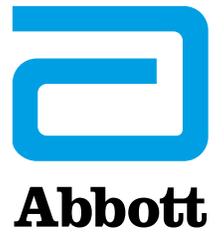


Empowering Health

ANNUAL REPORT 2021





INTRODUCTION

At Abbott, our leadership position comes from the power of vision, innovation, and commitment - continuous threads that run through our history, not just globally, but here in Pakistan throughout our 73 years' presence. Today this power of leadership continues to drive our focus to deliver more and better outcomes for people across the nation and thereby address some of the most pressing health challenges here in Pakistan.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Munir A. Shaikh (Chairman) (Non-Executive Director)
Syed Anis Ahmed (Chief Executive Officer)
Ehsan Ali Malik (Independent Director)
Ayla Majid (Independent Director)
Mohsin Ali Nathani (Independent Director)
Muhammad Anjum Latif Rana (Non-Executive Director)
Seema Khan (Executive Director)

AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)
Ayla Majid
Muhammad Anjum Latif Rana

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani (Chairman)
Munir A. Shaikh
Syed Anis Ahmed

RISK MANAGEMENT COMMITTEE

Ayla Majid (Chairperson)
Syed Anis Ahmed
Muhammad Anjum Latif Rana
Seema Khan

SHARE TRANSFER COMMITTEE

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

BANKING COMMITTEE

Mohsin Ali Nathani (Chairman)
Syed Anis Ahmed
Seema Khan

NOMINATION COMMITTEE

Munir A. Shaikh (Chairman)
Syed Anis Ahmed
Mohsin Ali Nathani
Ehsan Ali Malik

CHIEF FINANCIAL OFFICER

Syed Tabish Aseem

COMPANY SECRETARY

Humayun Altaf

CHIEF INTERNAL AUDITOR

Fahad Rehman

AUDITORS

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

LEGAL ADVISORS

Orr, Dignam & Co.
Surridge & Beecheno

BANKERS

Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
Habib Bank Limited
National Bank of Pakistan
MCB Bank Limited
Faysal Bank Limited

SHARE REGISTRAR

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

FACTORY LOCATIONS

- Plot No. 258 & 324, Opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi.
- Plot No. 13, Sector 20, Korangi Industrial Area, Karachi.

CITY OFFICE

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

SALES OFFICES

- House No. 25/III/B, Jamrud Lane, University Town, Peshawar.
- House No. 187, Aurangzeb Block, Near Garden Town, Lahore.
- House No. 168-F, Adamjee Road, Near Panj Sarki Chowk, Rawalpindi Cantt.

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



SENIOR MANAGEMENT TEAM

Syed Anis Ahmed
(Chief Executive Officer)

Syed Tabish Aseem
(Chief Financial Officer)

Muhammad Imran Khan
(Director Operations)

Asim Shafiq
(General Manager, Abbott Nutrition International Pakistan)

Habib Ahmed
(Country Manager, Abbott Diagnostics Division Pakistan)

Dr. Shaikh Adnan Lateef
(Head of Abbott Diabetes Care Pakistan)

Asghar Huda
(Director Human Resource)

CEO's MESSAGE



DEAR FELLOW SHAREHOLDERS:

It gives me great pleasure to address you all after yet another successful year. Despite the challenges and disruptions caused by COVID, all our business segments were able to deliver exceptional results. Our response to COVID was comprehensive and swift, which enabled the Company to ensure products availability for our patients, without compromising the health and safety of our employees and delivering business growth in the process.

Abbott is resilient by design. We are always looking to the future, anticipating changes in the needs of our consumers, and shaping our business accordingly in order to lead the industry toward new possibilities and the nation towards greater health. We believe that we are better aligned with the future of health than ever before and ready to take it to inspiring new places.

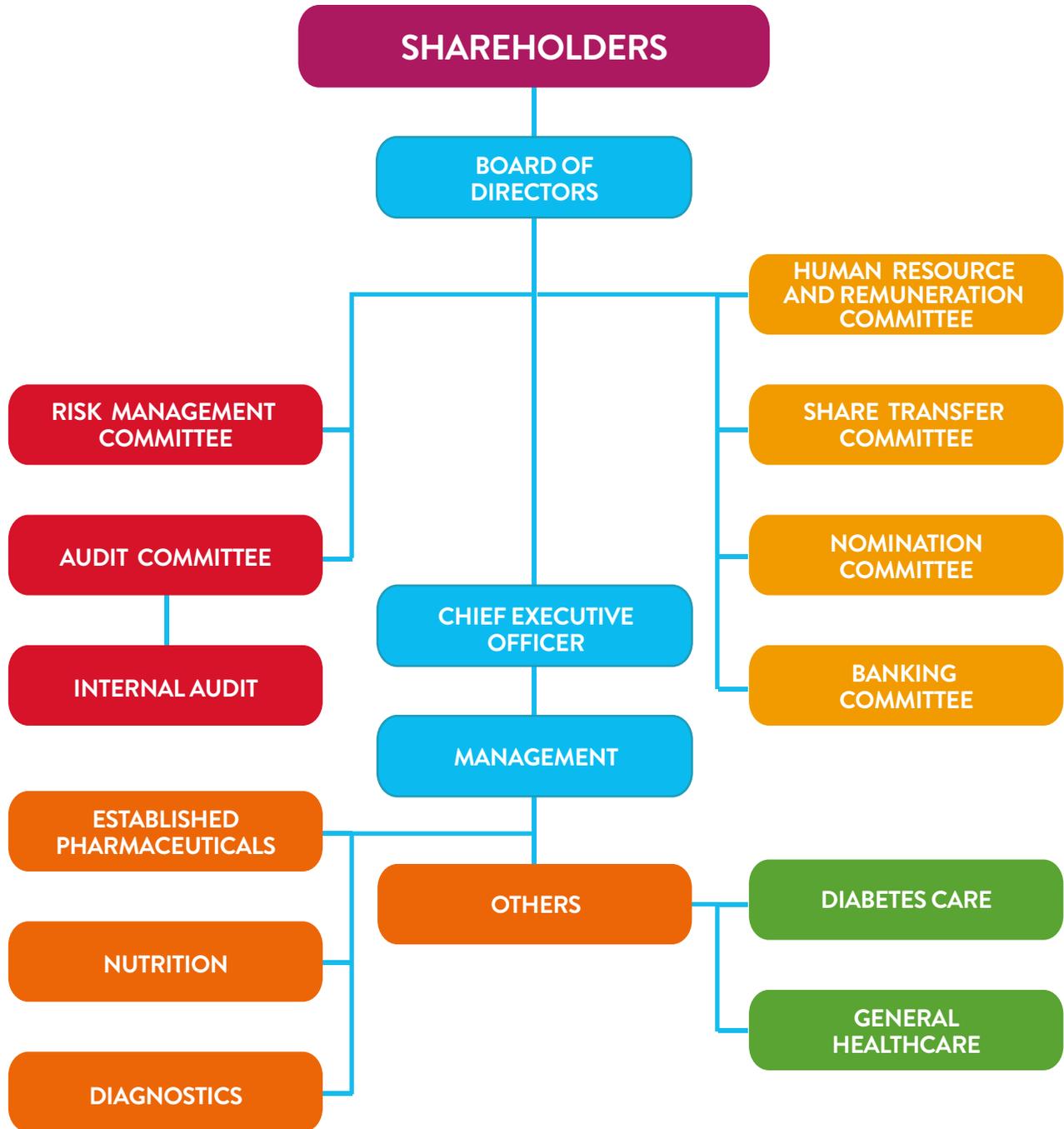
In the end, I would like to extend my personal and genuine appreciation to all our employees for their valuable contributions to Abbott Pakistan particularly during COVID times. I would also like to thank all our stakeholders, including our shareholders and customers for their resilience and support during these unprecedented times. Let us look forward to a successful 2022.

Abbott Proud,



Syed Anis Ahmed
Managing Director & CEO
Abbott Pakistan

CORPORATE STRUCTURE



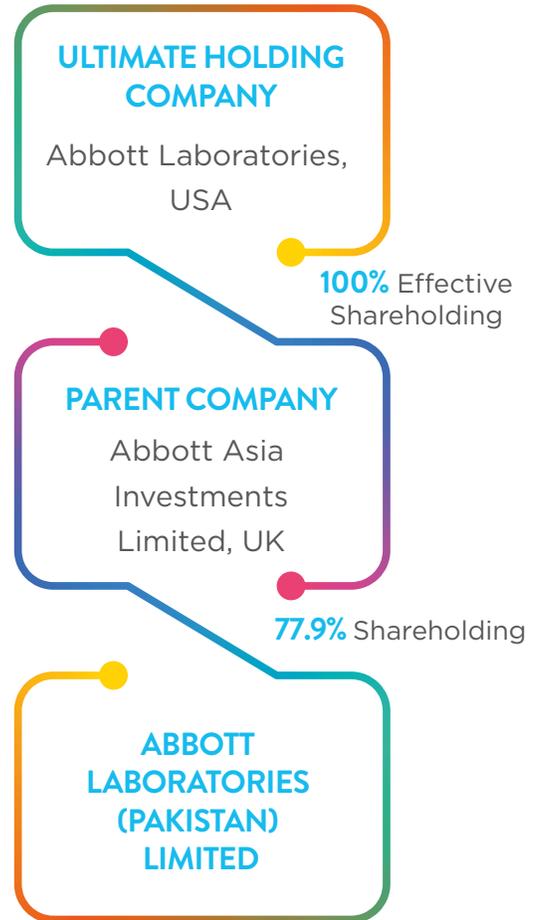
OWNERSHIP AND OPERATING STRUCTURE

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.

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 of the financial statements.

There were no significant changes from prior years.



COMPOSITION OF LOCAL VERSUS IMPORTED MATERIALS

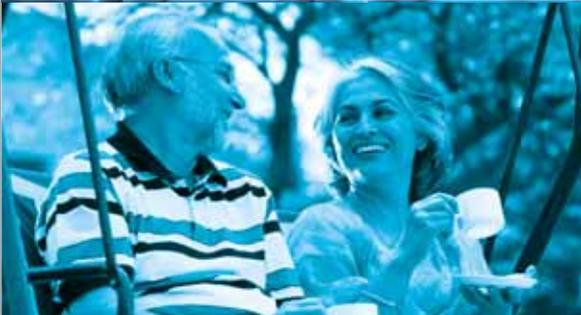
Abbott procures its materials from both local and international sources. Composition of local versus imported materials during the year ended December 31, 2021 was as follows:





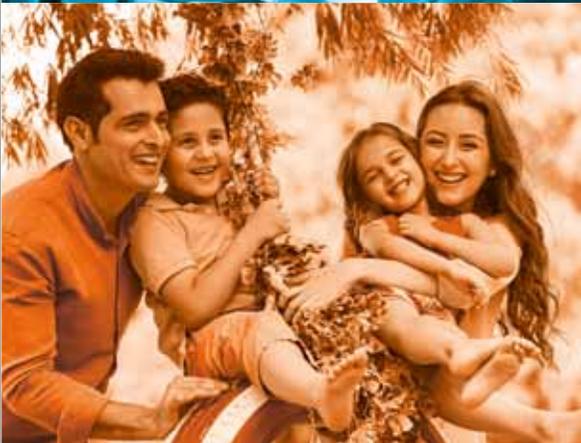
Our Vision

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.



Our Values

Values are the foundation for building a meaningful corporate identity. Abbott is a company rooted in values and our core values of honesty, integrity and fairness describe a standard of behaviour expected of every employee.

Abbott has four differentiating values that speak of the unique strengths that have made our Company what it is today. The Company continues to build on these strengths to deliver our goals.

These values are a blueprint for our employee behaviour. They are the underpinnings of our brand promise, defining how we serve our constituents. These values are woven into all business processes company-wide over time, determining how we plan and run our businesses, how we serve our customers, how we measure and motivate performance, and how we communicate internally and externally. Aligning our organisation around this cohesive set of values has been critical to the achievement of Abbott's brand and business goals.

PIONEERING - *Leading-edge science and innovative commercialisation*

We lead with solutions that address human needs by pioneering innovative treatments and solutions, and new approaches to managing health.

CARING - *Making a difference in people's lives*

Caring is central to the work that we do to help people live healthier lives. We have tremendous respect for the lives of everyone touched by our Company. Our respect for people is demonstrated in what we do and how we act.

ACHIEVING - *Customer-focused outcomes and world-class execution*

We drive for meaningful results, demanding of ourselves and each other, because our work impacts people's lives. We are committed to working together to deliver solutions that are effective and profitable. Our focus on execution and collaboration ensures that we keep our promises to each other and to those we serve.

ENDURING - *Commitment and purpose*

Enduring means both honouring our history and maintaining our commitment to the future. We will always be here to help keep people healthy. We keep our promises, acting in accordance with all of our values.

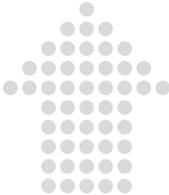
KEY PERFORMANCE INDICATORS

METHODS AND ASSUMPTIONS USED IN COMPILING THE INDICATORS

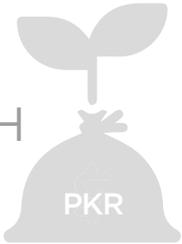
A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving its business objectives. Both financial and non-financial KPIs are computed using formulae which are widely used in the industry and are relevant to different stakeholders such as shareholders, bankers and regulators etc.

2021 FINANCIAL HIGHLIGHTS

SALES 
Rs. 42.57 BN

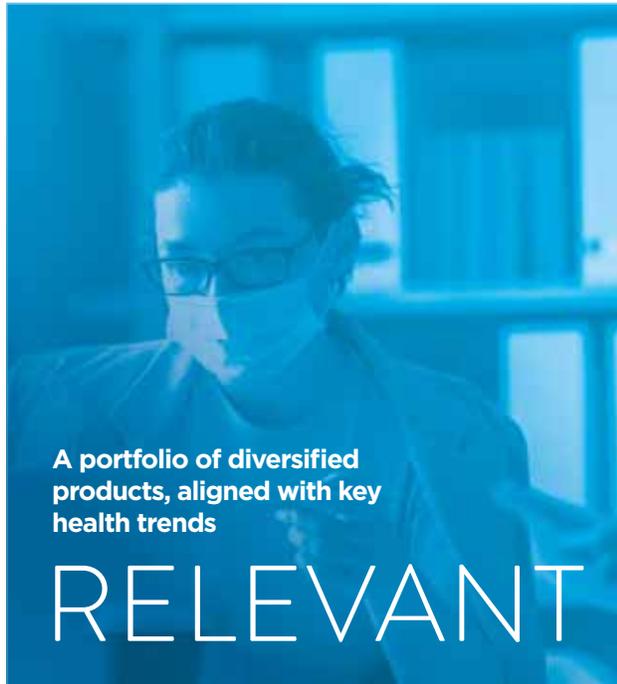
GROSS PROFIT MARGIN 
38%

EARNINGS PER SHARE 
Rs. 60.95

SALES GROWTH 
21.0%

NET PROFIT MARGIN 
14%

ABBOTT TODAY



A portfolio of diversified products, aligned with key health trends

RELEVANT

At Abbott, we provide real answers to real problems, delivering breakthrough solutions to prevent, diagnose and treat health needs. We adapt quickly to changes, harnessing leading-edge science and technology to deliver the best possible solutions for some of the most important health challenges.



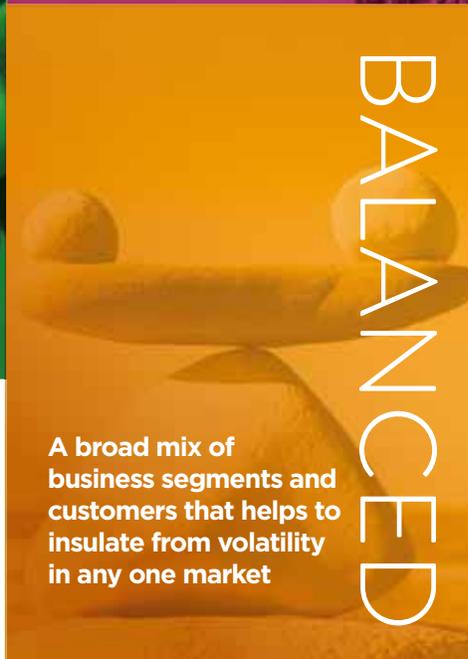
A brand that's trusted by healthcare professionals and patients alike

TRUSTED



DRIVEN

A high-performance culture, driven to succeed



BALANCED

A broad mix of business segments and customers that helps to insulate from volatility in any one market



AWARDS AND RECOGNITIONS



MAP 36TH CORPORATE EXCELLENCE AWARD

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

BEST CORPORATE REPORT AWARD 2020

Abbott Pakistan was recognised among the top companies in the Pharmaceuticals category of the 2020 Best Corporate Report Awards organised by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The objective of the award is to encourage and give recognition to companies showing excellence in annual corporate reporting that promotes corporate accountability and transparency through the publication of timely, qualitative and reader-friendly annual reports. This achievement of the Company is a manifestation of Abbott's unrelenting drive towards excellence in all domains.



HEALTH AND SAFETY EXCELLENCE AWARD

Abbott Pakistan was presented with an award in the 7th International Environment, Health and Safety (EHS) Summit and Awards to acknowledge its proven track record and performance on EHS particularly with regards to engaging employees in related initiatives. The plant sites in Karachi demonstrated commitment towards health and safety by utilising smart tools to avoid any site exposures.

This EHS award validates Abbott Pakistan's commitment towards the enhancement of Abbott's Environment, Health and Safety and Loss Prevention Programmes.

ANNUAL ENVIRONMENTAL EXCELLENCE AWARD

Abbott Pakistan's contributions towards environmental sustainability were recognised at the 18th Annual Environmental Excellence Award 2021 organised by M/s. National Forum for Environment and Health.



SHAPING THE FUTURE OF HEALTHCARE

With cutting-edge technologies, products and solutions that bring people and data together to unlock the full potential of both, we're breaking down barriers to help people take control of their health and live their fullest possible lives.

PRODUCT LAUNCHES

New product development is the driving force of companies and vital for their organic growth. This domain has received growing interest for several years along with the new opportunities and challenges. Abbott is committed to bring in new products to address ongoing health challenges in order to enable people to live fuller, healthier lives.

Abbott Pakistan closely monitors this area of interest and continuously strives to cater to the increasing demand of the local market by introducing differentiated products, solutions and technologies.

INFLUVAC TETRA VACCINE

Influenza epidemics occur worldwide in most years, during November to April in the northern hemisphere and May to October in the southern hemisphere.

In this regard, Abbott introduced Influvac Tetra vaccine for Influenza which is an evolving challenge and is closely monitored by World Health Organization Global Influenza Surveillance and Response System.

#1

Product Launch in terms of value.

(IQVIA Dec-2021)



BRUFEN TABLETS

Abbott maintained the legacy of Brufen brand by bringing Brufen 200mg in the market. The product caters to patients with fever & pain.

NUTRIFOLIC TABLETS (400mcg and 1000mcg)

Abbott continued to lead the women's health portfolio in Pakistan by introducing brands which improve the quality of life while strengthening footprints of Abbott's legacy brands by adding folate supplementation.

Abbott is the first multinational to launch Nutrifolic range which differentiates from conventional folic acid products available in market.



TUCANA RANGE

Abbott Pakistan delved into the highly saturated & full of generics market of Cephalosporin by introducing Tucana range in the market.

Abbott maintained the highest quality standards for Tucana and offers patients better quality of life with proven efficacy, symptom relief and good tolerability.

The Tucana range consists of suspension (100mg/5ml and 200mg/5ml) and capsules (400mg).

Tucana achieved 4th rank in the list of Top 10 launches in the last 12 months. (IQVIA Dec-2021)



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.

The FreeStyle Libre system not only provides a continuous reading of sugar levels but also provides insights into time in range and various other easy to read graphs and charts to help doctors and caregivers develop a management regimen to best suit the patients' needs.

The FreeStyle Libre is a globally acclaimed technological breakthrough and widely regarded to have accurate and painless glucose readings, which truly improves patients' quality of life. It has been launched with the objective of providing ease to people with diabetes across the country and therefore Abbott Diabetes Care also launched a dedicated team of educators, a customer care centre and multiple experience centres at different locations in Pakistan. The purpose of these experience centres is to educate the patients about the product and usage of the equipment and make the most out of FreeStyle Libre system.



ALINITY AND ARCHITECT HIGH SENSITIVE TROPONIN I

Abbott's Alinity and Architect High Sensitive Troponin I (hsTnI) is a cardiac-specific blood test – the first CE marked/approved cardiac-specific biomarker for risk stratification of the apparently healthy population.

Used in conjunction with other clinical and diagnostic findings, Abbott's hsTnI is an aid to stratifying the risk of cardiovascular disease, including cardiovascular death, myocardial infarction (MI), coronary revascularization, heart failure, or ischemic stroke in asymptomatic individuals.

Abbott's hsTnI blood test will help the physicians to more accurately stratify an asymptomatic individual's risk of a future cardiac event into three categories: low, moderate or elevated. It enables health care practitioners to better prioritise appropriate care for those at higher risk to help prevent adverse outcomes, and potentially avoid unnecessary investigations and treatments in those at lower risk.



ID NOW

ID NOW combines the benefits of speed and accuracy. Health care professionals no longer need to compromise when testing their patients and making clinical decisions. ID NOW features a unique isothermal nucleic acid amplification technology; all within a self-contained test cartridge. Instead of thermal cycling, the system uses enzymes to rapidly drive the amplification process. ID NOW is an innovative rapid molecular system with a unique technology, making testing significantly faster than any other molecular method and more accurate than conventional COVID rapid testing.

- ID NOW Strep A 2 provides positive results detected in as few as 2 minutes, with 99% detected within 3 minutes and negative results in 6 minutes
- ID NOW Influenza A & B 2 provides positive results detected in as few as 5 minutes, with 95% detected within 7 minutes and negative results in 13 minutes
- ID NOW RSV provides results within 13 minutes



ABBOTT LEADING

In a rapidly evolving healthcare environment, Abbott's ability to anticipate and adapt has helped us build a product portfolio and new-product pipeline that position us uniquely well to address some of the world's most pressing health challenges.





VALUE CHAIN

We are involved in all stages of the value chain apart from wholesale and retail. Value chain of our pharmaceutical business* is depicted below:





MANUFACTURING

- Production Planning
- Execution

04



DISTRIBUTION

- Internal Warehousing
- Country-wide Availability

05



PRODUCT LAUNCH

- Field Force Training
- External Launch

06

*For our Nutrition, Diagnostics and Diabetes Care businesses, Abbott Pakistan is only involved in the marketing and distribution of products.

BUSINESS MODEL - INTEGRATED REPORTING FRAMEWORK

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

INPUTS

INPUTS	SOURCES OF DIFFERENTIATION	RELATING CAPITAL
APIs and other materials	A broad portfolio of healthcare products and solutions.	Manufactured
2 Manufacturing facilities	Latest technological advancements utilised in facilities ensure product quality.	Manufactured
1,469 Employees	Our people-centred culture enable our employees to thrive.	Human
Technical know-how and production processes	Our production processes and the related know-how enables us to differentiate on product quality.	Intellectual & Manufactured
Equity financed capital structure	Reduced finance costs related to external financing.	Financial
Our approach to sustainability	Relations with the wider stakeholders help to ensure that we operate sustainably.	Social & Relationship

BUSINESS ACTIVITIES

OUR PROCESS

Abbott is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

BUSINESS SEGMENTS

Abbott's patient-centric products and solutions address important health needs of people across various segments:

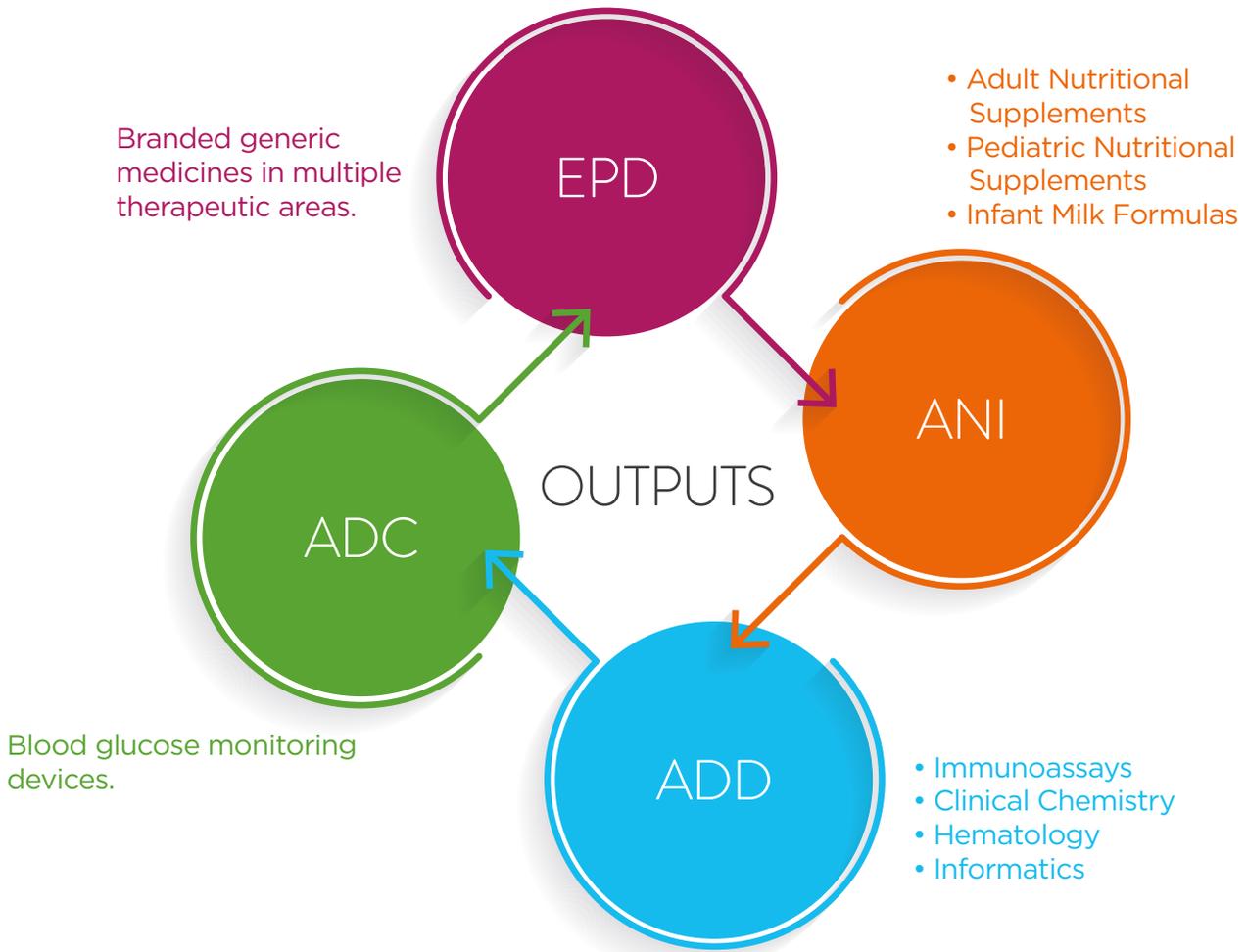
> Established Pharmaceuticals > Nutrition > Diagnostics > Diabetes Care

CHANNELS

Abbott uses a multi-channel approach, depending on the type of product being sold. Majority of the sales are executed through third-party distributors.

CUSTOMER RELATIONSHIPS

Abbott maintains customer relationships through its in-house sales teams and customer support. Abbott also ensures it proactively deals with customer complaints as and when they arise.



OUTCOMES

SHAREHOLDERS	EMPLOYEES	COMMUNITIES	CUSTOMERS	REGULATORS
Return on Equity 34.4% Dividend payout ratio 66%	Salaries paid (PKR) 4.75 BN Enrolment in various training and development programmes	Conducted various CSR initiatives (please refer page 50 and 72 for details).	> Our branded generic medicines and nutritional supplements build and maintain health at every stage of life. > Our diagnostic solutions provide the information to guide effective treatment decisions. > Our diabetes care products help in minimising the pain and inconvenience of testing.	Direct and Indirect taxes paid (PKR) 6.41 BN

HISTORY TIMELINE

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.

1962

Abbott opens its first manufacturing facility in Karachi, Pakistan.

1964

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

1965

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

2004

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

2010

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

2013

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

A TRADITION OF INNOVATION

More than 130 years ago, in the year 1888, 30-year-old Dr. Wallace C. Abbott, a practising physician and pharmacy proprietor, founded the company that bears his name. Using the active part of a medicinal plant, known as the “alkaloid,” he formed tiny pills, called “dosimetric granules,” which provided more accurate and effective dosing for his patients than other treatments available at the time. The demand for these accurate granules soon far exceeded the needs of his own practice and, from these modest origins, was born Abbott, one of the world’s most broad-based healthcare company and a global leader in the discovery, development and manufacture of products that span the continuum of care.

1929

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

1931

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

1948

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

1973

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

1982

Abbott is listed as a public limited company in Pakistan.

2001

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

2014

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

2017

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

GEOGRAPHICAL PRESENCE



UNITED STATES, LATIN AMERICA AND CANADA

Illinois - Abbott Park - Head Office

- Argentina
- Brazil
- Canada
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador

- El Salvador
- Guatemala
- Mexico
- Peru
- Puerto Rico
- Trinidad and Tobago
- Uruguay
- Venezuela

EUROPE

- | | | | | |
|--------------------|----------------|------------|--------------------|----------------|
| Albania | Croatia | Greece | Netherlands | Slovenia |
| Armenia | Czech Republic | Hungary | Norway | Spain |
| Austria | Denmark | Ireland | Poland | Sweden |
| Azerbaijan | Estonia | Italy | Portugal | Switzerland |
| Belarus | Finland | Kazakhstan | Republic of Serbia | Turkey |
| Belgium | France | Latvia | Romania | Ukraine |
| Bosnia-Herzegovina | Georgia | Lithuania | Russian Federation | United Kingdom |
| Bulgaria | Germany | Moldova | Slovakia | Uzbekistan |



MIDDLE EAST AND AFRICA

- | | |
|--------------|----------------------|
| Algeria | South Africa |
| Egypt | Tunisia |
| Israel | United Arab Emirates |
| Kuwait | |
| Lebanon | |
| Saudi Arabia | |

ASIA PACIFIC

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



ABBOTT PAKISTAN AT A GLANCE

Founded in 1948, Abbott Pakistan has been present in the country for over seven decades, expanding its operations on a continuous basis through both organic growth and acquisitions. Abbott is a brand that is associated with quality and care. Today, more than 1,400 of us are working to help people live not just longer, but better, serving customers nationwide.

OUR BUSINESS DIVISIONS

Abbott is a company with a straightforward purpose: We help people live more fully with life-changing health products, solutions and technologies. Our patient-centric solutions are addressing important health needs of people across Pakistan. Our diversity of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across regions and cultures.

- Our branded generic medicines help people get and stay healthy.
- Our nutrition products build and maintain health at every stage of life.
- Our diagnostic solutions provide the information to guide effective treatment decisions.
- Our diabetes care products provide people with diabetes more freedom and less pain.

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
- Cardiovascular
- Pain and fever relief
- Respiratory
- Hospital care



NUTRITION (ANI)

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



DIAGNOSTICS (ADD)

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



DIABETES CARE (ADC)

We are committed to develop products to reduce the discomfort and inconvenience of blood glucose monitoring; introducing systems that are easier to use, require less blood and provide faster results. Consistent and accurate glucose monitoring is the foundation of any diabetes management plan, so we are committed towards continuous improvement in the way patients and professionals measure, track and analyse glucose levels.



ESTABLISHED PHARMACEUTICALS

MORE PEOPLE, MORE PLACES

ASIF YOUSUF CHUGHTAI

KARACHI, 42 YEARS

Mr. Asif, a sales professional, loves the idea of leading a healthy and active lifestyle and for him, family always comes first. His routine often involves lengthy work hours which results in an element of fatigue. Asif's primary concern has always been the health and safety of his family.

Upon sharing his concerns with a healthcare practitioner, he was recommended with some of Abbott's leading multivitamin supplements for himself and his family. Asif feels that Abbott has been a hero and protector of his family.

We are committed to bringing the benefits of our trusted medicines to more people by increasing access and improving affordability.

2 Manufacturing Facilities

4 Product Launches

>150 Broad Portfolio of Trusted Medicines

With a broad portfolio of off-patent medicines, we offer therapies to help treat some of the most common health conditions, helping address patient needs with market-specific portfolios. We differentiate ourselves from pure-generic competitors in many ways – through our exacting quality standards, reliable supply chain, superior clinical science, broad product range, and patient-centred innovation.

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



Abbott understands that better patient care requires innovation and value. As such, the Company tailors its product offerings to meet the specific needs of the people we serve. Our Established Pharmaceuticals Division (EPD) is focused on helping to make the world a healthier place by bringing the benefits of trusted pharmaceutical brands to much broader patient populations.

NUTRITION

SCIENCE-BASED NUTRITION



MR. JAVED BUSINESSMAN

Mr. Javed has to travel frequently and put in long work hours; but this doesn't stop him from taking care of his fitness and health. He loves playing tennis and after a long day at work he is usually at the gym.

Over time, Mr. Javed has noticed that he has no longer been able to continue doing the things he loved, as fatigue and loss of strength started setting in. Even spending time with loved ones was becoming exhausting. On consultation, his doctor advised him to start using Ensure. Now, he continues to run his business and social life with the same passion as before. He has since become a brand endorser and recommends Ensure to anyone in need of complete and balanced nutrition or suffering from the effects of aging.



Nutrition's Portfolio Profile:

Our science-based nutritional products help people build and maintain their nutritional status from infancy onwards.

Ensure portfolio is scientifically designed for aging adults who are beginning to feel the signs and symptoms of aging and are motivated to make lifestyle changes as well as for hospitalised patients requiring nutritional support.



“**Ensure** has helped me get my strength and energy back to continue to do the things I love.”

PediaSure is formulated specifically for children who need to improve their nutritional intake to reach their full growth potential. PediaSure provides complete and balanced nutrition, including vital macro and micro - nutrients necessary for children to achieve optimal growth and development. PediaSure's vision is to be the nutritional partner of mothers concerned about their children's eating behaviour.

Glucerna Triple Care has been scientifically designed to provide nutritional support to diabetics and aspires to be an integral part of the diabetes management plan.

Similac portfolio is a mother’s first and most-advanced nutritional partner along her child’s journey from infancy to childhood, every step of the way.

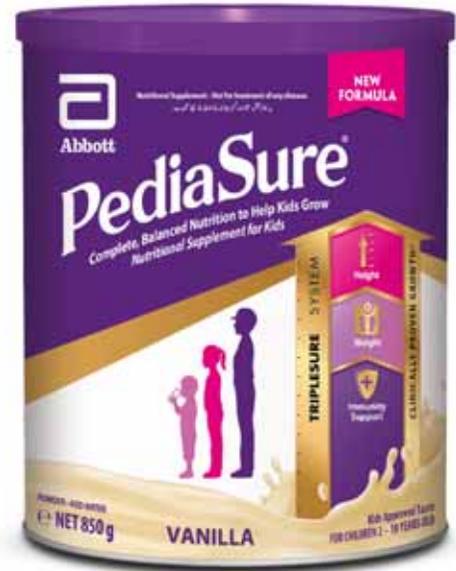
MARIAM

6 YEAR OLD GRANDDAUGHTER

Mariam is an active six-year-old who loves to keep her ‘Dada’ busy with games and at the playground. Mariam’s mother found her picky eating habits quite concerning and wanted to make sure that her daughter receives complete and balanced nutrition to reach full growth potential.

Inclusion of PediaSure alongside her daily meals helped Mariam fulfil her increasing nutritional and growth requirements.

Abbott Nutrition’s products have fit perfectly into Mr. Javed’s family routine. Thanks to Abbott they have been able to fill the nutritional gaps in their diet and continue to live their lives to the fullest.



Year in Review:

The year 2021 started with a new set of challenges as the pandemic continued to unleash itself in waves. Living through our values of “Sense of Urgency” and “Will to Win” though, these challenges were converted into opportunities and leveraging these opportunities paved way to register overall ANI business growth of 18%.

Strengthening immunity became a critical concern for elderly during the pandemic. With lockdowns and social distancing norms in place, and the fear of pandemic limiting hospital and OPD turnover, it was challenging to reach out to the Ensure target audience. However, with physical restrictions came the opportunity to reach this captive audience through TV & social media advertising as well as communication at novel touchpoints. Ensure was heavily advertised throughout 2021 and special focus was given to immunity-based communication at HCP level and in-stores.

On the child nutrition front, shockwaves from the pandemic continued in 2021. Challenges related to reduced consumption of PediaSure due to change in dietary patterns during schools’ closure continued. Many moms believed their children were taking optimal nutrition but were not aware of the fact that a diet may be fulfilling yet not be scientifically complete and balanced. It was pertinent that Abbott Nutrition would take the lead and raise awareness amongst mothers regarding this very important challenge. Newer avenues were needed to reach out to mothers to create nutritional awareness and initiate trial for PediaSure. A campaign termed “PediaSure Revive” was launched to enhance awareness amongst mothers and reach a wider audience through a series of coordinated assessment camps.

The horizon for Health Assessment Nutri-camps was expanded during this campaign from being previously organised in major retail outlets, to a larger canvas including new touchpoints such as restaurants, parks, and children entertainment areas. This was backed by an aggressive series of mall activations in major cities of Pakistan.

Apart from direct-to-consumer contacts and nutritional assessments, an exclusive media campaign was also designed to raise awareness amongst moms and was aired on TV, radio and digital, along with an aggressive outdoor campaign.

DIAGNOSTICS

CRITICAL INFORMATION



Abbott systems and tests screen, diagnose and monitor a vast range of health conditions with greater speed, accuracy and efficiency.

Chughtai Lab

Chughtai Lab is one of the leading diagnostic pathology labs in Pakistan. Operating since 1983, Chughtai Lab has achieved many milestones and emerged as the largest laboratory network nationwide. With a vision to build a comprehensive healthcare delivery platform across Pakistan, Chughtai Lab today has a presence in more than 100 cities at 300+ sites.

The partnership between Abbott and Chughtai Lab is long-standing and Abbott is privileged to be the most trusted partner for Chughtai Lab. It all started back in 2005 with the placement of IMx & TDx (Immunoassay & Therapeutic Drug Monitoring Analyzers). Over the course of time, we kept on strengthening our partnership through placement of further instruments to cater to their growing volumes. In 2006, Abbott Architect ci8200 Analyzer was placed at the lab; this was in fact the first high throughput integrated system from Abbott with the capacity to perform both Immunological and Clinical Chemistry assays all from one single blood tube. This unique system delivered great value to Chughtai Lab and soon we installed Architect integrated systems across the whole network of their stat labs. Keeping up to our commitment of bringing novel technologies in diagnostic industry, Abbott introduced the Alinity series of solutions in 2017 and again, Chughtai Lab became the first site in Pakistan where Abbott installed the newly introduced state-of-the-art Alinity ci (Immunoassay and Clinical Chemistry) system, followed by Alinity HQ (Hematology). In 2019, to help Chughtai Lab in handling the pre & post analytical challenges and to streamline their workflows, Abbott installed Total Lab Automation at Chughtai Lab's central lab in Lahore, which is empowered by our Digital Health Solutions (Informatics) portfolio. Abbott informatics solutions have helped Chughtai Lab to harmonise the data flow between networks, improve operational efficiency and minimise errors.

Today, Abbott has more than 60 instruments across Chughtai Lab network which includes Alinity ci, Alinity hq, Alinity m for Molecular and ID Now for Rapid testing along with a Total Lab Automation at Main Lab. Chughtai Lab is proud of its long-standing partnership with Abbott in pursuit of providing the best diagnostic solutions for its patients.

