-audited	991

- 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 Meetings Attended
1 Syed Anis Ahmed	4
2 Ms. Seema Khan	4
3 Mr. Ehsan Ali Malik	4
4 Mr. Mohsin Ali Nathani	4
5 Ms. Ayla Majid	2
6 Mr. Muhammad Anjum Latif Rana	4
7 Mr. Celestino Jacinto Dos Anjos	2
8 Syed Tabish Aseem (CFO)	4
9 Mr. Muhammad Usama Jamil (Company Secretary)	4

Number of Board Committees' meetings and attendance therein is included on page 69.

### 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 have either acquired certifications under Directors' Training Program or are exempted from acquiring the certifications in accordance with Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. 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:

- Male: 5
- Female: 2

#### Composition:

- Independent Directors: 2
- Non-Executive Directors: 3
- 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





Ehsan Ali Malik  
Director

February 22<sup>nd</sup>, 2024

## اعتراف

بورڈ آف ڈائریکٹرز اس موقع پر اپنے ملازمین کے عزم، لچک، 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 مسلسل معاونت اور ہر ممکن تعاون کو بھی قدر کی نگاہ سے دیکھتے ہیں اور ہماری کمپنی اور پروڈکٹس پر بھرپور اعتماد پر ان کے شکر گزار ہیں۔

  
احسان علی ملک  
ڈائریکٹر

  
سید انیس احمد  
چیف ایگزیکٹو

22 فروری 2024



## بورڈ کی کمیٹیاں

### آڈٹ کمیٹی

محسن علی ناٹھانی - چیئر مین

عائکہ ماجد - ممبر

محمد انجم لطیف رانا - ممبر

### ہیومن ریسورس اور مشاہرہ کمیٹی

محسن علی ناٹھانی - چیئر مین

احسان علی ملک - ممبر

سید انیس احمد - ممبر

### رسک مینجمنٹ کمیٹی

عائکہ ماجد - چیئر پرسن

سید انیس احمد - ممبر

محمد انجم لطیف رانا - ممبر

سمیما خان - ممبر

سٹیٹسٹیشنو جیکنٹو ڈاس انجوس \* - ممبر

### نامزدگی کمیٹی

احسان علی ملک - چیئر مین

سید انیس احمد - ممبر

محسن علی ناٹھانی - ممبر

### شیر ٹرانسفر کمیٹی

سید انیس احمد - چیئر مین

محمد انجم لطیف رانا - ممبر

سمیما خان - ممبر

### بینکنگ کمیٹی

محسن علی ناٹھانی - چیئر مین

سید انیس احمد - ممبر

سمیما خان - ممبر

سٹیٹسٹیشنو جیکنٹو ڈاس انجوس \* - ممبر

• ایک ڈائریکٹر کو تمام سفری اخراجات، بورڈنگ، لاجنگ اور دیگر اخراجات جو اس کی طرف سے بورڈ یا اس کی کمیٹیوں اور/یا کمیٹی کے اجلاس عام میں شرکت کے لیے کیے گئے ہوں فراہم یا خرچ کرنے کے بعد ادا کیے جائیں گے۔

### بورڈ کا تجزیہ

سال کے دوران بورڈ آف ڈائریکٹرز نے بورڈ اور اس کے ساتھ کمیٹیوں اور اس کے اراکین بشمول چیئر مین کی کارکردگی کے تجزیے کے لئے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کا تقرر کیا ہے۔

### بیرونی کنسلٹنٹ کی جملہ تفصیلات

پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) ایک نان پرافٹ ادارہ ہے جو پاکستان میں کارپوریٹ گورننس کے اچھے طریقوں کو فروغ دینے میں سرگرم عمل ہے۔ اس کے بانی شیئر ہولڈرز میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان (ایس بی پی)، پاکستان اسٹاک ایکسچینج اور معروف تجارتی اور تعلیمی ادارے شامل ہیں۔

پی آئی سی جی کی فیکلٹی متنوع تجربات 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

کمیٹی کے تمام ڈائریکٹرز نے یا تو ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کیے ہیں یا انہیں لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ریگولیشن 19 کے مطابق سرٹیفیکیشن حاصل کرنے سے استثنیٰ حاصل ہے۔ تمام ڈائریکٹرز بطور کارپوریٹ باڈی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔

### بورڈ کی ساخت

ریگولیشنز کی شرائط کے مطابق کمیٹی اپنے بورڈ میں انڈی پینڈنٹ اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صحتی تنوع کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ ساخت درج ذیل ہے:

ڈائریکٹرز کی کل تعداد:

(الف) مرد: 5

(ب) خواتین: 2

ساخت

(i) انڈی پینڈنٹ ڈائریکٹرز: 2

(ii) نان ایگزیکٹو ڈائریکٹرز: 3

(iii) ایگزیکٹو ڈائریکٹرز: 2

قدر  
(ملین روپے میں)

تفصیلات

- اے ایل پی ایل پنشن فنڈ (31 دسمبر 2023 کو ختم ہونے والے سال کے مطابق) - غیر آڈٹ شدہ 4:222
- اے ایل پی ایل پراویڈنٹ فنڈ (31 دسمبر 2023 کو ختم ہونے والے سال کے مطابق) - غیر آڈٹ شدہ 991

• سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر/سی ایف او/کمپنی سیکریٹری کی طرف سے حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹر/سی ایف او/سیکریٹری کا نام	اجلاسوں میں شرکت کی تعداد
1 سید انیس احمد	4
2 محترمہ سیما خان	4
3 جناب احسان علی ملک	4
4 جناب محسن علی ناقتانی	4
5 محترمہ عائکہ مجید	2
6 جناب محمد انجم لطیف رانا	4
7 جناب سیلیسٹینو جیکینڈو ڈاس انجوس *	2
8 سید تابش عصم (سی ایف او)	4
9 جناب محمد اسامہ جمیل (کمپنی سیکریٹری)	4

بورڈ کی کمیٹیوں کے اجلاسوں کی تعداد اور ان میں شرکت کے حوالے سے تفصیل صفحہ نمبر 69 پر درج ہے۔

#### ڈائریکٹرز کا مشاہرہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط اور کمپنی کے آرٹیکلز آف اسیسٹن کے تقاضوں کے مطابق نان ایگزیکٹو ڈائریکٹرز (بشمول انڈیپنڈنٹ ڈائریکٹرز) کے مشاہرے کی پالیسی کی بورڈ آف ڈائریکٹرز کی جانب سے منظوری دی گئی ہے۔

#### پالیسی کے اہم نکات درج ذیل ہیں:

• کمپنی اپنے کسی نان ایگزیکٹو ڈائریکٹرز (بشمول انڈیپنڈنٹ ڈائریکٹرز) کو سوائے بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے میٹنگ فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرے گی۔

• بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹر کے مشاہرے کا تعین اور بورڈ آف ڈائریکٹرز سے منظوری وقتاً فوقتاً دی جاتی رہے گی۔

لسٹڈ کمپنیوں کے ساتھ کمپلائنس (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ضابطے)

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق ڈائریکٹرز درج ذیل بیان کرتے ہوئے خوش محسوس کر رہے ہیں:

• کمپنی کی انتظامیہ کی طرف سے تیار کردہ فنانشل اسٹیٹمنٹس میں معاملات کی صورت حال، آپریشنز کے نتائج، کٹیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو شفاف انداز میں بیان کیا گیا ہے۔

• کمپنی کی بکس آف اکاؤنٹس باقاعدہ طور پر برقرار رکھی گئی ہیں۔

• فنانشل اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے کی بنیاد مناسب اور دانشمندانہ فیصلوں پر مبنی ہے۔

• فنانشل اسٹیٹمنٹس کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی فنانشل اسٹینڈرڈز ملحوظ خاطر رکھے گئے ہیں اور بیان سے کسی بھی قسم کے انحراف کی صورت میں مناسب طور پر انکشاف اور تفصیلی طور پر وضاحت کی گئی ہے۔

• کمپنی ایک مضبوط داخلی کنٹرول سسٹم کو برقرار رکھتی ہے جو مادی غلط بیانی یا نقصان کے خلاف مناسب یقین دہانی مہیا کرتا ہے۔ داخلی کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔

• ہم ایک جاری توثیق کے طور پر کمپنی کے کام جاری رکھنے کی صلاحیت کی تصدیق کرتے ہیں۔

• کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا انحراف نہیں کیا گیا۔

• گزشتہ 6 سال کے اہم آپرینٹنگ اور فنانشل ڈیٹا کا خلاصہ صفحہ 98 پر فراہم کیا گیا ہے۔

• واجب الادا ٹیکسز، قانونی چارجز اور ڈیویڈنڈ اگر کوئی ہیں تو انہیں فنانشل اسٹیٹمنٹس میں مناسب طریقے سے 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 ڈائریکٹرز نے یا تو ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کیا ہے یا انہیں سرٹیفیکیشن سے استثنیٰ حاصل ہے۔ بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔

• واجب الادا قرضہ جات اگر کوئی ہیں تو فنانشل اسٹیٹمنٹس میں مناسب طریقے سے ظاہر کیے گئے ہیں۔

• اسٹاف کے رٹائرمنٹ فنڈ کی سرمایہ کاری کی قدر ان کے فنانشل اسٹیٹمنٹس کے لحاظ سے درج ذیل ہے:

فارماسیوٹیکل انڈسٹری کو قیمتوں میں صرف ایک دفعہ اضافہ، مہنگائی اور روپے کی قدر میں کمی کے اثرات کو پورا کرنے کے لیے کافی نہیں تھا۔ نتیجتاً کاروباری لاگت میں اضافے کی وجہ سے مارجن پر منفی اثر پڑا۔

ڈرگ ریگولیٹری اتھارٹی (اتھارٹی) فارماسیوٹیکل انڈسٹری کی ترقی اور ضابطے میں اہم کردار ادا کرتی ہے۔ ہم سمجھتے ہیں کہ صنعت کے پائیدار مستقبل کے لیے ایک سازگار ریگولیٹری فریم ورک ضروری ہے۔ ہم امید کرتے ہیں کہ اتھارٹی ضروری قیمتوں کے جائزے کے ذریعے اور زیر التواء مشکلات کے کمیسرز کے بروقت حل کو یقینی بنا کر اس بے مثال صورتحال میں اپنا بھرپور کردار ادا کرے گی۔ ایک طویل مدتی اقدام کے طور پر اتھارٹی روپے کی قدر میں کمی کے اثرات کو دور کرنے کے لیے خود کار طریقہ کار اور پالیسی متعارف کرانے پر غور کر سکتی ہے۔

ہم آنے والے سال کی طرف نظر ڈالتے ہوئے ہم اپنی مسابقتی کارکردگی کو آگے بڑھانے کا سلسلہ جاری رکھیں گے اور اپنی حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ یہ یقینی بنایا جاسکے کہ وہ مقامی اور عالمی مارکیٹ میں تیزی سے آنے والی تبدیلیوں سے مطابقت اور موزوں رہیں۔ آپ کی کمپنی صارفین کو اپنی پروڈکٹس کی پیشکش کو وسعت دینے اور متنوع بنانے پر مرکوز رہتی ہے جبکہ جدت، کارکردگی اور لاگت کو قابو میں رکھنے کے موثر اقدامات کے ذریعے کارکردگی کو بہتر بنانے کے لیے ٹھوس کوششیں بھی کرتی ہے۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور اہل ہوتے ہوئے انھوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی جانب سے کمپنی کے آڈیٹرز کی 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لیے آڈیٹرز کی دوبارہ تقرری کے لیے تجویز کی توثیق کر دی ہے۔

### ڈائریکٹرز کا انتخاب

سال کے دوران ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق ہوا۔ رٹائر ہونے والے تمام ڈائریکٹرز کو 28 مئی 2023 کو دوبارہ منتخب کیا گیا۔ ڈائریکٹرز کے پروفائلز اس رپورٹ کے صفحہ 60 پر ظاہر کیے گئے ہیں۔

### شینرز ہولڈنگ کا انداز

31 دسمبر 2023 تک کمپنی میں شینرز ہولڈنگ کے انداز پر مبنی اسٹیٹمنٹ اور اضافی معلومات صفحہ نمبر 175 پر فراہم کی گئی ہیں۔ دیگر ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے شینرز میں کسی قسم کی ٹرانزیکشن انجام نہیں دی ہیں۔

### ہولڈنگ کمپنی

31 دسمبر 2023 تک لیٹ ایشیا انویسٹمنٹ لمیٹڈ، برطانیہ 76,259,454 شینرز کی حامل ہے۔ حتیٰ ہولڈنگ کمپنی لیٹ لیبارٹریز، امریکا ہے۔

حکمت عملی کو زندہ رکھتے ہوئے آنے والے کل کے چیلنجوں کے لیے تیار متنوع افرادی قوت کو راغب کرنے، برقرار رکھنے، مشغول کرنے اور تیار کرنے پر مرکوز ہے۔ ہمارا مقصد جامع ترقی کے ذریعے داخلی ٹیلنٹ کی ایک مضبوط پائپ لائن بنانا ہے۔ اس میں ترقی کے مواقع کی پیشکش شامل ہے جیسے کہ رہنمائی، قائدانہ تربیت اور ذاتی نوعیت کی کیریئر میں ترقی کی بات چیت اور ٹولز۔

ہم ایک ایسا ماحول بنانے کے لیے پرعزم ہیں جو تنوع، مساوات اور شمولیت کو فروغ دیتا ہے۔ ہمارے کاروبار کو آگے بڑھاتا ہے، ہماری تخلیقی صلاحیتوں کو ہمیز دیتا ہے اور اجتماعی اختراعات کے کلچر کو فروغ دیتا ہے تاکہ زیادہ لوگوں کی خدمت کی جاسکے۔ ہم ایک جامع کلچر کو برقرار رکھنے کی کوشش کرتے ہیں جہاں ہر فرد اپنے جوبہر کو کام میں لاسکے اور جہاں ہر فرد واحد کارکردگی کی بنیاد پر اہم ہو۔

### ہماری سٹیزن شپ اور پائیداری کی ترجیحات

صحت کی دیکھ بھال کا مستقبل بنانے میں مدد کرنے کے لیے ہمیں ایبٹ کی طویل تاریخ میں حاصل کیے گئے اعتماد کو مسلسل مزید مستحکم کرنا چاہیے۔ ہمارا مقصد قابل رسائی، سستی پروڈکٹس اور حل پیش کرنا ہے جو زندگیوں کو بدل دیتے ہیں اور ایسا پائیدار طریقے سے کرتے ہیں۔ مضبوط گورننس اس بات کو یقینی بنانے میں مدد کرتی ہے کہ ہمارے پاس کامیابی کے لیے قیادت، پالیسیاں اور اسٹریٹجی موجود ہیں۔

ایبٹ پاکستان اس بات کو تسلیم کرتے ہوئے پیرنٹ کمپنی کی بنیادی اقدار پر عمل درآمد کرتا ہے کہ ایک صحت مند، فروغ پذیر معاشرے کی تعمیر میں ذمہ دار، پائیدار کاروباری اداروں کا اہم کردار ہے۔ گلوبل سٹیزن شپ کی یہ وابستگی ہمارے کام کرنے کے طریقے جن لوگوں کو ہم بھرتی کرتے ہیں جن سرگرمیوں کو ہم سپورٹ کرتے ہیں اور جن کاروباری تعلقات کو ہم فروغ دیتے ہیں کو تشکیل دیتا ہے۔ ہمارے گلوبل سٹیزن شپ کے عزائم کو پائیدار خیالات میں تبدیل کرنے کے لیے ایبٹ مخصوص ترجیحات پر توجہ مرکوز رکھتا ہے جن کی تفصیل اس سالانہ رپورٹ کے صفحہ نمبر 55-50 پر دی گئی ہے۔

### بعد کے واقعات

سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

### کاروباری چیلنجز اور مستقبل کا منظر نامہ

2023 ایک ہنگامہ خیز سال رہا جس میں خاص طور پر مہنگائی کی بلند ترین شرح، عالمی تنازعات کے درمیان سپلائی چین میں خلل، داخلی سیاسی عدم استحکام، اشیاء کی قیمتوں میں اتار چڑھاؤ اور پاکستانی روپے کی قدر میں کمی کا سامنا رہا۔ مالیاتی سختی کے اقدامات نے ملک بھر میں اقتصادی سرگرمیوں کو مزید سست کر دیا ہے۔ ان چیلنجوں کے باوجود آپ کی کمپنی نے مریضوں کے لیے بہت سی ضروری اور زندگی بچانے والی ادویات کی بلا تعلق فراہمی کو یقینی بنا کر ایک انتہائی ذمہ دارانہ اور مریض پر مرکوز کردار ادا کیا ہے۔

آپ کی کمپنی کی مینوفیکچرنگ سائنس زیرو ویسٹ ٹو لینڈ فل سرٹیفیکیشن سائٹ ہیں یعنی مینوفیکچرنگ آپریٹرز کے دوران پیدا ہونے والا تمام فضلہ یا تو دوبارہ استعمال کیا جا رہا ہے یا ری سائیکل کیا جا رہا ہے۔

ملازمین کی صحت، حفاظت اور تندرستی ایبٹ کی ترجیح ہے۔ ہم مشترکہ ذمہ داری کے کلچر کو چلانے کے لیے پرعزم ہیں، اپنے کاروباری عمل میں سیفٹی اقدامات پر بھرپور عمل درآمد کرتے ہیں۔ سال بھر میں ایبٹ نے اپنی پیشہ وارانہ صحت اور سیفٹی کی ترجیح کو تقویت دینے کے لیے مختلف تربیتی اور آگاہی سیشنز کا انعقاد کیا۔

### کارپوریٹ سماجی ذمہ داری (سی ایس آر)

ہم اپنے کاروبار میں اور دیگر نان پرافٹ تنظیموں کے ساتھ شراکت داری میں صحت کی مساوات کو آگے بڑھانے کے لیے کام کر رہے ہیں، لوگوں کو صحت مند زندگی گزارنے میں رکاوٹوں کو دور کرتے ہوئے ایسے پروگراموں پر خصوصی توجہ مرکوز کر رہے ہیں جو پسماندہ آبادی کی صحت، تندرستی اور تعلیم کی ضروریات کو سپورٹ کرتے ہیں۔ اس مقصد کی پیروی میں آپ کی کمپنی نے سال کے دوران متعدد نان پرافٹ تنظیموں کے ساتھ اہم تعاون کیا۔ ان میں لیور فاؤنڈیشن، فیملی ایجوکیشن سروسز فاؤنڈیشن، مریضوں کی بہبود سوسائٹی فار آغا خان یونیورسٹی ہسپتال، لیڈن رحمت اللہ بیوروولینٹ ٹرسٹ، آرٹھرائٹس کیئر فاؤنڈیشن اور دی انڈس اسپتال کو عطیات شامل ہیں۔

### معیار کا انتظام

ہر روز دنیا بھر کے لوگ زندگی بدل دینے والی پروڈکٹس اور سروسز فراہم کرنے کے لیے ایبٹ پر انحصار کرتے ہیں۔ اعلیٰ معیار کی محفوظ اور موثر پروڈکٹس اور ٹیکنالوجی کی فراہمی ہمارے کاروبار کی بنیاد ہے۔ معیار برقرار رکھنے کے لیے کمپنی کا عزم ناگزیر ہے۔ ہمارے پاس اپنی تمام پروڈکٹس اور سروسز کے لیے مضبوط معیار کے پروسیس موجود ہیں اور ہم معلومات، ٹیکنالوجیز اور طریقوں کے ارتقا کے ساتھ ساتھ ان پروسیس کا مسلسل جائزہ لینے اور ان میں بہتری لانے کے لیے پرعزم ہیں۔

ہمارا معیار برقرار رکھنے کا نظام قائم کردہ ضوابط اور صنعت کے معیارات پر مبنی ہے جو ایبٹ کے کاروبار کے معیار کے دائرہ کار کو کنٹرول کرتے ہیں۔ ہمارے پاس پالیسیاں، عمل اور طریقہ کار ہیں جو پروڈکٹ کے ٹول لائف سائیکل کو گھیرے ہوئے ہیں۔

### ہیومن ریسورسز

ایک صحت مند، پائیدار مستقبل بنانے کی ہماری صلاحیت کا انحصار ایک متنوع افرادی قوت کے اختراعی خیالات، عمل درآمد اور لگن پر ہے۔ اس کے بدلے میں ایبٹ ایک ایسا ماحول فراہم کرتا ہے جو تمام ملازمین کو اہم کیئر سیکھنے اور ترقی دینے میں مدد کرتا ہے جہاں وہ ہر روز دوران کار اپنی حقیقی صلاحیتوں کو بروئے کار لاسکتے ہیں۔ مستقبل کی افرادی قوت بنانے کے لیے آج اور کل کی افرادی قوت کو متاثر کرنے کی ضرورت ہے۔ ہم ان وسائل میں سرمایہ کاری کرتے رہتے ہیں جو ہمارے تمام ملازمین کی ترقی اور پیشہ وارانہ ترقی میں معاونت کرتے ہیں اور بہترین کیئر بنانے میں ان کی مدد کرتے ہیں۔ ہماری ٹیلنٹ مینجمنٹ اپروچ آج ہماری

کمپنی انویسٹمنٹ کی ایک مستند حکمت عملی پر عمل پیرا رہتی ہے اور بالعموم اضافی فنڈ قلیل المدتی بینک ڈپازٹس میں استعمال کیے جاتے ہیں، طویل مدتی سرمایہ کاری زیر التوا ہے۔

### کمپنی کی کارکردگی کا جائزہ

کمپنی کی کارکردگی کا جائزہ لینے کے لیے انتظامیہ مختلف انڈیکسز استعمال کرتی ہے جیسے فارما انڈسٹری کی ترقی، علاج کے متعلقہ شعبوں میں ہم رتبہ کمپنیوں کی پوزیشن، گزشتہ سال کی کارکردگی، میکرو اکنامک انڈیکسز اور کمپنی پر اثر انداز ہونے والا کاروباری ماحول شامل ہے۔

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

### بنیادی خطرات (رسک) اور ان کا انتظام

کمپنی کے مجموعی رسک مینجمنٹ پروگرام کا مقصد کارکردگی پر اثر انداز ہونے والے ممکنہ عوامل کے منفی اثرات کو کم کرنا ہے۔ یہ مشق کمپنی کی سینئر مینجمنٹ ٹیم کے ذریعے کی جاتی ہے اور نتائج بورڈ آف ڈائریکٹرز کے ساتھ شیئر کیے جاتے ہیں۔ اس میں کمپنی کو درپیش اسٹریٹجک، مالیاتی، تجارتی اور آپریشنل خدشات کی جانچ، جائزہ، ترجیح اور انہیں موثر انداز سے حل کرنا شامل ہے۔

پاکستانی روپے کی قدر میں کمی اور افراط زر کمپنی کو درپیش بنیادی خطرے کے طور پر رہے گا کیونکہ اس سے ہماری پروڈکٹس کی لاگت میں اضافہ ہوگا۔

### داخلی مالیاتی کنٹرول کی معقولیت

بورڈ آف ڈائریکٹرز نے تمام امور کے لئے موثر داخلی مالیاتی کنٹرول تشکیل دیے ہیں۔ آپ کی کمپنی کا خود مختار آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرول کے اطلاق کی نگرانی کرتا ہے اور آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

