



2017 ANNUAL REPORT



**Abbott**

Abbott is a global healthcare company whose diverse businesses help people harness the enabling power of health to nurture, celebrate and fulfill the promise of human potential. We keep hearts healthy, nourish bodies at every stage of life, help people feel and move better, and provide information, medicines and breakthroughs to manage people's health. With growing businesses in both developed and developing markets, offering market-leading products that align with long-term demographic and technological trends, we are creating long-term shareholder value by delivering steady growth, strong cash flow, and steadily increasing returns.

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## THEME

### LIFE. TO THE FULLEST

We all have our unique idea of what it means to live fully, but there's one thing we share: we all want to live the best life we can. At Abbott, we are committed to identifying new ways to improve the lives of many people worldwide and helping them to live their **Life. To The Fullest.**

# 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.

## 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 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.

These values are a blueprint for our 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 are committed to working together to deliver solutions that are effective and profitable. Our focus on execution and collaboration ensures that we keep our promises to each other and to those we serve.

### 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.



THIS IS  
**ABBOTT**

*Executing our strategies,  
accelerating our growth, expanding  
our impact.*

## COMPANY PROFILE

Abbott has a history of more than 125 years globally and presence in Pakistan almost since its inception. We employ more than 1,400 people directly while providing indirect employment opportunities to thousands. The Company was incorporated in 1948 and commissioned its first manufacturing facility in 1962. Currently, the Company operates two state of the art manufacturing facilities and is listed on the Pakistan Stock Exchange.

Presently, Abbott operates in four different businesses and is the 2<sup>nd</sup> largest Pharmaceutical company in the country. It is one of the leading tax payers with contribution to the National Exchequer of Rs. 3.68 billion (2016: Rs. 3.73 billion).

The majority shareholding of the Company is with Abbott Asia Investments Limited, UK with the ultimate holding company being Abbott Laboratories, USA.



*life. to the fullest.*

# HISTORY TIMELINE

## *A Tradition of Innovation*

More than 125 years ago, in the year 1888, 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.

- **1900** The business is officially incorporated in Illinois as the Abbott Alkaloidal Company.
- **1915** The Abbott Alkaloidal Company’s name is changed to Abbott Laboratories 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.
- **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 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.
- **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.
- **2017** 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.

## OUR DIVISIONS

Our patient-centric solutions in Established Pharmaceuticals, Nutrition, Diagnostics and Diabetes Care divisions are addressing important health needs of people across Pakistan. Our diversity of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across regions and cultures.

### ESTABLISHED PHARMACEUTICALS (EPD)

Our Established Pharmaceuticals division is led by Syed Anis Ahmed who is the Chief Executive Officer of Abbott Laboratories (Pakistan) Limited. The division represents 75% of revenue of Abbott in Pakistan.

EPD offers high-quality, affordable and trusted branded generic medicines to help treat some of the most pervasive and persistent health conditions nationwide. The division operates in multiple therapeutic areas which includes women's and men's health, cardiovascular and metabolic, gastroenterology, pain and fever relief, central nervous system, respiratory, pediatrics and hospital care. There are more than 150 products in its portfolio.

The Established Pharmaceuticals Operations (EPO) division is led by Rana Anjum Latif - Director Operations. EPO is responsible for manufacturing and supply of goods for onward sale by the Commercial team. Currently there are two manufacturing sites in Pakistan both of which are based in Karachi.



## NUTRITION (ANI)

The Nutrition division is the second largest division, representing 17% of sales and is led by Asim Shafiq.

ANI offers science-based products for every stage of life - from infant and pediatric to adult healthy living and therapeutic nutrition. We have developed a number of formulations that also support the unique nutritional needs of people with chronic illnesses such as Diabetes and Chronic Kidney Diseases (CKD) while also providing proper nutrition to adults and children.



## DIAGNOSTICS (ADD)

The Diagnostics division is led by Habib Ahmed. Our dedication to introducing highly accurate, fast and efficient systems makes us the leading diagnostics solutions provider.

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



## DIABETES CARE (ADC)

The Diabetes Care division is led by Dr. Shaikh Adnan Lateef. Our Diabetes Care division is committed to develop products to reduce the discomfort and inconvenience of blood glucose monitoring; introducing systems that are easier to use, require less blood and provide faster results. Several of our leading-edge glucose monitoring systems and test strips are used in thousands of homes and hospital settings nationwide.





# BUILDING ON OUR CORE STRENGTHS.

## BALANCE

*in our business mix, our  
customer base, and the  
markets we serve*



## ALIGNMENT

*with the most significant  
needs and trends in  
healthcare*





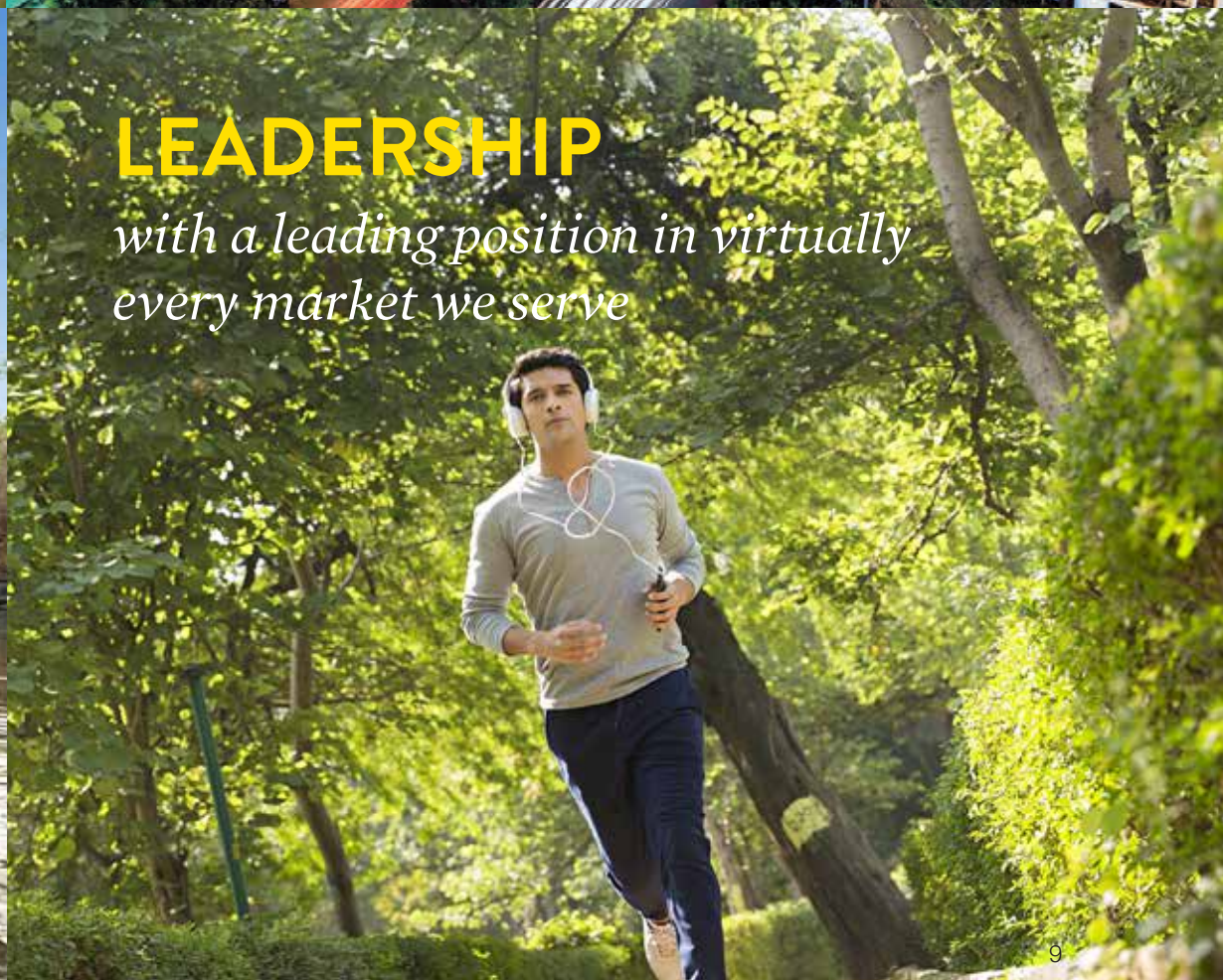
# PRESENCE

*in the world's largest and  
fastest-growing markets*



# LEADERSHIP

*with a leading position in virtually  
every market we serve*





# LIFE-CHANGING HEALTH TECHNOLOGY



*Every day, around the world, Abbott's products help people live fuller, healthier lives. Today, thanks to cutting-edge research in every one of our businesses, we have an unprecedented pipeline of next-generation technologies that address some of the world's most pressing healthcare issues – advances that will extend our impact, and sustain our growth, for years to come.*

## ESTABLISHED PHARMACEUTICALS

Anum Amir Ali had complaints of skin problems and weak hair for the last 8 months. After spending a lot of time and money for her treatment, she became extremely upset as her efforts did not yield the desired outcome.

After consulting with another doctor, she was prescribed Abbott's multi-vitamin for 3 months for nutritional deficiency. Since then she has felt better with fresher skin and stronger hair. Overall she feels energized mentally and physically. She believes that Abbott has made her life healthier and happier than before!

### ABBOTT'S PHARMACEUTICAL BUSINESS IS A UNIQUELY POWERFUL GROWTH ENGINE FOCUSED ENTIRELY IN FAST-GROWING MARKETS

Built on the foundation of the trust, consumers and healthcare providers have in Abbott, our pharmaceuticals business continues to deliver excellent growth by meeting the need for quality and affordable medicines.

Our history and the quality of our products provides a solid base to remain competitive, particularly when it comes to manufacturing and innovation.

We have a portfolio of more than 150 products across multiple therapeutic areas, including gastroenterology, women's and men's health, cardiometabolic, pain management, central nervous system, respiratory, pediatrics and hospital care. Within this offering, we have created new ways of using existing medicines, new dosage combinations, new indications, different flavors, enhanced packaging and digital solutions that improve patient adherence.



**>150**

products in Abbott's  
portfolio in multiple  
therapeutic areas



**2**

manufacturing sites



**6**

brands > Rs. 1 billion



**ANUM  
AMIR ALI**  
Karachi

Anum was concerned with her skin and hair loss. She relied on Abbott's multi-vitamin to stay confident and happy.

**TRUSTED, BRANDED MEDICINES**  
*meeting the needs of millions of people nationwide.*



# BUILDING OUR LEADERSHIP

*with trusted medicines.*



**BRUFEN**  
Pakistan's #1  
ibuprofen brand  
in volume



**ARINAC**

Pakistan's #1  
cough and cold  
preparation



**KLARICID**

Pakistan's  
#1 macrolide  
antibiotic

**DUPHASTON**

Pakistan's #1 brand  
for progesterone  
deficiency





**3**  
PRODUCT  
LAUNCHES IN  
2017

**ONE OF THE  
FASTEST GROWING  
MNCs IN THE  
PHARMACEUTICAL  
SECTOR**

*(IMS Dec 2017, Excluding  
Nutrition)*



**SURBEX Z**

**Pakistan's #1  
zinc-fortified  
multivitamin  
tablet**



**EPIVAL**

**Pakistan's #1  
branded treatment  
for epilepsy**

## 2017 BUSINESS HIGHLIGHTS

- Primary sales growth of 13.2% with IMS growth of 10.1%. *(IMS Dec 2017, MAT)*
- Increased our market share to 5.6% in December 2017 from 5.4% in December 2016. *(IMS Dec 2017, MAT)*
- Brufen crossed Rs. 3 billion sales in 2017.
- Epival crossed Rs. 1 billion sales in 2017.
- Significant investment of Rs. 1.2 billion in our production facilities.
- Launched Abbott's first technical center in Karachi in our Landhi facility.

## OUR UNIQUE APPROACH

Our Pharmaceuticals division is focused on helping to make the world a healthier place by bringing the benefits of trusted pharmaceutical brands to much broader patient populations. EPD brings value to its patients and customers through a growing portfolio of high-quality established pharmaceutical products by building portfolios of trusted products to suit patient needs.

We want to be the most trusted partner in the pharmaceuticals sector. We focus on increasing access to needed medicines and being closer to patients and customers by offering a broad portfolio of high-quality medicines that best meet local market needs.

## NUTRITION

Rehana Saleem is a working woman with four children. After a long-time complaint of weakness, she consulted her doctor who advised her to start using *Ensure Nutrivigor*. She has been using *Ensure Nutrivigor* for more than a year and describes a drastic change in her health. She can now work throughout her day without getting fatigued. Rehana can now walk up-to a kilometer everyday to and from work and stay fresh and healthy.

### HELPING GIVE CHILDREN A STRONG START

For infants and toddlers, we make products that are trusted around the world to support healthy growth and address the special nutrition needs of children who are ill. We also offer *PediaSure*, our complete, balanced nutritional supplement that supports healthy growth and development.

### HELPING ADULTS ACHIEVE THEIR HEALTH GOALS

For adults, Abbott has a broad portfolio of products including modular products to address specific nutritional needs, supplemental nutrition to help fill gaps in the diet, and oral nutritional supplements and tube feeding which provides a source of complete and balanced nutrition. In addition to our market-leading *Ensure* family of products, Abbott has developed a number of formulations that support the unique nutritional needs of people with chronic illnesses, including *Glucerna*, for people with diabetes and *Nepro*, for patients suffering from chronic kidney diseases.



*Ensure Nutrivigor is a unique system of ingredients consisting of Acti-HMB, Protein and Vitamin D to help rebuild muscle and strength naturally lost over time.*

### NATIONWIDE REACH

**>90%**

Market Share in  
Adult Nutrition in  
Pakistan

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



**REHANA  
SALEEM**  
Karachi

Rehana now has the energy to manage her home and work life while continuing to do the things that she loves. She relies on *Ensure Nutrivigor* to support her strength and mobility to help her maintain an active lifestyle.

# SCIENCE-BASED NOURISHMENT

*for every stage of life.*



# EXPANDING OUR IMPACT

*with continual product improvements.*



## GLUCERNA

Leading nutritional product formulated to help people maintain healthy glucose levels and manage diabetes



## SIMILAC

*Infant formula with Galactooligosaccharides to support the growth of good bacteria and maintain a healthy digestive system*



## ENSURE

*Provides complete nutrition to adults and elderly*

## PEDIASURE

*A nutritional supplement that complements a healthy diet for kids*





**3**  
PRODUCT  
LAUNCHES IN  
2017

**# 1**  
NUTRITION  
COMPANY IN  
PAKISTAN

## NEPRO

*is a great-tasting nutritional product specifically designed to help meet the nutrition needs of people suffering from chronic kidney diseases*



## PROSURE

*A nutritional supplement for people suffering from cancer*

## 2017 BUSINESS HIGHLIGHTS

- Conducted the largest Continuing Medical Education (CME) of Pakistan over the last four years which included more than 300 doctors providing deep insights on nutrition for all stages of life. This included presentations from leading HCPs to provide guidance and training to the audience.
- Increased primary sales by 9.5% over last year.
- Maintained market leadership position with a market share of 31.1%. (IMS DEC 2017, MAT)
- Three new products launched during the year.