“Abbott has played a major role in our growth. Their integrated, high-end technologies coupled with reliable service support make them an ideal partner for us in our never ending efforts to deliver world class diagnostic services to our patients.”

DR. OMAR CHUGHTAI
Director Operations - Chughtai Lab



DIABETES CARE

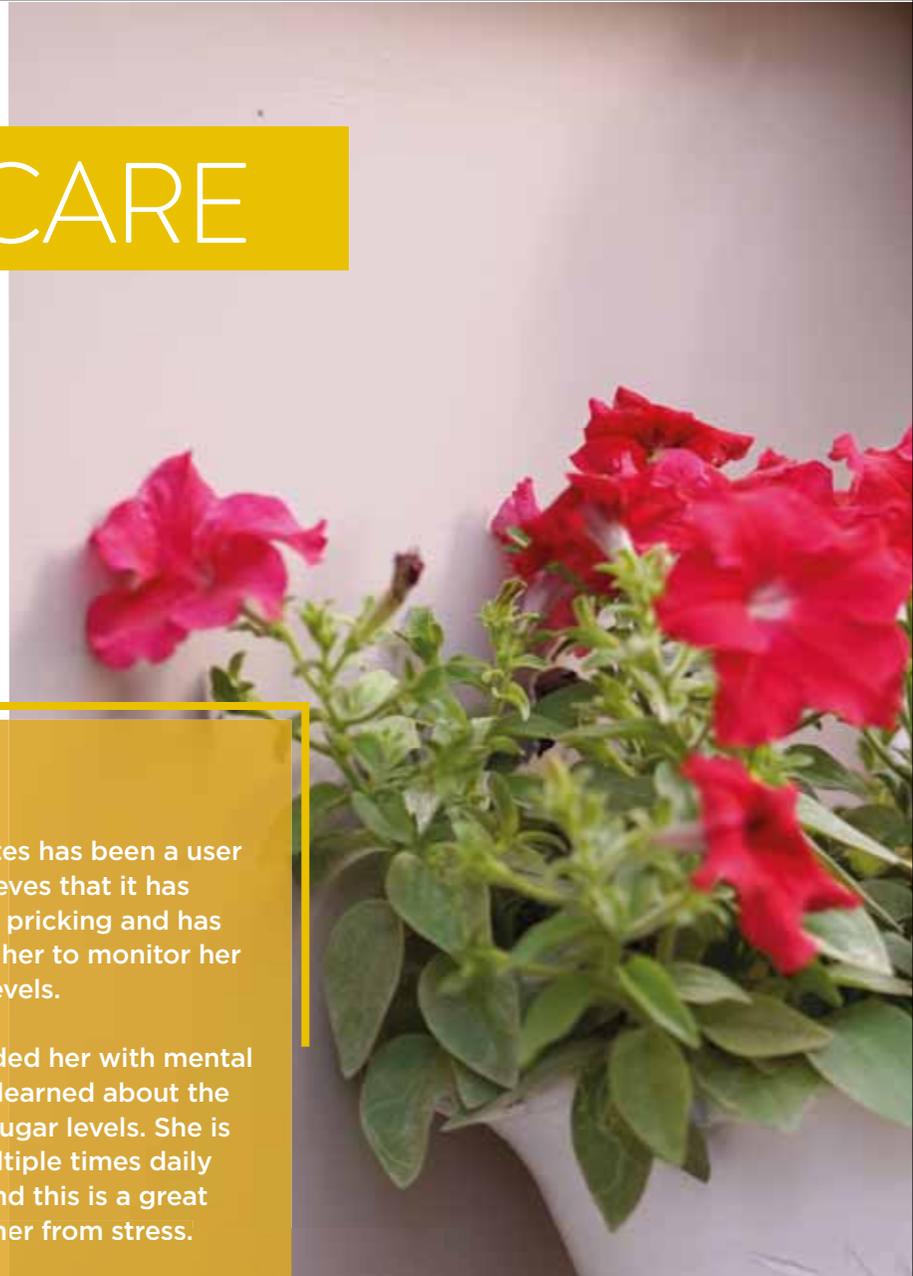
PEOPLE POWER

MS. SHAHEEN ISHAQ HOMEMAKER

Ms. Shaheen, a homemaker with diabetes has been a user of the FreeStyle Libre system. She believes that it has liberated her from the hassles of finger pricking and has benefited her greatly as it has enabled her to monitor her food intake in relation to her glucose levels.

She feel that FreeStyle Libre has provided her with mental peace as through this product she has learned about the foods which increase or decrease her sugar levels. She is even able to check her sugar levels multiple times daily without even needing to finger prick and this is a great source of comfort for her and relieves her from stress.

She particularly enjoys the ease of the FreeStyle Libre as a discreet and convenient product with the ability to provide her with 24-hour glucose readings.





Actionable data to help people manage their own health

Caring for people with diabetes in Pakistan since the early 90's, Abbott Diabetes Care remains at the forefront of innovation and patient care. The business firmly believes that real-time information regarding glucose levels is a fundamental part of managing sugar levels and developing customised therapy regimens for patients. That is why we are dedicated to making it simple and easy.

Our sensing technology - the FreeStyle Libre System - 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.

Our FreeStyle Optium Neo Blood Glucose Monitoring System is the foundation of the Abbott Diabetes Care business and a source for thousands of people with diabetes across Pakistan to check their blood glucose levels every day. It helps spot trends in blood glucose levels and helps to correct them before they occur by comparing previous readings. The FreeStyle Optium Neo Blood Glucose Monitoring System passes the ISO 2013 blood glucose meter accuracy standards with 99% of results falling between the required limits.

OBJECTIVES AND STRATEGIES

01	<p>OBJECTIVE Maintain leadership position in the pharmaceutical sector</p>	<p>STRATEGY Continuously invest in new products and consolidate market shares of established brands.</p>
02	<p>OBJECTIVE Profitability and sales growth</p>	<p>STRATEGY Drive business growth and profitability initiatives through continued focus on optimisation and efficiency.</p>
03	<p>OBJECTIVE Achieve operational efficiency and utilise cross-divisional expertise</p>	<p>STRATEGY Utilise efficiencies available in different divisions to maximise synergies.</p>
04	<p>OBJECTIVE A great place to work</p>	<p>STRATEGY Focus on employee motivation. Take initiatives that build value of trust and contribute in creating an enjoyable work environment, where employees exhibit positive energy.</p>
05	<p>OBJECTIVE Helping people live their best lives</p>	<p>STRATEGY Provide the best possible healthcare solutions coupled with diversity and innovation.</p>
06	<p>OBJECTIVE Environmental sustainability</p>	<p>STRATEGY Reduce greenhouse gas emissions and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy.</p>

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES VERSUS LAST YEAR

There have been no significant changes as compared to last year.

RESOURCE ALLOCATION PLAN

Abbott continues to lay strong emphasis on new product initiatives to identify opportunities in multiple therapeutic areas. In addition, the Company continually invests to retain/expand its market share.

RELEVANT KPIS

Market share and ranking in the relevant therapeutic classes as per IQVIA (formerly IMS).

TIMELINE

Long-term

RESOURCE ALLOCATION PLAN

The Company continues to invest in capacity building by utilising latest technological advancements to minimise costs and simplify processes.

RELEVANT KPIS

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

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

With Abbott's presence in multiple segments through its business divisions, the Company is able to obtain in-depth market insights. This helps develop optimal strategies to avail opportunities in different segments including distribution arrangements and procurement strategies.

RELEVANT KPIS

Operating income growth.

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

Human capital is Abbott's core asset. The Company provides multiple avenues for employees to grow and learn while contributing towards organisational success. The Company ensures that its employees remain motivated and focused towards achieving the organisation's success by providing them with the tools for continuous self-development, together with market competitive salaries.

RELEVANT KPIS

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

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

Abbott has strict quality guidelines in place. This ensures that products meet/exceed the required quality standards. Additionally, Abbott continuously strives to innovate so that its customers can benefit from the latest advancements in science.

RELEVANT KPIS

Product quality survey results.

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

Abbott has a dedicated environment, health & safety team which focuses on reducing greenhouse gas emissions and the Organisation's footprint on the environment. Measures taken include setting up a composting plant, installation of solar panels and drip irrigation system.

RELEVANT KPIS

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

TIMELINE

Long-term

FUTURE RELEVANCE

The KPIS will remain relevant in the future.

ANALYSIS OF NON-FINANCIAL PERFORMANCE AGAINST INDICATORS

		
<p>LEADERSHIP POSITION IN THE PHARMACEUTICAL SECTOR</p>	<p>ACHIEVING OPERATIONAL EXCELLENCE</p>	<p>HEALTH AND SAFETY</p>
<p>MANUFACTURED CAPITAL</p>	<p>MANUFACTURED CAPITAL</p>	<p>HUMAN CAPITAL</p>
<p>STRATEGY</p> <p>Continuous investment in new products and building brand equity of established brands.</p>	<p>STRATEGY</p> <p>Utilise latest technological advancements and upgrade production facilities.</p>	<p>STRATEGY</p> <p>To ensure health and safety considerations are embedded at all the levels throughout our operations.</p>
<p>INDICATORS</p> <p>Market share and ranking in the relevant therapeutic classes as per IQVIA.</p>	<p>INDICATORS</p> <p>Enhanced capacity, improved productivity, and efficiency.</p>	<p>INDICATORS</p> <p>Injury rate and absenteeism.</p>
<p>ANALYSIS</p> <p>A total of 7 product launches (refer page 17) across our business segments. Abbott's growth outpaced the market growth during 2021.</p>	<p>ANALYSIS</p> <p>Capital expenditure on plant and machinery enabled the Company to increase production and deliver volumetric growth.</p>	<p>ANALYSIS</p> <p>Abbott conducted in-house COVID vaccination drives for its employees. Further, screening and rapid testing were done to ensure safe and healthy work environment.</p>

FINANCIAL PERFORMANCE AGAINST INDICATORS

Financial performance against indicators is explained on page 108 and onwards.



GREAT PLACE TO WORK

HUMAN CAPITAL

STRATEGY

Take initiatives that build value of trust and contribute in creating an environment, where employees feel motivated & exhibit positive energy.

INDICATORS

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

ANALYSIS

Abbott's employee turnover rate is one of the lowest in industry. Our talent management approach is detailed under Human Resource section (page 56).



HELPING PEOPLE LIVE THEIR BEST LIVES

SOCIAL AND RELATIONSHIP CAPITAL

STRATEGY

Increasing access to best possible healthcare solutions coupled with diversity and innovation.

INDICATORS

Product quality survey results and CSR activities.

ANALYSIS

Several CSR initiatives were taken throughout the year (refer page 50) to support causes which would have positive impact on the community.



ENVIRONMENTAL SUSTAINABILITY

NATURAL CAPITAL

STRATEGY

Reduce the environmental impact of our business across our value chain.

INDICATORS

Waste recycled and reduced, water and energy conserved & consumed, awards and ratings by different environmental forums.

ANALYSIS

Initiatives taken to protect the environment are covered in EHS section (page 52).

Zinc Se Zindagi...

صحت مند اور خوبصورت

“As per my doctor's advice, I use Zinc in my daily diet because Zinc deficiency can bring down my healthiness, glowing skin and shiny hair.”

MK



Abbott

IN CASE OF ZINC DEFICIENCY CONSULT YOUR DOCTOR TODAY

RISK MANAGEMENT AT ABBOTT

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.

RISK MANAGEMENT FRAMEWORK

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 revitalisation.

STATEMENT BY THE BOARD ON RISK MANAGEMENT POLICIES AND ASSESSMENT OF RISKS

The statement by the Board may be read in the Directors' Report. Please refer page 94. The key risks and the related opportunities identified as part of the risk management framework are detailed on the next page along with their sources and mitigating plans.

KEY RISKS AND OPPORTUNITIES REPORT

RISKS	TYPE OF CAPITAL AFFECTED	SOURCE
<p>CURRENCY RISK The risk that the currency devaluation will negatively impact the Company's return.</p>	Financial	External - devaluation of currency.
<p>RISK OF COUNTERFEIT PRODUCTS Erosion of margins, loss of market share and reputational risk as a result of the Company's products being copied/smuggled.</p>	Intellectual	External - smuggled or counterfeit products in the local market.
<p>CATASTROPHIC RISK AND LOSS OF ASSETS The risk of disruption in operations due to any natural disaster, including inability to recover operational capacity.</p>	Manufactured and Financial	External - natural disasters.
<p>LEGAL AND REGULATORY RISK Risk of non-compliance with applicable laws and regulations and being adversely affected due to enactment/imposition of new laws.</p>	Financial	External - non-compliance with laws and regulations/new laws.
<p>LIQUIDITY RISK The risk of inability to meet financial obligations as and when they fall due.</p>	Financial	Internal - mismanagement of cash flows.

H	High
M	Medium
L	Low

■ LIKELIHOOD
■ MAGNITUDE

RELATED OPPORTUNITIES

MITIGATION MEASURES

H	H
M	M
L	L

Insulation from the adverse effects of current devaluation can help the Company to sustain and improve its profitability.

The Company actively seeks to identify local sources for its raw materials in order to reduce its exposure to currency fluctuations. Further, the Company also has a natural hedge in place since it has both foreign currency denominated export receivables and import payables.

H	H
M	M
L	L

Maximise market share and augment presence.

The Company continually engages with the regulators to highlight and identify any counterfeit products to prevent future penetration in the market.

H	H
M	M
L	L

Not applicable.

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 operation and expeditious recovery of the normal operations.

H	H
M	M
L	L

Investment in training of resources can aid the Company in becoming the best-in-class in adoption of laws and regulations.

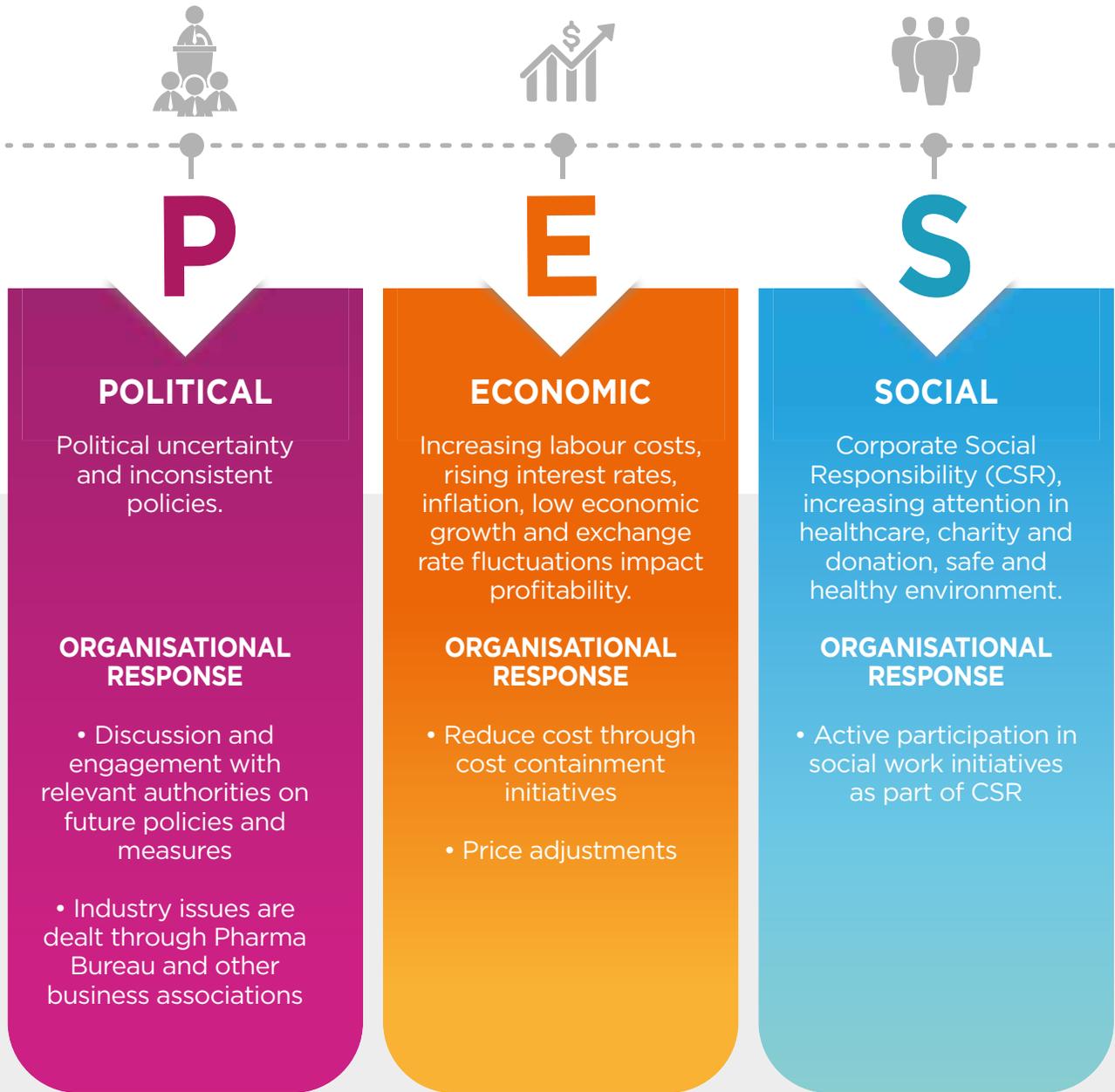
Our regulatory, medical, and compliance departments collaboratively mitigate the risk by monitoring changes in the applicable legal and regulatory requirements to ensure timely compliances.

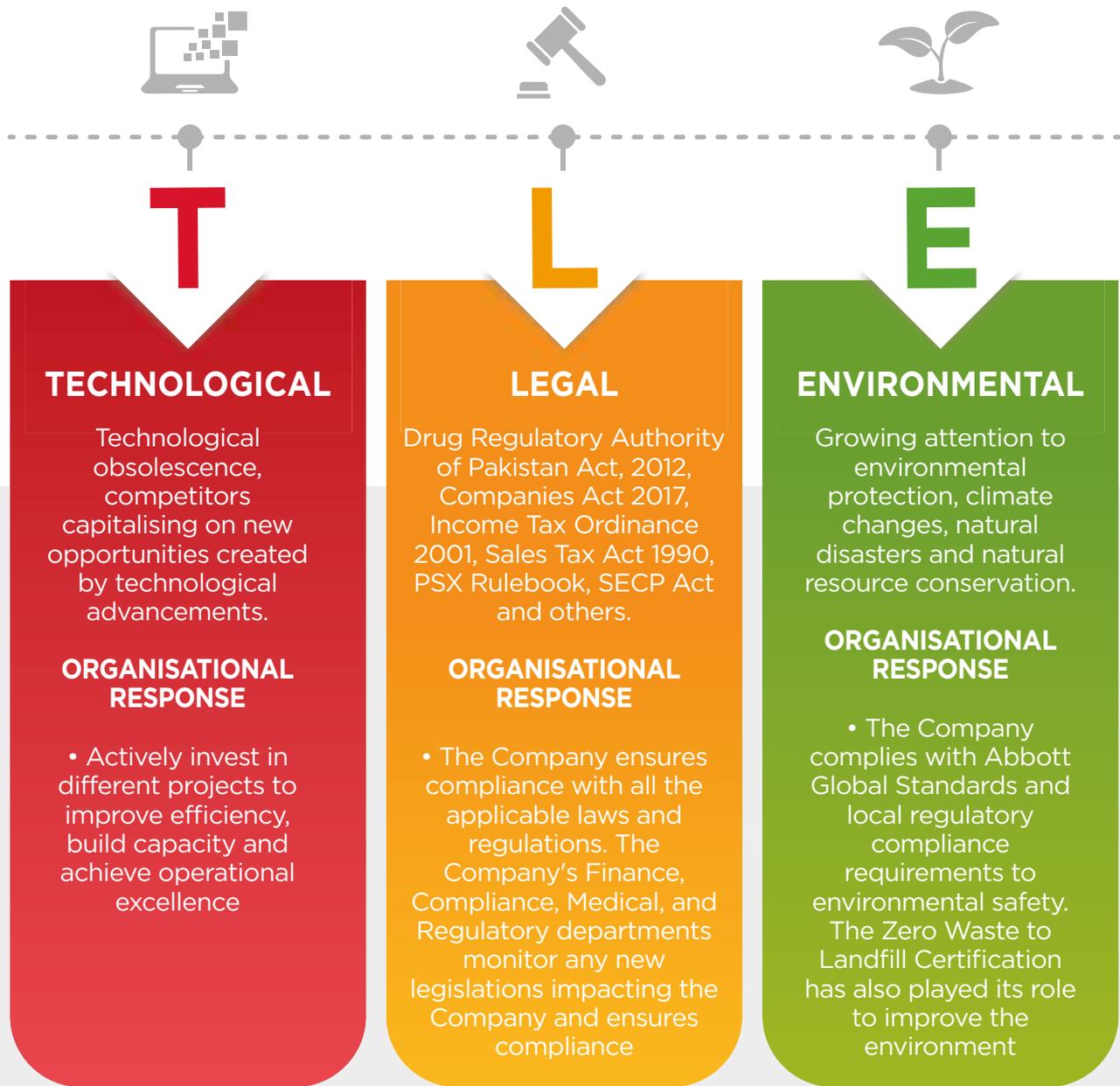
H	H
M	M
L	L

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.

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT AND THE ORGANISATION'S RESPONSE





Effect of Seasonality on Business in Terms of Production and Sale

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

CORPORATE SOCIAL RESPONSIBILITY



At Abbott, we believe a sustainable future starts with health. Good health is the foundation for everything and helps people and communities to thrive. One of our key sustainability priorities is to increase access to healthcare for the masses. In pursuance of its commitment to have a positive social impact, Abbott Pakistan joined hands with leading nonprofit organisations to help expand access to critical health, education and social services, with the goal of building more resilient, healthier communities.

THE LIVER FOUNDATION

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

FAMILY EDUCATION SERVICES FOUNDATION (FESF)

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

PATIENTS' BEHBUD SOCIETY FOR AKUH (PBS)

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

THE LAYTON RAHMATULLA BENEVOLENT TRUST (LRBT)

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

THE CITIZENS FOUNDATION (TCF)

For the past three years, Abbott has funded TCF in their efforts to provide high-quality education to underprivileged children, supporting 64 students in Dhoke Chaudhri, Rawalpindi. TCF is managed by Pakistani citizens and provides high-quality education to underprivileged children.

GREEN CRESCENT TRUST (GCT)

In 2021, Abbott began funding the Orphan Support Program (OSP) that focuses on providing high-quality education to orphans. GCT is one of the largest private, nonprofit organisations in Sindh, operating over 150 schools for children from ages 5 years to 15 years, and an Orphan Support Program that adopts and educates children at Hilal education schools.

THE INDUS HOSPITAL (TIH)

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

MUHAMMADI BLOOD BANK AND THALASSEMIA CENTER

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

PATIENTS' WELFARE ASSOCIATION (PWA)

Abbott supports the cost of screening, regular blood transfusions and chelating

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

KARWAN-E-HAYAT

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

RECREATIONAL TRIP WITH EDHI HOMES CHILDREN AT SINDBAD

Abbott organised a day excursion to Sindbad Wonderland Park for the children of Edhi Homes to enable the children to experience the freedom and happiness that every child deserves. Abbott's volunteers express their love and affection for the individuals who have been unlucky and have been deprived of all the pleasures of life.

EDUCATIONAL TRIP WITH AL-KHIDMAT CHILDREN AT LAHORE ZOO

Abbott organised an instructive trip to the Zoo with the youngsters of Al-Khidmat. Abbott believes that every child should be given an opportunity to explore and experience the wonders of environment, including wildlife.



ENVIRONMENT, HEALTH AND SAFETY



ENVIRONMENT, HEALTH AND SAFETY

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

Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support. We seek to identify and mitigate climate-related challenges and risks that are posed to our supply chain, operations and distribution network through our management and policies.

EFFORTS MADE TO MITIGATE THE ADVERSE IMPACTS OF INDUSTRIAL EFFLUENTS

The world's resources are finite, and even renewable resources are being used faster than they can regenerate. Waste continues to

increase, landfill space is rapidly shrinking, and access to acceptable waste disposal facilities is limited. This makes improving waste management a priority, both for our business and for the planet.

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 2020 and both plants continued the ZWL initiative during the year.

COMPOSTING

As concern about landfill space increases, worldwide interest in recycling by means of composting is growing. Composting is a process for converting organic material into useful products. This is also one of the only ways to revitalise soil vitality due to phosphorus

depletion. This initiative supports Abbott's **'Zero Waste to Landfill'** initiative. The Composting machine installed at our Landhi facility is a benchmark for the industry. The machine at site is a fully automated in-vessel composting system that converts organic waste to compost in just 24 hours. It has a capacity to produce 400 kgs of material as compost per day, utilising garden waste and left-over food from site canteen to turn into fertiliser.

GREEN REVOLUTION

The 'Green Revolution' campaign featured a range of awareness sessions and activities which encouraged all the employees to live more sustainable and greener lives. Abbott strives to become a waste free Organisation through a comprehensive waste management process and use of bio-degradable products.



HEALTH AND SAFETY

Since the beginning of the pandemic, our focus has been to protect the health of our employees while ensuring we continue to deliver our products to the people who need them. This remained our focus as governments around the world lifted restrictions and we moved into the next phase of working during the pandemic. We wanted our employees to feel comfortable working at our facilities. Split-shift arrangements were introduced, whereby employees returned to office on a 50/50 alternating schedule, with half of the employees working on site for a full week and the other half coming on site the next week. 100% attendance was restored from September 2021.

COVID Vaccination

Demonstrating its value of 'Caring', Abbott Pakistan arranged in-house vaccination drive for its employees at both its manufacturing facilities, vaccinating all its employees in the process. As a result of the valiant efforts of our Health Facility Team, Abbott Pakistan is now a 100% vaccinated company.

Influvac Vaccination

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

Awareness Sessions

Abbott Pakistan arranged a breast cancer awareness session for its female employees and diabetes awareness session to impart knowledge on the risks associated with diabetes and the related dietary precautions that can be taken to prevent it.

INTERNATIONAL CERTIFICATIONS

Abbott has established its own environmental, technical, quality and management standards that closely mirror ISO standards. This ensures that our management systems operate in accordance with recognised environmental practices and regulatory requirements. In addition, the global and local management also supports the pursuance of external certifications where there is recognisable business value. Further, Abbott Pakistan sustained the following certifications during 2021:

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

“Our approach to making a positive social impact starts with a question: how can we apply our unique technologies, expertise and business mindset to solve challenges in new ways? And then we listen and collaborate closely with the people we serve to build a better and lasting response, together.”

MAKING A POSITIVE IMPACT

As a healthcare leader, we have an inherently positive social impact on helping people to live longer and better. We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs and find measurable ways to address social challenges through our scientific and technical expertise. When we prioritise systems-thinking and collaboration, we can grow our business, improve lives and create value for the people we serve.

The Company engaged in various CSR initiatives during the year, details of which can be found on page number 50.



PROTECTING A 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 behaviour to ensure that the Company conducts its business in a manner which is protective for human health, safety, and the environment.

The policy is designed to achieve the following objectives:

- Maintain a safe and healthy workplace and environment;
- Continuously reduce the use of materials or practices that may have a negative impact on human health and the environment;
- Conserve energy and other natural resources;
- Integrate health, safety, and environmental concepts into business and operations planning and decision making;
- Educate and engage employees to optimise 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.

HUMAN RESOURCE



HUMAN RESOURCE

The year 2021 continued to bring unprecedented challenges and disruptions caused by COVID pandemic. The pandemic has affected businesses and operations worldwide and forced a major shift in the way people work and contribute towards organisational goals due to requirement of social distancing which necessitated practices of working remotely. Our Company made all possible efforts to ensure that safe practices remain in place strictly within the guidelines provided by our own corporate as well as WHO, federal government and provincial governments. We are pleased to report that our prudent and meticulous actions while implementing work from home and split-shifts arrangements not only contributed significantly towards the safety of our employees, but these also ensured continuity of our operations and product availabilities to the patients.

The Human Resource function at Abbott continues to serve as an important strategic business partner; helping achieve organisational objectives through organisational development, and culture and productivity-related interventions.

The HR function strives to provide the employees with a workplace that:

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



OUR TALENT MANAGEMENT APPROACH

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 (TMRs) are carried out annually to assess critical positions, identify succession plans and create development plans.

The TMR process clarifies our succession strategy for our most critical roles and ensures diversity among identified successors in terms of perspective, experience, background and capabilities. In addition to destination jobs, we identify potential next roles for each incumbent and successor, with a focus on ensuring the right experiences for a successful ongoing career at Abbott. Our aim is to make sure that current and future leaders are building the skills they will need for success.

Similar succession planning takes place at every level of the Company. The senior leadership team conducts TMRs, each of

which sets out to identify "Ready Now" and "Ready Future" successors. This helps ensure that our pipeline of future leaders at all levels is continually maintained. Our people managers also have annual talent development goals.

CAREER DEVELOPMENT

Abbott's continual investment in its people is a key element of its success story. We have long understood that helping employees acquire new skills in response to changing demands helps ensure that we are always in step with - or ahead of - the latest business and operational needs.

This commitment to reskilling and upskilling has been a formal part of our employee development process for decades. Through the years, reskilling, coupled with Abbott's anticipation of medical and healthcare trends, has helped us drive business performance and deliver on our strategies.

Our employee development opportunities span from free online development courses, to training for up-and-coming critical skills, to preparing our colleagues for entirely new careers.

Every Abbott employee has access to Career Connect, a personalised career and development planning tool. Career Connect helps employees to identify their career priorities, have more productive conversations with managers, gain the experience and skills they need through on-the-job learning, and draw up clear development plans for achieving their goals.

RECRUITMENT

Abbott is committed to building a diverse talent pipeline that can meet the needs of our businesses. We do this by developing internal talent and recruiting top talent globally. Our integrated approach includes building a compelling employer brand, both through our own digital properties and through other channels; reimagining our candidate and employee experiences; partnering with academic institutions and associations that align with our needs; and providing opportunities for talented college students to develop their careers at Abbott.

We build our employer brand through targeted social media platforms, such as LinkedIn. These enable us to reach and

engage with talented people who have an appetite for innovating with a purpose.

DIVERSITY AND INCLUSION

Abbott is committed to developing a workplace that is inclusive for all, regardless of race, gender, age, sexual orientation, disability, or nationality. Diversity and inclusion is a part of who we are, how we lead and what we believe in.

COMPENSATION AND BENEFITS

Our compensation philosophy plays a vital role in attracting the best and brightest minds to work at Abbott and in building an environment of equal opportunity for all.

We apply the following principles to help achieve consistent, fair compensation packages that reward performance:

- Base salaries and benefit packages are based on, and competitive in, the markets where we compete for talent and are appropriate to each market.



- Annual and long-term incentive packages are linked directly to business and individual performance, with a balance of short and long-term financial and strategic objectives.
- Our approach to compensation encourages behaviour that is consistent with the ethical values in Abbott's Code of Business Conduct.

The fundamental principle of compensation at Abbott is that it should be driven by employees' level of responsibility, expertise and performance. We have processes to ensure consistency in compensation across similar roles in relevant markets. As a result, 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.

EMPLOYEE HEALTH, SAFETY AND WELLNESS

The health, safety and wellness of our employees and contract workers is a priority for Abbott. We have embedded this priority at every level of our business through our integrated Environment, Health and Safety (EHS) management system. Our Occupational Health Services Standard requires that all Abbott facilities provide their employees with appropriate occupational health services,

including adequate resources and a designated healthcare professional.

Throughout the COVID pandemic, Abbott conducted regular testing and screening of our employees, helping to maintain healthy work environments and ensure the health and safety of our people.



QUALITY ASSURANCE

QUALITY ASSURANCE

Our purpose of enabling fuller lives through the power of health depends on trust, and trust in Abbott depends on our ability to consistently deliver safe, effective and high-quality products. That's why we treat the people who depend on us as if they were our family. We are proud of the trust that our business has established over the past 70 years. We recognise that the process of earning that trust never ends, and it's the responsibility of everyone at Abbott.

Quality is not an option but a mandatory expectation as we are living in a very competitive world and one of the many things that distinguishes Abbott as a brand from the industry are the Quality Standards that we possess. Our commercial quality assurance focuses on ensuring that the processes we have in place across Abbott's supply chain maintain the quality and compliance of our products.

ISO SURVEILLANCE CERTIFICATION

Abbott Pakistan's sites have successfully achieved ISO Surveillance Certification for ISO



9001:2015 "Quality Management System", ISO 14001:2015 "Environmental Management System" & ISO 45001:2018 "Occupational Health & Safety Management Systems" standard in 2021 that will enhance the GMP and safety of the sites and support in achieving competitive tender business requirements arising in the market.

DARIUS IMPLEMENTATION

DARIUS (Document and Regulatory Information Universal System) is an electronic approval and archival system for all types of documents. Different quality documents such as manufacturing directions, product quality

reviews, specifications, standard operating procedures, product technical documents are now approved and archived on DARIUS. DARIUS implementation has benefited Abbott's sites by improving approval cycle and archival process and has eliminated manual handling.

IMPLEMENTATION OF EDGE CODES ON PACKAGING

Edge code is a unique feature and is effectively used for identification of printed components and avoids usage of foreign component. It is particularly used to differentiate same sized materials. Implementation of Edge code on printed components of all the products has been executed to improve identification of components.

DATA INTEGRITY SESSIONS

Data integrity is critical in the pharmaceutical industry to make sure that the product at all stages of operations meets the required quality standards. Essentially, it is a process of maintenance and assurance of accuracy and consistency of the data over its entire life cycle. Data Integrity Sessions were conducted across different value streams for all sites.

GEMBA WALKS

Abbott has developed a 'GEMBA Walks' programme to give managers and executives a chance to visit the manufacturing floor and see how a specific operation is done. GEMBA Walks have been regularised at sites and GEMBA boards posted in areas to capture the outcome of GEMBA Walks based on the risk of high, medium and low category.



ETHICS AND COMPLIANCE

Abbott exists to enable people to live fuller, healthier lives through better health. We strive to make an impact on policies and priorities that have a positive effect on people's health and well-being. This includes enabling broader access to healthcare and life-changing technology.

We must demonstrate that our advocacy is always ethical and responsible and that we operate all aspects of our business fairly, honestly and with integrity. We are committed to adhering to all applicable laws and regulations in every aspect of our work as a global healthcare leader.

We have a clear strategy for building a culture of compliance at Abbott that engages all of our employees and that emphasises the importance of ethical behaviour. In this section, 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.

CODE OF BUSINESS 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.

INTERACTION WITH HEALTHCARE PROFESSIONALS (HCPs)

We have made ethical interactions with healthcare professionals a key focus of our ethics and compliance programme, as well as a focus of our Code of Business Conduct. We monitor our interactions with healthcare professionals and carry out periodic audits to track compliance with our policies. We also offer specific training on interactions with healthcare

professionals as part of our Legal and Ethics Resource Network (LERN) training programme.

Our commitment to ethical interactions with healthcare professionals, patients, and consumers includes the obligation to communicate responsibly about our products and services and the alternatives that exist.

WHISTLEBLOWING POLICY - "SPEAK UP"

Our Code of Business Conduct emphasises 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.

LEGAL AND ETHICS RESOURCE NETWORK - "LERN"

Abbott's employees participate in an online LERN training programme, which educates them on all aspects of the code and provides practical guidance on how to recognise and respond to legal and ethical issues. The OEC assigns LERN courses to each full-time and part-time Abbott employee, based on his or her role and responsibilities and the specific training that he or she requires. The courses assigned to each employee are reviewed twice each year.

The LERN curriculum includes certifications covering the Code of Business Conduct and Conflicts of Interest, with a key focus on interactions with healthcare professionals. All Abbott employees, full-time and part-time, review and sign these certifications every year. It also forms part of our ethics and compliance training for new employees.

We supplement training with communications designed to raise awareness of compliance issues and ensure engagement with our policies. These include emails, newsletters, videos and issue highlights on our OEC intranet site. Our OEC staff also participates in global, national and regional sales meetings, as well as local site meetings, creating the opportunity to discuss compliance issues face to face.



CORPORATE GOVERNANCE

BOARD COMPOSITION

The structure of those charged with governance consists of two executive and five Non-Executive Directors. Amongst the Non-Executive Directors, there are three Independent Directors. The Board also consists of two Female Directors. Names and brief profiles of all the Directors are disclosed on page 86.

INDEPENDENT DIRECTORS

As disclosed above, there are three Independent Directors on the Board, all of whom meet the criteria for independence as required under S.166 of Companies Act, 2017.

BOARD'S POLICY ON DIVERSITY

The Board of Directors of Abbott acknowledges diversity and ensures that employment decisions are based on business needs, skills, experience and relative work performance. Discrimination of any type is strictly prohibited in our Code of Business Conduct and we strive to provide equal opportunities to all irrespective of gender, religion or ethnicity. This is also evident by the representation of two Female Directors on the

Board (29% of total Directors) of Abbott since August 2016, long before the Code of Corporate Governance required female representation on the Board.

DECISIONS TAKEN BY THE BOARD

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

The policy of materiality specifies which transactions are considered as significant or material and are to be presented to the Board for their approval or ratification.

Certain tasks are also delegated by the Board of Directors to its Committees in line with the Committee's approved Terms of References. The Chief Executive Officer together with the senior management carries out the day-to-day operational matters.



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; and
- Ensure that all the Directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board.

ROLE OF CHIEF EXECUTIVE OFFICER

The Chief Executive Officer 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 responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

EVALUATION OF THE PERFORMANCE OF THE BOARD BY AN EXTERNAL CONSULTANT

The Board of Directors acts as governing trustees of the Company on behalf of the shareholders while carrying out the Company’s mission and goals.

As per the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors is required to put in place an effective mechanism for annual evaluation of its own performance, its members and of its committees. The Company, during the year, appointed Pakistan Institute of Corporate Governance (PICG) to carry out the evaluation.

Following major criteria were set out by PICG to evaluate the performance of the Board of Directors, along with its committees and its members including the Chairman:

- a) Composition of the Board of Directors and its committees and whether their size and structure contains sufficient range of expertise to make it an effective governing body;

- b) Review of the strategic plans and business risks, monitoring Company's performance against the planned objectives and advise the management on strategic initiatives;
- c) Compliance with the legislative system in which Abbott Pakistan operates, particularly the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Memorandum and Articles of Association of the Company;
- d) Ensuring required quorum of Board meeting is available, in order to have detailed deliberation and quality decisions on matters of significance;
- e) Ensuring effective communication between the Board and its stakeholders which include auditors, management, business heads etc.;
- f) Establishing adequate internal control system in the Company and its regular assessment through self-assessment mechanism and internal audit activities; and
- g) Whether the number of Board meetings conducted during the year is sufficient and whether they are conducted in a manner that encourages open communication and meaningful participation.

EVALUATION OF THE PERFORMANCE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, being part of the Board, is present in every meeting of the Board. The CEO provides an overview of the Company's performance to the Board and addresses any specific questions by the Board members.

The performance of the CEO is assessed through the evaluation system set by Abbott Pakistan which is based on both qualitative and quantitative objectives. These objectives include financial performance, business processes improvement, business excellence, compliance, sustainability and people management.

POLICY FOR 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. Non-Executive Directors are only entitled to meeting fees together with travelling and lodging costs borne by the Company.

PRESENCE OF EXECUTIVE DIRECTORS ON OTHER BOARDS AND POLICY ON FEE RETENTION

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

DIRECTORS' TRAINING PROGRAMME

As disclosed in the statement of compliance, all our seven Directors have either obtained training from SECP approved institutions or are exempt from the training programme. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies.

FORMAL ORIENTATION COURSES OF DIRECTORS

The Company arranged a workshop on Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Directors through its legal counsel on February 26th, 2021.

