



Abbott is a globally diversified healthcare company whose central purpose is to help people, at all the stages of life, live their best possible lives through better health. We offer a broad portfolio of market-leading products that align with favorable long-term healthcare trends in both developed and developing markets. Building on a strong foundation of more than 125 years of success, our Company is poised to deliver durable growth, expanding margins, strong cashflows and increasing returns to shareholders.

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## THEME

### LIFE. TO THE FULLEST

From newborns to ageing adults, Abbott encircles life and is committed to nurturing its customers through a comprehensive line of products that cater to the diverse healthcare needs of people living in more than 150 countries across the globe. Nurturing and caring is central to the work we do as we constantly strive to discover new medicines and new technologies that enable people to live their Life. To The Fullest.

### *A Future Full Of Possibilities*

For more than 125 years, Abbott has globally adapted to an increasingly complex healthcare environment by keeping its focus where it belongs—on helping people achieve their best possible health, in all stages of life, around the world. And that's a goal Abbott will continue to pursue far into the future.

## VISION

To be the most admired healthcare company in Pakistan.

## MISSION

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





## COMPANY PROFILE

Abbott Laboratories (Pakistan) Limited was incorporated in 1948. The Company started its operations as a private marketing company with its first manufacturing facility commissioned in 1962 in Karachi. Abbott Pakistan got listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange) in 1982.



Over the years, Abbott has expanded its base to become a healthcare company with presence in Pharmaceuticals, Nutrition, Diagnostics and Diabetes Care businesses and today is one of the largest pharmaceutical manufacturing companies in Pakistan.





# 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 behavior expected of every Abbott employee.

Abbott has four differentiating values built on these core values that speak of the unique strengths that have made our Company what it is today, and describe the strengths we continue to build on to deliver our business goals.

The values are a blueprint for employee behavior. 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 organization 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 commercialization*

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

## 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're 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.

## 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.

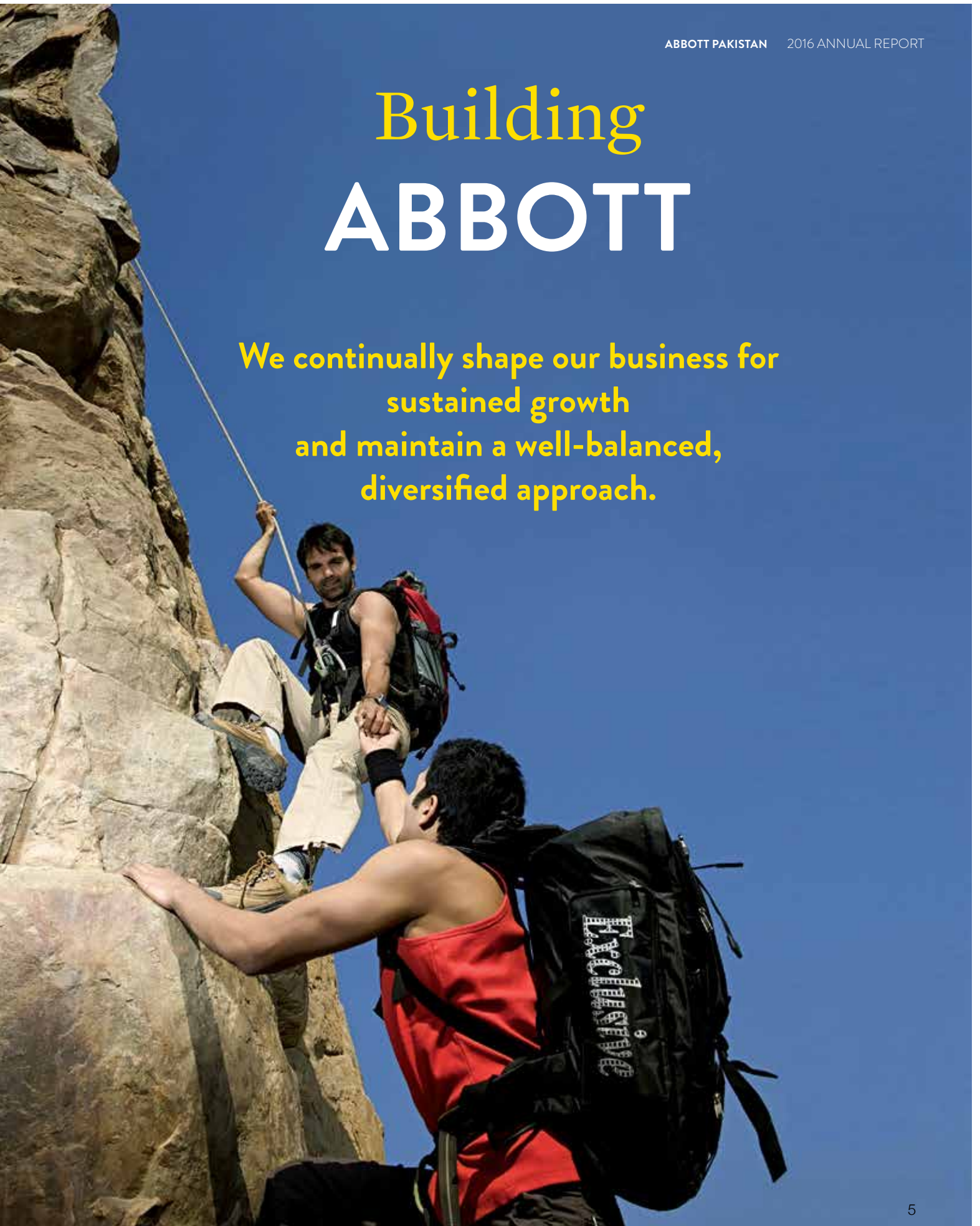
## ENDURING

*Commitment and purpose*

Enduring means both honoring 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.

# Building ABBOTT

We continually shape our business for  
sustained growth  
and maintain a well-balanced,  
diversified approach.

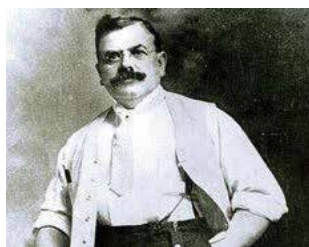


# HISTORY TIMELINE

## *A Tradition of Innovation*

More than 125 years ago, 30-year-old Dr. Wallace C. Abbott, a practicing 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 companies and a global leader in the discovery, development and manufacture of products that span the continuum of care.

**1888**



Seeking better and more accurate medications for his patients, Wallace C. Abbott, M.D., begins producing dosimetric granules in the apartment above his People’s Drug Store on Chicago’s North

Side. First-year sales are \$2,000.

**1900**

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

**1910**

There are more than 700 products in the Abbott catalogue. The company expands with branches in New York, San Francisco, Seattle and Toronto, a European agency in London, and business in India.



**1915**

The Abbott Alkaloidal Company’s name is changed to Abbott Laboratories to reflect the company’s growing research orientation and move to synthetic compounds.



**1920**

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



**1929**

Abbott stock is listed on the Chicago Stock Exchange. The offering is 20,000 shares for \$32 each.

**1931**

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

**1938**

Abbott celebrates its 50th anniversary with the dedication of a new, state-of-the-art research center in North Chicago.

**1948**

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



**1962**

Abbott opens its first manufacturing facility in Karachi, Pakistan.



## 1964

Abbott acquires M&R Dietetic Laboratories of Columbus, Ohio, best known as makers of Similac, one of the first milk-based infant formulas.



## 1965

The company's global growth warrants a new headquarters. Major operations are moved to Abbott Park, a 420-acre site southwest of its North Chicago headquarters.

## 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, is introduced.

## 1982

Abbott is listed as a public limited company in Pakistan.



## 1988

Abbott celebrates its centennial.

## 2001

Abbott acquires the pharmaceutical business of BASF, including the global operations of Knoll Pharmaceuticals, expanding the company's global scope and biotech capabilities. Vysis, Inc., a leading genomic disease management company, is acquired to strengthen Abbott's position in the molecular diagnostics market.



## 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, a leader in laboratory information management systems.

## 2013

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



## 2014

Abbott acquires the control of CFR Pharmaceutical thereby establishing Abbott among top pharmaceutical companies in Latin America. Abbott also acquires control of Veropharm, a leading pharmaceutical manufacturer in Russia. This move strengthens Established Pharmaceuticals business and Abbott as a whole.

## 2016

Abbott acquires St. Jude Medical, a medical device company. The acquisition strengthens Abbott's presence in cardiovascular area, thus making Abbott a premier medical device company.



# Advancing OUR LEADERSHIP

Abbott is long established as a leader in medicines, nutrition & diagnostics. Today we offer a leading portfolio of innovative solutions in diverse therapeutic areas which include central nervous system/pain, respiratory, gastrointestinal, cardiometabolic, women's and men's health.

## No.1

Pharma brands in several  
therapeutic areas

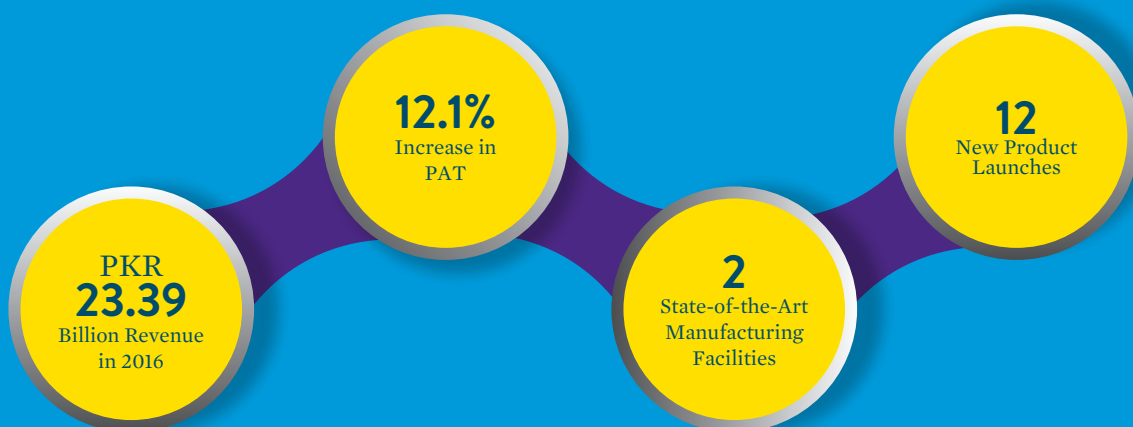
Nutrition company in Pakistan

Immunoassay and  
blood screening



# ABBOTT HAS EXPANDED STRATEGICALLY TO ESTABLISH LEADING POSITIONS IN EVERY MARKET WE SERVE

## KEY HIGHLIGHTS





# Shaping OUR BALANCE

Maintaining diversity – in our mix of businesses and the patients we serve – is central to our strategy for long-term success.



## ESTABLISHED PHARMACEUTICALS

*High-quality, trusted medicines  
in diverse therapeutic areas*



## NUTRITION

*Science-based nourishment  
for every stage of life*



# REFINING OUR BUSINESS FOR STABLE GROWTH

**4 MAJOR  
BUSINESSES**

HELP INSULATE  
ABBOTT FROM  
FLUCTUATIONS IN ANY  
SINGLE MARKET

**7 BRANDS OF OVER  
RS. 1 BILLION**

**180+ PRODUCTS**



## DIAGNOSTICS

*Timely information to  
manage health better*



## DIABETES CARE

*Accurate and easy to use  
technologies to enhance lives*



# Expanding OUR PRESENCE

Healthcare needs are growing – and changing – around the world. By building our presence throughout the country, with diverse therapeutic areas, we can better stay ahead of those trends and respond with relevant solutions that meet the needs of Pakistan.

**2,400+**  
**Abbott people**  
working across Pakistan



# WE'VE ESTABLISHED A STRONG LOCAL PRESENCE IN THE WORLD'S FASTEST-GROWING MARKETS

**2<sup>nd</sup> LARGEST  
PHARMACEUTICAL  
COMPANY  
IN PAKISTAN**



**ABBOTT GROWTH**

**10.3%**

(IMS Dec 2016, MAT)



# Increasing OUR IMPACT



A growing population, an increasing trend of Non-Communicable Diseases (NCDs) and Chronic Disorders, continued pressure to provide high-quality care at lower cost: Abbott is well positioned to benefit from these trends.

## RECOGNIZED EXPERTISE

*Abbott's focused innovation has resulted in leadership positions in geographic regions and treatment areas where needs are more pressing.*



## FOCUSING OUR INNOVATION ON UNMET NEEDS KEEPS ABBOTT ALIGNED WITH IMPORTANT TRENDS IN HEALTHCARE



**OVER 7  
MILLION** PEOPLE  
HAVE DIABETES IN  
PAKISTAN

Abbott's revolutionary FreeStyle Optium Neo system lets people view their past trends of Diabetes and provides alerts on hypo- or hyperglycemic events and patterns.

**22%**

By 2050, almost one-quarter of the world's population will be over 60 years of age.

Abbott's Ensure is specifically formulated to help recover and provide long-term strength.



As Pakistan's economy grows, so does its need for higher investment in healthcare.



# Building A LEADING GLOBAL HEALTHCARE COMPANY



*Life. To The Fullest.* At Abbott, we keep hearts healthy, provide science-based nutrition to nourish bodies of every age, and provide information and medicines to help manage people's health.

As the world changes, so do we, reshaping our Company to keep Abbott strong. By doing so, we're better able to help people all around the world live their best possible lives.



# Established Pharmaceuticals

## EXPANDING OUR IMPACT





Mrs. Rizwana Maqsood was concerned about her third pregnancy, with the first two being miscarried. With the help of Abbott's product, she was able to fulfill her wish for a healthy family.

Mrs. Rizwana Maqsood, was six weeks pregnant and it was the third time when she started to develop symptoms of miscarriage. Having gone through it previously, it was obvious for her that she might end up losing her offspring. For someone like Mrs. Maqsood, who had always conducted her life properly, the hardest part was not knowing why she was going through this. After having consulted

a senior gynecologist, Mrs. Maqsood was prescribed Abbott's product which helped her get through her pregnancy and deliver her baby.

Bakhtiar, her son, is now 12 years old and is one of the brightest students in his school. He gives Mrs. Maqsood a reason to live and smile every morning.

She firmly believes that Abbott does help people live a healthier and better life.

## WOMEN'S AND MEN'S HEALTH

Our Women's and Men's Health portfolio has helped patients for over fifty years dealing with different types of conditions.

We have trusted brands for pregnancy, reproductive health, menopause and to cater for calcium and vitamin deficiencies.



## ESTABLISHED PHARMACEUTICALS

# TRUSTED BRANDS, DIVERSIFIED PRODUCT OFFERINGS

### 2016 BUSINESS HIGHLIGHTS

- 8 new product launches during the year helped us reach more segments.
- Primary sales growth by 10.3%, with IMS growth of 10.8% enabled us to achieve a market share of 5.4% for our pharmaceutical business. (IMS Dec 2016, MAT)
- Duphaston achieved Rs. 1 billion sales in 2016 as per IMS.

### LEADING TOP 5 BRANDS

#### BRUFEN

Pakistan's #1 ibuprofen brand in volume

#### ARINAC

Pakistan's #1 cough and cold preparation

#### KLARICID

Pakistan's #1 macrolide antibiotic

#### SURBEX Z

Pakistan's #1 multivitamin+mineral tablet

#### DUPHASTON

Pakistan's #1 brand for progesterone deficiency



>150

PRODUCTS IN OUR PORTFOLIO



# Our Unique Approach

By focusing our efforts on multiple therapeutic areas nationwide, with outreach to both healthcare providers and the patients who will ultimately benefit from our products, Abbott is building a uniquely powerful growth engine in branded generic medicines.



## GENERIC

- Undifferentiated, commodity products
- No reason to choose on manufacturer's drug over another



## BRANDED GENERIC

- Trusted quality and efficacy
- Differentiated products
- Packaging and formulations

# BILLION RUPEES PLUS BRANDS





# Nutrition

## SCIENCE-BASED NUTRITION FOR EVERY STAGE OF LIFE



Being diagnosed with Diabetes at an early age and at the start of his banking career was a setback for Mr. Abdul Hafeez. He, however, then realized that Diabetes is not a disease rather a condition which can be managed.

Mr. Abdul Hafeez holds an MBA in Finance and Banking and has been associated with the banking industry for the last eight years.

Three years ago after experiencing fatigue and increased thirst he consulted a doctor and was diagnosed with Diabetes. In order to revive his health and energy, he has since been taking *Glucerna* for complete nutrition. Taking *Glucerna* has helped him live a normal life and has allowed him to progress as a banker.

## HELPING PEOPLE GROW STRONG

Glucerna, one of our famous brands, is a science-based nutrition product, designed specifically to cater to nutritional needs of diabetic strata. In addition, we also offer Ensure and Pediasure as complete balanced nutritional supplements along with a range of Similac to make every stage of life a healthy one.

### GLUCERNA

*Glucerna is scientifically formulated to provide nutrition to people with Diabetes.*



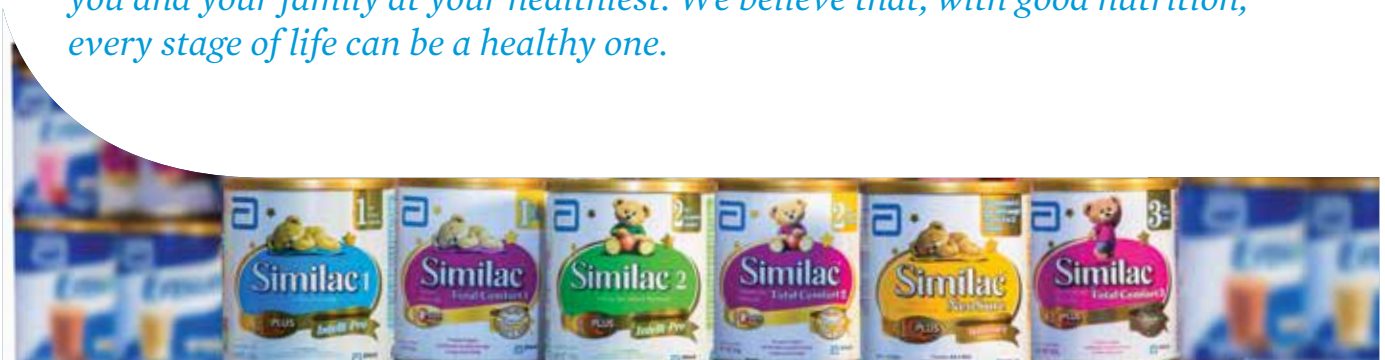
## NUTRITION

# HIGH IMPACT FROM A BALANCED PORTFOLIO

### 2016 BUSINESS HIGHLIGHTS

- Launched the website and social media page as an initiative for PediaSure in 2016 to reach young mothers looking for nutritional advice.
- Our Nutrition Division relaunched its telemarketing service as “Abbott Nutrition Advisory Service” with toll free number for inbound calls to provide authentic nutritional information under supervision of qualified dietitians.
- Increased primary sales by 10.2% over last year.
- Maintained market leadership position with a market share of 30.1%.  
(IMS DEC 2016, MAT)
- Two products with over Rs. 1 billion in sales.

*Proper nutrition is the foundation for living your best life. That's why we develop science-based nutrition products for people of all ages. From helping babies and children grow, to keeping adult bodies strong and active, and supporting the nutrition needs of people with chronic illnesses, we strive to keep you and your family at your healthiest. We believe that, with good nutrition, every stage of life can be a healthy one.*







#### ABBOTT'S NATIONWIDE REACH

*Abbott products account for a clear majority of all sales in the Adult Nutrition segment*

**>90%**  
Market Share in Adult Nutrition

## The Global Leader in Adult Nutrition

Ever since the launch of Ensure we have been a clear market leader in the category of Adult Nutrition. From the beginning, Abbott has relied on state-of-the-art nutrition science, continually improving our formulations for both general-use and disease specific products like Glucerna, for diabetic patients.

Our consistent global growth is supported by research like the Abbott Global-sponsored NOURISH study which found that malnourished seniors with a heart or lung disease who had specialized nutrition supplement were associated with a 50 percent lower death rate 90 days following their hospitalization.



# Diagnostics

## INNOVATIVE SOLUTIONS TO IMPROVE QUALITY OF CARE





Dr. Rizwan Uppal is working as the Chief Executive Officer of Islamabad Diagnostics Center (IDC). IDC has been associated with Abbott since its inception and has found Abbott to be a reliable partner in improving its quality and patient care.

Islamabad Diagnostic Center (IDC) was founded by Dr. Rizwan Uppal over a decade ago with a belief that proper and timely diagnosis is the key to successful treatment.

IDC offers various types of tests to its patients which include both Laboratory and Radiology services. The laboratory now is spread nationwide with more than 2 dozen outlets and more than 300 doctors and has three units of Abbott Architect ci4100.

### A TRADITION OF LEADERSHIP

Through the years, Abbott has built a broad and innovative portfolio of sophisticated technologies that screen and diagnose diseases as well as monitor general health. Our next-generation systems offer a broad portfolio spanning immunoassay, clinical chemistry, hematology, blood screening, molecular and informatics.

### ARCHITECT 25-OH VITAMIN-D ASSAY

*Abbott's test offers precision and enhanced sensitivity to diagnose Vitamin-D deficiency in patients.*



## DIAGNOSTICS

# CREATING THE FUTURE OF DIAGNOSTIC TESTING

### 2016 BUSINESS HIGHLIGHTS

- Primary sales grew by 17.5% over last year.
- Launched 3 next-generation systems during 2016 to aid in patient tests.

#### ALINIQ

A first-of-its-kind professional services and informatics solution designed to improve laboratory productivity.

#### CELL-DYN EMERALD 22 SYSTEM

It is a compact, automated hematology analyzer, designed for In Vitro Diagnostic use in clinical laboratories. The system is small, simple, smart and generates results quickly and accurately.

#### CP3000

The combination of high throughput and a compact footprint enables the CP3000 to rapidly meet the workflow needs of laboratories of all sizes, while providing high quality and reliable results. The system is designed for In Vitro Diagnostic use only.

With predominantly liquid, ready to use reagents and enhanced onboard stability, the CP3000, decreases operator hands-on time, which reduces the chances for errors.







## Harmonized family of innovative systems

The need for fast, accurate and reliable test results is vital in emergency rooms, critical care centers and other situations where treatment decisions need to be made quickly. Abbott's blood analyzers provide real-time, highly accurate results to speed up decision-making and ensure that appropriate care is provided when and where it's needed.

Our new platforms launched during the year represent a major leap forward over competitive systems in terms of reliability, cost, capacity, space efficiency and ease of use.



# Diabetes Care

ADVANCING TECHNOLOGY,  
IMPROVING LIVES





Instead of staying depressed because of Diabetes, Mr. Jawed Ali, has lived a better and healthy life and progressed steadily in his career. He is grateful to *FreeStyle Optium Neo* meter for its contribution.

Mr. Jawed Ali who is a retired banker and currently in his 60s noticed symptoms of thirst and fatigue at an early age. He consulted with a doctor and was diagnosed with Diabetes at the age of 37.

Jawed did not let his condition affect him. Through courage and optimism he followed a healthy diet, took medicines and also regularly monitored his blood glucose level using *FreeStyle Optium*.

He is thankful to Abbott for *FreeStyle Optium* meter which has allowed him to treat Diabetes not as a disease but as a condition which can be managed.

## BETTER LIFESTYLE

Abbott's focus on Diabetes is part of the global healthcare company's aim to improve life through products and technologies that span the breadth of healthcare. Demand for these technologies is increasing as prevalence of Diabetes grows, positioning Abbott well for future growth.

Our *FreeStyle Optium Neo* meter provides patients with guidance to manage their everyday routine while fighting Diabetes.

## FREESTYLE OPTIUM NEO

*Abbott's FreeStyle Optium Neo Meter allows patients to regularly monitor their blood Glucose levels enabling them to control Diabetes.*



## DIABETES CARE

# EXPANDING OUR LEADERSHIP, SHARPENING OUR FOCUS

### 2016 BUSINESS HIGHLIGHTS

- Successfully launched FreeStyle Optium Neo H meter in hospitals and FreeStyle Optium Neo consumer meter with advance Insulin features and benefits for diabetic patients.
- Our FreeStyle Optium Neo glucose monitoring meter was named as “Brand of the Year” in the category of Glucometers by Brand Foundation Pakistan after nationwide consumer surveys.

### KEY FEATURES OF FREE STYLE OPTIUM NEO

- Blood glucose trend indicators
- Insulin logging
- Insulin dose guide
- Clear sharp screen
- Accurate
- Fast and easy to use





#### ALIGNED TO TRENDS



GLOBAL PREVALENCE  
OF DIABETES AMONGST  
ADULTS ROSE FROM 4.7%  
IN 1980 TO 8.5% IN 2014.

## Changing the Testing Paradigm for People with Diabetes

At Abbott, we believe people with Diabetes should have the freedom to enjoy vigorous, active lives. Our systems help diabetic patients manage their health more effectively and comfortably with easy-to-use products that provide accurate data to drive better informed decisions.

Greater convenience and comfort allow patients to take charge of their Diabetes with confidence. Our easy-to-use test strips require only tiny blood samples to make testing more comfortable while our meters provide accurate results and reports for more meaningful insights and come with a variety of features to meet the individual needs of people living with Diabetes.

### Provide your guidance now

FreeStyle Optium Neo meter can be used with FreeStyle Optium Blood Glucose Test Strips

### Guiding the Way



## NEW PRODUCT LAUNCHES

### ABOCRAN (CRANBERRY EXTRACT)

Healthy kidneys are essential for a healthy life. Cranberry extract helps people to keep away from recurrent infections of kidney and the urinary tract. Cranberry extract in the form of Abocran was launched by Abbott Pakistan May 2016 in sachets of 250mg.



### COFLOZ MULBERRY

Mulberry is used extensively for the treatment of cough. Abbott Pakistan launched Mulberry Lozenges in March 2016 with 8 lozenges in each strip. Mulberry Lozenges helps to overcome inflammation and irritation due to cough.

### COFLOZ LOZENGES

Lozenges are extensively used to treat throat irritation and cough. Abbott Pakistan launched Cofloz Herbal Lozenges to provide herbal treatment to the patients in four different flavors including Icy Mint, Orange, Pineapple and Honey Lemon. These were launched in March 2016 with 8 lozenges in each strip.



### COFLOZ HERBAL SYRUP

Traditionally herbs have been used extensively for treating cough and cold symptoms. Abbott Pakistan during January 2016 launched a herbal syrup under the umbrella of “Cofloz” to help people breathe freely. It is available in pack size of 120ml.



### COFLOZ IVY LEAF

Physicians over centuries have used Ivy Leaf extensively in medicines to treat cough and throat irritation. In January 2016, Abbott Pakistan launched “Cofloz Ivy Leaf” syrup to treat conditions of cough and cold. Similar to other syrups under the “Cofloz” brand, it is also available in pack size of 120ml.

### FLOAID

To further strengthen respiratory portfolio, the Company launched Floaid (Montelukast) with Sachets of 4mg and chewable tablets of 5mg for children. Similarly, 10mg tablets were launched for adults.



### EZOMOL



During July 2016, Abbott Pakistan launched Ezomol (Esomeprazole) in capsules of 20mg and 40mg. The product is available in the form of capsules in blister packaging and is a valuable addition to our Gastroenterology portfolio.

### BURNOL

Burnol has served households for generations and has been a must-have item in kitchen cabinets and first aid boxes for every family. Burnol (Euflavine), a trusted brand for decades, is an anti-septic cream relaunched in 30g tube in November 2016.





## NEW PRODUCT LAUNCHES



### CP3000 (AUTOMATED COAGULATION ANALYZER)

The combination of high throughput and a compact footprint enables the CP3000 to rapidly meet the workflow needs of laboratories of all sizes, while providing high-quality and reliable results. The CP3000 is powerfully compact, simple and efficient in its operations. This machine was launched in January 2016.

### CELL-DYN EMERALD 22 (HEMATOLOGY ANALYZER)

Abbott Pakistan Diagnostics Division launched Cell-Dyn Emerald 22 in May 2016. It is a Hematology Analyzer and is a full performance solution for smaller laboratories. It provides the information you need in a compact design.



## AlinIQ

Discover greater operational productivity with existing resources.

### ALINIQ (CUSTOMIZED INFORMATICS SOLUTIONS)

AlinIQ is a first-of-its-kind holistic professional services and informatics portfolio; a powerful combination of expertise, processes and suite of informatics enablers that together have the power to transform laboratory operations. It was launched in March 2016.

### FREESTYLE OPTIUM NEO

FreeStyle Optium Neo is the latest addition to the FreeStyle Blood Glucose Monitoring family. It was launched in April 2016. The device provides a clear and sharp screen with accurate blood test results. It has an inbuilt insulin logging system which lets patients stay on track and also provides a guide on the amount of insulin to take and when. The device also alerts patients with hypo or hyperglycemic trends.





# MOSPEL

Mosquito Repellent

مچھر آپ سے دُور،  
رہنے پر مجبور



Abbott Laboratories (Pakistan) Ltd.  
P.O. Box 7229, Karachi-74400.

**Abbott**



## OUR PORTFOLIO SOLUTIONS

At Abbott our goal is to help people everywhere live better, fuller and healthier lives. We are not only committed to providing medicines that will help people achieve their best health at every stage of life, but also to providing information to help them understand medical conditions and take control of their health.

### TRUSTED MEDICINES

We've never taken good health for granted. Whether it's an ordinary headache or a more serious illness, we want people to get better fast, so they can go back to doing the things they love.

That's why we take pride in offering affordable, high-quality, trusted medicines that have been helping millions of people around the world lead healthier lives. But we don't stop there, we continuously improve our medicines and make them better, easier to administer and faster to act.

We want to be the most trusted partner in health solutions and medicines. That's why we focus on increasing access to needed medicines and being closer to patients and consumers by offering a broad portfolio of high-quality medicines that best meet local market needs.