## ABBOTT DRAWS UPON CUTTING-EDGE RESEARCH TO DEVELOP MORE EFFECTIVE NUTRITIONAL PRODUCTS

### SCIENCE-BASED NUTRITION

Abbott's science-based nutrition drinks help patients have a better recovery from surgery. Research shows that staying nourished in the days and hours prior to a procedure can help patients prepare for and recover from surgery.

## DIAGNOSTICS

Chughtai Laboratories is a 24 hour reference lab with locations in more than 100 cities across Pakistan. The scalable integrated systems from Abbott offer them the flexibility to produce reliable results for their patients both at their core lab facility and at the satellite centers.

During 2007, Chughtai Lab was the first one to launch Abbott's *ARCHITECT ci8200* – Integrated immunochemistry system in Pakistan. Similarly, once again during 2017, Chughtai Lab implemented Abbott's new *Alinity ci* system.

Chughtai Lab is proud of its long-standing partnership with Abbott Pakistan and is confident that adding this solution will further enhance the positive experience of its customers and will aid Chughtai Laboratories to provide high quality diagnostic services.

### ABBOTT'S PRODUCTS PROVIDE INFORMATION THAT HELPS PREVENT, DIAGNOSE AND TREAT A BROAD SPECTRUM OF HEALTH CONDITIONS

Abbott offers a wide range of diagnostic instrument systems and tests for hospitals, reference labs, molecular labs, blood banks, physician offices and clinics. We are committed to transforming the practice of medical diagnosis by improving patient care and lowering costs.



**DR. OMAR  
CHUGHTAI**  
Lahore

Dr. Omar Chughtai is the Director Operations for Chughtai Laboratories. The lab requires accurate results with a fast turnaround time to cater for their growing volumes.



**Leading  
Diagnostics  
Solutions Provider**





## ALINITY FAMILY

- CLINICAL CHEMISTRY  
Alinity<sub>c</sub>
- IMMUNOASSAY  
Alinity<sub>i</sub>
- HEMATOLOGY  
Alinity<sub>hs/hq</sub>
- BLOOD SCREENING  
Alinity<sub>s</sub>
- MOLECULAR  
Alinity<sub>m</sub>
- POINT OF CARE  
i-STAT Alinity
- INFORMATICS  
Alinity PRO

**ACCURATE, TIMELY INFORMATION**  
*to better manage health and help improve outcomes.*



# CREATING THE FUTURE

*through unified, holistic family  
of systems.*



**ACCELERATOR**  
*a***3600**

**ALIGNED** With Customer Goals

Fueled By **INNOVATIVE** Possibilities

Working in **UNITY** To Deliver Results

## 2017 BUSINESS HIGHLIGHTS

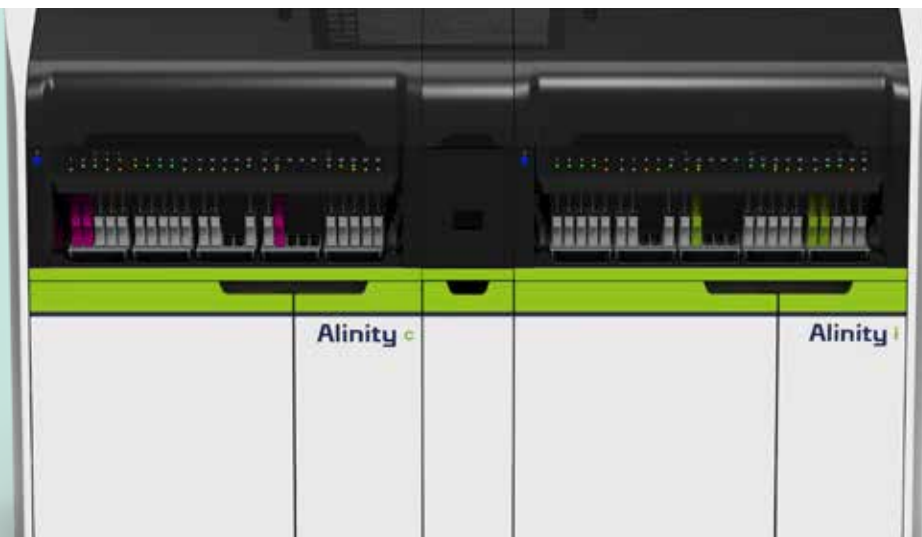
- Primary sales grew by 11.6% over last year.
- Launched a next-generation system and immunoassay in 2017:
  - ➔ **Alinity**: a game-changing technology providing a total diagnostics solution, designed to help hospitals and diagnostic laboratories achieve measurably better healthcare performance.
  - ➔ **ARCHITECT B.R.A.H.M.S PCT**: an immunoassay which helps hospitals and laboratories in the diagnosis and patient management of Sepsis.

### ALINITY OFFERS A MAJOR LEAP FORWARD IN TERMS OF RELIABILITY, COST, CAPACITY, SPACE EFFICIENCY, AND EASE OF USE

Today's healthcare systems face a host of challenges that impact their ability to deliver fast and accurate results that doctors need. They are being asked to handle unprecedented volumes of tests on limited budgets, staff and space.

Abbott's new family of systems, which includes next-generation instruments for clinical chemistry, immunoassay, hematology, point-of-care, blood and plasma screening, and molecular diagnostics, will help lab professionals and clinicians meet these challenges better than any technology available today.

Systems in the *Alinity* family share a number of key attributes: they offer solutions that align with the needs of today's labs; they provide innovative solutions to current and future challenges; they're designed to be interconnected and work together seamlessly while using less space in today's smaller labs; and they have common software and hardware platforms, plus universal, intuitive interfaces that make them simpler to use.





## DIABETES CARE

Hasan Kazim, a businessman by profession, started to feel excessive thirst and lethargy during his sports activities. He consulted with his doctor and was diagnosed with Diabetes Mellitus.

Initially, he was very concerned, however, he decided to fight the disease and not let it put him down and away from his passion of sports. Through his courage and optimism, Hasan followed a balanced diet, exercised regularly and monitored his blood sugar regularly using *FreeStyle Optium Neo*.

He is thankful to Abbott for *FreeStyle Optium Neo* meter which has allowed him to live a normal life and not be affected by diabetes.

### ABBOTT IS COMMITTED TO HELPING PEOPLE ACROSS PAKISTAN MANAGE THEIR DIABETES MORE EFFECTIVELY AND COMFORTABLY

As a global leader in diabetes care, Abbott is constantly working to deliver the highest quality products and unwavering support to our customers. Consistent and accurate glucose monitoring is the foundation of any diabetes management plan so we are committed to continuous improvement in the way patients and professionals measure, track and analyze glucose levels.



# 425

million  
people worldwide have  
some form of diabetes.

# 48%

INCREASE

*projected in the number of people  
living with diabetes by 2045*

**HASAN  
KAZIM**  
Karachi

Hasan Kazim, a person who loves sports, appreciates the freedom afforded to him by Abbott's *FreeStyle Optium Neo* glucose monitoring system.

**HELPING PEOPLE WITH DIABETES**  
*live healthier, fuller lives.*



# EXPANDING OUR LEADERSHIP

*with advancing technologies.*



**Provide your guidance now**



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



**Guiding the Way**







### CLEAR AND SHARP SCREEN

is icon driven & easy to read



### ACCURATE

blood glucose & blood ketone testing



### TREND INDICATORS

alerts hypo or hyperglycaemic events & patterns



### INSULIN DOSE GUIDE

lets patients know how much insulin to take and when



### INSULIN LOGGING

helps patients stay on track

## 2017 BUSINESS HIGHLIGHTS

- Increased primary sales by 22.6% over last year.
- Expanded the customer base for *FreeStyle Optium Neo H* meters and strips.
- Successfully launched *FreeStyle Optium Ketone H* strips in hospitals.
- Partnered with one of the leading Insulin companies in Pakistan for *FreeStyle Neo* meters to maximize our reach to diabetic patients.

## CHANGING THE TESTING PARADIGM FOR PEOPLE WITH DIABETES

At Abbott, we believe people with diabetes should have the freedom to enjoy vigorous, and 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 allows 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.

# FreeStyle

## Optium Neo

Blood Glucose and Ketone Monitoring System

- Trend Indicators
- Insulin Dose Guide



## NEW PRODUCT LAUNCHES

### CANSAAR

To further strengthen our cardiovascular portfolio, Abbott launched *Cansaar* (Candesartan).

*Cansaar* belongs to the Angiotensin II Receptor Blockers (ARB) class of drugs and is available in tablets of 8mg, 16mg and 32mg. It is a valuable addition to our pharmaceuticals division and supports our existing line of products in the cardiovascular portfolio.



### CANSAAR PLUS

*Cansaar Plus* is a combination of Candesartan and Hydrochlorothiazide. Hydrochlorothiazide is a diuretic medicine which reduces the water content of the body, thus helps the patients by relaxing the circulatory system. *Cansaar Plus* was launched in a combination of 16 mg Candesartan and 12.5 mg Hydrochlorothiazide and is also part of our cardiovascular portfolio.

### BRUFEN-PET BOTTLE

*Brufen* the flagship brand of Abbott Pakistan underwent a major transformation in 2017 when the glass bottle of *Brufen Suspension* was replaced with a new user friendly and convenient PET (Polyethylene Terephthalate) bottle.

The PET bottle offers multiple benefits over the conventional glass bottle, as it comes in shatterproof material, is light-weight and has an improved plastic cap.



Lightweight



Easy to open



Shatterproof



Environment Friendly

## NEPRO HP (HIGH PROTEIN)

During 2017, our Nutrition division launched *Nepro High Protein* (HP). The product provides complete renal nutrition to meet the nutritional needs of people on dialysis.

*Nepro HP* is high in protein and consists of 28 vitamins and minerals including vitamin B3 and B6 to help produce energy and reduce tiredness. It is also high in calories and contains Monounsaturated Fatty Acids (MUFA) and Omega-3 fatty acids.



## NEPRO LP (LOWER PROTEIN)

*Nepro LP* is another addition to our range of Nepro products, launched in 2017, it is high in calories and lower in protein, and provides complete renal nutrition to patients with reduced kidney function who are not on dialysis.

Similar to *Nepro HP*, this variant also consists of 28 vitamins and minerals including vitamin B3 and B6 and is high in calories and contains Monounsaturated Fatty Acids (MUFA) and Omega-3 fatty acids.



## PROSURE

*Prosure* is a nutritional supplement introduced by our Nutrition division during 2017 for patients suffering from cancer-induced weight loss. It addresses the metabolic changes seen in people with cancer-induced weight loss, and promotes weight gain and lean body mass. *Prosure* should supplement, not replace, your meals.



## ARCHITECT B·R·A·H·M·S PCT (PROCALCITONIN)

The *ARCHITECT B·R·A·H·M·S PCT* assay is a Chemiluminescent Microparticle Immunoassay (CMIA) for the quantitative determination of Procalcitonin (PCT) in human serum and plasma, run on *ARCHITECT i2000SR* and *i1000SR* systems. The *ARCHITECT B·R·A·H·M·S PCT* assay is indicated to be used in conjunction with clinical evaluation and other laboratory findings.

## NEW PRODUCT LAUNCHES

### ALINITY

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

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

*Alinity* represents a breakthrough in the diagnostics industry, because the products in the family share three key attributes: **AL**ignment, **IN**novation and **un**ITY meaning that they offer solutions that align with the needs of today's labs; they provide innovative solutions to current and future challenges; they are designed to be interconnected and work together seamlessly while using less space in today's smaller labs; and they will have common software and hardware platforms, plus universal, intuitive interfaces that make them simpler for people to use.

These systems are supported by *AlinIQ*, our new portfolio of products that gives labs access to professional service experts, processes, and informatics tools that can improve their operational productivity with existing resources.



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



Uniformity - Common user experience



Flexibility - Scalable system with open connectivity



Operational Productivity - Maximum throughput in a smaller footprint



Confidence - Error-proof design and quality assay performance





**Abbott**



# Citrosoda®

**The Only 4-in-1 Antacid**

**For quick relief from:**

**Indigestion  
Flatulence  
Acidity  
Heartburn**



**سٹروسوڈا®... بدپیشی یہ جاوہ جا**

نہ ہر دماغ میں یہ کی گئی ہے۔ اس کی وجہ سے اس کا ذائقہ اور اس کی کارکردگی میں کمی آتی ہے۔ اس کی وجہ سے اس کی کارکردگی میں کمی آتی ہے۔ اس کی وجہ سے اس کی کارکردگی میں کمی آتی ہے۔



# 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 PORTFOLIO

We have 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.



### WOMEN'S AND MEN'S HEALTH

For over 50 years around the world, Abbott has helped women and men 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 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 includes recurrent Urinary Tract Infections and also has a range of herbal medicines. This portfolio also provides preventative solutions from viruses spread by mosquitoes by providing effective mosquito repellent solutions.