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

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

RELATED PARTIES' TRANSACTIONS POLICY

The Company has a formal policy of Related Parties' Transactions which has been approved by the Board of Directors. The policy covers the procedures with regards to review, approval and ratification of related party transactions

and for providing disclosures as required under Section 208 of Companies Act, 2017 and other applicable law.

The Company maintains a party-wise record of transactions and ensures that it includes the minimum information as prescribed by the law. All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

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

RELATED PARTIES' TRANSACTIONS

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.

DATE OF AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised by the Board of Directors for issue on 24th February, 2022.

BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board meetings were held outside Pakistan during the year.

STAKEHOLDERS' ENGAGEMENT POLICY AND PROCESS

The Board of Directors of Abbott believes 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.

Shareholders have the opportunity to ask questions at the AGM or can also send questions via email on the investor relations email address. Similarly, other stakeholders which include our customers, suppliers, banks, employees or government authorities are provided with the required information from time to time unless prohibited to be disclosed by law.



During the year, the Company conducted a Corporate Briefing Session in which shareholders and analysts were apprised of operational and financial performance for the financial year 2020 and 2021.

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. Information regarding the modes of engagement and their related frequency is presented below:



CORPORATE BRIEFING SESSION

In pursuance of the requirements laid out by the Pakistan Stock Exchange, the Company conducted a Corporate Briefing Session on 17th December 2021. The session was attended by various analysts and shareholders. The Chief Financial Officer of the Company, Syed Tabish Aseem, gave a detailed presentation on the financial performance of the Company.

The presentation was followed by a Q&A session, where thought-provoking questions were put forward to the management of the Company, which were well addressed to the satisfaction of the attendees by our Chief Financial Officer and Chief Executive Officer, Syed Anis Ahmed.

The following are some of the topics discussed during the briefing session:

- The landscape of the industry and the Company's growth in relation to other players

- Key brands performance and performance highlights of the Company since the last AGM
- The Company's response to COVID
- The Company's future outlook and challenges

The presentation from the corporate briefing session can be viewed on the Company's website under the "Investor Information" section (<https://www.pk.abbott/investor/investor-information.html>).

MATERIAL INTERESTS OF BOARD MEMBERS AND CONFLICT OF INTEREST

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporate bodies. This is in pursuance with Section 205 of the Companies Act, 2017, which also requires Directors to disclose all material interests. We use this information to help us maintain an updated list of related parties. Any conflict of interest relating to members of Board

of Directors is managed as per provisions of Companies Act, 2017 and rules and regulations of SECP and Pakistan Stock Exchange.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

Abbott Pakistan does not have any foreign Directors on its Board.

SHARES HELD BY SPONSORS, DIRECTORS AND EXECUTIVES

A detailed breakdown on the number of shares held is presented in the pattern of shareholding disclosed on page 196 of this annual report. Our share capital comprises only of ordinary shares. No other class of shares has been issued by the Company.

POLICY FOR SAFEGUARDING OF RECORDS

Abbott effectively ensures the safety of its records. Physical records of documents, files etc. are maintained in designated storerooms at our Landhi and Korangi facilities. Access to these rooms is only granted to specific individuals who are responsible for safekeeping and maintenance of records. Proper logs are maintained in respect of records which are issued to different employees.

All records are retained as long as they are required to meet legal, administrative, operational and other requirements of the Company.

BUSINESS CONTINUITY PLANNING

Abbott Pakistan puts significant efforts in ensuring uninterrupted business operations. Business Continuity Plans (BCPs) are in place to ensure that any adverse or unforeseen events cause minimum disruption and the Board of Directors reviews the BCPs on need basis.

DISASTER RECOVERY PLANNING

Abbott Pakistan has adopted an effective disaster recovery plan to minimise and contain any disaster, to provide a rapid and smooth transition to a back-up mode of operations and expeditiously recover the normal operations in the data centre. Such planning ensures that essential/critical functions are supported with minimum disruption following a disaster.

PRESENCE OF CHAIRMAN OF AUDIT COMMITTEE AT THE AGM

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

ISSUES RAISED AT LAST AGM

Besides the ordinary business of dividend approval, financial statement approval, directors' report approval and appointment of auditors, general clarifications were requested by the shareholders about the Company's financial performance and published financial statements during the 72nd Annual General Meeting held on April 21st, 2021. Apart from these matters, no significant issues were raised.

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Annual Report of the Company containing the notice for AGM is sent out to minority shareholders in the same manner as the majority shareholders. To encourage minority shareholders to attend general meetings and participate in the affairs of the Company, proxy form is also attached along with the notices of general meetings to ensure their representation and participation in the general meetings, even if they are unable to attend, personally.

The Company ensures that there is dedicated time slot for questions and answers session in its general meetings so that the minority shareholders, in particular, can engage with the Board of Directors, and raise any queries that they may have with regards to the Company's performance. This encourages a healthy attendance from the minority shareholders in the Company's meetings.

INVESTORS' SECTION ON WEBSITE

To ensure transparency and ease of access to Company's latest financial information for existing and potential investors, the "Investors' Information" section on the Company's website (<https://www.pk.abbott/investor/investor-information.html>) is updated from time to time with the latest financial information which could impact decision making of existing and potential investors.



GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

Abbott’s commitment towards excellence inculcates a culture where compliance with the prevailing laws and regulations is the bare minimum standard. Abbott actively strives to adopt the best practices in industry and governance in order to ensure that it remains the best-in-class. Our internal controls are focused on ensuring that the Company does not suffer any damage to its repute or suffers any financial loss.

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

1. The Board of Directors of the Company consists of two Female Directors since August 2016 one of whom is an Independent Director. This requirement was not mandatory in the past and has been included in the Listed Companies (Code of Corporate Governance) Regulations, 2019, which requires each listed company to have at least one Female Director.
2. The requirement for the Chief Executive Officer and the Chairman to be separate individuals was introduced through Code of Corporate Governance, 2012 whereas the

Chief Executive Officer and Chairman of Abbott Pakistan have been separate persons since 20th August 2004.

3. The Company has a minimum of two Independent Directors since 16th April 2014, whereas the Code of Corporate Governance, 2012 required the Company to have at least one Independent Director.

IT GOVERNANCE POLICY

Abbott Pakistan has put into place governance arrangements to align IT related decisions and actions with the organisation’s strategic and operational priorities.

INVESTORS GRIEVANCE POLICY

The Company has a dedicated section on its website where shareholders can register their grievances. An email address has also been provided on the website whereby shareholders can contact the relevant person in the Company. All queries including grievances received are resolved in line with the legal requirements.

PREPARATION OF 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 controls as management determines 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 is responsible for overseeing the Company's financial reporting process.

HUMAN RESOURCE MANAGEMENT POLICIES

Human resource management policies, including succession plan are disclosed on page 56.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

Our social and environmental responsibility policy is disclosed on page 54.

OWNERSHIP STRUCTURE

Beneficial ownership of the Company and the flow chart is disclosed on page 09.

WHISTLE BLOWING POLICY

Whistle blowing policy of the Company is disclosed on page 63.

ROLE OF EXTERNAL SEARCH CONSULTANCY IN THE APPOINTMENT OF THE CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Profiles of the elected Directors are disclosed on page 86. No external search consultancy has been used in the appointment of Chairman or a Non-Executive Director during the year.

CHAIRMAN'S SIGNIFICANT COMMITMENTS

Mr. Munir Ahmed Shaikh was re-appointed as the Chairman of the Company for a term of 3 years commencing on May 28th, 2020. The details of his other engagements as Chairman of other companies are given in his profile. He does not have any significant commitment other than the one mentioned in his profile.

PANDEMIC RECOVERY PLAN

As the COVID pandemic grew, and the full extent of its impact became clearer, Abbott's people sprang into action, collaborating with partners around the world to mitigate that impact for our stakeholders in every way we could. Because we hold Caring as a fundamental value, we take it as a point of pride that we treat the people who depend on us as if they are our own family.

We are pleased to report that our swift response to the situation in the form of implementing work from home and split-shifts arrangements contributed significantly towards the safety of our employees whilst also ensuring continuity of our operations and products availability. Throughout the COVID pandemic, Abbott conducted regular testing and screening of our employees, helping to maintain healthy work environments and ensure the health and safety of our people. We are also pleased to report that as a result of the valiant efforts of Abbott's Health Facility Team, Abbott Pakistan is a 100% vaccinated company. 100% employee attendance was also restored from September 2021.

The management of the Company is monitoring the situation vigilantly and is taking all the necessary measures to ensure employees' safety whilst also ensuring business continuity.

SUPPORTING OUR COMMUNITIES

EVIDENCE BASED CLINICAL STUDIES

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

Abbott works together to find how common a particular disease in our part of the world is, how it can be diagnosed better and how proper management can positively affect the quality of life of patients. Earlier in 2019, Abbott published the results of the epidemiological study, The Preempt Study, concluding that overall, Minimal Hepatic Encephalopathy (MHE) rate in Pakistan was 56.8% (95% CI, 52-61) and that MHE was found predominantly in men (66%).

The study helped Abbott in creating awareness for Health Care Professionals

(HCPs) for diagnosing MHE at an earlier stage so patients can be managed in a better way. To evaluate the incidence of MHE amongst wider population through recruiting more cities and with larger sample size that will enable us to understand the impact of MHE on Health-Related Quality of Life (HRQoL) even better, Abbott initiated The Preempt Registry as a continuation.

The registry will recruit 15 sites and assess 1,200 patients of diagnosed liver cirrhosis. It will be conducted in out-patient units of gastroenterology, hepatology, family medicine and internal medicine departments of Pakistan. The study has been approved by National Bioethics Committee of Pakistan.

Another milestone achieved for clinical studies is the publication of The PRECIOUS Study in Cureus Journal. Cureus, also known as the Cureus Journal of Medical Science, is an open access general medical journal and is among the growing number of journals using pre-publication and post-publication peer review. According to PRECIOUS Study, 1.6% of women were diagnosed with Subclinical



Hypothyroidism and 6% of the enrolled subjects were known to have hypothyroidism. Interestingly 33.3% of the patients with hypothyroidism were receiving inadequate dose of thyroid replacement therapy. This provides us an opportunity to create awareness for screening of hypothyroidism during pregnancy and providing management in right dose for right duration. This is even more important during pregnancy as hypothyroidism is one of the important causes of miscarriages.

VIRTUAL ADVISORY BOARD FOR EARLY PREGNANCY MANAGEMENT

Medical Advisory Boards acquire relevant insights and provides advice on products and unmet medical needs for the healthcare fraternity and patients. Medical Advisory Boards are governed by Key Opinion Leaders (KOLs) of respective specialty which partners

to guide for defined medical objectives. Abbott being a patient-centric Organisation has already kept their well-being at the core of each medical initiative. Abbott is also proud to have built that robust scientific relations with KOLs of multiple specialty which can help us steer some of our initiatives in an ethical and meaningful way.

The Advisory Board developed in 2020, for Early Pregnancy Management for women in Pakistan successfully developed the Infographics for Early Pregnancy Management. The Advisory Board during its discussion decided that Infographics would be a powerful tool to allow HCPs and patients to easily digest information through the use of visual data, charts, and statistics. Important information about early pregnancy, routine maternal health, essential nutrition and supplements, risks related to pregnancy and vaccinations during pregnancy is captured.

The document was launched during the Women Health Summit 2021 reaching out to 125 Obstetrician and Gynecologist experts and it will be later launched in the Biennial Conference of Society of Obstetrics and Gynecology Pakistan in February 2022.

THE SCIENTIFIC MULTIVERSE - MEDCON

Abbott Medical Team has made comprehensive liaisons with the medical experts and have engaged them on multiple avenues. Acknowledging the need of digital diversity, a platform was launched having its Web and Mobile App variants by the name of Medcon. By design, this platform comprises of a rich video library based on expert videos and lectures along with various other sections to cater to the scientific need of the customers. The Healthcare Professionals have shown great appreciation for the content as it helps them to stay closer to the advancing science. Abbott believes in establishing strong scientific liaison with our Healthcare Providers and with this vision, lies our success.

FIELD TRIPS WITH UNDERPRIVILEGED CHILDREN

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

Abbott’s team conducted a full-day trip to Joyland in Rawalpindi with the children of ‘Mera Apna Ghar’ and also managed a fun excursion with ‘Street School’ children at Sindbad in Karachi with the goal to share the happiness and reminding them of their value and importance in the world. Abbott continues to ensure that the underprivileged children are provided with all the resources they need to make them realise that they are equally important to the society.



SCIENTIFIC SESSIONS WITH HEALTH CARE PROFESSIONALS

These sessions were insight based virtual events with the objective of addressing the myths and perceptions of HCPs which are not aligned with the current scientific evidence. Primary domains of discussions revolved around the diagnosis and management of diseases and drug specific scientific avenues. Through this initiative, the medical team of Abbott has increased its HCP reach and have gathered remarkable responses from the HCPs. Scientific sessions were held nationwide, both in urban and remote areas which helped Abbott to not only establish but reinforce the scientific equity of Abbott among its customers. Abbott takes great pride in maintaining the patient focus approach and building trust among our healthcare providers.

NUTRI CAMPS

Nutritional Assessment camps were set up at top 40 vaccination centres throughout Pakistan. Adults had access to free BMI check-up, blood-glucose test, and expert nutritional advise. Ensure or Glucerna samples were given to the customers based on their health assessment results. This mass nutritional assessment campaign catered more than 178,000 consumers at these camps, in addition to the 216,000 plus assessments in hospital wards.



OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES

Sustainability is the fundamental challenge of our time. And it grows continually more pressing, as the last year has demonstrated in so many ways. Thinking and acting sustainably in an inherent part of our culture and a natural extension of our purpose – helping people live healthier, fuller lives.

We believe that sustainability is built on integrated thinking, collaboration and applying our unique strengths. The following principles inform our approach and help amplify the inherently positive social impact that a healthcare business, such as ours, should have:

- We drive a system of governance that puts sustainability at the heart of our business. From supply chain to manufacturing operations and product marketing, we manage our environmental, social and governance impacts to maximise efficiency and effectiveness.
- We recognise that the healthcare environment is complex and inter-connected. We invest in understanding the changing needs of our customers and the impact of a changing external and operating environment. By identifying the most material issues for our business and the developing needs of the people we

serve, we can make purposeful, intentional decisions about how best to position our business for the future.

- We build together by listening to the stakeholders most impacted by our products. We work with patients, consumers, healthcare practitioners, caretakers, external partners and suppliers to deliver sustainable impact.
- We apply our unique strengths as a business in a focused way by identifying and investing in the most impactful products and solutions, evolving our business to meet emerging healthcare needs and finding measurable ways to address social challenges through our scientific and technical expertise.

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

IMPROVING ACCESS AND AFFORDABILITY

The world's healthcare systems are under tremendous pressure. The growing disease burden of aging populations, health gaps and inequities are increasing and access to essential health products is limited. To address this crisis, Abbott understands that we must find ways to expand access to care to more people on a sustainable basis. We know that, going forward, fulfilling our purpose - helping people live fuller, more dignified lives through better health - requires a redoubled commitment to getting our products and solutions to more people in more places.



Our philosophy is that the best healthcare solution is the one that can reach the most people who need it. That's why Abbott is incorporating considerations of access and affordability into every aspect of our operations, from the research and development process, to how we manufacture and deliver our products, to the services we offer, the programmes we develop and the partnerships we pursue.

We work to consistently deliver market-leading products, services and solutions that address health needs while effectively managing the product life cycle. To support this, our businesses are incorporating access and affordability into their design principles without ever compromising on quality. This focus is also particularly notable in our diagnostics business, where we're bringing testing closer to the patient, even in the most remote areas. Our solutions are available from central hospital labs to remote health posts.

Our established pharmaceuticals business provides an excellent example of how we manage our approach to increasing access. We know that people often pay out of pocket for healthcare, making it all the more important that they be able to access quality care that's affordable. We listen, learn and partner to gather local insights for making good medicines better and developing new solutions to help people better manage their health.





SAFEGUARDING THE ENVIRONMENT

Abbott’s environment governance and management systems are part of an integrated Environment, Health and Safety (EHS) approach. Our EHS strategy focuses on identifying and mitigating EHS-related risk, ensuring business continuity and addressing our stakeholders’ expectations that Abbott is a responsible corporate citizen.

Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support.

We aim to drive continuous improvement in our environmental performance through our EHS policy and our management and technical standards. We have designed these policies and standards to ensure all Abbott operations comply with applicable regulations. This includes protecting the environment, health and safety of the communities where we operate.

We operate a comprehensive EHS audit programme to ensure compliance with Abbott policies and applicable regulatory requirements and to identify potential risks to our employees and the business. We evaluate EHS risk factors for each site annually and use these evaluations to determine how frequently audits take place. Once an audit is completed, we develop corrective action plans, where required, and monitor how these plans are implemented.





MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Abbott is committed to identifying and mitigating climate-related risks that have the potential to impact our operations, supply chain and distribution network. We also have a process to identify and act on opportunities to address healthcare needs that are emerging as a result of climate change and to increase operating efficiencies by reducing our climate-related impacts through the management of our emissions, water and waste streams.

The risks that we analyse include physical and transitional risks that result from emerging regulation and new expectations of our businesses and risk exposure through our suppliers and customers. We assess and manage these risks through our integrated company-wide risk management process, which identifies opportunities to build resilience in both our operations and our business model.

Our Engineering and EHS policies and management standards consider chronic physical risks, such as water scarcity, and require sites to conduct regular risk and opportunity evaluations and implement mitigation strategies.

REDUCING ENERGY AND EMISSIONS

Protecting a healthy environment requires Abbott to continue reducing energy

consumption and greenhouse gas (GHG) emissions, both in our direct operations and throughout our value chain. This is demonstrated through efforts taken to increase energy efficiency in our manufacturing operations; investing in low-carbon energy; and encouraging a lower carbon footprint in our supply chain.

PROTECTING WATER RESOURCES

Abbott recognises that water is a critical natural resource essential to sustaining life, human health, economic growth and ecosystems. It is also essential to Abbott’s business continuity and manufacturing operations and plays a critical role in the use of many of our products. We are committed to managing our water use in an efficient, responsible manner, as well as to improving access to clean water for our customers and for the communities where we operate.

Our approach is based on three core principles:

- a) Reducing the amount of water our business consumes by working to improve water efficiency across our operations.
- b) Preventing adverse impacts to human health and the environment resulting from our water use and discharge.
- c) Educating employees, suppliers and customers about the importance of protecting water resources.

EXTENDED PRODUCER RESPONSIBILITY

Abbott recognises our extended responsibility for the impact of our products on human health and the environment, which includes how we procure materials and services to produce them and their impact after we distribute them.

We are committed to minimising the impact of our products throughout their entire life cycle. Besides reducing our overall environmental impact, this enables us to improve operating efficiency and reduce product and operational costs. Our commitment considers all components of our business value chain, including:

- Procuring all of our operational inputs, such as raw materials, processed goods and services, ethically and sustainably.
- Designing, producing and distributing our products with consideration for their impact on the environment and human health throughout their life cycle.

- Ensuring that our products can be consumed and disposed of in an environmentally responsible manner.

SUPPLY CHAIN

We have developed a supply chain strategy focused on reinforcing business continuity and flexibility while minimising risks and our shared sustainability impacts. Working closely with our suppliers supports our delivery of life-changing products and solutions. Our strategy also promotes new approaches to protect and multiply long-term environmental, social and economic value for all stakeholders that we engage across our value chain as well as across the life cycle of our products.

For Abbott, a sustainable supply chain means ensuring that everything we make, and that others make for us, is sourced and produced in an ethical manner while minimising our shared sustainability impact. We integrate sustainability considerations into our process for selecting and managing our suppliers.





SUPPLIER RISK ASSESSMENT AND ENGAGEMENT

When selecting our suppliers, we consider environmental, social and governance factors, in addition to a supplier’s business capabilities and capacities, financial health and strategic alignment with Abbott’s vision. We use supplier classification models to identify the levels of risk and shared sustainability impacts involved in each supplier relationship.

Our critical suppliers include those supplying materials, components and services that can influence the safety and performance of our products, as well as those that are the only approved source of materials, components and services. Our assessment of risk and criticality also considers supply chain transparency, complexity and supplier certification.

SAFEGUARDING BUSINESS CONTINUITY

In the face of an ever-more dynamic and fast-changing world, maintaining a resilient and adaptable supply chain is key to business success. Abbott works to ensure the resilience of our supply chain by collaborating across business functions to address complex supply chain challenges, leverage technology and improve transparency.

This approach delivers an increased understanding and, through this, we are able to adapt our supply chain to address external factors that may impact business continuity and improve our shared sustainability impacts across our value chain. These external factors include environment, social and economic risks, such as worker rights, climate change, natural disasters, resource scarcity, cybersecurity and disease outbreaks.

INTEGRATED REPORTING FRAMEWORK

An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value over the short, medium and long-term. It is to be prepared in accordance with the Integrated Reporting Framework (the framework) issued by the International Integrated Reporting Council (IIRC).

The integrated reporting framework follows a principle-based approach, including the following guiding principles:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Integrated Report is to be presented by those charged with governance acknowledging the integrity and compliance with the framework, including the following content:

- Organisational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

The Annual Report of the Company for 2021 is partially in compliance with the International Integrated Reporting Framework issued by the International Integrated Reporting Council. Most of the aforementioned content has been disclosed under various sections of this Report.

At present, the requirement to publish an integrated report is not mandatory in Pakistan. The Company is reviewing the reporting requirements of an integrated report mandated by the local authorities, so that compliance can be ensured timely, when required.

UNRESERVED STATEMENT OF COMPLIANCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Abbott Pakistan prepares its financial statements in accordance with IFRS issued by IASB as adopted and notified by Securities and Exchange Commission of Pakistan (SECP) under Section 225 of the Companies Act, 2017, in addition to the local requirements of the Act under the Fourth Schedule. There are certain recent standards/amendments which have not been notified by SECP under the Companies Act, 2017, which are mentioned as follows:

- IFRS 1 - First time adoption of IFRSs
- IFRS 17 - Insurance Contracts

In addition, as mentioned in note 2.1.4 to the financial statements, certain recent amendments and standards, will be effective on their respective dates as notified by SECP under the Act.



AUDIT COMMITTEE REPORT

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended December 31, 2021. We would like to make the following submissions:

COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three members all of whom are either Non-Executive or Independent Directors. The Chairman of the Committee is an Independent Director who is a fellow of the Institute of Chartered Accountants in England and Wales and is an alumnus of the Wharton and Harvard Business Schools. The Audit Committee members have extensive experience in the fields of financial management, accounting, plant operations, business, and economics.

EVALUATION OF THE COMMITTEE

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

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

The Company has complied with the mandatory requirements specified under the Regulations. The Committee would like to further state that:

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

INTERNAL AUDIT AND RISK MANAGEMENT

The Board of Directors has set up effective internal financial controls across all functions. The independent Internal Audit Function of the Company regularly monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework. The Audit Committee would further like to state that:

- The Company has 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 Audit Committee also undertook an overall review of the business risks to ensure that the management maintained a sound system of risk identification. The summary of the risks together with the mitigation plan was presented to the Board for its review
- The Internal Audit Function carries out its audits in accordance with the approved audit plan which is presented annually to the Audit Committee

- Internal Audit Function plays a vital role in improving the overall control environment. It also acts as an advisor to other functions for streamlining processes and ensuring implementation of the Company's policies
- The Internal Audit Function has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen. The performance appraisal of the Chief Internal Auditor is also carried out directly by the Audit Committee
- The Chief Internal Auditor has the required qualifications as prescribed under the Regulations

EXTERNAL AUDIT

- The external auditors were allowed direct access to the Audit Committee and also met the Audit Committee once a year without the presence of the management, where significant issues in relation to the financial statements and external audit were discussed in detail
- The Audit Committee facilitates coordination between the internal and external audit of the Company to ensure they contribute effectively towards the achievement of Company's objectives and to promote a transparent financial reporting mechanism
- All internal audit reports were made available for review to the external auditors during the year
- The external auditors M/s EY Ford Rhodes, Chartered Accountants have been engaged as the external auditors of the Company since 2014 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire on the conclusion of the 73rd Annual General Meeting
- Being eligible for reappointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as external auditors of the Company for the year ending December 31, 2022
- The Company also obtains taxation related services from M/s EY Ford Rhodes, Chartered Accountants. The firm has sound policies and procedures to ensure compliance of independence which includes separate engagement partners and separate teams for both audit and taxation work

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

On behalf of the Audit Committee



Ehsan Ali Malik
Chairman - Audit Committee

February 24, 2022

DIRECTORS' PROFILE



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 is also serving as the President of American Business Council. He also remained a member of the Executive Committee of Overseas Investors' Chamber of Commerce & Industry (OICCI) and the Chairman of Pharma Bureau where he played a major role in highlighting different issues faced by the Pharmaceutical industry. He was previously associated with A.F. Ferguson & Co. (a member firm of the PwC network) and Philips Pakistan. Anis is a Fellow member of the Institute of Chartered Accountants of Pakistan.



EHSAN ALI MALIK
Independent Director

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

MUNIR A. SHAIKH
Chairman

Munir Shaikh is currently Chairman of the Board of Directors of Abbott Laboratories (Pakistan) Limited and also the Chairman of the Board of Directors of Abbott India Ltd. These companies are listed with their shares quoted on Pakistan, and Mumbai Stock Exchanges respectively. Mr. Shaikh has held several management positions with Abbott in Asia, Middle East and the United States. He was the Managing Director of Abbott Pakistan, Regional Manager, Caribbean based in Puerto Rico, Director of Business Development based in Chicago, Vice President, Middle East and Africa based in Dubai and Vice President Pacific, Asia Africa based in Singapore. Mr. Shaikh is a Fellow of the Institute of Chartered Accountants in England and Wales.





AYLA MAJID
Independent Director

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

MOHSIN ALI NATHANI

Independent Director

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



MUHAMMAD ANJUM LATIF RANA
Independent 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, Africa, Turkey and Pakistan 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 26 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.

SEEMA KHAN

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.



BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE

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

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

- Approve any changes in banking signatory matrix;
- Approve increase, decrease and cancellation of existing facility with a particular bank;
- Sign/approve agreements and documents pertaining with the acquisition of funded and non-funded facility with the bank(s); and
- Execute service execution agreement with bank(s).

RISK MANAGEMENT COMMITTEE

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

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

BOARD COMMITTEES ATTENDANCE

AUDIT COMMITTEE

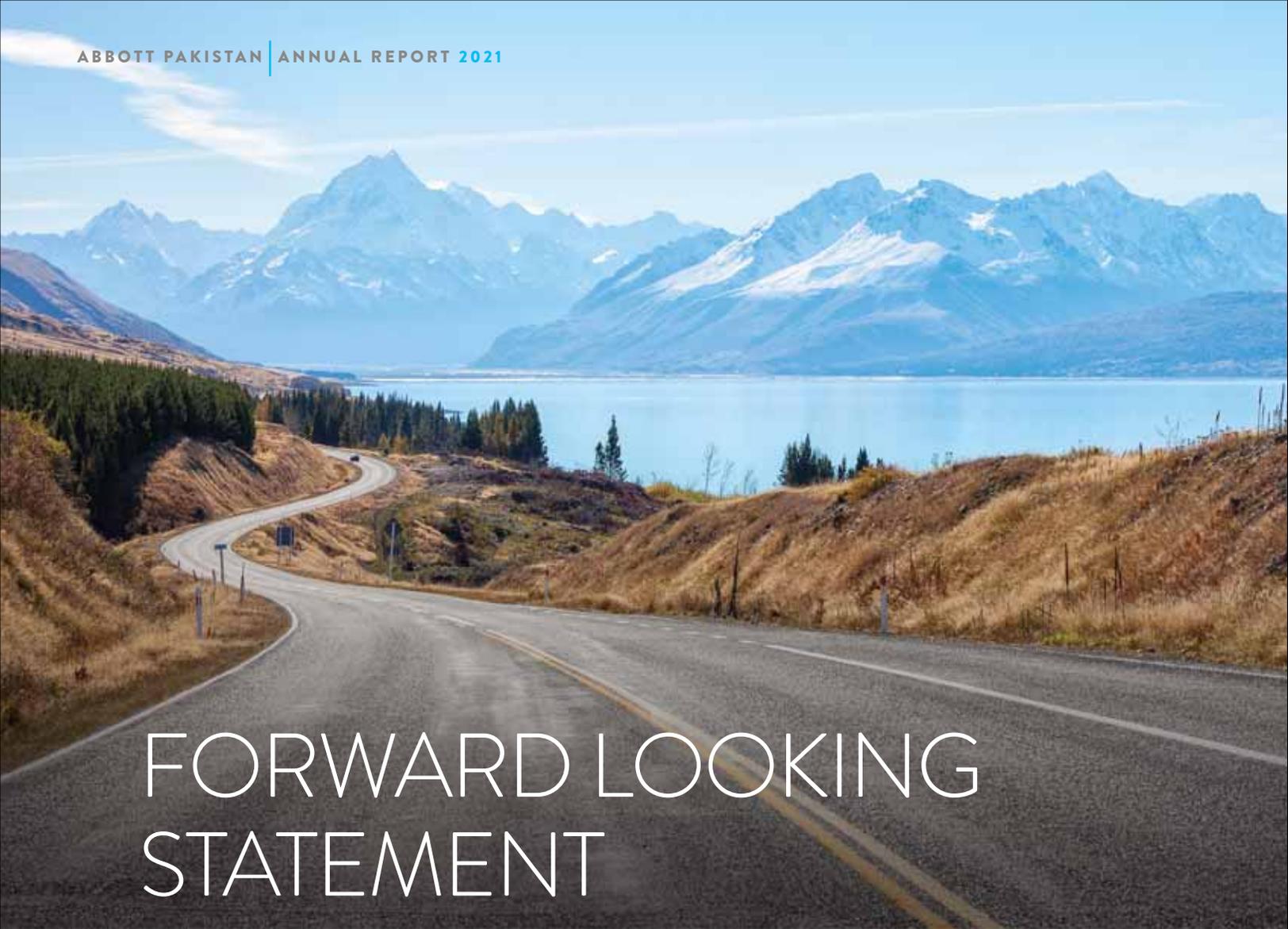
Name	Category	Meetings	
		Held	Attended
Ehsan Ali Malik	Chairman - Non-Executive Director	4	4
Ayla Majid	Member - Non-Executive Director	4	4
Muhammad Anjum Latif Rana	Member - Non-Executive Director	4	4
Syed Tabish Aseem	By invitation - Chief Financial Officer	4	4
Fahad Rehman	By invitation - Chief Internal Auditor	4	4
Humayun Altaf	Secretary	4	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ayla Majid	Chairperson - Non-Executive Director	2	2
Syed Anis Ahmed	Member - Chief Executive Officer	2	2
Seema Khan	Member - Executive Director	2	2
Muhammad Anjum Latif Rana	Member - Non-Executive Director	2	2
Fahad Rehman	Secretary	2	2



FORWARD LOOKING STATEMENT

At Abbott, our goal is to provide life-changing products and solutions to help people live healthier, fuller lives. In each of our core businesses – Established Pharmaceuticals, Nutrition, Diagnostic and Diabetes Care – we have built our portfolios strategically for relevance to where medicine and technology, our markets, customers, and society are heading. This forward focus helps us deliver long-term impact for the people we serve, and achieve above-market growth, strong cash flow, and consistently strong shareholder returns.

COVID tested us again in 2021 – and Abbott again rose to the challenge. We met the pandemic head-on with our battery of tests for the virus. We kept focus on our underlying businesses, all of which delivered highly successful years. And, most importantly, we kept our sights on the long-term and our dynamic vision for the future of health.

Despite a challenging year, all our business segments were able to deliver healthy growth and continued their momentum from last year. Improvements in margin have been primarily driven on account of product mix and price adjustments. The Company continues to face challenges of escalation in costs owing to inflation and devaluation of the Pak Rupee. The recent changes enacted by the Finance Supplementary Act 2022, will adversely affect the Company's liquidity. We hope that an expeditious refunds processing system is implemented, so that the Company in particular, and the industry in general, can continue to operate without any liquidity concerns.

The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We look forward to working with the regulators to ensure that pragmatic steps are taken to ensure availability and access of high-quality medicines to the patients.

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. 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 maximise shareholders' returns. The external factors (PESTLE) that might affect the Company are detailed on page 48.

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

Monitoring the Coronavirus Situation

The Coronavirus Pandemic continued to affect business during 2021. As disclosed last year, Abbott Pakistan was able to deliver different tests for detection of COVID which helped the country in its fight against COVID. Further, our nutritional and multivitamins supplement helped people to manage their immunity in these testing times. In order to ensure workplace safety, Abbott Pakistan conducted regular testing and screening of its employees, helping to maintain healthy work environments and ensure the health and safety of its people

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 2021 are as follows:

- Liquid and tablet manufacturing capacity upgrades and related structural improvements;
- Installation of compression machines; and
- Installation of solar panels at Landhi.

The Company plans to continue to invest in projects that help it to achieve its desired objectives.

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 post-COVID era 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.

REVIEW REPORT BY THE CHAIRMAN



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

The Coronavirus pandemic continues to affect business operations world-wide. Your Company through its resilience and commitment is managing the challenges to ensure business

continuity, products availability, and the well-being of our employees. Your Company has continued to perform successfully in all segments in a very difficult environment.

REVIEW OF OVERALL PERFORMANCE OF THE BOARD

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

The objective of the Board is to provide strategic direction to the Company and to oversee the management. The Board performed its duties as required under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), including approval of significant policies, establishing a sound system of internal controls, approving budgets and financial results.

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.

Munir A. Shaikh
Chairman
February 24th, 2022

چیئر مین کی طرف سے جائزہ

مشاہرے اور دیگر فوائد کا جائزہ لے۔ یہ بورڈ کو انسانی وسائل کی پالیسیوں کی سفارش کرنے اور اپنے ٹرمز آف ریفرنس کے مطابق ڈائریکٹروں کے مشاہرے کے پالیسی فریم ورک کے تعین کا بھی کام کرتی ہے۔

4- نامزدگی کمیٹی

بورڈ کی کمیٹیوں اور اس کی چیئر مین شپ کے سلسلے میں بورڈ کے لیے سفارشات پر غور کرنے اور انہیں پیش کرنے کی ذمہ داری نامزدگی کمیٹی کی ہے۔ یہ بورڈ کے ڈھانچے، حجم اور مشتملات (composition) کا باقاعدہ جائزہ لیتی ہے اور ضرورت پڑنے پر تبدیلیوں کی سفارش کرتی ہے۔

5- شیئر ٹرانسفر کمیٹی

یہ کمیٹی شیئرز کے اندراج، منتقلی اور ترسیل کی منظوری دیتی ہے۔

6- رسک مینجمنٹ کمیٹی

یہ کمیٹی کمپنی کے بحیثیت مجموعی رسک مینجمنٹ کی ذمہ دار ہے، جس میں رسک مینجمنٹ فریم ورک کی تیاری اور اس پر عمل درآمد اور نافذ شدہ تمام کنٹریولز کی اثر انگیزی کا جائزہ لینا ہے تاکہ شناخت کردہ خطرات کو کم کیا جائے۔

میں اپنے تمام شیئر ہولڈرز، صارفین، بینکرز اور کارکنوں کا شکر گزار ہوں جنہوں نے اس غیر معمولی دورانیے میں اپنی پک اور تعاون کو برقرار رکھا۔ میں اخلاص اور جاں فشانی سے کام کرنے پر بورڈ کے ارکان، سی ای او اور ان کی ٹیم کا بھی شکر گزار ہوں۔



منیر اے شیخ

چیئر مین

24 فروری 2022ء

مجھے کمپنیز ایکٹ 2017 کے سیکشن 192 کے تقاضوں کے تحت جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

کورونا وائرس کا وبائی مرض دنیا بھر میں کاروباری سرگرمیوں کو متاثر کر رہا ہے۔ آپ کی کمپنی نے اپنی پک اور عزم کے ذریعے کاروبار کے تسلسل، مصنوعات کی دستیابی اور ملازمین کی فلاح و بہبود کو یقینی بناتے ہوئے درپیش چیلنجوں کا بخوبی سامنا کر رہی ہے۔ آپ کی کمپنی اس مشکل دور میں بھی تمام شعبوں میں کاروبار میں صحت مند ترقی دینے میں کامیاب رہی۔

بورڈ کی مجموعی کارکردگی کا جائزہ

بورڈ متنوع اور وسیع تجربے کے حامل ڈائریکٹرز پر مشتمل ہے جنہوں نے اپنے فرائض کو موثر اور تندہی سے ادا کیا ہے۔

بورڈ کا مقصد کمپنی کو اسٹریٹجک سمت فراہم کرنا اور انتظامیہ کی نگرانی کرنا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت اپنی ذمہ داریاں پوری کیں، جن میں اہم پالیسیوں کی منظوری، اندرونی کنٹرول کا ایک مضبوط نظام قائم کرنا، بجٹ اور مالیاتی نتائج کی منظوری شامل ہے۔

ریگولیشنز کے تقاضوں کے تحت بورڈ نے درج ذیل کمیٹیاں بنائی ہیں جو قانون کے فریم ورک کے اندر رہ کر موثر طریقے سے کام کر رہی ہیں:

1- آڈٹ کمیٹی

آڈٹ کمیٹی اس بات کو یقینی بنانے میں کلیدی کردار ادا کرتی ہے کہ داخلی کنٹریولز کے موثر اور کارگر سسٹمز اور پروسیجرز موجود ہیں۔

2- بینکنگ کمیٹی

بینکنگ کمیٹی کی ذمہ داریاں بینکوں کے ساتھ مجموعی تعلقات کی دیکھ بھال، کریڈٹ لمٹس، مجاز دستخط کنندگان کی منظوری لینا، اور اضافی رقوم کی دانش مندانہ سرمایہ کاری ہے۔

3- ہیومن ریورس اینڈ ریونیویشن کمیٹی (ایچ آر اینڈ آر):

ایچ آر اینڈ آر کمیٹی اس بات کی ذمہ دار ہے کہ چیف ایگزیکٹو آفیسر، چیف فنانشیل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر کی پرسونیل پالیسیوں،

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, 2021.

OPERATING RESULTS

	Rs. in '000
Profit for the year before taxation	8,410,479
Taxation	(2,443,422)
Profit after taxation	5,967,057
Other comprehensive income - net of tax	78,306
Un-appropriated profit brought forward	8,505,219
Profit available for appropriation	14,550,582
Appropriations:	
- Final dividend 2020 Rs. 25.0 per share	(2,447,508)
- Interim dividend 2021 Rs. 20.0 per share	(1,958,006)
Un-appropriated profit carried forward	10,145,068

FINANCIAL PERFORMANCE

Net sales increased by 21.0% largely led by volume over the previous year. Gross Profit margin improved from 33.6% to 37.8% mainly driven by price adjustments and product mix. Selling and Distribution expenses increased by 33.1% mainly on account of higher travelling and sales promotional spend. Other charges increased by 43.7% mainly due to increase in Workers' Profit Participation Fund (WPPF), Workers' Welfare Fund (WWF) and Central Research Fund (CRF) driven by improvement in profitability and impact of exchange variances.

As a result of these factors, profit after tax for the year increased by Rs. 1.43 billion over the previous year. Earnings per share was Rs. 60.95 per share (2020: Rs. 46.33 per share).

DIVIDEND

The Directors are pleased to announce a final cash dividend of Rs. 20.0 per share (2020: Rs. 25.0 per share), which is in addition to an interim cash dividend of Rs. 20.0 per share (2020: Rs. 15.0 per share) paid to the shareholders during 2021.

SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased by 15.5% driven by sustained performance of established brands, augmented by positive performance of new product launches during the year. Nutritional segment registered a growth of 17.7% driven by increase in sales of adult nutritional supplements. Diagnostic sales recorded a healthy growth of 75.9% contributed by COVID testing and increased OPD activities vs. last year. General Health Care and Diabetes Care cumulatively grew by 60.8%.

INDUSTRY OVERVIEW

According to global pharma research company – IQVIA (previously known as IMS) published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.78 billion. The market share of multinational companies has been gradually declining over the years and at present is only 28.5%. There are a total of 652 active pharmaceutical companies in Pakistan with only 27 multinational companies. Several of these have scaled back their operations owing various reasons.

CAPITAL EXPENDITURE

Your Company continues to invest in latest production technologies in order to utilise new opportunities created by technological advancements. The Company made capital investment of Rs. 2,055 million during the year in order to expand manufacturing capacity, enhancement of productivity and improvement of plant efficiency.

LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

Rs. 7,823 million was generated from operating activities during the year. At year end, the Company had liquid funds comprising cash/bank balances and short-term investments amounting to Rs. 8,660 million, net of investments on capital projects and dividend payments.

Your Company has developed and implemented a formal cash flow monitoring system whereby cash inflows and outflows are projected and monitored on a regular basis. This ensures sufficient availability of funds at all times while generating optimum returns through placement of surplus funds in various investment avenues.

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



EVALUATION OF COMPANY'S PERFORMANCE

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

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

PRINCIPAL RISKS AND THEIR MANAGEMENT

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

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs. 6,408 million (2020: Rs. 4,606 million) to the Government on account of various Government levies including Income Tax, Customs Duties and Sales Tax.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Abbott is committed to safeguarding a healthy environment by reducing the environmental impacts of its business across the value chain. This commitment shapes the way we source, manufacture and distribute our products, and it forms the basis for our environmental management systems and governance. Your Company's manufacturing sites are Zero-Waste to Landfill Certified Site, i.e. all the waste generated during manufacturing operations are either being reused or recycled.

The health, safety and wellness of our employees is a priority for Abbott. We have embedded this priority at every level of

our business through our integrated Environment, Health and Safety (EHS) management system. Throughout the COVID-19 pandemic in 2021, Abbott conducted regular testing and screening of in employees, helping to maintain healthy work environments and ensure the health and safety of in people.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being conscious of its Corporate Social Responsibilities, your Company made significant contributions to multiple non-profit organizations during the year. These included donations to the Liver Foundation, Family Education Services Foundation, Patients' Behbud Society for Agha Khan University Hospital, Layton Rahmatulla Benevolent Trust and the Citizens Foundation amongst others. Our Nutrition division also visited multiple non-profit organizations. The purpose of these activities was aimed at bringing smiles on the faces of the underprivileged children as well as educating them about self-love and self-care.

BUSINESS PROCESS IMPROVEMENT

In pursuit of its commitment to ensure supply of high-quality, safe, and effective medicines, significant improvements were brought in our manufacturing and quality operations during 2021. The initiatives taken include A3 (Abbott Agility Accelerator) and IOE (Integrated Operational Excellence). In addition, continued efforts are being made to enhance compliance levels in-line with World Health Organization (WHO) standards and other International Guidelines.

2021 was a year of building our production capacities while maintaining our focus on high-quality GMP standards. The Company has consciously worked towards embedding a culture of continuous improvement in its operation so that we can continue to deliver products and solutions, that enable people to live their life to the fullest.



HUMAN RESOURCES

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

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

OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES

Sustainability is the fundamental challenge of our time. And it grows continually more pressing, as the last year has demonstrated in so many ways. Abbott Pakistan subscribes to the values of our parent company recognizing that responsible, sustainable businesses have an important role to play in building a healthy, thriving society. This commitment to global citizenship shapes the way we operate, the people we hire, the activities we support and the relationships we develop. To transform our global citizenship ambitions into sustainable ideas, Abbott focuses on certain priorities, which have been detailed on page 76 of this Annual Report.

SUBSEQUENT EVENTS

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

BUSINESS CHALLENGES AND FUTURE OUTLOOK

The Coronavirus pandemic has affected businesses and operations worldwide. It has impacted the way we work, communicate and interact with each other. Your Company prioritized the safety of its employees and conducted regular testing and screening of our employees, helping to maintain healthy work environments and ensure the health and safety of our people. Our sincere efforts helped to ensure our products’ availability in the market.

The Pharmaceutical industry has continued to play a pivotal role in the Country’s effort to deal with the challenges posed by the Pandemic through ensuring uninterrupted supply and access to its products.

The Company continues to face challenges of escalation in costs owing to inflation and devaluation of the Pak Rupee. The recent changes enacted by the Finance Supplementary Act 2022, will adversely affect the Company’s liquidity. We hope that an expeditious refunds processing system is implemented, so that Company in particular, and the industry in general, can continue to operate without any liquidity concerns.

The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We look forward to working with the regulators to ensure that pragmatic steps are taken to ensure availability and access of high-quality medicines to the patients.

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 profitability through innovation, improving efficiency and effective cost containment initiatives to maximize shareholders’ returns.

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, 2022.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2021 is given on page 196.

Ms. Mariam Malik (spouse of Mr. Ehsan Ali Malik, Director)

acquired 2,550 shares out of which 1,600 shares were acquired during June 2021 at the rate of Rs. 781.32 per share whereas remaining 950 shares were acquired during September 2021 at the rate of Rs. 761.28 per share.

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, 2021 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 108.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- In accordance with the criteria specified in the Regulations, all the directors have acquired certifications under Directors’ Training Program. 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:

Value (Rs. in millions)

- ALPL Pension Fund (Based on year ended December 31, 2020) – audited	4,037
- ALPL Provident Fund (Based on year ended December 31, 2020) – audited	990

- During the year, five 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 Mr. Munir A. Shaikh	5
2 Syed Anis Ahmed	5
3 Ms. Seema Khan	5
4 Mr. Ehsan Ali Malik	5
5 Mr. Mohsin Ali Nathani	5
6 Ms. Ayla Majid	5
7 Mr. Muhammad Anjum Latif Rana	5
8 Syed Tabish Aseem (CFO)	5
9 Mr. Humayun Altaf (Company Secretary)	5

Number of Board Committees’ meetings and attendance therein is included on page 89.

DIRECTORS’ REMUNERATION

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

The salient features of the policy are:

- The Company will not pay any remuneration to its non-executive directors (including independent directors) except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

- A director shall be provided or reimbursed all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

BOARD EVALUATION

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

PARTICULARS OF THE EXTERNAL CONSULTANT

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

Their faculty comprises professionals from diverse experiences and backgrounds. Additional details are available on their website at <https://www.picg.org.pk/faculty-profile/>.

DIRECTORS' TRAINING

All the directors of the Company have acquired certification under Directors' Training Program in accordance with Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. 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: 3
- Non-Executive Directors: 2
- Executive Directors: 2



Syed Anis Ahmed
Chief Executive

February 24th, 2022

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Ehsan Ali Malik - Chairman
Ayla Majid - Member
Muhammad Anjum Latif Rana - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani - Chairman
Munir A. Shaikh - Member
Syed Anis Ahmed - Member

RISK MANAGEMENT COMMITTEE

Ayla Majid - Chairperson
Syed Anis Ahmed - Member
Muhammad Anjum Latif Rana - Member
Seema Khan - Member

NOMINATION COMMITTEE

Munir A. Shaikh - Chairman
Syed Anis Ahmed - Member
Mohsin Ali Nathani - Member
Ehsan Ali Malik - 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

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.



Ehsan Ali Malik
Director

اعتراف:

بورڈ آف ڈائریکٹرز اس موقع پر آزمائش کے ان دنوں میں کارکنوں کے عزم، استقلال، حوصلے اور اخلاص پر ان کی بھرپور ستائش کا اظہار کرتا ہے۔ ہم اپنے معزز صارفین، سپلائرز، بینکرز اور حصص یافتگان سے ملنے والی مستقل حمایت اور تعاون کا بھی اعتراف کرتے ہیں اور کمپنی اور مصنوعات پر مسلسل اعتماد کرنے پر ان کا شکریہ کرنا چاہتے ہیں۔



احسان علی ملک

ڈائریکٹر



سید انیس احمد

چیف ایگزیکٹو

24 فروری 2022ء

ڈائریکٹروں کی ٹریننگ

ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی

محسن علی ناتھانی - چیئرمین
منیر اے شیخ - رکن
سید انیس احمد - رکن

کمپنی کے تمام ڈائریکٹرز نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ریگولیشن 19 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کر لی ہے۔ تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔

رسک مینجمنٹ کمیٹی

عائکہ ماجد - چیئرمین
سید انیس احمد - رکن
محمد انجم لطیف رانا - رکن
سیما خان - رکن

بورڈ کی تفصیل

ضوابط کے تقاضوں کے مطابق، کمپنی اپنے بورڈ میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ تشکیل حسب ذیل ہے:

ڈائریکٹروں کی مجموعی تعداد :

(i) مرد: 5

(ii) خواتین: 2

نامزدگی کمیٹی

منیر اے شیخ - چیئرمین
سید انیس احمد - رکن
محسن علی ناتھانی - رکن
احسان علی ملک - رکن

تشکیل:

• آزاد ڈائریکٹرز: 3

• نان ایگزیکٹو ڈائریکٹرز: 2

• ایگزیکٹو ڈائریکٹرز: 2

شیر ٹرانسفر کمیٹی

سید انیس احمد - چیئرمین
محمد انجم لطیف رانا - رکن
سیما خان - رکن

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

احسان علی ملک - چیئرمین

عائکہ ماجد - رکن

محمد انجم لطیف رانا - رکن

بینکنگ کمیٹی

محسن علی ناتھانی - چیئرمین
سید انیس احمد - رکن
سیما خان - رکن

ڈائریکٹروں کا مشاہرہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے تقاضوں کے مطابق نان ایگزیکٹو ڈائریکٹرز (بشمول خود مختار ڈائریکٹرز) کے معاوضے کی پالیسی بورڈ آف ڈائریکٹرز نے منظور کر لی ہے۔

- بقایا قرض، اگر کوئی ہے تو مالی بیانات میں مناسب طریقے سے ظاہر کیا گیا ہے۔
- اسٹاف ریٹائرمنٹ فنڈز کے ذریعے کی گئی سرمایہ کاری کی مالیت ان کے مالی گوشواروں کے مطابق درج ذیل ہے:

- اے ایل پی ایل پنشن فنڈ (31 دسمبر 2020 کو ختم ہونے والے سال کی بنیاد پر) - آڈٹ ہوا 4,037
- اے ایل پی ایل پروویڈنڈ فنڈ (31 دسمبر 2020 کو ختم ہونے والے سال کی بنیاد پر) - آڈٹ ہوا 990

پالیسی کی نمایاں خصوصیات یہ ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے میٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کا معاوضہ وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعے طے اور منظور کیا جائے گا۔
- ایک ڈائریکٹر کو بورڈ، اس کی کمیٹیوں اور/یا کمپنی کی جزل میٹنگز میں شرکت کے لیے کیے گئے تمام سفری اخراجات، بورڈنگ، قیام اور دیگر اخراجات فراہم کیے جائیں گے یا ادا کیے جائیں گے۔

- سال کے دوران بورڈ آف ڈائریکٹرز کی پانچ میٹنگز ہوئیں۔ ہر ڈائریکٹر/سی ایف او/کمپنی سیکرٹری کی حاضری حسب ذیل تھی:

ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری کے نام

بورڈ کے اجلاسوں میں شرکت کی تعداد

- 1- جناب منیر اے شیخ
- 2- سید انیس احمد
- 3- محترمہ سیما خان
- 4- جناب احسان علی ملک
- 5- جناب محسن علی ناٹھانی
- 6- مس عائشہ ماجد
- 7- جناب محمد انجم لطیف رانا
- 8- سید تہاش عصیم (سی ایف او)
- 9- جناب ہمایوں الطاف (کمپنی سیکرٹری)

بورڈ کی قدر پیمائی

سال کے دوران بورڈ آف ڈائریکٹرز نے بورڈ اور اس کی کمیٹیوں اور اس کے ارکان بشمول چیئرمین کی قدر پیمائی کرانے کے لیے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کا تقرر کیا۔

بیرونی کنسلٹنٹ کی خصوصیات

پی آئی سی جی ایک غیر منافع بخش کمپنی ہے جسے پاکستان میں کارپوریٹ نظم و نسق کی عمدہ روایات کو فروغ دینے کا کام سونپا گیا ہے۔ اس کے بانی چیئرمین ہولڈرز میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان، پاکستان اسٹاک ایکسچینج اور صف اول کے کاروباری ادارے اور تعلیمی ادارے شامل ہیں۔

اس کی فیکلٹی میں متنوع تجربوں اور پس منظر کے حامل پیشہ ور افراد شامل ہیں۔ مزید معلومات اس کمپنی کی ویب سائٹ پر دستیاب ہیں

بورڈ کمیٹیوں کے اجلاسوں کی تعداد اور اس میں حاضری صفحہ 89 پر شامل ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کی تعمیل

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کی ضرورت ہے، ڈائریکٹرز حسب ذیل بیان کرتے ہیں:

- کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی رواں کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- کمپنی ایک مضبوط اندرونی کنٹرول سسٹم کو برقرار رکھتی ہے جو مادی غلط بیانی یا نقصان کے خلاف معقول یقین دہانی کراتی ہے۔ اندرونی کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔
- ہم ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت کی تصدیق کرتے ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہوا ہے۔
- گزشتہ 6 برسوں کے اہم آپریشننگ اور مالیاتی ڈیٹا کا خلاصہ صفحہ 108 پر دیا گیا ہے۔
- بقایا ٹیکس، قانونی چارجز اور ڈیوٹی، اگر کوئی ہیں، مالیاتی گوشواروں میں مناسب طریقے سے ظاہر کیے گئے ہیں۔
- کمپنی کے آپریشننگ نتائج میں گزشتہ سال سے نمایاں انحرافات کو نمایاں کیا گیا ہے اور ان کی وضاحت کی گئی ہے۔
- ضابطوں میں بیان کردہ معیار کے مطابق، تمام ڈائریکٹرز نے ڈائریکٹرز کے تربیتی پروگرام کے تحت سرٹیفیکیشن حاصل کی ہیں۔ بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔

ڈرگ ریگولیشنز اتھارٹی فار ماسیوٹیکل انڈسٹری کے ضوابط اور ترقی میں اہم کردار ادا کرتی ہے۔ ہم اس بات کو یقینی بنانے کے لیے ریگولیشنز کے ساتھ کام کرنے کے منتظر ہیں کہ مریضوں کو اعلیٰ معیار کی ادویات کی دستیابی اور رسائی کو یقینی بنانے کے لیے عملی اقدامات کیے جائیں۔

جیسا کہ ہم آنے والے سال کو دیکھتے ہیں ہم اپنی قابلیتوں کو بڑھانا جاری رکھیں گے اور اپنی حکمت عملی کا جائزہ لیتے رہیں گے تاکہ یہ یقینی بنایا جا سکے کہ وہ مقامی اور عالمی منڈی میں بدلتی ہوئی حرکیات کے مطابق متعلقہ اور موزوں رہیں۔ آپ کی کمپنی صارفین کے لیے اپنی مصنوعات کی پیشکش کو وسعت دینے اور متنوع بنانے پر مرکوز رہتی ہے جبکہ حصص یافتگان کے منافع کو زیادہ سے زیادہ کرنے کے لیے جدت کے ذریعے منافع کو بہتر بنانے، کارکردگی کو بہتر بنانے اور لاگت پر قابو پانے کے مؤثر اقدامات کے لیے ٹھوس کوششیں بھی کرتی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائے فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس رینائر ہوئے اور اہل ہیں، اور چونکہ وہ اس کے اہل تھے اس لیے انہوں نے دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش تسلیم کر لی۔

حصص داری کا طریق

کمپنی میں شیئر ہولڈنگ کا نمونہ اور 31 دسمبر 2021 تک اضافی معلومات کو ظاہر کرنے والا بیان صفحہ 196 پر دیا گیا ہے۔

محترمہ مریم ملک (جناب احسان علی ملک کی شریک حیات، ڈائریکٹر) نے 2,550 شیئرز حاصل کیے جن میں سے 1,600 شیئرز جون 2021 کے دوران 781.32 روپے فی شیئر کی شرح سے حاصل کیے گئے جبکہ باقی 950 شیئرز ستمبر 2021 کے دوران 761.28 روپے فی شیئر کی شرح سے حاصل کیے گئے۔

دیگر ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی لین دین نہیں کیا۔

ہولڈنگ کمپنی

31 دسمبر 2021 تک ایبٹ ایسا انویسٹمنٹ لمیٹڈ، برطانیہ کے پاس 76,259,454 حصص تھے۔ حتمی ہولڈنگ کمپنی ایبٹ لیبارٹریز، امریکہ ہے۔

کاروباری عمل میں بہتری

ہماری شہریت اور پائیداری کی ترجیحات

اس سحکام اس وقت کا بنیادی چیلنج ہے اور یہ مسلسل بڑھتا جا رہا ہے جیسا کہ پچھلے سال نے بہت سے طریقوں سے ظاہر کیا ہے۔ ایبٹ پاکستان اس بات کو تسلیم کرتے ہوئے اپنی بنیادی کمپنی کی اقدار کا پابند ہے کہ ایک صحت مند، فروغ پذیر معاشرے کی تعمیر میں ذمہ دار، پائیدار کاروبار کا اہم کردار ہے۔ عالمی شہریت کے لیے یہ وابستگی ہمارے کام کرنے کے طریقے، جن لوگوں کو ہم ملازمت پر رکھتے ہیں، جن سرگرمیوں کی ہم حمایت کرتے ہیں اور جن تعلقات کو ہم فروغ دیتے ہیں، کو تشکیل دیتا ہے۔ ہمارے عالمی شہریت کے عزائم کو پائیدار خیالات میں تبدیل کرنے کے لیے ایبٹ نے کچھ ترجیحات پر توجہ مرکوز کی ہے جن کی تفصیل اس سالانہ رپورٹ کے صفحہ 76 پر دی گئی ہے۔

مابعد واقعات

سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر تبدیلی رونما نہیں ہوئی، نہ ہی کمپنی کی مالی پوزیشن کو متاثر کرنے والے وعدے کیے گئے۔

کاروباری دشواریاں اور مستقبل کا منظر

کورونا وائرس کی وبانے دنیا بھر میں کاروبار اور سرگرمیوں کو متاثر کیا ہے۔ اس نے ہمارے کام کرنے، بات چیت کرنے اور ایک دوسرے کے ساتھ میل جول کے طریقے کو متاثر کیا ہے۔ آپ کی کمپنی نے اپنے ملازمین کی حفاظت کو ترجیح دی اور ملازمین کا باقاعدہ چیک اپ اور اسکریننگ کی، کام کے صحت مند ماحول کو برقرار رکھنے اور ہمارے لوگوں کی صحت اور حفاظت کو یقینی بنانے میں مدد کی۔ ہماری مخلصانہ کوششوں نے مارکیٹ میں ہماری مصنوعات کی دستیابی کو یقینی بنانے میں مدد کی۔

فارماسیوٹیکل انڈسٹری نے اپنی مصنوعات کی بلا تعطل فراہمی اور رسائی کو یقینی بنانے کے ذریعے وبائی امراض سے درپیش چیلنجوں سے نمٹنے کے لیے ملک کی کوششوں میں ایک اہم کردار ادا کرنا جاری رکھا ہوا ہے۔

کمپنی کو مہنگائی اور پاکستانی روپے کی قدر میں کمی کی وجہ سے اخراجات میں اضافے کے چیلنجز کا سامنا ہے۔ فنانس سہولتوں کی ایکٹ 2022 کے تحت نافذ کردہ حالیہ تبدیلیاں، کمپنی کی لیکویڈٹی کو بری طرح متاثر کریں گی۔ ہم امید کرتے ہیں کہ ایک تیز رفتار ریفرنڈ پروسیسنگ سسٹم لاگو کیا جائے گا تاکہ کمپنی خاص طور پر اور صنعت عام طور پر بغیر کسی لیکویڈٹی کے خدشات کے کام جاری رکھ سکے۔

اعلیٰ معیار کی، محفوظ اور موثر ادویات کی فراہمی کو یقینی بنانے کے اپنے عزم کے تسلسل میں 2021 کے دوران ہمارے مینوفیکچرنگ اور کوالٹی آپریشنز میں نمایاں بہتری لائی گئی۔ کیے گئے اقدامات میں A3 (ایبٹ اے جلیبیٹی ایگسٹریٹ) اور IOE (ایگسٹریٹ آپریشنل ایکسیلنس) شامل ہیں۔ اس کے علاوہ عالمی ادارہ صحت (WHO) کے معیارات اور دیگر بین الاقوامی گائیڈ لائنز کے مطابق تعمیل کی سطح کو بڑھانے کے لیے مسلسل کوششیں جاری ہیں۔

سال 2021 میں اعلیٰ معیار کے GMP معیارات پر اپنی توجہ مرکوز رکھتے ہوئے پیداواری صلاحیت کو بڑھانے کا سال تھا۔ کمپنی نے شعوری طور پر اپنے آپریشن میں مسلسل بہتری کے کلچر کو سرایت کرنے کے لیے کام کیا ہے تاکہ ہم مصنوعات اور حل فراہم کرنا جاری رکھ سکیں، جو لوگوں کو اس قابل بنا سکیں کہ وہ اپنی زندگی کو بھرپور طریقے سے گزاریں۔

انسانی وسائل

ایبٹ کے کاروبار کی مسلسل کامیابی کا انحصار بہترین صلاحیتوں کو اپنی طرف متوجہ کرنے، مشغول کرنے اور تیار کرنے پر ہے۔ وہ باصلاحیت افراد جو ہمارے عزم اور مقصد پر یقین رکھتے ہیں جو امتیاز ہم کرتے ہیں اس کام میں جو ہم کرتے ہیں اور اس وژن اور اقدار میں جو ہمیں چلاتے ہیں۔ ہماری اختراعی صلاحیتیں جو ہمارے لوگوں کی فلاح و بہبود کو یقینی بناتی ہیں، ان کی متنوع ضروریات کو پورا کرنے کے لیے فائدہ اور وسائل اور ہمارے انعامات اور شناختی پروگرام جو ان کی کوششوں کو تسلیم کرتے ہیں جو بدلے میں ایبٹ میں اپنے کیریئر کی تعمیر میں مدد کرتے ہیں اور ایسا کرنے میں کمپنی کی مسلسل کامیابی میں اپنا حصہ ڈالتے ہیں۔

اپنے لوگوں کے لیے ایک خیال رکھنے والے ماحول اور ہمارے باہمی تعاون کے ساتھ، اپنے ملازمین سے دوران کار ان کی ضروریات کو بہتر طریقے سے سمجھنے کے لیے ان سے مسلسل معلومات لینے رہیں۔ ہم کام کا ماحول بنانے کے لیے ان کے ساتھ جڑتے ہیں جو انہیں چارج اور متحرک رکھتا ہے اور ان کی دوران کار ضروریات کی خواہشات کو پورا کرتا ہے۔ ویب پر یقین کریں، اور اس بات کو یقینی بنانے کی کوشش کریں کہ ایبٹ میں کام کرنا ہمارے ساتھیوں کو بہترین کام کرنے کا موقع فراہم کرتا ہے۔ یہ اس بات کو یقینی بناتا ہے کہ ہمارے لوگ صرف ایک کمپنی کا نہیں بلکہ ایک کیونٹی کا حصہ ہونے کا احساس کرتے ہیں اور یہ کہ انہیں پر عزم ساتھیوں کے ساتھ بامعنی کام کرنے کا موقع ملتا ہے جو ایک جیسا جذبہ اور جوش رکھتے ہیں۔

اندرونی مالی کنٹریولز کا موزوں ہونا

بورڈ آف ڈائریکٹرز نے تمام فنکشنز میں مؤثر اندرونی مالی کنٹریولز تشکیل دیے ہیں۔ آپ کی کمپنی کا آزادانہ اندرونی آڈٹ ان مالی کنٹریولز پر عمل درآمد کی باقاعدگی سے نگرانی کرتا ہے جبکہ آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

قومی خزانے میں ہمارا حصہ

آپ کی کمپنی نے قومی خزانے میں 6,408 ملین روپے (2020 میں 4,606 ملین روپے) جمع کرائے ہیں۔ جس میں انکم ٹیکس، کسٹمز ڈیوٹی اور سیلز ٹیکس سمیت مختلف سرکاری محصولات شامل ہیں۔

ماحول، صحت اور حفاظت (ای ایچ ایس)

ایبٹ ویلیو چین میں اپنے کاروبار کے ماحولیاتی اثرات کو کم کر کے صحت مند ماحول کی حفاظت کے لیے پرعزم ہے۔ یہ عزم ہماری مصنوعات کے ذرائع، تیاری اور تقسیم کے طریقے کو تشکیل دیتا ہے اور یہ ہمارے ماحولیاتی مینجمنٹ کے نظام اور گورننس کی بنیاد بناتا ہے۔ آپ کی کمپنی کی مینوفیکچرنگ سائٹس زیر ویسٹ ٹو لینڈ فل سرٹیفائیڈ سائٹ ہیں یعنی مینوفیکچرنگ آپریشنز کے دوران پیدا ہونے والا تمام فضلہ یا تو دوبارہ استعمال یا ری سائیکل کیا جا رہا ہے۔

ہمارے ملازمین کی صحت، حفاظت اور تندرستی ایبٹ کی ترجیح ہے۔ ہم نے اپنے مربوط ماحول، صحت اور حفاظت (EHS) کے مینجمنٹ نظام کے ذریعے اس ترجیح کو اپنے کاروبار کی ہر سطح پر سرایت کر لیا ہے۔ 2021 میں COVID-19 کی وبا کے دوران ایبٹ نے اپنے ملازمین کی باقاعدہ جانچ اور اسکریننگ کی جس سے کام کے صحت مند ماحول کو برقرار رکھنے اور ہمارے لوگوں کی صحت اور حفاظت کو یقینی بنانے میں مدد ملی۔

کارپوریٹ کی سماجی ذمہ داری (سی ایس آر)

آپ کی کمپنی معاشرے کے حوالے سے اپنی سماجی ذمہ داری کو سمجھتی ہے۔ ایک ذمہ دار کارپوریٹ ادارے کی حیثیت سے کمپنی نے دوران سال کئی غیر منافع بخش اداروں کو عطیات دیے ان میں لیور فاؤنڈیشن، کمیٹی ایجوکیشن سروسز فاؤنڈیشن، مریضوں کی بہبود سوسائٹی فار آغا خان یونیورسٹی اسپتال، لیٹن رحمت اللہ مینوفیلینٹ ٹرسٹ اور سٹیزن فاؤنڈیشن کو عطیات شامل ہیں۔ ہمارے نیوٹریشن ڈویژن کے اہلکاروں نے متعدد غیر منافع بخش تنظیموں کا دورہ بھی کیا۔ ان سرگرمیوں کا مقصد پسماندہ بچوں کے چہروں پر مسکراہٹ لانے کے ساتھ ساتھ انہیں خود سے محبت اور خود کی دیکھ بھال کے بارے میں آگاہی دینا تھا۔

جس میں نقد رقم / بینک بیلنس اور قلیل مدتی سرمایہ کاریاں شامل ہیں ہیں ، یہ فنڈز سرمایہ جاتی منصوبوں پر لگائی گئی رقوم اور منافع منقسمہ کی ادائیگی نکالنے بعد حاصل ہوئے ہیں۔

آپ کی کمپنی نے نقد رقم کے بہاؤ کی باضابطہ نگرانی کا ایک نظام تیار کر کے نافذ کیا ہے جس کے تحت نقد رقوم کی آمد اور اخراج کا تخمینہ لگایا جاتا ہے اور باقاعدگی کے ساتھ اس کی نگرانی کی جاتی ہے۔ اس طرح رقوم کی ہر وقت اور کافی دستیابی کو یقینی بنایا جاتا ہے جبکہ فاضل رقم کو سرمایہ کاری کے مختلف موزوں طریقوں میں رکھ کر بہتر سے بہتر منافع حاصل کیا جاتا ہے۔

کمپنی فاضل رقوم استعمال کرنے کے حوالے سے ایک محتاط حکمت عملی اختیار کرتی ہے اور یہ رقوم عموماً قلیل مدت کے بینک ڈپازٹس میں لگائی جاتی ہیں۔

کمپنی کی کارکردگی کی قدر پیمائی

کمپنی کی کارکردگی کی قدر پیمائی کے لیے انتظامیہ کئی طرح کے اظہارے استعمال کرتی ہے جیسے صنعت کی نمو، ہمسر کمپنیوں کی متعلقہ معیاری مشیوں میں پوزیشن، گذشتہ سال کی کارکردگی، کلی معاشی اظہارے اور کمپنی پر اثر انداز ہونے والا کاروباری ماحول۔

سال کے دوران مالی بجٹ تیار کیے جاتے ہیں اور وقتاً فوقتاً بجٹ کے حوالے سے حقیقی کارکردگی کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ اصلاح کے لیے بروقت اقدامات کیے جا سکیں۔

بنیادی خطرات اور ان کا بندوبست

کمپنی کے انتظام خطر (risk management) کے مجموعی پروگرام کا مقصد یہ ہے کہ کمپنی کی کارکردگی پر ممکنہ منفی اثر ڈالنے والے عوامل کم سے کم کیے جائیں۔ یہ کام کمپنی کی سینئر انتظامی ٹیم انجام دیتی ہے اور اس کے نتائج بورڈ آف ڈائریکٹرز کے علم میں لائے جاتے ہیں۔ اس کے نتیجے میں کمپنی کو درپیش اسٹریٹجک، مالی، کاروباری اور آپریشنل خطرات کی نشاندہی، ان کی قدر پیمائی اور ازالہ کیا جاتا ہے۔

سال کے دوران لسٹڈ کمپنیوں (کارپوریٹ نظم و نسق کا ضابطہ) کے ضوابط، 2019ء کی سفارشات کے مطابق انتظام خطر کمیٹی نے بھی کاروباری خطرات اور انہیں دور کرنے کے منصوبے کا مجموعی حیثیت سے جائزہ لیا جسے بورڈ کو پیش کیا گیا۔

کمپنی کو اس وقت جن بنیادی خطرات کا سامنا ہے ان میں پاکستانی روپے کی قدر گرنا اور مہنگائی شامل ہیں جو ہماری مصنوعات کی لاگت بڑھا دے گی۔

ڈائریکٹران کی رپورٹ

منافع منقسمہ

ڈائریکٹرز مسرت کے ساتھ حتمی نقد منافع منقسمہ فی حصہ 20.0 روپے کا اعلان کرتے ہیں۔ (2020 میں 25.0 روپے فی شیئر)، جو 20.0 روپے فی شیئر کے عبوری نقد منافع کے علاوہ ہے۔ (2020 میں 15.0 روپے فی شیئر) جو 2021 کے دوران شیئر ہولڈرز کو ادا کیا گیا۔

زمرے کے لحاظ سے سیلز اور مارکیٹ کی کارکردگی

فارماسویٹل کی سیلز میں 15.5 فیصد اضافہ ہوا جس کی وجہ سے دیرینہ برانڈز کی مسلسل کارکردگی اور سال کے دوران نئی مصنوعات کے اجراء کی مثبت کارکردگی ہے۔ بالغ افراد کے لئے نیوٹریشنل سپلیمنٹس کی فروخت میں اضافے کی وجہ سے نیوٹریشنل کے شعبے میں 17.7 فیصد اضافہ ہوا۔ ڈاگناسٹک کی فروخت میں 75.9 فیصد کا صحت مند اضافہ ریکارڈ کیا گیا جس کی وجہ گزشتہ سال کے مقابلے COVID ٹیسٹنگ اور او پی ڈی سرگرمیوں میں اضافہ ہے۔ جنرل ہیلتھ کیئر اور ڈیپٹیٹس کیئر میں مجموعی طور پر 60.8 فیصد اضافہ ہوا۔

صنعت کا عمومی جائزہ

فارما ریسرچ کے عالمی ادارے آئی کیو وی آئی اے (جسے قبل ازیں آئی ایم ایس کہا جاتا تھا) کے شائع کردہ اعداد و شمار کے مطابق پاکستان میں اس وقت دوا سازی کی صنعت کا تخمینہ 3.78 بلین امریکی ڈالر ہے۔ ملٹی نیشنل کمپنیوں کا مارکیٹ شیئر گزشتہ برسوں میں بتدریج کم ہو رہا ہے اور اس وقت صرف 28.5 فیصد ہے۔ پاکستان میں کل 652 فعال دوا ساز کمپنیاں ہیں جن میں صرف 27 ملٹی نیشنل کمپنیاں ہیں۔ ان میں سے کئی نے مختلف وجوہ کی بنا پر اپنی سرگرمیوں کو کم کر دیا ہے۔

سرمایہ جاتی اخراجات

آپ کی کمپنی تکنیکی ترقی سے پیدا ہونے والے نئے مواقع سے استفادہ کرنے کے لیے جدید ترین پروڈکشن ٹیکنالوجیز میں سرمایہ کاری جاری رکھے ہوئے ہے۔ کمپنی نے رواں سال کے دوران مینوفیکچرنگ کی صلاحیت کو بڑھانے، پیداواری صلاحیت میں اضافہ اور پلانٹ کی کارکردگی میں بہتری کے لیے 2,055 ملین روپے کی سرمایہ کاری کی ہے۔

لیکوڈی مینجمنٹ اور رقم کے بہاؤ کی حکمت عملی

سال کے دوران عملی سرگرمیوں سے 7,823 ملین روپے حاصل کیے گئے سال کے اختتام پر کمپنی کے پاس 8,660 ملین روپے کے لیکوڈ فنڈز تھے

آپ کے ڈائریکٹران 31 دسمبر 2021 کو ختم ہونے والے مالی سال کے لیے اپنی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

روپے ہزاروں میں

8,410,479

(2,443,422)

5,967,057

78,306

8,505,219

14,550,582

مالی نتائج

سال کا منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

دیگر جامع آمدنی - بعد از ٹیکس

گذشتہ سال کا غیر مختص منافع

دستیاب منافع برائے اختصاص

اختصاص:

حتمی منافع منقسمہ 2020ء فی حصہ 25.0 روپے (2,447,508)

عبوری منافع منقسمہ 2021ء فی حصہ 20.0 روپے (1,958,006)

آئندہ سال کے لیے غیر مختص منافع 10,145,068

مالی کارکردگی

خالص سیلز گزشتہ سال کے مقابلے میں 21.0 فیصد فیصد بڑھی جس کی بنیادی رواں سال سیلز کا حجم ہے۔ خام منافع 33.6 فیصد سے بڑھ کر 37.8 فیصد ہو گیا جو بنیادی طور پر قیمتوں میں ایڈجسٹمنٹ اور پراڈکٹ مکس کی وجہ سے ہے۔ سیلنگ اور ڈسٹری بیوٹن کے اخراجات میں 33.1 فیصد اضافہ ہوا ہے جس میں زیادہ تر سفری اور سیلز پرموشنل اخراجات شامل ہیں۔ دیگر اخراجات میں 43.7 فیصد اضافہ ہوا جس کی بنیادی وجہ منافع میں اضافے کی وجہ سے ورکرز فنڈ پروفٹ پارٹیشننگ (ڈبلیو پی پی ایف)، ورکرز ویلفیئر فنڈ (ڈبلیو ڈبلیو ایف) اور سینٹرل ریسرچ فنڈ (سی آر ایف) میں اضافہ ہے۔

ان عوامل کے نتیجے میں رواں سال کے لیے پچھلے سال کے مقابلے میں بعد از ٹیکس منافع میں 1.43 بلین روپے کا اضافہ ہوا۔ فی حصص آمدنی 60.95 روپے فی شیئر رہی۔ (2020 میں 46.33 روپے فی شیئر)۔



Financial Report 2021

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KEY FINANCIAL INDICATORS

		2021	2020
Sales Revenue	Rs. in million	42,570	35,283
Return on Equity	%	34.4%	29.1%
Earnings per share	Rs.	60.95	46.33
Shareholders' Equity	Rs. in million	17,355	15,590
Total Assets Turnover Ratio*	Times	1.59	1.55
Current Ratio	Times	1.97	2.30
Market Capitalisation	Rs. in million	70,244	73,951

*Calculated on the basis of average assets.

KEY OPERATING AND FINANCIAL DATA

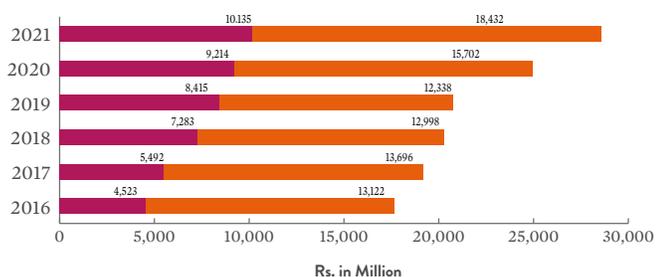
	December 31,					
	2021	2020	2019	2018	2017	2016

(Rupees in '000)

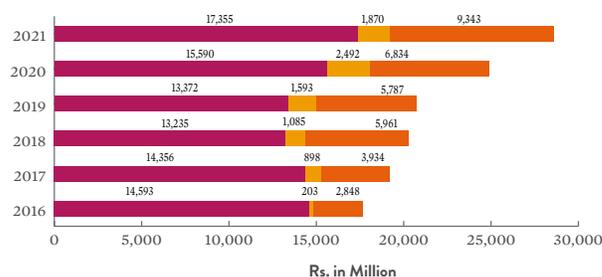
Statement of Financial Position

Property, plant and equipment	10,006,158	9,070,460	8,267,557	7,191,606	5,419,054	4,443,019
Intangible assets	49,017	66,255	78,372	24,879	10,650	16,250
Other Non-Current Assets	80,125	77,292	68,889	66,641	62,618	63,764
Current Assets	18,432,447	15,701,737	12,337,862	12,998,131	13,695,788	13,122,151
Total Assets	28,567,747	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	892,145	767,608	649,470	533,783	459,761	414,380
Revenue Reserves	15,483,490	13,843,641	11,743,920	11,722,225	12,917,071	13,199,857
Total Equity	17,354,638	15,590,252	13,372,393	13,235,011	14,355,835	14,593,240
Non-Current Liabilities	1,869,727	2,491,670	1,592,967	1,084,823	898,409	203,477
Current Liabilities	9,343,382	6,833,822	5,787,320	5,961,423	3,933,866	2,848,467
Total Liabilities	11,213,109	9,325,492	7,380,287	7,046,246	4,832,275	3,051,944
Total Equity and Liabilities	28,567,747	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184

Statement of Financial Position Analysis - Assets



Statement of Financial Position Analysis - Equity and Liabilities



OPERATING AND FINANCIAL TRENDS

	December 31,					
	2021	2020	2019	2018	2017	2016

(Rupees in '000)

Statement of Profit or Loss

Net sales	42,569,856	35,283,377	30,155,875	29,719,279	26,088,233	23,387,915
Gross profit	16,075,273	11,846,156	8,527,740	9,801,442	10,088,986	9,367,499
Operating profit	8,498,844	6,320,464	2,563,831	4,359,375	5,852,005	5,593,900
Profit before taxation	8,410,479	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141
Taxation	2,443,422	1,708,310	1,210,856	1,649,436	1,636,713	1,565,349
Profit after taxation	5,967,057	4,535,249	1,299,885	2,694,333	4,205,232	4,021,792
Ordinary cash dividends	3,916,012*	3,916,012	734,252	1,958,006	3,916,012	3,916,012
EBITDA**	9,753,839	7,451,585	3,573,887	5,096,544	6,459,090	6,128,490

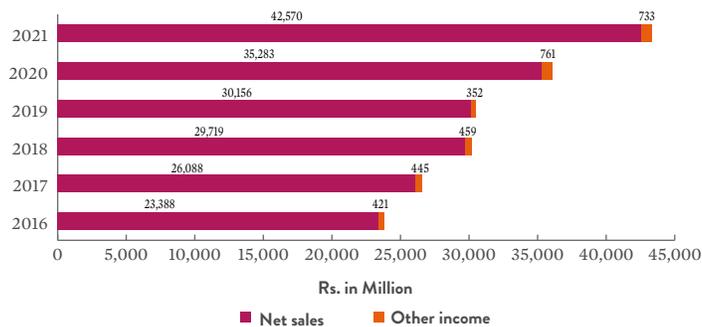
Statement of Cash Flows

Operating activities	7,823,060	8,147,958	(160,128)	2,937,218	5,764,509	3,119,545
Investing activities	(3,435,744)	(956,779)	(1,588,010)	(1,928,955)	(1,222,232)	(558,237)
Financing activities	(5,256,850)	(2,459,817)	(1,172,479)	(3,901,848)	(3,914,985)	(2,937,792)
Cash and cash equivalents at the end of the year	6,619,347	7,488,881	2,757,519	5,678,136	8,571,721	7,944,429

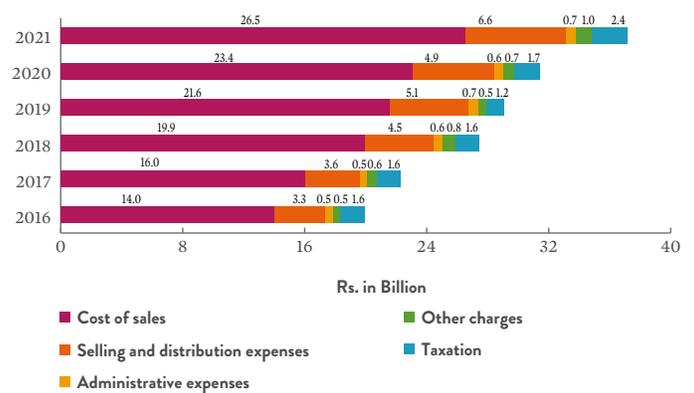
*Includes final dividend amounting to Rs. 1,958.006 million proposed by the Board of Directors subsequent to the year end.