#### WOMEN'S AND MEN'S HEALTH

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

We have trusted brands for pregnancy, reproductive health, menopause and to cater for calcium and vitamin deficiencies to help people live a healthier life.



#### CARDIOVASCULAR AND METABOLIC

Abbott is dedicated to helping people to maintain heart, vascular and metabolic wellness to enable them to stay healthy, active and go back to doing the things they enjoy.

Our brands help people with various conditions which include dyslipidemia, hypertension and other metabolic disorders.





## GASTROENTEROLOGY

Abbott is committed to helping people maintain gastrointestinal health, from oral cavity to the intestines and their associated organs, offering expert solutions for a wide variety of digestive symptoms and disorders.



## PAIN AND FEVER RELIEF

Abbott is committed to help people suffering from fatigue and fever, to support them live a healthy routine. Our various brands associated with this category help people with different diseases which include hyperthermia, osteoarthritis or backache.



## CENTRAL NERVOUS SYSTEM

Abbott is dedicated to support people in having a healthy mind and a healthy body by providing solutions to treat common conditions such as vertigo, depression and epilepsy.

## OUR PORTFOLIO SOLUTIONS



### RESPIRATORY

Abbott is committed to serve people with respiratory conditions such as upper and lower respiratory tract infections and influenza by offering trusted, proven medicines and vaccine.



### PEDIATRICS

Abbott realizes the importance of good health for children to help them grow into independent and successful adults. We provide solutions to different diseases such as fever, diarrhea, respiratory ailments and micronutrients deficiency which may hinder a child's development and growth.





## CONSUMER

Our Consumer portfolio provides solutions to different diseases which include recurrent Urinary Tract Infections and with a range of herbal medicines. This portfolio also provides preventative solutions from viruses spread by mosquitoes such as malaria, dengue and zika by providing effective mosquito repellent solutions.



## HOSPITAL CARE

Abbott's Hospital Care portfolio provides solutions to health care professionals for their hospitalized patients undergoing surgeries and in need of spinal anesthesia or muscle relaxants. This portfolio also caters for those suffering from Herpes or hospital acquired infection.



# GEOGRAPHICAL PRESENCE

## Asia Pacific

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

## Europe

Albania  
Austria  
Azerbaijan  
Belarus  
Belgium  
Bosnia-Herzegovina  
Bulgaria  
Croatia  
Czech Republic  
Denmark  
Egypt  
Finland  
France  
Georgia  
Germany  
Greece  
Hungary  
Ireland  
Italy  
Kazakhstan  
Latvia  
Lithuania  
Netherlands  
Norway  
Poland  
Portugal  
Republic of Serbia  
Romania  
Russian Fed.  
Slovakia  
Slovenia  
Spain  
Sweden  
Switzerland  
Ukraine  
UK

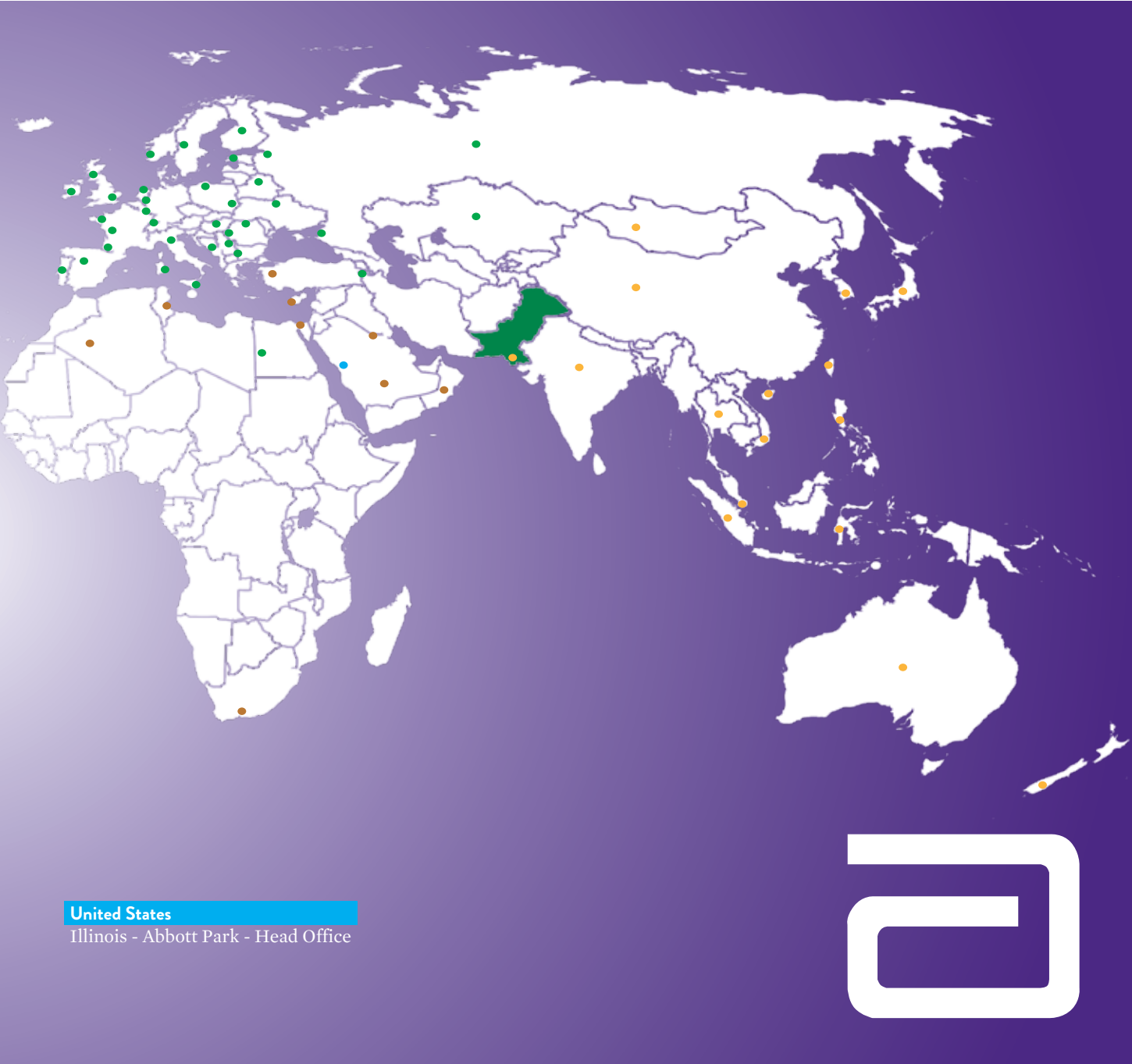
## Latin America and Canada

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

## Middle East and Africa

Algeria  
Israel  
Kuwait  
Lebanon  
Saudi Arabia  
South Africa  
Tunisia  
Turkey  
United Arab Emirates







# HUMAN RESOURCE DEVELOPMENT

2016 has been a year of transformation for Abbott Pakistan. Your HR function has played a key role in this transformation by providing interventions that contributed significantly towards employees' morale and motivation during various phases of change and transformation.

## BUILDING PARTNERSHIPS, CREATING IMPACTS

In partnership with business leaders, we continued our efforts to keep our employees excited and motivated about the contributions they are making to society by helping them with our products and services. Simultaneously, we also ensured that they are best equipped to do their jobs well by providing development and engagement interventions; keeping a strong focus on employees learning and growth. We believe that our interventions should not only be aligned with business, but should also help employees achieve their professional growth related goals and aspirations. It is because of this focus that each such intervention creates exponential impact. Our employees thus are well motivated, and continue to achieve higher standards in work performance and practices while ensuring highest levels of values, ethics and integrity. We continue to deliver products and services that meet the highest quality standards and make a positive impact on the health and wellbeing of the people we serve. Our products and services are helping people live a healthier life.

## TALENT ATTRACTION AND RETENTION

We fully understand and appreciate the fact that no matter what technology and advancements we bring in, it's the people and their contributions that make all the difference. Investing in people is one of the key factors that contribute to our successful talent attraction retention strategy. Through the years, we have attracted the best talent that has the ability and potential to pursue excellence in making a difference to the Company and the people we serve. Once onboard, we put a strong emphasis on employee development and growth so to keep ourselves ahead of the marketplace while ensuring that such talent is retained. These efforts, combined with several associated initiatives that are part and parcel of our organizational culture

have enabled us to stand out as an employer brand that is well recognized both globally and locally.

Our competitive compensation and benefits structure is another distinctive factor that stands us out in the industry. These offerings well meet the needs of our diverse workforce while remaining aligned with our overall global compensation philosophy and values.



## LEARNING AND DEVELOPMENT

We have continued with our focus on employees' development and growth needs, through a structured training need analysis process, whereby, managers and team members identify gaps required to enable each employee to deliver better in current role, or bridge the gap between current skills and behavior sets and desired levels in order to provide them with growth opportunities. Our employees continued to get the desired learning support throughout the year which resulted in better output and healthier, competitive work environment.

## EMPLOYEE GROWTH AND SUCCESSION PLANS

With an enhanced focus on employee growth and succession, your HR function has continued to provide support in identifying the right people for the right roles of higher responsibilities. Structured succession plans have been devised and implemented across several

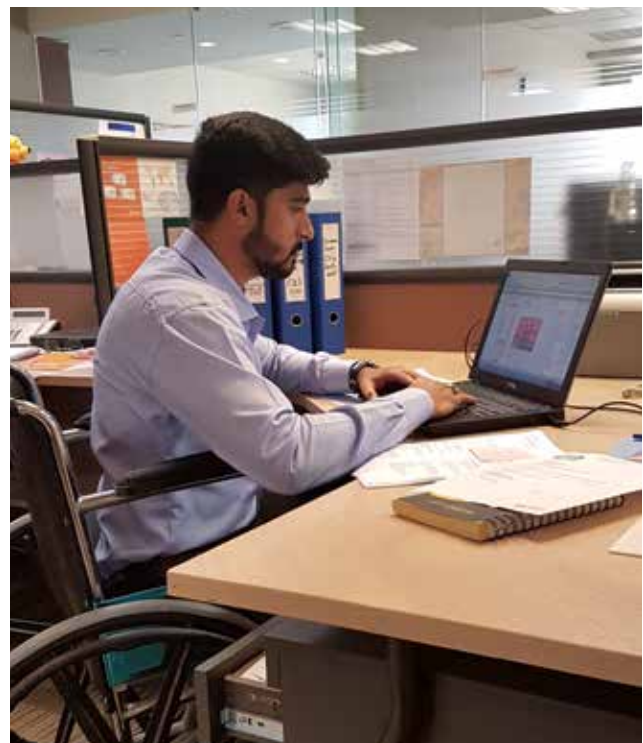


areas within the organization. The diversity among our business divisions offers employees a broad range of career path options. Employees can advance within their functional discipline or progress along a path that provides experience across a range of functions. Based on performance, business needs and personal interest, employees can pursue career advancement from across job functions, different business segments and geographic boundaries as they grow within the Company. Through robust succession pipeline, in 2016 we were able to fill several senior management positions from within and cross functionally which is a testament to the success of our retention and growth initiatives.

### MANAGEMENT TRAINEESHIPS AND INTERNSHIP PROGRAMS

As a responsible corporate citizen, our Company continued to provide management traineeships and internship experiences to students from various academic institutions. Internships opportunities for applicants with special needs was identified as a major area of attention. Being a committed and socially responsible corporate citizen, we feel that it is our responsibility to provide equal opportunity to all, specially to those who need our stronger support. With the help and support of management and administrative

staff, this year first such intern successfully completed his internship training in 2016, and the experience was mutually rewarding.





## A GREAT PLACE TO WORK

Aligned with the Global efforts and initiative of making Abbott 'A Great Place to Work', your HR function has taken several initiatives to build and strengthen the values of Trust, Recreation and Pride among employees. We commit ourselves to creating a work environment that enables employees to thrive both as individuals and as contributors to business success. Our structured and informal employee feedback mechanisms provide us deeper insights into employee needs and expectations; thus, help us drive these programs with greater impacts. With several initiatives aligned with Company's values, we strive to create an environment where each day, our employees look forward to come to work with enthusiasm. Here, they compete not only with the market but also with each other in an environment where their efforts are recognized, appreciated and rewarded. Our people put their best efforts each day at work which translates into successful results for the Company.

## INDUSTRIAL RELATIONS

This year, the Charter of Demand negotiations between the labor union and the management were due and were successfully carried out, and negotiations were concluded within the defined timelines.





### ‘WINNING TOGETHER BEHAVIOR AND CULTURE’

‘Winning Together Behavior and Culture’ was another one of Abbott’s global initiatives that was rolled-out in Abbott Pakistan in 2015 and employees continued to be educated on Winning Behaviors and their application at work in 2016 as well. Our salesforce is spread across Pakistan and as such, majority of them do not get opportunities to interact with the business leaders outside of their functions. To help them develop, better understand cross-functional processes and for their appreciation, HR sessions have been introduced for salesforce. These sessions are conducted alongside with cycle meetings and provides functional business leaders and salesforce to interact with each other in face to face sessions and discuss matters of mutual importance. Salesforce issues and queries are discussed in a candid environment and many challenges and issues are being addressed promptly as a result of such interactions.



# ENVIRONMENT HEALTH & SAFETY



Our environmental impacts are closely interconnected and our approach to managing them is integrated as well. We have developed comprehensive management and governance systems that reflect our priorities and ensure they are fully incorporated in our day-to-day planning and business processes.

Our manufacturing plants and commercial operations both work together to adhere to our corporate policies and to minimize our footprint on the environment.

Our Global Environment Health and Safety Strategy – Our People, Our Planet and Our Values – commit us to advancing Abbott’s Environment, Health and Safety (EHS) by:

- **Protecting our people:** Fostering a work environment that promotes employee health and productivity, and strives to be injury-free.
- **Protecting our planet:** Respecting our natural resources

by improving the efficiency and sustainability of our business and products, reducing greenhouse gas emissions, water use and minimizing waste.

- **Adding value:** Continuing to strengthen EHS practices across all aspects of the business, in addition to maintaining compliance with applicable requirements.

## EFFORTS MADE TO MITIGATE THE ADVERSE IMPACTS OF INDUSTRIAL EFFLUENTS

### Abbott’s Zero Waste To Landfill Initiative (ZWL)

Abbott strives continuously to either eliminate waste or to move it to a higher level in the waste hierarchy. This means that if waste cannot be eliminated, we work aggressively to divert it from landfill toward reusing, composting, recycling, incinerating to recover energy or incinerating for more efficient waste disposal.

Abbott’s ‘Zero Waste to Landfill’ has not only

minimized the amount of landfilled waste but has also improved efficiency, cost savings and reduction in our carbon footprint. Implementing zero-waste-to-landfill involves eliminating all waste sent to a landfill through source reduction, recycling, energy recovery or diverting waste to become a resource for other beneficial use. This requires avoiding and eliminating toxicity in waste and materials.

The Company has succeeded in preventing up to 253.4 Metric Tons of waste from being landfilled between 2015 and 2016. Despite increase in operations in 2016, the Company achieved its target of reducing waste by 27 Metric Tons from last year. The Company also got a regional certification of **'Zero Waste to Landfill'**.

The best way was considered to reduce waste by either eliminating or defining new route of disposal. The diligent effort towards this initiative aided the sites to have better understanding of the total site waste through improved tracking and reporting, identification and prioritization of waste reduction activities and moving waste streams up the waste hierarchy, strengthened supplier relationships and site employee engagement.

### Composting

As concern about landfill space increases, worldwide interest in recycling by means of composting is growing. Composting is a process for converting decomposable organic materials into useful stable products. This is also one of the only ways to revitalize soil vitality due to phosphorus depletion. The initiative supports Abbott's **'Zero Waste to Landfill'** initiative.

In this regard, Abbott Pakistan had acquired the composting machine, leading by example in 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 kg material as compost per day utilizing garden waste and food scrapes from site canteen to turn into fertilizer. The overall waste management project helped in decreasing waste per 1,000 units from 21.32kgs of base line of 2013 to 2.72kgs by end of 2016.

### Waste Reduction Training

Motivated by its drive to continue and reduce waste and by realizing that reduction of waste is a combined effort, Abbott Pakistan organized a waste management

session for the faculty and students of Karachi University to increase awareness on the topic in the community.

### Energy Conservation at Abbott and Pakistan's Energy Crisis

Abbott Pakistan is continuously focusing to reduce the energy consumption in order to reduce the cost of production as well as to contribute its part in the sustainability of environment. At our Landhi manufacturing facility, the Company, in order to minimize costs and to assist in the Country's overall energy crisis, relies on internal power generation by use of gas turbines. Our energy policy focuses on increasing energy efficiency in our manufacturing operations, investing in low-carbon energy, improving efficiency within our transportation fleet and encouraging a lower carbon footprint within our supply chain.

Production of high quality products in a cost effective manner stands as one of the biggest challenges for the pharmaceutical industry. Taking energy conservation initiatives gives control over costs and a competitive edge and is also instrumental towards meeting environmental goals. Various opportunities for energy conservation have been explored and a couple of projects are already in progress with some being already completed.

A project comprising use of energy efficient LED lights is on the verge of completion that will contribute significantly in energy conservation perspective. Another project regarding installation of solar panels to fulfill our power requirement and promote clean energy is in progress at Korangi plant. We also seek to execute a comprehensive Energy Management Plan for optimizing the energy utilization and increase the efficiencies of our system.

The Company has also, in past years, completed various initiatives which included making our HVAC equipment process energy-efficient through a Direct Digital Control System by installing chilled water control valves, temperature/RH sensors and VFDs.

Energy conservation remains a significant objective at Abbott and the Company continues to adopt more energy efficient means where possible.



### Water Conservation

Clean water is a critical resource, essential for healthy living environments, healthy communities and the ability of people to achieve their potential. Access to water is also essential for our manufacturing operations and plays a critical role in the use of many of our products. Abbott Pakistan is committed to managing our water use in an efficient, sustainable manner and to improving access to clean water for communities. We work to make a difference by managing our own water use responsibly and then working externally where we have opportunities to improve access to clean water.

The Company in recent years has taken various initiatives to reduce its water usage. In 2015 the company installed automatic water faucets and installed flow meters for water monitoring. During the current year the company initiated re-use of water which could not be used due to high TDS, recycled through its Reverse Osmosis unit. This water was used in flushes in toilets.

## QUALITY ASSURANCE

### Quality Month

Quality & Regulatory month was celebrated across plants and commercial offices of the Company during November 2016. The activities were focused towards promoting culture of Quality and raising awareness about Quality aspects. We at Abbott believe that Quality is everyone's responsibility and each and every person working for the Company contributes towards product quality. The activities included distribution of quality information through pamphlets, banners, posters, on-screen quality messages and presentations.



Quality Quiz was also part of celebrations that included questions which received tremendous response from Company personnel.

In addition to this a new intranet website has been launched in November 2016 which was celebrated as the Quality & Regulatory Month, targeting all employees. The purpose was to create general awareness of how quality adds value and calls to action.

### Quality Audits and Inspections

The manufacturing site at Landhi has undergone a Corporate Quality Audit that lasted for 7 days and yielded no Critical observation. This was in addition to 21 inspections by various Federal and Provincial Governmental Agencies and Regulatory bodies with the same results. This is further evidence that speaks of high Quality standards observed by the Company.

## CONSUMER PROTECTION MEASURES

A customer complaint for Abbott is an indicator of customer dissatisfaction about the quality of our products. The Company operates a robust complaint handling system which gives it the opportunity to improve product quality where needed and acts as a way to establish a committed relationship with our customers.

A systematic procedure is developed and implemented in order to register and investigate each complaint received. Stakeholders from across the organization are involved from different departments which include marketing, quality, distribution etc. Thus the aim is to gain the continued confidence of our customers in



our products by investigating the existing processes pertinent to the nature of complaint and provide the feedback to the complainant where needed.

## OCCUPATIONAL SAFETY & HEALTH

### Behavior Based Safety

Abbott Pakistan adopted a global Behavior Based Safety (BBS) initiative to reinforce positive behaviors. Focusing on behaviors creates a safety partnership between management and employees. This continually focuses people's attentions and actions on their and others daily safety behavior. More importantly, the Behavior Based Safety program is not designed to assign blames, but to encourage communication regarding safe practices. With the team comprising of more than 200 employees trained on BBS program's approach, 409 BBS observations were completed. All cadres of employees were included, from senior management to the front line employee. Identified at-risk behaviors were corrected mainly through four steps:

1. Identification of critical behaviors
2. Gathering of data
3. Providing real-time feedback
4. Utilizing the collected data to improve EHS culture

### Behind the Wheel (BTW) and Behind the Bar (BTB)

Taking employee safety and health seriously, Abbott Pakistan organized a BTB/BTW refresher training during 2016 for all field personnel across Pakistan.



This involved half day classroom training & half day practical session in the field with the purpose of creating awareness of safe driving and reducing the risks of road accidents. A total number of 450 field force employees participated in the training.



# SUPPORTING OUR COMMUNITIES

## EVIDENCE BASED CLINICAL STUDIES

### **Abbott Run Clinical Studies to Generate Local Data and Understand Local Epidemiology**

Abbott Pakistan not only endeavors to provide quality medicines that are efficacious, but also supports the healthcare community in understanding the diseases and its local epidemiology in a better way. For this, 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 organizations.

We're working together to find how common a particular disease in our part of the world is, how can we diagnose it better and how proper management can positively affect the quality of life of patients.

The PREEMPT study is a clear example of this where we are testing a proper diagnostic tool for Minimal Hepatic Encephalopathy (MHE) in our patient population. Patients with MHE have impairment in activities requiring attention, motor skills, and visual-spatial abilities (i.e. driving a car). Till date there is no single diagnostic criterion for MHE which is a reversible disease. The findings of the study will ultimately help physicians for evaluation and regular detection of patients potentially affected with MHE in their routine clinical practice.

Another example is the PRECIOUS study, the objective of which is to find an estimate of pregnant females with subclinical hypothyroidism. Hypothyroidism and Sub-Clinical Hypothyroidism in pregnancy can have devastating outcomes on health, both of the mother and the baby, it is imperative that we should have firsthand knowledge of the burden of the disease.

For this study we have partnered with renowned gynecologists and obstetricians from across the country and a state-of-the-art laboratory for reliable and uniform serum analysis for detection of sub-clinical hypothyroidism in pregnant females.

## AWARENESS CAMPAIGNS

### **Abbott Organized "Nutri Health Camps" to Improve Awareness of Good Nutrition**

During the year Abbott's Nutrition division organized nutrition health camps in prominent malls of Pakistan in three major metropolitan cities i.e. Karachi, Lahore and Islamabad.

The activity was carried out in total of six malls which included three in Karachi and two in Lahore and one in Islamabad. These stalls were setup in the main atrium of the malls where the footfall of the customers was high. The stalls were equipped with height and weight scales and assessments were done by qualified nutritionists who provided assessment for both adults and children and later gave nutritional advices where needed. For adults, there was also "Hand Dynamometer" where they tested their strength under the supervision of a nutritionist. An immediate assessment of these results was given by qualified nutritionists, giving detailed nutritional counselling to the participants as to how they can achieve healthier lifestyles.

### **Abbott Organized "World Malaria Day" to Create Awareness of Symptoms for Malaria**

Abbott Pakistan collaborated with Initiative for Peace and Development and launched a campaign, that created awareness about malaria's symptoms and preventive measures to reduce its morbidity and mortality rate.





Multiple sessions across Karachi, Multan, Rawalpindi, Islamabad, Kohat, D.I.Khan, Swat and Abbottabad were conducted to mark “World Malaria Day” on April 25th, 2016.

Over 25 communities and schools were reached and over 4,500 people were educated on the prevention of this disease.

#### **Abbott Participated in “Express Family Festival” to Increase Awareness of Blood Glucose Monitoring**

The Company through its Diabetes Care Division participated in Express Family Festival at the Expo Centre Karachi on July 23 & 24. The purpose of the stall was to create awareness amongst the general public on the importance of blood glucose monitoring in managing diabetes and living a healthy life.

#### **Abbott Organized “3<sup>rd</sup> National Nutrition Conference” to Create Awareness of Importance of Nutrition**

Nutri-Nation Y3 is the 3<sup>rd</sup> iteration of the National Nutrition Conference, a pioneering initiative by Abbott's Nutrition division featuring the top 300 healthcare experts from across the nation.

Abbott is a global healthcare company, and its nutrition business is committed to advancing and championing good nutrition to help people live healthier lives. Around the world, including Pakistan, malnourishment is a real concern that can have far-reaching consequences on the quality of people's lives.

Nutri-Nation as an event is a unique gathering of seven widely varied healthcare disciplines and is attended by renowned doctors from different fields, all of which are gathered under one platform as they exchange ideas and inspire the national healthcare community to accelerate the nutritional health of the Pakistani population.



# CORPORATE SOCIAL RESPONSIBILITY

## DISTRIBUTION OF UNIFORMS TO MULTIPLE NGOs

During the year as part of our commitment to support the community, Abbott Pakistan donated over 600 old uniforms after making necessary alterations to Horizon Drug Alleviation Center. Further, 1,500 more uniforms were also donated to Chipa which is a well-known charitable organization.

## TREE PLANTATION DRIVE

Abbott's EHS department, in pursuance of its drive to make the environment more sustainable and to reduce its carbon footprint, planted over 400 trees in different parts of Karachi in collaboration with the local community.



## BLOOD CENTER PROGRAM - BLOOD DONATION IN COLLABORATION WITH INDUS HOSPITAL

Keeping the tradition alive in 2016, Abbott Pakistan once again collaborated with Indus Hospital to participate in their Blood Donation Program. Blood donation centers were arranged at both Landhi and Korangi plants where number of employees volunteered and made this drive successful. This contribution of Abbott was highly appreciated by the management of Indus Hospital and would have definitely helped in saving lives.

## FIRE SAFETY TRAINING - RED CRESCENT ANNUAL CAMP

Pakistani Red Crescent which is a member of International Federation of Red Cross and Red

Crescent Societies (IFRC) is one of the most notable NGO's in the country. The Company participated in the Pakistan Red Crescent Annual Camp where it provided fire safety awareness and training to the attendees.

## DONATIONS TO DIFFERENT INSTITUTIONS

The Company made donations to different non-profit organizations during the year, donating over Rs. 1.6 million in both cash and kind.

### STATEMENT OF CHARITY ACCOUNT

	Rs. in thousands	
	2016	2015
Education	400	125
Healthcare & Environment	1,215	658
General Donations	-	85
Total	1,615	868

## EMPLOYEE HEALTH CAMP – “GET RID OF FLU”

As an initiative to help promote employee health and well-being, Abbott Pakistan organized a health camp where free of cost flu vaccination was offered to Abbott employees at site. A total of 1,216 employees benefited from this free of cost health offering. All employees participated in the activity with great enthusiasm.



# OUR GLOBAL CITIZENSHIP PRIORITIES



At Abbott, we constantly work to integrate our citizenship strategy with our core business strategy. Abbott has four strategic priorities that, we believe, best align our citizenship activities and resources with our business operations. These are the material areas where our core business can have the most significant impact on society and the environment. We continue to work diligently in pursuit of these priorities:

## **Innovating for the Future**

Using our core strength as an innovator to make a difference to the health and well-being of people everywhere.

## **Enhancing Access**

Breaking down the barriers that prevent many people worldwide from accessing the medicine and healthcare they need.

## **Supporting Patients and Consumers**

Working to improve quality of life for our patients and consumers, while helping to educate healthcare professionals about the latest tools and treatments.

## **Safeguarding the Environment**

Playing our part in addressing the global challenges of climate change and water scarcity while minimizing the environmental impacts of our products.

These four priorities provide a clear roadmap for pursuing our responsibilities as a socially responsible citizen, yet are flexible enough to enable creativity and innovation across our diverse mix of businesses.

## **INNOVATING FOR THE FUTURE**

Scientific discovery and innovation are the hallmarks of Abbott's business – and the core of our commitment to advancing health and wellbeing. Our broad scientific expertise enables us to create new healthcare products, carry them through the critical stages of development and then deliver them to patients and healthcare providers around the world. Our diverse portfolio of pharmaceuticals, nutrition, medical and diagnostic devices share a common framework of excellence in science, research, development and engineering.



With increasing awareness and demands, we will continue to run ICH-GCP (International Conference on Harmonization Good Clinical Practices) complaint clinical trials with the highest ethical standards to demonstrate clinical effectiveness and with robust Pharmacovigilance system to establish the safety of Abbott products with our consumers. This in turn will ensure availability of healthcare solutions for doctors and highest quality products for patients. Our ongoing investment in R&D enables us to address the ever changing global disease burden and to foster new, improved solutions for emerging healthcare challenges.

## ENHANCING ACCESS

Our expertise and resources help to bridge gaps in healthcare access. We tailor our approach to specific patient needs in specific regions of the world. Expanding access to care requires addressing a complex array of challenges. Lack of awareness about healthcare issues and treatments, inadequate healthcare infrastructure and social stigmas also can make it difficult for patients to get the medicines they need. We work to address these and other obstacles as part of our core business strategy and as part of our commitment to enhancing global health and well being. Expanding access to healthcare for patients around the world is a key component of Abbott's commitment to citizenship and is integral to our core business strategy. One of the most critical challenges facing our society is a broad lack of awareness about healthcare issues and treatments.



Abbott continues to be committed towards improving the quality of life of the people it serves.

**Educating Healthcare Professionals** - We continue to invest in continuing medical education of our healthcare professionals while striking a balance between continuing education and ethics compliance.

**Reaching out to Under-Served Communities** - Abbott is also aware of its surroundings and is committed to giving back to the community where it operates.