### قومی خزانے میں ہمارا حصہ

آپ کی کمپنی نے حکومت کو انکم ٹیکس، کسٹمز ڈیوٹی اور سیلز ٹیکس سمیت مختلف سرکاری محصولات کی مد میں 8,994 ملین (2022 میں 7,644 ملین روپے) روپے کی ادائیگی کر کے قومی خزانے میں اپنا حصہ ڈالا۔

### ماحولیات، صحت اور حفاظت (ای ایچ ایس)

ہم صحت کے چیمپئن ہیں اس سے مراد ہے کہ ہم ایسی پروڈکٹس اور ٹیکنالوجی تیار کرتے ہیں جو لوگوں کی زندگی بدل دیتی۔ ہم اپنے ماحول کے تحفظ میں مدد کے لیے حدی کارروائی کرتے ہیں۔ ہم ایک صحت مند ماحول کو بہتر طور پر محفوظ رکھنے، ایک زیادہ پگھلا، ذمہ دار کاروبار کی تعمیر کے لیے اپنے آپریٹرز کو تیار کرنے کے لیے پرعزم ہیں۔ یہ عزم ہماری پروڈکٹ کے ذرائع، مینوفیکچرنگ اور تقسیم کے طریقہ کار کو تشکیل دیتا ہے اور یہی عزم ہمارے ماحولیاتی نظم و نسق کے نظام اور گورننس کی بنیاد بناتا ہے۔

## ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز اپنی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے 31 دسمبر 2023 کو اختتام پذیر مالی سال کے لیے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### آپریٹنگ نتائج

قبل از ٹیکس منافع برائے سال	روپے '000 میں
ٹیکسیشن	2,589,722
منافع بعد از ٹیکسیشن	(2,327,945)
دیگر جامع آمدن - نیٹ آف ٹیکس	261,777
غیر مختص کردہ منافع B/F	491,017
کسی خاص مد میں مختص کرنے کیلئے دستیاب منافع	9,729,965
لیپروری ایڈیشنز:	10,482,759
ڈیویڈنڈ NIL روپے فی شیئر	-
غیر مختص منافع C/F	10,482,759

شعبہ جاتی سیلز اور مارکیٹ پر فارمنس مستحکم برانڈز کی کارکردگی برقرار رہنے کی وجہ سے ادویات کی سیلز میں 20.0 فیصد اضافہ ہوا جس کی وجہ مستحکم برانڈز کی مسلسل کارکردگی ہے جبکہ نیوٹریشنز کی فروخت میں 7.7 فیصد کمی واقع ہوئی ہے جو بنیادی طور پر مہنگائی کی بلند ترین شرح کے باعث مانگ میں کمی کی وجہ سے ہے۔ سال 2023 کی تیسری سہ ماہی کے دوران ڈائیگنوسٹک پراڈکٹس کی قیمت پر نظر ثانی کے بعد ڈائیگنوسٹک سیلز میں گزشتہ سال کے مقابلے میں 15.5 فیصد اضافہ ریکارڈ کیا گیا ہے جبکہ جنرل ہیلتھ کیئر اور ڈیپٹس کیئر پراڈکٹس کی سیل میں مجموعی طور پر 18.1 فیصد اضافہ ہوا۔

### انڈسٹری کا جائزہ

گلوبل فارما ریسرچ کمپنی - IQVIA (سابقہ IMS) کے شائع کردہ اعداد و شمار کے مطابق پاکستان میں اس وقت دواسازی کی صنعت کا تخمینہ 2.94 بلین امریکی ڈالر ہے۔ ملٹی نیشنل کمپنیوں کا مارکیٹ شیئر گزشتہ برسوں میں بتدریج کم ہو رہا ہے اور اس وقت صرف 25.7 فیصد ہے۔ پاکستان میں مجموعی طور پر 653 فعال فارما فیکٹریاں ہیں جن میں ملٹی نیشنل کمپنیاں صرف 26 ہیں۔ کئی ملٹی نیشنل کمپنیوں نے مختلف وجوہات کی بنا پر اپنے آپریٹرز کے دائرے کو محدود کر دیا ہے۔

### کیپٹل اخراجات

آپ کی کمپنی نے جدید ترین پروڈکشن ٹیکنالوجی کے حوالے سے سرمایہ کاری کا عمل جاری رکھا ہے تاکہ ٹیکنالوجی کے ارتقا کے ثمرات سے فائدہ اٹھایا جاسکے۔ کمپنی نے سال کے دوران مینوفیکچرنگ کی صلاحیت کو بڑھانے، پیداواری صلاحیت میں اضافہ اور پلانٹ کی کارکردگی کو بہتر بنانے کے لیے 3,075 ملین روپے کی سرمایہ کاری کی ہے۔ آلودگی کی روک تھام کیلئے اپنے عزم کے اعادے کیلئے کمپنی نے مینوفیکچرنگ سائٹس پر سولر پنیلز نصب کئے ہیں۔

### لیکویڈیٹی مینجمنٹ اور کیش فلو کی حکمت عملی

سال کے دوران آپریٹنگ سرگرمیوں کی بدولت 3,104 ملین روپے حاصل کیے گئے۔ کمپنی نے سال کے دوران سیلابی چین میں رکاوٹوں کا حوالہ دیتے ہوئے اپنی انویسٹری کی سطح کو بڑھانے میں محتاط انداز میں سرمایہ کاری کی ہے، جس سے یہ یقینی بنانے میں مدد ملے گی کہ کمپنی مریضوں کے لیے اپنی مصنوعات کی دستیابی کو یقینی بناسکے۔

سال کے اختتام پر کمپنی کے پاس نقد/ بینک بیلنس اور قلیل مدتی سرمایہ کاری پر مشتمل مائع فنڈز تھے جن کی مالیت 5,037 ملین روپے تھی جس میں کیپٹل پروویڈنٹس پر سرمایہ کاری کا خالص اور مقامی شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی شامل ہے۔ کمپنی کو قابل ادائیگی ڈیویڈنڈ 1,030 ملین روپے سال کے آخر تک بھجئے نہیں گئے ہیں۔

آپ کی کمپنی نے ایک باضابطہ کیش فلو مینجمنٹ سسٹم تشکیل اور نافذ کیا ہے جس کے تحت کیش ان فلو اور آؤٹ فلو کا تخمینہ لگایا جاتا ہے اور مستقل بنیادوں پر نگرانی کی جاتی ہے۔ یہ ہمہ وقت فنڈ کی وافر فراہمی کو یقینی بناتا ہے جبکہ اضافی فنڈز کو سرمایہ کاری کے مختلف مواقع میں انویسٹ کرتے ہوئے اضافی فنڈز کی جگہ کے ذریعے زیادہ سے زیادہ آمدن کے حصول کو بھی ممکن بناتا ہے۔

### مالیاتی کارکردگی

گزشتہ سال کی نسبت نیٹ سیلز میں 12.6 فیصد اضافہ ہوا۔ مجموعی منافع کا مارجن 29.5 فیصد سے کم ہو کر 21.4 فیصد ہو گیا جس کی وجہ بنیادی طور پر روپے کی قدر میں کمی، افراط زر اور 2023 میں قیمتوں کے تعین میں تاخیر کی وجہ ہے۔ آپریٹنگ اخراجات میں عام افراط زر کی وجہ سے اضافہ ہوا۔ دیگر چارجز میں 12.3 فیصد اضافہ ہوا جس کی بنیادی وجہ روپے کی قدر میں کمی کی وجہ سے ہونے والے ایکسچینج نقصانات ہیں۔ دیگر آمدنی میں 41.1 فیصد کا اضافہ بنیادی طور پر واجبات کی واپسی کی وجہ سے ہوا۔ اس مدت کے لیے ایبٹ پر ٹیکس چارج 2,327.9 ملین روپے رہا جو بنیادی طور پر کم منافع پر کم از کم ٹیکس چارج کی وجہ سے تھا اور فنانس ایکٹ 2023 کے تحت پچھلے سال کی سپرنیکس لیوی 10 فیصد کی شرح سے لاگو کی گئی۔

ان عوامل کے نتیجے میں گزشتہ سال کی نسبت موجودہ سال بعد از ٹیکس منافع میں 2.74 ارب روپے کی کمی واقع ہوئی۔ فی شیئر آمدن 2.67 روپے رہی (سال 2022 میں فی شیئر آمدن 30.69 روپے رہی تھی)

### منافع منقسمہ (ڈیویڈنڈ) کا اعلان نہ کرنے کی وجہ

معاشی اتار چڑھاؤ، روپے کی قدر میں مسلسل کمی اور اس کے نتیجے میں ہونے والی مہنگائی نے کمپنی کے مارجن اور لیکویڈیٹی پر منفی اثر ڈالا ہے۔ ان چیلنجوں سے نبرد آزما ہونے کی ہماری بہترین کوششوں کے باوجود ہمارے منافع پر پڑنے والے اثرات نے سرمایے کی تخصیص کے لیے محتاط انداز اختیار کرنے کی ضرورت پیش کی ہے۔ صلاحیت کی تعمیر پر ہماری اسٹریٹجک توجہ ہماری آپریٹنگ صلاحیتوں پر سرمایہ کاری کی ضرورت ہے جو ہمیں طویل مدتی ترقی کو برقرار رکھنے اور حصص یافتگان کو زیادہ سے زیادہ مالی منفعت میں مدد کرے گی۔ نتیجتاً بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے حتمی منافع تجویز کرنے کے خلاف فیصلہ کیا ہے۔

An aerial photograph of a vast, hazy landscape. The foreground shows a dark, textured slope, possibly a dune or a hillside. The middle ground is dominated by a dense layer of white, fluffy clouds that stretch across the horizon. In the background, rolling hills or mountains are visible under a bright, overcast sky. The overall color palette is muted, with greys, whites, and dark greens/browns.

# 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 on the following page:





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



EMPLOYEES

- Employee surveys
- Business and functional townhall meetings
- Employee Networks
- Learning Gigs
- Abbott World Today (daily email)
- Employee Volunteering – CSR activities

On-going process, as and when required

- The Company realizes that employees are its most valuable resource representing the Company in the industry and community
- Providing a nurturing and friendly work environment that helps the Company to maintain a dedicated and competent workforce
- Motivated workforce supports effective implementation of strategies



GOVERNMENT  
& REGULATORY  
AUTHORITIES

- Trade associations / organisations
- Meetings with policy makers
- Participation in different surveys through forums such as Pharma Bureau OICCI, ABC, PBC etc.

On-going process, as and when required

- Understanding and ensuring compliance with all legal and regulatory requirements
- Dialogue with regulatory authorities to address matters impacting business operations and new product registrations



LOCAL  
COMMUNITY

- CSR activities
- Patient Care Program
- Virtual Advisory Board
- Clinical Trials

On-going Process

- Company being socially responsible supports less privileged society
- Promoting health awareness in the society

# Future Outlook





## FORWARD LOOKING STATEMENT

The challenges of the last three years demonstrate precisely why and how Abbott will continue to lead far into the future. Our company has thrived over its long history 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. While our experience helps us navigate the waters of the present, it also ensures that we always steer toward the horizon. We're inspired by the immense potential of the future of healthcare and believe that we are very well positioned to capture it.

Looking ahead to 2024, a stable exchange and inflation scenario is extremely critical for the sustained operations of the industry. The one-off price adjustment granted to the pharmaceutical industry during 2023 is welcomed. Similar pricing reviews and adjustments should be considered in the light of ever-changing landscape of the environment we operate in.

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.

## EXPLANATION AS TO HOW THE PERFORMANCE OF THE ENTITY MEETS THE DISCLOSURES MADE IN THE PREVIOUS

## Focus on Expanding and Diversifying our Product Offering

The Company demonstrated its commitment towards expanding and diversifying its products offering through 3 new product launches – details of which can be accessed on page 26 of this Report. This was one of the key focus areas for the Company.

## Financial Performance

Net sales increased by 12.6% over the previous year. Gross Profit margin declined from 29.5% to 21.4% mainly driven by Rupee devaluation and inflation. Operating expenses increased on account of general inflation. Other charges increased mainly due to incurrence of exchange losses driven by Rupee devaluation. Taxation increased mainly on account of Super tax levy and minimum tax charge due to reduced profitability.

## 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 2023 are as follows:

- Capacity upgrades
- CGMP Upgrades
- Energy conservation projects – installation of solar panels

The Company plans to continue to invest in projects that help it to achieve its desired objectives. Major projects planned for 2024 are as follows:

- Energy conservation projects
- Boiler Replacement
- CGMP Upgrades
- Storage capacity enhancement at warehouses

### 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.

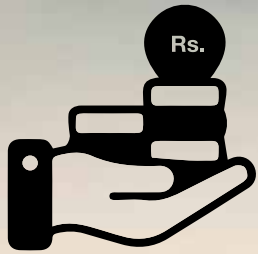
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## KEY PERFORMANCE INDICATORS



Sales Revenue  
Rs. in million

**55,475**



Sales Growth

**12.6%**



Gross Profit Margin

**21.4%**



Net Profit Margin

**0.5%**



Return on Equity

**1.4%**

**KEY**

**PERFORMANCE**

**INDICATORS**

EPS



Earnings per share  
Rupees

**2.67**



Current Ratio  
Times

**1.38**

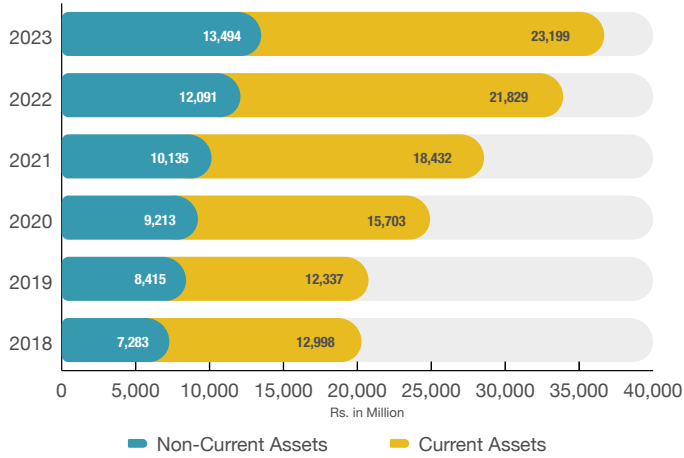
# KEY OPERATING AND FINANCIAL HIGHLIGHTS

	December 31,					
	2023	2022	2021	2020	2019	2018
	Rupees in Million					
<b>Statement of Financial Position</b>						
Property, plant and equipment	13,375	11,989	10,006	9,070	8,268	7,191
Intangible asset	13	27	49	66	78	25
Other Non-Current Assets	106	75	80	77	69	67
Current Assets	23,199	21,829	18,432	15,703	12,337	12,998
<b>Total Assets</b>	<b>36,693</b>	<b>33,920</b>	<b>28,567</b>	<b>24,916</b>	<b>20,752</b>	<b>20,281</b>
Issued, subscribed and paid-up capital	979	979	979	979	979	979
Capital Reserves	1,437	1,059	892	768	649	534
Revenue Reserves	15,821	15,068	15,483	13,843	11,744	11,722
<b>Total Equity</b>	<b>18,237</b>	<b>17,106</b>	<b>17,354</b>	<b>15,590</b>	<b>13,372</b>	<b>13,235</b>
Non-Current Liabilities	1,621	2,207	1,870	2,492	1,593	1,085
Current Liabilities	16,835	14,607	9,343	6,834	5,787	5,961
<b>Total Liabilities</b>	<b>18,456</b>	<b>16,814</b>	<b>11,213</b>	<b>9,326</b>	<b>7,380</b>	<b>7,046</b>
<b>Total Equity and Liabilities</b>	<b>36,693</b>	<b>33,920</b>	<b>28,567</b>	<b>24,916</b>	<b>20,752</b>	<b>20,281</b>
<b>Statement of Profit or Loss</b>						
Net sales	55,475	49,258	42,570	35,283	30,156	29,719
Gross profit	11,848	14,526	16,075	11,846	8,528	9,801
Operating profit	2,620	6,195	8,499	6,320	2,564	4,359
Profit before taxation	2,590	6,148	8,410	6,243	2,511	4,343
Taxation	2,328	3,144	2,443	1,708	1,211	1,649
Profit after taxation	262	3,004	5,967	4,535	1,300	2,694
Ordinary cash dividends	-	1,469	3,916	3,916	734	1,958
EBITDA *	4,203	7,639	9,754	7,452	3,574	5,097
<b>Statement of Cash Flows</b>						
Operating activities	(62)	3,797	7,823	8,148	(160)	2,937
Investing activities	(2,199)	(484)	(3,436)	(957)	(1,588)	(1,929)
Financing activities	(1,494)	(1,140)	(5,257)	(2,460)	(1,172)	(3,902)
Cash and cash equivalents at the end of the year	5,037	8,792	6,619	7,489	2,758	5,678

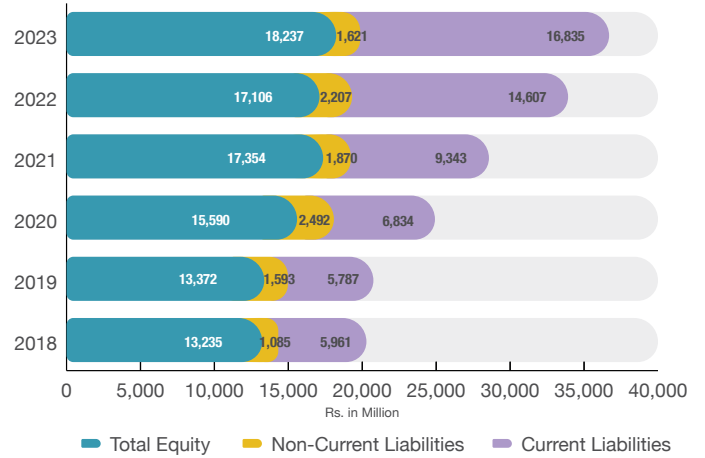
\*EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation).

## Graphical Presentation of Key Operating and Financial Highlights

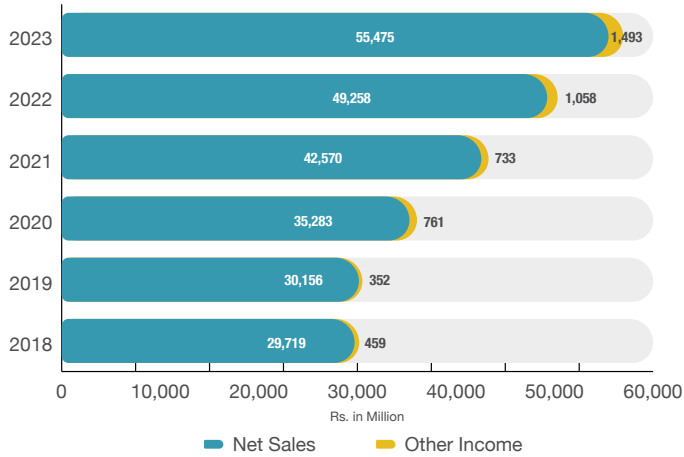
Statement of Financial Position Analysis - Assets



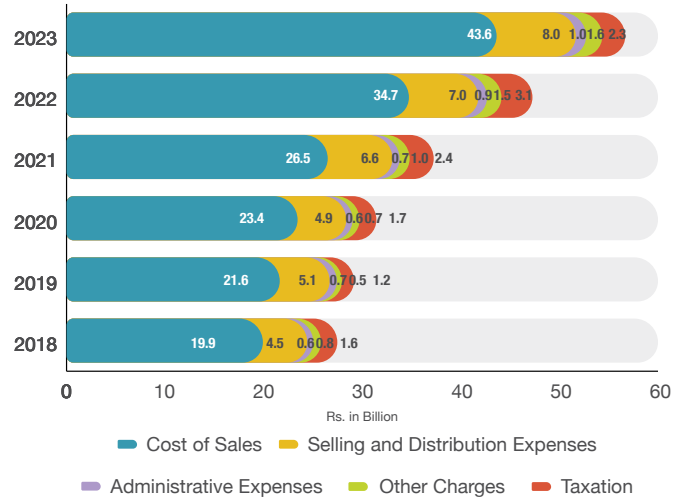
Statement of Financial Position Analysis - Equity and Liabilities.



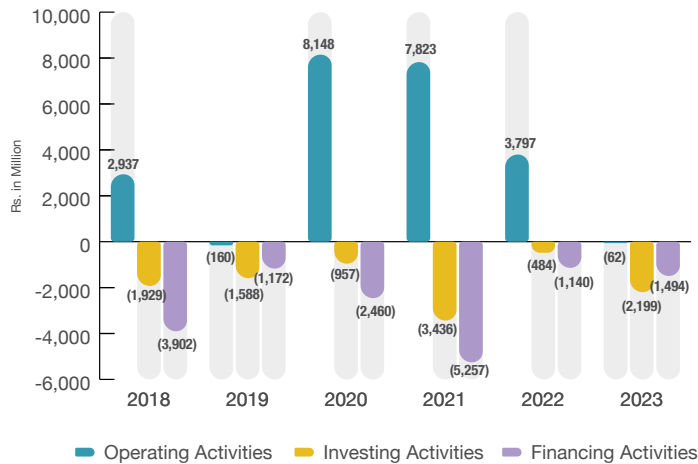
Statement of Profit and Loss Analysis - Sales and Other Income



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 12.6% over previous year. Pharmaceutical sales increased by 20.0% following sustained performance of established brands while Nutritional sales decreased by 7.7% mainly on account of lower volumes following restrained demand due to inflationary pressures. Diagnostics segment registered a growth of 15.5% over last year, following price revisions taken during Q3-2023. whereas General Health Care and Diabetes Care cumulatively grew by 18.1%.

### COST OF SALES

Cost of sales of the Company increased by 25.6%, primarily on account of increase in product costs due to exchange and inflation, higher volumes, higher fuel and power costs, further augmented by increase in provision for slow moving and obsolete stock in line with provisioning policy and higher inventory levels.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by 14.2% mainly attributable to inflation, higher salaries due to annual increments and sales commission in line with sales growth, higher promotional activities due to extensive campaigns by our Nutritional division throughout the year to generate demand.

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by 17.1% primarily on account of higher salaries in line with annual increments and impact of new joiners and increase in depreciation on account of capitalization.

### 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 write-back of liabilities, partially offset by decrease in interest income due to reduced bank balances vs last 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, 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 levels 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 higher trade debts in line with sales trend during the year.

### CURRENT LIABILITIES

Trade and other payables have increased over prior year mainly on account of higher bills payables on account of timing of import shipments, increase in product costs and slower pace of remittance of related payments. Augmented by increase in accrued liabilities mainly on account of provisions for sales support and advertisement, freight, forwarding and warehousing.

### EQUITY

Slight increase in equity over prior year is driven by profit after tax and other comprehensive income 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 increased from prior year primarily due to no redemption of short-term investment during the year and decrease in interest income due to lower cash and cash equivalents during the year.

### CASH FLOWS FROM FINANCING ACTIVITIES

Net cash outflows from financing activities increased during the current year primarily on account of payment of prior year unpaid dividends to Abbott Asia Investments Limited, which was declared for FY 2021.