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

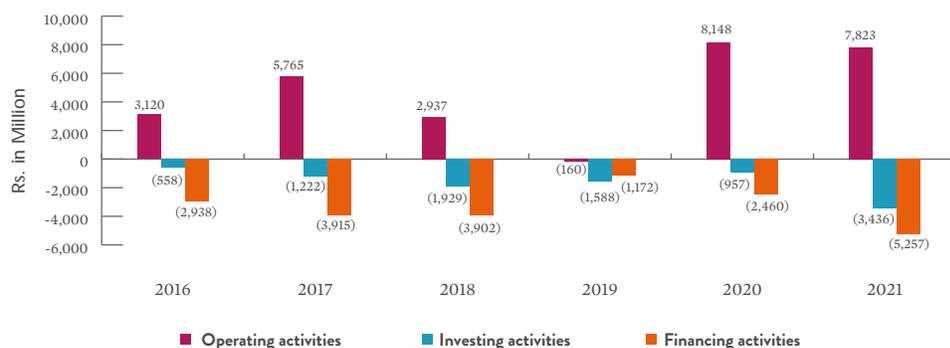
Statement of Profit or Loss Analysis - Sales and Other Income



Statement of Profit or Loss Analysis - Expenses



Statement of Cash Flows Analysis



		December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Ratios	Unit						
Profitability Ratios							
Gross profit margin	%	37.8%	33.6%	28.3%	33.0%	38.7%	40.1%
Net profit margin	%	14.0%	12.9%	4.3%	9.1%	16.1%	17.2%
EBITDA* margin	%	22.9%	21.1%	11.9%	17.1%	24.8%	26.2%
EBIT margin	%	20.0%	17.9%	8.5%	14.7%	22.4%	23.9%
Return on equity / shareholder's fund	%	34.4%	29.1%	9.7%	20.4%	29.3%	27.6%
Return on capital employed	%	33.9%	27.6%	9.5%	20.0%	29.3%	27.6%
Return on capital employed (average equity and debt)	%	35.1%	30.1%	9.6%	19.4%	29.1%	29.2%
Return on assets	%	20.9%	18.2%	6.3%	13.3%	21.9%	22.8%
Operating leverage ratio	Times	1.67	8.62	(28.04)	(1.83)	(0.40)	1.11
Shareholders' Funds	%	60.7%	62.6%	64.4%	65.3%	74.8%	82.7%
Liquidity Ratios							
Current ratio	Times	1.97	2.30	2.13	2.18	3.48	4.61
Quick / Acid test ratio	Times	1.25	1.57	1.09	1.44	2.60	3.35
Cash to Current Liabilities	Times	0.92	1.10	0.48	0.95	2.18	2.79
Cash flows from operations to Sales	Times	0.23	0.28	0.05	0.17	0.28	0.21
Activity / Turnover Ratios							
No. of days in inventory	Days	80.57	85.88	88.38	72.42	80.40	84.72
No. of days in receivables	Days	9.22	9.51	12.39	12.64	12.56	10.61
No. of days in payables	Days	91.94	78.16	82.58	76.84	61.14	55.54
Inventory Turnover	Times	4.53	4.25	4.13	5.04	4.54	4.32
Debtors Turnover	Times	39.57	38.37	29.47	28.88	29.06	34.48
Creditors Turnover**	Times	3.97	4.67	4.42	4.75	5.97	6.59
Operating Cycle	Days	(2.15)	17.23	18.19	8.22	31.82	39.79
Total assets turnover ratio (average assets)	Times	1.59	1.55	1.47	1.51	1.42	1.37
Total assets turnover ratio	Times	1.49	1.42	1.45	1.47	1.36	1.33
Fixed assets turnover ratio (average assets)	Times	4.46	4.07	3.90	4.71	5.29	5.53
Fixed assets turnover ratio	Times	4.25	3.89	3.65	4.13	4.81	5.26
Investment / Market Ratios							
Basic / Diluted Earnings per share	Rs.	60.95	46.33	13.28	27.52	42.95	41.08
Price earnings ratio	Times	11.77	16.30	33.64	22.93	16.24	23.30
Dividend yield ratio	%	5.6%	5.3%	1.7%	3.2%	5.7%	4.2%
Dividend payout ratio	Times	0.66	0.86	0.56	0.73	0.93	0.97
Dividend cover ratio	Times	1.52	1.16	1.77	1.38	1.07	1.03
Cash dividend per share	Rs.	***40.00	40.00	7.50	20.00	40.00	40.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	177.27	159.25	136.59	135.19	146.64	149.06
Price to book ratio	Times	2.46	2.98	2.12	3.05	3.56	5.32
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 Capitalisation	Rs. in million	70,244	73,951	43,740	61,780	68,296	93,699
Market value per share at the end of the year	Rs.	717.51	755.37	446.78	631.05	697.61	957.09
Market value per share (High)	Rs.	820.00	792.38	710.00	750.00	1,145.00	984.90
Market value per share (Low)	Rs.	675.00	309.00	302.10	475.00	610.00	575.00
Contribution to National Exchequer	Rs. in million	6,408	4,606	5,211	4,988	3,761	3,728
Capital Structure Ratios							
Interest cover ratio	Times	96.18	82.19	48.29	279.34	581.71	827.62
Finance leverage ratio	%	1.3%	5.2%	2.9%	1.6%	-	-
Weighted average cost of debt	%	****14.8%	8.6%	11.3%	****6.9%	-	-
Debt to equity ratio	%	0.8%	4.0%	2.2%	1.3%	-	-
Employee Productivity and Other Ratios							
Revenue per Employee	Rs. in million	29.0	24.1	19.6	63.9	18.4	16.3
Staff turnover ratio	%	6.9%	7.1%	7.0%	5.0%	5.0%	5.0%
Spares Inventory as % of Assets Cost	%	1.0%	1.0%	1.3%	0.9%	0.7%	0.6%
Maintenance Cost as % of Operating Expenses	%	1.1%	0.8%	0.7%	0.6%	1.5%	1.5%

*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.

***Includes final dividend amounting to Rs. 20.00 per share proposed by the Directors subsequent to the year end.

****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 has been settled during the year.

COMMENTS ON FINANCIAL RATIOS

PROFITABILITY RATIOS

Profitability ratios of the Company, in general, have improved versus last year, mainly on account of price adjustments and product mix. **Gross profit margin** improved to 37.8% versus 33.6% last year. **Net profit margin** improved to 14.0% versus 12.9% last year driven by improvement in gross profit margin on account of reasons mentioned above.

LIQUIDITY RATIOS

Cash inflows from operating activities decreased slightly versus last year primarily on account of unfavorable working capital changes driven mainly by stock in trade. This was partially offset by increase in profitability. The Company has Rs. 6,619.35 million of cash and cash equivalents as of 31st December 2021 in addition to the long-term investment in term deposit receipts of Rs. 2,000 million to meet its investment and operational cash requirements.

Current ratio (2021: 1.97, 2020: 2.30), **quick / acid test ratio** (2021: 1.25, 2020: 1.57) and **cash to current liabilities** (2021: 0.92, 2020: 1.10) have declined versus last year mainly on account of higher levels of inventory and increase in current liabilities.

ACTIVITY / TURNOVER RATIOS

Operating cycle has decreased to negative 2.85 days from 16.56 days in 2020 mainly due to improved creditors' and inventory turnover as compared to last year.

Total assets turnover ratio (average assets) increased slightly to 1.59 in 2021 from 1.55 in 2020 mainly due to sales growth during the year.

Fixed assets turnover ratio (average assets) improved to 4.46 in 2021 from 4.07 in 2020 mainly due to sales growth during the year.

INVESTMENT / MARKET RATIOS

Earnings per share increased to Rs. 60.95 in 2021 from Rs. 46.33 in 2020 as a result of increase in profit after tax driven by improved gross margin on account of product mix and price adjustments.

Price Earnings ratio declined to 11.77 in 2021 from 16.30 in 2020, mainly due to increase in earnings per share on account of reasons mentioned above and decrease in market price per share. **Dividend yield ratio** improved to 5.6% in 2021 from 5.3% in 2020 due to decrease in market share price.

Dividend pay-out ratio declined to 0.66 (times) in 2021 from 0.86 (times) in 2020, mainly on account of increase in profit after tax.

Break-up value per share has increased to Rs. 177.27 in 2021 from 159.25 in 2020 due to increase in total equity by Rs. 1,764.4 million as compared to prior year on account of profit after tax for the year, partially offset by dividend paid during the year.

Market capitalisation has been decreased to Rs. 70,244 million in 2021 from Rs. 73,951 million in 2020 due to decrease in market price per share to Rs. 717.51 in 2021 from Rs. 755.37 in 2020.

CAPITAL STRUCTURE ADEQUACY ANALYSIS

Total equity increased by 11.3% to Rs. 17.35 billion comprising of share capital amounting to Rs. 979.003 million which consists of issued share capital of 97,900,302 shares of Rs. 10.00 each. Abbott Asia Investments Limited, UK is the major shareholder of the Company, having 76,259,454 shares being 77.90% of total paid-up capital.

The Company's capital structure includes lease arrangements for warehouses, sales offices and City office with terms between two to five years. The long-term component is only 0.5% of the total equity and liabilities of the Company.

Financial leverage ratio is 1.3% representing the amount of lease obligation of Rs. 227.7 million. The lease obligation has decreased versus last year on account of early settlement of lease liabilities recognised in respect of vehicles.

The **weighted average cost of debt** of 14.8% has increased over last year driven primarily by increase in interest rates during the year.

Interest cover ratio has improved versus last year on account of increase in profit before interest and tax, offset by slight increase in interest costs versus last year.

COMMENTS ON FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

SALES

Net sales for the year increased by 20.7% over previous year. Pharmaceutical sales increased by 15.5% following sustained performance of established brands, augmented by positive performance of new product launches. Nutritional sales increased by 17.7% mainly driven by increase in sales of adult nutritional supplements. Diagnostic sales grew by 75.9% contributed by Covid testing and increased OPD activities vs. last year, whereas General Health Care (GHC) and Diabetes Care cumulatively grew by 60.8%.

COST OF SALES

Cost of sales of the Company increased by 13%, primarily on account of volumes, increase in product costs due to exchange and inflation, fuel and power costs, repairs and maintenance, depreciation on account of capitalisations and salaries. However, cost of sales reduced as a percentage of sales vs. last year on account of product mix.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased mainly on account of higher promotional activities, higher advertisement expense due to extensive campaigns by our Nutritional divisions, increased travelling expenses following relaxation of lockdown restrictions and resumption of local travel and higher warehousing and forwarding expenses on account of inflation and increase in sales volumes.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 12.4% primarily on account of increase in depreciation and salaries in line with annual increments and impact of new joiners.

OTHER CHARGES

Increase in other charges is primarily on account of higher statutory charges (WWF, WPPF and CRF) in line with increase in profitability of the Company, augmented by higher exchange losses versus last year.

OTHER INCOME

Decrease in other income is primarily driven by liabilities written back last year on account of PC support services and gain on recognition on GIDC payable, partially offset by increase in interest income driven by higher cash balances and increase in interest rates during the year.

STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

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

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

CURRENT ASSETS

The increase in current assets is mainly due to higher short-term investments primarily on account of increase in profitability and higher inventory levels on account of increased business activities. This has been partially offset by decrease in tax receivable versus last year on account of adjustment of prior year income tax refunds.

CURRENT LIABILITIES

Trade and other payables have increased over prior year mainly on account of higher creditors in line with business activities, accrued liabilities, and bills payables on account of timing of import shipments and related payments in respect of various goods and services.

EQUITY

Increase in equity over prior year is driven by profit for the year partially offset by final dividend for 2020 (Rs. 25.0 per share) and interim dividend for 2021 (Rs. 20.0 per share).

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

There has been a decrease in net cash flows from operating activities mainly due to 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 higher capital expenditure on property plant and equipment and short-term investment in term deposit receipts.

CASH FLOWS FROM FINANCING ACTIVITIES

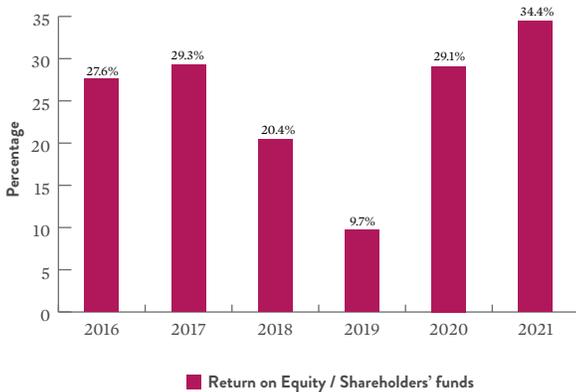
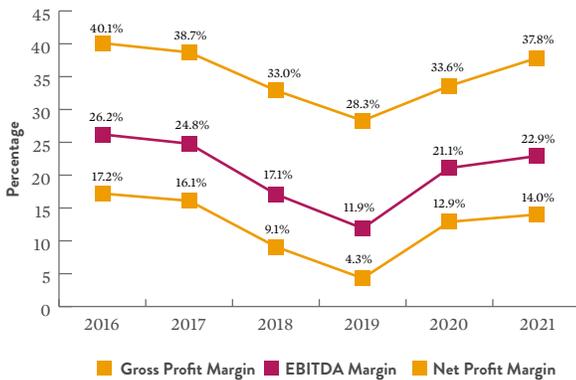
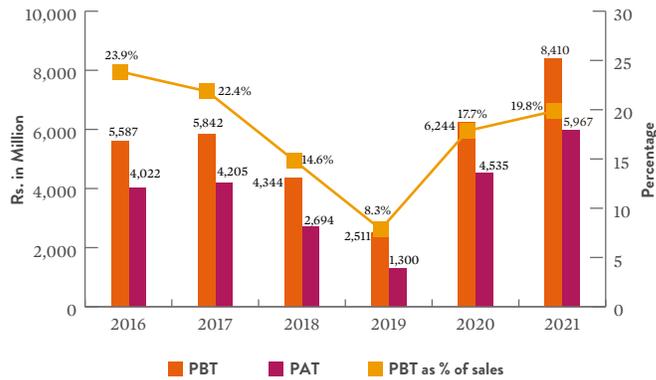
Net cash outflow from financing activities increased during the current year primarily on account of higher dividend paid during the year and early settlement of lease liability on account of leased vehicles.

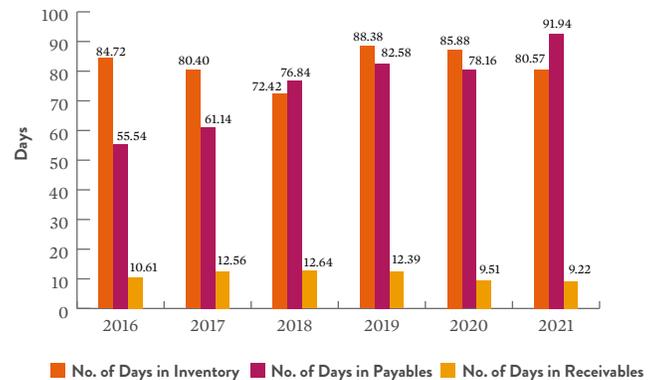
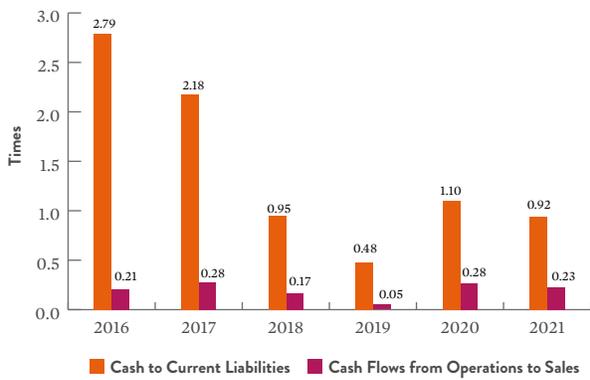
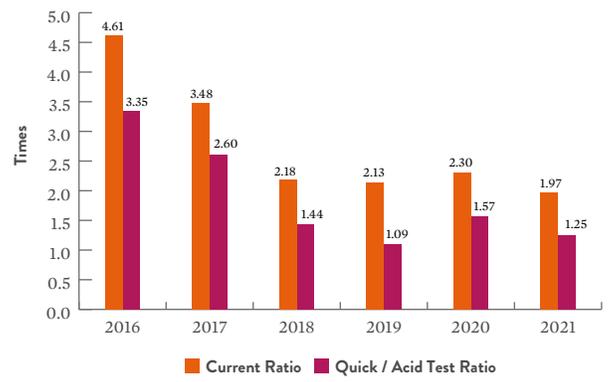
STATEMENT OF CASH FLOWS - DIRECT METHOD

For The Year Ended December 31, 2021

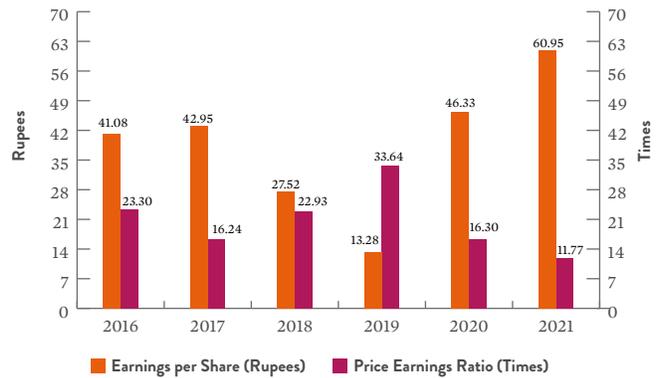
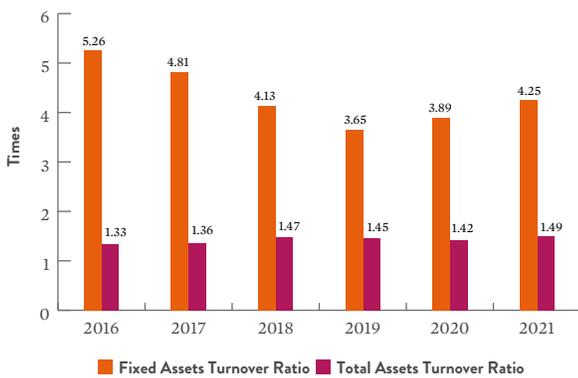
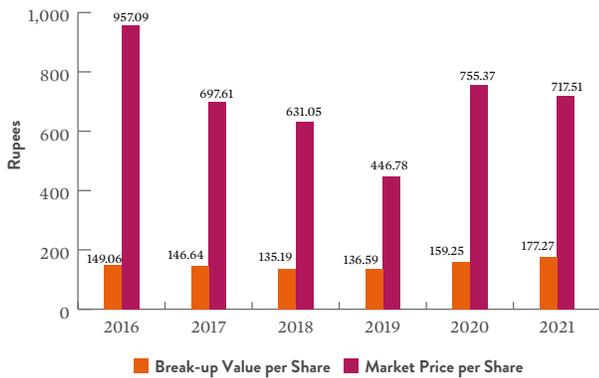
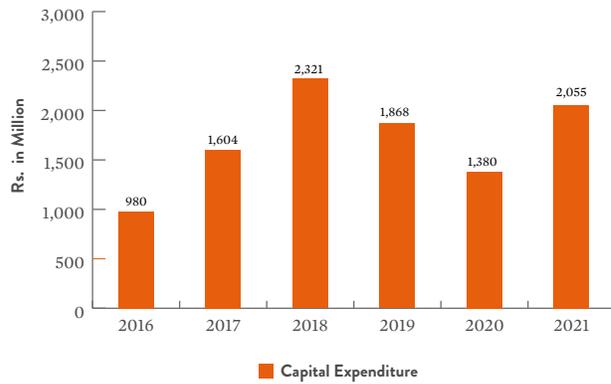
	2021	2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	42,268,855	35,459,257
Cash paid to suppliers / service providers	(26,884,173)	(21,039,048)
Cash paid to employees	(4,287,085)	(3,850,364)
Payment of royalty and technical service fee	(195,707)	(175,463)
Payment to retirement funds	(381,631)	(361,445)
Income taxes paid	(1,853,211)	(1,541,273)
Payment of other statutory charges	(844,768)	(345,840)
Long-term prepayments - net	780	2,134
Net cash inflow from operating activities	7,823,060	8,147,958
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(2,054,976)	(1,380,060)
Addition to intangible asset	(5,000)	(9,879)
Investments in term deposit receipts	(2,000,000)	-
Sale proceeds from disposal of property, plant and equipment	87,724	88,921
Interest income	536,508	344,239
Net cash outflow from investing activities	(3,435,744)	(956,779)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(33,886)	(53,163)
Lease rentals paid	(170,238)	(205,363)
Settlement of lease liabilities	(655,084)	-
Dividends paid	(4,397,642)	(2,201,291)
Net cash outflow from financing activities	(5,256,850)	(2,459,817)
Net (decrease) / increase in cash and cash equivalents	(869,534)	4,731,362
Cash and cash equivalents at the beginning of the year	7,488,881	2,757,519
Cash and cash equivalents at the end of the year	6,619,347	7,488,881

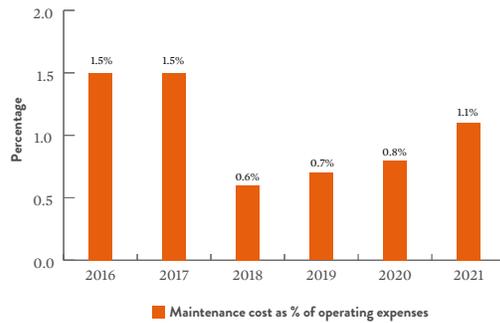
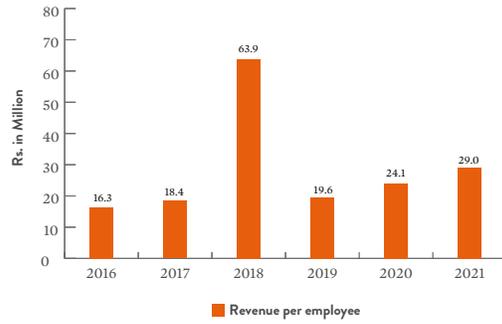
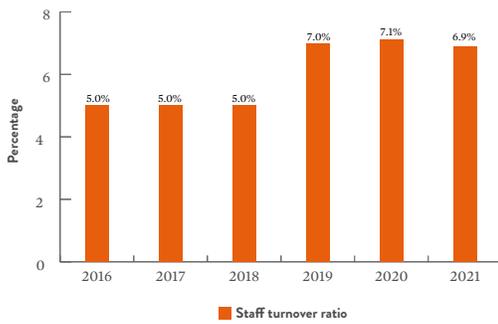
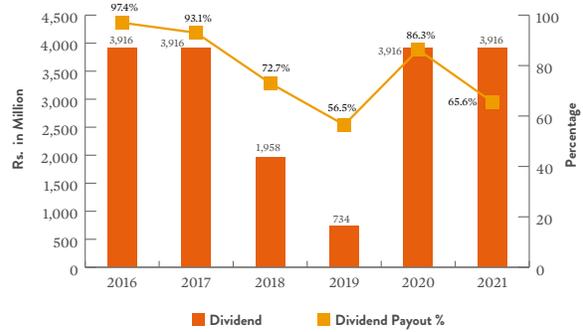
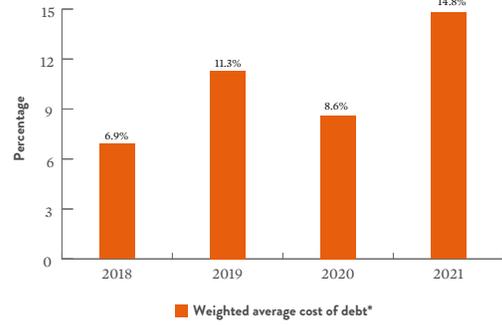
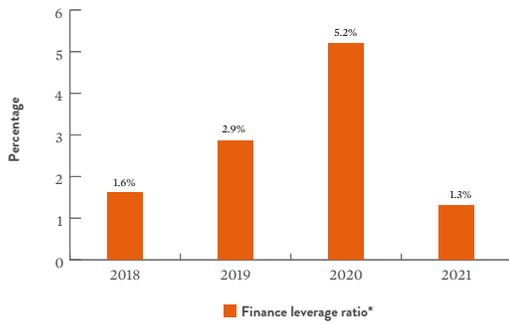
GRAPHICAL PRESENTATION





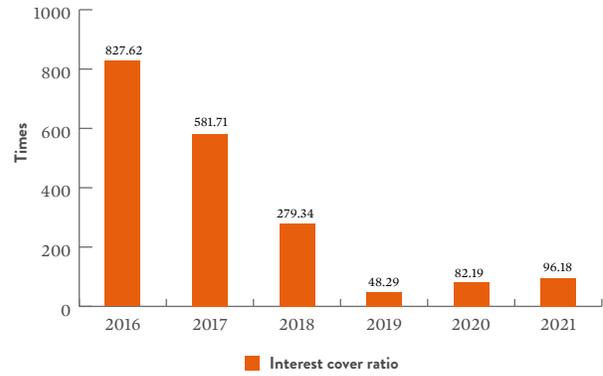
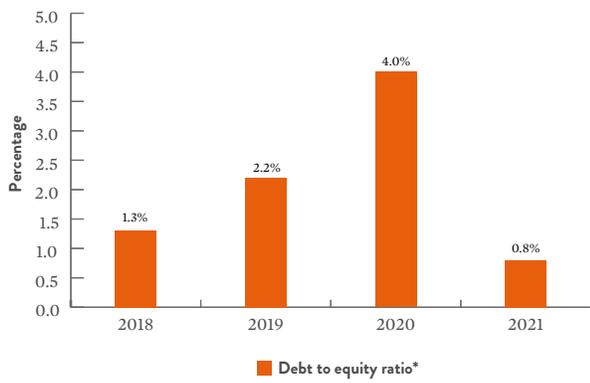
GRAPHICAL PRESENTATION





* The Company did not have any long-term debt before 2018.

GRAPHICAL PRESENTATION



* The Company did not have any long-term debt before 2018.



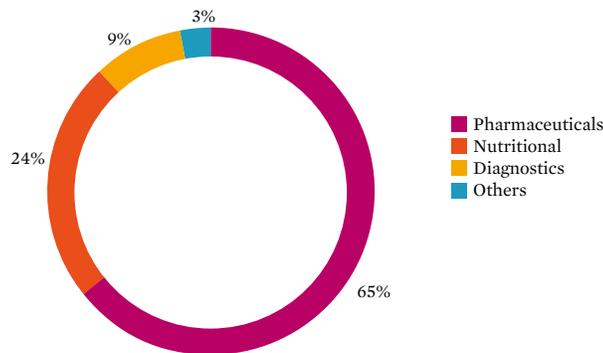
SEGMENTAL REVIEW

For The Year Ended December 31, 2021

During 2021, overall sales for the Company increased by Rs. 7,286.5 million resulting in an increase of 20.7%. Gross profit margin for 2021 improved to 37.8% as compared to 33.6% in the preceding year. Profit After Tax for the year was Rs. 5.98 billion resulting in an EPS of Rs. 60.95 per share.

The chart below shows the segment wise breakdown of the Company on the basis of revenue:

ANALYSIS OF COMPANY'S SEGMENTS



PHARMACEUTICALS (EPD)

Sales of Pharmaceutical business increased by 15.5% following sustained performance of established brands, augmented by positive performance of new product launches during the year 2021. Gross profit margin for the business improved to 36.3% from 30.6% driven by product mix and price adjustments. Selling and Distribution expenses increased on account of higher spend on promotional activities and higher travelling expenses following relaxation of Covid restrictions. Operating margin for EPD improved to 18.2% from 13.9% due to the reasons mentioned above.

NUTRITION (ANI)

Revenue for the Nutrition business during 2021 grew by 17.5% mainly driven by increase in sales of adult nutritional supplements. Gross profit margin for the division improved slightly on account of price adjustments. The operating margin of the division was 28.7%.

DIAGNOSTIC (ADD)

Revenue for the Diagnostic business grew by 75.9% following increased covid testing kits and resumption of OPD activities following easing of lockdown restrictions. Gross profit margin for the business improved to 25.6% from 19.0% mainly driven by product mix. The operating margin of the division improved to 18.9% versus 10.8% last year.

OTHERS

Revenue for Others which consists of Diabetes Care and General Health Care representing 3% of total company revenue increased by Rs. 442.137 million mainly on account of volumes and new product launch of Free style Libre by Diabetes Care. It achieved a cumulative gross profit margin of 38.9% versus 30.3% during the preceding year mainly on account of product mix and price adjustments. The operating margin of the division improved to 14.9% versus 11.4% last year primarily contributed by the reasons mentioned above.

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

VERTICAL ANALYSIS

	December 31, 2021		December 31, 2020	
	Rupees in '000	%	Rupees in '000	%
Statement of Financial Position				
Total Equity	17,354,638	60.8	15,590,252	62.6
Non-Current Liabilities	1,869,727	6.5	2,491,670	10.0
Current Liabilities	9,343,382	32.7	6,833,822	27.4
Total Equity and Liabilities	28,567,747	100.0	24,915,744	100.0
Non-Current Assets	10,135,300	35.5	9,214,007	37.0
Current Assets	18,432,447	64.5	15,701,737	63.0
Total Assets	28,567,747	100.0	24,915,744	100.0

	December 31, 2021		December 31, 2020	
	Rupees in '000	%	Rupees in '000	%
Statement of Profit or Loss				
Sales - net	42,569,856	100.0	35,283,377	100.0
Cost of sales	26,494,583	62.2	23,437,221	66.4
Gross Profit	16,075,273	37.8	11,846,156	33.6
Selling and distribution expenses	6,569,384	15.4	4,935,846	14.0
Administrative expenses	722,001	1.7	642,162	1.8
	8,783,888	20.7	6,268,148	17.8
Other income	732,846	1.7	760,691	2.1
Other charges	1,017,890	2.4	708,375	2.0
	8,498,844	20.0	6,320,464	17.9
Finance costs	88,365	0.2	76,905	0.2
Profit before taxation	8,410,479	19.8	6,243,559	17.7
Taxation	2,443,422	5.8	1,708,310	4.8
Profit for the year	5,967,057	14.0	4,535,249	12.9

Note: Graphical presentation of the Statement of Financial Position and Statement of Profit or Loss is given on Page No. 108-109.

COMMENT ON VERTICAL ANALYSIS

Statement of Financial Position: Equity of the Company has increased versus last year on account of profit for the year partially offset by dividend paid but reduced as a percentage of total equity and liabilities. Non-current liabilities decreased to 6.5% (2020: 10.0%) of the total equity and liabilities, mainly on account of early settlement of lease liabilities. Current liabilities increased to 32.7% (2020: 27.4%) primarily due to increase in trade and other payables mainly on account of increase in bills payable owing to the timing of import shipments, accrued liabilities and creditors. Non-current assets are 35.5% (2020: 37.0%) of the total assets, which reduced as a percentage of total assets due to increase in current assets. Current assets increased to 64.5% (2020: 63.0%) of total assets of the Company mainly due to higher short-term investments primarily on account of increase in profitability and higher inventory levels on account of increased business activities.

December 31, 2019		December 31, 2018		December 31, 2017		December 31, 2016	
Rupees in '000	%						
13,372,393	64.4	13,235,011	65.3	14,355,835	74.8	14,593,240	82.7
1,592,967	7.7	1,084,823	5.3	898,409	4.7	203,477	1.2
5,787,320	27.9	5,961,423	29.4	3,933,866	20.5	2,848,467	16.1
20,752,680	100.0	20,281,257	100.0	19,188,110	100.0	17,645,184	100.0
8,414,818	40.5	7,283,126	35.9	5,492,322	28.6	4,523,033	25.6
12,337,862	59.5	12,998,131	64.1	13,695,788	71.4	13,122,151	74.4
20,752,680	100.0	20,281,257	100.0	19,188,110	100.0	17,645,184	100.0

December 31, 2019		December 31, 2018		December 31, 2017		December 31, 2016	
Rupees in '000	%						
30,155,875	100.0	29,719,279	100.0	26,088,233	100.0	23,387,915	100.0
21,628,135	71.7	19,917,837	67.0	15,999,247	61.3	14,020,416	60.0
8,527,740	28.3	9,801,442	33.0	10,088,986	38.7	9,367,499	40.0
5,061,510	16.8	4,503,521	15.2	3,611,882	13.9	3,258,175	13.9
731,620	2.4	610,885	2.0	468,172	1.8	450,297	1.9
2,734,610	9.1	4,687,036	15.8	6,008,932	23.0	5,659,027	24.2
352,023	1.2	458,654	1.5	445,317	1.7	420,937	1.8
522,802	1.8	786,315	2.6	602,244	2.3	486,064	2.1
2,563,831	8.5	4,359,375	14.7	5,852,005	22.4	5,593,900	23.9
53,090	0.2	15,606	0.1	10,060	0.0	6,759	0.0
2,510,741	8.3	4,343,769	14.6	5,841,945	22.4	5,587,141	23.9
1,210,856	4.0	1,649,436	5.5	1,636,713	6.3	1,565,349	6.7
1,299,885	4.3	2,694,333	9.1	4,205,232	16.1	4,021,792	17.2

COMMENT ON VERTICAL ANALYSIS

Statement of Profit or Loss: Gross profit margin of the Company improved to 37.8% from 33.6% in 2021 driven by product mix, revision to product costs and price adjustments. Selling and distribution expenses increased as a percentage of sales mainly driven by increase in promotional activities, higher advertisement, increased travelling expenses following relaxation of lockdown restrictions. Net profit margin of the Company increased to 14.0% from 12.9% in 2021 mainly on account of improved gross profit margin (as explained above).

HORIZONTAL ANALYSIS

	December 31,					
	2021	2020	2019	2018	2017	2016
(Rupees in '000)						
Statement of Financial Position						
Total Equity	17,354,638	15,590,252	13,372,393	13,235,011	14,355,835	14,593,240
Non-Current Liabilities	1,869,727	2,491,670	1,592,967	1,084,823	898,409	203,477
Current Liabilities	9,343,382	6,833,822	5,787,320	5,961,423	3,933,866	2,848,467
Total Equity and Liabilities	28,567,747	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184
Non-Current Assets	10,135,300	9,214,007	8,414,818	7,283,126	5,492,322	4,523,033
Current Assets	18,432,447	15,701,737	12,337,862	12,998,131	13,695,788	13,122,151
Total Assets	28,567,747	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184

	December 31,					
	2021	2020	2019	2018	2017	2016
(Rupees in '000)						
Statement of Profit or Loss						
Sales - net	42,569,856	35,283,377	30,155,875	29,719,279	26,088,233	23,387,915
Cost of sales	26,494,583	23,437,221	21,628,135	19,917,837	15,999,247	14,020,416
Gross Profit	16,075,273	11,846,156	8,527,740	9,801,442	10,088,986	9,367,499
Selling and distribution expenses	6,569,384	4,935,846	5,061,510	4,503,521	3,611,882	3,258,175
Administrative expenses	722,001	642,162	731,620	610,885	468,172	450,297
	8,783,888	6,268,148	2,734,610	4,687,036	6,008,932	5,659,027
Other income	732,846	760,691	352,023	458,654	445,317	420,937
Other charges	1,017,890	708,375	522,802	786,315	602,244	486,064
	8,498,844	6,320,464	2,563,831	4,359,375	5,852,005	5,593,900
Finance costs	88,365	76,905	53,090	15,606	10,060	6,759
Profit before taxation	8,410,479	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141
Taxation	2,443,422	1,708,310	1,210,856	1,649,436	1,636,713	1,565,349
Profit for the year	5,967,057	4,535,249	1,299,885	2,694,333	4,205,232	4,021,792

Note: Graphical presentation of the Statement of Financial Position and Statement of Profit or Loss is given on Page No. 108-109.

COMMENT ON HORIZONTAL ANALYSIS

Statement of Financial Position: Equity has increased by 11.3% driven by profit for the year partially offset by final dividend for 2020 (Rs. 25.0 per share) and interim dividend for 2021 (Rs. 20.0 per share). Non-current liabilities have decreased by 25.0% due to early settlement of lease liabilities in respect of vehicles. Current liabilities increased by 36.7% primarily due to increase in trade and other payables mainly on account of increase in bills payable owing to the timing of import shipments, accrued liabilities and creditors. Non-current assets have increased by 10.0% over last year on account of capital expenditure for enhancement of productivity and improvement of plant efficiency. Increase in current assets by 17.4% is on account of higher short-term investments primarily due to increase in profitability and higher inventory levels on account of increased business activities.