## HOSPITAL CARE

Abbott's Hospital Care portfolio provides solutions to healthcare 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

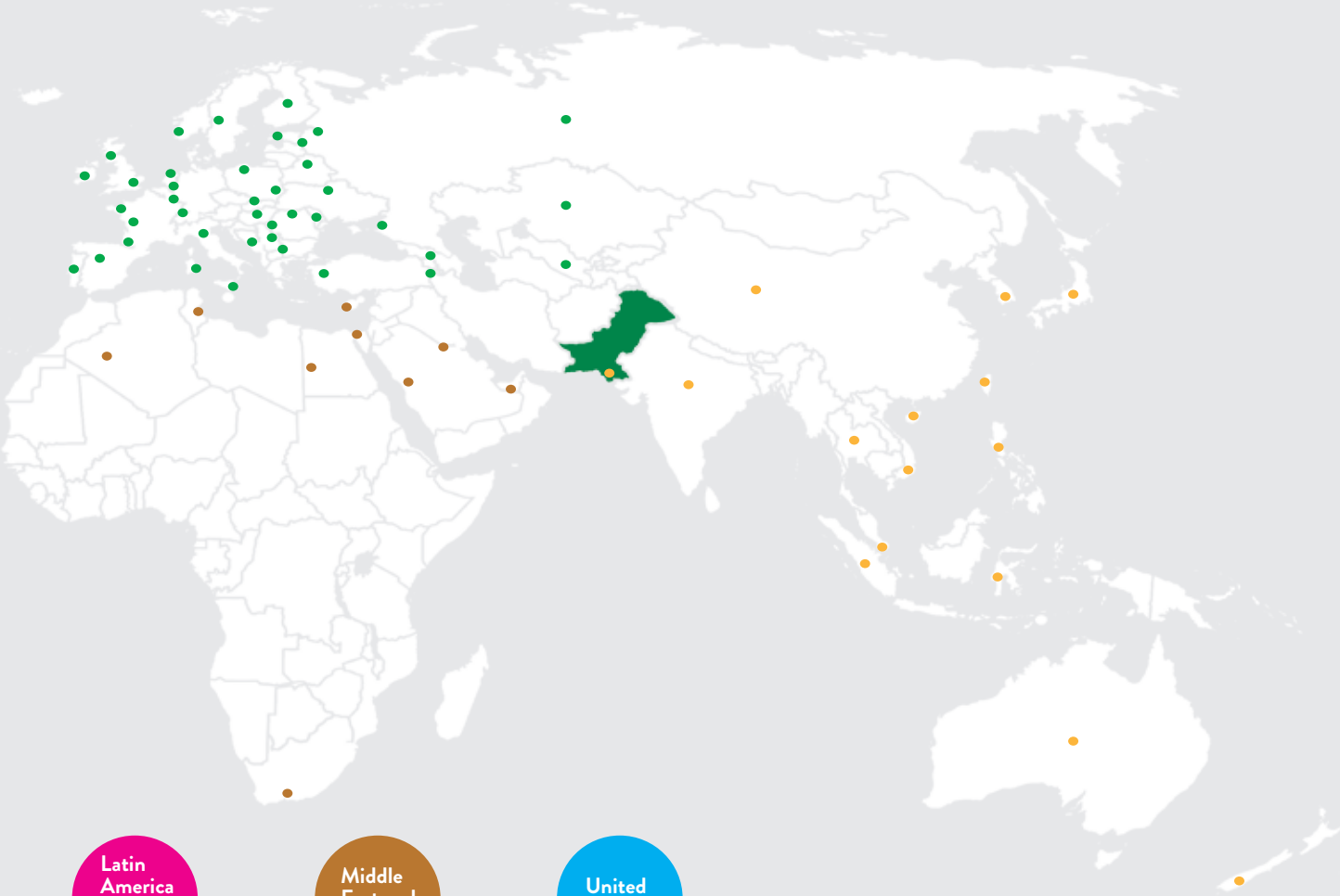
Europe

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

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

Ireland  
Italy  
Kazakhstan  
Latvia  
Lithuania  
Moldova  
Netherlands  
Norway  
Poland  
Portugal  
Republic of Serbia  
Romania  
Russian Federation  
Slovakia  
Slovenia  
Spain  
Sweden  
Switzerland

Turkey  
Ukraine  
United Kingdom  
Uzbekistan



Latin America and Canada

Middle East and Africa

United States

Argentina	Algeria	Illinois - Abbott Park - Head Office
Brazil	Israel	
Canada	Kuwait	
Chile	Lebanon	
Colombia	Saudi Arabia	
Costa Rica	South Africa	
Dominican Republic	Tunisia	
Ecuador	United Arab Emirates	
El Salvador	Egypt	
Guatemala		
Mexico		
Peru		
Puerto Rico		
Trinidad and Tobago		
Uruguay		
Venezuela		







## HUMAN RESOURCE DEVELOPMENT

Abbott Pakistan leadership and its Human Resource function continues to make concerted efforts towards its commitment to people development. We strive our best to develop and prepare our people to the growing talent needs.

Transforming the organizational environment and culture that nurtures such commitment and ensures complete alignment requires efforts at all levels. We are pleased to report that these collective efforts are bearing fruits that are well reflected in the performance of the organization in 2017; the year of some fantastic achievements for Abbott Pakistan. In this success story, your HR function continued to play a pivotal role in building and maintaining high levels of employee motivation and commitment through different interventions. We strive to be an exemplary support department that has a direct impact on business results. The achievement streak continued throughout the year, as Abbott remained ahead of market consistently on a month-on-month basis. Each department met or exceeded its targets.

### ORGANIZATION DEVELOPMENT

In partnership with business leaders, we continued our focus on effective resource utilization through putting-in improved organizational structures that can bring about better efficiencies and optimal impacts. Simultaneously, career paths and succession pipelines were developed for high performing and high potential talents with particular focus on critical roles. All the activities were done through robust, well defined criteria and processes ensuring transparency which in-turn enhanced the level of trust of employees in your management and also was a key motivation booster. These efforts too, contributed significantly towards improved performance in a healthy and competitive environment. We are especially proud to report that Abbott field-force has been recognized as the number one field-force by both General Practitioners and Consultants in a third party survey carried out by IMS. Your Company has also been recognized as a 'Best Place to Work' in Pakistan through an independent survey carried out by Pakistan Society of Human



Resource Management and Engage Consulting. These recognitions are a strong reflection on the focus and efforts that your management is putting in making Abbott the number one company in Pakistan and among the most preferred employers.

### INDUSTRIAL RELATIONS

Recognizing our employees as the Company's most valuable assets, Abbott Pakistan ensures that all its employees are treated equally and provided with a congenial work environment. Your management's cordial mutually respectful working relationship with the union and unionized employees remains a contributing factor behind achievement of targets. Education and training on safety, security, compliance and other related important topics remains a salient feature of our ongoing activities at all locations. The company also ensures that all employees including workers are fully equipped with the right tools including equipments necessary to ensure their safety and good health. In turn, our unionized workers deliver on their targets and continue making their contribution to company's growth.

### TALENT MANAGEMENT

Abbott believes in helping people live life to the fullest. Our purpose is to help people live healthier and better lives which we do with our medical solutions and products. To ensure that effective customer service is delivered, it is imperative that our people remain happy and motivated towards the cause. Your management and your HR team continuously strives to make Abbott a 'Great Place to Work'. These efforts are also reflected in the credit that we have been receiving from the market in form of recognition awards, but more importantly, it is reflecting in the ever improving quality of talent that we receive as candidates. In past few years, and particularly in 2017, the candidatures have improved significantly in terms of experience and skills profile as well as in numbers of applicants including a notable number of Pakistanis living abroad who wish to repatriate. We can thus proudly claim to be playing a role in the reversal of brain-drain, no matter how small the contribution is.

Employee Retention and Development has remained a focus area for us. In addition to the aforementioned initiatives, personal development programs were initiated at larger scale for the field-force. Capitalizing on the cycle meetings opportunities, personal development motivational sessions were conducted for first-line managers and territory managers of various levels across country. A number of company's senior management underwent several leadership development programs in line with their specific identified development needs. These interventions are expected to help them and the organization in making our talent pipelines even more robust.

### ABBOTT PAKISTAN AWARDED AS BEST PLACE TO WORK

Your Company has been recognized both by Abbott Global as well as by independent assessors within Pakistan who carried out surveys to determine the best places to work in Pakistan. Pakistan Society for Human Resource Management in collaboration with Engage HR (a private consulting organization) carries out an organizational survey every two years to determine the industry leaders who provide their employees with the best working environment. The 'Best Place To Work' study is conducted every other year with the aim to highlight trends in employee expectation, retention, motivation and engagement. The study assesses employees' sense of belonging and trust, their alignment to the Company's mission and strategy, and

ultimately the Company's potential for sustainable success. The award is considered among the most coveted and respected recognition across industries in Pakistan due to its robustness of assessment and transparency of results. Being awarded 'Best Place to Work' recognizes your Company as one whose employees have the highest degree of engagement across industries.

### WINNING TOGETHER BEHAVIOR AND CULTURE

'Winning Together Behavior and Culture', a global drive across Abbott, emphasizes on "Ownership, Collaboration, Measured Risk-Taking, and Adding Value" in everything we do at work. These behaviors are enforced and reinforced through multiple engagement interventions throughout the year. Employees at all levels are observing and demonstrating these behaviors in their daily activities and are exemplifying these behaviors in words and spirit. These efforts were well recognized through an award in category of 'Collaboration' by Abbott Global; reflecting the degree of engagement and collaboration that is being demonstrated by Abbott Pakistan.







## CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, your Company continued to provide management-traineeships and internship experience to students from various academic institutions. This year, the number of interns exceeded 150 which reflects both the increasing interest of talent in the market and the number of initiatives and new projects that required additional support which in turn, reflected in the enhanced overall performance. Internships opportunities for applicants with special needs continued to be a major area of attention and like previous years, this year we also provided internship opportunities to candidates with special needs.

In summary, while the previous year was the year of transformation initiatives, 2017 has been the year when the transformational initiatives bore fruits and your Company gained recognition and credit for all the good work being done by its management and leadership where your HR Department also has a key driving role to play.



## ENVIRONMENT, HEALTH & SAFETY

At Abbott, we know a healthy environment is essential for better health, stronger communities and more fulfilling lives. We are committed to safeguarding a healthy environment for everyone by reducing the environmental impacts of our business. Our environmental initiatives aim to protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

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

Both our manufacturing plants and commercial operations are designed to achieve the objective of reducing our environmental footprint, adhering to the corporate policies, we work towards a sustainable future whilst keeping the Company's interest in mind.

Our Global environment health and safety strategy – Our People, Our Planet and Our Values – commits us to advancing Abbott 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 and 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

The world's resources are finite, and even renewable resources are being used faster than they can regenerate. Waste continues to increase, landfill space is rapidly shrinking, and access to acceptable waste disposal facilities is limited. This makes improving waste management a priority, both for our business and for the planet. It improves operating efficiency, reduces costs and cuts demand for virgin resources, reducing our environmental impact.





### Zero Waste to Landfill Initiative (ZWL)

Zero waste to landfill is a process whereby a site finds ethical, economical, efficient means to manage processes in order to avoid and eliminate the volume and toxicity of waste and materials, and to conserve and recover all resources. ZWL works towards eliminating all waste sent to a landfill and diverts it to become a resource for other beneficial uses.

Our Landhi facility is a Zero Waste to Landfill site. All the waste generated during manufacturing operations are either being reused or recycled. As part of the efforts to achieve ZWL certification, one major initiative was the installation of industrial scale composting plant to convert the cafeteria and garden waste into compost which is later used for landscaping purpose through a government authorized contractor.

ZWL remains a key cog of Abbott's overall waste management strategy. The Company during the year has succeeded in preventing up to 76.6 Metric Tons of waste from being landfilled in 2017 and also achieved its targets for reducing waste whereby waste for 2017 was 49 Metric tons lower than that of the assigned target. The Company, for its achievements, was also given a regional certification of 'Zero Waste to Landfill'.

### 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 in soil. The initiative supports the overall Abbott's 'Zero Waste to Landfill' initiative.

The Composting machine installed at our Landhi facility is a benchmark for the industry. The machine at site is a fully automated in-vessel composting system that converts organic waste to compost in just 24 hours. It has a capacity to produce 400 kg material as compost per day utilizing garden waste and food scrapes from site canteen to turn into fertilizer.

### ENERGY CONSERVATION AT ABBOTT AND PAKISTAN'S ENERGY CRISIS

At Abbott, we are committed to executing an energy policy that 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.

#### Solar Power Project

During the year, Abbott Pakistan completed the installation of 1,972 solar panels at its Korangi facility. This is the largest collection of solar panels built by any healthcare company in Pakistan. This is also the largest installation of solar cells at any Abbott's site worldwide.



In addition to reducing the CO<sub>2</sub> emissions, this project is expected to yield significant cost savings. Further, we already rely on internal power generation by use of gas turbines for our Landhi Plant which again is evidence of our continued commitments towards contributing positively in managing the Country's overall energy crisis.



### Other Energy Conservation Measures

A project comprising use of energy efficient LED lights is on the verge of completion that will contribute significantly in energy conservation. The Company has also been working on various initiatives which includes making our HVAC equipment process energy efficient through implementing best engineering practices.

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 human health and for the health of economies and ecosystems. Climate change, increasing water scarcity, population growth, demographic changes and urbanization all pose challenges to our global water supply. The world needs better management of all water resources, and re-use of waste water to recover water, nutrients and energy.

Access to water is essential for our manufacturing operations. It also plays a critical role in the use of many of our products. Abbott is committed to managing its water use in an efficient and sustainable manner and to improve access to clean water for communities, wherever possible.

Internal engagement is vital for reducing our environmental impact. Abbott strives to help our employees understand how they can contribute to

reducing energy and water use and to empower action at all levels of our organization.

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

### QUALITY ASSURANCE

Consumers trust Abbott products to help them live their best possible lives through better health. We do not take this responsibility lightly. We are fully committed to improving healthcare by providing high-quality, safe and effective products and ensuring compliance. Our quality culture is embedded in everything we do.





Following are some of the examples which show our commitment towards quality:

#### **Quality Audit and Inspections**

Our high quality standards and compliance levels are evident from our exemplary performances in a number of audits and inspections conducted by various external and internal agencies including our Corporate Quality. A five days' extensive audit by Corporate Quality audit team at Korangi manufacturing site yielded no critical observations. In addition to various unannounced periodic inspections from Federal and Provincial health officials, the manufacturing sites at Landhi and Korangi have also undergone external agency audits in 2017. All of these successful audits and inspections only reaffirm the high quality standards that we uphold.

#### **Quality System Improvement**

Implementation of a new compliant laboratory information system at both sites has been initiated which will ensure that all our laboratory data is available, tracked, and readily accessible as per current GMP guidelines and requirements. Further, we are also working on executing a thorough plan on Computer System Validation of GXP applicable equipment at sites.

#### **Quality Month**

Like previous years, Quality & Regulatory month was celebrated across plants and commercial offices of the Company in November 2017. These activities are aimed at promoting culture of quality and raising awareness about quality aspects in all site personnel. We at Abbott ensure that quality is everyone's responsibility and each and every person working for the Company contributes towards product quality.

#### **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 AND HEALTH

We are committed to keeping all those who work for Abbott safe through the prevention of incidents in and around the workplace. In educating our employees, we also empower them to promote safer and healthier lives in their wider communities. Abbott has clear, consistent global policies and standards for managing employee health, safety and productivity, while also protecting the environment.

We believe that safety is the responsibility of every employee - and that all incidents that compromise our employees' health and safety are preventable.