## SUPPORTING PATIENTS & CONSUMERS

Our ability to create life-enhancing and life-preserving products is constantly bolstered by scientific advances, but delivering on our commitment to patients and consumers goes well beyond the laboratory. To deliver safe and effective products - at the right time and in the right dosage or formulation - we work to educate patients and healthcare professionals about potential risks and side effects. All medicines, healthcare interventions, procedures and products carry some degree of risk - which must be balanced against the often greater risks associated with the illnesses or injuries these interventions are designed to treat. Fully educating and informing our stakeholders about these risks and benefits is paramount. Along with educating patients and healthcare professionals about the safe use of our products, we work hard to ensure safety and consumer protection throughout the manufacturing and distribution process. The safety of many product



ingredients is generating significant debate throughout the healthcare industry. At the same time, the broad geographic dispersion of our supply chain requires increased oversight and auditing.

Our obligation to protect patients and consumers goes beyond simply complying with regulatory requirements. It means earning and keeping the trust of all those who depend on our products by:

- Ensuring quality, safety and product integrity across the full spectrum of research, development and manufacturing of our products and packaging.
- Ensuring the quality, safety and authenticity of each product that bears the Abbott name through our distribution channels.
- Effectively identifying and targeting the most appropriate patient profiles for each Abbott product and ensuring that healthcare professionals are fully informed of the benefits and risks of our products.
- Directly and indirectly educating patients about proper storage, use and disposal of their medicines and healthcare products under appropriate medical supervision.

As a leader in global healthcare, Abbott's goal is to create and develop products that preserve and enhance the lives of patients and consumers.

## SAFEGUARDING THE ENVIRONMENT

We work diligently to reduce our global environmental impacts - from the sourcing of raw materials, to the manufacture and distribution of our products, to the use and disposal of our products by consumers and healthcare providers. Our environmental stewardship initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future. We have three environmental priorities:

- Climate change
- Water usage
- Product stewardship

We recognize the interrelated nature of these three priorities. Our work in one area inevitably affects

the others. We have developed comprehensive management and governance systems to ensure that environmental considerations are fully integrated into our day-to-day planning and business processes. Our environmental stewardship initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

Our environmental policy achieves these objectives:

- Improve the efficiency and sustainability of our business activities and products, reducing greenhouse gas emissions, water use and waste.
- Require contractors working on behalf of Abbott to conform to regulatory requirements and meet applicable internal Environment, Health and Safety (EHS) standards.
- Establish goals and strategies for the enterprise and report publicly on our progress.
- Integrate sound EHS practices consistent with our management system into all aspects of the business, maintaining legal compliance.

Our global standards include technical program requirements, metrics and audit and reporting mechanisms that serve as a baseline expectation for health and safety performance worldwide. Every Abbott manufacturing plant implements a plan based on these standards and is evaluated regularly.

Clear policies, standards and management systems ensure that we operate in a manner that protects both human health and the environment. Our environmental management metrics, auditing and reporting mechanisms are evaluated regularly, and we hold our employees responsible for improving their performance against these targets as part of our annual performance appraisal process.

# AWARDS AND RECOGNITION

## ABBOTT WINS MAP CORPORATE EXCELLENCE AWARD

Abbott Pakistan won the 32<sup>nd</sup> 'Corporate Excellence Award' and was awarded First Prize by the Management Association of Pakistan (MAP) in Pharmaceutical sector for the fourth consecutive year. MAP annually organizes 'Corporate Excellence Awards' to recognize and honor the best managed companies in Pakistan that follow guidelines and principles of latest management techniques through an extensive, transparent process. The evaluation process entails Management Practices Appraisal based on a questionnaire, Top Management meetings and detailed financial evaluation based on the Annual Report.



Abbott Pakistan, through its values, best leadership practices and winning behavior culture has once again won this distinguished corporate award. Such recognition is clearly a source of continued enhanced image of Abbott Pakistan in the corporate world.

## ABBOTT WINS UNITED NATIONS GLOBAL COMPACT AWARD

Abbott Pakistan won 3<sup>rd</sup> prize at UN Global Compact Awards in Multinational Enterprises Category for excellent contribution towards United Nations Sustainability Development Goals such as Good Health & Wellness, Clean Water and Sanitation and Responsible Consumption & Production. The awards were held in collaboration with Employer Federation of Pakistan. Among various organizations Abbott Pakistan was also assessed on 17 Sustainable Development Goals set by United Nations Global Compact - a corporate sustainability initiative first initiated in 2000 by UN Secretary General Mr. Kofi Annan.

## ABBOTT WINS COMMERCIAL EHS PROGRAM OF THE YEAR

Abbott Pakistan during 2016 was selected as the Runner-up of 2015 Commercial EHS Program of the Year – Large Affiliate Category, organized by Global EHS of Abbott Group in which the Company competed against various international affiliates.

The objective of the award is to recognize and honor the Environmental, Health & Safety (EHS) programs that have consistently demonstrated best-practice performance. This award reflects the Company's commitment to excellence and acknowledges its commitment to caring for its employees, customers and society.



### ABBOTT WINS CORPORATE SOCIAL RESPONSIBILITY (CSR) AWARD

Abbott Pakistan won the Corporate Social Responsibility Award in the 6th International CSR Summit for the Stakeholder & Employee Engagement category. The forum is supported by various NGO's including UNEP, UN Global Compact, WWF and others.



### ABBOTT WINS BRAND OF THE YEAR AWARD

Our brand 'FreeStyle Optium Neo' was awarded "Brand of the Year" for 2016 in the category of Glucometers, and was identified as an emerging and leading brand in its industry category after nationwide consumer survey and qualitative analysis by "Brand Foundation Pakistan". The organization is endorsed by Government of Pakistan and has a legal mandate to conduct brand competitions, brand research and brand ratings surveys of local, national and multinationals brands.



### ABBOTT WINS BEST CORPORATE REPORT AWARD 2015

During 2016 Abbott Pakistan was awarded 4th position in the Chemicals and Pharmaceuticals category of the 2015 Best Corporate Report Awards organized 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.

### ABBOTT NUTRITION DIVISION WINS AWARD FOR DIABETES AWARENESS INITIATIVES FROM DUNYA MEDIA GROUP AND AL-HAMRA MEDICAL CENTER

Abbott Pakistan's Nutrition Division was given a recognition award for participating in "World Diabetes Day" activity organized by Dunya Media Group and Al Hamra Medical Center which is one of the leading institution in diabetes prevention care. The World Diabetes Day activity is an annual event organized to create awareness and educate consumers on diabetes prevention and its management through healthy diet.



### ABBOTT PAKISTAN WAS RECOGNIZED FOR GENDER DIVERSITY ON THE BOARD OF DIRECTORS

Increased gender diversity of Board members brings a diversified team of professionals, knowledge and information for the Board to use in fulfilling its responsibilities in representing shareholder's interests.

Abbott Pakistan's strive to bring gender diversity and women empowerment with more than 25% representation of independent women professionals on its Board, was also acknowledged by "Women on Board Pakistan" thus recognizing the very few companies having independent women professionals (0.83%) on their Board. WOB Pakistan has decided to classify such companies as W-companies and Abbott was acknowledged as a W-Company.

# ETHICS AND COMPLIANCE

Abbott's integrity is based on decisions – large and small – that our employees make each day at every level of the company. Our decisions are guided by our values, a sense of ethics and respect for the law. To support our commitment to ethical conduct and compliance with the law, Abbott has a longstanding Ethics and Compliance Program. The Ethics and Compliance Program applies to all officers, employees, contract workers and agents of Abbott Laboratories, its divisions, and affiliates, whether operating inside or outside of the United States.

## CODE OF BUSINESS CONDUCT

The Abbott Code of Business Conduct (“Code”) sets forth the principles and behaviors to which all Abbott employees must commit. All employees are required to read, understand and certify their adherence to this Code annually.

Our Code makes it clear that we do not tolerate illegal or unethical behavior in any of Abbott's business dealings. It stresses the importance of ethical and honest conduct, appropriate treatment of confidential information, avoiding conflicts of interest, and the accuracy and integrity of Abbott's books and records. In addition, it requires timely and accurate public disclosures and compliance with relevant laws, including food and drug laws, laws relating to government healthcare programs and antitrust laws.

Honesty, fairness and integrity represent the necessary conditions of an ethical workplace and are nonnegotiable. Whether writing an email, managing external relationships, working through ethical decisions or interpreting a regulation, Abbott employees play a critical role in maintaining Abbott's reputation. To ensure they have the most up-to-date knowledge about how to comply with laws and regulations, the Office of Ethics and Compliance (OEC) offers a comprehensive list of courses and resources that provide guidance and training on ethics and compliance topics most relevant to our business.

## WHISTLEBLOWING POLICY “SPEAK UP”

One of the key features of our Code is its ‘Speak Up’ program whereby employees are encouraged through several communication channels to report promptly any violations or potential violations of the Code or complaints or concerns with respect to their work or seek guidance or advice in understanding the applicability of the Code.

All reports of potential Code violations are handled appropriately through follow up steps such as investigation, remediation and corrective actions.

Abbott offers multiple avenues for its employees to “Speak Up”. Employees who wish to learn more about our program can visit our website. They can also call on the designated numbers.

## LEGAL & ETHICS RESOURCE NETWORK – “LERN”

The LERN Training Program is an online program designed to educate Abbott employees on a broad range of ethics and compliance topics. LERN courses are designed to provide employees with the practical knowledge needed to recognize legal and ethical issues that may be encountered on the job, to make sound decisions, and to know when to seek assistance from the OEC and other resources. These courses are assigned to employees using the system annually which include courses on Code of Business Conduct, Code re-certification, Overview of Abbott's Ethics and Compliance Program, Anti-Corruption, Ethical Awareness and Decision Making and Ethically Speaking. Its assignment, notification and progress are managed and tracked at employee level through system reports which is part of top leadership review on periodic basis.



# CORPORATE GOVERNANCE



## PERFORMANCE EVALUATION OF THE BOARD

The Board of Directors act as governing trustees of the Company on behalf of the shareholders while carrying out the Company's mission and goals. The Board of Directors sets the following evaluation criteria to judge its performance.

- a. Compliance with the legislative system in which Abbott Pakistan operates, particularly Companies Ordinance, 1984, listing regulations of Pakistan Stock Exchange, and the Memorandum and Articles of Association of the Company.
- b. Review of the strategic plans and business risks, monitor Company's performance against the planned objectives and advise the management on strategic initiatives.
- c. Establishing adequate internal control system in the Company and its regular assessment through self-assessment mechanism and internal audit activities.
- d. Ensuring required quorum of Board meeting is available, in order to have detailed deliberation and quality decision on matters of significance.
- e. Ensuring training of Board of Directors including new appointments such that each member is fully aware of his roles and responsibilities.

## PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVE

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. The principle factors of evaluation include financial performance, business processes, compliance, business excellence and people management.

## ROLE OF CHAIRMAN

The Chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development.

Role of Chairman of the Board is to:

- ensure that the Board is properly working 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

The Chief Executive is 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 Ordinance, 1984. His 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.

## INTERNAL CONTROL FRAMEWORK AND ROLE OF INTERNAL AUDITOR

The Company maintains an established internal control framework comprising clear structures, authority limits, and accountabilities, well understood policies and procedures and budgeting for review processes under oversight of Board of Directors. All policies and control procedures are documented in manuals.

As a part of internal control framework, the Board of Directors acts in accordance with the recommendations of the Audit Committee as documented in its terms of reference.

In line with the requirements of Code of Corporate Governance, the Company has established an independent Internal Audit function which reports to the Audit Committee. During the year, the Internal Audit function carried out its activities in accordance with its approved Audit Program and made its recommendations for value addition and improvement in existing internal controls / operations.

Internal Audit function has played a vital role in improving the overall control environment within the organization.

It is also acting as an advisor to other functions for streamlining systems in addition to ensuring effective implementation of Company's policies and suggesting procedures for revenue maximization and cost savings.

## CONFLICT OF INTEREST AMONG BOARD MEMBERS

Any conflict of interest relating to members of Board of directors is managed as per provisions of the Companies Ordinance, 1984 and rules and regulations of SECP and Pakistan Stock Exchange.

## STAKEHOLDERS' ENGAGEMENT

At Abbott, a robust engagement takes place to understand and respond to our stakeholder concerns. Our key stakeholders are:

- Shareholders
- Customers
- Suppliers
- Banks
- Employees
- Government and regulatory authorities

The frequency of engagements is based on business needs and corporate requirements as specified by the Code of Corporate Governance, or as contracted, under defined procedures.

# RISK MANAGEMENT

At Abbott we believe risk management to be an ongoing process of continuously identifying and understanding the full spectrum of our risks and taking informed actions to help achieve strategic objectives, reduce the likelihood of failure and decrease the uncertainty of overall business performance. The focus is on integrating risk management with existing management processes in such a manner that probable future events with positive and/or negative impact may be seen distinctively beforehand. Periodic review of processes transforms risk management to a proactive, continuous, value-based, broadly focused and process-driven activity. It aligns strategy, people, processes, technology and knowledge. The emphasis is on strategy, and the application is enterprise-wide.

## RISK MANAGEMENT FRAMEWORK

The process of identification of risks is carried out by Company's Senior Management team under the supervision of Board of Directors. The key risks pertinent to each department are identified, assessed and allocated to each functional sect. These risks are eventually addressed through SOPs upgradation and process revitalization of that relevant function as a risk monitoring and mitigating measures.

## SAFEGUARDING OF RECORDS

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

## IT GOVERNANCE AT ABBOTT

Abbott Pakistan has put into place governance arrangements through an IT Steering Committee to align IT related decisions and actions with the organizations strategic and operational priorities. With senior executive representation from each division, the committee meets on a periodic basis and provides oversight of IT Governance and input on strategic alignment, value delivery and resource management.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Munir A. Shaikh (Chairman)  
 Syed Anis Ahmed (Chief Executive Officer)\*  
 Kamran Y. Mirza  
 Ehsan Ali Malik  
 Shamim Ahmad Khan  
 Zehra Naqvi  
 Seema Khan

### AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)  
 Shamim Ahmad Khan  
 Kamran Y. Mirza

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Munir A. Shaikh (Chairman)  
 Syed Anis Ahmed  
 Shamim Ahmad Khan  
 Zehra Naqvi

### SHARE TRANSFER COMMITTEE

Syed Anis Ahmed (Chairman)  
 Kamran Y. Mirza  
 Seema Khan

### BANKING COMMITTEE

Zehra Naqvi (Chairman)  
 Syed Anis Ahmed  
 Seema Khan

### CHIEF FINANCIAL OFFICER

Jamshed Azhar

### COMPANY SECRETARY

Malik Saadatullah

### AUDITORS

Ernst & Young Ford Rhodes  
 Sidat Hyder & Company  
 (a member firm of Ernst & Young)  
 Chartered Accountants

### LEGAL ADVISORS

Orr, Dignam & Co.  
 Surridge & Beecheno

### SHARE REGISTRAR

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

### BANKERS

Faysal Bank Limited  
 Citibank N.A.  
 Deutsche Bank AG

MCB Bank Limited  
 National Bank of Pakistan  
 Standard Chartered Bank (Pakistan) Limited  
 The Bank of Tokyo-Mitsubishi UFJ Limited  
 Habib Bank Limited

### REGISTERED OFFICE

Opposite Radio Pakistan  
 Transmission Centre,  
 Hyderabad Road, Landhi,  
 P.O. Box 7229, Karachi, Pakistan.

### CITY OFFICE

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

### WEBSITE

www.abbott.com.pk

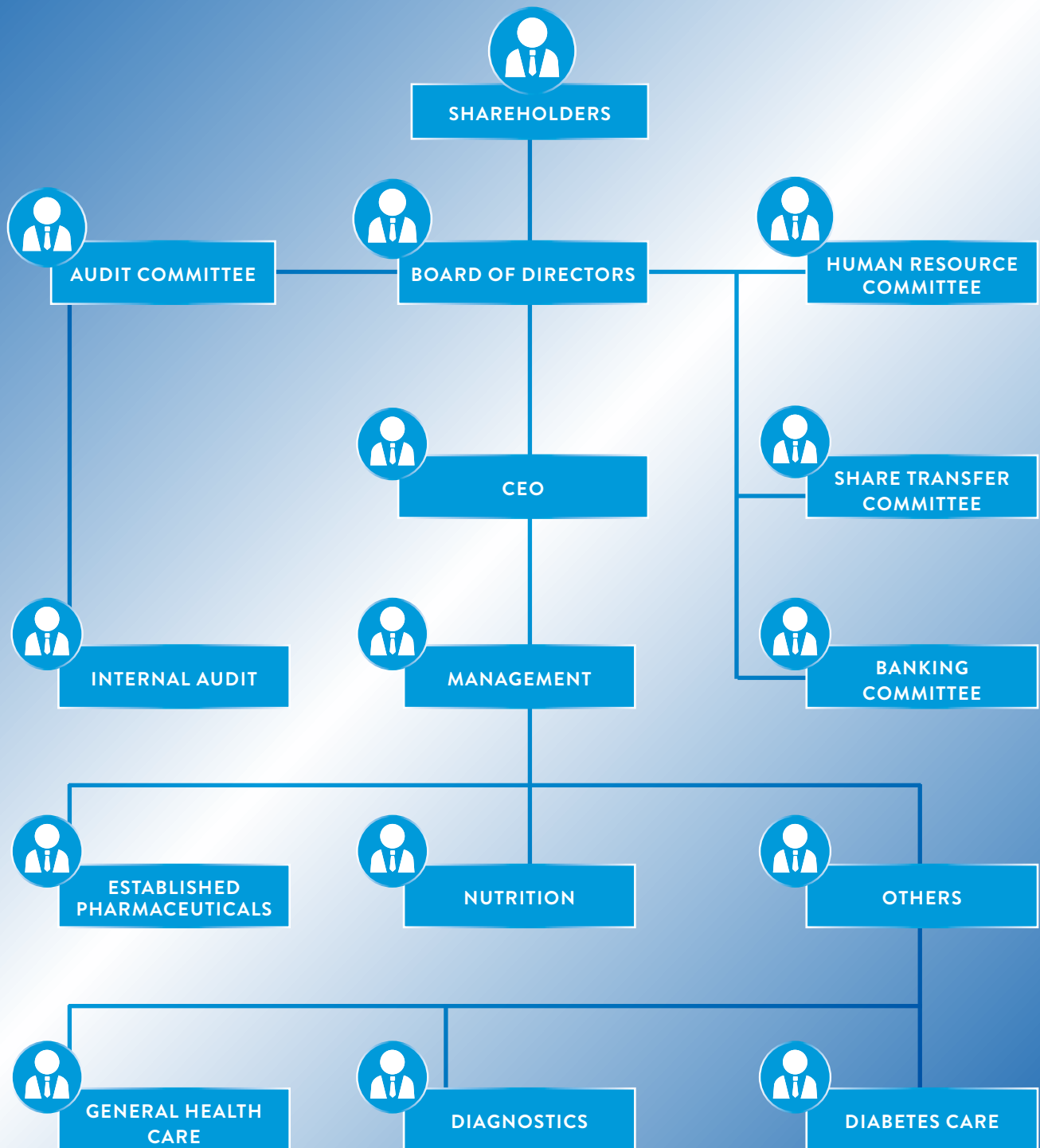
### SENIOR MANAGEMENT TEAM

Syed Anis Ahmed\*  
*(Chief Executive Officer)*  
 Jamshed Azhar  
*(Chief Financial Officer)*  
 Rana A. Latif  
*(Director Operations)*  
 Asim Shafiq  
*(General Manager, Abbott Nutrition International Pakistan)*  
 Habib Ahmed  
*(Country Manager, Abbott Diagnostics Division Pakistan)*  
 Dr. Sheikh Adnan Lateef  
*(Head of Abbott Diabetes Care Pakistan)*  
 Dr. Farrukh Hafeez  
*(Director Quality Assurance)*  
 Dr. Suleman Alvi  
*(Director Marketing)*  
 Asghar Huda  
*(Director Human Resource)*  
 Seema Khan  
*(Director Regulatory Affairs)*  
 Dr. Raef Ahmed  
*(Director Medical Affairs)*  
 Zahid Hussain  
*(Director Supply Chain)*  
 Ejaz Ahmed  
*(Director Engineering)*  
 Jamal Nasir  
*(Director Sales)*  
 Ahmed Ashraf  
*(Director Commercial Excellence)*  
 Syed Javed Akhter Bukhari  
*(Director Distribution)*

\* Board of Directors appointed Syed Anis Ahmed as "Chief Executive Officer" of Abbott Laboratories (Pakistan) Limited in April 2016. Previously, he was holding position as Chief Financial Officer of the Company.



## CORPORATE STRUCTURE



## BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

### AUDIT COMMITTEE

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

- Review quarterly, half yearly and annual financial statements of the Company prior to their approval by the Board of Directors.
- Review preliminary announcements of results prior to publication.
- At least once a year, the Audit Committee shall meet external auditors without Chief Financial Officer and Chief Internal Auditor.
- At least once a year, the Audit Committee shall meet Chief Internal Auditor without Chief Financial Officer and external auditors.
- Recommend the appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, if any, audit fees, and provision by external auditors of any service in addition to audit of financial statements.
- Review management letter issued by the external auditors and management response thereto.
- Determination of appropriate measures to safeguard the Company's assets.
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors.

### BANKING COMMITTEE

The Committee comprises of a Non-Executive Director, one Executive Director and Chief Executive Officer. The Banking Committee approves matters relating to opening, closing and day-to-day operations of bank accounts, issuing such instructions to the Company's bankers with regards to the Company's banking transaction and business, as it may consider appropriate.

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Committee consists of Chief Executive Officer and three Non-Executive Directors. The HR Director acts as Secretary to the Committee. This Sub-Committee of the Board is responsible for reviewing the remuneration and benefits of the Chief Executive Officer, Executive Directors, Company Secretary and Chief Internal Auditor. The meeting of the committee is held at least once in a year.

### SHARE TRANSFER COMMITTEE

The Committee comprises of Chief Executive Officer, one Executive Director and one Non-Executive Director. The Company Secretary acts as secretary to the Committee. The Committee approves registration, transfer and transmission of shares. Moreover, it also issues and cancels share certificates including duplicate share certificates.

## BOARD COMMITTEES ATTENDANCE

### AUDIT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ehsan Ali Malik	Chairman - Non Executive Director	4	4
Shamim Ahmad Khan	Member - Non Executive Director	4	3
Kamran Y. Mirza	Member - Non Executive Director	4	4
Syed Anis Ahmed*	By invitation - Chief Executive Officer	4	2
Shahzeb Khan**	By invitation - Chief Internal Auditor	4	4
Malik Saadatullah	Secretary	4	4

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name	Category	Meetings	
		Held	Attended
Munir A. Shaikh	Chairman - Non Executive Director	1	1
Syed Anis Ahmed	Member - Chief Executive Officer	1	1
Shamim Ahmad Khan	Member - Non Executive Director	1	1
Zehra Naqvi	Member - Non Executive Director	1	1
Asghar Huda	Secretary/HR Director	1	1

### SHARE TRANSFER COMMITTEE

Name	Category	Meetings	
		Held	Attended
Syed Anis Ahmed	Chairman - Chief Executive Officer	14	14
Syed Anis Ahmed Shah***	Member - Executive Director	14	1
Seema Khan****	Member - Executive Director	14	4
Kamran Y. Mirza	Member - Non Executive Director	14	14
Malik Saadatullah	Secretary	14	14

### BANKING COMMITTEE

Name	Category	Meetings	
		Held	Attended
Zehra Naqvi	Chairman - Non Executive Director	1	1
Syed Anis Ahmed	Member - Chief Executive Officer	1	1
Syed Anis Ahmed Shah***	Member - Executive Director	1	0
Seema Khan****	Member - Executive Director	1	0

\* Appointed as the Chief Executive Officer w.e.f. April 1, 2016

\*\* Resigned from the office of Chief Internal Auditor w.e.f. November 30, 2016

\*\*\* Appointed as Member of Committee w.e.f. April 21, 2016 and resigned on June 3, 2016

\*\*\*\* Appointed as Member of Committee w.e.f. August 26, 2016



## DIRECTORS' PROFILE



**MUNIR A. SHAIKH**  
Chairman

Munir Shaikh is currently Chairman of the Board of Directors of Abbott Laboratories (Pakistan) Limited and also Chairman of the Board of Directors of Abbott India Ltd. and Sunshine Holdings Ltd. Sri Lanka. All of these companies are publically listed with their shares quoted on Pakistan, Mumbai and Colombo Stock Exchanges respectively. Mr. Shaikh has held several management positions with Abbott in Asia, Middle East and the United States. He was 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.



**SYED ANIS AHMED**  
Chief Executive Officer

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. Anis is a member of Executive Committee of American Business Council and Overseas Investors' Chamber of Commerce & Industry (OICCI). He has more than 20 years' of experience working as a strategic business partner in areas of Commercial Finance, Corporate Restructuring & M&A, Corporate Governance, Taxation, IT and Compliance. He was previously associated with A.F. Ferguson & Co. and Philips Pakistan. Anis is a Fellow member of the Institute of Chartered Accountants of Pakistan.



**KAMRAN Y. MIRZA**  
Director

Kamran Mirza is part of the Board of Directors Abbott Laboratories (Pakistan) Limited. Previously, he has also served as the Chief Executive Officer of Abbott Pakistan for 29 years. He currently serves as Director on the Boards of Safari & Outdoor Club of Pakistan, International Steel Ltd., Karwan-e-Hayat, Bank Al-Falah and Education Fund for Sindh (EFS). He is also Chairman & Director of Unilever Pakistan Foods Limited and Philip Morris (Pakistan) Limited. In the past, he has also served as Chief Executive, Pakistan Business Council, Chairman, Karachi Stock Exchange (KSE), President, Overseas Investors' Chamber of Commerce & Industry (OICCI), President American Business Council (ABC) and Chairman Pharma Bureau. He is a qualified Chartered Accountant from the United Kingdom.



**EHSAN ALI MALIK**  
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 IGI Life Insurance Limited, National Foods Limited, Gul Ahmed Textile Mills Limited and International Industries 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 also served as a 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 alumni of the Wharton and Harvard Business Schools.



**SHAMIM AHMAD KHAN**  
Director

Shamim Ahmad Khan is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He also serves on the Boards of Packages Limited, IGI Insurance Limited, Attock Refinery Ltd, and Karandaaz (Pvt.) Limited (a non-profit company sponsored by DFID). He is also Chairman & Director of IGI Life Insurance Ltd. He is also a Member of the Board of Governors Sustainable Development Policy Institute (SDP). After joining the Civil Service of Pakistan in 1962, Mr. Shamim Ahmad Khan served in various senior positions in Government of Pakistan retired as Secretary, Ministry of Commerce. For ten years he worked as Member and later as Chairman of the Corporate Law Authority, the regulatory body for the corporate sector in Pakistan. He was the founder Chairman of the Securities and Exchange Commission of Pakistan.



**ZEHRA NAQVI**  
Director

Zehra Naqvi is the Chief Executive Officer of Chubb Insurance Pakistan Limited (formerly ACE Insurance Ltd.) a wholly owned subsidiary of Chubb-INA International Holdings Limited, Delaware, USA (part of the Chubb Group). She has over 36 years of experience in the Insurance sector. Prior to joining Chubb, she worked with Guardian Royal Exchange Assurance and Adamjee Insurance Company in Pakistan. Ms. Naqvi is a member of the Executive Committee of the American Business Council. She has been a member of the Punjab Board of Investment & Trade and has served on the Managing Committee of the Overseas Investors' Chamber of Commerce & Industry (OICCI) and the Executive Committee of Insurance Association of Pakistan. She is a Council member of the Pakistan Insurance Institute, where, in the past she was the Chairperson and has also been a visiting faculty member. She is a Chartered Insurer from the Chartered Insurance Institute, UK and is a Certified Director from the Institute of Chartered Accountants of Pakistan (ICAP). She has a B.Sc. Degree from Karachi University and an MBA Degree from the Institute of Business Administration, Karachi.



**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 25 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 also represents Abbott on the technical committee of Pharma Bureau and IPR, Legal and Government Relations sub-committee of American Business Council.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report and the audited financial statements of the Company for the financial year ended December 31, 2016.

### OPERATING RESULTS

Rs in '000

Profit for the period before taxation	5,587,141
Taxation	(1,565,349)
Profit after taxation	4,021,792
Other comprehensive income net of tax	526,775
Un-appropriated profit brought forward	6,249,877
Profit available for appropriation	10,798,444

### APPROPRIATIONS:

Final dividend 2015 Rs. 20.0 per share	(1,958,006)
Interim dividend 2016 Rs. 10.0 per share	(979,003)
Un-appropriated profit carried forward	7,861,435

### FINANCIAL PERFORMANCE

Net sales increased by 10.5% over prior year. Gross Profit margin improved from 38.9% to 40.1% mainly due to effective cost controls and new product introductions. Operational expense increased primarily because of inflation and freight. Profit after tax for the year increased 12.1% over prior year. Earnings per Share was Rs. 41.1 (2015: Rs. 36.6).

### DIVIDEND

The Directors are pleased to announce a final cash dividend of Rs. 30.0 per share (2015: Rs. 20.0 per share), which is in addition to an interim cash dividend of Rs. 10.0 per share (2015: Rs. 10.0 per share) paid to the shareholders during 2016.

### SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased 10.3% due to sustained performance of established brands and new product launches. Nutritional sales increased 10.2% driven by Pediasure, Ensure and Glucerna. General Health Care (GHC), Diagnostic and Diabetes Care grew by 12.7%.

### INDUSTRY OVERVIEW

Pharmaceutical industry (including nutrition) in Pakistan is

currently estimated at US \$ 3.1 billion as per IMS December 2016. The market share of MNCs is currently at 34.2% which has been gradually declining over the years. There are a total of 674 pharmaceutical companies in Pakistan with only 26 Multinational companies. Several MNCs have scaled back their operations facing challenges to financial viability of their products. Abbott Pakistan is ranked 2nd in the local pharmaceutical market and achieved share of 6.1% (as per IMS Dec. 2016, MAT) with a growth of 10.3% (as per IMS Dec. 2016, MAT) in the pharmaceutical and nutrition market.

### CAPITAL EXPENDITURE

The Company during the year made capital investments of Rs. 980 million for expanding manufacturing capacity, enhancing productivity and improving plant efficiency.

### LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

During the period, Rs. 3,120 million was generated from operating activities. At year end, the Company had liquid funds comprising cash/bank balances and short term investments amounting to Rs. 7,944 million net of investments on capital projects and dividend payments.

Your Company has developed and implemented a formal cashflow 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 in various suitable investment avenues.

The Company follows a prudent investment strategy for placement of surplus funds. These funds are generally placed in short-term bank deposits.

### EVALUATION OF COMPANY'S PERFORMANCE

For the purpose of evaluating the performance of the Company, the management uses various indicators that include 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 so that remedial action can be taken on a timely basis.

## RISK MANAGEMENT

The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall risk management of the Company 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.

A senior management team also carries out a SWOT analysis of the Company and its products. On the basis of the SWOT analysis, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long term strategic objectives of the Company.

## CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs. 3,728 million (2015: Rs. 3,043 million) to the Government on account of various Government levies including Income Tax, Customs Duties and Sales Tax.

## ENVIRONMENT, HEALTH AND SAFETY

In support of Abbott's environmental goals that include reducing waste to landfill and total waste generated, your Company achieved the prestigious 'Zero Waste to Landfill' Certification in 2016.

The journey included identifying streams of waste previously landfilled and focusing on elimination and reduction of that waste and/or defining new route of disposal. The company is also taking several steps to conserve water.

2016 was a highly productive and successful year for Environment, Health and Safety (EHS) whereby all goals were achieved and a truly EHS enriched culture was promoted throughout the organization.

## BUSINESS PROCESS IMPROVEMENT

Abbott Pakistan has been continuously making investments in production facilities for process improvement, energy conservation and improvement in quality and ensuring regulatory, safety and environmental compliance. This includes upgrade of production facilities, HVAC System and other utilities, installation of BMS (Building Management System) as well as installation of new state-of-the-art process equipment such as high speed liquid filling line, compression machines and coating equipment. Energy and water conservation has been a prime focus including installation of 500 kW capacity solar energy project initiated at the Korangi Plant.

Overall, various Business Process Improvement initiatives greatly contributed towards simplification of operations, improving your Company's financial performance and also sustaining the Company's image as producer of High Quality, Safe and Effective drugs.

## HUMAN RESOURCES

At Abbott Pakistan, we are committed to building a future-ready organization for sustained growth of your Company. The Human Resources team has developed specific programs to encompass the entire employee lifecycle covering attraction of best talent, training and their development and retaining them via a career development and rewards program.

The team is conscious about the imperative of maintaining an effective and robust field force that forms the backbone of this organization. This has been achieved by hiring the best talent available, developing them by continuous training and retaining them by providing them opportunities to grow within the organization.

As a responsible corporate citizen, your company continues to provide management traineeship and internship experience to students from various academic institutions. Internships opportunities for applicants with special needs was identified a major area of attention.

Your company has continued focus on employees' development through structured in-house and external programs. On-the-job training and coaching has also been an important factor in employee development this year. As a result of concerted efforts and focus, several senior positions have been filled internally.

In summary, 2016 had been a highly challenging and an equally rewarding year and your company and its HR function has delivered well on its commitments.

## GLOBAL CITIZENSHIP

At Abbott, we believe 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 four key priorities: Innovating for the Future, Enhancing Access, Protecting Patients and Consumers and Safeguarding the Environment.

Working in partnership with others, Abbott leverages its core business expertise and resources to create sustainable solutions in countries around the world.

## 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

We continue to believe that Pakistan's Pharmaceutical Industry has a great potential for contributing to the economy, not only by paying taxes, generating employment, earning foreign exchange but also by developing skills of people employed in the industry.

Lack of a transparent pricing mechanism continues to remain a concern for our industry. Despite enactment of new Drug

Pricing Policy with prescribed timeframe by the Government in 2015, The Drug Regulatory Authority remained reluctant to provide any price adjustment on hardship applications pending for several years. The Company continues to face the ever present challenges of rapid escalation in costs owing to inflation and devaluation of the Pak Rupee. In the absence of corresponding price adjustments, efforts are being made to offset increase in manufacturing and operating cost through productivity improvements, cost containment and process simplification.

The Company, despite all these challenges, has remained focused on continued sustainability of its operations by providing quality products to the consumers.

Considering the steady escalation in input costs, we request the Government of Pakistan to implement a rational and transparent pricing mechanism acceptable to all the stakeholders to ensure continued availability of all essential pharmaceutical products in the market. Eliminating Sales Tax on Pharmaceutical raw and packing materials is an urgent need for the Industry to continue to make available products to the patients at affordable prices.

The Drug Regulatory Authority plays a significant role in the development of the pharmaceutical industry. We hope that the Authority will remain affirmative in helping the Industry in speedy registration of new products and expedite resolution of various long outstanding issues.

Lack of enforcement of Intellectual Property Rights remains a matter of concern for the Industry. Concrete steps need to be taken to address the growing menace of both piracy and counterfeiting. Active implementation and monitoring would help the Industry and the consumers.

As we look to the year ahead with added vigor, we will continue to review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. We will reinforce those strategies which serve us well whilst exploring alternatives as changing dynamics may require.

## AUDITORS

The present Auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer 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, 2017.

## MANAGEMENT CHANGES

Syed Anis Ahmed was appointed Chief Executive Officer of the company effective April 01, 2016.

## PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2016 is given on page 143.

The 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, 2016 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance 2012, 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 there from 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.
- There are no doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data for the last six years is summarized on page 82.
- 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 clause 5.19.7 of the Code, two directors have a certification under Directors' Training Program, three Directors of the Company are exempt from the requirement of Directors' training program and the remaining Directors will receive training within the prescribed time period up to June 30, 2018. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its Directors in the previous years to apprise them of their role and responsibilities.
- There are no outstanding loans, TFCs, sukuks or any other debt instruments.
- 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, 2015) – audited 3,064
- ALPL Provident Fund (Based on year ended December 31, 2015) – audited 992
- During the period, four meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:



Name of Directors/CFO/Co. Secretary

Number of Board Meetings Attended

1 Mr. Munir A. Shaikh	4
2 Syed Anis Ahmed – CEO	4
3 Mr. Anis A. Shah*	1
4 Ms. Seema Khan**	1
5 Mr. Kamran Y. Mirza	4
6 Mr. Shamim Ahmad Khan	3
7 Mr. Ehsan Ali Malik	4
8 Ms. Zehra Naqvi	4
9 Mr. Malik Saadatullah (Company Secretary)	4

\* Appointed to the Board on March 22, 2016 and Resigned from the Board w.e.f. June 3, 2016

\*\*Appointed to the Board w.e.f. August 26, 2016

Number of Board Committees' meetings and attendance therein is included on page 67.

## ACKNOWLEDGEMENT

I would like to convey my sincere appreciation to my colleagues on the Board for their valuable guidance and support and to all our employees for their tireless effort, dedication and commitment and, our customers for their confidence in our products. I also wish to extend my gratitude to our shareholders for their support and trust placed in us.



Munir A. Shaikh  
Chairman

February 27<sup>th</sup>, 2017

## ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری کے نام بورڈ کے اجلاسوں میں شرکت کی تعداد

4	1 جناب منیر اے شیخ
4	2 سید انیس احمد - سی ای او
1	3 جناب انیس اے شاہ*
1	4 محترمہ سیما خان**
4	5 جناب کامران وائی مرزا
3	6 جناب شمیم احمد خان
4	7 جناب احسان علی ملک
4	8 محترمہ زہرہ نقوی
4	9 جناب ملک سعادت اللہ (کمپنی سیکریٹری)

\* بورڈ میں تقرر کی تاریخ 22 مارچ 2016ء اور 3 جون 2016ء کو مستعفی ہوئے۔

\*\* بورڈ میں تقرر 26 اگست 2016ء کو ہوا۔

بورڈ کمیٹیوں کے اجلاسوں کی تعداد اور حاضری کی تفصیل صفحہ نمبر 67 پر درج ہے۔

## اعتراف

میں قابل قدر رہنمائی اور حمایت فراہم کرنے پر بورڈ کے ساتھیوں کا شکریہ ادا کرتا ہوں، اور اپنے تمام کارکنوں کی انتھک محنت، عزم اور استقلال کو سراہتا ہوں، اور صارفین کی جانب سے ہماری مصنوعات پر اعتماد کرنے پر ان کی ستائش کرنا چاہتا ہوں۔ میں اپنے سینئر ہولڈرز کا بھی شکریہ کرنا چاہتا ہوں جنہوں نے ہم پر اپنا اعتماد اور بھروسہ برقرار رکھا۔

چئیرمین، منیر اے شیخ

27 فروری 2017ء

- واجب الادا ٹیکس، قانونی چارجز اور ڈیوٹیز کو، اگر ہوں تو، مالی گوشواروں میں ظاہر کیا گیا ہے۔
- گذشتہ برس کے مقابلے میں کمپنی کے آپریٹنگ نتائج میں بڑی تبدیلیوں کی نشاندہی اور وضاحت کردی گئی ہے۔
- ضابطہ برائے کارپوریٹ نظم و نسق کی شق 5.19.7 میں دیے گئے معیار کے مطابق ڈائریکٹرز ٹریننگ پروگرام کے تحت دو ڈائریکٹر سند یافتہ ہیں، کمپنی کے 3 ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں، جبکہ باقی ماندہ ڈائریکٹرز جون 2018ء کے مقررہ عرصے تک تربیت حاصل کر لیں گے۔ بورڈ کے تمام ڈائریکٹرز ایک کارپوریٹ ادارے کے ڈائریکٹرز کے طور پر اپنے فرائض و ذمہ داریوں سے پوری طرح آگاہ ہیں۔ گذشتہ برسوں میں بورڈ نے اپنے ڈائریکٹرز کے لیے ایک اور انیشییشن کورس کا اہتمام کیا، تاکہ انہیں ان کے فرائض و ذمہ داریوں کی بابت آگاہی دی جاسکے۔
- کوئی واجب الادا قرضے، ٹی ایف سیز، صکوک اور ودیگر قرضہ جاتی تمسکات نہیں ہیں۔
- عملے کے ریٹائرمنٹ فنڈز سے کی جانے والی سرمایہ کاری کی مالیت کی تفصیل مالی گوشواروں کے مطابق درج ذیل ہیں۔

(ملین روپے میں)

- اے لیل پی لیل پنشن فنڈ (31 دسمبر 2015ء کو ختم ہونے والے سال کی بنیاد پر) - آڈٹ شدہ 3,064
- اے لیل پی لیل پراویڈینٹ فنڈ (31 دسمبر 2015ء کو ختم ہونے والے سال کی بنیاد پر) - آڈٹ شدہ 992
- اس عرصے کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے۔ جن میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری کی حاضری کی تفصیلات درج ذیل ہیں:

### حصص داری کا طریق

کمپنی کے حصص داری کے طریق اور اضافی معلومات ظاہر کرنے والا مورخہ 31 دسمبر 2016ء تک کا بیان صفحہ 143 پر درج ہے۔ سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکریٹری، ان کے ازواج اور کم عمر بچوں نے کمپنی کے حصص کا کوئی لین دین نہیں کیا۔

### ہولڈنگ کمپنی

مورخہ 31 دسمبر 2016ء تک ایبٹ ایشیا انویسٹمنٹس لمیٹڈ، برطانیہ کے پاس 76,259,454 حصص تھے۔ حتیٰ ہولڈنگ کمپنی ایبٹ لیبارٹری، امریکہ ہے۔

### کارپوریٹ نظم و نسق کے ضابطے کی تعمیل

ضابطہ برائے کارپوریٹ نظم و نسق 2012ء کی تعمیل کرتے ہوئے، ڈائریکٹرز مسرت کے ساتھ درج ذیل بیان کرتے ہیں:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے بے لاگ انداز میں اس کے معاملات، آپریشنز کے نتائج، نقد رقوم کے بہاؤ اور لیکویڈٹی میں تبدیلیوں کی تصویر کشی کرتے ہیں۔
- کمپنی کے کھاتوں کو باقاعدگی سے مرتب کیا گیا ہے۔
- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستطلاً اختیار کی گئی ہیں۔ اکاؤنٹنگ کے تخمینے مناسب اور دانشمندانہ فیصلوں کی بنیاد پر لگائے گئے۔

- مالی تفصیلات مرتب کرنے میں پاکستان میں نافذ العمل مالی رپورٹنگ کے بین الاقوامی معیارات (آئی ایف آر ایس) کی تعمیل کی گئی، اور اس ضمن میں کسی بھی پہلو تہی کو معقول انداز میں منکشف اور واضح کر دیا گیا ہے۔
- کمپنی ایک مستحکم داخلی انضباطی نظام رکھتی ہے، جس سے نقصان یا حقیقی غلط بیانیوں کا خاتمہ یقینی ہو جاتا ہے۔ داخلی انضباطی نظام کا باقاعدگی سے جائزہ لیا جاتا ہے۔

- کمپنی کے روبہ عمل رہنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔
- گذشتہ 6 برس کے کلیدی مالی اور آپریٹنگ اعداد و شمار صفحہ نمبر 82 پر درج ہیں۔

کرے جو تمام متعلقہ فریقوں کے لیے قابل قبول ہو تاکہ مارکیٹ میں تمام ضروری دواؤں کی دستیابی یقینی بنائی جائے۔ فارماسوٹیکل کے خام مال اور پیکیجنگ میٹریل پر سیلز ٹیکس کا خاتمہ اس صنعت کی فوری ضرورت ہے تاکہ مریضوں کو قابل برداشت نرخوں پر دوائیں ملتی رہیں۔

ڈرگ ریگولیٹری اتھارٹی ملک میں دوا سازی کی صنعت کی ترقی کے لیے ایک اہم کردار ادا کرتی ہے۔ ہمیں امید ہے کہ اتھارٹی نئی مصنوعات کا تیزی سے اندراج کر کے اور طویل عرصے سے برقرار متعدد مسائل جلد حل کر کے اس صنعت کو مدد دینے کا مثبت رویہ برقرار رکھے گی۔

حقوقی املاک دانش پر عملدرآمد نہ ہونا بھی اس صنعت کے لیے تشویش ناک رہا ہے۔ پائریسی اور جعل سازی دونوں کے بڑھتے ہوئے خطرے پر قابو پانے کے لیے ٹھوس اقدامات کی ضرورت ہے۔ فعال عمل درآمد اور اس کی نگرانی سے صنعت اور صارفین کو مدد ملے گی۔

ہم جوش و جذبے کے ساتھ نئے سال میں داخل ہوئے ہیں، ہم اپنی حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ انہیں ملکی اور عالمی مارکیٹ میں تبدیل ہوتے ہوئے عوامل کے مطابق ڈھال سکیں۔ جو حکمت عملیاں ہمارے لیے مفید ہوں گی ہم انہیں اختیار کریں گے جبکہ بدلتے ہوئے حالات کے تقاضوں کے مطابق ہم متبادل راہیں بھی تلاش کرتے رہیں گے۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز ارنسٹ اینڈ یونگ فورڈ روڈز سیدات حیدر، چارٹرڈ اکاؤنٹنٹس ریزائز ہو گئے ہیں، اور چونکہ یہ ممکن تھا اس لیے انہوں نے دوبارہ تقرر کے لیے خود کو پیش کیا۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2017ء کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کے نئے تقرر کی آڈٹ کمیٹی کی سفارش تسلیم کر لی۔

### انتظامی تبدیلیاں

سید انیس کو کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا گیا، جس کا اطلاق یکم اپریل 2016ء سے ہوا۔



## انسانی وسائل

ڈھالنے کے لیے ایبٹ چار بنیادی ترجیحات پر توجہ رکھتا ہے: مستقبل کے لیے جدت طرازی، رسائی میں اضافہ، مریضوں اور صارفین کو تحفظ، اور ماحول کی حفاظت۔

دوسروں کے ساتھ کام کرتے ہوئے ایبٹ اپنے مرکزی کاروباری تجربے اور وسائل کا فائدہ اٹھاتا ہے تاکہ دنیا بھر کے ملکوں میں پائیدار حل تخلیق کیے جائیں۔

### ما بعد واقعات

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

### کاروباری دشواریاں اور مستقبل کا منظر

ہم اس بات پر یقین برقرار رکھتے ہیں کہ پاکستان کی دوا سازی کی صنعت ملکی صنعت میں اپنا حصہ ڈالنے کی زبردست صلاحیت رکھتی ہے، اور یہ حصہ نہ صرف ٹیکس کی ادائیگی، ملازمتوں کی فراہمی، زر مبادلہ کے حصول کی صورت میں بلکہ صنعت میں کام کرنے والے افراد کی استعداد بڑھا کر بھی یہ کردار ادا کیا جاتا ہے۔

قیمت کے تعین کے ایک شفاف طریقہ کار کا فقدان ہماری صنعت کے لیے بدستور باعث تشویش ہے۔ حکومت کی جانب سے 2015ء میں مجوزہ ٹائم فریم کے ساتھ نئی ڈرگ پرائسنگ پالیسی کی تیاری کے باوجود ڈرگ ریگولیٹری اتھارٹی نرخ میں ردوبدل کی کئی سال سے زیر التوا درخواستوں کا فیصلہ کرنے میں تذبذب کی شکار ہے۔ کمپنی مہنگائی کے سبب اور پاکستانی روپے کی قدر میں کمی کی وجہ سے لاگت میں تیزی سے اضافے کی بناء پر ہمیشہ سے برقرار چیلنجوں کا سامنا کر رہی ہے۔ اُسی بناء سے قیمت میں ردوبدل نہ ہونے کی بنا پر کوششیں کی جارہی ہیں کہ اشیاء سازی کی اور عملی لاگت میں ہونے والے اضافے کی تلافی کے لیے پیداواریت میں بہتری لائی جائے، لاگت کو محدود کیا جائے اور طریقہ کار کو سادہ بنایا جائے۔ کمپنی ان تمام دشواریوں کے باوجود اپنے آپریشنز کی پائیداری برقرار رکھنے پر توجہ دیے ہوئے ہے جس کے لیے وہ صارفین کو معیاری مصنوعات فراہم کر رہی ہے۔ خام مال کی لاگتوں میں مستقل اضافے کے پیش نظر ہم حکومت پاکستان سے درخواست کرتے ہیں کہ قیمت کے تعین کا ایسا معقول اور شفاف طریقہ کار نافذ

ہم ایبٹ پاکستان کو مستقبل کے تقاضوں سے ہم آہنگ ادارہ بنانے کے لیے پُر عزم ہیں تاکہ یہ مستحکم نمو پاتا رہے۔ انسانی وسائل کی ٹیم نے کارکنوں کی پوری زندگی کے عرصے کا احاطہ کرنے والے مخصوص پروگرام تیار کیے ہیں جس میں بہترین صلاحیتوں کے حامل افراد کو راغب کرنا، تربیت اور ترقی دینا اور انہیں کیئر میں آگے بڑھانا کمپنی کا جزو بنائے رکھنا اور ان کو صلہ دینا شامل ہے۔

یہ ٹیم اس ضرورت سے آگاہ ہے کہ ایک موثر اور بڑی فیلڈ فورس برقرار رکھنا کتنا اہم ہے جو کہ اس ادارے کے لیے ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ اس مقصد کو پورا کرنے کی خاطر ملک میں دستیاب بہترین ٹیلنٹ کے حامل لوگ حاصل کیے گئے، مسلسل تربیت سے جنہیں گزارا گیا اور جنہیں ادارے میں برقرار رکھنے کے لیے ترقی کے مواقع فراہم کیے گئے۔

آپ کی کمپنی ایک ذمہ دار کارپوریٹ ادارے کے طور پر مختلف تعلیمی اداروں کے طلبہ کو انتظامی ٹریننگ شپ اور انٹرن شپ کا تجربہ مسلسل فراہم کر رہی ہے۔ خصوصی ضروریات کے حامل امیدواروں کو بھی انٹرن شپ کے مواقع دینے پر توجہ دی جاتی ہے۔

آپ کی کمپنی نے اندرونی اور بیرونی پروگراموں کے ذریعے کارکنوں کی تربیت و ترقی پر بدستور توجہ دی ہے۔ اس سال کارکنوں کی ڈیولپمنٹ میں عملی تربیت اور کوچنگ بھی ایک اہم عنصر ہے ان مربوط کوششوں کے نتیجے میں کئی سینئر عہدوں پر اندرونی ترقیوں کی گئیں۔

خلاصہ یہ کہ 2016ء بہت ہمت آزما اور اتنا ہی فائدہ مند سال ثابت ہوا اور آپ کی کمپنی اور اس کے ایچ آر شعبے نے اپنے عزم کو بخوبی ثابت کیا ہے۔

## عالمی حیثیت

ایبٹ میں ہمارا اس بات پر یقین ہے کہ ایک صحت مند، فعال معاشرے کی تعمیر میں ذمہ دار، مستحکم کاروباری ادارے اہم کردار ادا کرتے ہیں۔ عالمی حیثیت کے حوالے سے ہمارے عزم ہی نے ہمیں وہ طریقہ دکھایا ہے جس کے ذریعے ہم کام کرتے ہیں، اسی عزم کی بدولت ہم لوگوں کو ملازمت پر رکھتے ہیں، اسی عزم کی بنیاد پر ہم سرگرمیوں میں تعاون کرتے ہیں، اور اسی عزم کی بنیاد پر ہم تعلقات استوار کرتے ہیں۔ عالمی حیثیت کے حصول کی امتگوں کو مستحکم تصورات میں

### ماحول، صحت اور حفاظت

چونکہ ایسٹ کے ماحولیاتی اہداف میں یہ بھی شامل ہے کہ زمین کی بھرائی کے لیے استعمال ہونے والا ملبہ (landfill) اور بننے والا مجموعی فضلہ (waste) کم سے کم کیا جائے، اس لیے اس ہدف کے سلسلے میں آپ کی کمپنی نے 2016ء میں نامی گرامی ”Zero Waste to Landfill“ سرٹیفکیٹ حاصل کیا۔

اس مقصد کے لیے ان فاضل مادوں کی نشاندہی شامل ہے جنہیں پہلے زمین کی بھرائی کے لیے بطور ملبہ استعمال کیا جاتا تھا، چنانچہ فضلے کے خاتمے اور کمی اور / یا ٹھکانے لگانے کے نئے طریقے وضع کرنے پر توجہ دی گئی۔ کمپنی آبی تحفظ کے لیے بھی اقدامات کر رہی ہے۔

ماحول، صحت اور حفاظت (ای ایچ ایس) کے اعتبار سے 2016ء ایک نہایت فعال اور کامیاب سال تھا، جس میں تمام اہداف حاصل کیے گئے اور حقیقی معنوں میں ’ای ایچ ایس‘ سے بھرپور کلچر کو ادارے میں فروغ دیا گیا۔

### بزنس کی کارروائی میں بہتری

ایسٹ پاکستان پیداواری مقامات پر سرمایہ لگانے میں مسلسل مصروف رہی ہے تاکہ کارروائی (پراسیسز) بہتر ہو، توانائی کا تحفظ ہو، اور معیار میں بہتری آئے اور ضوابطی، حفاظتی اور ماحولیاتی ذمہ داریوں کی پابندی کو یقینی بنایا جائے۔ اس کام میں پیداواری مقامات، ایچ وی اے سی سسٹم اور دیگر یوٹیلٹی کو اپ گریڈ کرنا، بی ایم ہلس (بلڈنگ مینجمنٹ سسٹم) کی تنصیب کے ساتھ ساتھ نئے اور نہایت جدید پراسیس آلات، جیسے مائع کی تیز رفتار بھرائی، کمپریشن مشینیں اور کوئنگ کے آلات کی تنصیب شامل ہے۔ توانائی اور پانی کا تحفظ اہم مقصد رہا ہے جس میں کورنگی پلانٹ پر 500 کلو واٹ کے شمسی توانائی منصوبے کی تنصیب کا آغاز شامل ہے۔

بزنس کی کارروائی میں بہتری کے مختلف اقدامات بحیثیت مجموعی آپریشنز کو سہل بنانے، کمپنی کی مالی کارکردگی بہتر بنانے اور کمپنی کے اس تاثر کو برقرار رکھنے میں اہم کردار ادا کرتے ہیں کہ یہ اعلیٰ معیار کی، محفوظ اور موثر دواکیں بنانے والا ادارہ ہے۔

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 با کفایت 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۔ یہ رقوم عام طور پر قلیل مدتی بینک ڈپازٹس میں لگائی جاتی ہیں۔

### کمپنی کی کارکردگی کی قدر پیمائی

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

بجٹ بنائے جاتے ہیں اور بجٹ کے حوالے سے حقیقی کارکردگی کا سال کے دوران باقاعدگی سے جائزہ لیا جاتا ہے تاکہ بروقت اصلاح کی جاسکے۔

### انتظام خطر

کمپنی کے انتظام خطر کے مجموعی پروگرام کا مقصد یہ ہے کہ کمپنی کی کارکردگی پر ممکنہ منفی اثر ڈالنے والے عوامل کم سے کم کیے جائیں۔ کمپنی کا مجموعی انتظام خطر کمپنی کی سینئر انتظامیہ کے پاس ہوتا 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 کرتی ہے۔ ایک سینئر انتظامی ٹیم بھی کمپنی اور اس کی مصنوعات کا SWOT تجزیہ کرتی ہے۔ اس SWOT تجزیے کی بنیاد پر اہم دشواریوں کا ازالہ کیا جاتا ہے اور مواقع کی نشاندہی کی جاتی ہے، کمپنی کے طویل مدتی اسٹریٹجک مقاصد کے حصول کے لیے ایکشن پلان تیار کیے جاتے ہیں اور ان پر عملدرآمد کیا جاتا ہے۔

### قومی خزانے میں ہمارا حصہ

آپ کی کمپنی نے انکم ٹیکس، کسٹم ڈیوٹی اور سیلز ٹیکس سمیت مختلف سرکاری لیوی کی مد میں حکومت کو 3,728 ملین روپے (2015ء: 3,043 ملین روپے) دیے ہیں۔

## ڈائریکٹران کی رپورٹ

**زمرے کے لحاظ سے سیلز اور مارکیٹ کی کارکردگی**

ادویات کی سیلز معروف برانڈز کی مستحکم کارکردگی اور نئی مصنوعات کی شمولیت کی بنا پر 10.3 فیصد بڑھی۔ نیوٹریشنل (غذائی مصنوعات) کی فروخت میں پیڈیاٹور، انشور اور گلو سرنا کی بنا پر 10.2 فیصد اضافہ ہوا۔ صحت عامہ کی دیکھ بھال (جی ایچ سی)، ڈائگنوسٹک اور ڈیپلٹیس کی نگہداشت میں 12.7 فیصد نمو ہوئی۔

### صنعت کا عمومی جائزہ

پاکستان میں دوا سازی کی صنعت (بشمول غذائی مصنوعات) کا موجودہ حجم آئی ایم ایس دسمبر 2016ء کے مطابق 3.1 ارب ڈالر ہے۔ کثیر القومی کمپنیوں (ایم این سی) کا مارکیٹ شیئر اس وقت 34.2 فیصد ہے جو کہ چند برسوں سے بتدریج گھٹ رہا ہے۔ پاکستان میں 674 دوا ساز کمپنیاں کام کر رہی ہیں جن میں سے صرف 26 کثیر القومی کمپنیاں ہیں۔ کئی کثیر القومی دوا ساز کمپنیوں نے جو ان دشواریوں کی بنا پر اپنی مصنوعات کا مالی لحاظ سے مقابلہ کرنے سے قاصر تھیں، اپنے آپریٹرز سمیٹ لیے ہیں۔ ملکی دوا ساز مارکیٹ میں ایسٹ پاکستان دوسرے نمبر پر ہے اور اس نے 6.1 فیصد حصہ حاصل کیا (بمطابق آئی ایم ایس دسمبر 2016ء، ایم اے ٹی) جبکہ دوا سازی اور غذائی مصنوعات کی مارکیٹ میں اس کی نمو 10.3 فیصد رہی (بمطابق آئی ایم ایس دسمبر 2016ء، ایم اے ٹی)۔

### سرمایہ جاتی اخراجات

کمپنی نے اشیا سازی کی استعداد بڑھانے، پیداواریت میں اضافے اور پلانٹ کی کارگزاری بہتر بنانے کے لیے سال کے دوران 980 ملین روپے کی سرمایہ جاتی سرمایہ کاری کی۔

### لیکوڈی مینجمنٹ کا انتظام اور رقم کے بہاؤ کی حکمت عملی

اس عرصے کے دوران عملی سرگرمیوں سے 3,120 ملین روپے حاصل کیے گئے۔ سال کے اختتام پر کمپنی کے پاس 7,944 ملین روپے کی لیکوڈی فنڈز تھیں جس میں نقد رقم / بینک بیلنس اور قلیل مدتی سرمایہ کاریاں شامل ہیں جبکہ سرمایہ جاتی منصوبوں پر لگائی گئی رقم اور منافع منقسمہ کی ادائیگی اس کے علاوہ ہے۔

آپ کی کمپنی نے نقد رقم کے بہاؤ کی باضابطہ نگرانی کا ایک نظام تیار کر کے نافذ

آپ کے ڈائریکٹریز یہ رپورٹ، اور کمپنی کے 31 دسمبر 2016ء کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### مالی نتائج

روپے ہزاروں میں	5,587,141
اس مدت کا منافع قبل از ٹیکس	(1,565,349)
ٹیکس	4,021,792
منافع بعد از ٹیکس	526,775
دیگر جامع آمدن بعد از ٹیکس	6,249,877
گذشتہ سال کا غیر مختص منافع	10,798,444
دستیاب منافع برائے اختصاص	

### اختصاص:

حتمی منافع منقسمہ 2015ء فی شیئر 20.0 روپے	(1,958,006)
عبوری منافع 2016ء فی شیئر 10.0 روپے	(979,003)
آئندہ سال کے لیے غیر مختص منافع	7,861,435