December 31,						
2021	2020	2019	2018	2017	2016	
% increase / (decrease) over preceding year						
11.3	16.6	1.0	(7.8)	(1.6)	12.7	
(25.0)	56.4	46.8	20.7	341.5	(75.5)	
36.7	18.1	(2.9)	51.5	38.1	5.2	
14.7	20.1	2.3	5.7	8.7	7.0	
10.0	9.5	15.5	32.6	21.4	10.1	
17.4	27.3	(5.1)	(5.1)	4.4	6.0	
14.7	20.1	2.3	5.7	8.7	7.0	

December 31,						
2021	2020	2019	2018	2017	2016	
% increase / (decrease) over preceding year						
20.7	17.0	1.5	13.9	11.5	10.5	
13.0	8.4	8.6	24.5	14.1	8.3	
35.7	38.9	(13.0)	(2.9)	7.7	13.9	
33.1	(2.5)	12.4	24.7	10.9	13.3	
12.4	(12.2)	19.8	30.5	4.0	17.4	
40.1	129.2	(41.7)	(22.0)	6.2	13.9	
(3.7)	116.1	(23.2)	3.0	5.8	(11.7)	
43.7	35.5	(33.5)	30.6	23.9	12.6	
34.5	146.5	(41.2)	(25.5)	4.6	11.6	
14.9	44.9	240.2	55.1	48.8	14.9	
34.7	148.7	(42.2)	(25.6)	4.6	11.6	
43.0	41.1	(26.6)	0.8	4.6	10.3	
31.6	248.9	(51.8)	(35.9)	4.6	12.1	

COMMENT ON HORIZONTAL ANALYSIS

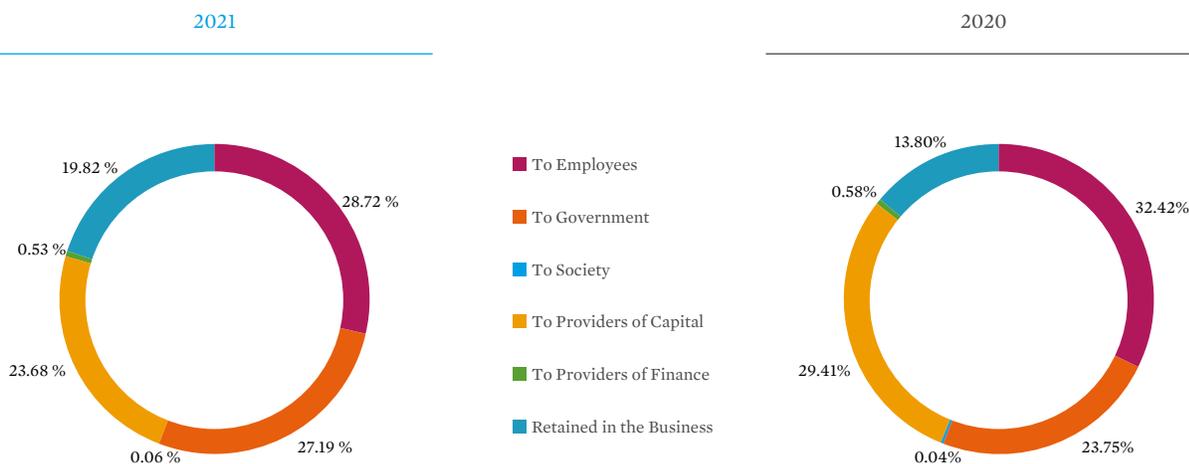
Statement of Profit or Loss: Net sales for the year increased by 20.7% over previous year. Cost of sales increased by 13.0% primarily on account of volumes, fuel and power costs, repairs and maintenance due to renovation activities, depreciation on account of capitalisations and salaries. Selling and distribution expenses increased by 33.1% mainly driven by increase in promotional activities, higher advertisement, increased travelling expenses following relaxation of lockdown restrictions. Other charges increased by 43.7% on account of higher statutory charges (WWF, WPPF and CRF) in line with increase in profitability of the Company. The profit after tax of the Company increased by 31.6% in line with the reasons mentioned above.

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

For The Year Ended December 31, 2021

	2021		2020	
	Rupees '000	%	Rupees '000	%
Wealth Generated				
Total revenue inclusive of sales tax and other income	44,619,085		37,069,701	
Brought-in-materials and services	28,083,245		23,754,223	
	<u>16,535,840</u>	<u>100%</u>	<u>13,315,478</u>	<u>100%</u>
Wealth Distribution				
To Employees				
Salaries, wages, allowances and staff welfare	4,749,068	28.72%	4,316,884	32.42%
To Government				
Income Tax	2,472,355	14.95%	1,620,971	12.17%
Workers' Funds and Central Research Fund	707,051	4.28%	516,577	3.88%
Sales tax and excise duty	1,316,383	7.96%	1,025,633	7.70%
	<u>4,495,789</u>	<u>27.19%</u>	<u>3,163,181</u>	<u>23.75%</u>
To Society				
Donations	9,499	0.06%	4,799	0.04%
To Providers of Capital				
Dividends	*3,916,012	23.68%	3,916,012	29.41%
To Providers of Finance				
Finance costs	88,365	0.53%	76,905	0.58%
Retained in the Business				
Depreciation and amortisation	1,254,995	7.60%	1,131,121	8.50%
Actuarial (Gain) / Loss	(107,239)	-0.66%	320,110	2.40%
Added to Unappropriated profit for distribution	2,129,351	12.88%	386,466	2.90%
	<u>3,277,107</u>	<u>19.82%</u>	<u>1,837,697</u>	<u>13.80%</u>
	<u>16,535,840</u>	<u>100.00%</u>	<u>13,315,478</u>	<u>100.00%</u>

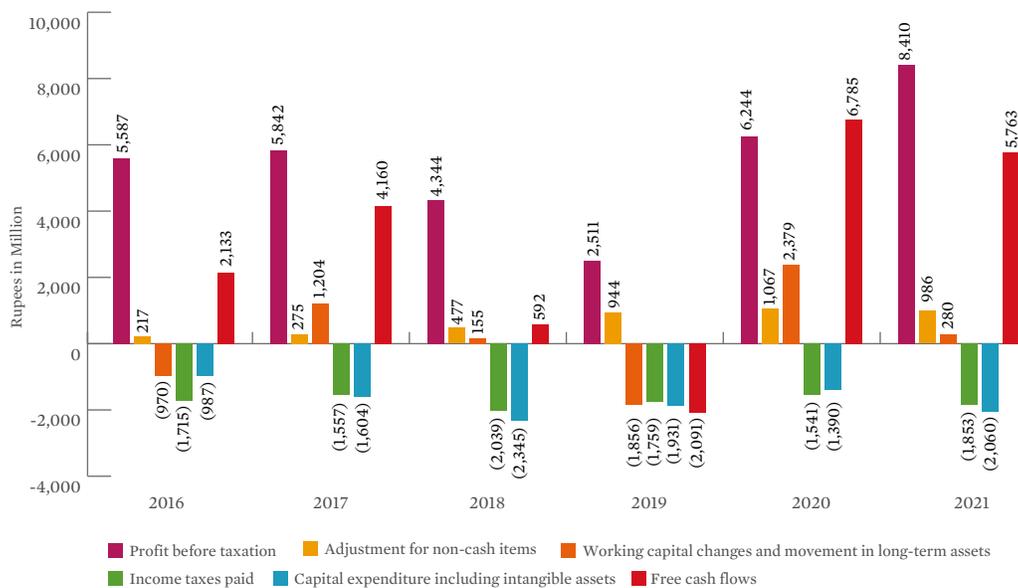
*Dividends include final dividend amounting to Rs. 1,958.006 million proposed by the Board of Directors subsequent to the year end.



FREE CASH FLOWS

	December 31,					
	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Profit before taxation	8,410,479	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141
Adjustment for non-cash items						
Depreciation on operating fixed assets	1,109,501	964,742	881,746	722,641	601,485	522,357
Depreciation on right-of-use assets	123,256	144,383	107,339	4,477	-	-
Amortisation on intangible assets	22,238	21,996	10,075	10,051	5,600	12,233
(Gain) / Loss on disposal and write-off of property plant & equipment	(18,923)	(4,158)	11,350	(2,302)	15,350	(4,354)
Interest income	(571,134)	(344,355)	(260,485)	(370,491)	(371,598)	(394,844)
Expense recognised in statement of profit or loss in respect of equity-settled share-based compensation	124,537	118,138	115,687	74,022	45,381	32,435
Staff retirement benefits	108,323	89,223	25,115	23,457	(31,427)	42,312
Finance costs	88,365	76,905	53,090	15,606	10,060	6,759
	986,163	1,066,874	943,917	477,461	274,851	216,898
Working capital changes - net of provisions	282,462	2,387,201	(1,853,497)	159,288	1,203,128	(974,650)
Income taxes paid	(1,853,211)	(1,541,273)	(1,759,041)	(2,039,277)	(1,556,561)	(1,714,877)
Long-term loans and advances	(3,613)	(10,537)	(2,487)	(4,021)	(1,334)	2,058
Long-term deposits	-	-	-	-	(38)	-
Long-term prepayments	780	2,134	239	(2)	2,518	2,975
	(1,573,582)	837,525	(3,614,786)	(1,884,012)	(352,287)	(2,684,494)
Net cash generated from operating activities	7,823,060	8,147,958	(160,128)	2,937,218	5,764,509	3,119,545
Capital expenditure	(2,054,976)	(1,380,060)	(1,867,504)	(2,321,269)	(1,604,089)	(980,258)
Acquisition of intangible assets	(5,000)	(9,879)	(63,568)	(24,280)	-	(6,500)
Free cash flows	5,763,084	6,758,019	(2,091,200)	591,669	4,160,420	2,132,787

GRAPHICAL PRESENTATION OF FREE CASH FLOWS



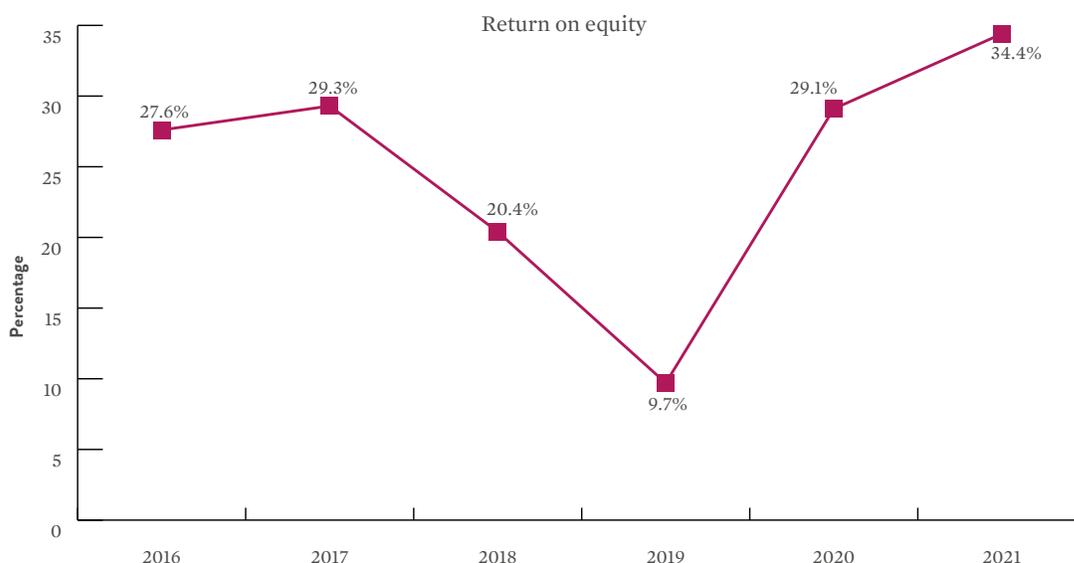
COMMENT ON FREE CASH FLOWS

Company's free cash flows decreased versus last year mainly on account of unfavorable working capital changes versus last year primarily due to increase in stock in trade, which is partially offset by increase in profit before taxation.

DUPONT ANALYSIS

	December 31,					
	2021	2020	2019	2018	2017	2016
EBIT Margin	20.0%	17.9%	8.5%	14.7%	22.4%	23.9%
Asset turnover (average assets)	1.59	1.55	1.47	1.51	1.42	1.37
Interest burden / efficiency	99.0%	98.8%	97.9%	99.6%	99.8%	99.9%
Tax burden / efficiency	70.9%	72.6%	51.8%	62.0%	72.0%	72.0%
Leverage	1.54	1.46	1.53	1.49	1.28	1.17
Net profit margin	14.0%	12.9%	4.3%	9.1%	16.1%	17.2%
Return on equity	34.4%	29.1%	9.7%	20.4%	29.3%	27.6%

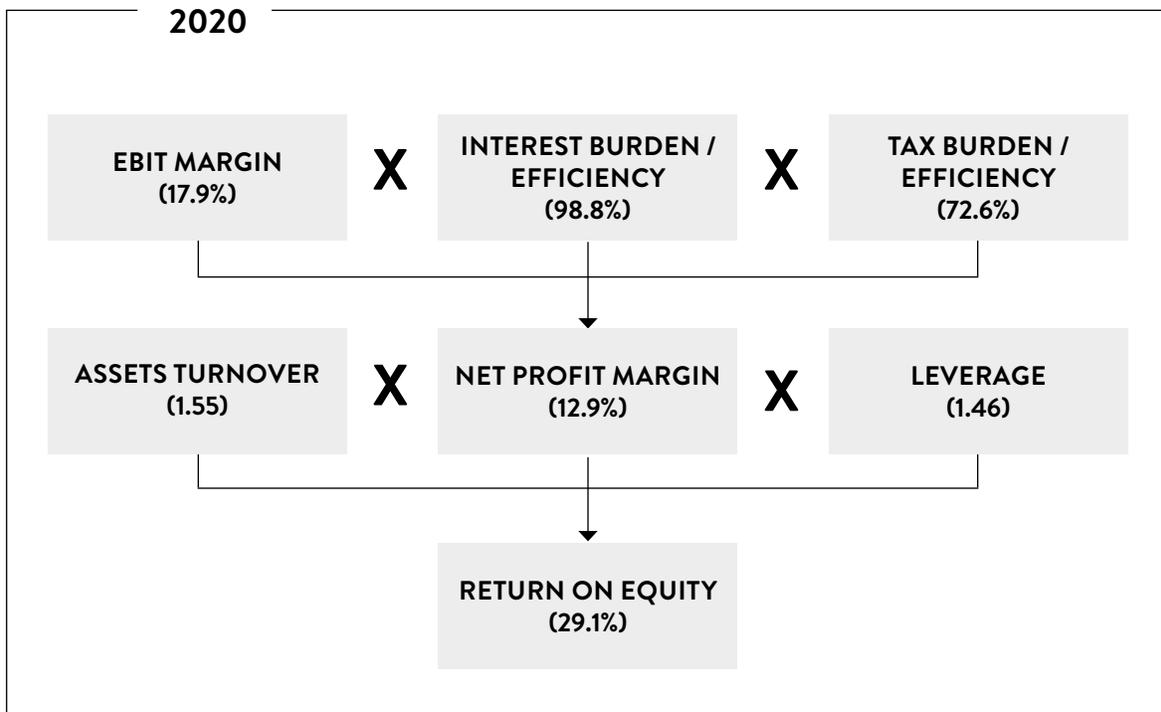
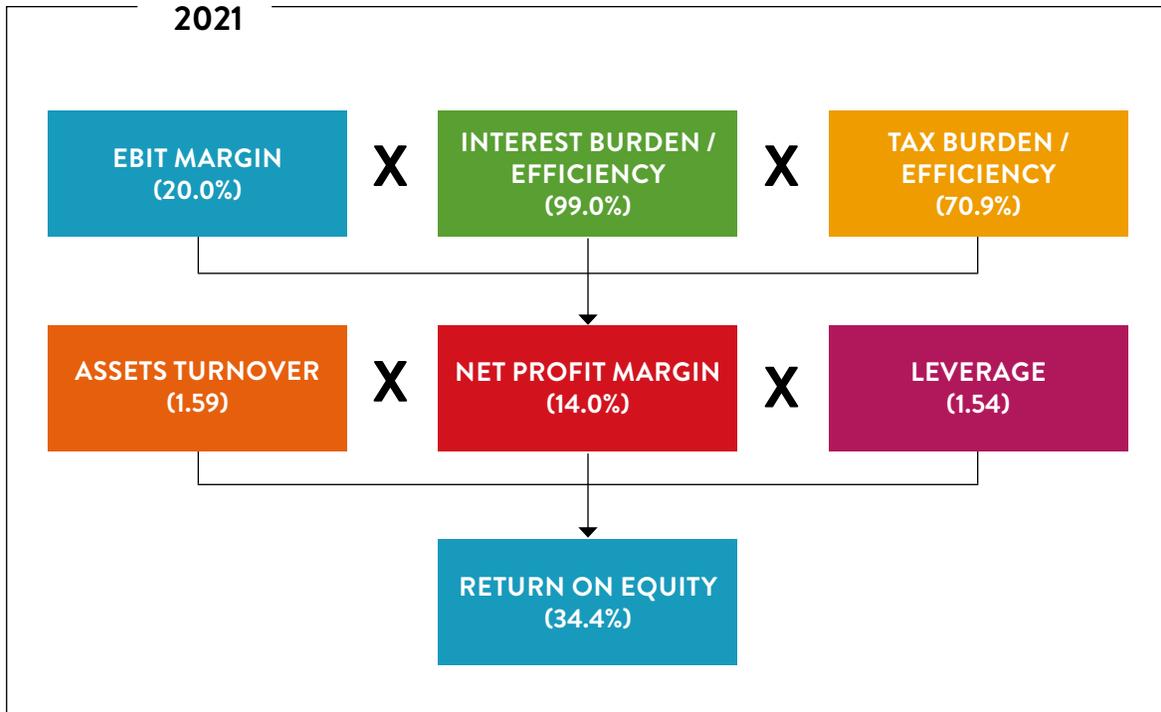
GRAPHICAL PRESENTATION OF DUPONT ANALYSIS



COMMENT ON DUPONT ANALYSIS

Return on equity has increased to 34.4% from 29.1% during 2021 driven by improved gross margin. Interest burden / efficiency improved versus last year on account of improvements in earnings. Tax efficiency slightly declined due to increase in tax expense during the year 2021 owing to the increased profitability. Assets turnover increased to 1.59 in 2021 from 1.55 in 2020 mainly due to sales growth during the year.

DUPONT ANALYSIS

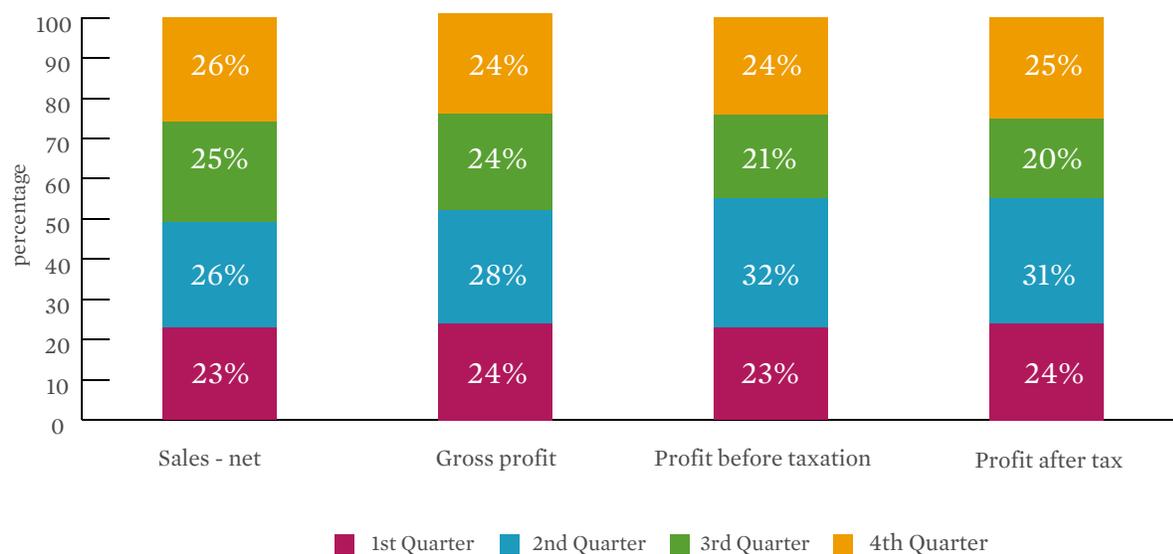


QUARTERLY ANALYSIS

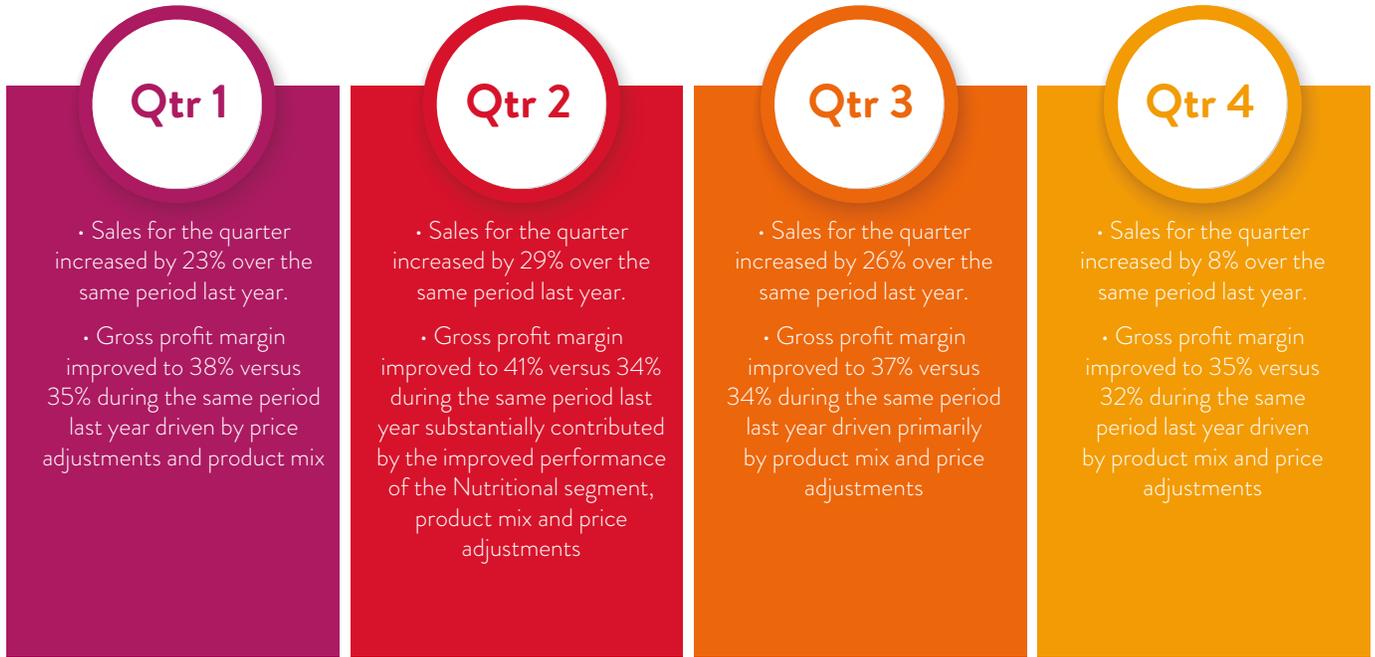
For The Year Ended December 31, 2021

	2021				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	----- (Rupees '000) -----				
Sales - net	9,890,792	10,907,191	10,649,306	11,122,567	42,569,856
Cost of sales	6,098,782	6,461,413	6,755,201	7,179,187	26,494,583
Gross profit	3,792,010	4,445,778	3,894,105	3,943,380	16,075,273
Selling and distribution expenses	1,659,366	1,527,067	1,699,020	1,683,931	6,569,384
Administrative expenses	170,345	163,811	216,455	171,390	722,001
Other income	139,404	240,505	146,425	206,512	732,846
Other charges	101,008	320,725	330,907	265,250	1,017,890
	1,791,315	1,771,098	2,099,957	1,914,059	7,576,429
Finance costs	2,000,695	2,674,680	1,794,148	2,029,321	8,498,844
	25,179	15,889	9,150	38,147	88,365
Profit before taxation	1,975,516	2,658,791	1,784,998	1,991,174	8,410,479
Taxation	533,024	819,294	575,085	516,019	2,443,422
Profit after tax	1,442,492	1,839,497	1,209,913	1,475,155	5,967,057

GRAPHICAL PRESENTATION OF QUARTERLY PERFORMANCE ANALYSIS

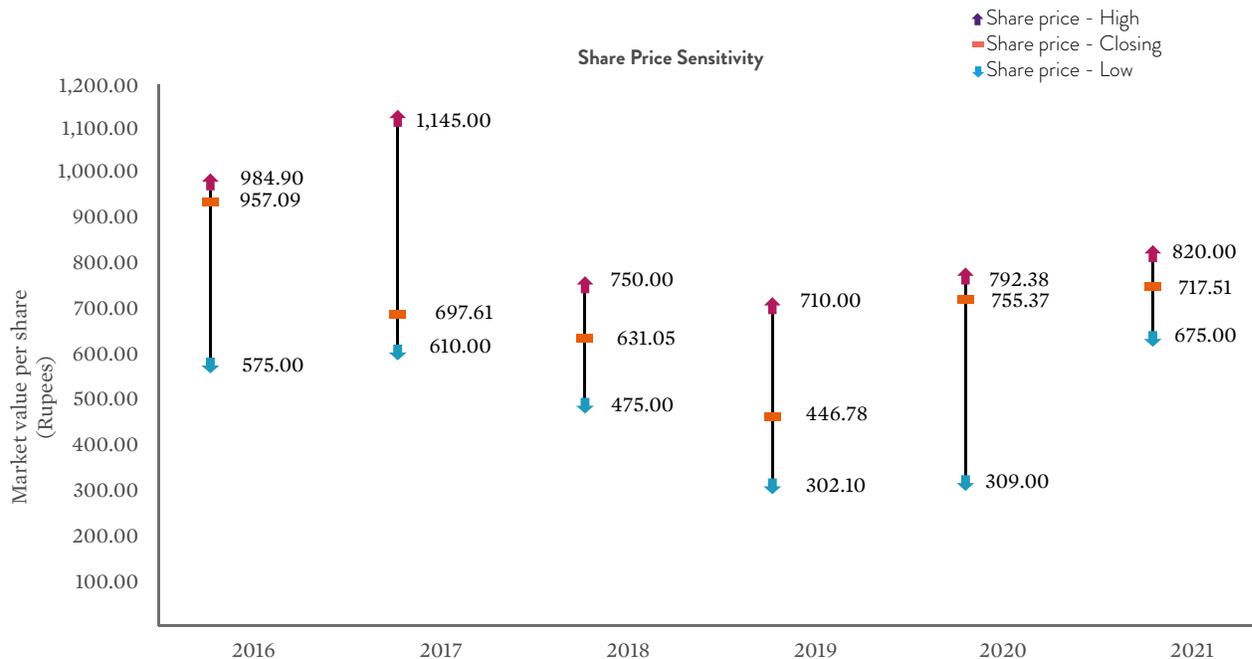


COMMENTS ON QUARTERLY PERFORMANCE ANALYSIS



SHARE PRICE SENSITIVITY ANALYSIS

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. During the current year, Abbott share price touched the peak of Rs 820.00 while the lowest recorded price was Rs 675.00 with a closing price of Rs. 717.51 at the end of the year.



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

Abbott Laboratories (Pakistan) Limited for the year ended 31st December 2021

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 7 (seven) as per the following:
 - a. Male: 5
 - b. Female: 2
2. The composition of the Board is as follows

Category	Names
Independent Directors	Mr. Ehsan Ali Malik
	Mr. Mohsin Ali Nathani
	Ms. Ayla Majid
Other Non-Executive Directors	Mr. Munir A. Shaikh (Chairman)
	Mr. Muhammad Anjum Latif Rana
Executive Directors	Syed Anis Ahmed
	Ms. Seema Khan
Female Directors	Ms. Ayla Majid
	Ms. Seema Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations;

9. All the directors have obtained certification under the Directors' Training program;
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. Ehsan Ali Malik (Chairman)
	Ms. Ayla Majid
	Mr. Muhammad Anjum Latif Rana
HR & Remuneration Committee	Mr. Mohsin Ali Nathani (Chairman)
	Mr. Munir A. Shaikh
	Syed Anis Ahmed
Risk Management Committee	Ms. Ayla Majid (Chairperson)
	Mr. Muhammad Anjum Latif Rana
	Syed Anis Ahmed
	Ms. Seema Khan
Nomination Committee	Mr. Munir A. Shaikh (Chairman)
	Syed Anis Ahmed
	Mr. Mohsin Ali Nathani
	Mr. Ehsan Ali Malik

13. The terms of reference of the Audit Committee, HR & Remuneration Committee and Risk Management Committee have been formed, documented and advised to the committee for compliance. The terms of reference of the Nomination Committee are in the process of being finalized and approved;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:
 - a) Audit Committee: 4
 - b) HR and Remuneration Committee: 2
 - c) Risk Management Committee: 2

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

By order of the Board



Munir A. Shaikh
Chairman



Syed Anis Ahmed
Chief Executive Officer

Karachi: February 24th, 2022



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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ey.khi@pk.ey.com
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INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Abbott Laboratories (Pakistan) Limited** for the year ended **31 December 2021** 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 2021**.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 17th March 2022



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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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 2021**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit, other comprehensive income, the cash flows and its changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
<p>1. Revenue Recognition</p> <p>As disclosed in note 2.16 to the 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. 42.569 billion which is approximately 20% higher as compared to previous year (refer note 23).</p> <p>When identifying and assessing the risk relating to revenue recognition, our focus was whether the sales recorded by the management actually occurred during the year and were properly recorded in the correct accounting period.</p> <p>Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <p>Obtained an understanding of the Company’s process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process.</p> <p>Obtained an understanding of pricing mechanism of Drug Regulatory Authority of Pakistan (DRAP) and tested, on sample basis, selling prices of regulated pharmaceutical products to ensure compliance with the pricing policies of DRAP.</p> <p>Reviewed contracts with customer to obtain an understanding of terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company.</p> <p>Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, including dispatch-related documents and customer acknowledgement, on test basis.</p> <p>Analyzed various trends and benchmarks including growth in pharmaceutical industry and logical basis of the increase in revenue.</p> <p>Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period.</p> <p>Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Company and reviewed underlying documentation and business rationale of such journal entries.</p> <p>We assessed the adequacy of the Company’s disclosures in accordance with applicable financial reporting standards.</p>



Key audit matters	How our audit addressed the key audit matters
<p>2. Estimates and assumptions involved in staff retirement benefits</p>	
<p>As stated in note 2.13 to the accompanying financial statements, the Company operates defined benefit plans (i.e. funded pension and gratuity schemes) for all its permanent employees with present value of defined benefit obligation amounting to Rs. 1,466.048 million as at the reporting date as disclosed in note 6 to the accompanying financial statements.</p> <p>In determining the obligation in respect of staff retirement benefits, the Company engaged an actuarial expert to perform the actuarial valuation of the present value of the defined benefit obligation, which involves use of key assumptions including discount rates, expected rate of increase in future salaries, pension increase, minimum wage increase and mortality rates. Changes in any of these key assumptions can have a material impact on the calculation of the liability. Accordingly, 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>We obtained an understanding of the process for recognition of defined benefit plan and the Company’s control in this area relevant to our audit.</p> <p>We evaluated the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under International Accounting Standard 19 ‘Employee Benefits’.</p> <p>We engaged our external expert to assess the appropriateness of the methodology and reasonableness of assumptions used to determine the obligation in respect of defined benefit plan.</p> <p>We verified the existence and valuation of plan assets of the fund as at the reporting date.</p> <p>We tested, on a sample basis, the source data provided by the Company to the actuary for the purpose of valuation.</p> <p>We assessed the adequacy of the Company’s disclosures in accordance with applicable financial reporting standards.</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

- a) Based on our audit, we further report that in our opinion:
- b) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- c) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- e) 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 **Riaz A. Rehman Chamdia**.

EY Fird Rhonda

Chartered Accountants

Place: Karachi

Date: 17th March 2022

UDIN: AR202210078OWHYT6hzq

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

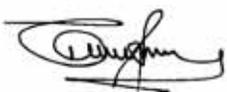
	Note	2021 (Rupees '000)	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		892,145	767,608
- revenue		15,483,490	13,843,641
Total Equity		17,354,638	15,590,252
NON-CURRENT LIABILITIES			
Deferred taxation - net	5	269,737	227,587
Staff retirement benefits	6	1,466,048	1,464,964
Gas Infrastructure Development Cess (GIDC) payable	8.3	-	172,825
Lease liabilities	7	133,942	626,294
Total Non-current Liabilities		1,869,727	2,491,670
CURRENT LIABILITIES			
Trade and other payables	8	9,039,575	6,407,481
Unclaimed dividends		58,163	50,291
Current maturity of lease liabilities	7	93,744	189,955
Provision against GIDC	9	151,900	186,095
Total Current Liabilities		9,343,382	6,833,822
Total Liabilities		11,213,109	9,325,492
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	10	28,567,747	24,915,744

	Note	2021 (Rupees '000)	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	10,006,158	9,070,460
Intangible assets	12	49,017	66,255
Long-term loans and advances	13	71,646	68,033
Long-term deposits	14	7,513	7,513
Long-term prepayments		966	1,746
Total Non-current Assets		10,135,300	9,214,007
CURRENT ASSETS			
Stores and spares	15	284,097	244,519
Stock-in-trade	16	6,721,491	4,981,489
Trade debts	17	1,216,257	935,468
Loans and advances	18	455,639	277,661
Trade deposits and short-term prepayments	19	302,173	425,048
Other receivables	20	447,976	420,836
Taxation - net		344,437	921,431
Short-term investments	21	7,841,030	6,506,404
Cash and bank balances	22	819,347	988,881
Total Current Assets		18,432,447	15,701,737
TOTAL ASSETS		28,567,747	24,915,744

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


Chief Executive


Director


Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
Sales - net	23	42,569,856	35,283,377
Cost of sales	24	26,494,583	23,437,221
Gross profit		16,075,273	11,846,156
Selling and distribution expenses	25	6,569,384	4,935,846
Administrative expenses	26	722,001	642,162
Other charges	27	1,017,890	708,375
Other income	28	(732,846)	(760,691)
		7,576,429	5,525,692
Finance costs	29	88,365	76,905
Profit before taxation		8,410,479	6,243,559
Taxation	30	2,443,422	1,708,310
Profit for the year		5,967,057	4,535,249
		(Rupees)	
Earnings per share - basic / diluted	31	60.95	46.33

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



Chief Executive



Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

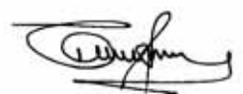
For The Year Ended December 31, 2021

	Reserves					Total	Total Equity
	Capital Reserves		Revenue Reserves				
	Issued, subscribed and paid-up capital	Reserve Arising on Merger	Other - (Note 2.20)	General Reserve	Un-appropriated Profit		
	(Rupees '000)						
Balance as at January 01, 2020	979,003	46,097	603,373	5,338,422	6,405,498	12,393,390	13,372,393
<i>Transactions with owners, recorded directly in equity</i>							
Final dividend for the year ended December 31, 2019 @ Rs. 7.5 per share	-	-	-	-	(734,252)	(734,252)	(734,252)
Interim dividend for the year ended December 31, 2020 @ Rs. 15 per share	-	-	-	-	(1,468,505)	(1,468,505)	(1,468,505)
Employee benefit cost under IFRS 2- 'Share based payments'	-	-	118,138	-	-	118,138	118,138
<i>Total comprehensive income for the year ended December 31, 2020</i>							
Profit for the year	-	-	-	-	4,535,249	4,535,249	4,535,249
Other comprehensive loss for the year- net of tax	-	-	-	-	(232,771)	(232,771)	(232,771)
Total comprehensive income for the year	-	-	-	-	4,302,478	4,302,478	4,302,478
Balance as at December 31, 2020	<u>979,003</u>	<u>46,097</u>	<u>721,511</u>	<u>5,338,422</u>	<u>8,505,219</u>	<u>14,611,249</u>	<u>15,590,252</u>
Balance as at January 01, 2021	979,003	46,097	721,511	5,338,422	8,505,219	14,611,249	15,590,252
<i>Transactions with owners, recorded directly in equity</i>							
Final dividend for the year ended December 31, 2020 @ Rs. 25.0 per share	-	-	-	-	(2,447,508)	(2,447,508)	(2,447,508)
Interim dividend for the year ended December 31, 2021 @ Rs. 20.0 per share	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Employee benefit cost under IFRS 2- 'Share based payments'	-	-	124,537	-	-	124,537	124,537
<i>Total comprehensive income for the year ended December 31, 2021</i>							
Profit for the year	-	-	-	-	5,967,057	5,967,057	5,967,057
Other comprehensive income for the year- net of tax	-	-	-	-	78,306	78,306	78,306
Total comprehensive income for the year	-	-	-	-	6,045,363	6,045,363	6,045,363
Balance as at December 31, 2021	<u>979,003</u>	<u>46,097</u>	<u>846,048</u>	<u>5,338,422</u>	<u>10,145,068</u>	<u>16,375,635</u>	<u>17,354,638</u>

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


Chief Executive


Director


Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (the Company) is a public limited company incorporated in Pakistan on July 02, 1948, and its shares are quoted on the Pakistan Stock Exchange Limited. The address of its registered office is Plot No. 258 & 324, opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

The geographical location and addresses of all business units of the Company are as follows:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, shall prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.1.3 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) effective during the year

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

Amendments

- IFRS 9 / IAS 39 / IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2 (Amendments); and
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments) beyond June 30, 2021;

The adoption of the above standards, amendments of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements

2.1.4 Standards, amendments and improvements that are not yet effective

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

Amendments	Effective date (annual periods beginning on or after)
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

The above amendments are not expected to have any material impact on the financial statements, when effective.

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)	IASB effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022
IFRS 16 - Leases: Lease incentives	01 January 2022

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2023

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

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 judgements in the preparation of these financial statements:

- i) Useful lives and residual values of items of property, plant and equipment (note 2.3 and note 11);
- ii) Provision for slow moving and obsolete stock-in-trade (note 2.6 and note 16);
- iii) Provision for slow moving and obsolete stores and spares (note 2.5 and note 15);
- iv) Allowance for expected credit losses on trade debts (note 2.18 and note 17);
- v) Allowance for expected credit losses on loans (note 2.18 and note 18);
- vi) Allowance for expected credit losses on other receivables (note 2.18 and note 20);
- vii) Allowance for expected credit losses on trade deposits (note 2.18 and note 19);
- viii) Estimate and assumptions involved in respect of defined benefit obligation schemes (note 2.13 and note 6);
- ix) Provision for taxation (note 2.8, note 5 and note 30);
- x) Share based compensation (note 2.20 and note 33);
- xi) Contingencies (note 10.1);
- xii) Leases (note 2.10 and note 7); and
- xiii) Refund liabilities (note 2.16 and note 8).

2.1.6 Shariah related disclosures

As at the reporting date, the Company is listed on the PSX-KMI All Share Index. The Company accordingly, as per requirements specified in the Sub-clause 10 of Clause VI of Part 1 of the 4th Schedule to the Companies Act, 2017, has provided disclosures applicable to it in notes 27.3 and 28.1 respectively.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Pakistani Rupees, which is also the Company’s functional currency.

2.3 Property, plant and equipment

a) Owned

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except freehold land, which is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

b) Depreciation

Depreciation is charged to the statement of profit or loss applying the straight line method whereby the cost less residual value of an asset is allocated over its estimated useful life at the rates given in note 11.1 to these financial statements. Depreciation on assets is charged from the month of addition to the month of disposal. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. Depreciation on leasehold land is charged to statement of profit or loss equally over the period of the lease.

c) Gains or losses on disposal of fixed assets

Gains or losses on disposal of fixed assets are taken to the statement of profit or loss in the period in which they arise.

d) Subsequent costs

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

e) Capital work-in-progress

This is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when the assets are available for use.

f) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets, as follows:

• Vehicles	4 to 5 years
• Warehouses, sales offices and city office	3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of an asset.

2.4 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost can be measured reliably. An intangible asset with finite life is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any. It is amortised on a straight line basis over its estimated useful life at the rates mentioned in note 12 to these financial statements. The amortisation period for intangible assets with finite useful lives is reviewed and adjusted at each financial year-end, if required.

2.5 Stores and spares

These are valued at cost determined on weighted average basis. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon upto the statement of financial position date. Provision is made in the financial statements for obsolete and slow moving items based on estimates regarding their usability.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

2.6 Stock-in-trade

Stock of raw and packing materials, work-in-process and finished goods are valued at the lower of cost, calculated on first-in-first-out basis, and net realisable value. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads. Cost in relation to items in transit represents invoice value and other charges incurred thereon upto the statement of financial position date. Provision is made in the financial statements for obsolete and slow moving items based on estimates.