# ANALYSIS OF FINANCIAL RATIOS

Ratios	Units	2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>							
Gross profit margin	%	21.4%	29.5%	37.8%	33.6%	28.3%	33.0%
Net profit margin	%	0.5%	6.1%	14.0%	12.9%	4.3%	9.1%
EBITDA* Margin	%	7.6%	15.5%	22.9%	21.1%	11.9%	17.1%
EBIT Margin	%	4.7%	12.6%	20.0%	17.9%	8.5%	14.7%
Return on equity / shareholder's fund	%	1.4%	17.6%	34.4%	29.1%	9.7%	20.4%
Return on capital employed	%	1.4%	17.3%	33.9%	27.6%	9.5%	20.0%
Return on capital employed (average equity and debt)	%	1.5%	17.2%	35.1%	30.1%	9.6%	19.4%
Return on Assets	%	0.7%	8.9%	20.9%	18.2%	6.3%	13.3%
Operating leverage ratio	Times	(4.57)	(1.73)	1.67	8.62	(28.04)	(1.83)
Shareholder's funds	%	49.7%	50.4%	60.7%	62.6%	64.4%	65.3%
<b>Liquidity Ratios</b>							
Current ratio	Times	1.38	1.49	1.97	2.30	2.13	2.18
Quick / Acid test ratio	Times	0.62	0.91	1.25	1.57	1.09	1.44
Cash to Current Liabilities	Times	0.30	0.60	0.92	1.10	0.48	0.95
Cash flow from operations to Sales	Times	0.06	0.13	0.23	0.28	0.05	0.17
Cash flow to capital expenditure	Times	1.01	1.85	4.83	7.20	0.86	2.15
Cash flow coverage ratio	Times	(0.00)	0.23	0.70	0.87	(0.02)	0.42
<b>Activity / Turnover Ratios</b>							
No. of days in inventory	Days	89.24	80.04	80.57	85.88	88.38	72.42
No. of days in receivables	Days	9.63	9.24	9.22	9.51	12.39	12.64
No. of days in payables	Days	106.10	98.92	91.94	78.16	82.58	76.84
Inventory Turnover	Times	4.09	4.56	4.53	4.25	4.13	5.04
Debtors Turnover	Times	37.92	39.52	39.57	38.37	29.47	28.88
Creditors Turnover**	Times	3.44	3.69	3.97	4.67	4.42	4.75
Operating Cycle	Days	(7.23)	(9.64)	(2.15)	17.23	18.19	8.22
Total assets turnover ratio (average assets)	Times	1.57	1.58	1.59	1.55	1.47	1.51
Total assets turnover ratio	Times	1.51	1.45	1.49	1.42	1.45	1.47
Fixed Assets Turnover Ratio (average assets)	Times	4.37	4.48	4.46	4.07	3.90	4.71
Fixed Assets Turnover Ratio	Times	4.15	4.11	4.25	3.89	3.65	4.13
<b>Investment / Market Ratios</b>							
Basic / Diluted earnings per share	Rs.	2.67	30.69	60.95	46.33	13.28	27.52
Price Earning ratio	Times	172.11	15.10	11.77	16.30	33.64	22.93
Dividend Yield ratio	%	0.0%	3.2%	5.6%	5.3%	1.7%	3.2%
Dividend Pay out ratio	Times	0.00	0.49	0.66	0.86	0.56	0.73
Dividend cover ratio	Times	0.00	2.05	1.52	1.16	1.77	1.38
Cash Dividend per share	Rs.	0.00	15.00	40.00	40.00	7.50	20.00
Break-up value per share with / without Surplus on Revaluation of Fixed Assets	Rs.	186.28	174.73	177.27	159.25	136.59	135.19
Price to book ratio	Times	1.23	1.34	2.46	2.98	2.12	3.05
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	45,055	45,358	70,244	73,951	43,740	61,780
Market value per share at the end of the year	Rs.	460.21	463.31	717.51	755.37	446.78	631.05
Market value per share (High)	Rs.	514.00	764.00	820.00	792.38	710.00	750.00
Market value per share (Low)	Rs.	330.00	440.00	675.00	309.00	302.10	475.00
Contribution to National Exchequer	Rs in Million	8,994	7,644	6,408	4,606	5,211	4,988
<b>Capital Structure Ratios</b>							
Interest Cover ratio	Times	86.50	130.70	96.18	82.19	48.29	279.34
Finance leverage ratio	%	0.9%	1.4%	1.3%	5.2%	2.9%	1.6%
Weighted Average cost of debt	%****	****16.1%	10.3%	14.8%	8.6%	11.3%	***6.9%
Debt to equity ratio	%	0.3%	0.7%	0.8%	4.0%	2.2%	1.3%
Net assets per share	Rupees	186.3	174.7	177.3	159.2	136.6	135.2

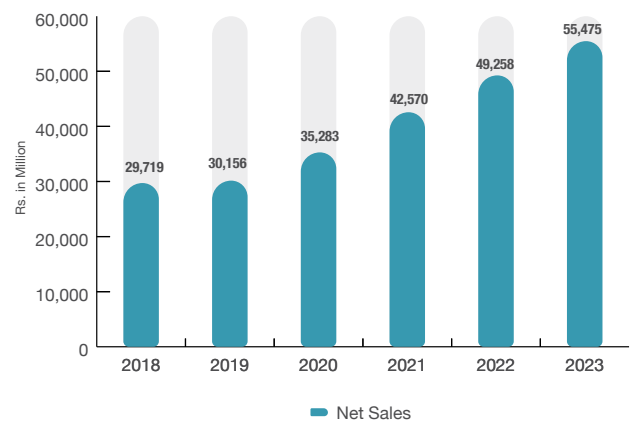
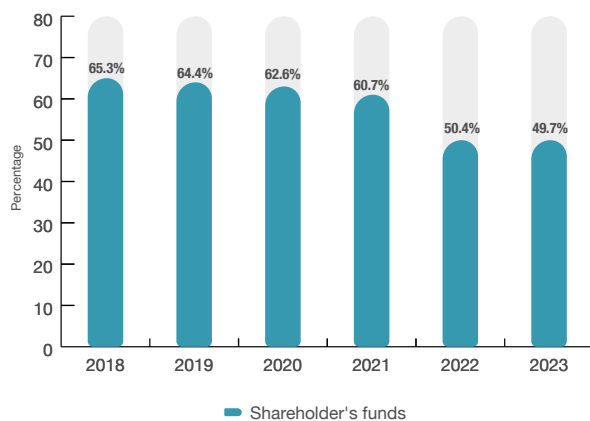
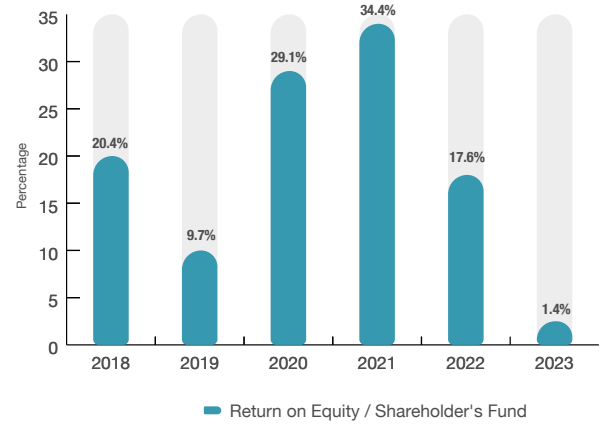
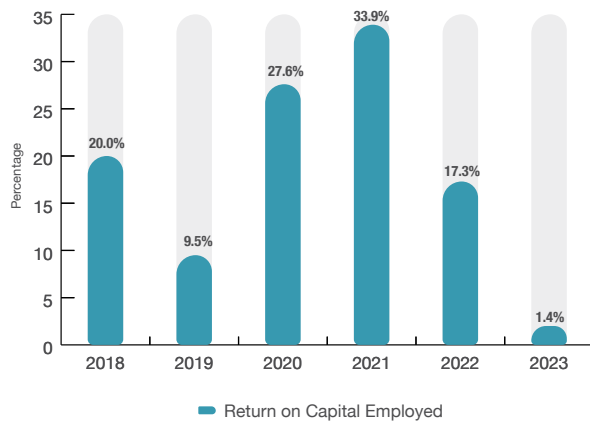
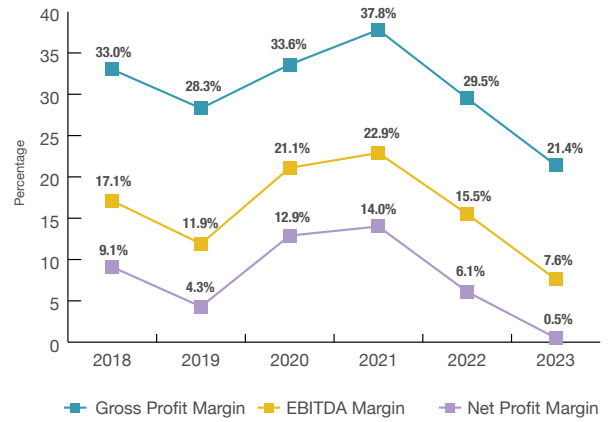
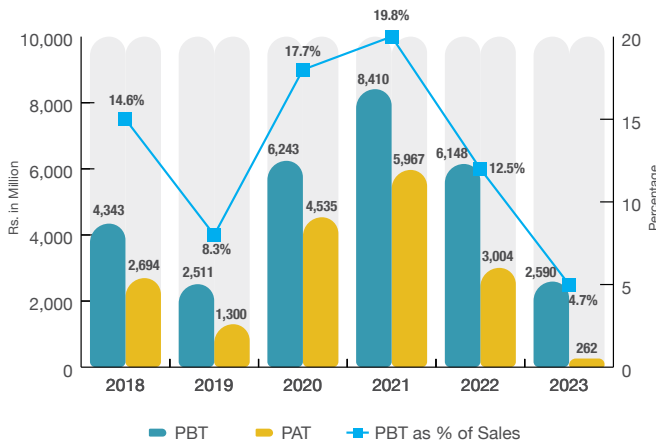
\*\*EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation).

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

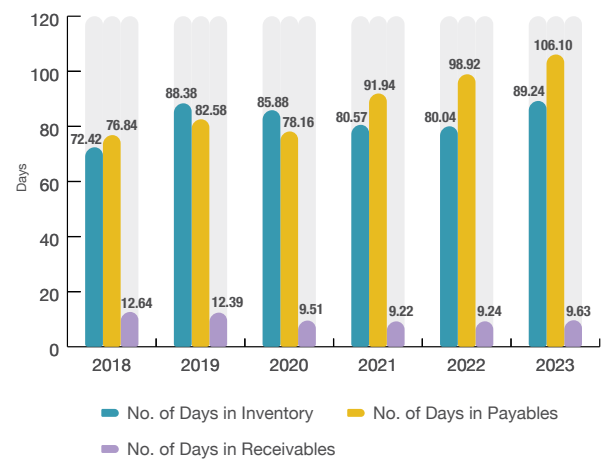
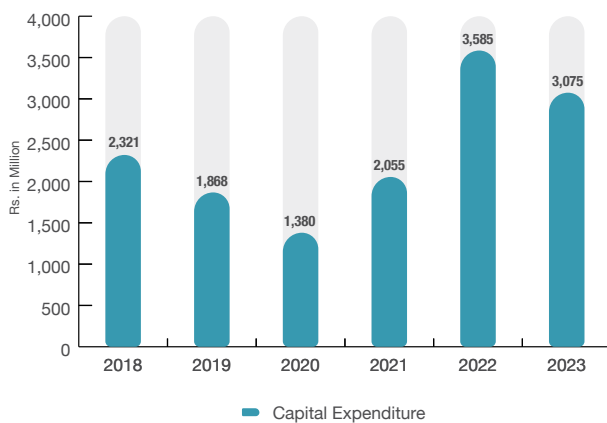
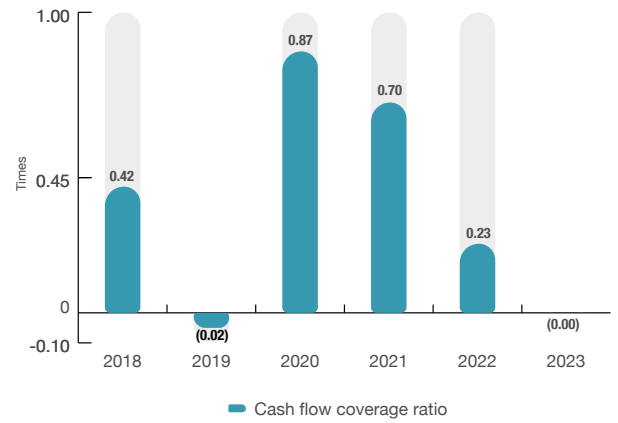
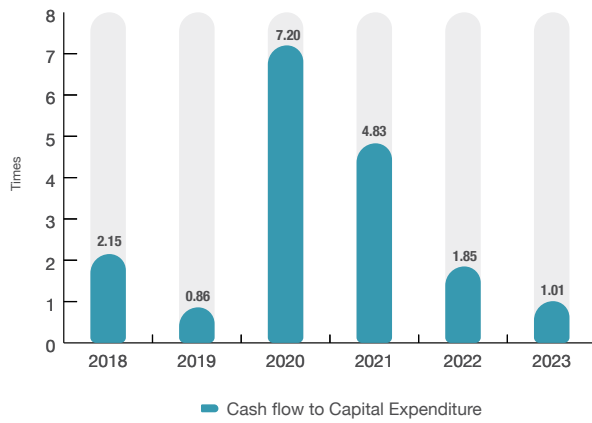
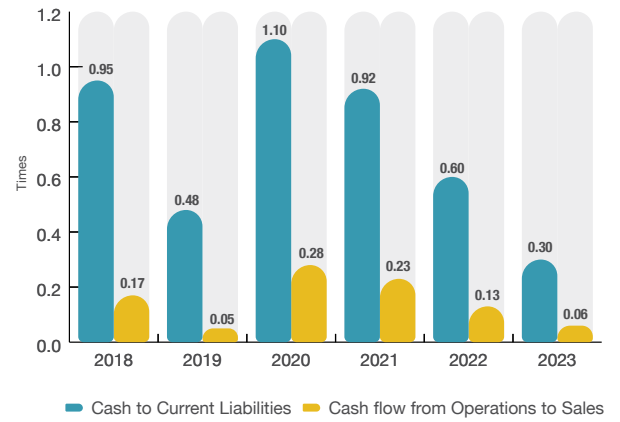
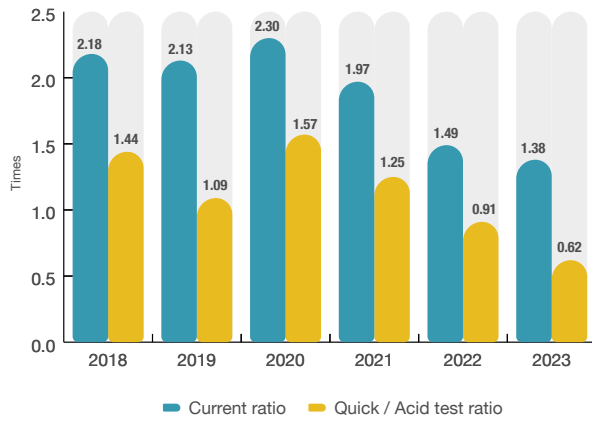
\*\*\*Grossed-up on a pro-rata basis, since debt was acquired during 2018.

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

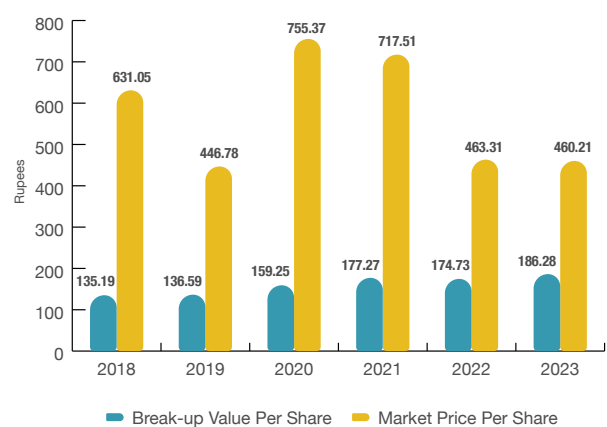
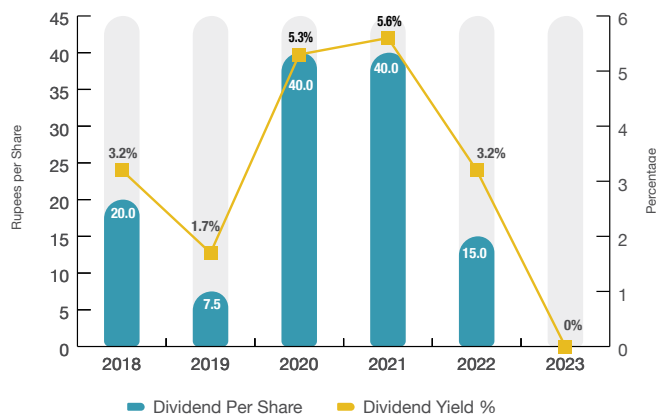
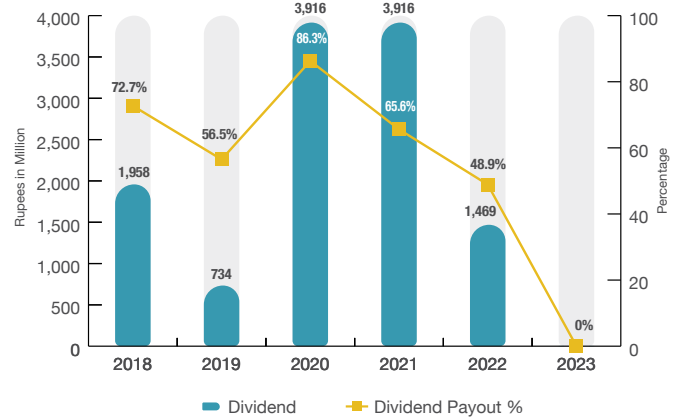
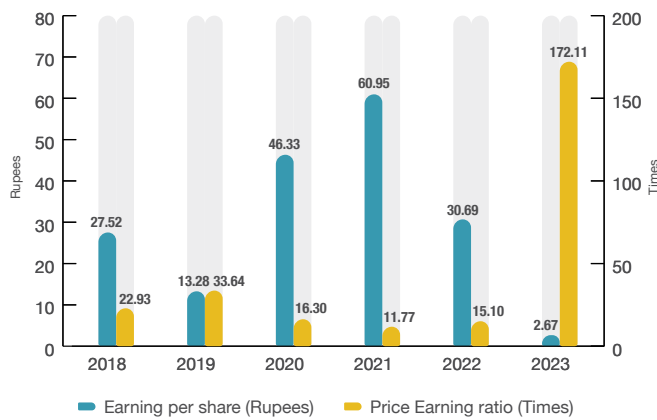
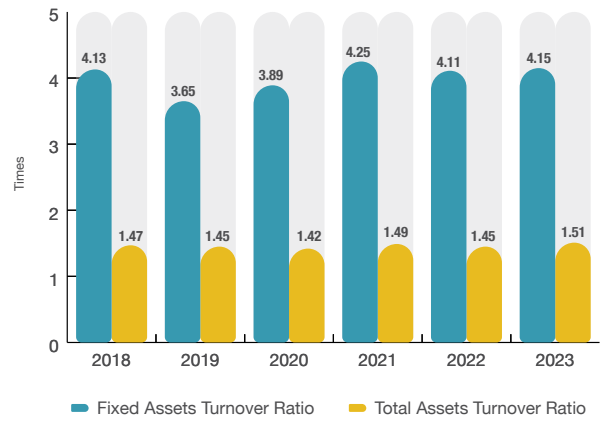
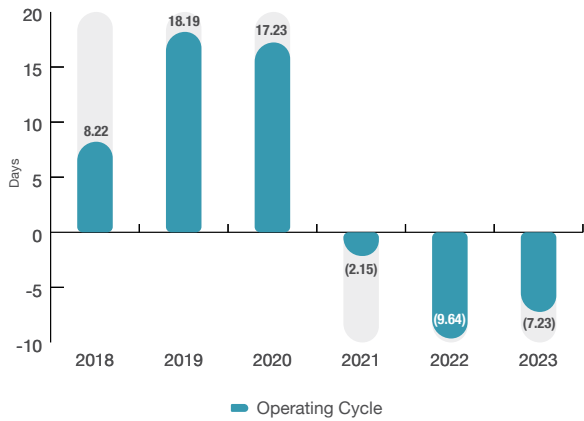
## Graphical Presentation of Financial Ratios

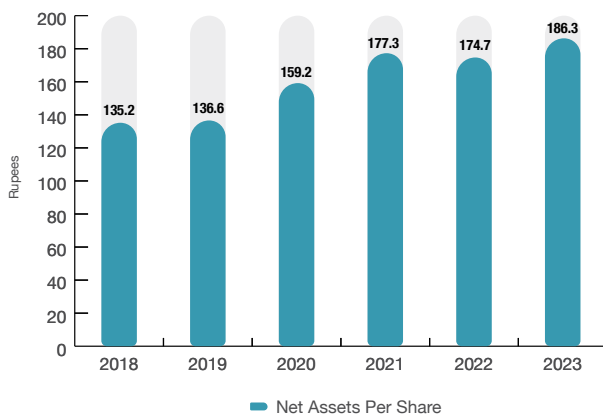
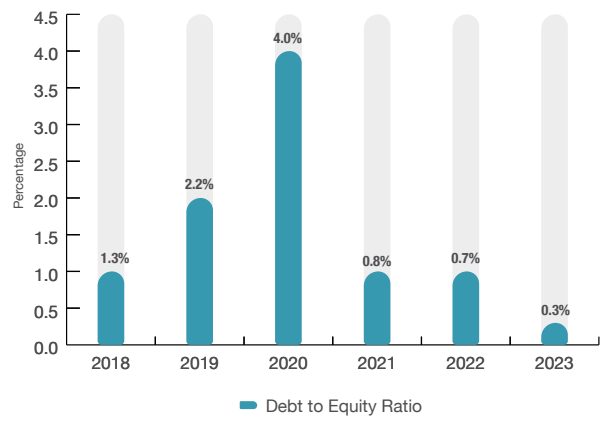
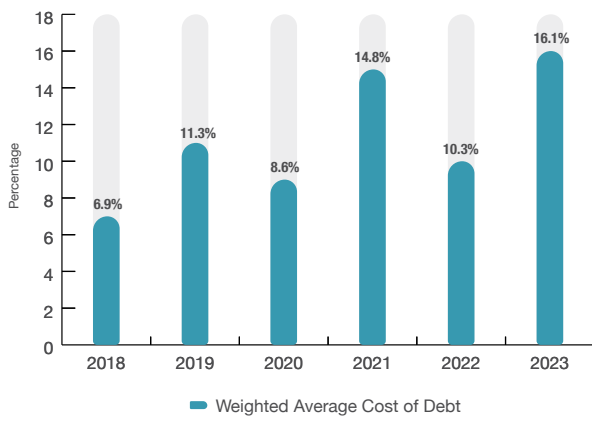
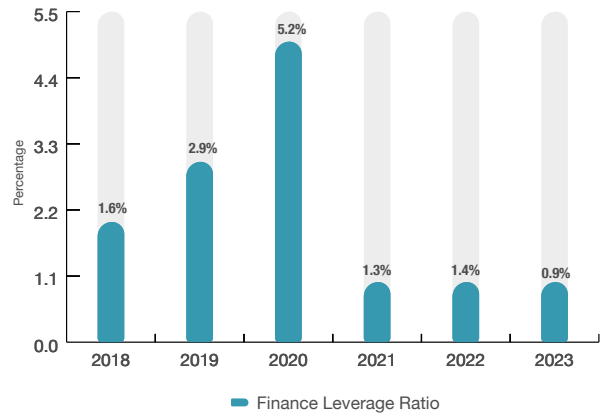
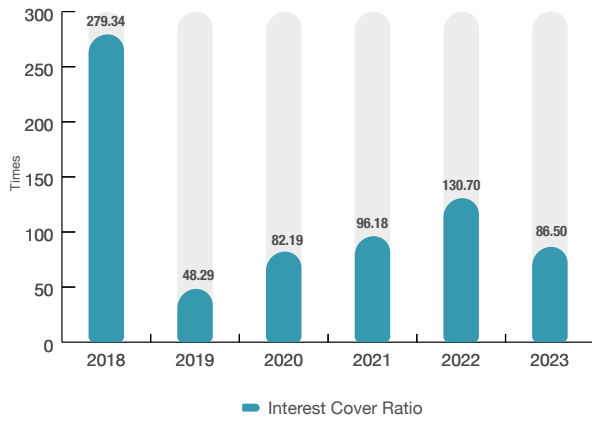






## Graphical Presentation of Financial Ratios





# 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 21.4% versus 29.5% last year. Net profit margin declined to 0.5% versus 6.1% last year driven by decrease in gross profit margin on account of reasons mentioned above and increase in tax expense for the year primarily on account of minimum tax charge due to reduced profitability and prior year super tax levy at the rate of 10% implemented through Finance Act 2023.