### مالی کارکردگی

خالص سیلز گذشتہ سال کے مقابلے میں 10.5 فیصد بڑھی۔ خام منافع کی شرح 38.9 فیصد سے بڑھ کر 40.1 فیصد ہو گئی، جس کی بنیادی وجہ یہ تھی کہ لاگت پر موثر کنٹرول کیا گیا اور نئی مصنوعات متعارف کرائی گئیں۔ جاری اخراجات بڑھنے کی بنیادی وجہ گرانی اور باربرداری اخراجات ہیں۔ سال کا منافع بعد از ٹیکس گذشتہ سال کی نسبت 12.1 فیصد بڑھ گیا۔ بنیادی آمدنی فی شیئر 41.1 روپے تھی (2015ء: 36.6 روپے)۔

### منافع منقسمہ

ڈائریکٹریز مسرت کے ساتھ حتمی نقد منافع منقسمہ فی شیئر 30.0 روپے کا اعلان کرتے ہیں (2015ء: 20.0 روپے فی شیئر)، جو کہ 2016ء کے دوران شیئر ہولڈرز کو ادا کیے گئے عبوری نقد منافع منقسمہ 10.0 روپے فی شیئر کے علاوہ ہے (2015ء: 10.0 روپے فی شیئر)۔



## BOARD OF DIRECTORS



*Standing from left to right*

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KAMRAN Y. MIRZA  
Director

ZEHRA NAQVI  
Director

SEEMA KHAN  
Director

SHAMIM AHMAD KHAN  
Director

*Sitting from left to right*

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EHSAN ALI MALIK  
Director

MUNIR A. SHAIKH  
Chairman

SYED ANIS AHMED  
Chief Executive Officer

## KEY PERFORMANCE INDICATORS

		2016	2015
Sales Revenue	Rs in million	23,388	21,170
Return on Equity	%	27.6%	27.7%
Earnings per share	Rs.	41.08	36.64
Shareholders' Equity	Rs in million	14,593	12,949
Total Assets Turnover Ratio*	Times	1.37	1.40
Current Ratio	Times	4.61	3.73
Market Capitalization	Rs in million	93,699	62,167

\*Calculated on the basis of average assets

## KEY OPERATING AND FINANCIAL DATA

	December 31,					
	2016	2015	2014	2013	2012	2011

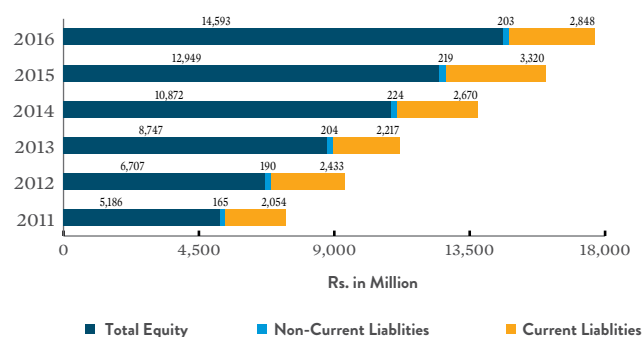
### Financial Position

(Rupees in '000)

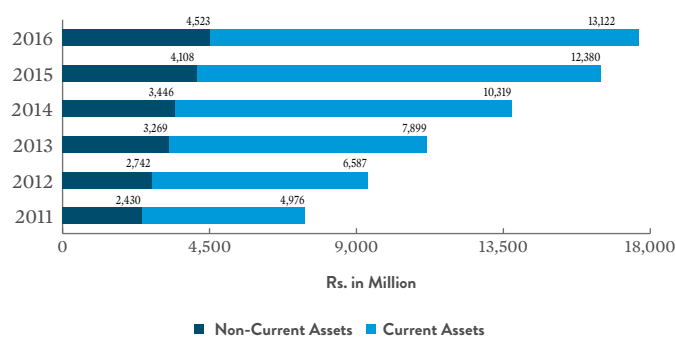
#### Balance Sheet

Fixed Assets						
- property, plant and equipment	4,443,019	4,017,403	3,359,092	3,183,735	2,629,154	2,298,062
- intangible assets	16,250	21,983	24,395	41,615	58,835	76,055
Other Non-Current Assets	63,764	68,797	62,980	44,064	54,509	55,449
Current Assets	13,122,151	12,380,092	10,319,128	7,898,590	6,587,364	4,975,763
Total Assets	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	414,380	381,945	339,481	300,030	262,308	223,247
Revenue Reserves	13,199,857	11,588,299	9,553,116	7,468,232	5,466,083	3,983,933
Total Equity	14,593,240	12,949,247	10,871,600	8,747,265	6,707,394	5,186,183
Non-Current Liabilities	203,477	219,144	223,953	203,562	189,557	165,219
Current Liabilities	2,848,467	3,319,884	2,670,042	2,217,177	2,432,911	2,053,927
Total Liabilities	3,051,944	3,539,028	2,893,995	2,420,739	2,622,468	2,219,146
Total Equity and Liabilities	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329

Balance Sheet Analysis - Equity and Liabilities



Balance Sheet Analysis - Assets





## OPERATING AND FINANCIAL TRENDS

	December 31,					
	2016	2015	2014	2013	2012	2011
(Rupees in '000)						
<b>Profit and Loss</b>						
Net sales including toll manufacturing service fee	23,387,915	21,170,446	19,692,354	17,217,258	15,216,253	12,946,968
Gross profit	9,367,499	8,227,233	7,550,142	6,621,646	5,702,828	4,666,478
Operating profit	5,593,900	5,012,361	4,323,341	3,689,179	3,016,363	2,378,042
Profit before taxation	5,587,141	5,006,477	4,318,567	3,686,223	3,014,137	2,374,826
Taxation	1,565,349	1,419,741	1,502,255	1,157,374	924,042	730,240
Profit after taxation	4,021,792	3,586,736	2,816,312	2,528,849	2,090,095	1,644,586
Ordinary cash dividends *	3,916,012	2,937,009	763,622	685,302	685,302	587,402
EBITDA **	6,128,490	5,496,717	4,758,663	4,087,276	3,353,127	2,657,942

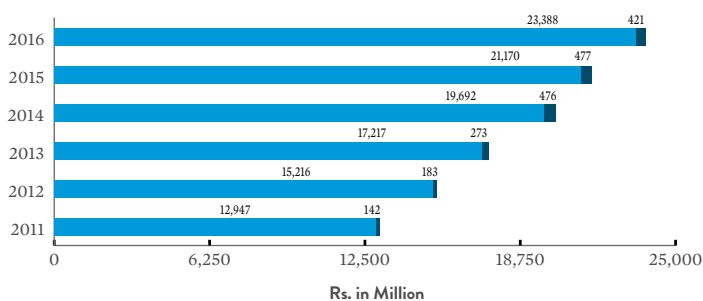
### Cash Flows

Operating activities	3,119,545	4,062,034	3,331,081	2,483,858	2,509,703	1,772,876
Investing activities	(558,237)	(672,470)	(159,370)	(690,491)	(485,630)	(643,800)
Financing activities	(2,937,792)	(1,450,032)	(687,381)	(686,528)	(687,188)	(494,836)
Cash and cash equivalents at the end of the year	7,944,429	8,320,913	6,381,381	3,897,051	2,790,212	1,453,327

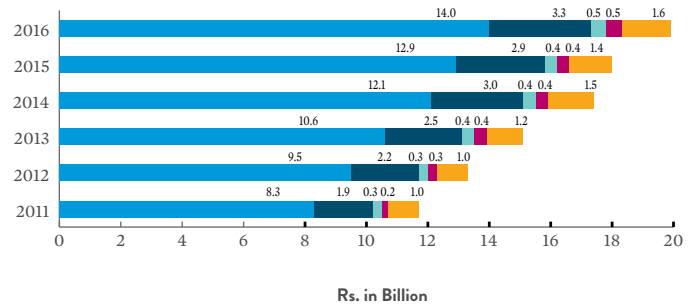
\* Includes final dividend amounting to Rs. 2,937.009 million proposed by the Board of Directors subsequent to the year end.

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

Profit and Loss Analysis - Sales and Other Income



Profit and Loss Analysis - Expenses



■ Net sales including toll manufacturing service fee

■ Other income

■ Cost of goods sold and services

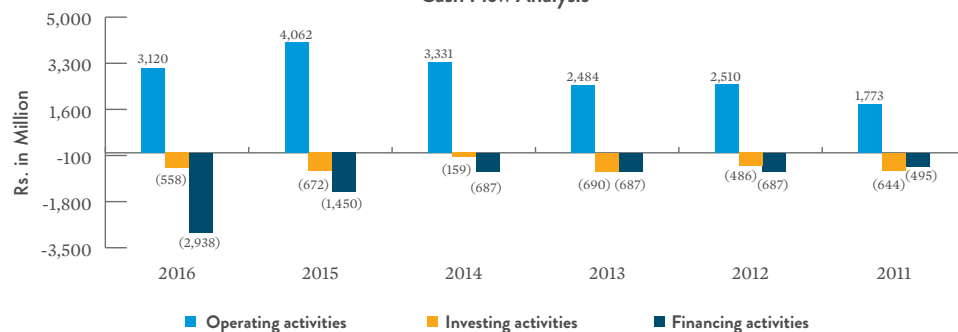
■ Selling and distribution expenses

■ Administrative expenses

■ Other charges

■ Taxation - net

Cash Flow Analysis



■ Operating activities

■ Investing activities

■ Financing activities

		December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
<b>Ratios</b>	<b>Unit</b>						
<b>Profitability Ratios</b>							
Gross profit ratio	%	40.1%	38.9%	38.3%	38.5%	37.5%	36.0%
Net profit to sales	%	17.2%	16.9%	14.3%	14.7%	13.7%	12.7%
EBITDA** margin to sales	%	26.2%	26.0%	24.2%	23.7%	22.0%	20.5%
EBIT margin	%	23.9%	23.7%	22.0%	21.4%	19.8%	18.4%
Return on equity / Return on capital employed	%	27.6%	27.7%	25.9%	28.9%	31.2%	31.7%
Return on assets	%	22.8%	21.8%	20.5%	22.6%	22.4%	22.2%
<b>Liquidity Ratios</b>							
Current ratio	Times	4.61	3.73	3.86	3.56	2.71	2.42
Quick / Acid test ratio	Times	3.31	2.81	2.76	2.27	1.66	1.26
Cash to Current Liabilities	Times	2.79	2.51	2.39	1.76	1.15	0.71
Cash flow from operations to Sales	Times	0.13	0.19	0.17	0.14	0.16	0.14
<b>Activity / Turnover Ratios</b>							
No. of days in inventory	Days	84.41	80.82	83.95	89.38	90.99	96.67
No. of days in receivables	Days	10.59	8.27	9.54	11.80	11.74	9.52
No. of days in payables	Days	60.28	58.13	49.32	48.78	47.33	45.76
Inventory Turnover	Times	4.32	4.52	4.35	4.08	4.01	3.78
Debtors Turnover	Times	34.48	44.14	38.28	30.94	31.10	38.36
Creditors Turnover	Times	6.05	6.28	7.40	7.48	7.71	7.98
Operating Cycle	Days	34.72	30.96	44.17	52.40	55.40	60.43
Total assets turnover ratio (average assets)	Times	1.37	1.40	1.58	1.68	1.82	1.96
Total assets turnover ratio	Times	1.33	1.28	1.43	1.54	1.63	1.75
Fixed assets turnover ratio (average assets)	Times	5.50	5.70	5.96	5.82	6.01	6.09
Fixed assets turnover ratio	Times	5.24	5.24	5.82	5.34	5.66	5.45
<b>Investment / Market Ratios</b>							
Basic / Diluted Earnings per share	Rs.	41.08	36.64	28.77	25.83	21.35	16.80
Price earning ratio	Times	23.30	17.33	24.70	15.23	10.75	5.94
Dividend yield ratio	%	4.2%	4.7%	1.1%	1.8%	3.1%	6.0%
Dividend pay out ratio	Times	0.97	0.82	0.27	0.27	0.33	0.36
Dividend cover ratio	Times	1.03	1.22	3.69	3.69	3.05	2.80
Cash dividend per share	Rs.	40.00	30.00	7.80	7.00	7.00	6.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	149.06	132.27	111.05	89.35	68.51	52.97
No. of shares at end of year	Number	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302
Market Capitalization	Rs in million	93,699	62,167	69,576	38,524	22,468	9,769
Market value per share at the end of the year	Rs.	957.09	635.00	710.68	393.50	229.50	99.79
Market value per share (High)	Rs.	984.90	744.42	913.50	456.00	234.00	103.00
Market value per share (Low)	Rs.	575.00	473.19	355.00	197.25	90.00	79.25
Contribution to National Exchequer	Rs in million	3,728	3,043	2,765	2,479	1,988	1,798
<b>Capital Structure Ratios</b>							
Interest cover ratio	Times	827.62	851.86	905.60	1,248.03	1,355.06	739.44

Note : Sales include toll manufacturing service fee

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

## COMMENTS ON FINANCIAL RATIOS

### PROFITABILITY RATIOS

Profit after Tax increased by 12.1% compared to prior year mainly driven by volume increase and new product launches.

**Gross Profit ratio** improved to 40.1% versus 38.9% from last year despite inflationary pressures owing to improved product mix and effective cost control. **Net Profit to Sales ratio** was 17.2%.

### LIQUIDITY RATIOS

The decline in cashflows from operating activities is mainly attributable to increased inventory and receivables which accordingly resulted in decline in cash and cash equivalents by Rs. 376 million as compared to last year.

**Current ratio** (2016: 4.61, 2015: 3.73), **quick/acid test ratio** (2016: 3.31, 2015: 2.81) & **cash to current liabilities** (2016: 2.79, 2015: 2.51) has improved versus last year mainly on account of improved profitability and lower trade payable balance as compared to last year.

### ACTIVITY / TURNOVER RATIOS

**Operating cycle** has increased from 30.96 days in 2015 to 34.72 days in 2016 due to higher inventory and higher receivable balances on account of increased business activity.

**Total assets turnover ratio (average assets)** declined from 1.40 in 2015 to 1.37 in 2016 due to increase in inventory as explained above.

**Fixed assets turnover ratio (average assets)** slightly declined from 5.70 in 2015 to 5.50 in 2016.

### INVESTMENT / MARKET RATIOS

**Earnings per share** improved from Rs. 36.64 in 2015 to Rs. 41.08 in 2016 as a result of the increase in profit after tax by 12.1% compared to prior year as mentioned above.

**P/E ratio** improved from 17.33 in 2015 to 23.30 in 2016, mainly due to increase in market price per share from Rs. 635.00 in 2015 to Rs. 957.09 in 2016.

**Dividend yield ratio** declined from 4.7% in 2015 to 4.2% in 2016 despite increase in dividend on account of higher increase in market price per share versus increase in dividend.

**Dividend pay-out ratio** increased from 0.82 (times) in 2015 to 0.97 (times) in 2016, on account of increased dividend payout in the current year from Rs. 30.00 per share to Rs. 40.00 per share.

**Break-up value per share** has increased from Rs. 132.27 in 2015 to Rs. 149.06 in 2016 due to increase in total equity this year by Rs. 1,644 million as compared to prior year.

**Market capitalization** has increased from Rs. 62,167 million in 2015 to Rs. 93,699 million in 2016 due to increase in market price per share from Rs. 635.00 in 2015 to Rs. 957.09 in 2016.

### CAPITAL STRUCTURE ANALYSIS

Total equity improved by 12.7% to Rs. 14.59 billion comprising of share capital amounting to Rs. 979.003 million which consists of issued share capital of 97,900,302 shares of Rs. 10.0 each. Abbott Asia Investments Limited, UK is the major shareholder of the company having shares amounting to 76,259,454 being 77.9% of total paid-up capital.

Considering that there is no short-term or long-term debt as at balance sheet date, capital structure ratios like financial leverage ratio, weighted average cost of debt and debt to equity ratio are not relevant.



## COMMENTS ON PROFIT AND LOSS ACCOUNT

### SALES

Net sales for the year increased by 10.5% over previous year. Pharmaceutical sales for the year increased by 10.3% over prior year due to volume growth. Nutritional sales for the year also showed an increase of 10.2% over prior year mainly due to unit growth. Pediasure posted strong double digit growth. Sales for 'Others' including General Health Care (GHC), Diagnostic and Diabetes Care, grew by 12.7% over last year. This is mainly driven by new products launched during the year.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses during the year increased by 13.3% mainly attributable to growth in business activities and turnover. Freight and forwarding expenses increased during the current year owing to volume growth coupled with provincial sales tax levied on intercity freight and transportation.

### OTHER INCOME

Decrease in other income during the current year by 11.7% versus last year is primarily on account of decrease in interest income. This is attributable to lower cash reserves available due to an increase in dividend payout coupled with lower interest rates prevalent during the current year.

### TAXATION

Increase in taxation for the current year is due to higher profitability.

## COMMENTS ON BALANCE SHEET

### 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. Major capital expenditure incurred during the year was for expanding manufacturing capacity, enhancing productivity, and improving plant efficiency.

### CURRENT ASSETS

The increase in current assets mainly owes to higher stock-in-trade and trade receivables due to business growth and higher business volume.

### CURRENT LIABILITIES

Trade and other payables have declined over prior year mainly on account of reduction of staff pension liability.

### EQUITY

Equity grew from prior year primarily due to profit for the year, partially offset by final and interim dividends during the year.

## COMMENTS ON CASHFLOWS

### CASHFLOWS FROM OPERATING ACTIVITIES

There is a decrease in cashflows from operating activities mainly due to unfavorable working capital changes owing to increase in trade receivables and stock-in-trade against last year. This has partially been offset by higher profitability for the current year.

### CASHFLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities have declined from prior year primarily due to decrease in capital expenditure during the year.

### CASHFLOWS FROM FINANCING ACTIVITIES

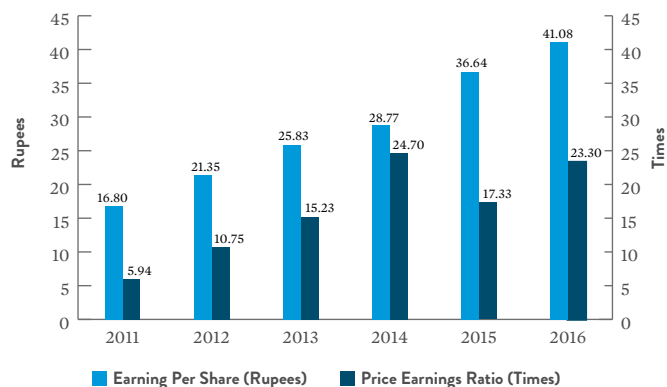
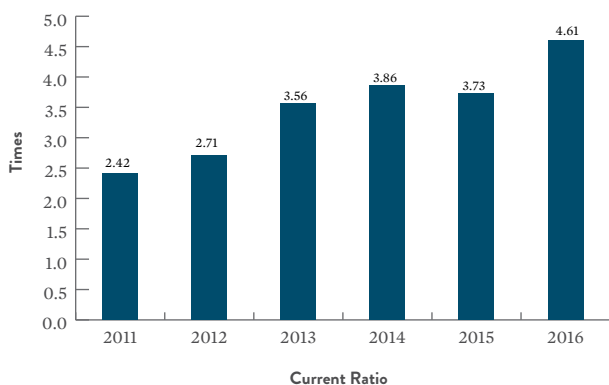
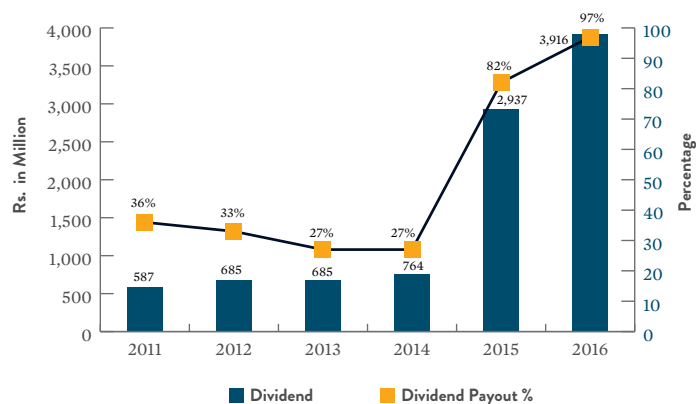
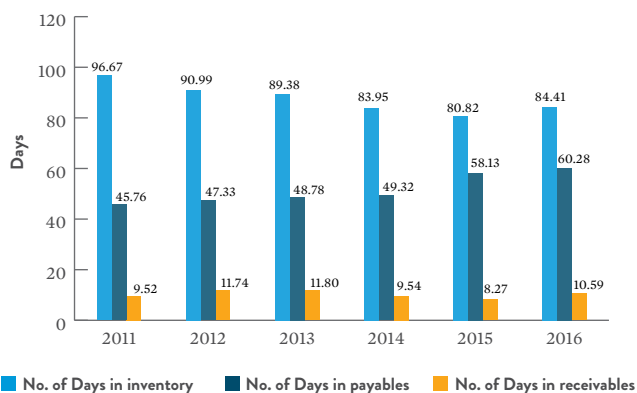
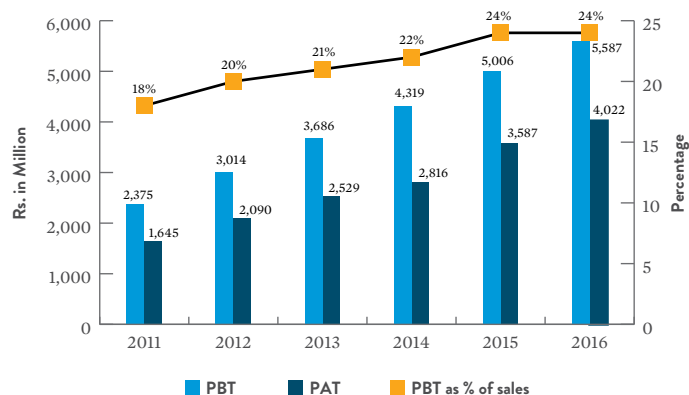
Cash outflow from financing activities increased during the current year primarily on account of increased dividend payout during the year.

## CASH FLOW STATEMENT - DIRECT METHOD

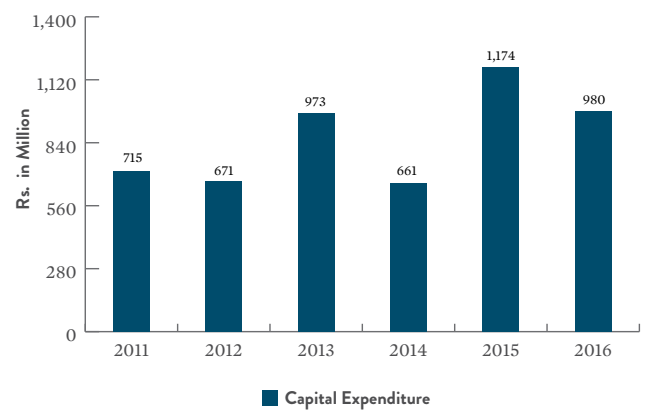
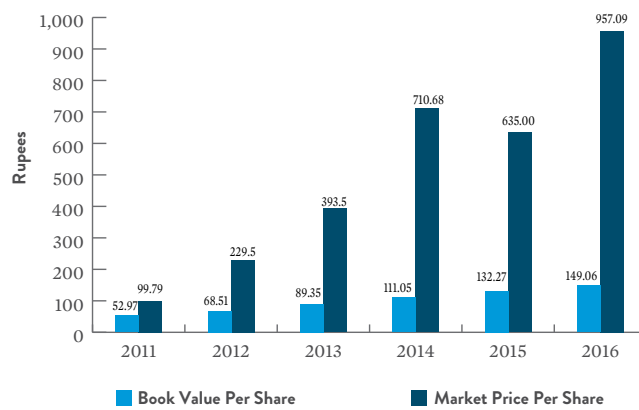
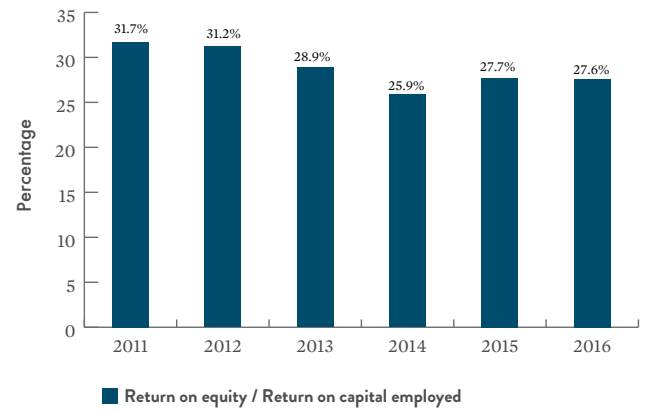
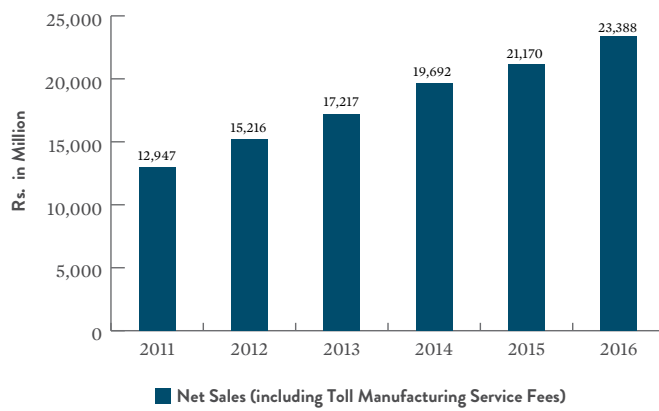
For The Year Ended December 31, 2016

	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	23,066,200	21,183,885
Cash paid to suppliers / service providers	(14,929,879)	(12,593,143)
Cash paid to employees	(2,549,708)	(2,283,587)
Payment of royalty and technical service fee	(175,661)	(168,209)
Payment to retirement funds	(220,609)	(236,917)
Income taxes paid	(1,714,877)	(1,520,063)
Payment of other statutory charges	(358,896)	(319,623)
Long-term deposits - net	-	130
Long-term prepayments - net	2,975	(439)
Net cash inflow from operating activities	3,119,545	4,062,034
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(980,258)	(1,174,097)
Acquisition of intangible asset	(6,500)	(18,500)
Sale proceeds from disposal of property, plant and equipment	36,639	63,199
Interest income	391,882	456,928
Net cash outflow from investing activities	(558,237)	(672,470)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance costs paid	(6,759)	(5,884)
Dividends paid	(2,931,033)	(1,444,148)
Net cash outflow from financing activities	(2,937,792)	(1,450,032)
Net increase in cash and cash equivalents	(376,484)	1,939,532
Cash and cash equivalents at the beginning of the year	8,320,913	6,381,381
Cash and cash equivalents at the end of the year	7,944,429	8,320,913

## GRAPHICAL PRESENTATION







## VERTICAL ANALYSIS

	December 31, 2016		December 31, 2015	
	Rupees in '000	%	Rupees in '000	%
<b>Balance Sheet</b>				
Total Equity	14,593,240	82.7	12,949,247	78.6
Non-Current Liabilities	203,477	1.2	219,144	1.3
Current Liabilities	2,848,467	16.1	3,319,884	20.1
Total Equity and Liabilities	17,645,184	100.0	16,488,275	100.0
Non-Current Assets	4,523,033	25.6	4,108,183	24.9
Current Assets	13,122,151	74.4	12,380,092	75.1
Total Assets	17,645,184	100.0	16,488,275	100.0

	December 31, 2016		December 31, 2015	
	Rupees in '000	%	Rupees in '000	%
<b>Profit and Loss Account</b>				
Net sales	23,387,915	100.0	21,170,446	100.0
Cost of goods sold	14,020,416	59.9	12,943,213	61.1
Gross Profit	9,367,499	40.1	8,227,233	38.9
Selling and distribution expenses	3,258,175	13.9	2,876,407	13.6
Administrative expenses	450,297	1.9	383,612	1.8
Other income	5,659,027	24.2	4,967,214	23.5
Other charges	420,937	1.8	476,868	2.3
Finance costs	486,064	2.1	431,721	2.0
Profit before taxation	5,593,900	23.9	5,012,361	23.7
Taxation - net	6,759	0.0	5,884	0.0
Profit for the year	5,587,141	23.9	5,006,477	23.6
	1,565,349	6.7	1,419,741	6.7
	4,021,792	17.2	3,586,736	16.9

December 31, 2014		December 31, 2013		December 31, 2012		December 31, 2011	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
10,871,600	79.0	8,747,265	78.3	6,707,394	71.9	5,186,183	70.0
223,953	1.6	203,562	1.8	189,557	2.0	165,219	2.2
2,670,042	19.4	2,217,177	19.9	2,432,911	26.1	2,053,927	27.8
13,765,595	100.0	11,168,004	100.0	9,329,862	100.0	7,405,329	100.0
3,446,467	25.0	3,269,414	29.3	2,742,498	29.4	2,429,566	32.8
10,319,128	75.0	7,898,590	70.7	6,587,364	70.6	4,975,763	67.2
13,765,595	100.0	11,168,004	100.0	9,329,862	100.0	7,405,329	100.0

December 31, 2014		December 31, 2013		December 31, 2012		December 31, 2011	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
19,692,354	100.0	17,217,258	100.0	15,216,253	100.0	12,946,968	100.0
12,142,212	61.7	10,595,612	61.5	9,513,425	62.5	8,280,490	64.0
7,550,142	38.3	6,621,646	38.5	5,702,828	37.5	4,666,478	36.0
2,965,120	15.1	2,471,404	14.4	2,212,421	14.5	1,894,390	14.6
367,379	1.9	366,938	2.1	344,494	2.3	295,823	2.3
4,217,643	21.4	3,783,304	22.0	3,145,913	20.7	2,476,265	19.1
475,693	2.4	273,059	1.6	183,430	1.2	142,466	1.1
369,995	1.9	367,184	2.1	312,980	2.1	240,689	1.9
4,323,341	22.0	3,689,179	21.4	3,016,363	19.8	2,378,042	18.4
4,774	0.0	2,956	0.0	2,226	0.0	3,216	0.0
4,318,567	21.9	3,686,223	21.4	3,014,137	19.8	2,374,826	18.3
1,502,255	7.6	1,157,374	6.7	924,042	6.1	730,240	5.6
2,816,312	14.3	2,528,849	14.7	2,090,095	13.7	1,644,586	12.7