Net realisable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Inventory is considered as sample inventory when it is labelled as a sample. The cost of sample inventory is charged to statement of profit or loss when the Company has a right to access those goods.

2.7 Impairment

Non-financial assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

2.8 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the statement of comprehensive income.

Deferred

Deferred tax is provided in full using the balance sheet method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and the liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date and recognised after adjusting the impact of tax under FTR.

2.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short-term investments, at amortised cost, with a maturity of three months or less from the date of acquisition, net of short-term borrowings, if any. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

2.10 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

As at the reporting date, the Company did not have any low-value or short-term lease.

2.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date to reflect the current best estimate.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

2.13 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund (defined contribution plan) for all permanent employees who have completed six months' service. Equal monthly contributions are made by the Company and its employees at the rate of 10% of basic salary. The contribution of the Company is charged to the statement of profit or loss as and when incurred.

Defined benefit plan - pension scheme

The Company operates an approved funded pension scheme covering all its permanent employees who joined on or before September 30, 2019 and who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at December 31, 2021 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, 2021 and on that basis, the Company has recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in the statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to the statement of profit or loss.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

2.14 Liability for employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

2.15 Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Pakistani Rupees at the foreign currency rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. Exchange differences are taken to the statement of profit or loss.

2.16 Revenue from contract with customers

The Company is principally engaged in the manufacture, import and marketing of branded generics pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products. Revenue from contracts with customers is recognised when control of the goods is transferred which generally coincides with the delivery of the goods to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

The Company enters into contractual arrangements for diagnostic instruments which include provision of assets to customers for the contracted period as well as performance obligations for sale of reagents and other consumables. Such contracts typically include operating lease component and require customers to purchase minimum specified levels of reagents and consumables over the period of the contract. The Company retains title to such instruments and the customers can not remove, transfer or alter these instruments without the Company's consent. Contract period in such arrangements vary by customer to customer and range up to 7 years. The operating lease revenue component embedded in the sale revenue of reagents and consumables is not contractually distinguishable, however it is considered not to be significant portion of the Company's net sales based on the management's estimate. Accordingly, such revenue is not considered significant to be disclosed separately in these financial statements.

a) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contract for the sale of goods provide customers with a right to return the goods in case of expired / damaged goods. The rights of return give rise to variable consideration.

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue.

b) Refund liability

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company's refund liabilities arise from customers' right of return. The Company updates its estimates of refund liabilities at the end of each reporting period. Refer to above accounting policy on variable consideration.

c) Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company transfers control of the related goods to the customer.

2.17 Other Income

Interest income / other income is recognized on an accrual basis.

2.18 Financial instruments – initial recognition and subsequent measurement

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade debts, loans, trade deposits, interest accrued, certain portion of other receivables, cash and bank balances and short-term investments.

The Company does not have any debt instruments at fair value through OCI, equity instruments at fair value through OCI and equity instruments at fair value through profit or loss.

Derecognition

A financial asset, a part of a financial asset or part of a group of similar financial assets is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due, however, in certain cases, the Company also considers a financial asset in default when contractual payments are 360 days past due.

Further, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

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.

2.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance. The Company reports segment information separately that meets the quantitative thresholds as defined under IFRS 8, i.e. 10 percent or more of the combined revenue, profit or loss or assets.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets / liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Pharmaceutical

The Pharmaceutical segment is engaged in the manufacture, import and marketing of branded generic pharmaceutical products registered with the Drug Regulatory Authority of Pakistan.

Nutritional

The Nutritional segment is engaged in the import and marketing of nutritional products.

Diagnostics

The Diagnostics segment is engaged in the import and marketing of diagnostic equipment, molecular devices, and their testing kits.

Others

The Others segments represents the import and marketing of diabetes care products and manufacturing and marketing of general healthcare products.

2.20 Share based compensation

The cost of awarding shares to employees is reflected by recording a charge in the statement of profit or loss equivalent to the fair value of shares on the grant date over the vesting period. Since awarded shares relate to the ultimate holding company, a corresponding reserve is created to reflect the equity component.

3. AUTHORISED CAPITAL

2021 (Number of shares)	2020		2021 (Rupees '000)	2020 (Rupees '000)
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,000,000</u>	<u>2,000,000</u>

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021 (Number of shares)	2020		2021 (Rupees '000)	2020 (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
<u>97,900,302</u>	<u>97,900,302</u>		<u>979,003</u>	<u>979,003</u>

4.1 As at December 31, 2021, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 (2020: 76,259,454) shares with the total shareholding of 77.90%, (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	2021	2020
	(Rupees '000)	
5. DEFERRED TAXATION - NET		
Taxable temporary difference arising on:		
Accelerated tax depreciation	539,588	680,357
Deductible temporary differences arising on:		
Provisions	(202,875)	(203,989)
Lease liabilities	(62,827)	(236,713)
Gas Infrastructure Development Cess payable	(4,149)	(12,068)
	269,737	227,587

6. STAFF RETIREMENT BENEFITS

6.1 Defined benefit scheme

As mentioned in note 2.13, the Company operates a Pension Fund and a Gratuity Fund (the Funds) under an irrevocable trust managed in conformity with the provisions of the Income Tax Ordinance, 2001 and the Trust Deeds. The Company makes contributions to the Funds as prescribed under the Trust Deed and its rules whereas the trustees are responsible for the day to day management of the Funds. The Company faces the following risks on account of defined benefit plans:

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility: Most assets of the funds are invested in Government Bonds, which is risk free investments. However, investments in equity instruments of the funds is 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, 2021 using the Projected Unit Credit Method.

	Note	Pension Fund		Gratuity Fund	
		2021	2020	2021	2020
(Rupees '000)					
6.1.1 Amounts recognised in the statement of financial position:					
Present value of the defined benefit obligation	6.1.2	5,582,276	5,547,168	11,256	2,549
Less: fair value of plan assets	6.1.3	4,107,392	4,080,394	20,092	4,359
Deficit / (Surplus)		<u>1,474,884</u>	<u>1,466,774</u>	<u>(8,836)</u>	<u>(1,810)</u>
6.1.2 Movement in present value of defined benefit obligations					
As at January 1,		5,547,168	4,650,447	2,549	227
Current service cost		216,333	204,756	8,294	2,426
Interest cost		535,253	544,652	255	28
Benefits paid		(389,283)	(408,369)	-	-
Remeasurements recognised in other comprehensive income:					
- Loss / (gain) due to changes in experience adjustment	6.1.7	97,789	64,921	158	(132)
- (Gain) / loss due to changes in financial assumptions	6.1.7	(424,984)	490,761	-	-
		(327,195)	555,682	158	(132)
As at December 31,		<u>5,582,276</u>	<u>5,547,168</u>	<u>11,256</u>	<u>2,549</u>
6.1.3 Movement in fair value of plan assets					
As at January 1,		4,080,394	3,595,043	4,359	-
Interest income		400,326	429,383	1,199	265
Company contributions	35	235,034	228,670	15,253	4,321
Benefits paid		(389,283)	(408,369)	-	-
Remeasurements recognised in other comprehensive income:					
- Remeasurement of fair value of plan assets		(219,079)	235,667	(719)	(227)
As at December 31,		<u>4,107,392</u>	<u>4,080,394</u>	<u>20,092</u>	<u>4,359</u>
6.1.4 Expense recognised in the statement of profit or loss					
Current service cost		216,333	204,756	8,294	2,426
Net interest cost / (income)		134,927	115,269	(944)	(237)
	24.4	<u>351,260</u>	<u>320,025</u>	<u>7,350</u>	<u>2,189</u>
6.1.5 Actual return on plan assets					
		<u>181,247</u>	<u>665,050</u>	<u>480</u>	<u>38</u>

6.1.14 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation	
	Pension Fund	Gratuity Fund
	(Rupees '000)	
Discount rate (1% increase)	(487,019)	(1,539)
Discount rate (1% decrease)	570,569	1,872
Salary growth rate (1% increase)	341,237	1,891
Salary growth rate (1% decrease)	(307,446)	(1,577)
Pension growth rate (1% increase)	263,863	-
Pension growth rate (1% decrease)	(236,006)	-
Minimum wage increase (1% increase)	(16,623)	-
Minimum wage increase (1% decrease)	14,745	-

If life expectancy increases by 1 year, the obligation increases by 108.855 million.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension and gratuity liability recognised within the statement of financial position.

7. LEASE LIABILITIES

The Company had a finance lease arrangement with a commercial bank for the purchase of vehicles. The finance lease carried arrangement mark-up at rates ranging from 6-month KIBOR plus 0.45% to 6-month KIBOR plus 1.00% per annum (December 31, 2020: 6-month KIBOR plus 0.45% to 6-month KIBOR plus 1.00% per annum). The contract enforces certain covenants including but not limited to the conditions of the vehicles and rights of assignment. However, lease liability in respect of vehicles was settled during the current year.

The Company also has lease contracts for warehouses, sales offices and City office used in its operations. These leases generally have lease terms between 3 to 5 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care. Following is the maturity analysis of lease liabilities recognised by the Company:

	2021	2020
	(Rupees '000)	
Not later than one year	93,744	189,955
Later than one year but not later than five years	133,942	626,294
	<u>227,686</u>	<u>816,249</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

7.1 Movement of lease liabilities is as follows:

	Vehicles	Warehouses, sales offices and city office	Total
	(Rupees '000)		
As at January 1, 2020	362,631	18,508	381,139
Additions	286,588	332,573	619,161
Accretion of interest	46,510	23,880	70,390
Payments	(164,337)	(90,104)	(254,441)
As at December 31, 2020	531,392	284,857	816,249
Additions	175,239	7,041	182,280
Accretion of interest	20,761	33,718	54,479
Payments	(72,308)	(97,930)	(170,238)
Early settlement	(655,084)	-	(655,084)
As at December 31, 2021	-	227,686	227,686

Note	2021	2020
	(Rupees '000)	

8. TRADE AND OTHER PAYABLES

Creditors		1,096,533	967,798
Accrued liabilities		4,032,346	2,796,957
Bills payable	8.1	2,630,129	1,422,913
Contract liabilities		460,424	480,636
Payable to related parties	8.2	231,776	170,730
Central Research Fund		97,197	75,310
Workers' Welfare Fund		165,315	326,695
Gas Infrastructure Development Cess (GIDC) payable	8.3	140,588	54,618
Refund liabilities		151,402	91,313
Book over-draft		15,775	-
Others		18,090	20,511
		<u>9,039,575</u>	<u>6,407,481</u>

8.1 Bills payable include the following amounts payable to related parties:

Abbott Diagnostics GmbH	255,874	164,402
Abbott Logistics B.V.	598,990	295,918
Abbott Laboratories (Singapore) PTE Limited	4,442	4,052
Abbott Products Operation AG	429,920	129,730
Abbott Laboratories Greece	904	-
Abbott GmbH	31,069	15,857
Abbott Argentina S.A.	438	399
Abbott S.R.L Italy	9,312	21,515
Abbott Diabetes Care Inc.	51,387	49,294
Abbott Diabetes Care Limited, UK	88,115	34,515
Abbott Rapid DX International Ltd	451,836	275,077
Abbott Diagnostics Korea	74,979	-
Abbott Laboratories International Co.	-	11,686
	<u>1,997,266</u>	<u>1,002,445</u>

	Note	2021 (Rupees '000)	2020
8.2 Payable to related parties represents the following amounts payable to:			
Abbott International LLC., USA		76,083	59,594
ALSA MERO Office		22,278	19,402
Abbott Ireland		580	257
Abbott GmbH		26,948	13,585
Abbott Logistics B.V.		10,814	10,697
Abbott Products Operation AG		72,434	67,195
Abbott Labs GMBH (Dubai)		3,893	-
Abbott Laboratories S.A.		18,746	-
		<u>231,776</u>	<u>170,730</u>
8.3 Gas Infrastructure Development Cess (GIDC) payable			
Opening as at January 01,		227,443	-
GIDC recognised		-	250,907
Accretion of interest on GIDC		26,580	-
Payments during the year		(113,435)	(23,464)
Closing as at December 31,		<u>140,588</u>	<u>227,443</u>
Current portion of GIDC Payable		<u>140,588</u>	<u>54,618</u>
Long-term portion of GIDC Payable		<u>-</u>	<u>172,825</u>
9. PROVISION AGAINST GIDC			
Opening as at January 01,		186,095	436,629
(Reversal) / charge during the year		(34,195)	41,987
GIDC recognised as payable		-	(250,907)
Gain on recognition of GIDC payables - net		-	(41,614)
Closing as at December 31,	9.1	<u>151,900</u>	<u>186,095</u>
9.1 The Company has maintained a provision against GIDC under the GIDC Act 2015 in respect of the rate differential matter for captive and industrial consumers. The Gas companies reserve the right to recover the differential after the final determination by the superior courts. Pursuant to the recent Judgment of the Supreme Court raised in August 2020, Gas companies started to recover the outstanding cess at industrial rate and the same has now been recorded as a payable.			
10. CONTINGENCIES AND COMMITMENTS			
10.1 Contingencies			
10.1.1 The Company is defending various minor suits filed against it in various courts in Pakistan related to its business operations as at reporting date, which are not material to disclose as contingencies. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in the Company's favour.			

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

10.2 Commitments

- 10.2.1 Commitments for capital expenditure outstanding amounted to Rs. 661.503 million (2020: Rs. 191.262 million).
- 10.2.2 Commitments in respect of letters of credit outstanding as of statement of financial position date amounted to Rs. 1,025.130 million (2020: Rs. 747.263 million).
- 10.2.3 The Company has given bank guarantees of Rs. 585.401 million (2020: Rs. 269.858 million) to the Customs Department, a utility company and other institutions against tenders.
- 10.2.4 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 3,150 million (2020: Rs. 2,150 million). These facilities can be utilised for letters of credit, guarantees and running finance / short-term loans. However, the running finance / short-term loan utilisation cannot exceed Rs. 1,290 million (2020: Rs. 250 million). The running finance / short-term loan carries markup at rates ranging from KIBOR minus 0.25% to flat KIBOR (2020: KIBOR plus 1% to KIBOR plus 2%) 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.

	Note	2021 (Rupees '000)	2020
11. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	8,060,044	7,346,918
Capital work-in-progress	11.5	1,725,705	911,993
Right-of-use assets	11.6	220,409	811,549
		<u>10,006,158</u>	<u>9,070,460</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)									
At December 31, 2019										
Cost	20,679	2,718	461,570	67,819	6,970,281	325,760	85,972	255,811	3,493,249	11,683,859
Accumulated depreciation	-	1,007	284,914	66,588	2,819,232	136,394	70,648	188,860	1,507,395	5,075,038
Net book value	20,679	1,711	176,656	1,231	4,151,049	189,366	15,324	66,951	1,985,854	6,608,821
Year ended December 31, 2020										
Opening net book value	20,679	1,711	176,656	1,231	4,151,049	189,366	15,324	66,951	1,985,854	6,608,821
Additions / transfers	-	-	-	-	1,334,478	57,673	-	78,634	266,081	1,736,866
Disposals / write offs										
Cost	-	-	-	-	217	63,618	-	-	191,728	255,563
Depreciation	-	-	-	-	196	33,307	-	-	188,033	221,536
	-	-	-	-	21	30,311	-	-	3,695	34,027
Depreciation charge for the year	-	29	17,320	100	506,474	32,570	5,236	27,318	375,695	964,742
Closing net book value	20,679	1,682	159,336	1,131	4,979,032	184,158	10,088	118,267	1,872,545	7,346,918
At December 31, 2020										
Cost	20,679	2,718	461,570	67,819	8,304,542	319,815	85,972	334,445	3,567,602	13,165,162
Accumulated depreciation	-	1,036	302,234	66,688	3,325,510	135,657	75,884	216,178	1,695,057	5,818,244
Net book value	20,679	1,682	159,336	1,131	4,979,032	184,158	10,088	118,267	1,872,545	7,346,918
Year ended December 31, 2021										
Opening net book value	20,679	1,682	159,336	1,131	4,979,032	184,158	10,088	118,267	1,872,545	7,346,918
Additions / transfers	-	-	52,964	-	660,400	657,511	-	8,290	499,821	1,878,986
Disposals / write offs										
Cost	-	-	-	-	-	92,100	-	52,260	228,330	372,690
Depreciation	-	-	-	-	-	49,455	-	52,260	214,616	316,331
	-	-	-	-	-	42,645	-	-	13,714	56,359
Depreciation charge for the year	-	29	19,086	100	576,376	82,020	4,101	40,692	387,097	1,109,501
Closing 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
At December 31, 2021										
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
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
Annual rate of depreciation %										
2020	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2021	-	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.

Note 2021 2020
(Rupees '000)

11.3 The depreciation charge for the year on operating fixed assets has been allocated as follows:

Cost of sales	24	970,547	879,348
Selling and distribution expenses	25	94,811	57,253
Administrative expenses	26	44,143	28,141
		<u>1,109,501</u>	<u>964,742</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

11.4 Details of disposals of operating fixed assets having book value exceeding Rs. 500,000:

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser and relationship
(Rupees '000)						
Vehicles	1,628	651	651	-	Company Policy	Asmatullah Employee
	1,628	651	651	-	Company Policy	Ghulam Mustafa Employee
	1,828	731	731	-	Company Policy	Fahad Rehman Employee
	1,608	643	1,615	972	Open Market Auction	Ghani Khan House No. 1487, Bizerta Line Karachi
	1,678	671	671	-	Company Policy	Tahir Iqbal Employee
	2,605	2,019	2,019	-	Company Policy	Najeebuddin Employee
	1,558	623	1,650	1,027	Open Market Auction	Ghani Khan House No. 1487, Bizerta Line Karachi
	1,678	671	671	-	Company Policy	Nadeem Khan Employee
	1,678	671	671	-	Company Policy	Waleed Employee
	1,755	351	2,550	2,199	Open Market Auction	Bilal Ahmed Near Government Technology College House No 263 Street 1 Muhalla Basti Sham, Multan
	1,646	658	1,523	865	Open Market Auction	Muhammad Quswar Wapda Grade Station Khanewal Road House No 1967 Street 01, Multan
	16,375	6,550	6,550	-	Company Policy	Syed Anis Ahmed Key management personnel
	1,863	745	745	-	Company Policy	Dr. Tabrez Employee
	1,863	745	745	-	Company Policy	Farah Khan Employee
	1,863	745	745	-	Company Policy	Dr. Sobia Ali Employee
	1,676	670	670	-	Company Policy	Baber Shahzad Ex-Employee
	1,863	745	745	-	Company Policy	Ali Salman Employee
	1,668	667	667	-	Company Policy	Mehar Ellahi Employee
	2,154	1,050	1,077	27	Company Policy	Dr. Aun Anees Employee
	1,863	745	745	-	Company Policy	Habib Ahmed Key management personnel
	1,863	745	745	-	Company Policy	Talha Iqbal Employee
	1,949	1,218	1,218	-	Company Policy	Shahzad Hussain Employee
	1,653	661	661	-	Company Policy	Khalid Chaudry Ex-Employee
	1,828	731	2,357	1,626	Open Market Auction	Ruhail Mithani House no D-87/1, Block 7, Clifton Karachi
	1,863	745	2,500	1,755	Open Market Auction	Syed Hasan Jafri House no 247-S, Phase 2, Housing Authority Lahore Cantt, Lahore
	2,379	1,576	1,576	-	Company Policy	Muhammad Zohaib Employee
	1,678	671	671	-	Company Policy	Zaheer Uddin Employee
	2,605	1,921	1,954	33	Company Policy	Mushtad Ahmed Ex-Employee
	1,678	671	671	-	Company Policy	Fasihuddin Employee
	2,074	1,218	1,244	26	Company Policy	Mohib Raza Ex-Employee
	1,883	1,271	1,083	(188)	Company Policy	Saad Ali Employee
	1,949	1,121	1,121	-	Company Policy	Muhammad Ansari Employee
	1,918	767	767	-	Company Policy	Naseem Akhter Ex-Employee
	1,883	1,036	1,059	23	Company Policy	Muhammad Rehan Aziz Ex-Employee
	2,024	1,113	1,139	26	Company Policy	Saeed Ahmed Employee
	2,124	1,301	2,843	1,542	Company Policy	IGI General Insurance Limited 7th Floor, The Forum, Suite 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton
	2,189	1,450	1,478	28	Company Policy	Shahid Raza Ex-Employee
	1,883	1,036	1,059	23	Company Policy	Kashif Rafi Employee
	1,678	671	671	-	Company Policy	Farrukh Shahid Employee
	1,998	799	1,099	300	Company Policy	Ahmed Ashraf Ex-Employee
	466	93	458	365	Open Market Auction	M. Amir Khan House # LS 40/41 Sector 5C3 North Karachi
	674	270	558	288	Open Market Auction	M. Amir Khan House # LS 40/41 Sector 5C3 North Karachi
	695	278	543	265	Open Market Auction	M. Amir Khan House # LS 40/41 Sector 5C3 North Karachi
	695	278	612	334	Open Market Auction	M. Amir Khan House # LS 40/41 Sector 5C3 North Karachi
Computers	52,260	-	-	-	Write-off	
Service Equipment	4,659	422	2,350	1,928	Company Policy	Burhani Enterprises Office # 21 A, Karachi Market, Khyber Bazar, Peshawar
	17,385	11,592	18,525	6,933	Company Policy	Advance Lab Pvt. Ltd Beks Hall 3A Lower Ground Floor, Executive Complex, G8 Markaz, Islamabad
	206,279	1,702	-	(1,702)	Write-off	
Total - 2021	<u>372,690</u>	<u>56,359</u>	<u>75,054</u>	<u>18,695</u>		
- 2020	<u>255,563</u>	<u>34,027</u>	<u>38,548</u>	<u>4,521</u>		

11.5 Capital work-in-progress

	Plant and machinery and buildings	Vehicles	Office equipment and computers	Total
	(Rupees in '000)			
At December 31, 2019	1,229,572	39,000	227	1,268,799
Additions	979,694	43,362	90,923	1,113,979
Transferred to operating fixed assets	(1,334,478)	(57,673)	(78,634)	(1,470,785)
At December 31, 2020	874,788	24,689	12,516	911,993
Additions / transfers from right-of-use-assets	1,291,861	289,845	12,536	1,594,242
Transferred to operating fixed assets	(713,364)	(58,876)	(8,290)	(780,530)
At December 31, 2021	<u>1,453,285</u>	<u>255,658</u>	<u>16,762</u>	<u>1,725,705</u>

11.6 Right-of-use assets

	Note	Vehicles	Warehouses, sales offices and city office	Total
		(Rupees in '000)		
At December 31, 2019		358,445	31,492	389,937
Additions		284,158	332,573	616,731
Depreciation		(68,232)	(76,151)	(144,383)
Disposals		(50,736)	-	(50,736)
At December 31, 2020		523,635	287,914	811,549
Additions		175,239	7,041	182,280
Depreciation	11.7	(48,710)	(74,546)	(123,256)
Disposals	11.8	(12,442)	-	(12,442)
Transfers to operating fixed assets and CWIP		(637,722)	-	(637,722)
At December 31, 2021		<u>-</u>	<u>220,409</u>	<u>220,409</u>

Note 2021 2020
(Rupees '000)

11.7 The depreciation charge for the year on right-of-use assets has been allocated as follows:

Cost of sales	24	12,212	14,678
Selling and distribution expenses	25	73,531	97,220
Administrative expenses	26	37,513	32,485
		<u>123,256</u>	<u>144,383</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

11.8 Details of disposals of right-of-use assets having book value exceeding Rs. 500,000:

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser and relationship
(Rupees '000)						
Vehicles						
	2,024	1,290	1,316	26	Company Policy	Muhammad Usman Employee
	2,024	1,240	1,265	25	Company Policy	Asim Saleem Employee
	1,883	1,177	1,200	23	Company Policy	Mehryn Sardar Employee
	2,024	1,240	1,290	50	Company Policy	Atta-Ul-Hasan Employee
	1,881	1,199	1,223	24	Company Policy	Safdar Farooqui Employee
	2,625	2,198	2,198	-	Company Policy	Ashar Ayub Employee
	1,883	1,130	1,153	23	Company Policy	Maisam Ali Ex-Employee
	2,229	1,421	1,478	57	Company Policy	Taha Zafar Employee
	2,379	1,547	1,547	-	Company Policy	Tahir Ali Ex-Employee
Total - 2021	18,952	12,442	12,670	228		
- 2020	67,392	50,736	50,373	(363)		

11.9 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 license	Marketing authorisation rights	Total
(Rupees '000)			
Cost			
As at January 01, 2020	-	198,948	198,948
Additions	9,879	-	9,879
As at December 31, 2020	9,879	198,948	208,827
Additions	-	5,000	5,000
As at December 31, 2021	9,879	203,948	213,827
Amortisation			
As at January 01, 2020	-	120,576	120,576
Amortisation	3,019	18,977	21,996
As at December 31, 2020	3,019	139,553	142,572
Amortisation	3,293	18,945	22,238
As at December 31, 2021	6,312	158,498	164,810
Net book value			
As at December 31, 2020	6,860	59,395	66,255
As at December 31, 2021	3,567	45,450	49,017
Useful life			
	3	4-5	

	Note	2021 (Rupees '000)	2020
12.1 The amortization for the year on intangible assets has been allocated as follows:			
Cost of sales	24	1,033	-
Selling and distribution expenses	25	21,114	21,996
Administrative expenses	26	91	-
		<u>22,238</u>	<u>21,996</u>

13. LONG-TERM LOANS AND ADVANCES - considered good, secured

Long-term loans

Due from:

- Executives		2,827	3,037
- Employees		99,060	93,929
	13.1	<u>101,887</u>	<u>96,966</u>

Less: recoverable within one year

- Executives		1,331	1,096
- Employees		32,533	31,577
	18	<u>33,864</u>	<u>32,673</u>
		<u>68,023</u>	<u>64,293</u>

Long-term advances

- Employees		3,623	3,740
		<u>71,646</u>	<u>68,033</u>

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.

	Note	2021 (Rupees '000)	2020
15. STORES AND SPARES			
Stores		137,471	105,070
Spares [including spares-in-transit of Rs. 13.906 million (2020: Rs. 6.047 million)]		<u>185,892</u>	<u>172,484</u>
		<u>323,363</u>	<u>277,554</u>
Less: provision for slow moving and obsolete items	15.1	<u>39,266</u>	<u>33,035</u>
		<u>284,097</u>	<u>244,519</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
15.1 Provision for slow moving and obsolete items			
Opening provision		33,035	30,510
Charge for the year	24	6,231	2,525
Closing provision		<u>39,266</u>	<u>33,035</u>
16. STOCK-IN-TRADE			
Raw and packing materials [including stock-in-transit of Rs. 449.697 million (2020: Rs. 439.711 million)]	24	3,036,799	2,816,482
Work-in-process	24	311,929	263,213
Finished goods [including stock-in-transit of Rs. 944.112 million (2020: Rs. 308.928 million)]	24	3,744,603	2,405,697
		<u>7,093,331</u>	<u>5,485,392</u>
Less: provision for slow moving and obsolete items	16.2	371,840	503,903
	16.1	<u>6,721,491</u>	<u>4,981,489</u>
16.1 Stock-in-trade includes items costing Rs. 329.932 million (2020: Rs. 1,031.304 million) valued at net realisable value of Rs. 269.677 million (2020: Rs. 885.013 million) resulting in a write down of Rs. 60.255 million (2020: 146.291 million).			
	Note	2021 (Rupees '000)	2020
16.2 Provision for slow moving and obsolete items			
Opening provision		503,903	417,884
Charge for the year	24	366,685	226,865
Write offs during the year		(498,748)	(140,846)
Closing provision		<u>371,840</u>	<u>503,903</u>
17. TRADE DEBTS			
Considered good:			
Secured		32,642	40,607
Unsecured			
- Due from a related party	17.1	14,587	-
- Others		1,169,028	894,861
		<u>1,183,615</u>	<u>894,861</u>
		1,216,257	935,468
Considered doubtful:			
Unsecured		68,402	94,582
		<u>1,284,659</u>	<u>1,030,050</u>
Less: allowance for expected credit losses	17.4	68,402	94,582
		<u>1,216,257</u>	<u>935,468</u>

- 17.1 Represents receivable from Abbott Products Operations AG, which is not yet due.
- 17.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 50.346 million (2020: Rs. 100.798 million).
- 17.3 The Company has made export sales amounting to Rs. 2,057.534 million (2020: Rs. 1,761.059 million) out of which Rs. 47.229 million (2020: Rs. 40.607 million) is outstanding as at reporting date. Jurisdiction wise breakup of outstanding debts from exports sales is as follows:

	Terms	Note	2021 (Rupees '000)	2020
Bangladesh	L/C 90 days		13	22,714
Sri Lanka	L/C 90 days		32,629	17,893
Switzerland	Bank contract 30 days		14,587	-
			<u>47,229</u>	<u>40,607</u>

17.4 Allowance for expected credit losses

Opening provision (Reversal) / charge for the year	28	94,582 (26,180)	57,895 36,687
Closing provision		<u>68,402</u>	<u>94,582</u>

18. LOANS AND ADVANCES

Considered good

Current portion of long-term loans	13	33,864	32,673
Advances to:			
- Executives		2,798	-
- Employees		20,820	451
- Suppliers		398,157	244,537
		<u>421,775</u>	<u>244,988</u>

Considered doubtful

		455,639	277,661
		1,805	794
		<u>457,444</u>	<u>278,455</u>
Less: allowance for expected credit losses	18.2	1,805	794
		<u>455,639</u>	<u>277,661</u>

18.1 These loans and advances are interest free.

18.2 Allowance for expected credit losses

Opening provision		794	794
Charge for the year	27	1,011	-
Closing provision		<u>1,805</u>	<u>794</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Considered good			
Trade deposits	19.1	231,865	322,550
Prepayments		70,308	102,498
		<u>302,173</u>	<u>425,048</u>
Considered doubtful			
Trade deposits		96,894	67,894
		<u>399,067</u>	<u>492,942</u>
Less: allowance for expected credit losses	19.2	96,894	67,894
		<u>302,173</u>	<u>425,048</u>
19.1 These trade deposits are interest free.			
19.2 Allowance for expected credit losses			
Opening provision		67,894	47,019
Charge for the year	27	29,000	20,875
Closing provision		<u>96,894</u>	<u>67,894</u>
20. OTHER RECEIVABLES			
Considered good			
Due from related parties	20.1	222,706	158,141
Receivable from customers	20.4	78,524	52,493
Insurance claim receivable		1,249	2,438
Workers' Profit Participation Fund	20.3	13,141	14,917
Sales tax receivable		124,625	171,723
Others		7,731	21,124
		<u>447,976</u>	<u>420,836</u>
Considered doubtful			
		5,489	5,325
		<u>453,465</u>	<u>426,161</u>
Less: allowance for expected credit losses	20.2	5,489	5,325
		<u>447,976</u>	<u>420,836</u>

	Note	2021 (Rupees '000)	2020
20.1 Due from related parties			
Abbott International LLC., USA		5,612	8,415
Abbott Products Operation AG		31,609	3,029
ALSA MERO Office		12,638	2,727
Abbott Ireland		34,023	32,291
Abbott GmbH		125,540	45,750
Abbott Laboratories International Co.		13,243	19,077
Abbott Laboratories SA Egypt		41	38
Abbott Saudi Arabia		-	1,039
Alere Inc.		-	45,775
	20.1.1 & 20.1.2	<u>222,706</u>	<u>158,141</u>

20.1.1 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 222.706 million (2020: Rs. 158.141 million).

20.1.2 As at December 31, 2021, the gross amount of other receivables due from related parties is Rs. 222.706 million (2020: Rs. 158.141 million) out of which Rs. 110.287 million (2020: Rs. 67.080 million) were past due but not impaired. The age analysis of these balances is as follows:

	Note	2021 (Rupees '000)	2020
Not yet due		112,419	91,061
Upto 3 months		87,453	8,164
3 to 6 months		10,202	6,994
More than 6 months		12,632	51,922
		<u>222,706</u>	<u>158,141</u>

20.2 Allowance for expected credit losses

Opening provision		5,325	5,035
Charge for the year	27	164	290
Closing provision		<u>5,489</u>	<u>5,325</u>

20.3 Workers' Profit Participation Fund

Opening balance		14,917	29,291
Allocation for the year	27	(451,629)	(334,853)
		<u>(436,712)</u>	<u>(305,562)</u>
Payment made during the year - net		449,853	320,479
Closing balance		<u>13,141</u>	<u>14,917</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
21. SHORT-TERM INVESTMENTS			
<i>At amortised cost</i>			
Term deposit receipts	21.1	7,800,000	6,500,000
Accrued profit thereon		41,030	6,404
		<u>7,841,030</u>	<u>6,506,404</u>
21.1 Term deposit receipts			
Having less than three months maturity period		5,800,000	6,500,000
Having more than three months maturity period		2,000,000	-
	21.1.1	<u>7,800,000</u>	<u>6,500,000</u>
21.1.1 Represents term deposit receipts up to maturity of six months with a commercial bank under conventional banking relationship carrying profit at the rate ranging from 8.20% to 9.05% (2020: 6.25%) per annum and having maturity up to May 20, 2022.			
	Note	2021 (Rupees '000)	2020
22. CASH AND BANK BALANCES			
<i>With banks</i>			
Savings accounts:			
- Local currency	22.1	129,137	459,642
Current accounts:			
- Local currency		11,082	7,251
- Foreign currency		673,322	515,015
		684,404	522,266
<i>In hand</i>			
- Foreign currency		4,215	5,433
- Local currency		1,591	1,540
		5,806	6,973
Cash and bank balances		<u>819,347</u>	<u>988,881</u>
22.1 These savings accounts carry markup rate of 7.25% (2020: 5.50%) per annum.			

	Note	2021 (Rupees '000)	2020
23. SALES – NET			
Local		45,121,970	37,462,483
Export			
- to related parties	35	829,034	567,131
- to others		1,228,500	1,193,928
		2,057,534	1,761,059
		<u>47,179,504</u>	<u>39,223,542</u>
Less:			
Sales returns		94,665	147,967
Trade discounts		3,198,600	2,766,565
Sales tax and excise duty		1,316,383	1,025,633
		4,609,648	3,940,165
	23.1	<u>42,569,856</u>	<u>35,283,377</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. 480.636 million (2020 : Rs. 273.117 million).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
24. COST OF SALES			
Opening raw and packing materials		2,816,482	3,165,804
Purchases		12,765,715	11,434,404
		15,582,197	14,600,208
Closing raw and packing materials	16	(3,036,799)	(2,816,482)
Raw and packing materials consumed		12,545,398	11,783,726
Opening work-in-process		263,213	328,896
		12,808,611	12,112,622
Manufacturing expenses:			
Salaries, wages, allowances and staff welfare	24.1	2,017,750	1,876,405
Stores and spares consumed		256,659	194,745
Fuel and power		797,134	654,402
Depreciation on operating fixed assets	11.3	970,547	879,348
Depreciation on right of use assets	11.7	12,212	14,678
Amortization of intangible assets	12.1	1,033	-
Repairs and maintenance		304,395	182,243
Technical service fee	24.2 & 35	219,596	190,979
Provision for slow moving and obsolete stores and spares	15.1	6,231	2,525
Provision for slow moving and obsolete stock in trade	16.2	366,685	226,865
Insurance		17,826	17,707
Printing and stationery		8,644	8,651
Rent, rates and taxes		1,190	530
Laboratory testing supplies		92,391	87,048
Computer expenses		11,387	9,304
Postage, telephone and telegram		10,777	11,074
Legal, professional and other services		23,070	32,494
Fees and purchased services		126,409	110,029
Recruitment and training expenses		2,429	1,435
Membership and subscription		676	823
Other expenses		104,618	89,617
		5,351,659	4,590,902
		18,160,270	16,703,524
Closing work-in-process	16	(311,929)	(263,213)
Cost of goods manufactured		17,848,341	16,440,311
Finished goods			
Opening stock		2,405,697	2,972,399
Purchases		9,985,148	6,430,208
		30,239,186	25,842,918
Closing stock	16	(3,744,603)	(2,405,697)
		26,494,583	23,437,221

- 24.1 These include a charge of Rs. 201.730 million (2020: charge of Rs. 192.938 million) (note 24.4) in respect of staff pension fund of Rs. 145.659 million (2020: Rs. 137.169 million), staff gratuity fund of Rs. 1.740 million (2020: Rs. 0.451 million) and contributory fund of Rs. 54.330 million (2020: Rs. 55.318 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. 121.305 million (2020: Rs. 116.102 million) has been recognised in the statement of profit or loss during the year in respect of the contributory provident fund maintained by the Company.

	Note	2021 (Rupees '000)	2020
24.4 Staff retirement benefit cost recognised in the statement of profit or loss			
Pension cost	6.1.4	351,260	320,025
Reimbursement from related party		(5,725)	(2,967)
Provident fund contribution	24.3	121,305	116,102
Employees Old-Age Benefits Institution		15,764	15,319
Gratuity cost	6.1.4	7,350	2,189
		<u>489,954</u>	<u>450,668</u>
Allocated as:			
Cost of sales	24.1	201,730	192,938
Selling and distribution expenses	25.1	235,400	210,352
Administrative expenses	26.1	52,824	47,378
		<u>489,954</u>	<u>450,668</u>

- 24.5 As at December 31, 2021, 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.

	2021	2020
	No of employees	
24.6 Number of employees		

The detail of number of employees are as follows:

Average number of employees during the year	1,474	1,482
Number of employees as at year end	1,469	1,464

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
25. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages, allowances and staff welfare	25.1	2,254,970	2,016,884
Repairs and maintenance		48,873	50,025
Royalty	25.2	26,022	27,280
Insurance		14,579	10,400
Depreciation on operating fixed assets	11.3	94,811	57,253
Depreciation on right-of-use assets	11.7	73,531	97,220
Amortisation of intangible assets	12.1	21,114	21,996
Legal, professional and other services		65,148	55,653
Postage, telephone and telegram		74,724	36,712
Printing and stationery		1,551	12,135
Travelling and conveyance		522,802	176,117
Advertising, samples and sales promotion		2,368,864	1,509,812
Forwarding expenses		627,859	553,679
Utilities		94,335	57,570
Computer expenses		17,568	8,049
Training and development expenses		7,255	14,025
Packing and miscellaneous supplies		63,882	110,316
Distributors commission		65,059	78,953
Fees and purchased services		78,687	70,742
Warehousing Services		102,448	74,807
Security expenses		33,466	29,309
Membership and subscription		11,178	2,112
Rent, rates and taxes		-	72
Other expenses		64,198	24,732
		<u>6,732,924</u>	<u>5,095,853</u>
Less: reimbursement from related party		<u>163,540</u>	<u>160,007</u>
		<u>6,569,384</u>	<u>4,935,846</u>

25.1 These include a charge of Rs. 235.400 million (2020: charge of Rs. 210.352 million) (note 24.4) in respect of staff pension fund of Rs. 163.073 million (2020: Rs. 145.748 million), staff gratuity fund of Rs. 3.746 million (2020: Rs. 1.357 million) and contributory fund of Rs. 68.580 million (2020: Rs. 63.247 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.