## 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. 5,036.7 million of cash and cash equivalents as of December 31, 2023, to meet its investment and operational cash requirements.

**Current ratio** (2023: 1.38, 2022: 1.49), **quick / acid test ratio** (2023: 0.62, 2022: 0.91) and **cash to current liabilities** (2023: 0.30, 2022: 0.60) have declined versus last year mainly on account of higher levels of inventory and increase in current liabilities.

## ACTIVITY / TURNOVER RATIOS

**Operating cycle** was negative 7.23 days in 2023 from negative 9.64 days in 2022 mainly due to increased inventory turnover as compared to last year.

**Total assets turnover ratio (average assets)** decreased to 1.57 in 2023 from 1.58 in 2022 mainly due to increase in current assets during the year.

**Fixed assets turnover ratio (average assets)** declined to 4.37 in 2023 from 4.48 in 2022 mainly due to increase in fixed assets during the year.

## INVESTMENT / MARKET RATIOS

**Earnings per share** decreased to Rs. 2.67 in 2023 from Rs. 30.69 in 2022 as a result of decrease in profit after tax on account of higher product cost, currency devaluation, inflation and tax expense.

**Price Earnings ratio** improved to 172.11 in 2023 from 15.10 in 2022, mainly due to decrease in earnings per share on account of reasons mentioned above.

**Dividend yield ratio** decreased to 0.0% in 2023 from 3.2% in 2022 due to no dividend declared for FY 2023.

**Dividend pay-out ratio** declined to 0.00 (times) in 2023 from 0.49 (times) in 2022, mainly due to non-declaration of dividend during the year on account of decrease in profit after tax.

**Break-up value per share** has increased to Rs. 186.28 in 2023 from 174.73 in 2022 due to increase in total equity by Rs. 1,131.3 million as compared to prior year mainly driven by profit after tax and other comprehensive income, augmented by NIL dividend declaration during the year.

**Market capitalisation** has been decreased to Rs. 45,055 million in 2023 from Rs. 45,358 million in 2022 due to decrease in market price per share to Rs. 460.2 in 2023 from Rs. 463.3 in 2022.

## CAPITAL STRUCTURE ADEQUACY ANALYSIS

Total equity increased by 6.6% to Rs. 18.24 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 0.1% of the total equity and liabilities of the Company.

**Financial leverage ratio** is 0.9% representing the amount of lease obligation of Rs. 158.2 million. The lease obligation decreased versus last year on account of rental payments during the year.

**The weighted average cost of debt** of 16.1% has increased over last year driven primarily by increase in interest rates during the year.

**Interest cover ratio** has declined versus last year on account of reduced profitability during the year.

# FREE CASH FLOWS

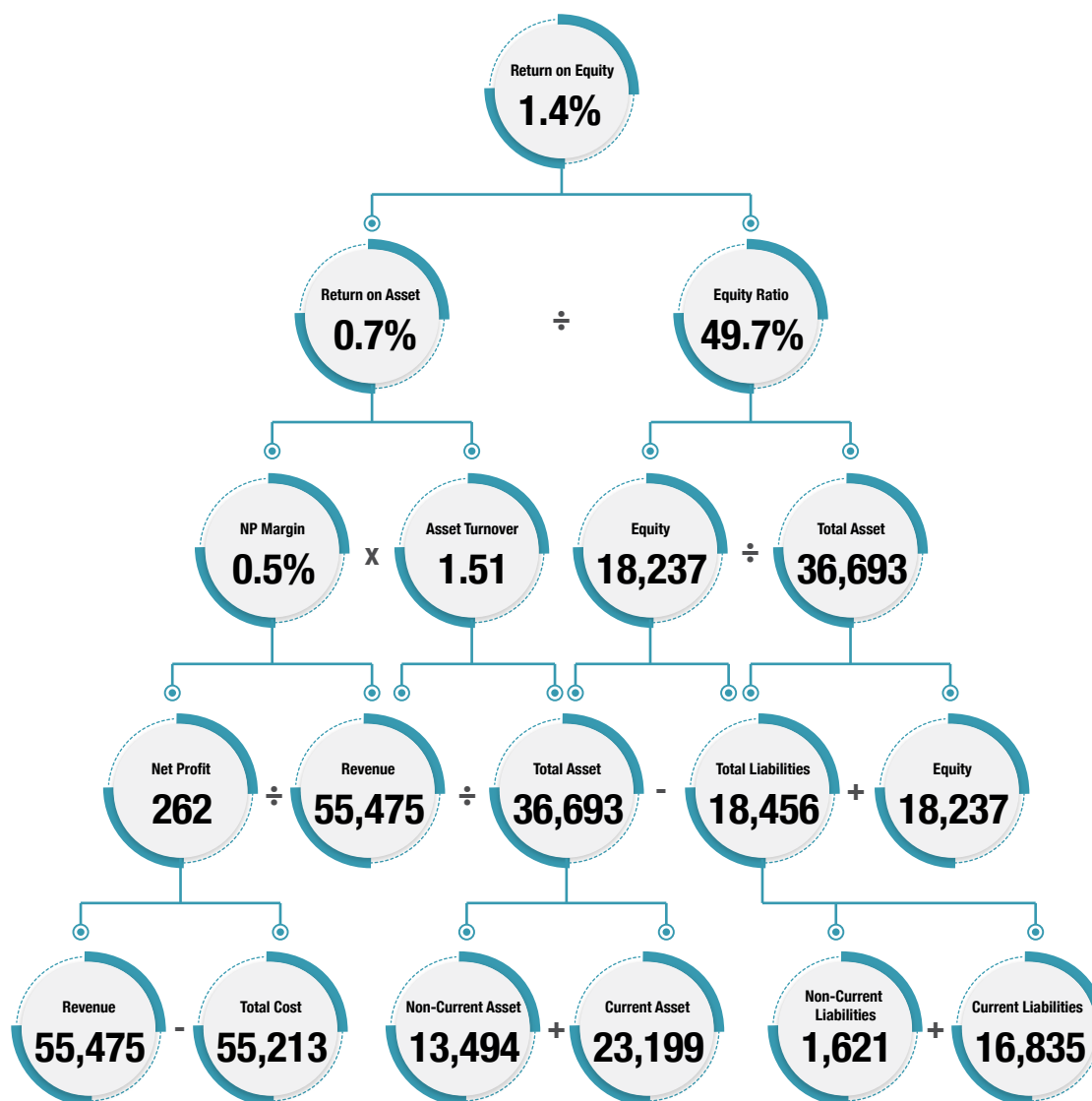
	December 31,					
	2023	2022	2021	2020	2019	2018
Rupees in Million						
Profit before taxation	2,590	6,148	8,410	6,243	2,511	4,343
<b>Adjustment for non-cash items</b>						
Depreciation on operating fixed assets	1,484	1,339	1,110	965	882	723
Depreciation on right-of-use assets	85	83	123	144	107	4
Amortisation on intangible assets	14	22	22	22	10	10
(Gain)/ Loss on disposal and write-off of property plant & equipment	(20)	94	(19)	(4)	11	(2)
Interest income	(739)	(882)	(571)	(344)	(260)	(370)
Expense recognised in profit or loss in respect of equity-settled share-based compensation	379	166	125	118	116	74
Staff retirement benefit	149	123	108	89	25	23
Finance costs	30	47	88	77	53	16
	1,382	992	986	1,067	944	478
<b>Working capital changes - net of provisions</b>						
Income taxes paid	(1,143)	(754)	282	2,387	(1,854)	159
Long-term loans and advances	(2,859)	(2,595)	(1,852)	(1,541)	(1,759)	(2,039)
Long-term deposits	(29)	5	(4)	(10)	(2)	(4)
Long-term prepayments	(3)	-	-	-	-	-
	(4,034)	(3,344)	(1,573)	838	(3,615)	(1,884)
<b>Net cash generated from operating activities</b>	(62)	3,796	7,823	8,148	(160)	2,937
<b>Capital expenditure</b>	(3,075)	(3,585)	(2,055)	(1,380)	(1,867)	(2,321)
Acquisition of intangible assets	-	-	(5)	(10)	(64)	(24)
<b>Free cash flows</b>	(3,137)	211	5,763	6,758	(2,091)	592

## 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 in stock in trade and increase in income taxes paid at withholding stage.



# DUPONT ANALYSIS



DUPONT ANALYSIS	December 31,	
	2023	2022
EBIT Margin	4.7%	12.6%
Asset turnover	1.51	1.45
Interest burden / efficiency	98.8%	99.2%
Tax burden / efficiency	10.1%	48.9%
Leverage	1.94	1.83
Net profit margin	0.5%	6.1%
Return on equity	1.4%	17.6%

## COMMENT ON DUPONT ANALYSIS

Return on equity has decreased to 1.4% from 17.6% during 2023 driven by decrease in gross 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 2023 on account of minimum tax charge due to reduced profitability and prior year super tax levy at the rate of 10% implemented through Finance Act 2023. Assets turnover remained static due to sales growth which is offset by increase in operating fixed assets.

# VERTICAL ANALYSIS

	December 31, 2023		December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019		December 31, 2018	
	Rupees in Million											
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
<b>Statement of Financial Position</b>												
Total Equity	18,237	49.7	17,106	50.4	17,354	60.8	15,590	62.6	13,372	64.4	13,235	65.3
Non-Current Liabilities	1,621	4.4	2,207	6.5	1,870	6.5	2,492	10.0	1,593	7.7	1,085	5.3
Current Liabilities	16,835	45.9	14,607	43.1	9,343	32.7	6,834	27.4	5,787	27.9	5,961	29.4
<b>Total Equity and Liabilities</b>	<b>36,693</b>	<b>100.0</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>
Non-Current Assets	13,494	36.8	12,091	35.6	10,135	35.5	9,214	37.0	8,415	40.5	7,283	35.9
Current Assets	23,199	63.2	21,829	64.4	18,432	64.5	15,702	63.0	12,337	59.5	12,998	64.1
<b>Total Assets</b>	<b>36,693</b>	<b>100.0</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>Statement of Profit or Loss</b>												
Sales-net	55,475	100.0	49,258	100.0	42,570	100.0	35,283	100.0	30,156	100.0	29,719	100.0
Cost of sales	43,627	78.6	34,732	70.5	26,495	62.2	23,437	66.4	21,628	71.7	19,918	67.0
<b>Gross Profit</b>	<b>11,848</b>	<b>21.4</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>
Selling and distribution expenses	8,040	14.5	7,038	14.3	6,569	15.4	4,936	14.0	5,062	16.8	4,504	15.2
Administrative expenses	1,037	1.9	886	1.8	722	1.7	642	1.8	732	2.4	611	2.0
<b>Operating Profit</b>	<b>2,771</b>	<b>5.0</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>
Other income	1,493	2.7	1,058	2.1	733	1.7	761	2.1	352	1.2	459	1.5
Other charges	1,644	3.0	1,465	3.0	1,018	2.4	708	2.0	523	1.8	786	2.6
	2,620	4.7	6,195	12.6	8,499	20.0	6,321	17.9	2,563	8.5	4,359	14.7
Finance costs	30	0.1	47	0.1	88	0.2	77	0.2	53	0.2	16	0.1
<b>Profit before taxation</b>	<b>2,590</b>	<b>4.6</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>
Taxation	2,328	4.1	3,144	6.3	2,443	5.8	1,708	4.8	1,211	4.0	1,649	5.5
<b>Profit for the year</b>	<b>262</b>	<b>0.5</b>	<b>3,004</b>	<b>6.1</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>Statement of Cash Flows</b>												
Net cash flows from operating activities	(62)	(1)	3,797	43	7,823	118	8,148	109	(160)	(6)	2,937	52
Net cash flows on investing activities	(2,199)	(44)	(484)	(6)	(3,436)	(52)	(957)	(13)	(1,588)	(58)	(1,929)	(34)
Net cash flows on financing activities	(1,494)	(30)	(1,140)	(13)	(5,257)	(79)	(2,460)	(33)	(1,172)	(42)	(3,902)	(69)
Cash and cash equivalents at the beginning of the year	8,792	175	6,619	76	7,489	113	2,758	37	5,678	206	8,572	151
<b>Cash and cash equivalents at the end of the year</b>	<b>5,037</b>	<b>100</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>

## COMMENT ON VERTICAL ANALYSIS

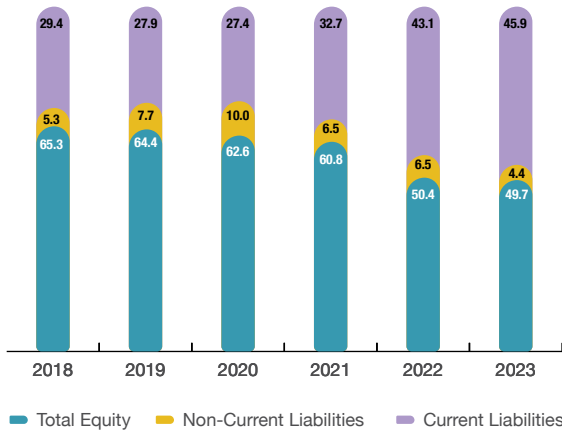
**Statement of Financial Position:** Equity of the Company has increased versus last year, however, reduced as a percentage of total equity and liabilities, mainly on account of decrease in profit for the year. Non-current liabilities decreased during the year primarily on account of decrease in staff retirement benefits and also decreased as a percentage of the total equity and liabilities to 4.4% (2022: 6.5%). Current liabilities increased to 45.9% (2022: 43.1%) 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 accrued liabilities. Non-current assets increased due to addition in fixed assets. Current assets also increased due to higher stock in trade, however, reduced as a percentage of total assets of the Company to 63.2% (2022: 64.4%).

**Statement of Profit or Loss:** Gross profit margin of the Company decreased to 21.4% from 29.5% in 2022 driven by revision to product costs and rupee devaluation. Selling and distribution expenses slightly increased as a percentage of sales due to inflation. Other charges remained static to 3.0% on account of continued exchange losses. Net profit margin of the Company decreased to 0.5% from 6.1% in 2022 mainly on account of decrease in gross profit margin (as explained above) and increase in tax expense due to minimum tax charge on account of reduced profitability and super tax levy at the rate of 10%.

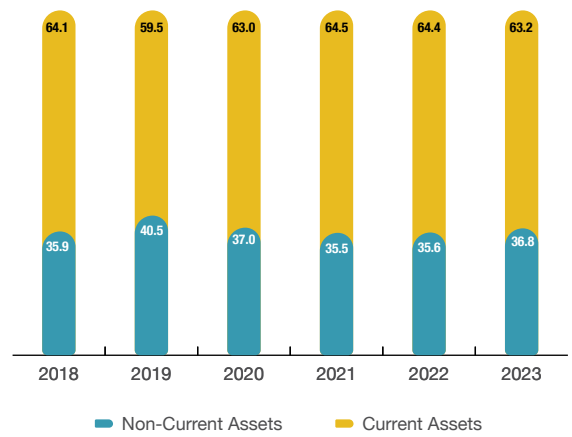
**Statement of Cash Flows:** Net cashflow from operating activities decreased primarily due to lower profit before tax. Whereas net cash outflows from investing activities have decreased to 44% of the total cash and cash equivalents primarily due to no redemption of short-term investment and decrease in interest income. Net cash outflow from financing activities also decreased to 30% during the current year primarily on account of remittance of unpaid dividends for the FY 2021 to Abbott Asia Investments Limited during the year.

## Graphical Presentation of Vertical Analysis

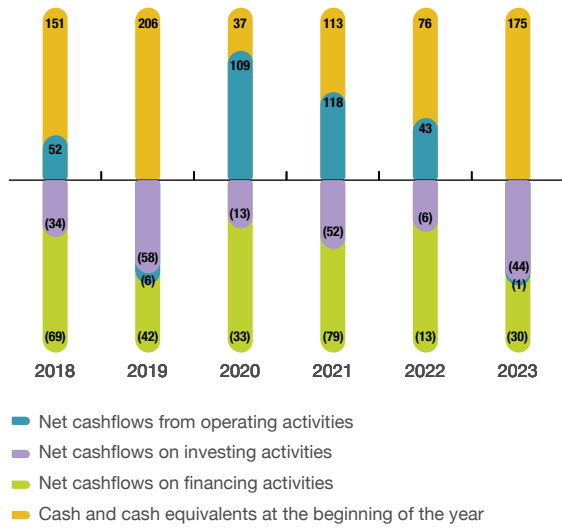
Statement of Financial Position Analysis - Equity and Liabilities (Percentage)



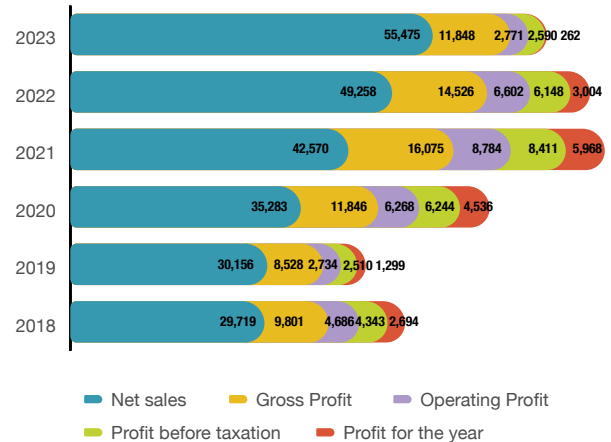
Statement of Financial Position Analysis - Assets (Percentage)



Statement of Cash Flows (Percentage)



Statement of Profit or Loss Analysis (Rs. in Million)





# HORIZONTAL ANALYSIS

	December 31, 2023		December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019		December 31, 2018	
	23vs22		22vs21		21vs20		20vs19		19vs18		18vs17	
Rupees in Million												
	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
<b>Statement of Financial Position</b>												
Total Equity	18,237	6.6	17,106	(1.4)	17,354	11.3	15,590	16.6	13,372	1.0	13,235	(7.8)
Non-Current Liabilities	1,621	(26.6)	2,207	18.0	1,870	(25.0)	2,492	56.4	1,593	46.8	1,085	20.7
Current Liabilities	16,835	15.3	14,607	56.3	9,343	36.7	6,834	18.1	5,787	(2.9)	5,961	51.5
<b>Total Equity and Liabilities</b>	<b>36,693</b>	<b>8.2</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>
Non-Current Assets	13,494	11.6	12,091	19.3	10,135	10.0	9,214	9.5	8,415	15.5	7,283	32.6
Current Assets	23,199	6.3	21,829	18.4	18,432	17.4	15,702	27.3	12,337	(5.1)	12,998	(5.1)
<b>Total Assets</b>	<b>36,693</b>	<b>8.2</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>Statement of Profit or Loss</b>												
Net sales	55,475	12.6	49,258	15.7	42,570	20.7	35,283	17.0	30,156	1.5	29,719	13.9
Cost of sales	43,627	25.6	34,732	31.1	26,495	13.0	23,437	8.4	21,628	8.6	19,918	24.5
<b>Gross Profit</b>	<b>11,848</b>	<b>(18.4)</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>
Selling and distribution expenses	8,040	14.2	7,038	7.1	6,569	33.1	4,936	(2.5)	5,062	12.4	4,504	24.7
Administrative expenses	1,037	17.2	886	22.7	722	12.4	642	(12.2)	732	19.8	611	30.6
<b>Operating Profit</b>	<b>2,771</b>	<b>(58.0)</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>
Other income	1,493	41.1	1,058	44.3	733	(3.7)	761	116.1	352	(23.2)	459	3.1
Other charges	1,644	12.2	1,465	43.9	1,018	43.7	708	35.5	523	(33.5)	786	30.5
	2,620	(57.7)	6,195	(27.1)	8,499	34.5	6,321	146.5	2,563	(41.2)	4,359	(25.5)
Finance costs	30	(36.2)	47	(46.6)	88	14.9	77	44.1	53	240.2	16	55.1
<b>Profit before taxation</b>	<b>2,590</b>	<b>(57.9)</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>
Taxation - net	2,328	(25.9)	3,144	28.7	2,443	43.0	1,708	41.1	1,211	(26.6)	1,649	0.8
<b>Profit for the year</b>	<b>262</b>	<b>(91.3)</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>Summary of Cash Flows Statement</b>												
Net cash inflow from operating activities	(62)	(101.6)	3,797	(51.5)	7,823	(4.0)	8,148	(5,192.5)	(160)	(105.4)	2,937	(49.1)
Net cash inflow / (outflow) on investing activities	(2,199)	354.3	(484)	(85.9)	(3,436)	259.0	(957)	(39.7)	(1,588)	(17.7)	(1,929)	57.9
Net cash outflow on financing activities	(1,494)	31.1	(1,140)	(78.3)	(5,257)	113.7	(2,460)	109.9	(1,172)	(70.0)	(3,902)	(0.3)
Cash and cash equivalents at the beginning of the year	8,792	32.8	6,619	(11.6)	7,489	171.5	2,758	(51.4)	5,678	(33.8)	8,572	7.9
Cash and cash equivalents at the end of the year	5,037	(42.7)	8,792	32.8	6,619	(11.6)	7,489	171.5	2,758	(51.4)	5,678	(33.8)

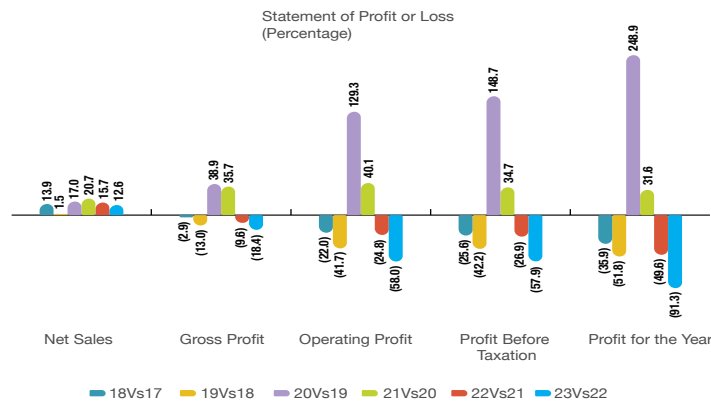
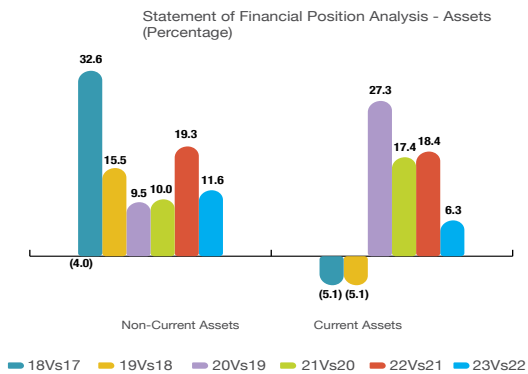
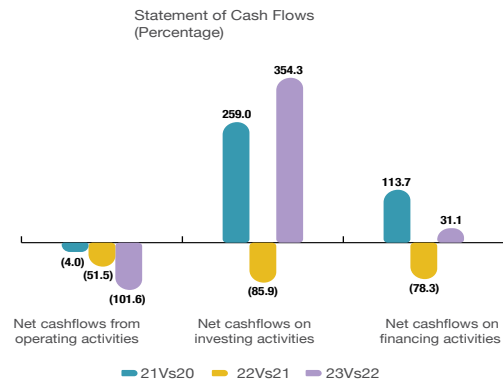
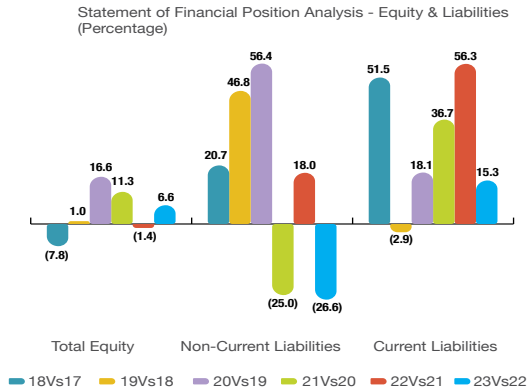
## COMMENT ON HORIZONTAL ANALYSIS

**Statement of Financial Position:** Equity has increased by 6.6%, mainly on account of profit after tax and other comprehensive income for the year augmented by no dividend declaration during the year. Non-current liabilities have declined by 26.6% due to decrease in staff retirement benefits. Current liabilities increased by 15.3% 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 increase in billing prices. Non-current assets have increased by 11.6% over last year on account of capital expenditure for enhancement of productivity and improvement of plant efficiency. Increase in current assets by 6.3% 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 12.6% over previous year. Cost of sales increased by 25.6% 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 14.2% mainly driven by sales growth. Other charges increased by 12.3% on account of exchange losses. Other income increased by 41.1% primarily on account of write back of liabilities. The profit after tax of the Company decreased by 91.3% in line with the reasons mentioned above, augmented by increase in tax expense on account of minimum tax charge on due to reduced profitability and prior year and current year super tax levy at the rate of 10%.