### Take the Course and Horn your skills - Driver Safety Refresher

A total of 600 field employees participated in the initiative, which was aimed at evaluating the driving attitudes, knowledge/awareness, alertness of employees and improving their analytical skills and

judgement in order to prevent any accidents. Such an initiative is indicative of the Abbott's commitment to employee's safety not only in the workplace but beyond it as well.

### Powered Industrial Truck Safety, Emergency Response Preparedness, Handling Dangerous Goods and Fire Fighting Drills

This was a 2 day training conducted at all the satellite warehouses and remote offices situated in Lahore, Islamabad and Multan. The trainings were bifurcated into half day classroom activity and half day practical sessions aimed at creating awareness amongst forklifters and reducing the likelihood of incidents in warehouse. A total number of 10 forklift operators participated in the training, apart from several other warehouse employees.

For Emergency Response Preparedness (ERP), a half day classroom session helped the warehouse staff to identify ERP leaders' role & refreshed their





responsibilities in case of any emergency. Role play sessions & unannounced mock drills were conducted to prepare the employees for any emergency situations.

### Behavior Based Safety Program

Launched last year, the Behavior Based Safety program continued with all its vigor during the current year. The program involves on the job safety observations to capture safe and at risk behaviors. 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

More than 190 employees were trained through classroom sessions. This program greatly contributed in transforming our risk behaviors in to safe behaviors while at work.

### First Aid Training and AED Drill

In order to assess and evaluate employees' abilities in term of dealing with unforeseen incidents at work, first aid trainings were provided throughout several departments. Employees were identified, examined for medical history and trained to provide CPR (Cardiopulmonary Resuscitation) in case of need. Further employees from different departments were trained to operate AED (Automated External Defibrillator).

### Emergency Response Drills

Various fire drills for emergency preparedness were conducted on a regular basis giving hands on training to employees in case of fire during the year.



## SUPPORTING OUR COMMUNITIES

### EVIDENCE BASED CLINICAL STUDIES

#### **Abbott conducted 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 are working together to find out as to how common a particular disease is in our part of the world, how we can diagnose it better and how proper management can positively affect the quality of life of patients.

The *PRECIOUS* Study in partnership with renowned gynecologists and obstetricians from across the country is a clear example of this. The objective of the study is to find an estimate of pregnant females with subclinical hypothyroidism. Hypothyroidism and Sub-Clinical Hypothyroidism (SCH) in pregnancy can have devastating outcomes on health, both for the mother and the baby. It is imperative that we should have first-hand knowledge of the burden of the disease. Once the results of the study are analyzed and published, they will be disseminated within the healthcare community to help them understand the incidence of SCH in pregnancy.

To guarantee the best quality Abbott products reach our customers, Bioequivalence (BE) studies, are integral strategy for medical affairs. As more of Abbott's generic products reach the masses, the safeguard of consumer's health becomes imperative through BE studies. These studies assess not only relative pharmacological properties of two products but also focus on comparative therapeutic drug product performance.

### AWARENESS CAMPAIGNS

#### **Abbott Organized "BMJ Vertigo Workshops" to create awareness of Vertigo**

In 2017, Vertigo Excellence Workshops were conducted in collaboration with British Medical Journal (BMJ) which is a global healthcare service provider that

advances healthcare worldwide by sharing knowledge and expertise to improve experiences, outcomes and value.

Vertigo Excellence Workshop was an internal initiative in which BMJ modules were used. ENT specialists were the module facilitators. The workshops were rolled out in Karachi, Lahore, Islamabad and Peshawar engaging more than 200 HCPs.

Additionally, patient support material was also developed and distributed by Abbott's medical department regarding "Adaptation Exercise for Vertigo/Dizziness Patients" both in English and Urdu language to support HCPs in their practice.

#### **Abbott organized "Heavy Menstrual Bleeding Symposiums" to create awareness of how the ailment affects quality of life of patients**

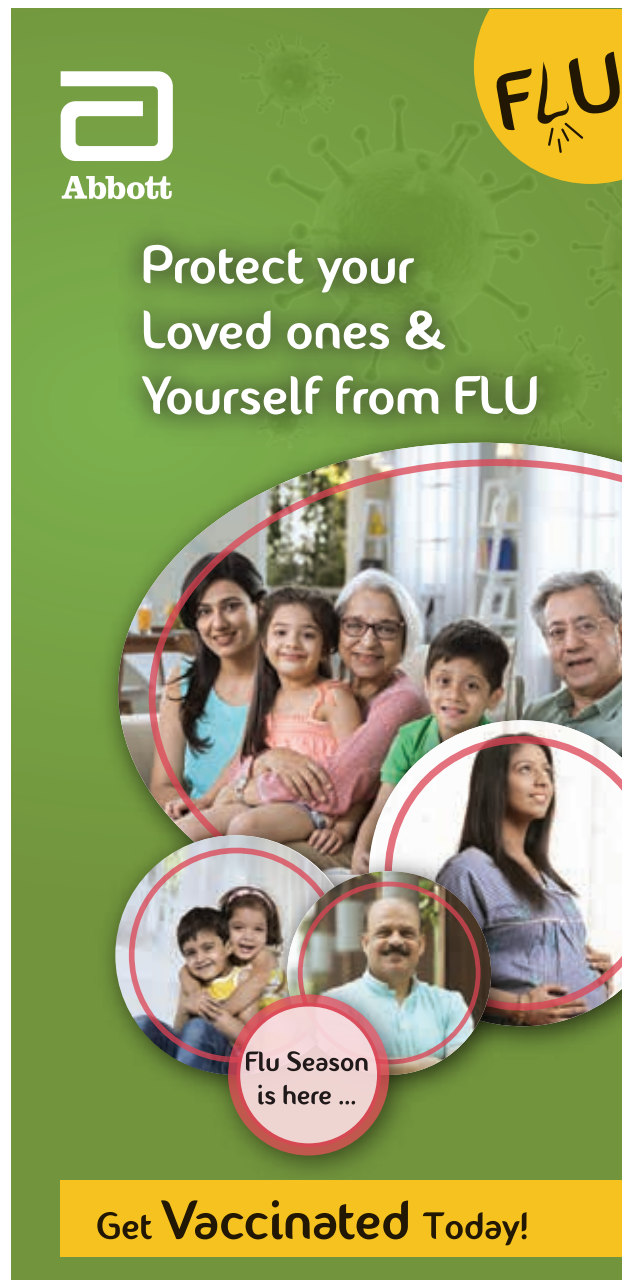
Scientific seminars for management of Heavy Menstrual Bleeding (HMB) were organized in smaller cities as a continuation of the mega events conducted during 2016. These seminars were unique as they were webinars connecting the smaller cities through web support.

Menstrual diaries and Pictorial Blood Assessment Chart (PBAC) were developed to enable the HCPs to counsel their patients in a better way. Once their patients will use the diaries, they will be able to record their information properly leading to better management of their ailment. The PBAC score sheet will also prove to be an easy to use diagnostic tool for HMB. Patient Awareness information regarding HMB and how it can adversely affect their quality of life was also included in this support material, both in English and Urdu language.

#### **Abbott organized "Flu Awareness Campaigns" to help people protect themselves and their loved ones from Flu**

The flu is a contagious respiratory illness caused by "influenza virus". It infects the nose, throat and lungs. Yearly influenza epidemics can seriously affect all populations, generally during November to April in the northern hemisphere, and May to October in the southern hemisphere. Globally, about 5% of adults and 20% of children develop symptomatic influenza A or B each year.

The Company disseminated flu awareness since the beginning of influenza season. The key objective of this awareness was to sensitize the healthcare professionals and common person to facilitate, strengthen and improve the level of preparedness in prevention, control and management of common flu. The initiative was well appreciated by the health community including doctors, paramedics and patients.



#### **Abbott organized "Diabetes Awareness Sessions" to improve awareness of Diabetes**

Diabetes awareness sessions were held at our plants through which employees were briefed about the symptoms of diabetes and how it could be better managed. Diabetic diet charts were distributed amongst employees and blood sugar levels were also checked of various employees.

#### **Abbott organized "Nutrition Camps" at schools to create awareness of Child Nutrition**

In its continued dedication to increasing awareness about children's changing nutritional requirements, Abbott Pakistan conducted regular school programs in key metro cities of Pakistan. Our aim was to help parents understand the importance of nutrition during the years when children grow up.

In 2017, we conducted over ten child nutritional assessments where our school health educators visited top schools and conducted height & weight assessment of children. A follow up note was also shared with mothers about their child's health assessment.

#### **Abbott organized "Nutritional Retail Camps" at parks to increase awareness of importance of Nutrition**

The objective of these nutritional camps was to disseminate importance of healthy nutrition to the public. Our qualified dietitians assessed people and gave them free nutritional consultation. These camps were organized in Karachi, Hyderabad, Multan, Lahore and Islamabad. The camps were an effective tool in engaging people and helping them live a healthy life.





## CORPORATE SOCIAL RESPONSIBILITY

### EARTH DAY

At Abbott, we believe that it is everyone's responsibility to work towards making our environment more sustainable. In its continued commitment to reducing the carbon footprint, Abbott celebrated Earth day on 22<sup>nd</sup> April 2017. Through this drive, more than 450 plants were planted in collaboration with the local community.





## FLU VACCINATION

Carrying on from last year, this year too Abbott organized a health camp where free of cost flu vaccination was offered to Abbott employees at all three locations, i.e. City office, Landhi and Korangi. A total of 1,170 employees were vaccinated through this campaign which helped them stay protected against flu.



## EMPLOYEE HEALTH CAMP

International health and safety day was celebrated on 28<sup>th</sup> April 2017 in which medical camps were set up at our Landhi Plant. Professional nutritionists also provided health tips to several employees to maintain their diets in a healthy way.

## DONATIONS TO DIFFERENT INSTITUTIONS



The Company made donations to different non-profit organizations during the year, donating over Rs. 4.1 million in both cash and kind.

## STATEMENT OF CHARITY ACCOUNT

	Rs. in thousands	
	2017	2016
Education	1,000	400
Healthcare & Environment	3,103	1,215
Total	4,103	1,615



## OUR GLOBAL CITIZENSHIP PRIORITIES

Being a responsible, sustainable and inclusive business is an essential foundation for helping people live fuller, healthier lives. We focus on operating responsibly, preserving healthy living environments and earning trust by doing the right things, for the long term, for the benefit of everyone who relies on our products and services. At the same time, we work hard to maximize the impact of our business in creating stronger communities around the world. Our sustainability work focuses on the areas where opportunities for our business intersect with positive social impact. We aim to achieve sustainable growth, deliver innovative solutions and build stronger communities to help more people live their best lives.

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.



*“What does it mean to be a citizen? At Abbott, we believe it means helping to create the kind of community that we ourselves wish to live in: one with a healthy environment, in which fellow citizens help one another live their best lives, and where they can do useful, beneficial and fulfilling work.”*

**Miles D. White**  
Chairman and CEO - Abbott Laboratories,  
USA

## 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 well-being. 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, diabetes 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) compliant 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

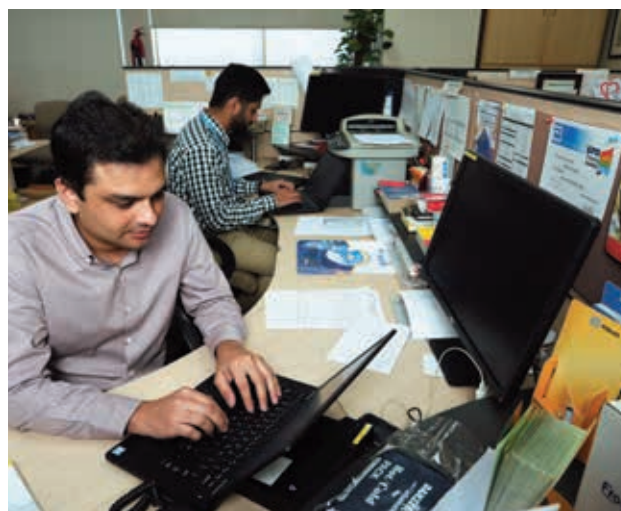


and distribution process. The safety of many product ingredients is generating significant debate throughout the healthcare industry. At the same time, the broad geographic dispersion of our supply chain requires increased oversight and auditing.

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 PAKISTAN WINS MAP 33<sup>rd</sup> 'CORPORATE EXCELLENCE AWARD'

Abbott Pakistan was awarded the First Prize by the Management Association of Pakistan (MAP) in Pharmaceutical sector for the fifth consecutive year. MAP annually organizes the '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 and transparent process. The evaluation process entails management practices appraisal based on questionnaires and top management meetings and detailed financial evaluation based on the Company's Annual Report.



### ABBOTT PAKISTAN WINS BEST PRACTICES AWARD ON OCCUPATIONAL SAFETY AND HEALTH

Abbott Pakistan was awarded the 2<sup>nd</sup> Prize at the 12<sup>th</sup> Employers' Federation of Pakistan Best Practices in Occupational Safety, Health and Environment (OSH&E) award ceremony. The award ceremony was conducted on the international health and safety day and the award itself is evidence of Abbott's continued dedication to uphold high standards of OSH&E.



### ABBOTT PAKISTAN WINS BEST CORPORATE REPORT AWARD 2016

Abbott Pakistan was awarded 3<sup>rd</sup> position in the Chemicals and Pharmaceuticals category of the 2016 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. This achievement of the Company is a manifestation of Abbott's unrelenting drive towards excellence in all domains.



### ABBOTT PAKISTAN IS AWARDED AS A BEST PLACE TO WORK

During 2017, Abbott Pakistan was recognized both by Abbott Global as well as by independent assessors within Pakistan as one of the "Best places to work". This survey was carried out by Pakistan Society for Human Resource Management in collaboration with Engage HR (a private consulting organization).

The award is considered among the most coveted and respected recognition across industries in Pakistan due to its robustness of assessment and transparency of results.



### ABBOTT PAKISTAN WINS THE AWARD FOR "THE RESPONSIBILITY FOR HEALTH AND SAFETY"

Abbott Pakistan was awarded 1<sup>st</sup> Prize at the 3<sup>rd</sup> International Awards on Environment, Health, Safety and Security held on 30<sup>th</sup> March 2017, organized by the Professional Network (a private organization). Abbott won this award in the category of "The responsibility for health and safety".





## ETHICS AND COMPLIANCE

It is up to every person working for Abbott – at all levels of the organization – to uphold the Abbott values (Pioneering, Achieving, Caring and Enduring) and operate with honesty, fairness, and integrity. It is our firm belief that Abbott’s long-term success depends upon the choices and decisions whether large or 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 long standing 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, wherever they operate.