## HORIZONTAL ANALYSIS

	December 31,					
	2016	2015	2014	2013	2012	2011

(Rupees in '000)

### Balance Sheet

Total Equity	14,593,240	12,949,247	10,871,600	8,747,265	6,707,394	5,186,183
Non-Current Liabilities	203,477	219,144	223,953	203,562	189,557	165,219
Current Liabilities	2,848,467	3,319,884	2,670,042	2,217,177	2,432,911	2,053,927
Total Equity and Liabilities	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329
Non-Current Assets	4,523,033	4,108,183	3,446,467	3,269,414	2,742,498	2,429,566
Current Assets	13,122,151	12,380,092	10,319,128	7,898,590	6,587,364	4,975,763
Total Assets	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329

	December 31,					
	2016	2015	2014	2013	2012	2011

(Rupees in '000)

### Profit and Loss Account

Net sales	23,387,915	21,170,446	19,692,354	17,217,258	15,216,253	12,946,968
Cost of goods sold	14,020,416	12,943,213	12,142,212	10,595,612	9,513,425	8,280,490
Gross Profit	9,367,499	8,227,233	7,550,142	6,621,646	5,702,828	4,666,478
Selling and distribution expenses	3,258,175	2,876,407	2,965,120	2,471,404	2,212,421	1,894,390
Administrative expenses	450,297	383,612	367,379	366,938	344,494	295,823
	5,659,027	4,967,214	4,217,643	3,783,304	3,145,913	2,476,265
Other income	420,937	476,868	475,693	273,059	183,430	142,466
Other charges	486,064	431,721	369,995	367,184	312,980	240,689
	5,593,900	5,012,361	4,323,341	3,689,179	3,016,363	2,378,042
Finance costs	6,759	5,884	4,774	2,956	2,226	3,216
Profit before taxation	5,587,141	5,006,477	4,318,567	3,686,223	3,014,137	2,374,826
Taxation - net	1,565,349	1,419,741	1,502,255	1,157,374	924,042	730,240
Profit for the year	4,021,792	3,586,736	2,816,312	2,528,849	2,090,095	1,644,586

December 31,					
2016	2015	2014	2013	2012	2011
% increase / (decrease) over preceding year					
12.7	19.1	24.3	30.4	29.3	32.6
(7.1)	(2.1)	10.0	7.4	14.7	43.4
(14.2)	24.3	20.4	(8.9)	18.5	16.5
7.0	19.8	23.3	19.7	26.0	27.9
10.1	19.2	5.4	19.2	12.9	25.6
6.0	20.0	30.6	19.9	32.4	29.0
7.0	19.8	23.3	19.7	26.0	27.9

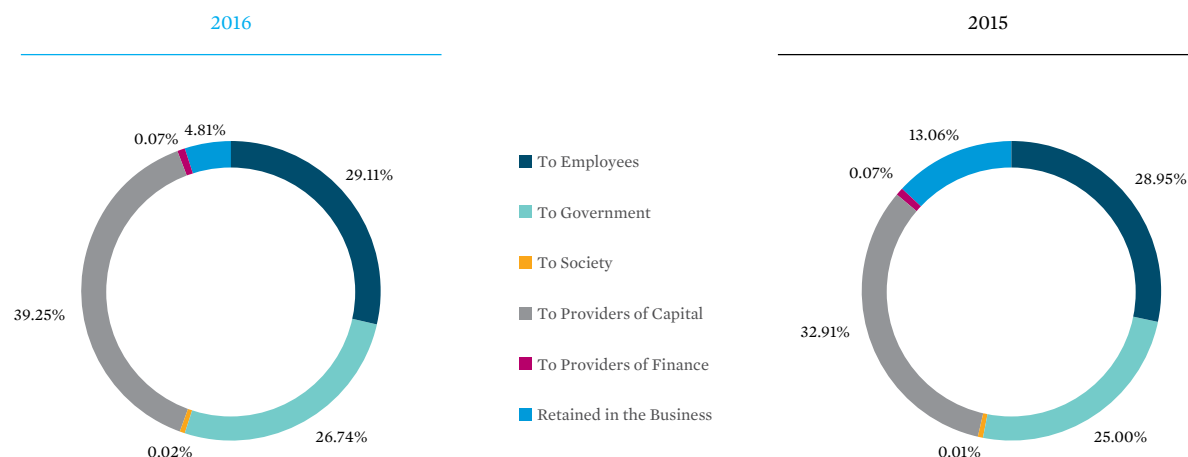
December 31,					
2016	2015	2014	2013	2012	2011
% increase / (decrease) over preceding year					
10.5	7.5	14.4	13.2	17.5	17.7
8.3	6.6	14.6	11.4	14.9	13.3
13.9	9.0	14.0	16.1	22.2	26.6
13.3	(3.0)	20.0	11.7	16.8	18.3
17.4	4.4	0.1	6.5	16.5	10.4
13.9	17.8	11.5	20.3	27.0	36.2
(11.7)	0.2	74.2	48.9	28.8	30.6
12.6	16.7	0.8	17.3	30.0	32.0
11.6	15.9	17.2	22.3	26.8	36.3
14.9	23.3	61.5	32.8	(30.8)	(8.9)
11.6	15.9	17.2	22.3	26.9	36.4
10.3	(5.5)	29.8	25.3	26.5	29.4
12.1	27.4	11.4	21.0	27.1	39.7

# STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

For The Year Ended December 31, 2016

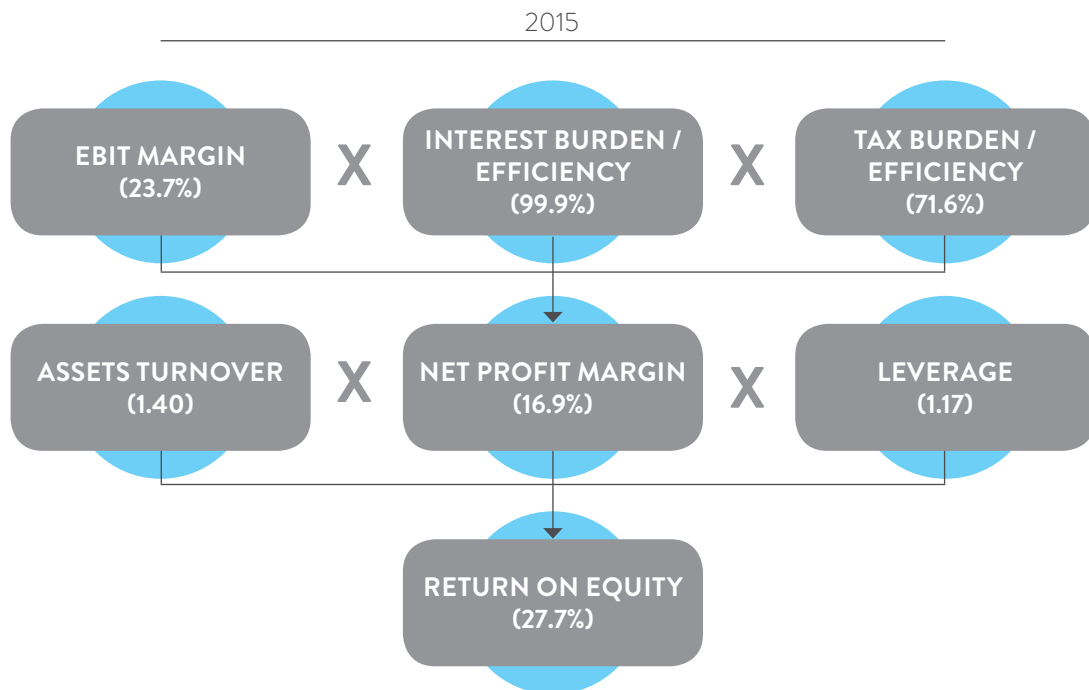
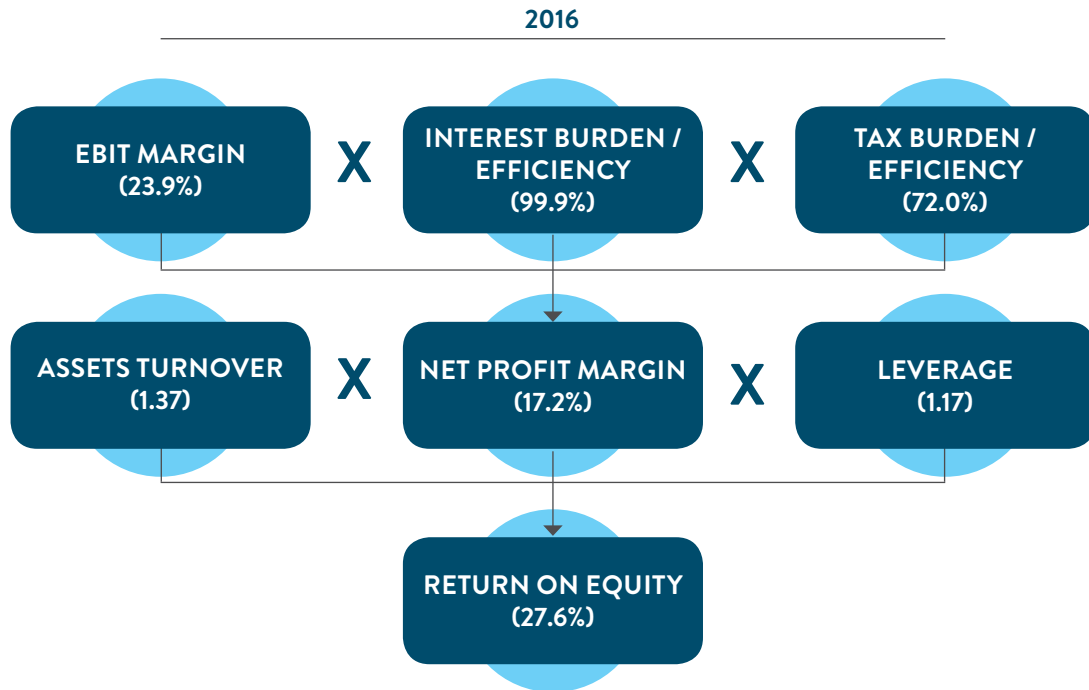
	2016		2015	
	Rupees '000	%	Rupees '000	%
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax and other income	24,301,320		22,109,521	
Brought-in-materials and services	14,324,267		13,183,891	
	<u>9,977,053</u>	<u>100%</u>	<u>8,925,630</u>	<u>100%</u>
<b>Wealth Distribution</b>				
<b>To Employees</b>				
Salaries, wages, allowances and staff welfare	2,904,535	29.11%	2,583,746	28.95%
<b>To Government</b>				
Income Tax	1,725,946	17.30%	1,388,200	15.55%
Workers' Funds and Central Research Fund	449,945	4.50%	382,092	4.28%
Sales tax and excise duty	492,468	4.94%	462,207	5.17%
	<u>2,668,359</u>	<u>26.74%</u>	<u>2,232,499</u>	<u>25.00%</u>
<b>To Society</b>				
Donations	1,615	0.02%	868	0.01%
<b>To Providers of Capital</b>				
Dividends *	3,916,012	39.25%	2,937,009	32.91%
<b>To Providers of Finance</b>				
Finance cost	6,759	0.07%	5,884	0.07%
<b>Retained in the Business</b>				
Depreciation and amortisation	534,590	5.36%	484,356	5.43%
Actuarial (Gain) / Loss	(687,372)	-6.89%	134,170	1.50%
Added to / (Utilised from) Unappropriated profit for distribution	632,555	6.34%	547,098	6.13%
	<u>479,773</u>	<u>4.81%</u>	<u>1,165,624</u>	<u>13.06%</u>
	<u>9,977,053</u>	<u>100.00%</u>	<u>8,925,630</u>	<u>100.00%</u>

\* Dividends include final dividend amounting to Rs. 2,937,009 million proposed by the Board of Directors subsequent to the year end.





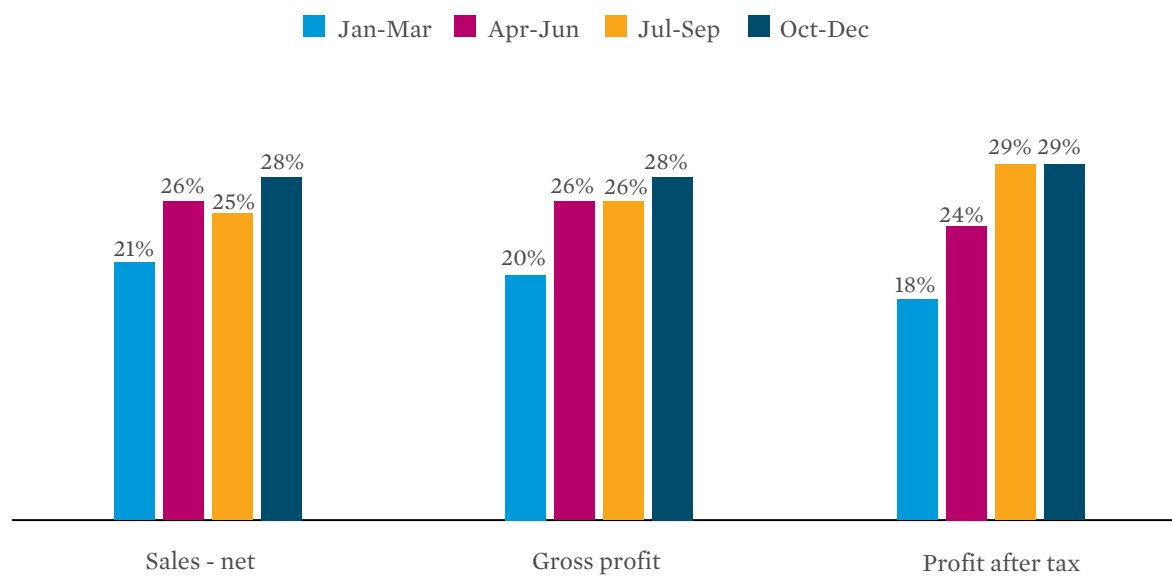
## DUPONT ANALYSIS



## QUARTERLY ANALYSIS

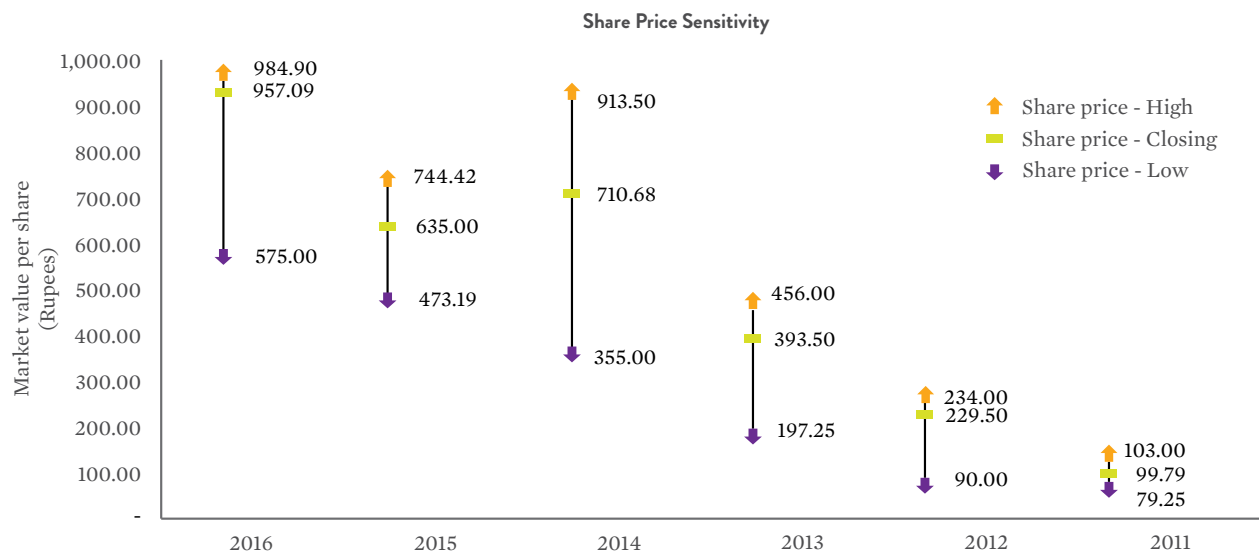
	Jan - Mar 2016		Apr - Jun 2016		Jul - Sep 2016		Oct - Dec 2016		Jan - Dec 2016	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Net Sales	4,885,528	21%	6,080,899	26%	5,822,484	25%	6,599,004	28%	23,387,915	100%
Gross Profit	1,861,694	20%	2,465,023	26%	2,396,586	26%	2,644,196	28%	9,367,499	100%
Profit after tax	721,410	18%	979,412	24%	1,144,708	29%	1,176,262	29%	4,021,792	100%

### Quarterly Analysis



## SHARE PRICE SENSIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company performance, general market sentiments, economic events and interest rates, etc. Being a responsible and law-compliant Company, Abbott circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations on a timely manner. During the year 2016, Abbott share price has touched the peak of Rs 984.90 while the lowest recorded price was Rs 575.00 with a closing price of Rs. 957.09 at the end of the year.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of Pakistan Stock Exchange 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 applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board constitutes of:

Category	Names
Independent Director	Mr. Ehsan Ali Malik
	Ms. Zehra Naqvi
Executive Director	Syed Anis Ahmed
	Ms. Seema Khan
Non-Executive Director	Mr. Munir A. Shaikh
	Mr. Kamran Y. Mirza
	Mr. Shamim Ahmad Khan

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred in the Board on 01<sup>st</sup> January 2016 and 04<sup>th</sup> June 2016. These were filled within 90 days of their occurrence.
5. 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. In addition, the Company has prepared and fully implemented an Ethics Compliance Program under which a number of core policies have been prepared to cover various facets of business practices.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of appointment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in clause 5.19.7 of the Code, two directors have a certification under Directors’ Training Program, three Directors of the Company are exempt from the requirement of Directors’ Training Program and the rest of the Directors will be trained within the prescribed time by June 30, 2018. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its Directors in the previous years to apprise them of their role and responsibilities.



10. The Board approves the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remunerations and terms and conditions of employment as recommended by HR and Remuneration Committee.
11. The Company maintains an updated list of related parties and all transactions with related parties are placed before the Audit Committee on a quarterly basis. All related party transactions have been reviewed and approved by the Board and are carried out on normal / agreed terms and conditions in accordance with the agreements.
12. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the chairman of the audit committee and the chairman of the Committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors and an executive director. The Chairman of the Committee is a non-executive director.
19. The Board has set-up an effective in-house Internal Audit function. In addition, the Board has made arrangements for periodic internal audits by an independent firm of Chartered Accountants. Both the firm and the in-house internal audit staff are conversant with the policies and procedures of the Company.
20. 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities was determined and intimated to directors, employees and Stock Exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
24. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the Code have been complied with.

By order of the Board



Munir A. Shaikh  
Chairman

Karachi  
February 27, 2017



EY Ford Rhodes  
Chartered Accountants  
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## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Abbott Laboratories (Pakistan) Limited (the Company) for the year ended **31 December 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 controls 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code, as applicable to the Company for the year ended **31 December 2016**.

*EY Ford Rhodes*  
Chartered Accountants  
Date: 27 February 2017  
Place: Karachi



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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Abbott Laboratories (Pakistan) Limited** as at **31 December 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.1.3 to the accompanying financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, gives the information required by the Companies Ordinance, 1984, 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 2016** and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, 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.

*EY Ford Rhodes*  
Chartered Accountants

**Audit Engagement Partner:** Riaz A. Rehman Chamdia

**Date:** 27 February 2017

**Place:** Karachi

**BALANCE SHEET**

As At December 31, 2016

	Note	2016 (Rupees '000)	2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	3	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		414,380	381,945
- revenue		13,199,857	11,588,299
<b>Total Equity</b>		<u>14,593,240</u>	<u>12,949,247</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	5	203,477	219,144
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	2,843,217	3,319,884
Taxation payable		5,250	-
<b>Total Liabilities</b>		<u>3,051,944</u>	<u>3,539,028</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,645,184</u>	<u>16,488,275</u>



	Note	2016 (Rupees '000)	2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
- Property, plant and equipment	8	4,443,019	4,017,403
- Intangible assets	9	16,250	21,983
Long-term loans and advances	10	49,654	51,712
Long-term deposits	11	7,475	7,475
Long-term prepayments		6,635	9,610
<b>Total Non-current Assets</b>		<b>4,523,033</b>	<b>4,108,183</b>
<b>CURRENT ASSETS</b>			
Stores and spares	12	103,766	140,069
Stock-in-trade	13	3,575,927	2,908,690
Trade debts	14	880,297	476,403
Loans and advances	15	160,388	100,194
Trade deposits and short-term prepayments	16	285,443	231,897
Interest accrued		11,535	8,573
Other receivables	17	160,366	97,495
Taxation recoverable		-	95,858
Cash and bank balances	18	7,944,429	8,320,913
<b>Total Current Assets</b>		<b>13,122,151</b>	<b>12,380,092</b>
<b>TOTAL ASSETS</b>		<b>17,645,184</b>	<b>16,488,275</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

  
Chief Executive

  
Director

# PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
Sales - net	19	23,387,915	21,170,446
Cost of goods sold	20	14,020,416	12,943,213
Gross profit		9,367,499	8,227,233
Selling and distribution expenses	22	3,258,175	2,876,407
Administrative expenses	23	450,297	383,612
Other charges	24	486,064	431,721
Other income	25	420,937	476,868
		3,773,599	3,214,872
		5,593,900	5,012,361
Finance costs	26	6,759	5,884
Profit before taxation		5,587,141	5,006,477
Taxation-net	27	1,565,349	1,419,741
Profit for the year		4,021,792	3,586,736
		(Rupees)	
Earnings per share - basic / diluted	28	41.08	36.64

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive



Director

**STATEMENT OF COMPREHENSIVE INCOME**

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
Profit for the year		4,021,792	3,586,736
Other comprehensive income for the year			
- Actuarial gains / (losses) on defined benefit pension plan	21.1.2	687,372	(134,170)
- Tax on actuarial (gains) / losses		(160,597)	31,541
Other comprehensive income - net of tax		526,775	(102,629)
Total comprehensive income for the year		4,548,567	3,484,107

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive



Director

## CASH FLOW STATEMENT

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	4,829,389	5,587,914
Income taxes paid		(1,714,877)	(1,520,063)
Long-term loans and advances - net		2,058	(5,508)
Long-term deposits - net		-	130
Long-term prepayments - net		2,975	(439)
Net cash inflow from operating activities		3,119,545	4,062,034
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(980,258)	(1,174,097)
Acquisition of intangible asset		(6,500)	(18,500)
Sale proceeds from disposal of property, plant and equipment		36,639	63,199
Interest income		391,882	456,928
Net cash outflow from investing activities		(558,237)	(672,470)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance cost paid		(6,759)	(5,884)
Dividends paid		(2,931,033)	(1,444,148)
Net cash outflow from financing activities		(2,937,792)	(1,450,032)
Net (decrease) / increase in cash and cash equivalents		(376,484)	1,939,532
Cash and cash equivalents at the beginning of the year		8,320,913	6,381,381
Cash and cash equivalents at the end of the year		7,944,429	8,320,913

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive



Director



## STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2016

	Capital		Reserves	Reserves		Total	Total Equity
	Share Capital	Reserve Arising on Merger		General Reserves	Un-appropriated Profit		
			Other-(Note 2.22)				
	(Rupees '000)						
Balance as at January 1, 2015	979,003	46,097	293,384	5,338,422	4,214,694	9,892,597	10,871,600
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2014 @ Rs. 4.8 per share	-	-	-	-	(469,921)	(469,921)	(469,921)
Interim dividend for the year ended December 31, 2015 @ Rs. 10 per share	-	-	-	-	(979,003)	(979,003)	(979,003)
Capital contribution from Abbott International LLC., USA	-	-	42,464	-	-	42,464	42,464
Total comprehensive income for the year ended December 31, 2015							
Profit for the year	-	-	-	-	3,586,736	3,586,736	3,586,736
Other comprehensive income for the year, net of tax	-	-	-	-	(102,629)	(102,629)	(102,629)
Total comprehensive income for the year	-	-	-	-	3,484,107	3,484,107	3,484,107
Balance as at December 31, 2015	979,003	46,097	335,848	5,338,422	6,249,877	11,970,244	12,949,247
Balance as at January 1, 2016	979,003	46,097	335,848	5,338,422	6,249,877	11,970,244	12,949,247
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2015 @ Rs. 20 per share	-	-	-	-	(1,958,006)	(1,958,006)	(1,958,006)
Interim dividend for the year ended December 31, 2016 @ Rs. 10 per share	-	-	-	-	(979,003)	(979,003)	(979,003)
Capital contribution from Abbott International LLC., USA	-	-	32,435	-	-	32,435	32,435
Total comprehensive income for the year ended December 31, 2016							
Profit for the year	-	-	-	-	4,021,792	4,021,792	4,021,792
Other comprehensive income for the year, net of tax	-	-	-	-	526,775	526,775	526,775
Total comprehensive income for the year	-	-	-	-	4,548,567	4,548,567	4,548,567
Balance as at December 31, 2016	979,003	46,097	368,283	5,338,422	7,861,435	13,614,237	14,593,240

The annexed notes 1 to 38 form an integral part of these financial statements.


  
 Chief Executive


  
 Director

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

### 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. The address of its registered office is opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of research based pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

### 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 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

##### 2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for defined benefit pension plan which is carried at present value of defined benefit obligation net of fair value of plan assets.

##### 2.1.3 Adoption of amended standards

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

#### New Standards, Interpretations and Amendments

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

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)  
 IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)  
 IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)  
 IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)  
 IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)  
 IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

#### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal  
 IFRS 7 - Financial Instruments: Disclosures - Servicing contracts  
 IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements  
 IAS 19 - Employee Benefits - Discount rate: regional market issue  
 IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Company expects that such improvements to the standards will not 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 SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

### 2.1.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with 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.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

- i) Useful lives of items of property, plant and equipment (note 2.3 and note 8.1);
- ii) Provision for slow moving and obsolete stock-in-trade (note 2.6 and note 13);
- iii) Provision for slow moving and obsolete stores and spares (note 2.5 and 12);
- iv) Provision for doubtful trade debts (note 2.7 and 14);
- v) Provision for doubtful other receivables (note 2.7 and 17);
- vi) Provision for sample inventory (note 2.8);
- vii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.14 and note 21);
- viii) Provision for taxation (note 2.9, note 5 and note 27);
- ix) Share based compensation (note 2.22 and 30); and
- x) Contingencies and commitments (note 7).

### 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 and impairment loss, if any, except freehold land, which is stated at cost. 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) Leased

Leased asset comprises of leasehold land which is stated at cost less accumulated amortisation and accumulated impairment, if any.

#### c) Depreciation / amortisation

Depreciation is charged to income 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 8.1. 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. Amortisation on leasehold land is charged to profit and loss account equally over the period of the lease.



d) **Gains or losses on disposal of fixed assets**

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

e) **Subsequent costs**

Maintenance and normal repairs are charged to profit and loss account 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.

f) **Capital work-in-progress**

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

## 2.4 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

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.

The amortisation period for intangible assets with finite useful lives is reviewed at each year end and is changed to reflect the useful life expected at respective year end.

## 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 up to the balance sheet date. Provision is made in the financial statements for obsolete and slow moving items based on estimates regarding their usability.

## 2.6 Stock-in-trade

Stock of raw and packing materials, work-in-process and finished goods are valued at the lower of cost, calculated on first-in-first-out basis, and net realisable value. Cost in relation to work-in-process and finished goods represent direct cost of materials, direct wages and an appropriate portion of production overheads. Cost in relation to items in transit represent invoice value and other charges incurred thereon up to the balance sheet date.

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.

## 2.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade debts is estimated when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account within 'other charges'.

## NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2016

When a trade debt is uncollectible, it is written off against the allowance account for trade debts. Subsequent recoveries of amounts previously written off are credited to 'other income' in the profit and loss account.

### 2.8 Sample inventory

Sample inventory is classified as prepayment in the balance sheet and is carried at cost. The cost of sample inventory is charged to profit and loss account on issuance of samples to medical practitioners. Provision is made in the financial statements for obsolete and slow moving items based on estimates regarding their usability.

### 2.9 Taxation

#### Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

#### Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. 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 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 balance sheet date and recognised after adjusting the impact of tax under FTR.

### 2.10 Cash and cash equivalents

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

### 2.11 Trade and other payables

Short-term liabilities for trade and other amounts payable are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently carried at amortised cost.

### 2.12 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.

### 2.13 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 balance sheet date to reflect the current best estimate.

## 2.14 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 profit and loss account as and when incurred.

### Defined benefit plan

The Company operates an approved funded pension scheme covering all its permanent employees 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 31 December 2016 and based on this, 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 profit and loss account 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 profit and loss account.

The amount recognised in the balance sheet represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

## 2.15 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.

## 2.16 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 balance sheet date. Exchange differences are taken to the profit and loss account.

## 2.17 Revenue recognition

- Local sales are recognised as revenue upon transfer of significant risk and rewards of ownership, which coincides with delivery of goods to customers.
- Export sales are recognised as revenue upon transfer of significant risks and rewards of ownership, which coincides with date of shipment.
- Income on investments / deposits is accrued on a time proportionate basis, taking into account the effective interest rates.

## NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2016

### 2.18 Impairment

#### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### 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 profit and loss account, 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.

### 2.19 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account currently.

### 2.20 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.21 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.

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 period to acquire property, plant and equipment.



The business segments are engaged in providing products or services 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 research based pharmaceutical products registered with the Drug Regulatory Authority of Pakistan.