**Statement of cashflow:** Net cashflow from operating activities decreased by 101.6% versus last year, due to decrease in profit before tax. Whereas net cash outflows from investing activities also increased by 354.3% from prior year primarily due to no redemption of short-term investment on account of reduced short-term investments. Net cash outflow from financing activities also increased by 31.1% during the current year primarily on account of unpaid dividends paid during the year.

### Graphical Presentation Of Horizontal Analysis



# QUARTERLY ANALYSIS

For the Year Ended December 31, 2023

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
	------(Rupees '000) -----				
Sales-net	13,805,918	13,437,260	13,981,908	14,250,184	55,475,270
Cost of sales	10,598,608	10,839,534	11,472,137	10,716,524	43,626,803
<b>Gross profit</b>	<b>3,207,310</b>	<b>2,597,726</b>	<b>2,509,771</b>	<b>3,533,660</b>	<b>11,848,467</b>
Selling and distribution expenses	2,061,812	2,063,340	2,066,577	1,848,102	8,039,831
Administrative expenses	251,939	261,943	257,801	265,910	1,037,593
Other income	837,514	226,239	171,533	258,000	1,493,286
Other charges	1,473,937	98,948	20,068	51,364	1,644,317
	2,950,174	2,197,992	2,172,913	1,907,376	9,228,455
	257,136	399,734	336,858	1,626,284	2,620,012
Finance costs	9,066	7,861	7,092	6,271	30,290
<b>Profit before taxation</b>	<b>248,070</b>	<b>391,873</b>	<b>329,766</b>	<b>1,620,013</b>	<b>2,589,722</b>
Taxation	467,591	971,719	323,095	565,540	2,327,945
<b>Profit for the period</b>	<b>(219,521)</b>	<b>(579,846)</b>	<b>6,671</b>	<b>1,054,473</b>	<b>261,777</b>

# CASH FLOW STATEMENT - DIRECT METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

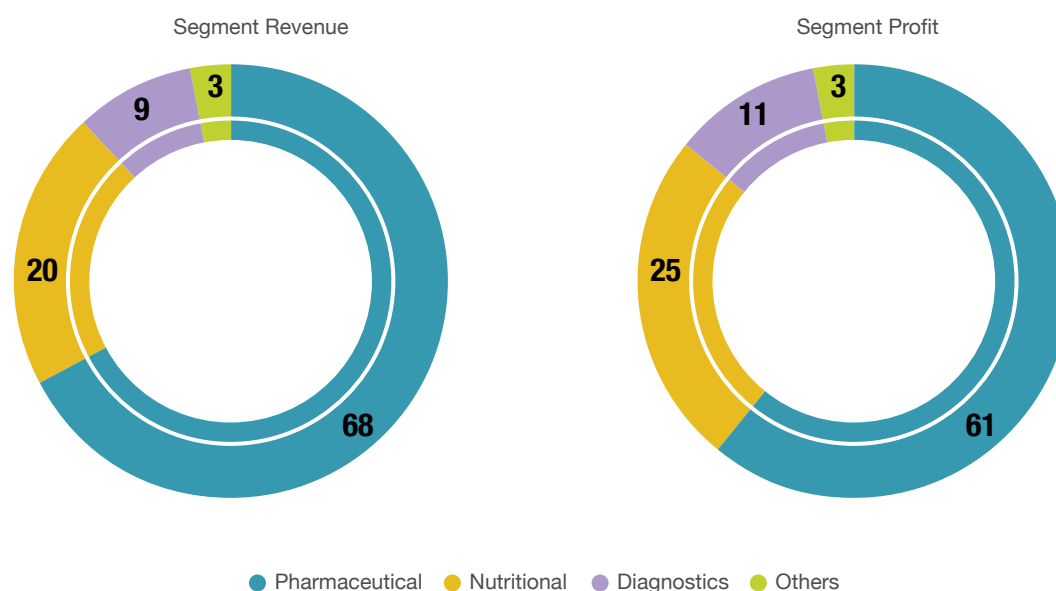
	2023	2022
	..... (Rupees '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	55,147,427	49,302,859
Cash paid to suppliers / service providers	(46,099,239)	(36,970,977)
Cash paid to employees	(5,350,880)	(4,773,157)
Payment of royalty and technical service fee	(196,708)	(141,199)
Payment to retirement funds	(430,327)	(407,311)
Income taxes paid	(2,859,400)	(2,594,968)
Payment of other statutory charges	(270,396)	(618,656)
Long-term prepayments - net	(2,781)	320
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(62,304)</b>	<b>3,796,911</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,074,518)	(3,584,678)
Investments in term deposit receipts	-	2,000,000
Sale proceeds from disposal of property, plant and equipment	139,846	182,078
Interest income	735,631	918,547
<b>Net cash outflow from investing activities</b>	<b>(2,199,041)</b>	<b>(484,053)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(8,115)	(21,988)
Lease rentals paid	(111,244)	(102,306)
Dividends paid	(1,374,413)	(1,016,082)
<b>Net cash outflow from financing activities</b>	<b>(1,493,772)</b>	<b>(1,140,376)</b>
Net (decrease) / increase in cash and cash equivalents	(3,755,117)	2,172,482
Cash and cash equivalents at the beginning of the year	8,791,829	6,619,347
<b>Cash and cash equivalents at the end of the year</b>	<b>5,036,712</b>	<b>8,791,829</b>

# SEGMENTAL REVIEW AND ANALYSIS

For The Year Ended December 31, 2023

During 2023, overall sales for the Company increased by Rs. 6,217.5 million resulting in an increase of 12.6%. Gross profit margin for 2023 decreased to 21.4% as compared to 29.5% in the preceding year. Profit After Tax for the year was Rs. 261.7 million resulting in an EPS of Rs. 2.67 per share.

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



## PHARMACEUTICALS (EPD)

Sales of Pharmaceutical business increased by 20.0% following sustained performance of established brands. Gross profit margin for the business decreased to 21.1% from 29.6% 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 4.5% from 12.4% due to the reasons mentioned above.

## NUTRITIONAL (ANI)

Revenue for the Nutrition business during 2023 decreased by 7.7% mainly on account of lower volumes following restrained demand due to inflationary pressures. Gross profit margin during the year for the division decreased to 23.9% from 36.3%, mainly on account of increase in product cost and rupee devaluation. The operating margin of the division was 6.1%.

## DIAGNOSTIC (ADD)

Revenue for the Diagnostic business grew organically by 15.5%. Further, gross profit margin for the business also sharply increased to 15.6% from 5.7% mainly due to revision of sales price, partially offset by rupee devaluation. The operating margin of the division increased to 6.1% from negative 2.2% last year due to reasons mentioned above.

## OTHERS

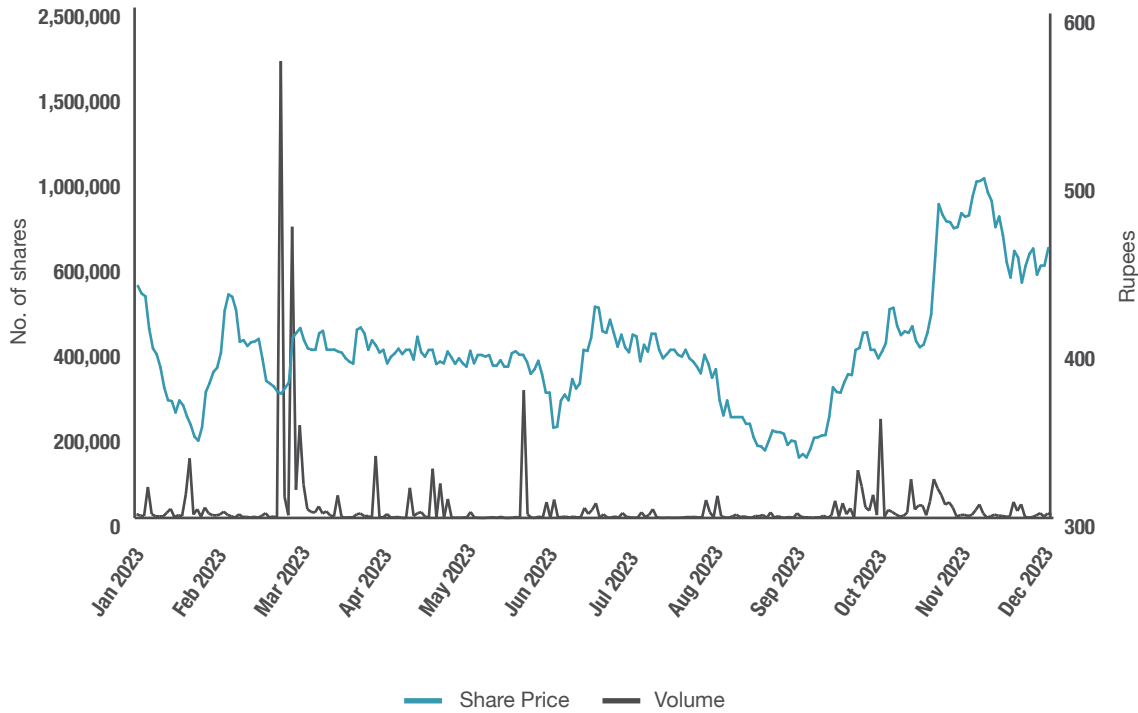
Revenue for Others which consists of Diabetes Care and General Health Care representing 3% of total company revenue increased by Rs. 230.0 million mainly on account of volumes and revision of sales price. Cumulative gross profit margin decreased to 28.2% from 36.6% driven by increase in product cost, rupee devaluation and general inflation. The operating margin of the division decreased to 5.2% versus 16.0% last year.

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

# SHARE PRICE SENSITIVITY ANALYSIS

Shares of Abbott Laboratories (Pakistan) Limited are traded on Pakistan Stock Exchange (PSX) and market capitalization at the end of the day of the fiscal year was PKR 45.1 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. 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 and Abbott’s share price at the year-end was Rs. 460.21 per share.

Share Price Sensitivity Analysis





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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 (the Company) for the year ended 31 December 2023 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 2023.

Chartered Accountants

Place: Karachi

Date: 11 March 2024

UDIN: CR202310120MRgLVHBDn

## 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 2023.

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. Mohsin Ali Nathani
	Ms. Ayla Majid
Other Non-Executive Directors	Mr. Ehsan Ali Malik (Chairman)
	Mr. Celestino Jacinto Dos Anjos
	Mr. Muhammad Anjum Latif Rana
Executive Directors	Syed Anis Ahmed (Chief Executive Officer)
	Ms. Seema Khan
Female Directors	Ms. Ayla Majid
	Ms. Seema Khan

\* The fractional requirement for independent directors has not been rounded up since the Board considers that the current composition is adequate to protect the interests of the shareholders at large and minority shareholders in particular.

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/shareholders 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, with the exception of one director who is exempted from the Directors' training program;
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
15. The Board has outsourced the internal audit function to BDO Ebrahim & Co., 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, 2024



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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 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 changes in equity and the statement of cash flows 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 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows 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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working world**

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 2.2.8 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. 55.475 billion which is approximately 13% 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 recognised 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 35% 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 changes in equity and the statement of cash flows 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**.

A handwritten signature in black ink, appearing to read 'Omer Chughtai', is written over the printed name.

Chartered Accountants

Place: Karachi

Date: 8 March 2024

UDIN: AR202310120sfMUJ17QE

# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

		2023	2022
	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		1,437,162	1,058,639
- revenue		15,821,181	15,068,387
<b>Total Equity</b>		<b>18,237,346</b>	<b>17,106,029</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net	5	519,569	499,662
Staff retirement benefits	6	1,049,089	1,579,752
Lease liabilities	7	52,228	127,076
<b>Total Non-current Liabilities</b>		<b>1,620,886</b>	<b>2,206,490</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	15,483,144	11,866,573
Unclaimed dividends		64,676	66,419
Unpaid dividends	9	1,029,503	2,402,173
Current maturity of lease liabilities	7	105,990	120,211
Provision against GIDC	8.3	151,900	151,900
<b>Total Current Liabilities</b>		<b>16,835,213</b>	<b>14,607,276</b>
<b>Total Liabilities</b>		<b>18,456,099</b>	<b>16,813,766</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,693,445</b>	<b>33,919,795</b>

		2023	2022
	Note	..... (Rupees '000) .....	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	13,375,186	11,989,333
Intangible assets	12	12,678	26,904
Long-term loans and advances	13	95,423	66,509
Long-term deposits	14	7,513	7,513
Long-term prepayments		3,427	646
<b>Total Non-current Assets</b>		<b>13,494,227</b>	<b>12,090,905</b>
<b>CURRENT ASSETS</b>			
Stores and spares	15	462,670	340,748
Stock-in-trade	16	12,826,865	8,515,228
Trade debts	17	1,649,512	1,276,655
Loans and advances	18	349,762	533,859
Trade deposits and short-term prepayments	19	443,372	910,115
Other receivables	20	2,036,432	1,432,351
Taxation - net		386,071	23,826
Short-term investments	21	502,822	830,079
Cash and bank balances	22	4,541,712	7,966,029
<b>Total Current Assets</b>		<b>23,199,218</b>	<b>21,828,890</b>
<b>TOTAL ASSETS</b>		<b>36,693,445</b>	<b>33,919,795</b>

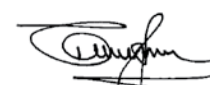
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2023

		2023	2022
	Note	..... (Rupees '000) .....	
Sales - net	23	55,475,270	49,257,722
Cost of sales	24	43,626,803	34,731,760
<b>Gross profit</b>		<b>11,848,467</b>	<b>14,525,962</b>
Selling and distribution expenses	25	8,039,831	7,038,482
Administrative expenses	26	1,037,593	885,901
Other charges	27	1,644,317	1,464,698
Other income	28	(1,493,286)	(1,058,174)
		9,228,455	8,330,907
Finance costs	29	2,620,012 30,290	6,195,055 47,400
<b>Profit before taxation</b>		<b>2,589,722</b>	<b>6,147,655</b>
Taxation	30	2,327,945	3,143,469
<b>Profit for the year</b>		<b>261,777</b>	<b>3,004,186</b>
		----- (Rupees) -----	
Earnings per share - basic / diluted	31	2.67	30.69

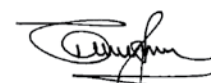
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Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Note	..... (Rupees '000) .....	
Profit for the year	261,777	3,004,186
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	680,134	9,257
- Tax on actuarial gains	(189,117)	(2,035)
Other comprehensive income - net of tax	491,017	7,222
Total comprehensive income for the year	752,794	3,011,408

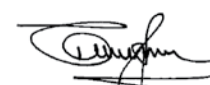
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Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

		2023	2022
	Note	..... (Rupees '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	32	3,104,343	6,648,892
Income taxes paid		(2,859,400)	(2,594,968)
Long-term loans and advances - net		(28,914)	5,137
Long-term prepayments - net		(2,781)	320
Staff retirement benefits paid	6.1.6	(275,552)	(262,470)
Net cash (outflow) / inflow from operating activities		(62,304)	3,796,911
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(3,074,518)	(3,584,678)
Investments in term deposit receipts		-	2,000,000
Sale proceeds from disposal of property, plant and equipment	11.4	139,846	182,078
Interest income		735,631	918,547
Net cash outflow from investing activities		(2,199,041)	(484,053)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs paid		(8,115)	(21,988)
Lease rentals paid	7.1	(111,244)	(102,306)
Dividends paid		(1,374,413)	(1,016,082)
Net cash outflow from financing activities		(1,493,772)	(1,140,376)
Net (decrease) / increase in cash and cash equivalents		(3,755,117)	2,172,482
Cash and cash equivalents at the beginning of the year		8,791,829	6,619,347
Cash and cash equivalents at the end of the year	32.2	5,036,712	8,791,829

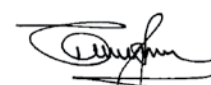
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Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

Issued, sub- scribed and paid-up capital	Reserves					Total Equity	
	Capital Reserves		Revenue Reserves		Total		
	Reserve Arising on Merger	Other - (Note 2.2.13)	General Reserve	Un- appropriated Profit			
(Rupees '000)							
Balance as at January 01, 2022	979,003	46,097	846,048	5,338,422	10,145,068	16,375,635	17,354,638
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2021 @ Rs. 20.0 per share	-	-	-	-	(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)
Employee benefit cost under IFRS 2- 'Share-based payments'	-	-	166,494	-	-	166,494	166,494
Total comprehensive income for the year ended December 31, 2022							
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
Balance as at December 31, 2022	<u>979,003</u>	<u>46,097</u>	<u>1,012,542</u>	<u>5,338,422</u>	<u>9,729,965</u>	<u>16,127,026</u>	<u>17,106,029</u>
Balance as at January 01, 2023	979,003	46,097	1,012,542	5,338,422	9,729,965	16,127,026	17,106,029
Transactions with owners, recorded directly in equity							
Employee benefit cost under IFRS 2- 'Share-based payments'	-	-	378,523	-	-	378,523	378,523
Total comprehensive income for the year ended December 31, 2023							
Profit for the year	-	-	-	-	261,777	261,777	261,777
Other comprehensive income for the year - net of tax	-	-	-	-	491,017	491,017	491,017
Total comprehensive income for the year	-	-	-	-	752,794	752,794	752,794
Balance as at December 31, 2023	<u>979,003</u>	<u>46,097</u>	<u>1,391,065</u>	<u>5,338,422</u>	<u>10,482,759</u>	<u>17,258,343</u>	<u>18,237,346</u>

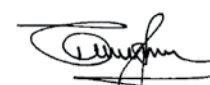
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

## 1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (the Company) is a public limited company incorporated in Pakistan on July 02, 1948, and its shares are quoted on 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.

## 2.1 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 amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

#### Amendments to approved accounting standards

##### IAS 8 Definition of Accounting Estimates (Amendments)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

##### IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)



The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

#### IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences i.e. leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

#### IAS 12 International Tax Reform—Pillar Two Model Rules (Amendments)

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's financial statements.

#### 2.1.4 Standards and amendments to approved accounting standards that are not yet effective

The following standards and amendments to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Standards / Amendments	Effective date (annual periods beginning on or after)
IAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7 Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16 Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2004

The Company expects that above standards and amendments to the approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

#### 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 2.2.1 and note 11);
- ii) Estimate and assumptions involved in valuation of stock-in-trade (note 2.2.3 and note 16);
- iii) Provision for slow moving and obsolete stores and spares (note 2.2.2 and note 15);
- iv) Allowance for expected credit losses on trade debts (note 2.2.10 and note 17);
- v) Allowance for expected credit losses on loans (note 2.2.10 and note 18);
- vi) Allowance for expected credit losses on other receivables (note 2.2.10 and note 20);
- vii) Allowance for expected credit losses on trade deposits (note 2.2.10 and note 19);
- viii) Estimate and assumptions involved in respect of defined benefit obligation schemes (note 2.2.6 and note 6);
- ix) Estimate and assumptions involved in respect of liability for employees' compensated absences (note 2.2.7);
- x) Provision for taxation (note 2.2.4, note 5 and note 30);
- xi) Share-based compensation (note 2.2.13 and note 33);
- xii) Contingencies (note 10.1);
- xiii) Leases (note 7); and
- xiv) Refund liabilities (note 2.2.8 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.

#### 2.1.7 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.

### 2.2 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Company in the preparation of these financial statements are as follows:

#### 2.2.1 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.

**2.2.2 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 up to 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.

During the year, as a result of the annual reassessment of estimates related to the provision for slow moving and obsolete items of stores and spares, the management has identified that there has been a change in the expected pattern of obsolescence based on the future economic benefits embodied in the assets. Accordingly, estimate with respect to the provision for slow moving and obsolete items have been revised to reflect the changed pattern. These revisions were accounted for prospectively as changes in accounting estimates.

As stated above, had there been no changes in accounting estimates, the profit before tax for the year and carrying value of provision for slow moving and obsolete items of stores and spares as at the year-end would have been lower and higher by Rs. 56.824 million respectively, due to change of such estimate.

**2.2.3 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, or 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 up to 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.

**2.2.4 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 using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. 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.

### 2.2.5 Impairment of 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.

### 2.2.6 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, 2023 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, 2023 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.

### 2.2.7 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 in the financial statements on the basis of actuarial valuation carried out using the projected unit credit method. The latest valuation was carried out as at December 31, 2023.

The remeasurement of employees' compensated absences are charged to statement of profit or loss.

### 2.2.8 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.

### 2.2.9 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.

## 2.2.10 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 following 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, 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.