### CODE OF BUSINESS CONDUCT

Abbott has a long history of doing business the right way. More than 125 years ago, our founder, Dr. Wallace Abbott, was one of the creators of what was known

as the ethical pharmaceutical industry, which first established the high standards of safety and efficacy that are the foundation of the modern health care business. Our Code crystallizes and builds on those principles to carry this great tradition around the world and into the future.

The Abbott Code of Business Conduct (“Code”) sets forth the principles and behaviors to which all Abbott employees must commit. All employees of Abbott are required to provide annual certification that they understand and will abide by their commitments under the Code of Business Conduct, including their commitments with respect to reporting potential Code violations.

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



*“Action must be guided by a clear understanding of the legal and regulatory requirements, our policies and procedures, and shared ethical principles and values”*

**Miles D. White**  
Chairman and CEO - Abbott Laboratories, USA

compliance with relevant laws, including food and drug laws, laws relating to government healthcare programs and anti-trust laws.

Honesty, fairness and integrity represent the necessary conditions of an ethical workplace and are non-negotiable. 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”

At Abbott each employee is given the freedom to ask questions and to challenge and report any suspected unethical business conduct, violation of the Code, or violation of our policies or procedures.

One of the key features of our Code is ‘**Speak Up**’. It is a 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. Asking questions, reporting concerns, and actively pursuing clarity about our choices or actions helps us identify and avoid problems more effectively.

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. When in doubt about the right choices, actions or potential violations, employees are also encouraged to ask a manager or the Office of Ethics and Compliance.

#### 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 a 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 the Companies Act, 2017, 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 decisions 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 Act, 2017. 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 act 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 Companies Act, 2017 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.

### ISSUES RAISED AT LAST AGM

Apart from general clarifications requested by the shareholders about the Company's financial performance and published financial statements during the 68<sup>th</sup> Annual General Meeting held on April 18, 2017, no significant issues were raised.

### DIRECTORS' TRAINING PROGRAM

As per requirements of the Code of Corporate Governance which requires Directors' to obtain certification for Directors' training program from SECP approved institutions, five out of our seven directors have either training from SECP approved institutions or are exempt from the training program, whereas the remaining directors' will be trained by their prescribed time. 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.





## RISK MANAGEMENT

At Abbott we believe risk management to be an ongoing process of continuously identifying and understanding the full spectrum of an organization's risk and taking informed actions to help it achieve its 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 the 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 upgradation of SOPs and process revitalization of that relevant function.

### DISASTER RECOVERY PLANNING

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

### 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.

### 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.

### BUSINESS CONTINUITY PLANNING

Abbott Pakistan puts significant efforts in ensuring uninterrupted business operations. Business Continuity Plans (BCP) are in place to ensure that any adverse or unforeseen events cause minimum disruption. BCPs have input from both internal and external stakeholders to ensure maximum engagement and awareness.

# 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

## CHIEF INTERNAL AUDITOR

Fahad Rehman

## AUDITORS

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

## LEGAL ADVISORS

Orr, Dignam & Co.  
 Surridge & Beecheno

## BANKERS

Standard Chartered Bank (Pakistan) Limited  
 Deutsche Bank AG  
 The Bank of Tokyo-Mitsubishi UFJ Limited  
 Habib Bank Limited  
 National Bank of Pakistan  
 MCB Bank Limited  
 Faysal Bank Limited  
 Citibank N.A.

## SHARE REGISTRAR

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

## 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

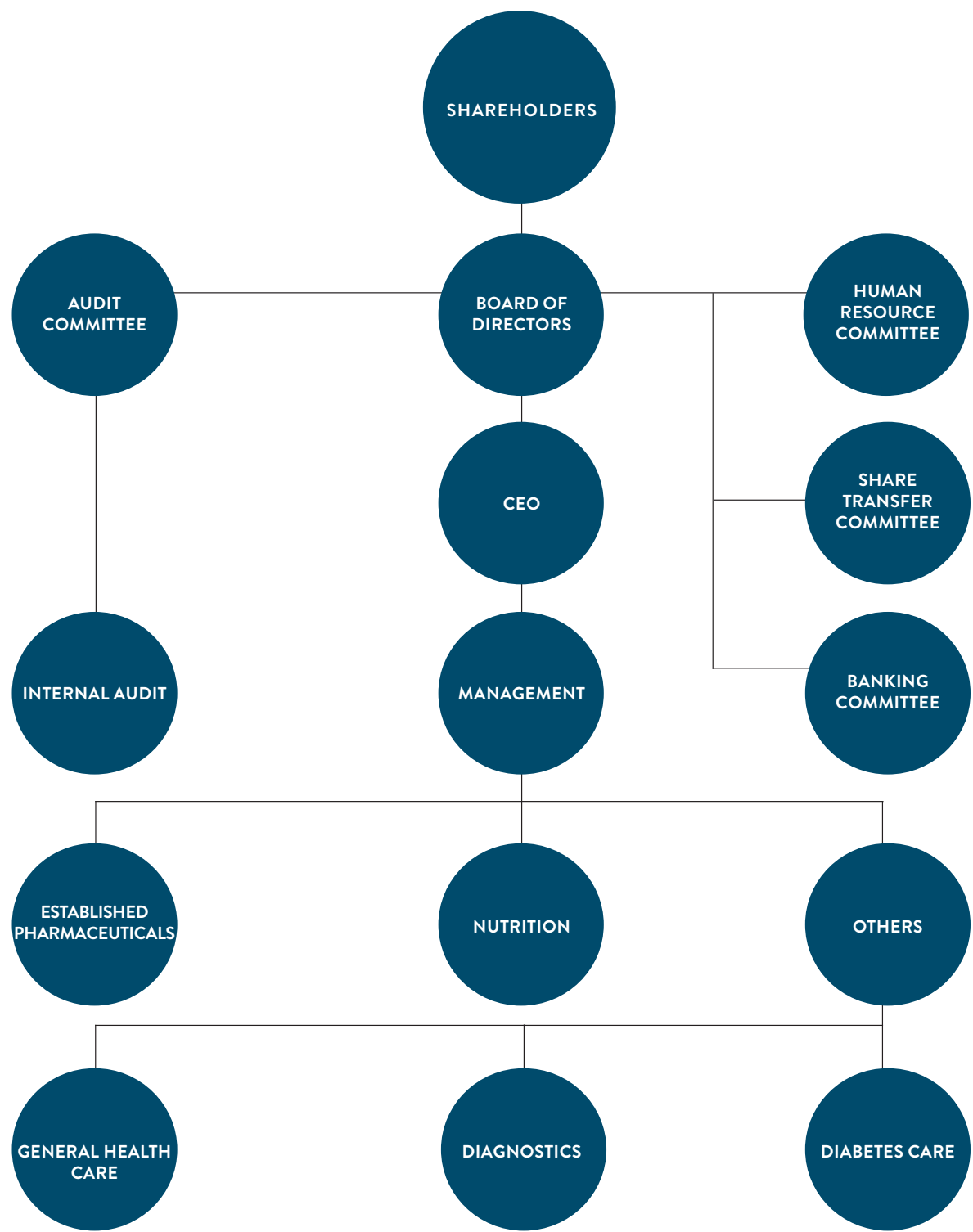
[www.pk.abbott](http://www.pk.abbott)

## 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. Shaikh Adnan Lateef  
*(Head of Abbott Diabetes Care Pakistan)*  
 Asghar Huda  
*(Director Human Resource)*  
 Malik Saadatullah  
*(Director Finance - EPD Operations & Company Secretary)*  
 Abdul Wahab Godil  
*(Director Finance - EPD Commercial)*  
 Ruby Saeed Shaikh  
*(Director Quality Assurance)*  
 Dr. Suleman Alvi  
*(Director Marketing)*  
 Seema Khan  
*(Director Regulatory Affairs)*  
 Dr. Raeeef Ahmed  
*(Director Medical Affairs)*  
 Zahid Hussain  
*(Director Supply Chain)*  
 Syed Muhammad Fahim  
*(Assistant Director Engineering)*  
 Jamal Nasir  
*(Director Sales)*  
 Ahmed Ashraf  
*(Director Commercial Excellence)*  
 Syed Javed Akhter Bukhari  
*(Director Distribution)*  
 Syed Nasir  
*(Director MIS)*



# 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 transactions 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, Chief Financial Officer, 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	3
Shamim Ahmad Khan	Member - Non Executive Director	4	3
Kamran Y. Mirza	Member - Non Executive Director	4	3
Jamshed Azhar	By invitation - Chief Financial Officer	4	4
Abdul Wahab Godil	By invitation - Acting Chief Internal Auditor	4	1
Fahad Rehman	By invitation - Chief Internal Auditor	4	3
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	17	17
Seema Khan	Member - Executive Director	17	17
Kamran Y. Mirza	Member - Non Executive Director	17	17
Malik Saadatullah	Secretary	17	17

### BANKING COMMITTEE

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



## 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 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 the Managing Director of Abbott Pakistan, Regional Manager, Caribbean based in Puerto Rico, Director of Business Development based in Chicago, Vice President, Middle East and Africa based in Dubai and Vice President Pacific, Asia Africa based in Singapore. Mr. Shaikh is a Fellow of the Institute of Chartered Accountants in England and Wales.



**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. He has over 20 years' of experience in senior commercial and finance roles where he has provided his guidance and leadership across different functions. Anis is also the Senior Vice President of American Business Council and is a member of Executive Committee of Overseas Investors' Chamber of Commerce & Industry (OICCI) where he plays a key role in highlighting different issues faced by the Pharmaceutical industry. 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., Bank Al-Falah and Education Fund for Sindh (EFS). He is also Chairman & Director of Unilever Pakistan Foods Limited, Karwan-e-Hayat 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 had also served as the Chief Executive/ Director of Lever Chemical (Private) Limited, Lever Associated Pakistan Trust (Private) Limited, Unilever Birds Eye Foods Pakistan (Private) Limited and Sadiq (Private) Limited. His earlier international appointments covered Unilever's regional business in Sri Lanka, Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. Ehsan is a Fellow of the Institute of Chartered Accountants in England and Wales and 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 Limited. He is also a Member of the Board of Governors Sustainable Development Policy Institute (SDPI). 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 Director 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). Previously, she was the Chief Executive Officer of Chubb Insurance Pakistan Limited. 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 has served as a member of the Executive Committee of the American Business Council. She has also 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 subcommittee of American Business Council.

## CHAIRMAN'S REVIEW



On behalf of the Board, it's a pleasure to welcome you to the 69<sup>th</sup> Annual General Meeting of your Company and present the annual report for the year ended 31 December 2017.

We achieved our goals for the year inspite of several regulatory constraints and a difficult working environment. Sales and production level remained broadly in line with expectation but margins were affected owing to inflation and devaluation.

The Pakistani Pharmaceutical industry operates under a heavily controlled environment and with escalating costs it is imperative for the Government to formulate and implement a transparent pricing mechanism.

Your Company is committed to enhancing shareholder value while continuing to manufacture products of the highest quality. Efforts are continuing to maintain profitability through innovation, improving efficiency and effective cost containment initiatives.

### REVIEW OF OVERALL PERFORMANCE OF THE BOARD

The Board comprises of an appropriate mix of Directors in terms of relevant experience. The Directors have performed their duties diligently and effectively in the best interest of the shareholders.

The primary objectives of the Board include providing strategic direction to the Company and supervising the management. The Board met the duties as required under the Companies Act, 2017 and Code of Corporate Governance, 2012, which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments.

The committees formulated also played their roles effectively. As per the requirements of the Code of Corporate Governance, 2012, the Board has formulated four committees. These are as follows:

#### 1. AUDIT COMMITTEE:

The Audit Committee played a key role in maintaining the overall control environment of

the Company. It was primarily engaged in review of financial statements and internal audit reports which enabled it to implement identified respective control improvements.

#### 2. BANKING COMMITTEE:

The prime responsibilities of the Banking Committee include managing the overall relationship with the banks, managing credit limits, approval of authorised signatories and investment of surplus funds in low risk avenues. The Banking Committee appropriately carried out its role as defined in the terms of reference.

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

The HR&R committee is responsible for reviewing the remuneration and benefits of the Chief Executive Officer, Executive Directors, Chief Financial Officer, Company Secretary and Chief Internal Auditor. Similarly, it is also engaged in recommendation of Human Resource policies to the Board. The HR&R committee played an effective role in providing succession planning and ensuring appropriate compensation to Abbott employees.

#### 4. SHARE TRANSFER COMMITTEE:

The committee is primarily engaged in the approval of registration, transfer and transmission of shares. The committee effectively carried out its roles and responsibilities as defined in the terms of reference.

I would like to thank our shareholders, customers, bankers and employees for their continued trust. I would also like to appreciate the Board members, CEO and his Executive team for their dedication and hard-work.