#### Nutritional

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

#### Others

The Others segment represents the manufacture, import and marketing of diagnostic equipment, diabetes care, molecular devices, their testing kits and general healthcare products.

### 2.22 Share based compensation

The cost of awarding shares to employees is reflected by recording a charge in the profit and loss account 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

2016 Number of shares	2015 Number of shares		2016 (Rupees '000)	2015 (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

2016 Number of shares	2015 Number of shares		2016 (Rupees '000)	2015 (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>

As at December 31, 2016, Abbott Asia Investments Limited, UK held 76,259,454 shares (77.90%). The ultimate holding company is Abbott Laboratories, USA.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
<b>5. DEFERRED TAXATION</b>			
Deferred tax liability arising due to accelerated tax depreciation allowance		251,835	258,048
Deferred tax asset arising in respect of provisions		(48,358)	(38,904)
		<u>203,477</u>	<u>219,144</u>
<b>6. TRADE AND OTHER PAYABLES</b>			
Creditors		86,358	114,398
Accrued liabilities		1,115,892	1,153,738
Bills payable	6.1	851,033	827,066
Advances from customers		265,021	182,842
Unclaimed dividends		22,039	16,063
Payable to related parties	6.2	49,189	59,829
Sales tax payable		52,384	51,616
Central Research Fund		59,388	53,523
Workers' Welfare Fund		104,652	84,547
Staff pension fund	21.1.1	-	610,971
Provision for Gas Infrastructure Development Cess		221,135	152,548
Others		16,126	12,743
		<u>2,843,217</u>	<u>3,319,884</u>
<b>6.1 Bills payable include the following amounts payable to related parties:</b>			
Abbott Health Care Puerto Rico		-	44,068
Abbott Diagnostics GmbH		92,247	211,141
Abbott Logistics B.V.		368,883	279,192
Abbott Products Operation AG		235,912	94,222
Abbott International LLC., USA		71,334	83,776
Abbott GmbH & Co. KG.		4,192	4,481
Abbott Diabetes Care Inc.		7,019	33,393
Abbott Diabetes Care Limited, UK		25,489	23,595
Abbott International LLC., USA		-	5,168
		<u>805,076</u>	<u>779,036</u>
<b>6.2 Payable to related parties represents the following amounts payable to:</b>			
Abbott International LLC., USA		38,364	40,450
AbbVie Logistics B.V.		8,085	19,379
Abbott GmbH & Co. KG.		2,740	-
		<u>49,189</u>	<u>59,829</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 Contingencies</b>			
<b>7.1.1</b> The Company has given bank guarantees of Rs. 175.667 million (2015: Rs. 141.626 million) to the Customs Department, a utility company and other institutions against tenders.			

- 7.1.2 The taxation officer has contended that the Company has not deducted tax under the law on certain expenses. The order was passed and a demand of Rs. 20 million was raised against the Company for tax year 2014, however an appeal has been filed by the Company with the Appellate Tribunal Inland Revenue which is pending for adjudication.

Based on the tax advisors opinion, management is of the view that the position of the Company is sound and the eventual outcome is expected to be in the Company's favour.

- 7.1.3 The Commissioner Inland Revenue (CIR) has selected the case of the Company for audit of tax year 2012 (accounting year December 31, 2011) and tax year 2014 (accounting year December 31, 2013) and has requested various information from the Company in this regard. The Company believes that only the Federal Board of Revenue has the right to select the Company for audit based on defined criteria or through random balloting and the CIR does not have the right to select the Company for Audit. The Company has filed writ petition in the High court in this regard, which is pending for hearing.

- 7.1.4 The Deputy Commissioner Inland Revenue (DCIR) while finalizing the Sales Tax audit for tax year 2014 has issued an order raising a demand of Rs. 235.712 million on the contention that the Company has allegedly excess claimed/adjusted input tax in its sales tax returns. The actual amount of claim of input tax is Rs. 42.618 million for which rectification application has also been moved. The Company has filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) against the order of DCIR. In addition to this, on the Company's appeal, the Sindh High Court has granted stay against the recovery proceedings.

The management of the Company on the advice of its tax advisors is confident that the eventual outcome of the appeal would be in favor of the Company and therefore no provision for the above demand has been made in these financial statements.

## 7.2 Commitments

- 7.2.1 Commitments for capital expenditure aggregated approximately Rs. 371.248 million (2015: Rs. 298.176 million).

- 7.2.2 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 1,120 million (2015: Rs. 1,120 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. 250 million (2015: Rs. 250 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (2015: KIBOR plus 1% to KIBOR plus 2%) 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 borrowed any amount against running finance / short-term loan facilities at the balance sheet date. Commitments in respect of letters of credit as at balance sheet date aggregated to Rs. 568.028 million (2015: Rs. 384.742 million).

	Note	2016 (Rupees '000)	2015
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	3,639,626	3,299,161
Capital work-in-progress	8.5	803,393	718,242
		<u>4,443,019</u>	<u>4,017,403</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

## 8.1 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	Office equipment	Computers	Service equipment- note 8.2	Total
	(Rupees '000)									
At December 31, 2014										
Cost	20,679	2,718	384,565	66,683	3,387,813	397,260	102,402	257,170	1,025,693	5,644,983
Accumulated depreciation / amortisation	-	863	206,212	65,470	1,610,092	122,381	83,670	177,701	439,346	2,705,735
Net book value	20,679	1,855	178,353	1,213	1,777,721	274,879	18,732	79,469	586,347	2,939,248
Year ended December 31, 2015										
Opening net book value	20,679	1,855	178,353	1,213	1,777,721	274,879	18,732	79,469	586,347	2,939,248
Additions / transfers	-	-	45,367	-	438,112	146,095	6,271	28,624	211,230	875,699
Disposals / write offs										
Cost	-	-	62	-	10,957	112,711	1,492	13,053	18,728	157,003
Depreciation	-	-	62	-	9,882	61,538	1,398	13,053	18,728	104,661
	-	-	-	-	1,075	51,173	94	-	-	52,342
Depreciation / amortisation charge for the year	-	29	12,028	712	202,638	58,129	10,361	34,552	144,995	463,444
Closing net book value	20,679	1,826	211,692	501	2,012,120	311,672	14,548	73,541	652,582	3,299,161
At December 31, 2015										
Cost	20,679	2,718	429,870	66,683	3,814,968	430,644	107,181	272,741	1,218,195	6,363,679
Accumulated depreciation / amortisation	-	892	218,178	66,182	1,802,848	118,972	92,633	199,200	565,613	3,064,518
Net book value	20,679	1,826	211,692	501	2,012,120	311,672	14,548	73,541	652,582	3,299,161
Year ended December 31, 2016										
Opening net book value	20,679	1,826	211,692	501	2,012,120	311,672	14,548	73,541	652,582	3,299,161
Additions / transfers	-	-	17,649	1,890	540,100	88,739	15,641	17,612	213,476	895,107
Reclassification - cost	-	-	(1,782)	-	(85)	-	2,257	(390)	-	-
Disposals / write offs										
Cost	-	-	-	-	5,517	74,521	-	288	-	80,326
Depreciation	-	-	-	-	5,086	42,667	-	288	-	48,041
	-	-	-	-	431	31,854	-	-	-	32,285
Depreciation / amortisation charge for the year	-	29	15,506	858	234,085	62,194	5,149	37,636	166,900	522,357
Reclassification - depreciation	-	-	(7)	-	(1,178)	(62)	1,083	(7)	171	-
Closing net book value	20,679	1,797	212,060	1,533	2,318,797	306,425	26,214	53,134	698,987	3,639,626
At December 31, 2016										
Cost	20,679	2,718	445,737	68,573	4,349,466	444,862	125,079	289,675	1,431,671	7,178,460
Accumulated depreciation / amortisation	-	921	233,677	67,040	2,030,669	138,437	98,865	236,541	732,684	3,538,834
Net book value	20,679	1,797	212,060	1,533	2,318,797	306,425	26,214	53,134	698,987	3,639,626
Annual rate of depreciation / amortisation %										
2015	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2016	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	

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



	2016	2015
Note	(Rupees '000)	

### 8.3 The depreciation charge for the year has been allocated as follows:

Cost of goods sold	20	259,311	222,732
Selling and distribution expenses	22	237,979	215,222
Administrative expenses	23	25,067	25,490
		<u>522,357</u>	<u>463,444</u>

### 8.4 Details of disposals of operating fixed assets having book value exceeding Rs. 50,000:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		(Rupees '000)				
<b>Vehicles</b>						
	13,353	8,012	5,341	5,341	Company Policy	Arshad Saeed Hussain Ex - Employee
	1,399	839	560	1,130	Open Market Auction	Mohammad Nasir Khan House No. A-597 Sector A-11 Area North Karachi
	1,490	894	596	1,212	Open Market Auction	Wasim Mirza 10/4,Block 10/A, Gulshan-e-Iqbal
	1,527	1,166	361	780	Open Market Auction	Muhammad Altaf 68/B, Railway Officers Colony, Walton Lahore
	663	398	265	420	Open Market Auction	Farrukh Ahmed House No. 28/9, Area 1-D, Landhi No. 1, Karachi
	14,517	8,710	5,807	5,807	Company Policy	Arshad Saeed Hussain Ex - Employee
	2,303	173	2,130	1,850	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	1,424	854	570	570	Company Policy	Usman Qureshi Employee
	1,394	836	558	558	Company Policy	Ghullam Mustafa Employee
	1,478	887	591	591	Company Policy	Muhammad Noman Employee
	1,608	965	643	643	Company Policy	Habib Ahmed Employee
	1,588	873	715	715	Company Policy	Haider Abbas Ex - Employee
	6,000	3,600	2,400	2,400	Company Policy	Anis Shah Ex - Employee
	1,586	615	971	1,110	Negotiation	Rafique Baloch Ex - Employee
	1,477	886	591	1,239	Open Market Auction	Zahid Qadri H No. R-536, 15A/4 Buffer Zone North Nazimabad.
	1,477	886	591	1,289	Open Market Auction	Zahid Qadri H No. R-536, 15A/4 Buffer Zone North Nazimabad.
	619	371	248	629	Open Market Auction	Zahid Qadri H No. R-536, 15A/4 Buffer Zone North Nazimabad.
	1,540	924	616	616	Company Policy	Mashood Wasti Employee
	1,588	953	635	635	Company Policy	Dr. Ali Salman Employee
	695	191	504	600	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	1,424	854	570	570	Company Policy	Riaz Ul Hasan Employee
	1,477	886	591	591	Company Policy	Muhammad Waleed Employee
	1,477	886	591	591	Company Policy	Ejaz Ali Employee
	1,560	936	624	624	Company Policy	Sarmad Butt Employee
	1,498	899	599	599	Company Policy	Farhan Khan Employee
	1,560	936	624	624	Company Policy	Dr. Sobia Ali Employee
	1,477	887	590	590	Company Policy	Dr. Tabrez Ali Employee
	1,572	727	845	864	Negotiation	Noor Ul Amin Ex - Employee
	1,653	765	888	909	Negotiation	Akhter Waseem Ex - Employee
	1,424	854	570	1,236	Open Market Auction	Noman Hasan Khan A-908/12 Gulberg, F.B Area, Karachi
	1,673	1,004	669	1,306	Open Market Auction	Tahseen Sarwar MC-1364/1 Azeem Pura, Green Town, Karachi
<b>Plant and machinery</b>						
	1,650	1,485	165	-	Write-off	
	1,184	1,184	-	-	Write-off	
	1,474	1,327	147	-	Write-off	
	3	3	-	-	Write-off	
	16	16	-	-	Write-off	
	288	288	-	-	Write-off	
<b>Items having book value less than Rs. 50,000 each</b>						
	1,190	1,071	119	-	Write-off	

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

## 8.5 Capital work-in-progress

	Plant and machinery	Vehicles	Building, office equipments and computers	Total
	(Rupees '000)			
At December 31, 2014	327,054	8,962	83,828	419,844
Additions	738,768	173,802	50,297	962,867
Transferred to operating fixed assets	(438,112)	(146,095)	(80,262)	(664,469)
At December 31, 2015	627,710	36,669	53,863	718,242
Additions	585,108	76,547	105,127	766,782
Transferred to operating fixed assets	(540,100)	(88,739)	(52,792)	(681,631)
At December 31, 2016	672,718	24,477	106,198	803,393

## 9. INTANGIBLE ASSETS

Intangible assets include rights acquired from Highnoon Laboratories Limited against transfer of technical, marketing and sales know-how and assignment of other necessary rights and requisites for marketing and selling ex-Solvay products in Pakistan, following a global acquisition of Solvay Pharmaceuticals by Abbott International, the ultimate holding company.

	Note	2016 (Rupees '000)	2015
<b>Cost</b>			
Opening balance		104,600	86,100
Additions		6,500	18,500
Balance as at December 31,		111,100	104,600
<b>Accumulated amortisation</b>			
Opening balance		82,617	61,705
Amortisation charge	22	12,233	20,912
Balance as at December 31,		94,850	82,617
<b>Net book value</b>			
Cost		111,100	104,600
Accumulated amortisation		(94,850)	(82,617)
Balance as at December 31,		16,250	21,983
<b>Years</b>			
Useful life		4-5	4-5

	Note	2016 (Rupees '000)	2015
<b>10. LONG-TERM LOANS AND ADVANCES - considered good, secured</b>			
Long-term loans			
Due from:			
- Executives	10.1	24,172	21,657
- Employees		56,843	58,547
	10.2	81,015	80,204
Less: recoverable within one year			
- Executives		11,029	9,161
- Employees		22,812	21,851
	15	33,841	31,012
		47,174	49,192
Long-term advances			
- Employees		2,480	2,520
		49,654	51,712
<b>10.1 Reconciliation of carrying amount of long-term loans to executives:</b>			
Opening balance		21,657	20,468
Disbursements		10,776	10,387
Transfer of balances of employee cadre to executive cadre		5,418	5,824
Less: Repayments		13,679	15,022
Closing balance		24,172	21,657
<b>10.2</b>	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. The loans for purchase of vehicles are secured by way of registration of vehicles purchased in the name of the Company.		
<b>10.3</b>	The maximum aggregate amount of loans due from executives at the end of any month during the year were Rs. 26.453 million (2015: Rs. 24.389 million) respectively.		
<b>11. LONG-TERM DEPOSITS</b>			
Represents deposits paid for utilities and gas cylinders. These deposits are interest free.			

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
<b>12. STORES AND SPARES</b>			
Stores		68,173	71,395
Spares [including spares-in-transit Rs. 2.510 million (2015: Rs. 36.591 million)]		<u>76,386</u>	<u>106,434</u>
		144,559	177,829
Less: Provision for slow moving and obsolete items	12.1	<u>40,793</u>	<u>37,760</u>
		<u>103,766</u>	<u>140,069</u>
<b>12.1 Reconciliation of provision for slow moving and obsolete items</b>			
Opening provision		37,760	36,166
Charge for the year		<u>3,033</u>	<u>1,594</u>
Closing provision		<u>40,793</u>	<u>37,760</u>
<b>13. STOCK-IN-TRADE</b>			
Raw and packing materials [including stock-in-transit of Rs. 259.703 million (2015: Rs. 176.552 million)]		1,962,457	1,624,428
Work-in-process	20	<u>226,490</u>	<u>224,347</u>
Finished goods [including stock-in-transit of Rs. 228.197 million (2015: Rs. 181.713 million)]	20	<u>1,553,410</u>	<u>1,180,172</u>
		3,742,357	3,028,947
Less: Provision for slow moving and obsolete items	13.2	<u>166,430</u>	<u>120,257</u>
		<u>3,575,927</u>	<u>2,908,690</u>
<b>13.1 Stock-in-trade includes items costing Rs. 106.69 million (2015: Rs. 107.930 million) valued at net realisable value of Rs. 85.95 million (2015: Rs. 93.945 million) resulting in a write down of Rs. 20.74 million (2015: Rs. 13.985 million).</b>			
		2016 (Rupees '000)	2015
<b>13.2 Reconciliation of provision for slow moving and obsolete items</b>			
Opening provision		120,257	90,400
Charge for the year		<u>123,282</u>	<u>113,718</u>
Write offs during the year		<u>(77,109)</u>	<u>(83,861)</u>
Closing provision		<u>166,430</u>	<u>120,257</u>



	Note	2016 (Rupees '000)	2015
<b>14. TRADE DEBTS</b>			
Considered good:			
Secured		136,329	109,389
Unsecured			
- Due from a related party	14.1	43,911	33,849
- Others		700,057	333,165
		743,968	367,014
		880,297	476,403
Considered doubtful:			
Unsecured		18,788	10,639
		899,085	487,042
Less: Provision for doubtful debts	14.2	18,788	10,639
		880,297	476,403
<b>14.1</b>	Represents receivable from Abbott Products Operations AG, a related party.		
<b>14.2</b>	Reconciliation of provision for doubtful debts		
Opening provision		10,639	11,480
Charge / (Reversal) for the year	24	8,248	(841)
Write offs during the year		(99)	-
Closing provision		18,788	10,639
<b>15. LOANS AND ADVANCES</b>			
Current portion of long-term loans	10	33,841	31,012
Advances to:			
- Executives		7,535	7,435
- Employees		5,032	4,978
- Suppliers		113,980	56,769
		126,547	69,182
		160,388	100,194
Considered doubtful		794	794
		161,182	100,988
Less: Provision for doubtful advances		794	794
		160,388	100,194

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

15.1 These loans and advances are interest free.

	Note	2016 (Rupees '000)	2015
<b>16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Considered good			
Trade deposits	16.1	102,383	94,804
Prepayments [including sample inventory Rs. 53.905 million (2015: Rs. 43.207 million)]		183,060	137,093
		<u>285,443</u>	<u>231,897</u>
Considered doubtful			
Trade deposits		2,161	2,161
		<u>287,604</u>	<u>234,058</u>
Less: Provision for doubtful trade deposits		2,161	2,161
		<u>285,443</u>	<u>231,897</u>

16.1 These trade deposits are interest free.

## 17. OTHER RECEIVABLES

## Considered good

Due from related parties	17.1	52,123	41,774
Receivable from customers		51,850	42,905
Insurance claim receivable		5,415	4,389
Staff Pension Fund	21.1.1	34,089	-
Workers' Profit Participation Fund	17.3	10,968	1,675
Others		5,921	6,752
		<u>160,366</u>	<u>97,495</u>

## Considered doubtful

		<u>3,673</u>	<u>3,239</u>
		<u>164,039</u>	<u>100,734</u>
Less: Provision for doubtful other receivables	17.2	3,673	3,239
		<u>160,366</u>	<u>97,495</u>

## 17.1 Due from related parties

Abbott Laboratories (Singapore) PTE Limited	436	-
Abbott International LLC., USA	1,009	80
Abbott Laboratories Philippines	-	1,049
Abbott Mearo	-	13,535
Abbott Laboratories Malaysia	750	604
P.T. Abbott Indonesia	-	787
Zwolle Manufacturing	144	144
Abbott Laboratories Trading (Shanghai) Co. Ltd.	10,126	4,306
Abbott GmbH & Co. KG.	39,658	21,269
	<u>52,123</u>	<u>41,774</u>

	Note	2016 (Rupees '000)	2015
<b>17.2 Reconciliation of provision for doubtful other receivables</b>			
Opening provision		3,239	3,135
Charge for the year	24	434	104
Closing provision		<u>3,673</u>	<u>3,239</u>
<b>17.3 Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		(1,675)	7,425
Allocation for the year	24	299,032	266,900
		<u>297,357</u>	<u>274,325</u>
Less: Amount paid to the fund		310,000	276,000
Add: Amount received from the fund		1,675	-
Balance (receivable) from the Fund		<u>(10,968)</u>	<u>(1,675)</u>
<b>18. CASH AND BANK BALANCES</b>			
<b>With banks</b>			
Savings accounts:			
- Local currency	18.1	367,799	302,925
- Foreign currency		<u>481,660</u>	<u>404,222</u>
		<u>849,459</u>	<u>707,147</u>
Deposit accounts:			
- Local currency	18.2	7,000,000	7,500,000
Current accounts:			
- Local currency		6,565	4,524
		<u>7,856,024</u>	<u>8,211,671</u>
<b>In hand</b>			
- Foreign currency		2,071	3,887
- Local currency		<u>2,146</u>	<u>1,743</u>
Cheques and drafts in hand and in transit		<u>84,188</u>	<u>103,612</u>
		<u>7,944,429</u>	<u>8,320,913</u>

18.1 These savings accounts carry markup rate of 3.75% (2015: 4.50%) per annum.

18.2 These deposit accounts carry markup rate of 5.10% (2015: 5.25%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
<b>19. SALES – NET</b>			
Local		22,621,385	20,624,196
Export			
- to related parties	32	397,722	277,345
- to others		1,011,164	884,396
		<u>1,408,886</u>	<u>1,161,741</u>
		24,030,271	21,785,937
Less:			
Sales returns and discounts		149,888	153,284
Sales tax and excise duty		<u>492,468</u>	<u>462,207</u>
		642,356	615,491
		<u>23,387,915</u>	<u>21,170,446</u>
<b>20. COST OF GOODS SOLD</b>			
Opening work-in-process		224,347	197,872
Raw and packing materials consumed		<u>7,885,582</u>	<u>7,566,213</u>
		8,109,929	7,764,085
<b>Manufacturing expenses:</b>			
Salaries, wages, allowances and staff welfare	20.1	1,443,329	1,316,274
Stores and spares consumed		81,205	61,038
Fuel and power		380,572	367,777
Depreciation	8.3	259,311	222,732
Repairs and maintenance		204,843	130,321
Technical service fee	32	143,964	140,019
Insurance		19,252	14,609
Printing and stationery		11,179	9,124
Travelling and entertainment		20,929	26,877
Rent, rates and taxes		1,619	2,909
Laboratory testing supplies		37,074	37,973
Computer expenses		8,619	27,424
Postage, telephone and telegram		11,724	8,964
Others	20.2	<u>164,070</u>	<u>157,820</u>
		2,787,690	2,523,861
		<u>10,897,619</u>	<u>10,287,946</u>
Closing work-in-process	13	<u>(226,490)</u>	<u>(224,347)</u>
Cost of goods manufactured		10,671,129	10,063,599
<b>Finished goods</b>			
Opening stock		1,180,172	842,296
Purchases		<u>3,722,525</u>	<u>3,217,490</u>
		15,573,826	14,123,385
Closing stock	13	<u>(1,553,410)</u>	<u>(1,180,172)</u>
		<u>14,020,416</u>	<u>12,943,213</u>



- 20.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 135.487 million - note 21.3 (2015: net charge of Rs. 122.008 million) in respect of staff retirement benefits.

	2016 (Rupees '000)	2015
20.2 Details of other expenses		
Other fees and purchased services	80,121	73,726
Recruitment and training expenses	1,183	1,661
Membership and subscription	742	691
Conference expenses	948	821
Miscellaneous expenses	81,076	80,921
	<u>164,070</u>	<u>157,820</u>

## 21. STAFF RETIREMENT BENEFITS

### 21.1 Defined benefit scheme

As mentioned in note 2.14, the Company operates a funded pension scheme for all its permanent employees. Contributions are made to the scheme based on actuarial recommendations. The actuarial valuation was carried out as at December 31, 2016 using the Projected Unit Credit Method.

	Note	2016 (Rupees '000)	2015
21.1.1 Amounts recognised in the balance sheet:			
Present value of the defined benefit obligation	21.1.2	3,819,153	3,696,667
Less: Fair value of the plan assets	21.1.3	3,853,242	3,085,696
(Surplus) / Deficit	6 & 17	<u>(34,089)</u>	<u>610,971</u>

	Present value of defined benefit obligation	Fair value of plan assets	Total
	(Rupees '000)		
21.1.2 As at January 1, 2016	3,696,667	(3,085,696)	610,971
Current service cost	156,816	-	156,816
Interest cost / (income)	348,369	(296,891)	51,478
Company contributions	-	(165,982)	(165,982)
Benefits paid	(247,295)	247,295	-
Remeasurements recognised in other comprehensive income:			
- Loss due to changes in experience adjustment	130,071	-	130,071
- Gain due to changes in financial assumptions	(265,475)	-	(265,475)
- Return on plan assets excluding amounts included in interest income	-	(551,968)	(551,968)
	<u>(135,404)</u>	<u>(551,968)</u>	<u>(687,372)</u>
As at December 31, 2016	<u>3,819,153</u>	<u>(3,853,242)</u>	<u>(34,089)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

	Present value of defined benefit obligation	Fair value of plan assets  (Rupees '000)	Total
As at January 1, 2015	3,424,767	(2,978,324)	446,443
Current service cost	144,264	-	144,264
Interest cost / (income)	370,285	(328,801)	41,484
Company contributions	-	(155,390)	(155,390)
Benefits paid	(266,692)	266,692	-

Remeasurements recognised in other comprehensive income:

- Loss due to changes in experience adjustment	24,043	-	24,043
- Return on plan assets excluding amounts included in interest income	-	110,127	110,127
	24,043	110,127	134,170
As at December 31, 2015	3,696,667	(3,085,696)	610,971

	Note	2016 (Rupees '000)	2015 (Rupees '000)
21.1.3 Plan assets are comprised as follows:			
Debt		1,487,830	1,666,008
Equity	21.1.7	2,159,720	1,383,176
Bank balances		205,692	36,512
		<u>3,853,242</u>	<u>3,085,696</u>
21.1.4 Amount recognised in profit and loss:			
Current service cost		156,816	144,264
Net interest		51,478	41,484
	21.3	<u>208,294</u>	<u>185,748</u>
21.1.5 Actual return on plan assets		<u>848,859</u>	<u>218,674</u>

(Percent per annum)

21.1.6 Principal actuarial assumptions used were as follows:

Discount rate	21.1.8	9.50	9.75
Future salary increases		7.50	7.75
Future pension increases		0.00	1.50

21.1.7 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 419.865 million (2015: Rs. 283.099 million).

21.1.8 The discount rate of 9.50% is representative of yields on long-term Government Bonds and term deposits with banks.

21.1.9 Expected contributions to the plan for the year ending December 31, 2017 is Rs. 153,473 million.

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Discount rate	1%	(381,012)	453,852
Salary growth rate	1%	271,881	(243,914)
Pension growth rate	1%	207,310	(183,371)

The above sensitivity analyses 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 liability recognised within the statement of financial position.

## 21.2 Defined contribution scheme

An amount of Rs. 77,848 million (2015: Rs. 73,997 million) has been charged during the year in respect of the contributory provident fund maintained by the Company.

	Note	2016 (Rupees '000)	2015
21.3 Staff retirement benefit cost recognised in the profit and loss account			
Pension cost	21.1.4	208,294	185,748
Less: Reimbursement from related party	32	(2,614)	(2,620)
Provident fund contribution	32	77,848	73,997
E.O.B.I.		13,482	10,150
		<u>297,010</u>	<u>267,275</u>

### Allocated as:

Cost of goods sold	20.1	135,487	122,008
Distribution and marketing expenses	22.1	130,875	110,209
Administrative expenses	23.1	30,648	35,058
		<u>297,010</u>	<u>267,275</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

- 21.4 The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited (2015: audited) financial statements of the provident fund:

	2016	2015
Number of members	1,372	1,381
Size of provident fund (Rupees '000)	1,172,131	991,678
Cost of investments made (Rupees '000)	709,836	693,529
Percentage of investments made	60.56%	69.93%
Fair value of investment (Rupees '000)	1,181,636	992,245

## Break-up of investments:

## - Balance in Government securities

Amount of investment (Rupees '000)	425,162	456,800
Percentage of size of the fund	36.27%	46.06%

## - Balance in equity shares in listed companies

Amount of investment (Rupees '000)	558,344	385,259
Percentage of size of the fund	47.63%	38.85%

## - Balance in term finance certificates

Amount of investment (Rupees '000)	208	208
Percentage of size of the fund	0.02%	0.02%

## - Balance in mutual funds &amp; bank

Amount of investment (Rupees '000)	197,922	149,978
Percentage of size of the fund	16.89%	15.12%

- 21.4.1 As at December 31, 2016, investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

- 21.5 The average number of employees during the year and number of employees as at December 31, 2016 and 2015 respectively are as follows:

	2016	2015
	No of employees	
Average number of employees during the year	1,445	1,455
Number of employees as at year end	1,433	1,455



	Note	2016 (Rupees '000)	2015
<b>22. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages, allowances and staff welfare	22.1	1,189,282	1,011,888
Rent, rates and taxes		49,048	43,307
Repairs and maintenance		25,053	21,970
Royalty		32,535	27,498
Insurance		16,522	16,191
Depreciation	8.3	237,979	215,222
Amortisation of intangible assets	9	12,233	20,912
Legal, professional and other services		29,435	31,403
Postage, telephone and telegram		38,459	39,176
Printing and stationery		6,207	8,219
Travelling and conveyance		318,057	301,280
Advertising, samples and sales promotion		702,472	679,280
Forwarding expenses		430,981	318,865
Electricity		24,906	21,509
Computer expenses		13,664	42,346
Training and development expenses		30,364	22,111
Packing and miscellaneous supplies		23,960	26,251
Distributors commission		67,151	27,486
Others	22.2	102,857	85,088
		<u>3,351,165</u>	<u>2,960,002</u>
Less: Reimbursement from related party	32	92,990	83,595
		<u>3,258,175</u>	<u>2,876,407</u>
<b>22.1</b>	Salaries, wages, allowances and staff welfare includes a net charge of Rs. 130.875 million - note 21.3 (2015: net charge of Rs. 110.209 million) in respect of staff retirement benefits.		
<b>22.2</b>	<b>Details of other expenses</b>	2016 (Rupees '000)	2015
Other fees and purchased services		46,544	42,411
Warehousing Services		27,212	12,671
Security expenses		9,855	8,602
Membership and subscription		892	1,260
Air conditioning expenses		3,843	4,194
Housekeeping expenses		3,650	3,421
Water charges		154	185
Purchased gas		275	277
Miscellaneous expenses		10,432	12,067
		<u>102,857</u>	<u>85,088</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

	Note	2016 (Rupees '000)	2015
<b>23. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, allowances and staff welfare	23.1	271,924	255,584
Rent, rates and taxes		13,999	16,564
Repairs and maintenance		5,905	5,477
Insurance		18,088	4,458
Depreciation	8.3	25,067	25,490
Legal, professional and other services		20,159	8,139
Postage, telephone and telegram		7,669	7,942
Printing and stationery		3,257	3,963
Travelling and conveyance		13,308	7,685
Electricity		5,468	5,720
Computer expenses		37,601	11,036
Training and development expenses		940	679
Miscellaneous office supplies		2,685	2,245
Others	23.2	30,411	36,865
		<u>456,481</u>	<u>391,847</u>
Less: Reimbursement from related party	32	6,184	8,235
		<u>450,297</u>	<u>383,612</u>

23.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 30.648 million - note 21.3 (2015: net charge of Rs. 35.058 million) in respect of staff retirement benefits.