The Company's financial liabilities include trade and other payables, lease liabilities and unpaid & unclaimed dividend payable.

### 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 process.

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.

### 2.2.11 Contract balances

#### a) 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.

#### b) Trade debts

A trade debt is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

### 2.2.12 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.

#### 2.2.13 Share-based compensation

The Company's equity settled share-based compensation plan includes the following:

- The cost of awarding shares to eligible employees under 'Employee Restricted Stock Units (RSUs) plan' 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.
- The cost of granting shares to eligible employees under 'Employee Stock Purchase Plan (ESPP)' i.e. equivalent to 15% discount, is reflected by recording a charge in the statement of profit or loss.

Since awarded / granted shares relate to the ultimate holding company, a corresponding reserve is created to reflect the equity component.

#### 2.2.14 Foreign currency transactions and translations

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.

### 3. AUTHORISED CAPITAL

2023	2022		2023	2022
--- (Number of Shares) ---			..... (Rupees '000) .....	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000	2,000,000

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

2023	2022		2023	2022
--- (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 shares	735,885	735,885
97,900,302	97,900,302		979,003	979,003

4.1 As at December 31, 2023, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 (2022: 76,259,454) shares with the total shareholding of 77.90% (2022: 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

Deductible temporary differences arising on:

Provisions

Lease liabilities

	2023	2022
	..... (Rupees '000) .....	
Accelerated tax depreciation	917,514	826,362
Provisions	(239,727)	(245,095)
Lease liabilities	(158,218)	(81,605)
	<u>519,569</u>	<u>499,662</u>

## 6. STAFF RETIREMENT BENEFITS

### 6.1 Defined benefit scheme

As mentioned in note 2.2.6, 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, 2023 using the Projected Unit Credit Method.

## 6.1.1 Amounts recognised in the statement of financial position:

	2023	2022	2023	2022	
Note	----- (Rupees '000) -----				
	Pension Fund		Gratuity Fund		
Present value of the defined benefit obligation	6.1.2	5,484,612	5,364,177	52,153	28,630
Less: fair value of plan assets	6.1.3	4,384,387	3,759,865	103,289	53,190
Deficit / (Surplus)		<b>1,100,225</b>	<b>1,604,312</b>	<b>(51,136)</b>	<b>(24,560)</b>
<b>6.1.2 Movement in present value of defined benefit obligations</b>					
As at January 1,		5,364,177	5,582,276	28,630	11,256
Current service cost		203,028	212,433	23,724	16,158
Interest cost		700,885	619,857	3,936	1,323
Benefits paid		(533,664)	(613,790)	-	-
Remeasurements recognised in other comprehensive income:					
- (Gain) / Loss due to changes in experience adjustment	6.1.7	(19,324)	95,139	(4,137)	(107)
- Gain due to changes in financial assumptions	6.1.7	(230,490)	(531,738)	-	-
		(249,814)	(436,599)	(4,137)	(107)
As at December 31,		<b>5,484,612</b>	<b>5,364,177</b>	<b>52,153</b>	<b>28,630</b>
<b>6.1.3 Movement in fair value of plan assets</b>					
As at January 1,		3,759,865	4,107,392	53,190	20,092
Interest income		496,496	460,398	10,054	3,942
Company contributions	35	235,691	235,564	39,861	26,906
Benefits paid		(533,664)	(613,790)	-	-
Remeasurements recognised in other comprehensive income:					
- Remeasurement of fair value of plan assets	6.1.7	425,999	(429,699)	184	2,250
As at December 31,		<b>4,384,387</b>	<b>3,759,865</b>	<b>103,289</b>	<b>53,190</b>
<b>6.1.4 Expense / (income) recognised in the statement of profit or loss</b>					
Current service cost		203,028	212,433	23,724	16,158
Net interest cost / (income)		204,389	159,459	(6,118)	(2,619)
	24.4	<b>407,417</b>	<b>371,892</b>	<b>17,606</b>	<b>13,539</b>
<b>6.1.5 Actual return on plan assets</b>		<b>922,495</b>	<b>30,699</b>	<b>10,238</b>	<b>6,192</b>
<b>6.1.6 Net recognised liability / (asset)</b>					
As at January 1,		1,604,312	1,474,884	(24,560)	(8,836)
Current service cost		203,028	212,433	23,724	16,158
Interest cost / (income)		204,389	159,459	(6,118)	(2,619)
Company contributions		(235,691)	(235,564)	(39,861)	(26,906)
Remeasurements recognised in the statement of comprehensive income:					
- Loss / (gain) due to changes in experience adjustment		(19,324)	95,139	(4,137)	(107)
- Gain due to changes in financial assumptions		(230,490)	(531,738)	-	-
- Remeasurement of fair value of plan assets		(425,999)	429,699	(184)	(2,250)
		(675,813)	(6,900)	(4,321)	(2,357)
As at December 31,		<b>1,100,225</b>	<b>1,604,312</b>	<b>(51,136)</b>	<b>(24,560)</b>

	2023	2022	2023	2022
	----- (Rupees '000) -----			
	Pension Fund		Gratuity Fund	
<b>6.1.7 Remeasurements recognised in other comprehensive income:</b>				
- Loss / (gain) due to changes in experience adjustment	(19,324)	95,139	(4,137)	(107)
- Gain due to changes in financial assumptions	(230,490)	(531,738)	-	-
- Remeasurement of fair value of plan assets	(425,999)	429,699	(184)	(2,250)
	<b>(675,813)</b>	<b>(6,900)</b>	<b>(4,321)</b>	<b>(2,357)</b>
<b>6.1.8 Plan assets are comprised as follows:</b>				
Debt instruments	4,019,469	3,316,097	-	-
Equity instruments	312,340	314,443	-	-
Bank balances	52,578	129,325	103,289	53,190
	<b>4,384,387</b>	<b>3,759,865</b>	<b>103,289</b>	<b>53,190</b>
<b>6.1.9 Principal actuarial assumptions used were as follows:</b>				
	----- (Percentages) -----			
Discount rate	15.00	13.75	15.00	13.75
Future salary increases	13.00	11.75	13.00	11.75
Future pension increases	-	-	-	-
Minimum wage increases	10.25	9.00	10.25	-

6.1.10 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 312.340 million (2022: Rs. 314.443 million).

6.1.11 The discount rate of 15.00% 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, 2024 are Rs. 337.377 million and Rs. 22.497 million respectively.

	2023	2022	2023	2022
	----- (Rupees '000) -----			
	Pension Fund		Gratuity Fund	
<b>6.1.13 Expected maturity analysis of undiscounted retirement benefit plan:</b>				
Less than one year	322,445	314,999	215	814
Between one to two years	488,028	368,685	1,918	217
Between two to five years	1,592,057	1,450,078	25,200	14,516
Between five to ten years	5,351,319	4,745,144	131,013	80,056
	<b>7,753,849</b>	<b>6,878,906</b>	<b>158,346</b>	<b>95,603</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)	(423,480)	(6,379)
Discount rate (1% decrease)	488,276	7,690
Salary growth rate (1% increase)	318,289	7,764
Salary growth rate (1% decrease)	(287,785)	(6,535)
Pension growth rate (1% increase)	213,891	-
Pension growth rate (1% decrease)	(190,225)	-
Minimum wage increase (1% increase)	(22,455)	-
Minimum wage increase (1% decrease)	19,973	-

If life expectancy increases by 1 year, the obligation increases by Rs. 92.871 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.

- 6.1.15 The average duration of pension and gratuity funds at the end of the reporting period is 9.8 years and 15.7 years respectively.

## 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 include but are not limited to the payment of certain taxes and the exercise of reasonable care. Following is the maturity analysis of lease liabilities recognised by the Company:

	Note	2023 ..... (Rupees '000) .....	2022
Not later than one year		105,990	120,211
Later than one year but not later than five years		52,228	127,076
		<b>158,218</b>	<b>247,287</b>
<b>7.1 Movement of lease liabilities is as follows:</b>			
As at January 1,		247,287	227,686
Additions		-	96,495
Accretion of interest	29	22,175	25,412
Payments		(111,244)	(102,306)
As at December 31,		<b>158,218</b>	<b>247,287</b>
<b>8. TRADE AND OTHER PAYABLES</b>			
Creditors		1,845,651	1,692,785
Accrued liabilities		4,404,080	3,871,642
Bills payable	8.1	7,888,745	4,905,046
Contract liabilities		610,973	565,959
Payable to related parties	8.2	434,885	352,687
Central Research Fund		37,186	74,335
Workers' Welfare Fund		77,250	114,254
Refund liabilities		153,820	268,719
Others		30,554	21,146
		<b>15,483,144</b>	<b>11,866,573</b>
<b>8.1 Bills payable include the following amounts payable to related parties:</b>			
Abbott Diagnostics GmbH		1,925,474	1,020,945
Abbott Logistics B.V.		2,381,964	1,268,139
Abbott Laboratories (Singapore) PTE Limited		7,093	5,698
Abbott Products Operation AG		2,770,003	1,126,040
Abbott GmbH		119,090	50,708
Abbott Argentina S.A.		699	562
Abbott S.R.L Italy		42,614	22,072
Abbott Diabetes Care Inc.		30,745	40,358
Abbott Diabetes Care Limited, UK		44,877	15,864
Abbott Rapid DX International Ltd		424,181	851,477
Abbott Laboratories International Co.		40,231	-
		<b>7,786,971</b>	<b>4,401,863</b>

	2023	2022
Note	..... (Rupees '000) .....	
<b>8.2 Payable to related parties represents the following amounts payable to:</b>		
Abbott International LLC., USA	216,056	186,808
ALSA MERO Office	38,441	28,577
Abbott Ireland	324	2,122
Abbott GmbH	30,809	17,068
Abbott Logistics B.V.	16,873	13,071
Abbott Products Operation AG	125,354	100,048
Abbott Laboratories GMBH (Dubai)	6,216	4,993
Abbott Laboratories Saudi Arabia	664	-
Abbott Laboratories International Co.	148	-
	<b>434,885</b>	<b>352,687</b>
<b>8.3 PROVISION AGAINST GIDC</b>		
Opening as at January 01,	151,900	151,900
(Reversal) / charge during the year	-	-
Closing as at December 31,	<b>151,900</b>	<b>151,900</b>
	8.3.1	
<b>8.3.1</b> 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 been fully paid by the Company.		
<b>9. UNPAID DIVIDENDS</b>		
Represents amounts payable to Abbott Asia Investments Limited (the Holding Company) on account of interim dividend for the year ended December 31, 2022. The remittance of dividend is currently in process.		
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
<b>10.1 Contingencies</b>		
<b>10.1.1</b> 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 Company's favour.		
<b>10.2 Commitments</b>		
<b>10.2.1</b> Commitments for capital expenditure outstanding amounted to Rs. 793.963 million (2022: Rs. 377.579 million).		
<b>10.2.2</b> Commitments in respect of letters of credit outstanding as of statement of financial position date amounted to Rs. 1,600.866 million (2022: Rs. 1,067.440 million).		
<b>10.2.3</b> The Company has given bank guarantees of Rs. 652.159 million (2022: Rs. 708.983 million) to the Customs Department, a utility company and other institutions against tenders.		
<b>10.2.4</b> The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 6,600 million (2022: Rs. 3,650 million). These facilities can be utilised for letters of credit, guarantees and running finance / short-term loans. However, the running finance / short-term loan utilisation cannot exceed Rs. 2,290 million (2022: Rs. 1,290 million). The running finance / short-term loan carries markup at rates ranging from KIBOR minus 0.25% to flat KIBOR (2022: KIBOR minus 0.25% to flat KIBOR) per annum and are secured against first joint pari passu hypothecation charge over stocks and book debts of the Company, ranking hypothecation charge over stocks and book debts of the Company, promissory notes, and counter guarantees. The Company has not utilized any amount against running finance / short-term loan facilities neither pledged its inventory as at the statement of financial position date.		

## 11. PROPERTY, PLANT AND EQUIPMENT

	Note	2023 ..... (Rupees '000) .....	2022
Operating fixed assets	11.1	10,423,061	9,895,494
Capital work-in-progress	11.5	2,803,504	1,859,957
Right-of-use assets	11.6.1	148,621	233,882
		<u>13,375,186</u>	<u>11,989,333</u>

### 11.1 Operating fixed assets

The following is a statement of operating fixed assets:

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles - owned	Office equipment	Computers	Service equipment - note 11.2	Total
----- (Rupees '000) -----										
<b>At December 31, 2021</b>										
Cost	20,679	2,718	514,534	67,819	8,964,942	1,026,658	85,972	290,475	3,839,093	14,812,890
Accumulated depreciation	-	1,065	321,320	66,788	3,901,886	309,654	79,985	204,610	1,867,538	6,752,846
<b>Net book value</b>	<b>20,679</b>	<b>1,653</b>	<b>193,214</b>	<b>1,031</b>	<b>5,063,056</b>	<b>717,004</b>	<b>5,987</b>	<b>85,865</b>	<b>1,971,555</b>	<b>8,060,044</b>
<b>Year ended</b>										
<b>December 31, 2022</b>										
Opening net book value	20,679	1,653	193,214	1,031	5,063,056	717,004	5,987	85,865	1,971,555	8,060,044
Additions / transfers	-	-	204,438	-	1,210,944	537,652	-	36,547	1,311,031	3,300,612
Disposals / write offs										
Cost	-	-	-	-	584	213,235	117	-	71,228	285,164
Depreciation	-	-	-	-	527	94,921	105	-	63,015	158,568
	-	-	-	-	57	118,314	12	-	8,213	126,596
Depreciation charge for the year	-	29	21,196	100	658,084	162,933	1,213	38,581	456,430	1,338,566
<b>Closing net book value</b>	<b>20,679</b>	<b>1,624</b>	<b>376,456</b>	<b>931</b>	<b>5,615,859</b>	<b>973,409</b>	<b>4,762</b>	<b>83,831</b>	<b>2,817,943</b>	<b>9,895,494</b>
<b>At December 31, 2022</b>										
Cost	20,679	2,718	718,972	67,819	10,175,302	1,351,075	85,855	327,022	5,078,896	17,828,338
Accumulated depreciation	-	1,094	342,516	66,888	4,559,443	377,666	81,093	243,191	2,260,953	7,932,844
<b>Net book value</b>	<b>20,679</b>	<b>1,624</b>	<b>376,456</b>	<b>931</b>	<b>5,615,859</b>	<b>973,409</b>	<b>4,762</b>	<b>83,831</b>	<b>2,817,943</b>	<b>9,895,494</b>
<b>Year ended</b>										
<b>December 31, 2023</b>										
Opening net book value	20,679	1,624	376,456	931	5,615,859	973,409	4,762	83,831	2,817,943	9,895,494
Additions / transfers	-	-	342,947	-	741,985	207,741	-	24,197	814,101	2,130,971
Disposals / write offs										
Cost	-	-	74,903	-	375,225	140,631	2,298	31,924	160,148	785,129
Depreciation	-	-	67,183	-	335,871	73,490	2,178	31,924	154,894	665,540
	-	-	7,720	-	39,354	67,141	120	-	5,254	119,589
Depreciation charge for the year	-	29	18,378	100	704,983	195,445	204	41,142	523,534	1,483,815
<b>Closing net book value</b>	<b>20,679</b>	<b>1,595</b>	<b>693,305</b>	<b>831</b>	<b>5,613,507</b>	<b>918,564</b>	<b>4,438</b>	<b>66,886</b>	<b>3,103,256</b>	<b>10,423,061</b>
<b>At December 31, 2023</b>										
Cost	20,679	2,718	987,016	67,819	10,542,062	1,418,185	83,557	319,295	5,732,849	19,174,180
Accumulated depreciation	-	1,123	293,711	66,988	4,928,555	499,621	79,119	252,409	2,629,593	8,751,119
<b>Net book value</b>	<b>20,679</b>	<b>1,595</b>	<b>693,305</b>	<b>831</b>	<b>5,613,507</b>	<b>918,564</b>	<b>4,438</b>	<b>66,886</b>	<b>3,103,256</b>	<b>10,423,061</b>
<b>Annual rate of depreciation %</b>										
2022	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2023	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	

11.2 Service equipment of the Company is in the possession of various hospitals and clinics.





## 11.5 Capital work-in-progress

	Plant and machinery and buildings	Vehicles	Office equipment and computers	Total
----- (Rupees '000) -----				
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
Additions	2,087,973	85,518	86,926	2,260,417
Transferred to operating fixed assets	(1,084,932)	(207,741)	(24,197)	(1,316,870)
At December 31, 2023	<u>2,729,352</u>	<u>7,198</u>	<u>66,954</u>	<u>2,803,504</u>

## 11.6 Right-of-use assets

The Company has right-of-use assets in respect of warehouses, sales offices and city office used in its operations.

	Note	2023	2022
..... (Rupees '000) .....			
<b>11.6.1 Movement of right-of-use assets</b>			
As at January 1,		233,882	220,409
Additions		-	96,495
Depreciation during the year	11.7	(85,261)	(83,022)
As at December 31		<u>148,621</u>	<u>233,882</u>
<b>11.7</b>	The depreciation charge for the year on right-of-use assets has been allocated as follows:		
Selling and distribution expenses	25	65,968	61,904
Administrative expenses	26	19,293	21,118
		<u>85,261</u>	<u>83,022</u>

## 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, 2022	9,879	203,948	213,827
Additions	-	-	-
<b>As at December 31, 2022</b>	<b>9,879</b>	<b>203,948</b>	<b>213,827</b>
Additions	-	-	-
<b>As at December 31, 2023</b>	<b>9,879</b>	<b>203,948</b>	<b>213,827</b>
<b>Amortisation</b>			
As at January 01, 2022	6,312	158,498	164,810
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>
Amortisation	274	13,952	14,226
<b>As at December 31, 2023</b>	<b>9,879</b>	<b>191,270</b>	<b>201,149</b>
<b>Net book value</b>			
As at December 31, 2022	274	26,630	26,904
<b>As at December 31, 2023</b>	<b>-</b>	<b>12,678</b>	<b>12,678</b>
Useful life (years)	<b>3</b>	<b>4-5</b>	

	Note	2023	2022
		..... (Rupees '000) .....	
12.1	The amortization for the year on intangible assets has been allocated as follows:		
	Cost of sales	86	1,031
	Selling and distribution expenses	14,132	20,991
	Administrative expenses	8	91
		<b>14,226</b>	<b>22,113</b>
13.	<b>LONG-TERM LOANS AND ADVANCE - considered good, secured</b>		
	<b>Long-term loans</b>		
	Due from:		
	- Executives	9,660	2,745
	- Employees	126,633	93,102
		<b>136,293</b>	<b>95,847</b>
	Less: recoverable within one year		
	- Executives	3,151	1,107
	- Employees	40,272	31,807
		<b>43,423</b>	<b>32,914</b>
		<b>92,870</b>	<b>62,933</b>
	<b>Long-term advances</b>		
	- Employees	2,553	3,576
		<b>95,423</b>	<b>66,509</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.

		2023	2022
	Note	..... (Rupees '000) .....	
<b>15. STORES AND SPARES</b>			
Stores		211,092	150,485
Spares [including spares-in-transit of Rs. 32.406 million (2022: Rs. 21.556 million)]		261,083	236,459
		472,175	386,944
Less: provision for slow moving and obsolete items	15.1	9,505	46,196
		<b>462,670</b>	<b>340,748</b>
<b>15.1 Provision for slow moving and obsolete items</b>			
Opening provision		46,196	39,266
(Reversal) / charge for the year	24	(36,691)	6,930
Closing provision		<b>9,505</b>	<b>46,196</b>
<b>16. STOCK-IN-TRADE</b>			
Raw and packing materials [including stock-in-transit of Rs. 219.807 million (2022: Rs. 220.762 million)]	24	5,490,651	3,179,141
Work-in-process	24	803,969	734,837
Finished goods [including stock-in-transit of Rs. 382.882 million (2022: Rs. 1,365.869 million)]	24	7,065,124	4,829,042
		13,359,744	8,743,020
Less: provision for slow moving and obsolete items	16.2	532,879	227,792
	16.1	<b>12,826,865</b>	<b>8,515,228</b>

- 16.1 Stock-in-trade includes items costing Rs. 1,380.842 million (2022: Rs. 1,170.689 million) valued at net realisable value of Rs. 1,003.759 million (2022: Rs. 897.506 million) resulting in a write down of Rs. 377.083 million (2022: Rs. 273.183 million).

		2023	2022
	Note	..... (Rupees '000) .....	
<b>16.2 Provision for slow moving and obsolete items</b>			
Opening provision		227,792	371,840
Charge for the year	24	550,472	191,746
Write offs during the year		(245,385)	(335,794)
Closing provision		<b>532,879</b>	<b>227,792</b>

		2023	2022
		..... (Rupees '000) .....	
<b>17. TRADE DEBTS</b>	Note		
<b>Considered good:</b>			
Secured		13,988	5,178
Unsecured			
- Due from a related party	17.1	118,929	6,417
- Others		1,516,595	1,265,060
		1,635,524	1,271,477
		1,649,512	1,276,655
<b>Considered doubtful:</b>			
Unsecured		45,793	79,248
		1,695,305	1,355,903
Less: allowance for expected credit losses	17.4	45,793	79,248
		1,649,512	1,276,655
<b>17.1</b>	Represents receivable from Abbott Products Operations AG, which is not yet due.		
<b>17.2</b>	The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 166.302 million (2022: Rs. 123.571 million).		
<b>17.3</b>	The Company has made export sales amounting to Rs. 2,250.511 million (2022: Rs. 2,054.628 million) out of which Rs. 132.917 million (2022: Rs.11.595 million) is outstanding as at reporting date. Jurisdiction wise breakup of outstanding debts from exports sales is as follows:		

		2023	2022
		..... (Rupees '000) .....	
	Terms	Note	
Sri Lanka	L/C 90 days		13,988
Switzerland	Bank contract 30 days		118,929
			132,917
<b>17.4</b>	<b>Allowance for expected credit losses</b>		
	Opening provision	28 & 27	79,248
	(Reversal) / charge for the year		(11,437)
	Write offs during the year		(22,018)
			45,793
	Closing provision		79,248
<b>18. LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Current portion of long-term loans		13	43,423
Advances to:			
- Employees			48,971
- Suppliers			257,368
			306,339
			349,762
<b>Considered doubtful</b>			
			794
			350,556
Less: allowance for expected credit losses	18.2		794
			349,762
<b>18.1</b>	These loans and advances are interest free.		
<b>18.2</b>	<b>Allowance for expected credit losses</b>		
	Opening provision		1,805
	Write off during for the year		(1,011)
	Closing provision		794
			1,805

		2023	2022
		..... (Rupees '000) .....	
<b>19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>	Note		
<b>Considered good</b>			
Trade deposits	19.1	164,309	647,920
Prepayments		279,063	262,195
		<u>443,372</u>	<u>910,115</u>
<b>Considered doubtful</b>			
Trade deposits		112,291	112,291
		555,663	1,022,406
Less: allowance for expected credit losses	19.2	112,291	112,291
		<u>443,372</u>	<u>910,115</u>
<b>19.1</b>	These trade deposits are interest free.		
<b>19.2</b>	Allowance for expected credit losses		
		112,291	96,894
		-	15,397
	27	<u>112,291</u>	<u>112,291</u>
<b>20. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Due from related parties	20.1	451,907	194,117
Receivable from customers	20.3	-	81,693
Insurance claim receivable		9,448	4,173
Receivable from vendors		28,931	-
Workers' Profit Participation Fund		-	50,103
Sales tax receivable		1,497,844	1,064,240
Others		48,302	38,025
		<u>2,036,432</u>	<u>1,432,351</u>
<b>Considered doubtful</b>			
		7,072	6,662
		<u>2,043,504</u>	<u>1,439,013</u>
Less: allowance for expected credit losses	20.2	7,072	6,662
		<u>2,036,432</u>	<u>1,432,351</u>
<b>20.1 Due from related parties</b>			
Abbott International LLC., USA		10,274	5,590
Abbott Products Operation AG		73,432	17,275
ALSA MERO Office		39,996	22,719
Abbott Ireland		39,879	43,584
Abbott GmbH		155,448	98,888
Abbott Laboratories International Co.		36,368	484
Abbott Laboratories SA Egypt		66	53
Abbott Rapid DX International Ltd		285	5,524
Abbott Logistics B.V.		83,224	-
Abbot Saudi Arabia		1,036	-
Abbott Diagnostics GmbH		11,899	-
	20.1.1 & 20.1.2	<u>451,907</u>	<u>194,117</u>

**20.1.1** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 451.907 million (2022: Rs. 194.117 million).

20.1.2 As at December 31, 2023, the gross amount of other receivables due from related parties is Rs. 451.907 million (2022: Rs. 194.117 million) out of which Rs. 210.785 million (2022: Rs. 21.667 million) were past due but not impaired. The age analysis of these balances is as follows:

		2023	2022
	Note	..... (Rupees '000) .....	
Not yet due		206,648	172,450
Upto 3 months		14	-
3 to 6 months		34,460	-
More than 6 months		210,785	21,667
		<b>451,907</b>	<b>194,117</b>
<b>20.2 Allowance for expected credit losses</b>			
Opening provision		6,662	5,489
Charge for the year	27	410	1,173
Closing provision		<b>7,072</b>	<b>6,662</b>

20.3 Represents advance tax deducted at source by the customers for which related challans were not received as at the reporting date.