Munir A. Shaikh  
Chairman

February 26<sup>th</sup>, 2018



## چیئر مین کی طرف سے جائزہ

۱۔ **آڈٹ کمیٹی:** آڈٹ کمیٹی نے کمپنی کے مجموعی انضباطی ماحول کو برقرار رکھنے میں کلیدی کردار ادا کیا۔ اس کا بنیادی کام مالی گوشواروں اور انٹرنل آڈٹ کی رپورٹوں کا جائزہ لینا تھا جس کی بنا پر اس نے کنٹرول کی متعلقہ بہتری پر عمل درآمد کرایا۔

۲۔ **بینکنگ کمیٹی:** بینکنگ کمیٹی کی بنیادی ذمہ داریاں بینکوں کے ساتھ مجموعی تعلقات کا انتظام کرنا، کریڈٹ کی حد بندیوں کا انتظام کرنا، معاہدے کے مجاز فریقوں کی منظوری لینا اور فاضل رقوم کی محفوظ طریقوں سے سرمایہ کاری کرنا ہیں۔ بینکنگ کمیٹی نے اپنی ذمہ داریاں متعلقہ ضوابط کے تحت مناسب انداز میں انجام دیں۔

۳۔ **انسانی وسائل اور مشاہرہ کمیٹی (ایچ آر اینڈ آر):** ایچ آر اینڈ آر کمیٹی چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز، چیف فنانس آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر کے مشاہرہ کے جائزے کی ذمہ دار ہے۔ اسی طرح یہ بورڈ کو انسانی وسائل کے بارے میں پالیسیوں کی سفارش کرنے پر بھی مامور ہے۔ ایچ آر اینڈ آر کمیٹی نے کام کے تسلسل کے لئے منصوبہ بندی فراہم کرنے اور ایبٹ ملازمین کو مناسب معاوضے یقینی بنانے میں موثر کردار ادا کیا۔

۴۔ **شیئر ٹرانسفر کمیٹی:** کمیٹی کا بنیادی کام شیئرز کی رجسٹریشن، ٹرانسفر اور ٹراکسمیشن کی منظوری دینا ہے۔ اس کمیٹی نے سوچی جانے والی اپنی ذمہ داریاں اور فرائض موثر طریقے سے انجام دیں۔

میں کمپنی پر اعتماد برقرار رکھنے پر اپنے شیئر ہولڈرز، صارفین، بینکرز اور ملازمین کا شکریہ ادا کرتا ہوں۔ میں عزم و اخلاص اور سخت محنت پر بورڈ کے ارکان، سی ای او اور ان کی ایگزیکٹو ٹیم کو بھی خراج تحسین پیش کرتا ہوں۔



منیر اے شیخ  
چیئر مین

میں بورڈ کی جانب سے آپ کو آپ کی کمپنی کے ۶۹ ویں سالانہ اجلاس میں خوش آمدید کہنے میں خوشی محسوس کرتا ہوں، جہاں ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے سال کی سالانہ رپورٹ پیش کی جا رہی ہے۔

ہم نے بہت سی ضوابطی رکاوٹوں اور مشکل ماحول کار کے باوجود سال کے اپنے اہداف پورے کئے۔ سیلز اور پروڈکشن کی کارکردگی عمومی طور پر توقعات کے مطابق رہی تاہم مہنگائی اور روپے کی قدر گرنے کی وجہ سے منافع متاثر ہوا۔

پاکستان کی دوا سازی کی صنعت حکومتی پابندیوں کے ماحول میں کام کر رہی ہے۔ بڑھتی ہوئی لاگت کے پیش نظر حکومت کے لئے یہ ضروری ہے کہ قیمت کے تعین کا ایک شفاف طریقہ کار وضع کرے اور اسے نافذ کرے۔

آپ کی کمپنی اعلیٰ ترین معیار کی مصنوعات تیار کرنے کے ساتھ ساتھ شیئر ہولڈرز کی مالی استطاعت بڑھانے کے لئے بھی پُر عزم ہے۔ جدت طرازی، کارگزاری میں بہتری اور اخراجات محدود کرنے کے موثر اقدامات کے ذریعے نفع یابی کو برقرار رکھنے کی کوششیں جاری ہیں۔

**بورڈ کی مجموعی کارکردگی کا جائزہ**  
بورڈ، متعلقہ تجربے کے اعتبار سے ڈائریکٹروں کی ایک متوازن ٹیم پر مشتمل ہے۔ ڈائریکٹروں نے شیئر ہولڈرز کے بہترین مفاد میں اپنی ذمہ داریاں جانفشانی اور موثر طریقے سے انجام دی ہیں۔

بورڈ کے بنیادی مقاصد میں کمپنی کو اسٹریٹیجک سمت دکھانا اور انتظامیہ کی نگرانی کرنا شامل ہے۔ بورڈ نے کمپنیز ایکٹ، ۲۰۱۷ء اور کوڈ آف گورپوریت گورنس، ۲۰۱۲ء کے تحت اپنے فرائض پورے کئے جن میں یہ شامل ہیں: اہم پالیسیوں کی منظوری، انٹرنل کنٹرولز کا ایک مستحکم نظام قائم کرنا، بجٹ اور مالی نتائج کی منظوری اور اہم سرمایہ کاریوں کی منظوری دینا۔

تشکیل دی گئی کمیٹیوں نے بھی اپنا کردار موثر طریقے سے ادا کئے۔ کوڈ آف گورپوریت گورنس، ۲۰۱۲ء کے تقاضوں کے مطابق، بورڈ نے چار کمیٹیاں تشکیل دی ہیں، جو کہ یہ ہیں:

## 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, 2017.

### OPERATING RESULTS

Rs in '000

Profit for the year before taxation	5,841,945
Taxation	(1,636,713)
Profit after taxation	4,205,232
Other comprehensive loss - net of tax	(572,006)
Un-appropriated profit brought forward	7,861,435
Profit available for appropriation	11,494,661

### APPROPRIATIONS:

Final dividend 2016 Rs. 30.0 per share	(2,937,009)
Interim dividend 2017 Rs. 10.0 per share	(979,003)
Un-appropriated profit carried forward	<u>7,578,649</u>

### FINANCIAL PERFORMANCE

Net sales increased by 12% over the previous year. Gross Profit remained at 39% versus 40% last year mainly due to inflationary impact. Selling and Distribution expenses increased mainly due to rise in sales promotion expenditure. Profit after tax for the year increased 5% over prior year. Earnings per Share was Rs. 42.95 (2016: Rs. 41.08).

### DIVIDEND

The Directors are pleased to announce a final cash dividend of Rs. 30.0 per share (2016: Rs. 30.0 per share), which is in addition to an interim cash dividend of Rs. 10.0 per share (2016: Rs. 10.0 per share) paid to the shareholders during 2017.

### SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased by 13% due to sustained performance of established brands. Nutritional sales increased by 10% mainly due to growth in Ensure and Glucerna. General Health Care (GHC), Diagnostic and Diabetes Care cumulatively grew by 2%.

### INDUSTRY OVERVIEW

According to International Medical Statistics (IMS) published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.26 billion. The market share of multinational companies has been gradually declining over the years and at present is only 33%. There are a total

of 631 pharmaceutical companies in Pakistan with only 26 multinational companies. Several of these have scaled back their operations due to challenges to financial viability of their products. In terms of market share, Abbott Pakistan is ranked 2<sup>nd</sup>. Its market share has continuously been growing during the last few years. Its present market share is 6.3%.

### CAPITAL EXPENDITURE

The Company during the year made capital investment of Rs. 1,604 million for expanding manufacturing capacity, enhancing productivity and improving plant efficiency.

### LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

During the year, Rs. 5,765 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. 8,572 million net of investments on capital projects and dividend payments.

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

### PRINCIPAL RISKS AND THEIR MANAGEMENT

The Company's overall risk management program focuses on minimizing potential adverse effects on its 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.

The key risks currently being faced by the Company include increasing cost of doing business due to depreciation of Pakistan rupee coupled with inflation as well as difficulties in price adjustments.

#### ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company operates a sound system of Internal Controls across all functions. The Company during the year has gone through different internal and external audits.

#### CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs. 3,675 million (2016: Rs. 3,728 million) to the Government on account of various Government levies including Income Tax, Customs Duties and Sales Tax.

#### ENVIRONMENT, HEALTH AND SAFETY (EHS)

Your Company is keen to minimize its impact on the environment and both the manufacturing plants and commercial operations are designed to achieve the objective.

Energy conservation remains a significant objective at Abbott and your Company continues to adopt more energy efficient means wherever possible. In support of this goal, your Company completed the installation of 1,972 Solar Panels at Korangi production facility during the year. This is the largest collection of solar panels installed by any healthcare company in Pakistan.

Other efforts included composting of cafeteria and garden waste, reducing of water intake and planting of trees throughout the community.

The year 2017 was a highly productive and successful year in respect of EHS whereby all goals were achieved and a truly EHS enriched culture was promoted throughout the organization.

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company realizes its social responsibility towards the society. As a responsible corporate citizen, the Company has contributed to different social segments of the economy in various ways for improving quality of life in the country. During the year, total donations by the Company to different Not-for-profit institutions amounted to Rs. 4.1 million.

In addition to the donations, your Company has taken multiple CSR initiatives which included tree plantations and medical health camps for patients and employees. Additionally, realizing its footprint on the society, the Company has taken significant initiatives to protect the environment as already mentioned earlier.

#### BUSINESS PROCESS IMPROVEMENT

Abbott Pakistan has been continuously improving its business processes through various initiatives. The Company continues to focus on improving the quality of its products and compliance with regulatory, safety and environmental requirements.

During the year, the Company has taken multiple initiatives such as upgradation of production facilities, installation of Tablet Cartoner machines and upgradation and installation of HVAC and commissioning of 500 kW capacity solar energy project at Korangi Plant.





## HUMAN RESOURCES

At Abbott Pakistan, we are committed to developing a future-ready organization where employees at all levels are fully aligned to the organization's plans and long-term goals. Commitment, hard work and focus on targets has resulted in an excellent performance in 2017 where all departments achieved or exceeded their targets for the year. A number of company's senior management have undergone several leadership development programs. These are expected to further strengthen our human resource.

We feel pride in reporting that during the year your Company has received recognition from independent bodies. Abbott's field force has been recognized as the number one field force by both General Practitioners and Consultants in a third-party survey carried out by IMS. An independent survey carried out by Pakistan Society of Human Resource Management and Engage Consulting have adjudged your Company as the "Best Place to Work" in Pakistan.

As a responsible corporate citizen, your Company continued to provide management-traineeships and internship experience to students from various academic institutions. This year, the number of interns exceeded 150. Internships opportunities for applicants with special needs continued to be a major area of attention and like previous year, this year we also provided internship opportunities to candidate with special needs.



## GLOBAL CITIZENSHIP

Abbott Pakistan subscribes to the values of our Parent company 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.

## SUBSEQUENT EVENTS

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

## BUSINESS CHALLENGES AND FUTURE OUTLOOK

The Pakistani pharmaceutical industry continues to play a pivotal role in welfare of the society, not only by providing affordable healthcare but also by contributing to national economy through taxes and creating opportunities for both direct and indirect employment.

The Company continues to face 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 better productivity, cost containment and process simplification.

Considering the steady escalation in input costs, we request the Government of Pakistan to implement a rational and transparent pricing mechanism duly taking into consideration interest of all the stakeholders. This would help in continuous availability of all essential pharmaceutical products in the market. Rationalization of taxes specially through zero-rating of pharmaceutical industry for sales tax purposes is an urgent need to ensure availability of quality pharmaceutical products to the patients.

The Drug Regulatory Authority plays a significant role in the development of the pharmaceutical industry. We hope that the Authority would ensure speedy registration of new products and expeditious resolution of various long outstanding issues. This would go a long way in helping and supporting the pharmaceutical industry.

As we look to the year ahead with added vigor, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. We will reinforce these strategies which serve us well while exploring alternatives necessitated by changing dynamics of the industry.

## AUDITORS

The present Auditors M/s EY Ford Rhodes, 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, 2018.

## PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2017 is given on page 150.

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, 2017 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.
- We affirm the Company's ability to continue as a going concern.
- Key operating and financial data for the last six years is summarized on page 86.

- 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, three directors have a certification under Directors' Training Program, two 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, sukuk 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, 2016) – audited 3,829
- ALPL Provident Fund (Based on year ended December 31, 2016) – audited 1,179
- 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	4
3 Ms. Seema Khan	4
4 Mr. Kamran Y. Mirza	3
5 Mr. Shamim Ahmad Khan	2
6 Mr. Ehsan Ali Malik	3
7 Ms. Zehra Naqvi	3
8 Mr. Jamshed Azhar (CFO)	4
9 Mr. Malik Saadatullah (Company Secretary)	4

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

## ACKNOWLEDGEMENT

I would like to convey my sincere thanks to my colleagues on the Board for their valuable guidance and support. My sincere thanks also to our employees for their tireless efforts, dedication and commitment and to our customers for reposing confidence in our products. I also wish to extend my gratitude to our shareholders for their continued support.



Syed Anis Ahmed

Chief Executive



Kamran Y. Mirza

Director

February 26<sup>th</sup>, 2018



## اعتراف

میں قابل قدر رہنمائی اور حمایت فراہم کرنے پر بورڈ کے ساتھیوں کا پُر خلوص شکریہ ادا کرتا ہوں۔ اپنے تمام ملازمین کا اُن کی انتھک محنت، عزم اور استقلال پر بھی میں تیرے دل سے شکر گزار ہوں، اور صارفین کی جانب سے ہماری مصنوعات پر مسلسل اعتماد کرنے پر ان کی ستائش کرنا چاہتا ہوں۔ میں اعتماد برقرار رکھنے پر اپنے شیئر ہولڈرز کا بھی شکریہ کرنا چاہتا ہوں۔



کامران وائی مرزا  
ڈائریکٹر



سید انیس احمد  
چیف ایگزیکٹو

26 فروری 2018ء

ضابطہ برائے کارپوریٹ نظم و نسق کی شق 5.19.7 میں دئے گئے معیار کے مطابق ڈائریکٹرز ٹریننگ پروگرام کے تحت 3 ڈائریکٹر سند یافتہ ہیں، کمپنی کے 2 ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام کی شرط 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 لئے ضابطہ برائے کارپوریٹ نظم و نسق کے ایک اور ترمیمیشن کورس کا اہتمام کیا تھا، تاکہ انہیں ان کے فرائض و ذمہ داریوں کی بابت آگاہی دی جاسکے۔

کوئی واجب الادا قرضے، ٹی ایف سیز، صکوک اور دیگر قرضہ جاتی تمسکات نہیں ہیں۔

عملے کے ریٹائرمنٹ فنڈ سے کی جانے والی سرمایہ کاری کی مالیت کی تفصیل مالی گوشواروں کے مطابق درج ذیل ہیں۔

(ملین روپے میں)

اے ٹیل پی لیل پینشن فنڈ (31 دسمبر 2016ء)  
کو ختم ہونے والے سال کی بنیاد پر)۔ آڈٹ شدہ  
3,829

اے ٹیل پی لیل پراویڈینٹ فنڈ (31 دسمبر 2016ء)  
کو ختم ہونے والے سال کی بنیاد پر)۔ آڈٹ شدہ  
1,179

سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے۔ جن میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری کی حاضری کی تفصیلات درج ذیل ہیں:

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

1	جناب منیر اے شیخ	4
2	سید امیں احمد	4
3	محترمہ سیما خان	4
4	جناب کلبران وائی مرزا	3
5	جناب نسیم احمد خان	2
6	جناب احسان علی ملک	3
7	محترمہ زہرہ نقوی	3
8	جناب جمشید انظر (سی ایف او)	4
9	جناب ملک سعادت اللہ (کمپنی سیکریٹری)	4

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

## حصص داری کا طریق

کمپنی کے حصص داری کے طریق اور اضافی معلومات ظاہر کرنے والا مورخہ 31 دسمبر 2017ء تک کا بیان صفحہ 150 پر درج ہے۔

سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکریٹری، ان کی ازواج اور کم عمر بچوں نے کمپنی کے حصص کا کوئی لین دین نہیں کیا۔

## ہولڈنگ کمپنی

مورخہ 31 دسمبر 2017ء تک ایبٹ ایشیا انویسٹمنٹس لیٹڈ، برطانیہ کے پاس 76,259,454 حصص تھے۔ حتیٰ ہولڈنگ کمپنی لیبٹارٹری، امریکہ ہے۔