	Note	2021 (Rupees '000)	2020
26. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances and staff welfare	26.1	476,348	423,595
Repairs and maintenance		11,005	11,698
Insurance		13,465	13,567
Depreciation on operating fixed assets	11.3	44,143	28,141
Depreciation on right-of-use assets	11.7	37,513	32,485
Legal, professional and other services		10,738	22,140
Postage, telephone and telegram		9,548	8,001
Printing and stationery		2,577	3,459
Travelling and conveyance		6,138	12,814
Amortization of intangible assets	12.1	91	-
Utilities		24,044	21,760
Computer expenses		3,223	2,627
Training and development expenses		1,194	876
Miscellaneous office supplies		12,859	15,395
Fees and purchased services		22,196	15,035
Security expenses		19,901	18,320
Membership and subscription		9,816	8,214
Rent, rates and taxes		-	106
Other expenses		34,541	27,202
		<u>739,340</u>	<u>665,435</u>
Less: Reimbursement from related party		<u>17,339</u>	<u>23,273</u>
		<u>722,001</u>	<u>642,162</u>

26.1 These include a charge of Rs. 52.824 million (2020: charge of Rs. 47.378 million) (note 24.4) in respect of staff pension fund of Rs. 37.933 million (2020: Rs. 34.141 million), staff gratuity fund of Rs. 0.732 million (2020: Rs. 0.381 million) and contributory fund of Rs. 14.159 million (2020: Rs. 12.856 million).

	Note	2021 (Rupees '000)	2020
27. OTHER CHARGES			
Workers' Profit Participation Fund	20.3	451,629	334,853
Auditors' remuneration	27.1	9,982	9,531
Donations	27.2	9,499	4,799
Workers' Welfare Fund		170,469	118,658
Central Research Fund		84,953	63,066
Provision for expected credit loss on trade debts		-	36,687
Provision for expected credit loss on advances	18.2	1,011	-
Provision for expected credit loss on trade deposits	19.2	29,000	20,875
Provision for expected credit loss on other receivables	20.2	164	290
Exchange loss - net	27.3	240,342	105,828
Stamp duty		20,841	13,788
		<u>1,017,890</u>	<u>708,375</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	2021	2020
Note	(Rupees '000)	
27.1 Auditors' remuneration		
Statutory audit fee	3,093	2,813
Tax advisory services	5,405	4,574
Special certifications	1,004	1,664
Out of pocket expenses	480	480
	<u>9,982</u>	<u>9,531</u>

27.2 Recipients of donations do not include any donee in which any director or his / her spouse had any interest.

27.3 This includes exchange gain earned from export receivables and import payables amounting to Rs. 40.179 million (2020: Rs. 45.515 million) which has been offset against exchange losses incurred during the year.

	2021	2020
Note	(Rupees '000)	
28. OTHER INCOME		
Income from financial assets		
Term deposit receipts	488,644	291,605
Saving accounts	82,490	52,750
28.1	<u>571,134</u>	<u>344,355</u>
Income from non-financial assets		
Income earned from Abbott GmbH	99,823	101,594
Gain on disposal of property, plant and equipment - net	18,923	4,158
Write back of liabilities	-	255,457
Gain on recognition of GIDC payables - net	-	41,614
Reversal of expected credit losses on trade debts	26,180	-
Scrap sales	16,786	13,513
28.2 & 35	<u>161,712</u>	<u>416,336</u>
17.4	<u>732,846</u>	<u>760,691</u>

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% (2020: 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.

	2021	2020
	(Rupees '000)	
29. FINANCE COSTS		
Bank charges	7,306	6,515
Unwinding of GIDC	26,580	-
Mark-up on lease liabilities	54,479	70,390
	<u>88,365</u>	<u>76,905</u>

	2021	2020
	(Rupees '000)	
30. TAXATION		
Current		
- For the year	2,389,278	1,736,496
- Prior year	11,994	(16,164)
Deferred	2,401,272	1,720,332
	42,150	(12,022)
	<u>2,443,422</u>	<u>1,708,310</u>
30.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	<u>8,410,479</u>	<u>6,243,559</u>
Tax rate	29%	29%
Tax on accounting profit	2,439,039	1,810,632
Tax for prior years	11,994	(16,164)
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	39,856	35,652
- Applying lower tax rates to certain income	5,086	13,731
- Others (including the impact arising as a consequence of reversal of deferred tax liability and change in allocation ratio of revenue chargeable under FTR and Non-FTR)	(52,553)	(135,541)
	<u>2,443,422</u>	<u>1,708,310</u>
31. EARNINGS PER SHARE - BASIC / DILUTED		
Profit for the year	<u>5,967,057</u>	<u>4,535,249</u>
	Number of shares	
Weighted average number of ordinary shares in issue during the year	<u>97,900,302</u>	<u>97,900,302</u>
	(Rupees)	
Earnings per share	<u>60.95</u>	<u>46.33</u>
31.1 There is no dilutive effect on the basic earnings per share of the Company.		

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	Note	2021 (Rupees '000)	2020
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		8,410,479	6,243,559
Adjustment for:			
Depreciation on operating fixed assets	11.3	1,109,501	964,742
Depreciation on right-of-use assets	11.7	123,256	144,383
Amortisation on intangible assets	12.1	22,238	21,996
Provision for slow moving and obsolete stores and spares	15.1	6,231	2,525
Provision for slow moving and obsolete stock in trade	16.2	366,685	226,865
(Reversal) / allowance for expected credit losses on trade debts	17.4	(26,180)	36,687
Allowance for expected credit losses on trade deposits	19.2	29,000	20,875
Allowance for expected credit losses on other receivables	20.2	164	290
Allowance for expected credit losses on loans and advances	18.2	1,011	-
(Reversal) / provision against GIDC	9	(34,195)	41,987
Gain on disposal of property, plant and equipment - net	28	(18,923)	(4,158)
Interest income	28	(571,134)	(344,355)
Expense recognised in profit or loss in respect of equity-settled share-based compensation		124,537	118,138
Provision of Staff retirement benefits		358,610	322,214
Finance costs		88,365	76,905
Working capital changes	32.1	(60,254)	2,057,972
		<u>9,929,391</u>	<u>9,930,625</u>
32.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(45,809)	29,278
Stock-in-trade		(2,106,687)	840,861
Trade debts		(254,609)	(68,326)
Loans and advances		(178,989)	(144,490)
Trade deposits and short-term prepayments		93,875	174,262
Other receivables		(27,304)	157,056
		<u>(2,519,523)</u>	<u>988,641</u>
Increase in current liabilities			
Trade and other payables - net		<u>2,459,269</u>	<u>1,069,331</u>
		<u>(60,254)</u>	<u>2,057,972</u>
32.2 Cash and cash equivalents			
Cash and bank balances		819,347	988,881
Term deposit receipts		5,800,000	6,500,000
		<u>6,619,347</u>	<u>7,488,881</u>

32.3 Changes in liabilities arising from financing activities

	1 January 2021	Cash flows	New leases	Dividend declared	Others	31 December 2021
	(Rupees '000)					
Dividend	50,291	(4,397,642)	-	4,405,514	-	58,163
Lease liabilities	816,249	(170,238)	182,280	-	(600,605)	227,686
	<u>866,540</u>	<u>(4,567,880)</u>	<u>182,280</u>	<u>4,405,514</u>	<u>(600,605)</u>	<u>285,849</u>

	1 January 2020	Cash flows	New leases	Dividend declared	Others	31 December 2020
	(Rupees '000)					
Dividend	48,825	(2,201,291)	-	2,202,757	-	50,291
Lease liabilities	381,139	(254,441)	619,161	-	70,390	816,249
	<u>429,964</u>	<u>(2,455,732)</u>	<u>619,161</u>	<u>2,202,757</u>	<u>70,390</u>	<u>866,540</u>

33. SHARE BASED COMPENSATION

Share-based compensation plan

As at December 31, 2021, the Company's equity settled share-based compensation plan includes restricted stock units plan.

Under the plan, the Company employees, eligible as per policy are awarded restricted stock units of Abbott Laboratories, USA (the ultimate holding company). The plan entitles eligible employees to receive shares of the ultimate holding company which are vested equally over next three years, subject to certain vesting conditions.

In accordance with IFRS 2 (Share-Based Payments), services received from employees as consideration for stock units are recognised as an expense in the statement of profit or loss, with the corresponding entry recorded as equity. The expense corresponds to the fair value of the stock unit of the Abbott Laboratories, USA and is charged to statement of profit or loss on a straight-line basis over the vesting period of the plan.

An expense of Rs. 124.537 million (2020: Rs. 118.138 million) was recognized for this plan during the year.

The fair value of restricted stock units plan is measured at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2020	2019	2018
Volatility	19.40%	19.80%	19.00%
Dividend yield	1.60%	1.70%	1.90%
Risk free interest rate	1.30%	2.50%	2.70%

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

A summary of units outstanding is given below:

	2021		2020	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	83.00	8,233	69.44	12,132
Granted	124.04	7,055	87.72	7,416
Exercised / cancelled	93.46	(8,112)	71.56	(11,315)
At December 31,	<u>111.52</u>	<u>7,176</u>	<u>83.00</u>	<u>8,233</u>

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

Vesting date	2021		2020	
	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2021	-	-	5,761	80.97
2022	4,824	105.43	2,472	87.72
2023	2,352	124.04	-	-
	<u>7,176</u>	<u>111.52</u>	<u>8,233</u>	<u>83.00</u>

34. PLANT CAPACITY AND PRODUCTION

Actual production

	2021	2020
	(million units)	
Packs solids	98.43	95.17
Packs liquids	129.31	122.03
Packs injectables	1.32	1.31
Packs cream	14.59	11.10
Packs GHC	2.63	2.47
Total units	<u>246.28</u>	<u>232.08</u>

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	2021 (Rupees '000)	2020
Parent Company			
Dividend		3,431,675	1,715,838
Group companies			
Sale of goods	23	829,034	567,131
Purchase of materials		9,877,714	6,713,394
Technical service fee	24	219,596	190,979
Reimbursements of expenses - net		255,144	179,174
Other income	28	99,823	357,051
Retirement fund:			
Contribution to Pension Fund	6.1.3	235,034	228,670
Contribution to Provident Fund	24.3	121,305	116,102
Contribution to Gratuity Fund	6.1.3	15,253	4,321
Dividend			
Paid to Pension Fund		19,741	9,871
Paid to Provident Fund		22,092	11,046
Key management personnel:			
Short-term employee benefits		413,571	381,881
Post-employment benefits		38,690	34,766

35.1 Disposals of property, plant and equipment and right-of-use assets to key management personnel are disclosed in note 11.4 and 11.8 respectively.

35.2 Outstanding balances in respect of related party sales and purchases, reimbursements and staff retirement benefits are included in notes 8, 17, 20 and 6.

35.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers all members of their executive management team, including the chief executive officer and directors, to be key management personnel. Outstanding balances of loans and advances to key management personnel are disclosed in notes 13 and 18.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

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 Inc.	USA	Group Company	Not Applicable
8	Abbott Diabetes Care Limited, UK	United Kingdom	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 Limited UK	United Kingdom	Group Company	Not Applicable
13	Abbott Laboratories SA Egypt - note 35.4.1	Switzerland	Group Company	Not Applicable
14	Abbott Laboratories International Co.	USA	Group Company	Not Applicable
15	Abbott B.V. Netherlands	Netherlands	Group Company	Not Applicable
16	Abbott S.R.L Italy	Italy	Group Company	Not Applicable
17	ALSA MERO Office - note 35.4.1	Switzerland	Group Company	Not Applicable
18	Abbott Ireland	Ireland	Group Company	Not Applicable
19	Abbott Rapid DX International Ltd	Ireland	Group Company	Not Applicable
20	Abbott Diagnostics Korea	Korea	Group Company	Not Applicable
21	Abbott Laboratories Greece	Greece	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:

	2021			2020		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees '000)					
Short-term employee benefits						
Managerial remuneration	47,430	13,729	826,070	41,670	12,520	745,083
Leave passage / encashment	2,786	1,095	60,697	1,759	1,086	44,834
Medical expenses	505	95	27,950	267	38	20,793
Rent / utility / maintenance / furnishing	-	-	4,009	2,537	-	5,747
	<u>50,721</u>	<u>14,919</u>	<u>918,726</u>	<u>46,233</u>	<u>13,644</u>	<u>816,457</u>
Retirement benefits	6,494	2,140	131,000	5,837	1,932	111,778
	<u>57,215</u>	<u>17,059</u>	<u>1,049,726</u>	<u>52,070</u>	<u>15,576</u>	<u>928,235</u>
Number of persons	<u>1</u>	<u>1</u>	<u>195</u>	<u>1</u>	<u>1</u>	<u>169</u>

- 36.1 In addition, Rs. 124.537 million (2020: Rs. 118.138 million) has been charged in the statement of profit or loss under salaries, wages and allowances in respect of share-based payments to chief executive, directors and certain executives of the Company as mentioned in notes 2.20 and 33.
- 36.2 Managerial remuneration includes Rs. 142.263 million (2020: Rs. 126.283 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. 3.550 million (2020: Rs. 2.225 million).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

37. SEGMENT WISE OPERATING RESULTS

	2021					2020				
	Pharma- ceutical	Nutritional	Diagnostics	Others	Total	Pharma- ceutical	Nutritional	Diagnostics	Others	Total
	(Rupees '000)									
Sales	30,127,672	11,937,802	3,803,042	1,310,988	47,179,504	26,123,003	10,096,936	2,162,855	840,748	39,223,542
Less: Sales returns	73,373	16,058	-	5,234	94,665	104,048	25,726	-	18,193	147,967
Less: Trade discounts	2,476,641	661,643	-	60,316	3,198,600	2,141,975	577,439	-	47,151	2,766,565
Less: Sales tax and excise duty	-	1,214,110	26,220	76,053	1,316,383	-	961,797	15,680	48,156	1,025,633
Sales - net	27,577,658	10,045,991	3,776,822	1,169,385	42,569,856	23,876,980	8,531,974	2,147,175	727,248	35,283,377
Cost of sales	17,569,458	5,399,692	2,810,623	714,810	26,494,583	16,572,308	4,618,888	1,738,788	507,237	23,437,221
Gross profit	10,008,200	4,646,299	966,199	454,575	16,075,273	7,304,672	3,913,086	408,387	220,011	11,846,156
Selling and distribution expenses	4,393,739	1,663,448	231,670	280,527	6,569,384	3,440,818	1,195,232	162,889	136,907	4,935,846
Administrative expenses	600,720	100,204	21,077	-	722,001	549,410	80,059	12,693	-	642,162
Segment result	5,013,741	2,882,647	713,452	174,048	8,783,888	3,314,444	2,637,795	232,805	83,104	6,268,148
Unallocated corporate expenses / income										
Interest income					571,134					344,355
Other income other than interest income					161,712					416,336
Other charges					1,017,890					708,375
Profit before finance costs and taxation					8,498,844					6,320,464
Finance costs					88,365					76,905
Profit before taxation					8,410,479					6,243,559
Taxation					2,443,422					1,708,310
					5,967,057					4,535,249
Other Information										
Segment assets employed	12,352,347	2,281,134	3,575,463	151,700	18,360,644	11,593,408	1,089,473	3,203,432	68,517	15,954,830
Unallocated corporate assets					10,207,103					8,960,914
Total assets					28,567,747					24,915,744
Segment liabilities	5,474,722	1,501,895	1,042,472	157,145	8,176,234	5,221,834	972,307	714,521	80,073	6,988,735
Unallocated corporate liabilities					3,036,875					2,336,757
Total liabilities					11,213,109					9,325,492
Capital expenditure during the year	1,462,686	62,623	526,737	2,930	2,054,976	1,076,274	-	299,788	3,998	1,380,060
Depreciation / amortisation - operating fixed assets	1,073,808	13,384	18,468	3,841	1,109,501	569,400	3,246	391,354	742	964,742
Depreciation - right-of-use assets	103,566	14,314	4,971	405	123,256	118,748	17,761	7,064	810	144,383

	2021	2020
Note	(Rupees '000)	
37.1 Reconciliation of segment assets and liabilities to total assets and liabilities		
37.1.1 Segment Assets		
Allocated segment assets	18,360,644	15,954,830
Loans and advances	455,639	277,661
Taxation - net	344,437	921,431
Short-term investments	7,841,030	6,506,404
Cash and bank balances	819,347	988,881
Other unallocated assets	746,650	266,537
	<u>28,567,747</u>	<u>24,915,744</u>
37.1.2 Segment Liabilities		
Allocated segment liabilities	8,176,234	6,988,735
Staff retirement benefits	1,466,048	1,464,964
Deferred taxation - net	269,737	227,587
Unclaimed dividends	58,163	50,291
Other unallocated liabilities	1,242,927	593,915
	<u>11,213,109</u>	<u>9,325,492</u>
37.2 Geographical information		
Sales to external customers, net of returns, discounts, sales tax and excise duty		
Pakistan (Domicile country)	40,512,322	33,522,317
Afghanistan	1,189,721	1,115,628
Sri Lanka	38,779	55,793
Bangladesh	-	22,508
Switzerland	829,034	567,131
	<u>42,569,856</u>	<u>35,283,377</u>

37.3 All non-current assets of the company are located in Pakistan (domicile country).

37.4 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.

37.5 Revenues from two distributors of the Company represents approximately 12.78% (pertaining to pharmaceutical segment) (2020: 12.31%) and 15.87% (pertaining to nutritional segment) (2020: 8.23%) of the Company's total revenues.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

38. FINANCIAL RISK MANAGEMENT

38.1 Financial assets and financial liabilities

	2021	2020
	(Rupees '000)	
Financial assets		
Debt instruments at amortised cost		
Long-term loans	68,023	64,293
Long-term deposits	7,513	7,513
Trade debts	1,216,257	935,468
Loans and advances	33,864	32,673
Trade deposits	231,865	261,517
Short-term investments	7,841,030	6,506,404
Other receivables	310,210	234,196
Bank balances	819,347	988,881
	<u>10,528,109</u>	<u>9,030,945</u>
Financial liabilities at amortised cost		
Trade and other payables	8,176,051	5,470,222
Gas Infrastructure Development Cess	140,588	54,618
	<u>8,316,639</u>	<u>5,524,840</u>

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 the trade debts, loans and advances, trade deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	(Rupees '000)	
Loans	101,887	96,966
Deposits	239,378	269,030
Trade debts	1,216,257	935,468
Other receivables	310,210	234,196
Short-term investments	7,841,030	6,506,404
Bank balances	813,541	981,908
	<u>10,522,303</u>	<u>9,023,972</u>

Loans, deposits, interest accrued and certain portion of other receivables as mentioned above are neither past due nor impaired.

The impaired trade debts and the basis of impairment are disclosed in notes 17 and 2.18 respectively.

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

	31 st December 2021							Total
	Receivables from Government Institutions (Rs. in 000's)							
	Days Past Due							
	Current	0-240	240-270	270-300	300-330	330-360	>360	
Expected credit loss rate	0.03%	0.03%	9.18%	16.11%	28.05%	70.23%	100.00%	
Estimated total gross carrying amount at default	175,055	72,204	15,222	17,633	259	-	36,628	317,001
Expected credit loss	55	24	1,397	2,840	73	-	36,628	41,017
Amounts past due but not impaired	<u>175,000</u>	<u>72,180</u>	<u>13,825</u>	<u>14,793</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>275,984</u>

	31 st December 2021							Total
	Private Customers (Rs. in 000's)							
	Days Past Due							
	Current	0-30	30-60	60-90	90-360	>360		
Expected credit loss rate	0.01%	0.01%	0.01%	10.00%	43.17%	100.00%		
Estimated total gross carrying amount at default	615,205	150,175	143,457	17,408	27,921	13,492	967,658	
Expected credit loss	66	17	17	1,740	12,053	13,492	27,385	
Amounts past due but not impaired	<u>615,139</u>	<u>150,158</u>	<u>143,440</u>	<u>15,668</u>	<u>15,868</u>	<u>-</u>	<u>940,273</u>	

	31 st December 2020							Total
	Receivables from Government Institutions (Rs. in 000's)							
	(Days Past Due)							
	Current	0-240	240-270	270-300	300-330	330-360	>360	
Expected credit loss rate	0.02%	0.02%	0.00%	16.11%	28.05%	70.23%	100.00%	
Estimated total gross carrying amount at default	157,706	36,268	-	176	1,417	2,098	64,717	262,382
Expected credit loss	29	8	-	28	398	1,472	64,717	66,652
Amounts past due but not impaired	<u>157,677</u>	<u>36,260</u>	<u>-</u>	<u>148</u>	<u>1,019</u>	<u>626</u>	<u>-</u>	<u>195,730</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

	31 st December 2020					
	Private Customers (Rs. in 000's)					
	Current	(Days Past Due)				
0-30		30-60	60-90	90-360	>360	
Expected credit loss rate	0.01%	0.01%	0.01%	10.00%	47.34%	100.00%
Estimated total gross carrying amount at default	648,378	57,663	15,479	5,853	24,736	15,559
Expected credit loss	67	7	2	585	11,710	15,559
Amounts past due but not impaired	648,311	57,656	15,477	5,268	13,026	-

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	2021	2020
		Short-term	Long-term		(Rupees '000)	
Deutsche Bank AG	Moody's	P-1	A-2	Aug 2021	141,166	44,147
	S&P	A-2	A-	Nov 2021		
	Fitch	F2	BBB+	Nov 2021		
MCB Bank Limited	PACRA	A1+	AAA	Jun 2021	4,267	1,954
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	Jun 2021	8,435,534	7,382,991
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2021	6,815	5,297
	PACRA	A-1+	AAA	Jun 2021		
Faysal Bank Limited	PACRA	A-1+	AA	Jun 2021	5,191	2,686
	JCR-VIS	A-1+	AA	Jun 2021		
Habib Bank Limited	JCR-VIS	A-1+	AAA	Jun 2021	20,568	39,353

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 encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have 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, 2021, the Company's all financial liabilities are current and the appropriate time bands could, possibly, be as follows:

	2021	2020
	(Rupees '000)	
Not later than one month	2,881,366	1,599,758
Later than one month and not later than three months	1,135,454	980,018
Later than three months and not later than one year	4,299,819	2,945,064
	<u>8,316,639</u>	<u>5,524,840</u>

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:

	2021		2020	
	Rupees	US Dollars	Rupees	US Dollars
	('000)			
Trade debts	14,587	83	-	-
Bank balances	677,537	3,838	520,448	3,233
Due from related parties	222,706	1,262	158,141	982
Bills payable	(2,630,129)	(14,900)	(1,422,913)	(8,838)
Payable to related parties	(231,776)	(1,313)	(170,730)	(1,060)
	<u>(1,947,075)</u>	<u>(11,030)</u>	<u>(915,054)</u>	<u>(5,683)</u>

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2021	2020	2021	2020
	(Rupees)			
US Dollars	176.51	161.00	162.94	161.91

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. 138.141 million (2020: Rs. 66.248 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2021

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.

	2021	2020
	(Rupees '000)	
Fixed rate instruments		
Financial assets	<u>7,929,137</u>	<u>6,959,642</u>

A one percent increase / decrease in applicable interest rates will increase / decrease profit after tax for the year by Rs. 44.829 million (2020: Rs. 44.453 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 24, 2022, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2021 of Rs. 20.0 per share (2020: cash dividend of Rs. 25.0 per share). This is in addition to interim cash dividend of Rs. 20.0 per share (2020: Rs. 15.0 per share). The total dividend declared during the year and dividend per share have been summarised below:

	2021	2020
	(Rupees '000)	
Cash dividend	<u>3,916,012</u>	<u>3,916,012</u>
	(Rupees)	
Cash dividend per share	<u>40.00</u>	<u>40.00</u>

The financial statements for the year ended December 31, 2021 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending December 31, 2022.

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 except disclosed in this note.

Following is the detail of material reclassifications:

Reclassified from	Reclassified to	Rupees in '000
Interest accrued	Short-term investments	6,404
Selling and distribution expenses	Cost of sales	375,695
Other receivables	Trade deposits and short-term prepayments	61,033
Trade and other payables	Provision for GIDC	186,095

Following is the detail of material rearrangements:

Presented before	Presented now	Rupees in '000
Cash and bank balances	Short-term investments	6,500,000

43. DATE OF AUTHORISATION

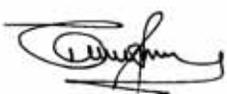
These financial statements were authorised for issue on February 24, 2022 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

Pattern of Shareholding

As At December 31, 2021

Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares
1	100	950
101	500	634
501	1,000	254
1,001	5,000	495
5,001	10,000	93
10,001	15,000	38
15,001	20,000	15
20,001	25,000	12
25,001	30,000	6
30,001	35,000	2
35,001	40,000	3
40,001	45,000	2
45,001	50,000	3
50,001	55,000	2
55,001	60,000	4
60,001	65,000	1
70,001	75,000	1
80,001	85,000	1
85,001	90,000	1
90,001	95,000	2
105,001	110,000	1
120,001	125,000	3
140,001	145,000	1
145,001	150,000	1
160,001	165,000	1
190,001	195,000	1
225,001	230,000	1
240,001	245,000	1
250,001	255,000	1
335,001	340,000	1
340,001	345,000	1
365,001	370,000	1
380,001	385,000	1
440,001	445,000	1
650,001	655,000	1
675,001	680,000	1
745,001	750,000	1
800,001	805,000	1
830,001	835,000	1
835,001	840,000	1
860,001	865,000	1
1,075,001	1,080,000	1
1,085,001	1,090,000	2
2,280,001	2,285,000	1
2,445,001	2,450,000	1
76,255,001	76,260,000	1
TOTAL	2,548	97,900,302

CATEGORIES OF SHAREHOLDERS

As At December 31, 2021

S.No.	Shareholder's category	Number of shareholders	Number of shares held	%
1	Directors, Chief Executive Officer and their spouse(s) and minor children	8	22,453	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	9	1,149,458	1.17
5	Insurance Companies	13	3,668,426	3.75
6	Modarabas and Mutual Funds	34	3,554,676	3.63
7	General Public - local	2,337	9,569,228	9.77
8	Others	142	2,746,015	2.81
Total:		2,548	97,900,302	100.00

* Includes shareholders having shareholding greater than 10%, these are disclosed on page 198.

Directors, Chief Executive Officer and their spouse(s) and minor children

S.No.	Folio	Name	Holding
1	4487	MR. MUNIR A. SHAIKH	1
2	4607	SYED ANIS AHMED	1
3	4831	MR. MUHAMMAD ANJUM LATIF RANA	1
4	03277-82073	MR. MOHSIN ALI NATHANI	10,000
5	03277-91835	MS. ZOYA TAZEEN MOHSIN NATHANI (Spouse of Mr. Mohsin Ali Nathani)	5,000
6	03350-136842	MS. AYL MAJID	500
7	03277-90453	MR. EHSAN ALI MALIK	500
8	12690-1374	MS. MARIAM EHSAN ALI MALIK (Spouse of Mr. Ehsan Ali Malik)	6,450
Total:			22,453

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
Total:			77,189,066

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
Total:			980

Banks, Development Finance Institutions and Non-Banking Finance Institutions

S.No.	Folio	Name	Holding
1	02246-42	HABIB BANK LIMITED-TREASURY DIVISION	142,500
2	02832-32	MEEZAN BANK LIMITED	45,100
3	03889-28	NATIONAL BANK OF PAKISTAN	1,397
4	03525-105464	INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1,000
5	04127-28	MCB BANK LIMITED - TREASURY	860,700
6	06510-28	BANK ISLAMI PAKISTAN LIMITED	200
7	07088-47	THE BANK OF PUNJAB TREASURY DIVISION	93,500
8	2610	INDUSTRIAL DEVELOPMENT BANK LIMITED	2,901
9	4213	INDUSTRIAL DEVELOPMENT BANK LIMITED	2,160
Total:			1,149,458

CATEGORIES OF SHAREHOLDERS

As At December 31, 2021

Insurance Companies

S.No.	Folio	Name	Holding
1	3137	UNITED INSURANCE CO. OF PAK LIMITED	2
2	03277-10526	HABIB INSURANCE CO. LIMITED	55,700
3	18085-28	EFU LIFE ASSURANCE LIMITED	4,550
4	13748-915	ADAMJEE LIFE ASSURANCE CO.LTD - DGF	1,750
5	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	19,850
6	12690-996	IGI LIFE INSURANCE LIMITED	650
7	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	369,400
8	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD - IMF	81,000
9	18044-22	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	10,200
10	18093-27	JUBILEE LIFE INSURANCE COMPANY LIMITED	2,283,800
11	02683-23	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	830,624
12	03277-57588	ATLAS INSURANCE LIMITED	10,600
13	07450-1792	DAWOOD FAMILY TAKAFUL LIMITED	300
Total :			3,668,426

Modarabas and Mutual Funds

S.No.	Folio	Name	Holding
1	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
2	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	2,250
3	05959-27	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	194,500
4	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	5,064
5	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	60,050
6	06619-26	CDC - TRUSTEE KSE MEEZAN INDEX FUND	161,100
7	12120-28	CDC - TRUSTEE NIT EQUITY MARKET OPPORTUNITY FUND	50,200
8	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	4,000
9	09449-25	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	93,050
10	14126-26	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	6,300
11	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,446,888
12	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1,800
13	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	87,250
14	09480-21	CDC-TRUSTEE NIT-IPF EQUITY SUB-FUND	121,450
15	17277-26	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1,000
16	09506-26	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	4,500
17	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	27,800
18	10728-27	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	200
19	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	22,000
20	10801-27	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	24,000
21	12195-21	MC FSL - TRUSTEE JS GROWTH FUND	45,000
22	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	19,200
23	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	14,600
24	02113-708	FIRST UDL MODARABA	100
25	07450-521	BRR GUARDIAN MODARABA	35,426
26	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	11,700
27	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1,500
28	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	42,900
29	16402-20	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1,200
30	17368-25	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	19,000
31	17632-21	CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	900
32	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	11,500
33	17921-26	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	28,000
34	17988-20	CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	10,200
Total:			3,554,676

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
Total:			76,259,451

S.No.	No. of Shareholders	Name	Holding
1	2479	GENERAL PUBLIC & OTHERS	12,315,243
Total:			12,315,243

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 73rd Annual General Meeting (“AGM”) of the Members of Abbott Laboratories (Pakistan) Limited (“Company”) will be held on Tuesday, April 26th, 2022 at 10:30 a.m. 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 31st, 2021.
2. To approve cash dividend of Rs. 20.0 per share (i.e. 200%) for the financial year ended December 31st, 2021.
3. To reappoint M/s EY Ford Rhodes, Chartered Accountants, as the Auditors of the Company for the period ending on date of the next Annual General Meeting, and to authorise the Directors to fix their remuneration.

In view of the continuing COVID-19 related risks associated with holding a physical meeting, the practical difficulties in ensuring compliance with the applicable SOPs for public gatherings, and to ensure the well-being of the meeting participants, the Company shall hold the AGM virtually, and has made adequate arrangements for the members to participate seamlessly via video-link. To attend the AGM via video-link, members are required to email their names, folio number, valid email address and number of shares held in their names to the following email address: pk.shareholderquery@abbott.com. The members/proxies will receive video-link login credentials following the provision of the requisite details.

By Order of the Board of Directors



HUMAYUN ALTAF
COMPANY SECRETARY

Karachi: dated: 24th February 2022

Notes:

1. The Share Transfer books of the Company will remain closed from 19th April 2022 to 26th April 2022 (both days inclusive) and the dividend will be paid to the Members whose names will appear in the Register of Members on 18th April 2022. Members (Non-CDC) are requested to promptly notify the Company’s Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi. Tel: 009-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants.
2. A Member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Company’s registered office not less than 48 hours before the time of holding the meeting. In calculating the aforesaid period, no account shall be taken of any day that is not a working day. A proxy need, not be a Member of the Company. The proxy shall produce and/or verify his/her original CNIC or Passport details to prove his/her identity.

NOTICE OF ANNUAL GENERAL MEETING

3. Form of proxy is attached in the Annual Report.
4. Shareholders are requested to notify the Company of any change in their addresses, if any 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 AGM:

- (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 verifying his/her Computerized National Identity Card (CNIC) or passport details for the purpose 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 verified (unless it has been provided earlier).

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 verify his/her CNIC or passport details at the time of the AGM.
- (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) and/or verified 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 Associates (Private) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company and/or the Share Registrar, FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk
- (v) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

9. Electronic Transmission of Audited Financial Statements & Notices:

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company’s website <https://www.pk.abbott>. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

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 cash dividend to its shareholder through electronic mode. Therefore, shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying:

- (i) title of account,
- (ii) account number and IBAN,
- (iii) bank name,
- (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, M/s FAMCO Associates (Private) Limited.

Calendar of Financial Events

Tentative dates for announcement of financial results for the Financial Year 2022:

1 st quarter ending March 31, 2022	4 th week of April, 2022
2 nd quarter ending June 30, 2022	2 nd week of August, 2022
3 rd quarter ending September 30, 2022	3 rd week of October, 2022
Year ending December 31, 2022	3 rd week of February, 2023

Actual dates for announcement of financial results for the financial year 2021:

1 st quarter ended March 31, 2021	April 23, 2021
2 nd quarter ended June 30, 2021	August 26, 2021
3 rd quarter ended September 30, 2021	October 26, 2021
Year ended December 31, 2021	February 24, 2022

GLOSSARY

<p>ABC - American Business Council of Pakistan</p> <p>ACCA - Association of Chartered Certified Accountants</p> <p>ADC - Abbott Diabetes Care</p> <p>ADD - Abbott Diagnostics Division</p> <p>ANI - Abbott Nutrition International</p> <p>AGM - Annual General Meeting</p> <p>API - Active Pharmaceutical Ingredient</p> <p>ATL - Active Taxpayer List</p> <p>BCP - Business Continuity Plan</p> <p>CEO - Chief Executive Officer</p> <p>CFO - Chief Financial Officer</p> <p>CODM - Chief Operating Decision Maker</p> <p>COVID - Coronavirus</p> <p>Companies Act - Companies Act, 2017</p> <p>Company - Abbott Laboratories (Pakistan) Limited (ALPL)</p> <p>CDC - Central Depository Company</p> <p>CRF - Central Research Fund</p> <p>CSR - Corporate Social Responsibility</p> <p>CWIP - Capital Work in Progress</p> <p>DRAP - Drug Regulatory Authority of Pakistan</p> <p>DRP - Disaster Recovery Plan</p> <p>DARIUS - Document and Regulatory Information Universal System</p> <p>Earnings Per Share (EPS) - Calculated by dividing the profit after interest, tax by the weighted average number of Ordinary Shares in issue</p> <p>ECL - Expected Credit Loss</p> <p>EBIT - Earnings before Interest and Taxes</p> <p>EBITDA - Earnings before Interest, Taxes, Depreciation and Amortisation</p> <p>EHS - Environment, Health and Safety</p> <p>EIR - Effective Interest Rate</p> <p>EPD - Established Pharmaceuticals Division</p> <p>FBR - Federal Board of Revenue</p> <p>FTR - Final Tax Regime</p> <p>GHC - General Healthcare</p> <p>GHG - Greenhouse Gas</p> <p>GIDC - Gas Infrastructure Development Cess</p> <p>GMP - Good Manufacturing Practices</p> <p>GPTW - Great Place to Work</p> <p>HCP - Healthcare Professional</p> <p>HRQOL - Health-related quality of life</p> <p>HR&R - Human Resource and Remuneration Committee</p> <p>HsTnI - High Sensitive Troponin I</p>	<p>IAS - International Accounting Standards</p> <p>IASB - International Accounting Standards Board</p> <p>IBAN - International Bank Account Numbers</p> <p>ICP - Investment Corporation of Pakistan</p> <p>ICAP - Institute of Chartered Accountants of Pakistan</p> <p>ICMAP - Institute of Cost & Management Accountants of Pakistan</p> <p>IFAC - International Federation of Accountants</p> <p>IFRS - International Financial Reporting Standards</p> <p>IIRC - International Integrated Reporting Council</p> <p>ISO - International Organization for Standardisation</p> <p>IQVIA - A global market research company (formerly known as IMS)</p> <p>ITO - Income Tax Ordinance</p> <p>KIBOR - Karachi Inter Bank Offer Rate</p> <p>KOLs - Key Opinion Leaders</p> <p>KPI - Key Performance Indicator</p> <p>LERN - Legal and Ethics Resource Network</p> <p>LLC - Limited Liability Company</p> <p>LUMS - Lahore University of Management Sciences</p> <p>MAP - Management Association of Pakistan</p> <p>MHE - Minimal Hepatic Encephalopathy</p> <p>NIT - National Investment Trust</p> <p>NTN - National Tax Number</p> <p>OCI - Other Comprehensive Income</p> <p>OEC - Office of Ethics and Compliance</p> <p>OPD - Out Patient Department</p> <p>OICCI - Overseas Investors' Chamber of Commerce & Industry</p> <p>PAT - Profit After Tax</p> <p>PBC - Pakistan Business Council</p> <p>PICG - Pakistan Institute of Corporate Governance</p> <p>PSX - Pakistan Stock Exchange</p> <p>QA - Quality Assurance</p> <p>Regulations - Listed Companies (Code of Corporate Governance) Regulations, 2019</p> <p>SBP - State Bank of Pakistan</p> <p>SDGs - Sustainable Development Goals</p> <p>SECP - Securities and Exchange Commission of Pakistan</p> <p>SKU - Stock Keeping Unit</p> <p>SOP - Standard Operating Procedure</p> <p>TMRs - Talent Management Reviews</p> <p>WPPF - Workers' Profit Participation Fund</p> <p>WWF - Workers' Welfare Fund</p> <p>ZWL - Zero Waste to Landfill</p>
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ABBOTT LABORATORIES (PAKISTAN) LIMITED
P.O. Box 7229, Landhi Karachi-74400

Proxy Form

I/We _____ of
_____ in
the district of _____ being a member of ABBOTT LABORATORIES (PAKISTAN) LIMITED and holder of
_____ Ordinary Shares as per Share Register Folio No. _____
and/or CDC Participant I.D. No. _____ and Sub Account No. _____
hereby appoint _____

(Name)

of _____
or falling him _____

(Name)

as my / our proxy to vote for me/us and on my/our behalf at the 73rd Annual General Meeting of the Company to be held on Tuesday,
April 26, 2022 at 10:30 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2022

1. Witness:
Signature:

Name: _____
CNIC No. _____
Address _____

Affix Revenue
stamps of Rs. 5/-

2. Witness:
Signature:

Name: _____
CNIC No. _____
Address _____

Signature of Member

Shareholder's Folio No. _____
CDC A/c No. _____
CNIC No. _____

Note:

- Proxies in order to be effective, must be received by the Company Secretary, Abbott Laboratories (Pakistan) Limited P.O. Box 7229, Landhi, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished along with the proxy form to the Company.
- The Beneficial Owner of share of the Company in the Central Depository System of the Central Depository Company (CDC) of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be submitted with the proxy form to the Company and the same shall be produced in original at the meeting to authenticate the identity.





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



پراکسی فارم

میں / ہم _____
 سکنہ _____
 بحیثیت ممبر ایبٹ لیبارٹریز (پاکستان) لمیٹڈ اور _____
 اور / یا سی ڈی سی کے شرافی آئی ڈی نمبر _____
 بذریعہ ہذا _____
 (نام) _____
 سکنہ _____
 اور مزید _____
 (نام) _____

کو اپنا پراکسی مقرر کرتا ہوں/کرتے ہیں کہ وہ میری/ہماری جگہ کمپنی کے ۷۳ ویں سالانہ اجلاس عام میں، جو منگل ۲۶ اپریل ۲۰۲۲ کو دن ۱۰:۳۰ بجے منعقد ہوگا یا اس سے متعلق کسی اجلاس میں شرکت کرے/کریں۔
 میری / ہماری جانب سے درج ذیل گواہان نے تصدیق کی، بتاریخ ۲۰۲۲ _____

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

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

Hassan Abad 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 Shah Pur 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

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

Rawalpindi

House No. 168-F, Adamjee Road,
Near Panj Sarki Chowk,
Rawalpindi Cantt, Pakistan.
Tel: (92-51) 35130132
Fax: (92-51) 35130126



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