		2023	2022
	Note	..... (Rupees '000) .....	
<b>21. SHORT-TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Term deposit receipts	21.1	495,000	825,800
Accrued profit thereon		7,822	4,279
		<b>502,822</b>	<b>830,079</b>
<b>21.1 Term deposit receipts</b>			
Having less than three months maturity period		495,000	825,800
Having more than three months maturity period		-	-
	21.1.1	<b>495,000</b>	<b>825,800</b>

21.1.1 Represents term deposit receipts with a commercial bank under conventional banking relationship carrying profit at the rate of 20.60% (2022: 15.25% ) per annum and having maturity up to January 4, 2024.

		2023	2022
	Note	..... (Rupees '000) .....	
<b>22. CASH AND BANK BALANCES</b>			
<b>With banks</b>			
Savings accounts:			
- Local currency	22.1	3,131,102	6,947,311
Current accounts:			
- Local currency		4,107	5,700
- Foreign currency		1,400,229	1,008,460
		<b>1,404,336</b>	<b>1,014,160</b>
<b>In hand</b>			
- Foreign currency		5,214	3,710
- Local currency		1,060	848
		<b>6,274</b>	<b>4,558</b>
<b>Cash and bank balances</b>		<b>4,541,712</b>	<b>7,966,029</b>

22.1 These savings accounts carry markup rate of 20.50% (2022: 14.50%) per annum.

		2023	2022
		..... (Rupees '000) .....	
<b>23. SALES – NET</b>	Note		
Local		60,036,250	53,395,913
Export			
- to related parties	35	1,158,743	1,172,401
- to others		1,091,768	882,227
		<u>2,250,511</u>	<u>2,054,628</u>
		62,286,761	55,450,541
Less:			
Sales returns		176,022	150,515
Trade discounts		3,880,414	3,489,000
Sales tax and excise duty		2,755,055	2,553,304
		<u>6,811,491</u>	<u>6,192,819</u>
	23.1	<u>55,475,270</u>	<u>49,257,722</u>

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. 565.959 million (2022 : Rs. 460.424 million).

		2023	2022
	Note	..... (Rupees '000) .....	
<b>24. COST OF SALES</b>			
Opening raw and packing materials		3,179,141	3,036,799
Purchases		26,339,683	17,539,965
		29,518,824	20,576,764
Closing raw and packing materials	16	(5,490,651)	(3,179,141)
Raw and packing materials consumed		24,028,173	17,397,623
Opening work-in-process		734,837	311,929
		24,763,010	17,709,552
<b>Manufacturing expenses:</b>			
Salaries, wages, allowances and staff welfare	24.1 & 24.3	2,233,052	2,260,237
Stores and spares consumed		238,605	324,741
Fuel and power		1,664,811	1,328,259
Depreciation on operating fixed assets	11.3	1,239,827	1,124,269
Amortisation of intangible assets	12.1	86	1,031
Repairs and maintenance		253,951	452,315
Technical service fee	24.2 & 35	254,177	227,332
Provision for slow moving and obsolete stores and spares	15.1	(36,691)	6,930
Provision for slow moving and obsolete stock-in-trade	16.2	550,472	191,746
Insurance		23,617	18,603
Printing and stationery		14,182	13,108
Rates and taxes		949	1,110
Laboratory testing supplies		115,524	116,109
Postage, telephone and telegram		5,647	15,799
Legal, professional and other services		19,169	6,101
Fees and purchased services		149,355	129,965
Other expenses		243,031	149,625
		6,969,764	6,367,280
		31,732,774	24,076,832
Closing work-in-process	16	(803,969)	(734,837)
Cost of goods manufactured		30,928,805	23,341,995
<b>Finished goods</b>			
Opening stock		4,829,042	3,744,603
Purchases		14,934,080	12,474,204
		50,691,927	39,560,802
Closing stock	16	(7,065,124)	(4,829,042)
		43,626,803	34,731,760

24.1 This include a charge of Rs. 216.966 million (2022: Rs. 204.882 million) (note 24.4) pertaining to staff pension fund of Rs. 151.058 million (2022: Rs. 144.775 million), staff gratuity fund of Rs. 6.208 million (2022: Rs: 3.884 million) and contributory fund and EOBI of Rs. 59.700 million (2022: Rs. 56.223 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. 142.851 million (2022: Rs.129.713 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.



		2023	2022
	Note	..... (Rupees '000) .....	
<b>24.4 Staff retirement benefit cost recognised in the statement of profit or loss</b>			
Pension cost	6.1.4	407,417	371,892
Reimbursement from related party		(11,140)	(7,248)
Provident fund contribution	24.3	142,851	129,713
Employees Old-Age Benefits Institution (EOBI)		23,064	22,376
Gratuity cost	6.1.4	17,606	13,539
		<b>579,798</b>	<b>530,272</b>
<b>Allocated as:</b>			
Cost of sales	24.1	216,966	204,882
Selling and distribution expenses	25.1	296,015	266,389
Administrative expenses	26.1	66,817	59,001
		<b>579,798</b>	<b>530,272</b>

24.5 As at December 31, 2023, 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.

		2023	2022
	Note	..... 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		1,441	1,448
Number of employees as at year end		<b>1,430</b>	<b>1,463</b>
Average number of employees working in the Company's factories during the year		551	550
Number of employees working in the Company's factories at year end		<b>560</b>	<b>565</b>

## 25. SELLING AND DISTRIBUTION EXPENSES

		..... (Rupees '000) .....	
Salaries, wages, allowances and staff welfare	25.1	2,939,143	2,483,516
Repairs and maintenance		69,947	72,214
Royalty	25.2	42,214	27,912
Insurance		19,926	13,901
Depreciation on operating fixed assets	11.3	152,185	135,750
Depreciation on right-of-use assets	11.7	65,968	61,904
Amortisation of intangible assets	12.1	14,132	20,991
Legal, professional and other services		120,256	78,193
Postage, telephone and telegram		52,776	65,075
Printing and stationery		14,024	12,553
Travelling and conveyance		728,879	714,538
Advertising, samples and sales promotion		2,348,550	2,287,611
Forwarding expenses		885,522	633,424
Utilities		150,876	125,662
Computer expenses		7,158	5,852
Training and development expenses		8,754	2,865
Packing and miscellaneous supplies		247,684	116,186
Distributors commission		69,324	57,395
Fees and purchased services		112,111	88,912
Warehousing Services		133,294	106,470
Security expenses		16,104	16,013
Other expenses		106,700	116,619
		<b>8,305,527</b>	<b>7,243,556</b>
Less: reimbursement from related party		265,696	205,074
		<b>8,039,831</b>	<b>7,038,482</b>

25.1 This include a charge of Rs. 296.015 million (2022: Rs. 266.389 million) (note 24.4) pertaining to staff pension fund of Rs. 203.983 million (2022: Rs.180.265 million), staff gratuity fund of Rs. 7.357 million (2022: Rs.6.099 million) and contributory fund and EOBI of Rs. 84.675 million (2022: Rs.80.025 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.

		2023	2022
	Note	..... (Rupees '000) .....	
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, allowances and staff welfare	26.1	694,767	564,703
Repairs and maintenance		18,548	17,259
Insurance		18,917	14,708
Depreciation on operating fixed assets	11.3	91,803	78,547
Depreciation on right-of-use assets	11.7	19,293	21,118
Legal, professional and other services		9,201	14,437
Postage, telephone and telegram		10,432	12,269
Printing and stationery		5,027	5,014
Travelling and conveyance		26,540	24,414
Amortization of intangible assets	12.1	8	91
Utilities		45,394	39,269
Miscellaneous office supplies		16,469	13,752
Fees and purchased services		29,044	33,183
Security expenses		18,587	17,495
Membership and subscription		10,007	17,941
Other expenses		49,816	38,908
		1,063,853	913,108
Less: Reimbursement from related party		26,260	27,207
		<b>1,037,593</b>	<b>885,901</b>

26.1 This include a charge of Rs. 66.817 million (2022: Rs. 59.001 million) (note 24.4) pertaining to staff pension fund of Rs. 47.663 million (2022: Rs.41.674 million), staff gratuity fund of Rs.1.802 million (2022: Rs.1.486 million) and contributory fund and EOBI of Rs. 17.352 million (2022: Rs.15.841 million).

		2023	2022
	Note	..... (Rupees '000) .....	
<b>27. OTHER CHARGES</b>			
Workers' Profit Participation Fund		134,336	329,667
Auditors' remuneration	27.1	11,302	11,272
Donations	27.2	14,163	13,703
Workers' Welfare Fund		87,067	116,013
Central Research Fund		24,943	62,091
Provision for expected credit losses on trade debts	17.4	-	11,475
Provision for expected credit losses on trade deposits	19.2	-	15,397
Provision for expected credit losses on other receivables	20.2	410	1,173
Exchange losses - net	27.3	1,341,124	779,791
Loss on disposal of property, plant and equipment - net		-	94,332
Stamp duty		30,972	29,784
		<b>1,644,317</b>	<b>1,464,698</b>
<b>27.1 Auditor's remuneration</b>			
Statutory audit fee		4,610	4,009
Tax advisory services		4,513	5,352
Special certifications		1,645	1,431
Out of pocket expenses		534	480
		<b>11,302</b>	<b>11,272</b>

- 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. 6.680 million (2022: 6.503 million) was paid to Layton Rahmatulla Benevolent Trust (LRBT), Muham-madi Blood Bank, Indus Hospital and Professional Education Foundation.
- 27.3 This includes exchange gain earned from export receivables and import payables amounting to Rs.150.243 million (2022: Rs. 172.453 million) which has been offset against exchange losses incurred during the year.

## 28. OTHER INCOME

	Note	2023	2022
		..... (Rupees '000) .....	
<b>Income from financial assets</b>			
Term deposit receipts		106,730	608,632
Saving accounts		632,444	273,164
	28.1	739,174	881,796
<b>Income from non-financial assets</b>			
Income earned from Abbott GmbH	28.2 & 35	154,419	113,308
Gain on disposal of property, plant and equipment - net	11.4	20,257	-
Liabilities no longer payable written off	28.3 & 35	500,054	-
Reversal of expected credit losses on trade debts	17.4	11,437	-
Scrap sales		67,945	63,070
		754,112	176,378
		<b>1,493,286</b>	<b>1,058,174</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% (2022: 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.
- 28.3 This represents an amount waived off by Abbott Rapid Dx International Limited, a related party against purchase of goods.

## 29. FINANCE COSTS

	Note	2023	2022
		..... (Rupees '000) .....	
Bank charges		8,115	6,890
Unwinding of GIDC		-	15,098
Mark-up on lease liabilities	7.1	22,175	25,412
		<b>30,290</b>	<b>47,400</b>

## 30. TAXATION

<b>Current</b>			
- For the year		1,949,063	2,081,270
- Prior year		358,975	832,274
		2,308,038	2,913,544
<b>Deferred</b>			
		19,907	229,925
		<b>2,327,945</b>	<b>3,143,469</b>

	2023	2022
	..... (Rupees '000) .....	
<b>30.1 Relationship between tax expense and accounting profit</b>		
Accounting profit before taxation	2,589,722	6,147,655
Corporate tax rate with super tax impact	39%	33%
Tax on accounting profit	1,009,992	2,028,726
Tax for prior years	358,975	832,274
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	102,237	54,943
- Applying lower tax rates to certain income	8,539	43,970
- Tax rate adjustment	114,435	76,290
- Others (including the impact arising as a consequence of MTR charge, reversal of deferred tax liability and change in allocation ratio of revenue chargeable under FTR and Non-FTR)	733,767	107,266
	2,327,945	3,143,469
Effective tax rate	90%	51%
<b>31. EARNINGS PER SHARE - BASIC / DILUTED</b>		
Profit for the year	261,777	3,004,186
	Number of shares	
Weighted average number of ordinary shares in issue during the year	97,900,302	97,900,302
	..... (Rupees) .....	
Earnings per share	2.67	30.69
<b>31.1</b> There is no dilutive effect on the basic earnings per share of the Company.		

		2023	2022
	Note	..... (Rupees '000) .....	
<b>32. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		2,589,722	6,147,655
Adjustment for:			
Depreciation on operating fixed assets	11.3	1,483,815	1,338,566
Depreciation on right-of-use assets	11.7	85,261	83,022
Amortisation on intangible assets	12.1	14,226	22,113
(Reversal) / provision for slow moving and obsolete stores and spares	15.1	(36,691)	6,930
Provision for slow moving and obsolete stock in trade	16.2	550,472	191,746
(Reversal) / provision for expected credit losses on trade debts	17.4	(11,437)	11,475
Allowance for expected credit losses on trade deposits	19.2	-	15,397
Allowance for expected credit losses on other receivables	20.2	410	1,173
(Gain) / loss on disposal of property, plant and equipment - net	28 & 27	(20,257)	94,332
Interest income	28	(739,174)	(881,796)
Expense recognised in profit or loss in respect of equity-settled share-based compensation		378,523	166,494
Provision of staff retirement benefits		425,023	385,431
Finance costs		30,290	47,400
Working capital changes	32.1	(1,645,840)	(981,046)
		<b>3,104,343</b>	<b>6,648,892</b>
<b>32.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores and spares		(85,231)	(63,581)
Stock-in-trade		(4,862,109)	(1,985,483)
Trade debts		(361,420)	(71,873)
Loans and advances		184,097	(78,220)
Trade deposits and short-term prepayments		466,743	(623,339)
Other receivables		(604,491)	(985,548)
		(5,262,411)	(3,808,044)
<b>Increase in current liabilities</b>			
Trade and other payables - net		3,616,571	2,826,998
		<b>(1,645,840)</b>	<b>(981,046)</b>
<b>32.2 Cash and cash equivalents</b>			
Cash and bank balances	22	4,541,712	7,966,029
Term deposit receipts	21	495,000	825,800
		<b>5,036,712</b>	<b>8,791,829</b>
<b>32.3 Changes in liabilities arising from financing activities</b>			

	1 January 2023	Cash flows	New leases	Dividend declared	Others	31 December 2023
	..... (Rupees '000) .....					
Dividend	2,468,592	(1,374,413)	-	-	-	1,094,179
Lease liabilities	247,287	(111,244)	-	-	22,175	158,218
	<b>2,715,879</b>	<b>(1,485,657)</b>	<b>-</b>	<b>-</b>	<b>22,175</b>	<b>1,252,397</b>
	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>

### 33. SHARE-BASED COMPENSATION

#### 33.1 Employee Restricted Stock Units (RSUs) plan

As at December 31, 2023, 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.

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:

	2022	2021	2020
Volatility	23.80%	23.80%	19.40%
Dividend yield	1.60%	1.50%	1.60%
Risk free interest rate	1.90%	0.80%	1.30%

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:

	2023		2022	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	119.23	8,191	111.52	7,176
Granted	106.24	11,316	117.58	9,511
Exercised / cancelled	113.89	(9,760)	110.88	(8,496)
<b>At December 31,</b>	<b>109.49</b>	<b>9,747</b>	<b>119.23</b>	<b>8,191</b>

Stock units outstanding at the end of the year have the following expiry date and exercise prices:

Vesting date	2023		2022	
	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2023	-	-	5,140	120.21
2024	6,250	111.32	3,051	117.58
2025	3,452	106.24	-	-
2026	45	106.24	-	-
	<b>9,747</b>	<b>109.49</b>	<b>8,191</b>	<b>119.23</b>

### 33.2 Employee Stock Purchase Plan (ESPP)

The Company's equity settled share-based compensation plan also includes employee stock purchase plan (also referred to as employee share purchase plan).

Under the plan, the Company employees, eligible as per policy are given right to purchase shares of Abbott Laboratories, USA (the ultimate holding company). Every employee who opts for the scheme contributes, by way of payroll deductions at the rate of 1% to 10% of cash remuneration (up to a maximum contribution equivalent to USD 12,500 during each cycle), towards purchase of shares on a monthly basis over the purchase cycle of six months. At the end of each cycle, accumulated payroll deductions are used to purchase shares at a discounted price. The purchase price of the share is 85% of the lesser of fair market value either on the first or last day of the purchase cycle. The shares of Abbott Laboratories, USA are listed with the New York Stock Exchange, USA and are purchased on behalf of the employees at market price less discount, allocated to participants as of last day of the purchase cycle, subject to fulfillment of service condition.

In accordance with IFRS 2 (Share-Based Payments), services received from employees as consideration for discounted shares of Abbott Laboratories, USA is compensatory. Hence, the concession in the price is recognised as an expense in the statement of profit or loss, with the corresponding impact recorded as equity.

### 34. PLANT CAPACITY AND PRODUCTION

#### Actual production

	2023	2022
	..... (million units) .....	
Packs solids	51.50	60.88
Packs liquids	172.51	152.66
Packs injectables	0.95	1.15
Packs cream	13.75	12.79
Packs GHC	3.22	4.14
<b>Total units</b>	<b>241.93</b>	<b>231.62</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:

	Note	2023	2022
		..... (Rupees '000) .....	
<b>Parent Company</b>			
Dividend		-	2,669,081
<b>Group companies</b>			
Sale of goods	23	1,158,743	1,172,401
Purchase of materials		17,325,748	13,525,662
Technical service fee	24	254,177	227,332
Reimbursements of expenses - net		495,472	539,326
Other income	28	654,473	113,308
<b>Retirement fund:</b>			
Contribution to Pension Fund	6.1.3	235,691	235,564
Contribution to Provident Fund	24.3	142,851	129,713
Contribution to Gratuity Fund	6.1.3	39,861	26,906
<b>Dividend</b>			
Paid to Pension Fund		-	15,354
Paid to Provident Fund		-	17,182
<b>Key management personnel:</b>			
Short-term employee benefits		730,038	477,627
Post-employment benefits		43,893	39,419

- 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 17,8, 20 and 6 respectively.
- 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
19	Abbott Laboratories Saudi Arabia	Saudi Arabia	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:

	2023			2022		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees '000)					
<b>Short-term employee benefits</b>						
Managerial remuneration	58,922	16,632	1,195,924	51,555	15,383	1,025,786
Leave passage / encashment	5,408	1,507	72,327	2,961	906	57,061
Medical expenses	1,063	126	45,924	378	115	25,750
Rent / utility / maintenance / furnishing	-	609	9,741	-	-	8,844
	65,393	18,874	1,323,916	54,894	16,404	1,117,441
Retirement benefits	7,838	2,580	169,394	7,166	2,342	144,629
	<b>73,231</b>	<b>21,454</b>	<b>1,493,310</b>	<b>62,060</b>	<b>18,746</b>	<b>1,262,070</b>
Number of persons	1	1	254	1	1	216

- 36.1** In addition, Rs. 378.523 million (2022: Rs. 166.494 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 2.2.13 and 33.
- 36.2** Managerial remuneration includes Rs. 173.310 million (2022: Rs. 165.522 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. 3.300 million (2022: Rs. 3.000 million).

## 37. SEGMENT WISE OPERATING RESULTS

	2023					2022				
	Pharma- ceutical	Nutritional	Diagnostics	Others	Total	Pharma- ceutical	Nutritional	Diagnostics	Others	Total
..... (Rupees `000) .....										
Sales	41,168,195	14,529,383	4,893,779	1,695,404	62,286,761	34,331,581	15,476,532	4,165,550	1,476,878	55,450,541
Less: Sales returns	40,894	49,022	81,363	4,743	176,022	122,171	25,123	-	3,221	150,515
Less: Trade discounts	3,008,559	806,577	-	65,278	3,880,414	2,581,250	830,181	-	77,569	3,489,000
Less: Sales tax and excise duty	335,400	2,260,051	38,128	121,476	2,755,055	141,870	2,256,230	32,992	122,212	2,553,304
Sales - net	37,783,342	11,413,733	4,774,288	1,503,907	55,475,270	31,486,290	12,364,998	4,132,558	1,273,876	49,257,722
Cost of sales	29,828,180	8,687,621	4,030,526	1,080,476	43,626,803	22,150,018	7,877,264	3,896,914	807,564	34,731,760
Gross profit	7,955,162	2,726,112	743,762	423,431	11,848,467	9,336,272	4,487,734	235,644	466,312	14,525,962
Selling and distribution expenses	5,417,504	1,864,300	412,788	345,239	8,039,831	4,691,439	1,782,757	302,326	261,960	7,038,482
Administrative expenses	837,369	160,420	39,804	-	1,037,593	734,208	129,053	22,640	-	885,901
Segment result	1,700,289	701,392	291,170	78,192	2,771,043	3,910,625	2,575,924	(89,322)	204,352	6,601,579
Unallocated corporate expenses / income										
Interest income					739,174					881,796
Other income other than interest income					754,112					176,378
Other charges					1,644,317					1,464,698
Profit before finance costs and taxation					2,620,012					6,195,055
Finance costs					30,290					47,400
Profit before taxation					2,589,722					6,147,655
Taxation					2,327,945					3,143,469
					261,777					3,004,186
Other Information										
Segment assets employed	19,896,555	4,618,904	5,292,456	352,290	30,160,205	16,613,831	2,493,301	4,780,594	158,408	24,046,134
Unallocated corporate assets					6,533,240					9,873,661
Total assets					36,693,445					33,919,795
Segment liabilities	9,780,736	2,963,040	2,567,667	92,140	15,403,583	8,845,813	1,826,775	2,315,740	110,910	13,099,238
Unallocated corporate liabilities					3,052,516					3,714,528
Total liabilities					18,456,099					16,813,766
Capital expenditure during the year	2,198,498	15,510	855,556	4,954	3,074,518	2,068,986	38,332	1,468,584	8,776	3,584,678
Depreciation / amortisation - operating fixed assets	908,416	28,442	545,408	1,549	1,483,815	835,050	24,954	476,975	1,587	1,338,566
Depreciation - right-of-use assets	72,798	9,704	2,759	-	85,261	64,238	10,503	8,281	-	83,022

	2023	2022
Note	..... (Rupees '000) .....	
<b>37.1 Reconciliation of segment assets and liabilities to total assets and liabilities</b>		
<b>37.1.1 Segment Assets</b>		
Allocated segment assets	30,160,205	24,046,134
Loans and advances	349,762	533,859
Taxation - net	386,071	23,826
Short-term investments	502,822	830,079
Cash and bank balances	4,541,712	7,966,029
Other unallocated assets	752,873	519,868
	<b>36,693,445</b>	<b>33,919,795</b>
<b>37.1.2 Segment Liabilities</b>		
Allocated segment liabilities	15,403,583	13,099,238
Staff retirement benefits	1,049,089	1,579,752
Deferred taxation - net	519,569	499,662
Unclaimed dividends	64,676	66,419
Other unallocated liabilities	1,419,182	1,568,695
	<b>18,456,099</b>	<b>16,813,766</b>
<b>37.2 Geographical information</b>		
<b>Sales to external customers, net of returns, discounts, sales tax and excise duty</b>		
Pakistan (Domicile country)	53,224,759	47,203,094
Afghanistan	994,089	797,453
Sri Lanka	97,679	36,018
Bangladesh	-	48,756
Switzerland	35 1,158,743	1,172,401
	<b>55,475,270</b>	<b>49,257,722</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 14.49% (pertaining to pharmaceutical segment) (2022: 13.62%) and 13.10% (pertaining to nutritional segment) (2022: 16.36%) of the Company's total revenues.		