## کارپوریٹ نظم و نسق کے ضابطے کی تعمیل

ضابطہ برائے کارپوریٹ نظم و نسق 2012ء کی تعمیل کرتے ہوئے، ڈائریکٹرز بہ مسرت 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 ایکویٹی 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 مستقلاً 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 پابندی کی گئی، اور اس ضمن میں کسی بھی پہلو تہی کو معقول انداز میں مکشف اور واضح کر دیا گیا ہے۔

کمپنی ایک مستحکم انٹر نل کنٹرول سسٹم رکھتی ہے، جس سے نقصان یا حقیقی غلط بیانیوں کا خاتمہ یقینی ہو جاتا ہے۔ انٹر نل کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔

ہم کمپنی کے روبہ عمل رہنے کی اہلیت کا وثوق کے ساتھ اعلان کرتے ہیں۔

گذشتہ 6 برس کے کلیدی مالی اور آپریشننگ اعداد و شمار صفحہ نمبر 86 پر درج ہیں۔

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 آپریشننگ نتائج میں بڑی تبدیلیوں کی نشاندہی اور وضاحت کردی گئی ہے۔

## انسانی وسائل

ہم ایبٹ پاکستان کو مستقبل کے تقاضوں کو پورا کرنے والا ادارہ بنانے کے لئے پُر عزم ہیں جہاں تمام ملازمین ادارے کے منصوبوں اور طویل المدتی مقاصد سے پوری طرح ہم آہنگ ہوں۔ اخلاص، سخت محنت اور اہداف پر نظر رکھنے کے نتیجے میں 2017ء میں بہترین کارکردگی سامنے آئی جس میں تمام ڈیپارٹمنٹس نے اپنے سالانہ اہداف حاصل یا عبور کئے۔ کمپنی کی سینئر انتظامیہ کے کئی افراد نے لیڈرشپ ڈیولپمنٹ کے پروگراموں میں شرکت کی۔ امید ہے کہ ان کے نتیجے میں ہمارے انسانی وسائل مزید مستحکم ہوں گے۔

یہ بتاتے ہوئے ہمیں فخر ہے کہ سال کے دوران آپ کی کمپنی کی کارکردگی کا غیر جانب دار اداروں کی طرف سے اعتراف کیا گیا ہے۔ آئی ایم ایس کی طرف سے ایک تھرڈ پارٹی سروے میں جنرل پریکٹیشنرز اور کنسلٹنٹ حضرات دونوں نے ایبٹ کی فیلڈ فورس کو نمبر ون فیلڈ فورس قرار دیا ہے۔ ایک غیر جانب دار سروے میں جو پاکستان سوسائٹی آف ہیومن ریسورس مینجمنٹ اور انکیج کنسلٹنگ نے کیا، آپ کی کمپنی کو پاکستان میں "ملازمت کی بہترین جگہ" قرار دیا گیا۔

آپ کی کمپنی نے ایک ذمہ داری کارپوریٹ ادارے کے طور پر مختلف تعلیمی اداروں کے طلبہ کو انتظامی ٹرینی شپ اور انٹرن شپ کا تجربہ فراہم کیا۔ اس سال انٹرنس کی تعداد 150 سے تجاوز کر گئی۔ خصوصی ضروریات کے حامل امیدواروں کو بھی انٹرن شپ کے مواقع دینے پر توجہ دی جاتی رہی اور گذشتہ سال کی طرح اس سال بھی خصوصی ضروریات والے امیدواروں کو انٹرن شپ کے مواقع دئے گئے۔

## عالمی حیثیت

ایبٹ اپنی پیرنٹ کمپنی کی ان اقدار پر عمل پیرا ہے کہ ایک صحت مند، فعال معاشرے کی تعمیر میں ذمہ دار اور مستحکم کاروباری ادارے اہم کردار ادا کرتے ہیں۔ عالمی حیثیت کے حوالے سے ہمارے عزم ہی نے ہمیں وہ راستہ دکھایا ہے جس کے ذریعے ہم کام کرتے ہیں، اسی عزم کی بدولت ہم لوگوں کو ملازمت پر رکھتے ہیں، اسی کی بنیاد پر ہم سرگرمیوں میں تعاون کرتے ہیں، اور اسی کی بنیاد پر ہم تعلقات استوار کرتے ہیں۔ عالمی حیثیت کے حصول کی امنگوں کو مستحکم تصورات میں ڈھالنے کے لئے ایبٹ چار بنیادی ترجیحات پر توجہ رکھتا ہے: مستقبل کے لئے جدت طرازی، رسائی میں اضافہ، مریضوں اور صارفین کو تحفظ، اور ماحول کی حفاظت۔

## کاروباری دشواریاں اور مستقبل کا منظر

ہم اس بات پر یقین برقرار رکھتے ہیں کہ پاکستان کی فارماسیوٹیکل صنعت معاشرے کی بھلائی میں ایک مرکزی کردار ادا کرتی رہے گی، نہ صرف صحت عامہ کی کم خرچ سہولتیں فراہم کر کے، بلکہ ٹیکس کی ادائیگی کے ذریعے ملکی معیشت میں اپنا حصہ ڈال کر، اور روزگار کے براہ راست اور بالواسطہ دونوں طرح کے مواقع پیدا کر کے۔

کمپنی کو مہنگائی اور پاکستانی روپے کی قدر میں کمی کی بنا پر لاگتوں میں تیزی سے اضافے کی مشکلات کا بدستور سامنا ہے۔ قیمت کی متعلقہ ایڈجسٹمنٹ کا طریقہ کار موجود نہ ہونے کے باعث اس بات کی کوشش کی جا رہی ہے کہ بڑھتی ہوئی پیداواری اور آپریٹنگ لاگت کا ازالہ کرنے کے لئے بہتر پیداواریت، لاگت کم رکھنے اور پراسیس کو سادہ بنانے کے طریقہ استعمال کئے ہیں۔

خام مال کی قیمتوں میں متواتر اضافے کے پیش نظر حکومت پاکستان سے ہماری درخواست ہے کہ قیمتوں کے تعین کا ایک معقول اور شفاف طریقہ کار نافذ کرے جس میں تمام اسٹیک ہولڈرز کا مفاد پیش نظر رکھا جائے۔ اس طرح مارکیٹ میں تمام ضروری ادویاتی مصنوعات کی مسلسل دستیابی میں مدد ملے گی۔ ٹیکسوں میں معقولیت لانا خصوصاً فارماسیوٹیکل صنعت کو زیرو ریٹنگ (zero rating) کے زمرے میں لانے کی فوری ضرورت ہے تاکہ مریضوں کو قابل برداشت نرخوں پر ادویاتی مصنوعات ملتی رہیں۔

ڈرگ ریگولیٹری اتھارٹی ملک میں دوا سازی کی صنعت کی ترقی کے لئے ایک اہم کردار ادا کرتی ہے۔ ہمیں امید ہے کہ اتھارٹی نئی مصنوعات کا تیزی سے اندراج یقینی بنائے گی، اور طویل عرصے سے حل طلب متعدد مسائل جلد حل کرے گی۔ ان اقدامات سے دوا سازی کی صنعت کو سہارا ملے گا۔

ہم جوش و جذبے کے ساتھ نئے سال میں داخل ہوئے ہیں، ہم اپنی اہلیت بڑھاتے رہیں گے، اور 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 لئے مفید ہوں گی ہم انہیں پختہ بنائیں گے جبکہ صنعت کے بدلتے ہوئے حالات کی بنا پر ضرورت کے مطابق متبادل راہیں بھی تلاش کرتے رہیں گے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائے فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس رینائرز ہوئے، اور چونکہ یہ ممکن تھا اس لئے انہوں نے دوبارہ تقرر کے لئے خود کو پیش کیا۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2018ء کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کے نئے تقرر کی آڈٹ کمیٹی کی سفارش تسلیم کر لی۔

## مابعد 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 مالی منصوبہ جات کئے گئے۔



توانائی کا تحفظ ایبٹ کا ایک نمایاں ہدف رہا ہے اور آپ کی کمپنی جہاں تک ممکن ہو توانائی کو زیادہ عمدہ طریقے سے استعمال کرنے کے طریقے اختیار کر رہی ہے۔ اس مقصد کے لئے آپ کی کمپنی نے سال کے دوران کوریگن پروڈکشن فیسلیٹی پر 1,972 سولر پینلز کی تنصیب مکمل کی۔ یہ پاکستان میں ہیلتھ کیئر کی کسی بھی کمپنی کی طرف سے نصب کئے گئے سولر پینلز کی سب سے بڑی تعداد ہے۔

دیگر کوششوں میں کفے ٹیریا اور گارڈن کے فضلے کی کمپوسٹنگ، پانی کے استعمال میں کمی لانا، اور کمیونٹی میں شجرکاری جیسے اقدامات شامل ہیں۔

ماحول، صحت اور حفاظت (ای ایچ ایس) کے اعتبار سے 2017ء ایک نہایت فائدہ مند اور کامیاب سال تھا، جس میں تمام اہداف حاصل کئے گئے اور حقیقی معنوں میں 'ای ایچ ایس' سے بھرپور کلچر کو ادارے میں فروغ دیا گیا۔

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

آپ کی کمپنی معاشرے کے حوالے سے اپنی سماجی ذمہ داری کو سمجھتی ہے۔ ایک ذمہ دار کارپوریٹ ادارے کی حیثیت سے کمپنی نے معیشت کے مختلف سماجی طبقوں کو مختلف طریقوں سے مدد فراہم کی ہے تاکہ ان کا معیار زندگی بہتر ہو سکے۔ سال کے دوران کمپنی نے مختلف فلاحی اداروں کو مجموعی طور پر 4.1 ملین روپے کے عطیات دئے۔

ان عطیات کے علاوہ آپ کی کمپنی نے سی ایس آر کے کئی اقدامات بھی کئے جن میں شجرکاری مہم اور مریضوں اور ملازمین کے لئے میڈیکل ہیلتھ کیمرپوں کا انعقاد شامل ہے۔ اس کے ساتھ ساتھ کمپنی نے معاشرے پر اثرات کا احساس کرتے ہوئے ماحول کے تحفظ کے لئے نمایاں اقدامات کئے ہیں جیسا کہ پہلے ذکر کیا گیا۔

### بزنس پروسیسز میں بہتری

ایبٹ پاکستان مختلف اقدامات کے ذریعے اپنے بزنس پروسیسز کو بہتر بنانے کے لیے مسلسل کوشاں رہی ہے۔ کمپنی نے اپنی مصنوعات کا معیار بہتر بنانے اور ضوابطی، حفاظتی اور ماحولیاتی تقاضوں کی تعمیل پر مستقل توجہ مرکوز رکھی ہے۔

سال کے دوران کمپنی نے پیداواری مقامات کو اپ گریڈ کرنا، ٹیبلٹ کارٹونر (Tablet Cartoner) مشینوں کی تنصیب، ایچ وی اے سی کی تنصیب اور اپ گریڈ کرنا، اور کوریگن پلانٹ پر 500 کلو واٹ کے شمسی توانائی منصوبے کی تنصیب جیسے بیشتر منصوبے مکمل کئے۔

گذشتہ سال کی کارکردگی، کُل معاشی اظہاریے اور کمپنی پر اثر انداز ہونے والا کاروباری ماحول۔

بجٹ بنائے جاتے ہیں اور سال کے دوران بجٹ کے حوالے سے حقیقی کارکردگی کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ اصلاح کے لئے بروقت اقدامات کئے جا سکیں۔

### بنیادی خطرات اور ان کا بندوبست

کمپنی کے انتظام خطر (risk management) کے مجموعی پروگرام کا مقصد یہ ہے کہ کمپنی کی کارکردگی پر ممکنہ منفی اثر ڈالنے والے عوامل کم سے کم کئے 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 عملی خطرات کی نشاندہی، ان کی قدر پیمائی اور ازالہ کیا جاتا 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 لئے ایکشن پلان تیار کئے جاتے ہیں اور ان پر عملدرآمد کیا جاتا ہے۔

کمپنی کو اس وقت جن خطرات کا سامنا ہے ان میں پاکستانی روپے کی قدر گرنے کی بنا پر کاروباری لاگت کا مسلسل بڑھنا اور مہنگائی شامل ہیں، نیز قیمتیں ایڈجسٹ کرنے میں دشواریاں بھی موجود ہیں۔

### اندرونی مالی کنٹرولز کا موزوں ہونا

آپ کی کمپنی تمام سرگرمیوں میں اندرونی کنٹرولز کے ایک مستحکم نظام پر عمل پیرا ہے۔ سال کے دوران کمپنی کے مختلف اندرونی اور بیرونی آڈٹ ہوئے۔

### قومی خزانے میں ہماری خدمات

آپ کی کمپنی نے انکم ٹیکس، سسٹم ڈیوٹی اور سیلز ٹیکس سمیت مختلف سرکاری لیوی کی مد میں حکومت کو 3,675 ملین روپے (2016ء: 3,728 ملین روپے) دئے ہیں۔

### ماحول، صحت اور حفاظت

آپ کی کمپنی ماحول پر اپنے اثرات کم از کم کرنے کے لئے کوشاں ہے اور اس نے پیداواری پلانٹس اور کمرشل سرگرمیاں دونوں اس طرح تشکیل دی ہیں کہ یہ مقصد حاصل کیا جائے۔

## ڈائریکٹران کی رپورٹ

نمو کی بنا پر 10 فیصد اضافہ ہوا۔ صحت عامہ کی دیکھ بھال (جی ایچ سی)، ڈائگنوسٹک اور ذیابیطس کی نگہداشت میں مجموعی طور پر 2 فیصد اضافہ ہوا۔

### صنعت کا عمومی جائزہ

انٹرنیشنل میڈیکل اسٹینڈرڈس (آئی ایم ایس) کے جاری کردہ ڈیٹا کے مطابق پاکستان میں دوا سازی کی صنعت کا موجودہ حجم 3.26 ارب ڈالر ہے۔ کثیر القومی کمپنیوں (ایم این سی) کا مارکیٹ شیئر گزشتہ چند برسوں سے بتدریج گھٹ رہا ہے اور اس وقت فقط 33 فیصد ہے۔ پاکستان میں 631 فارما کمپنیاں کام کر رہی ہیں جن میں سے صرف 26 کثیر القومی کمپنیاں ہیں۔ کئی کثیر القومی کمپنیوں نے اپنے آپریشن مالی مشکلات کی بنا پر سمیٹ لئے ہیں۔ ملکی دوا ساز مارکیٹ میں ایسٹ پاکستان دوسرے نمبر پر ہے اور اس کا مارکیٹ شیئر گزشتہ چند سال سے مسلسل بڑھ رہا ہے۔ اس کا موجودہ مارکیٹ شیئر 6.3 فیصد ہے۔