	Note	2016 (Rupees '000)	2015
<b>23.2 Details of other expenses</b>			
Other fees and purchased services		14,230	15,890
Security expenses		1,648	1,256
Membership and subscription		6,958	10,509
Air conditioning expenses		5,052	4,595
Housekeeping expenses		972	474
Water charges		82	68
Miscellaneous expenses		1,469	4,073
		<u>30,411</u>	<u>36,865</u>

**24. OTHER CHARGES**

Workers' Profit Participation Fund	17.3	299,032	266,900
Auditors' remuneration	24.1	5,332	4,440
Donations	24.2	1,615	868
Workers' Welfare Fund		94,477	64,621
Central Research Fund		56,436	50,571
Provision for doubtful other receivables	17.2	434	104
Provision for doubtful trade debts	14.2	8,248	-
Exchange loss		20,490	44,217
		<u>486,064</u>	<u>431,721</u>

		2016 (Rupees '000)	2015
24.1	Auditors' remuneration		
	Statutory audit fee	2,055	1,760
	Tax advisory services	2,643	2,180
	Special certifications	484	400
	Out of pocket expenses	150	100
		<u>5,332</u>	<u>4,440</u>
24.2	Recipients of donations do not include any donee in which any director or his / her spouse had any interest.		
25.	OTHER INCOME	Note	2016 (Rupees '000)
	Gain on disposal of property, plant and equipment	29	4,354
	Interest income	25.1	394,844
	Scrap sales		21,739
	Reversal of provision for doubtful trade debts	14.2	-
			<u>420,937</u>
25.1	Interest income include an amount of Rs. 38.948 million (2015: Rs. 33.261 million) on account of interest income earned from Abbott GmbH & Co. KG., a related party at the rate of 10% (2015: 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.		10,857
			448,150
			17,020
			841
			<u>476,868</u>
26.	FINANCE COSTS		2016 (Rupees '000)
	Bank charges		6,759
27.	TAXATION - net		5,884
	Current		
	- For the year		1,468,756
	- Prior year		112,260
			<u>1,581,016</u>
	Deferred		(15,667)
			<u>1,565,349</u>
			<u>1,419,741</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

	2016 (Rupees '000)	2015
<b>27.1 Relationship between tax expense and accounting profit</b>		
Accounting profit before taxation	5,587,141	5,006,477
Tax rate	31%	32%
Tax on accounting profit	1,732,014	1,602,073
Tax for prior years	112,260	119,340
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	10,556	13,876
- Applying lower tax rates to certain income	(244,686)	(255,243)
- BMR tax credit	(54,333)	(43,811)
- Tax rate adjustment	(32,686)	(39,541)
- 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)	42,224	23,047
	1,565,349	1,419,741

**28. EARNINGS PER SHARE - BASIC / DILUTED**

Profit for the year	4,021,792	3,586,736
	Number of shares	
Weighted average number of ordinary shares in issue during the year	97,900,302	97,900,302
	(Rupees)	
Earnings per share	41.08	36.64

**28.1** There is no dilutive effect on the basic earnings per share of the Company.

	Note	2016 (Rupees '000)	2015
<b>29. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		5,587,141	5,006,477
Adjustment for:			
Depreciation	8.3	522,357	463,444
Amortisation on intangible assets	9	12,233	20,912
Gain on disposal of property, plant and equipment	25	(4,354)	(10,857)
Interest income	25	(394,844)	(448,150)
Expense recognised in profit or loss in respect of equity-settled share-based compensation	30	32,435	42,464
Pension retirement benefit		42,312	30,358
Finance costs	26	6,759	5,884
Working capital changes	29.1	(974,650)	477,382
		4,829,389	5,587,914



	2016 (Rupees '000)	2015
<b>29.1 Working capital changes</b>		
(Increase) / decrease in current assets net of provision		
Stores and spares	36,303	(19,911)
Stock-in-trade	(667,237)	(85,683)
Trade debts	(403,894)	6,368
Loans and advances	(60,194)	(18,935)
Trade deposits and short-term prepayments	(53,546)	(53,949)
Other receivables	(28,782)	95,115
	<u>(1,177,350)</u>	<u>(76,995)</u>
<b>Increase in current liabilities</b>		
Trade and other payables - net	<u>202,700</u>	<u>554,377</u>
	<u>(974,650)</u>	<u>477,382</u>

### 30. SHARE BASED COMPENSATION

#### Share-based compensation plans

As at December 31, 2016, 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 International LLC., USA (the ultimate holding company). The plan entitles eligible employees 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 profit and loss account, with the corresponding entry recorded as equity. The expense corresponds to the fair value of the stock unit of the Abbott International LLC., USA and is charged against income on a straight-line basis over the vesting period of the plan.

An expense of Rs. 32.435 million (2015: Rs. 42.464 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:

	2015	2014	2013
Volatility	17.00%	20.00%	20.00%
Dividend yield	2.00%	2.20%	1.60%
Risk free interest rate	1.80%	1.90%	1.10%

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

A summary of units outstanding is given below:

	2016		2015	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	44.38	10,221	37.55	10,481
Granted	38.78	13,447	46.99	10,739
Exercised / cancelled	41.52	15,847	40.42	10,999
At December 31,	40.55	7,821	44.38	10,221

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

	2016		2015	
Vesting date	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2016	-	-	6,681	43.00
2017	4,824	41.79	3,540	46.99
2018	2,997	38.54	-	-
	7,821	40.55	10,221	44.38

## 31. CAPACITY

The capacity and production 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.

## 32. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises parent, ultimate parent, other related parties, employee retirement benefit plans, directors and key management personnel. Transactions with related parties essentially entail sale and purchase of goods and services and expenses charged between these companies. Transactions with related parties are as follows:

	Note	2016 (Rupees '000)	2015
<b>Other related parties</b>			
Sale of goods	19	397,722	277,345
Purchase of materials		4,201,481	3,664,028
Technical service fee	20	143,964	140,019
<b>Reimbursements from a related party on account of:</b>			
Selling and distribution expenses	22	92,990	83,595
Administrative expenses	23	6,184	8,235
Pension Fund	21.3	2,614	2,620
Interest income earned	25.1	38,948	33,261
<b>Contributions paid:</b>			
Pension Fund	21.1.2	165,982	155,390
Provident Fund	21.3	77,848	73,997
<b>Key management personnel</b>			
Short-term employee benefits		190,961	181,177
Post-employment benefits		21,953	26,350

- 32.1 Disposals of property, plant and equipment to key management personnel are disclosed in note 8.4.
- 32.2 Outstanding balances in respect of related party sales and purchases, reimbursements and staff retirement benefits are included in notes 6, 14, 17 and 21.
- 32.3 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 and directors, to be key management personnel. Outstanding balances of loans and advances to key management personnel are disclosed in note 10 and note 15.

### 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS 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 were as follows:

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	(Rupees '000)					
Short-term employee benefits						
Managerial remuneration	26,724	9,473	759,491	29,232	20,362	687,997
Leave passage / encashment	2,169	2,596	58,774	1,942	707	54,177
Medical expenses	404	40	30,334	107	83	28,224
Rent / utility / maintenance / furnishing	125	108	2,043	-	-	1,620
	29,422	12,217	850,642	31,281	21,152	772,018
Retirement benefits	3,854	1,510	118,713	4,488	3,246	107,842
	33,276	13,727	969,355	35,769	24,398	879,860
Number of persons	1	2	367	1	1	334

- 33.1 In addition, Rs. 32.435 million (2015: Rs. 42.464 million) has been charged in the profit and loss account in respect of share-based payments to chief executive, directors and certain executives of the Company as mentioned in notes 2.22 and 30.
- 33.2 Managerial remuneration includes Rs. 112.584 million (2015: Rs. 109.655 million) charged in the profit and loss account in respect of bonus to chief executive, directors and certain executives of the Company.
- 33.3 Directors and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.
- 33.4 The aggregate amount charged in these financial statements for fees to non-executive directors is Rs. 1.320 million (2015: Rs. 1.320 million).

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

## 34. SEGMENT WISE OPERATING RESULTS

	2016				2015			
	Pharma- ceutical	Nutritional	Others	Total	Pharma- ceutical	Nutritional	Others	Total
	(Rupees '000)							
Sales	17,382,379	4,355,413	2,292,479	24,030,271	15,772,161	3,958,837	2,054,939	21,785,937
Less: Sales returns and discounts	120,890	9,672	19,326	149,888	118,274	5,050	29,960	153,284
Less: Sales tax and excise duty	-	392,311	100,157	492,468	-	365,894	96,313	462,207
Sales - net	17,261,489	3,953,430	2,172,996	23,387,915	15,653,887	3,587,893	1,928,666	21,170,446
Cost of goods sold	10,276,084	2,538,892	1,205,440	14,020,416	9,759,428	2,137,810	1,045,975	12,943,213
Gross profit	6,985,405	1,414,538	967,556	9,367,499	5,894,459	1,450,083	882,691	8,227,233
Selling and distribution expenses	2,399,136	439,303	419,736	3,258,175	2,061,714	445,037	369,656	2,876,407
Administrative expenses	393,307	45,499	11,491	450,297	336,085	35,134	12,393	383,612
Segment result	4,192,962	929,736	536,329	5,659,027	3,496,660	969,912	500,642	4,967,214
Unallocated corporate expenses / income								
Other income				420,937				476,868
Other charges				486,064				431,721
Profit before finance cost and taxation				5,593,900				5,012,361
Finance costs				6,759				5,884
Profit before taxation				5,587,141				5,006,477
Taxation				1,565,349				1,419,741
				4,021,792				3,586,736
Other Information								
Segment assets employed	7,488,742	556,231	1,046,738	9,091,711	5,967,338	333,624	1,225,157	7,526,119
Unallocated corporate assets				8,553,473				8,962,156
Total assets				17,645,184				16,488,275
Segment liabilities	1,375,430	421,195	367,444	2,164,069	1,922,325	318,196	413,541	2,654,062
Unallocated corporate liabilities				887,875				884,966
Total liabilities				3,051,944				3,539,028
Capital expenditure during the year	729,541	18,336	232,381	980,258	935,180	11,760	227,157	1,174,097
Unallocated corporate capital expenditure				-				-
Total capital expenditure				980,258				1,174,097
Depreciation / amortisation	340,353	9,285	184,952	534,590	314,748	8,929	160,679	484,356
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				534,590				484,356



	2016 (Rupees '000)	2015
<b>34.1 Geographical information</b>		
Sales to external customers, net of returns, discounts, sales tax and excise duty		
Pakistan	21,979,029	20,008,705
Afghanistan	948,316	816,613
Srilanka	53,751	58,622
Netherland	-	18,447
Bangladesh	9,097	9,161
Switzerland	397,722	258,898
	<u>23,387,915</u>	<u>21,170,446</u>

- 34.2** 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.

### 35. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk). The Company's principal financial liabilities comprise trade and other payables. The Company has various financial assets such as loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. 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:

#### 35.1 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.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and balances with banks. 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.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

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

	2016 (Rupees '000)	2015 (Rupees '000)
Loans and advances	96,062	95,137
Deposits	109,858	102,279
Trade debts	880,297	476,403
Interest accrued	11,535	8,573
Other receivables	74,427	54,590
Balances with banks	7,856,024	8,211,671
	<u>9,028,203</u>	<u>8,948,653</u>

The Company is not significantly exposed to concentrations of credit risk in respect of trade debts because the Company's sales are primarily against advance payment / collection on delivery (COD) terms.

As at December 31, 2016, trade debts of Rs. 108.489 million (2015: Rs. 75.160 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of trade debts past due but not impaired is as follows:

	2016 (Rupees '000)	2015 (Rupees '000)
61-90 days	31,849	16,485
91-180 days	22,440	10,067
181-360 days	21,591	9,365
Over 360 days	32,609	39,243
	<u>108,489</u>	<u>75,160</u>

The impaired trade debts and the basis of impairment are disclosed in notes 14 and 2.7 respectively.

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	2016	2015
		Short-term	Long-term		(Rupees ‘000)	
Deutsche Bank AG	Moody’s Fitch	P-2 F1	A3 A	May 2016 Dec 2016	3,016,371	1,507,209
MCB Bank Limited	PACRA	A1	A	Feb 2016	185	179
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	June 2016	1,827,726	3,698,568
The Bank of Tokyo-Mitsubishi UFJ Limited	S & P Moody’s Fitch	A-1 P-1 F1	A+ A1 A	Feb 2016 Feb 2016 Feb 2016	3,000,569	3,000,081
Citibank N.A.	Moody’s	P-1	A1	Dec 2015	63	63
National Bank of Pakistan	JCR-VIS PACRA	A-1+ A1+	AAA AAA	June 2016 June 2016	5,933	4,381
Faysal Bank Limited	PACRA JCR-VIS	A1+ A-1+	AA AA	June 2016 June 2016	199	192
Habib Bank Limited	JCR-VIS	A-1+	AAA	June 2016	4,978	998

Financial assets other than trade debts and bank balances, are not exposed to any material credit risk.

### 35.2 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, 2016, the Company's financial liabilities of Rs. 2,359.026 million (2015: Rs. 2,336.385 million) are all current and due in next financial year.

### 35.3 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:

#### 35.3.1 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 was as follows:

	2016		2015	
	Rupees	US Dollars	Rupees	US Dollars
	('000)			
Cash and cash equivalents	483,731	4,616	408,109	3,891
Due from related parties	96,034	916	75,623	721
Bills payable	(851,033)	(8,121)	(827,066)	(7,885)
Payable to related parties	(49,189)	(469)	(59,829)	(570)
	<u>(320,457)</u>	<u>(3,058)</u>	<u>(403,163)</u>	<u>(3,843)</u>

The following significant exchange rates were applied during the year

	Balance sheet date rate		Average rate	
	2016	2015	2016	2015
	(Rupees)			
US Dollars	104.80	104.89	104.85	102.92

A ten percent strengthening / weakening of the Pakistani Rupee against the US Dollar at the reporting date would increase / decrease post tax profit for the year by Rs. 23.067 million (2015: Rs. 28.883 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, 2016

**35.3.2 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.

	2016	2015
	(Rupees '000)	
<b>Fixed rate instruments</b>		
Financial assets	7,849,459	8,207,147

As of the balance sheet date, the Company is not significantly exposed to any interest rate risk.

**35.4 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 balance sheet date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values

**36. 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 with no financing through borrowings.

**37. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

In their meeting held on February 27, 2017, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2016 of Rs. 30.0 per share (2015: cash dividend of Rs. 20.0 per share). This is in addition to interim cash dividend of Rs. 10.0 per share (2015: Rs. 10.0 per share). The total dividend declared during the year and dividend per share have been summarised below:

	2016	2015
	(Rupees '000)	
Cash dividend	3,916,012	2,937,009
	(Rupees)	
Cash dividend per share	40.00	30.00

The financial statements for the year ended December 31, 2016 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, 2017.

**38. DATE OF AUTHORISATION**

These financial statements were authorised for issue on February 27, 2017 by the Board of Directors of the Company.



Chief Executive



Director



## PATTERN OF SHAREHOLDING

As At December 31, 2016

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares
1	100	866	34,077
101	500	612	172,116
501	1,000	245	182,586
1,001	5,000	488	1,050,309
5,001	10,000	97	704,286
10,001	15,000	22	271,773
15,001	20,000	7	118,353
20,001	25,000	8	182,280
25,001	30,000	5	139,000
30,001	35,000	5	165,649
35,001	40,000	3	110,974
40,001	45,000	5	218,501
50,001	55,000	2	100,100
60,001	65,000	2	121,000
70,001	75,000	1	70,850
85,001	90,000	1	86,500
95,001	100,000	4	394,572
110,001	115,000	1	110,200
125,001	130,000	2	253,650
130,001	135,000	1	132,850
135,001	140,000	1	139,550
140,001	145,000	1	143,403
155,001	160,000	1	155,000
170,001	175,000	1	171,100
175,001	180,000	1	176,500
180,001	185,000	1	184,200
200,001	205,000	1	200,000
225,001	230,000	2	453,240
230,001	235,000	1	230,150
300,001	305,000	1	300,000
335,001	340,000	1	336,834
340,001	345,000	2	686,289
395,001	400,000	1	397,922
435,001	440,000	1	438,689
440,001	445,000	1	442,105
490,001	495,000	1	490,926
570,001	575,000	1	571,000
575,001	580,000	1	578,983
590,001	595,000	1	592,820
630,001	635,000	1	632,700
745,001	750,000	1	746,093
830,001	835,000	1	830,624
1,070,001	1,075,000	1	1,071,977
1,075,001	1,080,000	1	1,075,918
1,085,001	1,090,000	2	2,176,914
1,160,001	1,165,000	1	1,162,850
2,635,001	2,640,000	1	2,635,438
76,255,001	76,260,000	1	76,259,451
TOTAL		2,408	97,900,302

## CATEGORIES OF SHAREHOLDERS

As At December 31, 2016

S.No	Shareholder's category	Number of shareholder	Number of share held	%
1	Associated Companies, Undertakings and Related Parties	3	77,189,066	78.84
2	Mutual Funds	44	5,585,001	5.70
3	Directors and their spouse(s) and minor children	7	41,641	0.04
4	Executives	7	6,280	0.01
5	Public Sector Companies and Corporations	1	830,624	0.85
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	26	1,902,736	1.94
7	Others	102	2,453,472	2.52
8	Individuals	2,218	9,891,482	10.10
Total:		2,408	97,900,302	100.00

## List of Associated Companies, Undertakings and Related Parties

S.No	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,451
2	03277-7217	TRUSTEES ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	490,926
3	03277-2083	TRUSTEES ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	438,689
Total:			77,189,066

## List of Mutual Funds

S.No	Folio	Name	Holding
1	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
2	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	225,850
3	05488-25	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	11,350
4	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	128,650
5	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	7,000
6	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	230,150
7	05819-23	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	26,000
8	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	61,000
9	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	110,200
10	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	22,500
11	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	26,550
12	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,515
13	06726-23	CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	16,000
14	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	184,200
15	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,162,850
16	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	34,050
17	09480-21	CDC - TRUSTEE NAFA STOCK FUND	6,900
18	10108-22	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	4,500
19	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	139,550
20	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	4,500
21	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	171,100
22	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	30,500
23	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	8,500
24	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	70,850
25	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	6,200
26	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	44,650
27	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	27,350
28	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	24,050
29	12278-21	M C F S L - TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	3,400
30	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	2,000
31	13607-28	CDC - TRUSTEE PICIC STOCK FUND	4,500
32	13813-23	CDC - TRUSTEE ASKARI EQUITY FUND	3,500
33	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1,300
34	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,635,438
35	14969-25	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	10,000
36	15974-23	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	950
37	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	50,100
38	16162-20	CDC - TRUSTEE NITIPF EQUITY SUB-FUND	4,300
39	16402-20	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	13,600
40	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	24,050
41	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	7,400
42	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	9,650
43	15719-23	CDC - TRUSTEE PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	9,550
44	15727-22	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	15,700
Total:			5,585,001

## CATEGORIES OF SHAREHOLDERS

As At December 31, 2016

## List of Directors 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	4775	MS. SEEMA KHAN	1
4	4720 & 3277-90453	MR. EHSAN ALI MALIK	3,900
5	03277-144	MR. KAMRAN Y. MIRZA	36,098
6	06122-5280	MR. SHAMIM AHMAD KHAN	1,140
7	04002-39038	MS. ZEHRAN NAQVI	500
Total :			41,641

## List of Executives

S.No	Folio	Name	Holding
1	2270	RIAZ UL HASAN	112
2	3299	MOHAMMAD SAEED	2,018
3	4478	AZHAR KHAN	518
4	4509	MUHAMMAD SAEED	2,932
5	4535	NAJEEBUDDIN QURESHI	300
6	4538	MOHAMMAD HAMEED ULLAH	200
7	4616	MOHIUDDIN ANSARI	200
Total :			6,280

## Public Sector Companies and Corporations

S.No	Folio	Name	Holding
1	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	830,624
Total :			830,624

## Shareholders Holding 5% or more Voting Rights in the Listed Company

S.No	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,451
Total :			76,259,451

## Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds

S.No	Folio	Name	Holding
1	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE DEPARTMENT)	100
2	4171	N. B. P. TRUSTEE DEPARTMENT	880
3	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
4	02295-39	FAYSAL BANK LIMITED	176,500
5	02832-32	MEEZAN BANK LIMITED	95,000
6	03335-57	BANK ALFALAH LIMITED	300,000
7	03889-28	NATIONAL BANK OF PAKISTAN	1,397
8	03889-44	NATIONAL BANK OF PAKISTAN	34,750
9	04127-28	MCB BANK LIMITED	632,700
10	05132-26	ASKARI BANK LIMITED	86,500
11	16329-20	MCB ISLAMIC BANK LIMITED	100,000
12	3137	UNITED INSURANCE CO OF PAK LTD	2
13	03277-10526	HABIB INSURANCE CO.LIMITED	41,775
14	03277-71690	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	100,000
15	11320-25	B.R.R. GUARDIAN MODARABA	43,076
16	03277-8372	EXCEL INSURANCE CO.LTD.	10,000
17	07450-4077	CRESCENT STANDARD MODARABA	700
18	00521-3886	TRUSTEE-SANOFI AVENTIS PAKISTAN SENIOR-EXECUTIVE PENSION FD	2,200
19	00547-6424	TRUSTEE - IBM ITALIA S.P.A. PAKISTAN EMPLOYEES PENSION FUND	85
20	00695-10718	TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	2,000
21	00695-10759	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND (1390-2)	39,800
22	00695-14108	TRUSTEE-SHELL PAKISTAN DC PENSION FUND	4,000
23	00695-14116	TRUSTEE-SHELL PAKISTAN STAFF PENSION FUND	81
24	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	227,390
25	13748-592	TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	1,800
26	13748-667	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	1,000
Total :			1,902,736

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 68<sup>th</sup> Annual General Meeting of the Company will be held on Tuesday April 18<sup>th</sup> 2017, at 10:30 a.m. in the ICAP Hall, 1<sup>st</sup> Floor, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended December 31<sup>st</sup>, 2016.
2. To approve a cash dividend.
3. To appoint the Auditors of the Company up to the next Annual General Meeting and to authorise the Directors to fix their remuneration.
4. To elect seven directors as fixed by the Board in accordance with the Companies Ordinance, 1984, for a period of 3 years commencing April 16, 2017. The names of the retiring Directors are as follows:

Mr. Munir Ahmad Shaikh

Syed Anis Ahmed

Ms. Seema Khan

Mr. Kamran Y. Mirza

Mr. Shamim Ahmad Khan

Mr. Ehsan Ali Malik

Ms. Zehra Naqvi

By Order of the Board



Malik Saadatullah  
Company Secretary

Karachi: dated February 27<sup>th</sup>, 2017



**Notes:**

1. The Share Transfer books of the Company will remain closed from Tuesday, April 11<sup>th</sup>, 2017 to Tuesday, April 18<sup>th</sup>, 2017 (both days inclusive). Transfer received in order by our Shares Registrar, FAMCO Associates (Pvt.) Ltd., 8-F Next to Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi at the close of business on Monday, April 10<sup>th</sup>, 2017 will be considered in time for entitlement of cash dividend.
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 must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting. A proxy need, not be a member of the Company. The proxy shall produce his/her original CNIC or Passport to prove his/her identity.
3. Form of proxy is attached in the Annual Report.
4. As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I)/2014 dated 10<sup>th</sup> January 2014 read with Notification S.R.O. 831(I)/2012 dated July 5, 2012 require that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC Number) of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Dividend warrants of members who have not submitted a copy of their CNIC despite notices in respect of the last three dividend declarations will be withheld by the Company until submission thereof as permitted by SECP. A list of members who have not submitted copies of their CNICs can be viewed on the Company's website.

5. Shareholders are requested to notify the Company of any change in their addresses, if any, immediately.
6. 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.

**A. For Attending the Meeting:**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. 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.

## NOTICE OF ANNUAL GENERAL MEETING

- (iv) The Proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

### 7. Withholding Tax on Dividend under Section 150 the Income Tax Ordinance, 2001

- (i) Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, 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 filer of income tax return 12.5%.
2. Rate of tax deduction for non-filers of income tax return 20%.

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt.) Ltd., by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company and/or the Share Registrar, FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).

- (v) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

#### **8. 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 [www.abbott.com.pk](http://www.abbott.com.pk), to be sent to the Company's Share Registrar.

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.

9. Any person who seeks to contest the election of directors shall file with the Company at its registered office not later than fourteen days before the day of the above said meeting his/her intention to offer himself/herself for the election of Directors in terms of Section 178 (3) of the Companies Ordinance, 1984 together with (A) consent in form 28, (B) a Declaration with consent to act as Directors in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he/she is not serving as a Director on more than seven listed companies, that his/her name is borne on the register of National Tax Payers (except where he/she is a non-resident), that he/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.

## CALENDAR OF FINANCIAL EVENTS

Tentative dates for announcement of financial results for the Financial Year 2017:

1 <sup>st</sup> quarter ending March 31, 2017	3 <sup>rd</sup> week of April, 2017
2 <sup>nd</sup> quarter ending June 30, 2017	3 <sup>rd</sup> week of August, 2017
3 <sup>rd</sup> quarter ending September 30, 2017	3 <sup>rd</sup> week of October, 2017
Year ending December 31, 2017	2 <sup>nd</sup> week of February, 2018

Actual dates for announcement of financial results for the Financial Year 2016:

1 <sup>st</sup> quarter ended March 31, 2016	April 21, 2016
2 <sup>nd</sup> quarter ended June 30, 2016	August 19, 2016
3 <sup>rd</sup> quarter ended September 30, 2016	October 21, 2016
Year ended December 31, 2016	February 27, 2017



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## GLOSSARY

### Annual General Meeting (AGM)

Annual General Meeting of Shareholders of the Company

### ATL

Active Taxpayer List

### BMR

Business Modernization Rebate

### CEO

Chief Executive Officer

### CFO

Chief Financial Officer

### CIR

Commissioner Inland Revenue

### CIR(A)

Commissioner Inland Revenue (Appeals)

### CODM

Chief Operating Decision Maker

### Company

Abbott Laboratories (Pakistan) Limited (ALPL)

### Companies Ordinance

Companies Ordinance, 1984

### CSR

Corporate Social Responsibility

### DCIR

Deputy Commissioner Inland Revenue

### Earnings Per Share (EPS)

Calculated by dividing the profit after interest, tax by the weighted average number of Ordinary Shares in issue

### EBIT

Earning before Interest and Taxes

### EBITDA

Earning before Interest, Taxes, Depreciation and Amortization

### FBR

Federal Board of Revenue

### FTR

Final Tax Regime

### GHC

General Health Care

### ESH

Environment, Health and Safety

### IAS

International accounting standards

### IASB

International Accounting Standards Board

### ICAP

Institute of Chartered Accountants of Pakistan

### ICMAP

Institute of Cost & Management Accountants of Pakistan

### IFAC

International Federation of Accountants

### IFRS

International Financial Reporting Standards

### KIBOR

Karachi Inter Bank Offer Rate

### OICCI

Overseas Investors Chamber of Commerce & Industry

### PAT

Profit After Tax

### SECP

Securities and Exchange Commission of Pakistan

### SOP

Standard Operating Procedure

### SRO

Statutory Regulatory Order



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 68<sup>th</sup> Annual General Meeting of the Company to be  
held on Tuesday, April 18<sup>th</sup>, 2017 at 10:30 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) \_\_\_\_\_ day of \_\_\_\_\_ 2017

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:

1. 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.
2. 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.
3. 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.
4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be submitted with the proxy form to the Company and the same shall be produced in original at the meeting to authenticate the identity.





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P.O. Box 7229, Landhi  
KARACHI-74400

## پراکسی فارم

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

کو اپنا پراکسی مقرر کرتا ہوں / کرتے ہیں کہ وہ میری / ہماری جگہ کمپنی کے ۶۸ ویں سالانہ اجلاس عام میں، جو منگل ۱۸ اپریل ۲۰۱۷ 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 ۲۰۱۷ \_\_\_\_\_

5 روپے کے رسیدی  
 ٹکٹ چسپاں کریں

۱۔ گواہ  
 دستخط

نام \_\_\_\_\_  
 سی این آئی سی نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

۲۔ گواہ  
 دستخط

نام \_\_\_\_\_  
 سی این آئی سی نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

ممبر کے دستخط

شئیر ہولڈر فولیو نمبر \_\_\_\_\_  
 سی ڈی سی کھاتہ نمبر \_\_\_\_\_  
 سی این آئی سی نمبر \_\_\_\_\_

نوٹ:

۱۔ پراکسی کے موثر ہونے کیلئے ضروری ہے کہ اس کی تحریری اطلاع کمپنی سکریٹری ایبٹ لیبارٹریز (پاکستان) لمیٹڈ پی او بکس ۷۲۲۹، لانڈھی کو اجلاس شروع ہونے کے وقت سے زیادہ سے زیادہ 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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P.O. Box 7229, Landhi  
KARACHI-74400



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## CONTACT DETAILS

### Registered Office

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