**38. FINANCIAL RISK MANAGEMENT****38.1 Financial assets and financial liabilities**

	2023	2022
	..... (Rupees '000) .....	
<b>Financial assets</b>		
<b>Debt instruments at amortised cost</b>		
Long-term loans	92,870	62,933
Long-term deposits	7,513	7,513
Trade debts	1,649,512	1,276,655
Loans and advances	43,423	32,914
Trade deposits	164,309	647,920
Short-term investments	502,822	830,079
Other receivables	538,588	318,008
Cash and bank balances	4,541,712	7,966,029
	<b>7,540,749</b>	<b>11,142,051</b>
<b>Financial liabilities at amortised cost</b>		
Lease liabilities	158,218	247,287
Trade and other payables	14,757,735	11,112,025
Unclaimed and unpaid dividends	1,094,179	2,468,592
	<b>16,010,132</b>	<b>13,827,904</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 affects 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 trade debts, loans, 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:

	2023	2022
	..... (Rupees '000) .....	
Loans	136,293	95,847
Deposits	171,822	655,433
Trade debts	1,649,512	1,276,655
Other receivables	538,588	318,008
Short-term investments	502,822	830,079
Bank balances	4,535,438	7,961,471
	<b>7,534,475</b>	<b>11,137,493</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 2.2.10 respectively.

Set out below is the information about the credit risk exposure on the Company's trade debts from Government Institutions and private customers.

December 31, 2023								
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	0.00%	6.66%	29.40%	37.71%	44.14%	52.00%	55.21%	
Estimated total gross carrying amount at default	214,092	239,402	1,511	5,985	1,797	2,196	38,097	503,080
Expected credit losses	-	15,954	444	2,257	793	1,142	21,035	41,625
Amounts past due but not impaired	<b>214,092</b>	<b>223,448</b>	<b>1,067</b>	<b>3,728</b>	<b>1,004</b>	<b>1,054</b>	<b>17,062</b>	<b>461,455</b>

December 31, 2023							
Private Customers (Rs. in 000's)							
Days Past Due							
	Current	0-30	30-60	60-90	90-360	>360	Total
Expected credit loss rate	0.00%	0.11%	0.32%	0.83%	5.82%	25.08%	
Estimated total gross carrying amount at default	923,263	163,182	52,682	21,618	22,068	9,412	1,192,225
Expected credit losses	-	176	168	179	1,284	2,361	4,168
Amounts past due but not impaired	<b>923,263</b>	<b>163,006</b>	<b>52,514</b>	<b>21,439</b>	<b>20,784</b>	<b>7,051</b>	<b>1,188,057</b>

December 31, 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>

December 31, 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>

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	2023	2022
		Short-term	Long-term		..... (Rupees '000) .....	.....
Deutsche Bank AG	Moody's	P-1	A1	Dec 2023	587,292	355,131
	S&P	A-1	A1	Dec 2023		
	Fitch	F2	A-	Dec 2023		
MCB Bank Limited	PACRA	A1+	AAA	Jun 2023	416	2,694
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Jun 2023	3,817,200	7,557,418
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2023	3,691	3,006
	PACRA	A1+	AAA	Jun 2023		
Faysal Bank Limited	PACRA	A1+	AA	Jun 2023	6,106	5,583
	JCR-VIS	A-1+	AA	Jun 2023		
Habib Bank Limited	JCR-VIS	A-1+	AAA	Jun 2023	116,516	34,838
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	Jun 2023	499,217	828,601
					<b>5,030,438</b>	<b>8,787,271</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, 2023, the Company's all financial liabilities are current and the appropriate time bands could, possibly, be as follows:

	2023	2022
	..... (Rupees '000) .....	.....
Not later than one month	8,034,126	8,449,483
Later than one month and not later than three months	3,242,327	1,153,581
Later than three months and not later than one year	4,681,451	4,097,764
Later than one year and not later than five years	52,228	127,076
	<b>16,010,132</b>	<b>13,827,904</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:

	2023		2022	
	Rupees	US Dollars	Rupees	US Dollars
	..... ('000) .....			
Trade debts	118,929	422	6,417	28
Cash and bank balances	1,405,443	4,986	1,012,170	4,470
Due from related parties	451,907	1,603	194,117	857
Bills payable	(7,888,745)	(27,988)	(4,905,046)	(21,662)
Payable to related parties	(434,885)	(1,543)	(302,352)	(1,335)
	<b>(6,347,351)</b>	<b>(22,520)</b>	<b>(3,994,694)</b>	<b>(17,642)</b>

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2023	2022	2023	2022
	..... (Rupees) .....			
US Dollars	281.86	226.43	285.54	225.00

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. 387.188 million (2022: Rs. 267.644 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.

	2023	2022
	..... (Rupees '000) .....	
<b>Fixed rate instruments</b>		
Financial assets	<b>3,633,924</b>	<b>7,777,390</b>

A one percent increase / decrease in applicable interest rates will increase / decrease profit after tax for the year by Rs. 21.995 million (2022: Rs. 40.745 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, 2024, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2023 of Rs. Nil per share (2022: Final dividend Rs. Nil per share and Rs. 15.0 per share interim dividend).The total dividend declared during the year and dividend per share have been summarised below:

	2023	2022
	..... (Rupees '000) .....	
Cash dividend	-	1,468,505
	..... (Rupees) .....	
Cash dividend per share	-	15.00

**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**

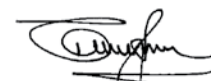
These financial statements were authorised for issue on February 22, 2024 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer



# Pattern of Shareholding

As at December 31, 2023

	Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares
1	100	1,070	39,823
101	500	667	181,863
501	1,000	254	192,848
1,001	5,000	451	962,073
5,001	10,000	78	548,224
10,001	15,000	27	344,270
15,001	20,000	10	173,566
20,001	25,000	9	210,184
25,001	30,000	5	140,850
30,001	35,000	4	129,052
35,001	40,000	3	111,976
45,001	50,000	4	195,800
55,001	60,000	6	346,100
60,001	65,000	1	60,700
65,001	70,000	1	68,000
70,001	75,000	3	222,700
100,001	105,000	1	102,500
120,001	125,000	2	250,000
145,001	150,000	1	147,203
225,001	230,000	1	227,390
240,001	245,000	1	241,450
250,001	255,000	1	250,926
315,001	320,000	1	317,889
330,001	335,000	1	330,150
335,001	340,000	1	335,834
365,001	370,000	1	369,400
380,001	385,000	1	383,122
440,001	445,000	1	442,105
675,001	680,000	1	678,689
745,001	750,000	1	746,093
800,001	805,000	1	801,250
835,001	840,000	1	835,427
860,001	865,000	1	860,700
995,001	1,000,000	1	1,000,000
1,020,001	1,025,000	1	1,024,100
1,075,001	1,080,000	1	1,077,418
1,085,001	1,090,000	2	2,176,914
2,165,001	2,170,000	1	2,165,088
2,945,001	2,950,000	1	2,949,174
76,255,001	76,260,000	1	76,259,451
<b>TOTAL</b>		<b>2,619</b>	<b>97,900,302</b>

# Pattern of Shareholding

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	78.85
3	NIT and ICP	2	980	0.00
4	Banks, Development Finance Institutions, Non-Banking Finance Institutions	8	1,994,958	2.04
5	Insurance Companies	9	3,813,326	3.90
6	Modarabas and Mutual Funds	19	2,559,426	2.61
7	General Public - local	2,485	9,519,832	9.72
8	Others	86	2,800,262	2.86
<b>Total :</b>		<b>2,619</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	03277-122655	MARIAM EHSAN ALI MALIK	6,450
4	03277-82073	MOHSIN ALI NATHANI	10,000
5	03277-90453	EHSAN ALI MALIK	500
6	03277-91835	ZOYA TAZEEN MOHSIN NATHANI	5,000
7	03350-136842	AYLA MAJID	500
<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	2610	INDUSTRIAL DEVELOPMENT BANK LIMITED	2,901
2	4213	INDUSTRIAL DEVELOPMENT BANK LIMITED	2,160
3	02246-42	HABIB BANK LIMITED-TREASURY DIVISION	102,500
4	03525-105464	INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1,000
5	03889-28	NATIONAL BANK OF PAKISTAN	1,397
6	03889-44	NATIONAL BANK OF PAKISTAN	1,024,100
7	04127-28	MCB BANK LIMITED - TREASURY	860,700
8	06510-28	BANKISLAMI PAKISTAN LIMITED	200
<b>Total :</b>			<b>1,994,958</b>

## Insurance companies

S.No	Folio	Name	Holding
1	3137	UNITED INSURANCE CO OF PAK LTD	2
2	02451-21	JUBILEE GENERAL INSURANCE COMPANY LIMITED	9,100
3	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	2,949,174
4	03277-10526	HABIB INSURANCE CO.LIMITED	55,700
5	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	49,600
6	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	330,150
7	13748-600	ADAMJEE LIFE ASSURANCE COMPANY LTD-AMAANAT FUND	4,000
8	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	369,400
9	18044-22	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	46,200
<b>Total :</b>			<b>3,813,326</b>

## Modarabas and Mutual Funds

S.No	Folio	Name	Holding
1	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
2	02113-708	First UDL Modaraba	100
3	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	68,000
4	05488-25	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	5,000
5	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	72,700
6	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	6,464
7	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	4,700
8	07450-521	B.R.R. GUARDIAN LIMITED	36,226
9	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	32,900
10	09480-21	CDC - TRUSTEE NBP STOCK FUND	11,950
11	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	7,000
12	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	59,250
13	12195-21	CDC - TRUSTEE ABL STOCK FUND	31,700
14	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	18,000
15	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,165,088
16	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1,000
17	15388-25	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1,500
18	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	50
19	17921-26	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	37,750
<b>Total :</b>			<b>2,559,426</b>

## Shareholders Holding 10% 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	2571	GENERAL PUBLIC & OTHERS	12,320,094
<b>Total :</b>			<b>12,320,094</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 75<sup>th</sup> Annual General Meeting of the Members of Abbott Laboratories (Pakistan) Limited (“the Company”) will be held on Monday, April 22, 2024, at 11:00 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>, 2023.
2. To appoint the Auditors of the Company for the period ending on date of the next Annual General Meeting, and to authorize the Directors to fix their remuneration. The present auditors, M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.

## SPECIAL BUSINESS

3. To consider and, if thought fit, pass the following resolutions to enable and authorize the Company to circulate the Annual Audited Financial Statements including without limitation the Annual Balance Sheet, Profit and Loss Account, Auditors’ Report, Directors’ Report and the Chairman’s Review Report (“Annual Financial Statements”), to Members of the Company through QR enabled code and weblink as allowed by the Securities and Exchange Commission of Pakistan (“SECP”) through its S.R.O 389(I)/2023 dated 21 March 2023.

**RESOLVED THAT** the Company be and is hereby authorized to circulate its Annual Financial Statements, to the Members of the Company through QR enabled code and weblink, in accordance with S.R.O 389(I)/2023, issued by the SECP and that the practice of circulation of the annual financial statements through CD /DVD/USB may be discontinued.

**FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.

4. To transact any other business with permission of the Chairman.

By Order of the Board of Directors



MUHAMMAD USAMA JAMIL  
COMPANY SECRETARY

Karachi: dated February 22, 2024

## Notes:

1. The Share Transfer books of the Company will remain closed from 16 April 2024 to 22 April 2024 (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 Share Registration Services (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, email: info.shares@famcosrs.com. 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 annexed to this notice and attached in the Annual Report, which is also available on the Company's website ([www.pk.abbott](http://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](mailto: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 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. II66417-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 Share Registration Services (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 Share Registration Services (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famcosrs.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 Share Registration Services (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, and those who wish to receive the financial statements in soft copy via email are requested to convey their e-mail address for receiving Audited Financial Statements and Notice at the following email address: 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 Share Registration Services (Private) Limited.

### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS IN AGENDA ITEM NO. 3

The SECP, through its S.R.O 389(I)/2023 dated 21 March 2023, has allowed companies to circulate the Annual Financial Statements to its members through QR enabled code and weblink.

The Company shall seek the approval of the shareholder to circulate the Annual Financial Statements to its members through QR enabled code and weblink as required u/section 223 (7) of Companies Act and SECP Notification S.R.O. 389 (1)/ 2023 dated March 21, 2023.

None of the Directors of the Company have any direct or indirect interest in the Special Business, except in their capacity as members and directors of the Company.

# Calendar of Financial Events

Tentative dates for announcement of financial results for the Financial Year 2024:

1 <sup>st</sup> quarter ending March 31, 2024	3 <sup>rd</sup> week of April, 2024
2 <sup>nd</sup> quarter ending June 30, 2024	4 <sup>th</sup> week of August, 2024
3 <sup>rd</sup> quarter ending September 30, 2024	4 <sup>th</sup> week of October, 2024
Year ending December 31, 2024	3 <sup>rd</sup> week of February, 2025

Actual dates for announcement of financial results for the financial year 2023:

1 <sup>st</sup> quarter ended March 31, 2023	April 26, 2023
2 <sup>nd</sup> quarter ended June 30, 2023	August 28, 2023
3 <sup>rd</sup> quarter ended September 30, 2023	October 23, 2023
Year ended December 31, 2023	February 22, 2024



# CONTACT DETAILS

## Registered Office

Plot No. 258 & 324, Opposite Radio Pakistan  
Transmission Centre, Hyderabad Road, Landhi,  
P.O. Box. 7229, Karachi, Pakistan.  
Tel: (92-21) 111-ABBOTT (111-222-688)  
Fax: (92-21) 35001903

## City Office

8th Floor, Faysal House St-02, Shahrah-e-Faisal,  
Karachi, Pakistan  
Tel: (92-21) 32799018, 32799019  
Fax: (92-21) 32800244

## Distribution Offices

### Multan

Hasanabad Gate # 2 Near Pak Arab Fertilizers  
Khanewal Road, Multan 60650, Pakistan.  
Tel: (92-61) 4551818, (92-61) 4556145  
Fax: (92-61) 4551817

### Lahore

16-Km Shahpur Kanjran Multan Road  
Lahore 53700, Pakistan.  
Tel: (92-42) 37512188, (92-42) 37512199  
Fax: (92-42) 37511171

### Islamabad

Plot # 136 Street # 9, 1-10/3, Industrial Area  
Islamabad 44800, Pakistan.  
Tel: (92-51) 34445020, (92-51) 34447464,  
(92-51) 34448278  
Fax: (92-51) 34449868  
Website: [www.pk.abbott](http://www.pk.abbott)

## Sales Offices

### Peshawar

House No. 25/III/B, Jamrud Lane, University Town,  
Peshawar, Pakistan.  
Tel: (92-91) 5840024  
Fax: (92-91) 5840024

### Lahore

House No. 187, Aurangzeb Block, Near Garden Town,  
Lahore, Pakistan.  
Tel: (92-42) 35854141  
Fax: (92-42) 35844737

# 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
- CEO** - Chief Executive Officer
- CFO** - Chief Financial Officer
- CODM** - Chief Operating Decision Maker
- 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
- 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
- EPD** - Established Pharmaceuticals Division
- ESG** - Environmental, Social, and Governance
- 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
- IFRS** - International Financial Reporting Standards
- ISO** - International Organization for Standardisation
- IQVIA** - A global market research company (formerly known as IMS)
- ITO** - Income Tax Ordinance
- KIBOR** - Karachi Inter Bank Offer Rate
- 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
- 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
- SWOT** - Strength, Weakness, Opportunities and Threats
- TMRs** - Talent Management Reviews
- WPPF** - Workers' Profit Participation Fund
- WWF** - Workers' Welfare Fund
- ZWL** - Zero Waste to Landfill



ABBOTT LABORATORIES (PAKISTAN) LIMITED  
P.O. Box 7229, Landhi Karachi-74400

**Proxy Form**

I / W e \_\_\_\_\_  
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 75th Annual General Meeting of the Company to be held  
on Monday, April 22, 2024 at 11:00 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) \_\_\_\_\_ day of \_\_\_\_\_ 2024

1. Witness:  
Signature:

Address \_\_\_\_\_

CNICNo. \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

Affix Revenue  
stamps of Rs. 5/-

\_\_\_\_\_  
Signature of Member

1. Witness:  
Signature:

Address \_\_\_\_\_

CNICNo. \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

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.





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P.O. Box 7229, Landhi  
KARACHI-74400

ایبٹ لیبارٹریز (پاکستان) لمیٹڈ  
پی او بکس ۷۲۲۹، لانڈھی، کراچی ۷۴۴۰۰

پراکسی فارم

میں / ہم \_\_\_\_\_  
سکنہ \_\_\_\_\_  
بھیت ممبر ایبٹ لیبارٹریز (پاکستان) لمیٹڈ اور \_\_\_\_\_ ضلع \_\_\_\_\_  
اور / یا اسی ڈی سی کے شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_  
بذریعہ ہذا \_\_\_\_\_  
سکنہ \_\_\_\_\_ (نام) \_\_\_\_\_ ضلع \_\_\_\_\_  
اور مزید \_\_\_\_\_ (نام) \_\_\_\_\_

کو اپنا پراکسی مقرر کرتا ہوں/کرتے ہیں کہ وہ میری/ہماری جگہ کمپنی کے ۷۵ ویں سالانہ اجلاس عام میں، جو پیر ۲۲ اپریل ۲۰۲۳  
دن ۱۱ 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:

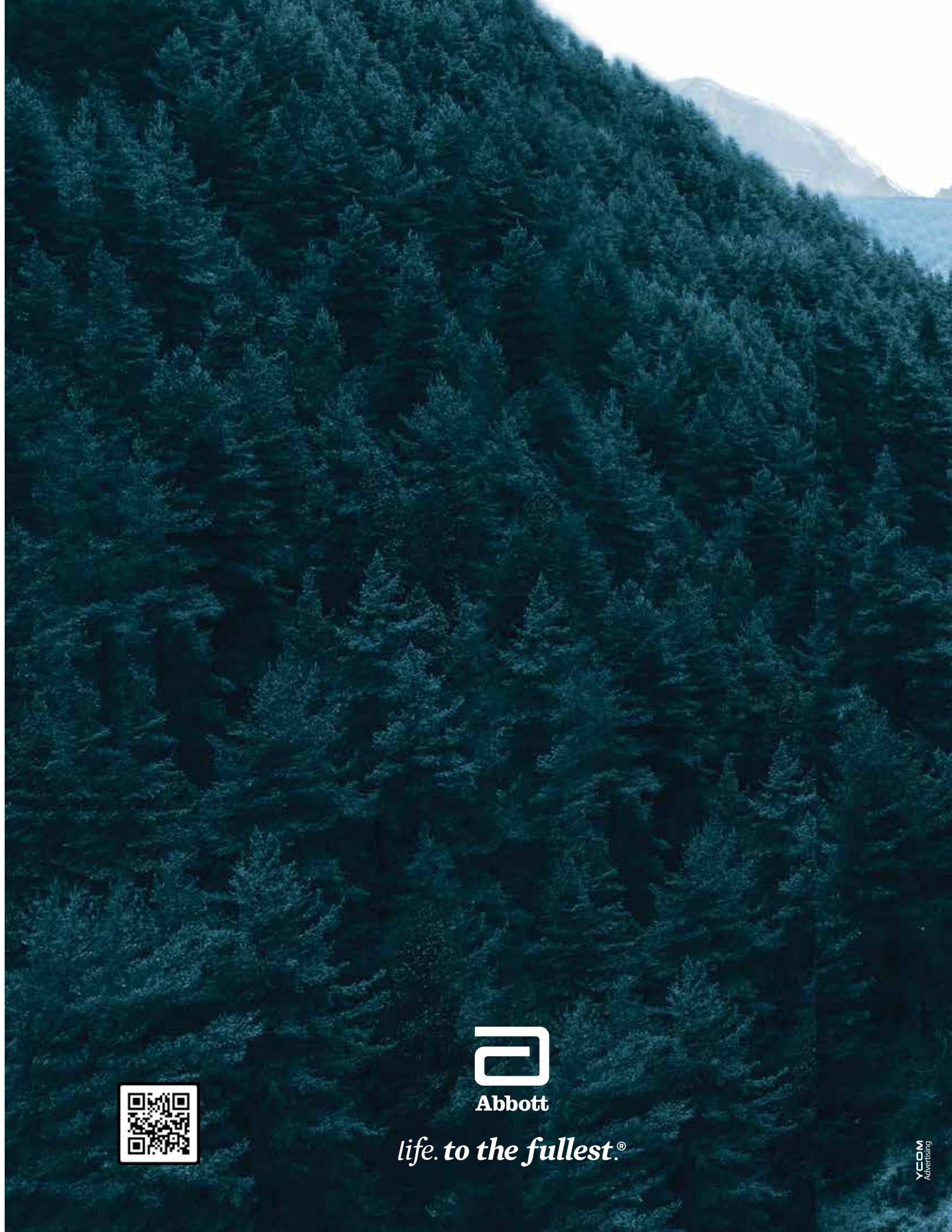
- ۱۔ پراکسی کے موثر ہونے کیلئے ضروری ہے کہ اس کی تحریری اطلاع کمپنی سیکریٹری ایبٹ لیبارٹریز (پاکستان) لمیٹڈ پی او بکس ۷۲۲۹، لانڈھی کو اجلاس شروع ہونے کے وقت سے زیادہ سے زیادہ ۴۸ گھنٹہ قبل موصول ہو جائے اور اس پر اسٹیپ، دستخط اور گواہان کی تصدیق موجود ہو۔
- ۲۔ سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل 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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