### سرمایہ جاتی اخراجات

کمپنی نے اشیاء سازی کی استعداد بڑھانے، پیداواریت میں اضافے اور پلانٹ کی کارگزاری بہتر بنانے کے لئے سال کے دوران 1,604 ملین روپے کی سرمایہ کاری کی ہے۔

### لیکوڈٹی مینجمنٹ اور رقم کے بہاؤ کی حکمت عملی

اس سال کے دوران عملی سرگرمیوں سے 5,765 ملین روپے حاصل کئے گئے۔ سال کے اختتام پر کمپنی کے پاس 8,572 ملین روپے کے لیکوڈٹی فنڈز تھے جس میں نقد رقم / بینک بیلنس اور قلیل مدتی سرمایہ کاریاں شامل ہیں جبکہ سرمایہ جاتی منصوبوں پر لگائی گئی رقوم 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 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 بہ 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 مختلط حکمت عملی اختیار کرتی ہے۔ یہ رقوم عموماً شارٹ ٹرم بینک ڈپازٹس میں رکھی جاتی ہیں۔

### کمپنی کی کارکردگی کی قدر پیمائی

کمپنی کی کارکردگی کی قدر پیمائی کے لئے انتظامیہ کئی طرح کے اظہاریے استعمال کرتی ہے جیسے صنعت کی نمو، متعلقہ معالجاتی شعبوں میں ہمسر کمپنیوں کی پوزیشن،

آپ کے ڈائریکٹرز یہ رپورٹ، اور کمپنی کے ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### مالی نتائج

روپے ہزاروں میں

5,841,945

(1,636,713)

4,205,232

572,006

7,861,435

11,494,661

اس مدت کا منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

دیگر جامع خسارہ بعد از ٹیکس

گزشتہ سال کا غیر مختص منافع

دستیاب منافع برائے اختصاص

### اختصاص:

(2,937,009)

(979,003)

7,578,649

حتمی منافع منقسمہ 2016ء فی حصہ 30.0 روپے

عبوری منافع منقسمہ 2017ء فی حصہ 10.0 روپے

آئندہ سال کے لیے غیر مختص منافع

### مالی کارکردگی

مجموعی سیلز میں گزشتہ سال کے مقابلے میں 12 فیصد اضافہ ہوا۔ خام منافع 39 فیصد رہا جبکہ گزشتہ سال 40 فیصد تھا جس کا بنیادی سبب مہنگائی کے اثرات تھے۔ فروخت اور ترسیل کے اخراجات بڑھنے کا بنیادی سبب سیلز پروموشن کے اخراجات میں اضافہ تھا۔ سال کا منافع بعد از ٹیکس گزشتہ سال کی نسبت 5 فیصد بڑھا۔ فی حصہ آمدنی 42.95 روپے تھی (2016ء: 41.08 روپے)۔

### منافع منقسمہ

ڈائریکٹرز مسرت کے ساتھ حتمی نقد منافع منقسمہ فی حصہ 30.0 روپے کا اعلان کرتے ہیں (2016ء: 30.0 روپے فی حصہ)، جو کہ 2017ء کے دوران شیئر ہولڈرز کو ادا کئے گئے عبوری نقد منافع منقسمہ 10.0 روپے فی حصہ کے علاوہ ہے (2016ء: 10.0 روپے فی حصہ)۔

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

فارماسیوٹیکل کی سیلز معروف برانڈز کی مستحکم کارکردگی کی بنا پر 13 فیصد بڑھی۔ نیوٹریشنل (غذائی مصنوعات) کی فروخت میں بنیادی طور پر انشور اور گلو سرنا میں

## BOARD OF DIRECTORS

**MUNIR A. SHAIKH**  
Chairman

**SYED ANIS AHMED**  
Chief Executive Officer





**EHSAN ALI MALIK**  
Director

**SHAMIM AHMAD KHAN**  
Director

**KAMRAN Y. MIRZA**  
Director

**SEEMA KHAN**  
Director

**ZEHRA NAQVI**  
Director



# ABBOTT FUTURE

*We're shaping Abbott for long-term growth by building significant positions in those areas where the need for new solutions is greatest*

## GROWING NATIONWIDE OPPORTUNITIES

### ESTABLISHED PHARMACEUTICALS

**\$3.26**

Billion pharmaceutical industry (including Nutrition) in Pakistan (IMS Dec 2017)

### NUTRITION

**1 in 3**

Children in Pakistan are underweight with 44% being stunted

### DIAGNOSTICS

**Alinity**

A game-changing technology providing a total diagnostics solution

### DIABETES CARE

**7**

Million people suffering with diabetes in Pakistan

# 2017 FINANCIAL REPORT

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## KEY PERFORMANCE INDICATORS

		2017	2016
Sales Revenue	Rs. in million	26,088	23,388
Return on Equity	%	29.3%	27.6%
Earnings per share	Rs.	42.95	41.08
Shareholders' Equity	Rs. in million	14,356	14,593
Total Assets Turnover Ratio*	Times	1.41	1.37
Current Ratio	Times	2.96	4.61
Market Capitalization	Rs. in million	68,296	93,699

\*Calculated on the basis of average assets

## KEY OPERATING AND FINANCIAL DATA

	December 31,					
	2017	2016	2015	2014	2013	2012

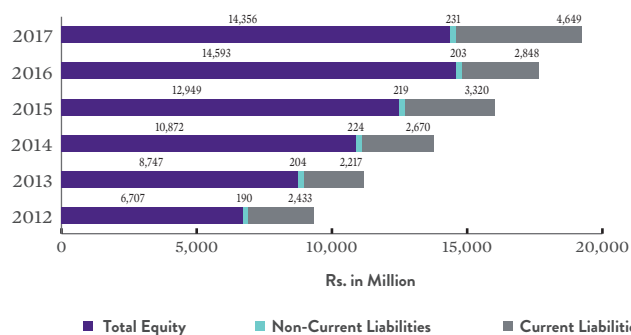
### Financial Position

(Rupees in '000)

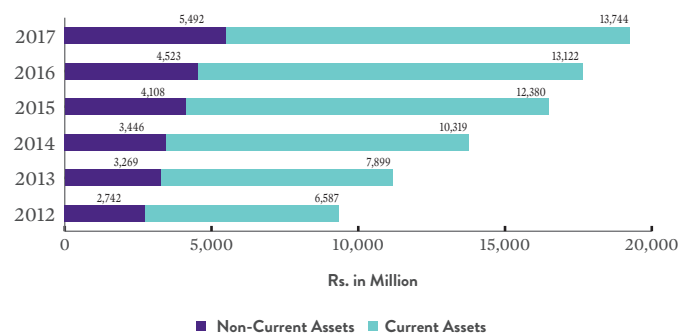
#### Balance Sheet

Fixed Assets						
- property, plant and equipment	5,419,054	4,443,019	4,017,403	3,359,092	3,183,735	2,629,154
- intangible assets	10,650	16,250	21,983	24,395	41,615	58,835
Other Non-Current Assets	62,618	63,764	68,797	62,980	44,064	54,509
Current Assets	13,743,937	13,122,151	12,380,092	10,319,128	7,898,590	6,587,364
Total Assets	19,236,259	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	459,761	414,380	381,945	339,481	300,030	262,308
Revenue Reserves	12,917,071	13,199,857	11,588,299	9,553,116	7,468,232	5,466,083
Total Equity	14,355,835	14,593,240	12,949,247	10,871,600	8,747,265	6,707,394
Non-Current Liabilities	231,147	203,477	219,144	223,953	203,562	189,557
Current Liabilities	4,649,277	2,848,467	3,319,884	2,670,042	2,217,177	2,432,911
Total Liabilities	4,880,424	3,051,944	3,539,028	2,893,995	2,420,739	2,622,468
Total Equity and Liabilities	19,236,259	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862

Balance Sheet Analysis - Equity and Liabilities



Balance Sheet Analysis - Assets



## OPERATING AND FINANCIAL TRENDS

	December 31,					
	2017	2016	2015	2014	2013	2012
(Rupees in '000)						
<b>Profit and Loss</b>						
Net sales including toll manufacturing service fee	26,088,233	23,387,915	21,170,446	19,692,354	17,217,258	15,216,253
Gross profit	10,088,986	9,367,499	8,227,233	7,550,142	6,621,646	5,702,828
Operating profit	5,852,005	5,593,900	5,012,361	4,323,341	3,689,179	3,016,363
Profit before taxation	5,841,945	5,587,141	5,006,477	4,318,567	3,686,223	3,014,137
Taxation	1,636,713	1,565,349	1,419,741	1,502,255	1,157,374	924,042
Profit after taxation	4,205,232	4,021,792	3,586,736	2,816,312	2,528,849	2,090,095
Ordinary cash dividends *	3,916,012	3,916,012	2,937,009	763,622	685,302	685,302
EBITDA **	6,459,090	6,128,490	5,496,717	4,758,663	4,087,276	3,353,127

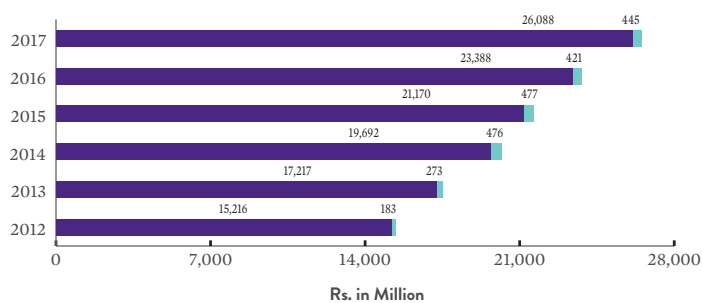
### Cash Flows

Operating activities	5,764,509	3,119,545	4,062,034	3,331,081	2,483,858	2,509,703
Investing activities	(1,222,232)	(558,237)	(672,470)	(159,370)	(690,491)	(485,630)
Financing activities	(3,914,985)	(2,937,792)	(1,450,032)	(687,381)	(686,528)	(687,188)
Cash and cash equivalents at the end of the year	8,571,721	7,944,429	8,320,913	6,381,381	3,897,051	2,790,212

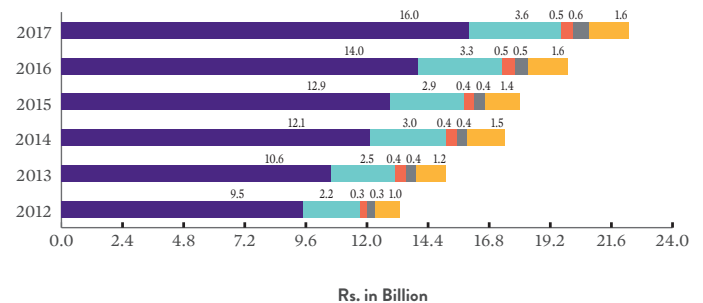
\* Includes final dividend amounting to Rs. 2,937.009 million proposed by the Board of Directors subsequent to the year end.

\*\*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

Rs. in Million

■ Other income

■ Cost of sales

■ Selling and distribution expenses

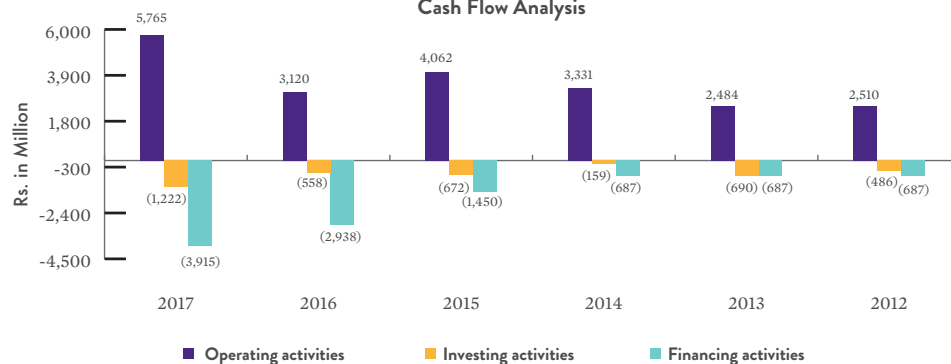
■ Administrative expenses

Rs. in Billion

■ Other charges

■ Taxation - net

Cash Flow Analysis



■ Operating activities

■ Investing activities

■ Financing activities

		December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
<b>Ratios</b>		<b>Unit</b>					
<b>Profitability Ratios</b>							
Gross profit ratio	%	38.7%	40.1%	38.9%	38.3%	38.5%	37.5%
Net profit to sales	%	16.1%	17.2%	16.9%	14.3%	14.7%	13.7%
EBITDA* margin to sales	%	24.8%	26.2%	26.0%	24.2%	23.7%	22.0%
EBIT margin	%	22.4%	23.9%	23.7%	22.0%	21.4%	19.8%
Return on equity / Return on capital employed	%	29.3%	27.6%	27.7%	25.9%	28.9%	31.2%
Return on assets	%	21.9%	22.8%	21.8%	20.5%	22.6%	22.4%
<b>Liquidity Ratios</b>							
Current ratio	Times	2.96	4.61	3.73	3.86	3.56	2.71
Quick / Acid test ratio	Times	2.18	3.31	2.81	2.76	2.27	1.66
Cash to Current Liabilities	Times	1.84	2.79	2.51	2.39	1.76	1.15
Cash flow from operations to Sales	Times	0.22	0.13	0.19	0.17	0.14	0.16
<b>Activity / Turnover Ratios</b>							
No. of days in inventory	Days	80.44	84.41	80.82	83.95	89.38	90.99
No. of days in receivables	Days	12.56	10.59	8.27	9.54	11.80	11.74
No. of days in payables	Days	66.97	60.28	58.13	49.32	48.78	47.33
Inventory Turnover	Times	4.54	4.32	4.52	4.35	4.08	4.01
Debtors Turnover	Times	29.06	34.48	44.14	38.28	30.94	31.10
Creditors Turnover	Times	5.45	6.05	6.28	7.40	7.48	7.71
Operating Cycle	Days	26.03	34.72	30.96	44.17	52.40	55.40
Total assets turnover ratio (average assets)	Times	1.41	1.37	1.40	1.58	1.68	1.82
Total assets turnover ratio	Times	1.36	1.33	1.28	1.43	1.54	1.63
Fixed assets turnover ratio (average assets)	Times	5.28	5.50	5.70	5.96	5.82	6.01
Fixed assets turnover ratio	Times	4.80	5.24	5.24	5.82	5.34	5.66
<b>Investment / Market Ratios</b>							
Basic / Diluted Earnings per share	Rs.	42.95	41.08	36.64	28.77	25.83	21.35
Price earning ratio	Times	16.24	23.30	17.33	24.70	15.23	10.75
Dividend yield ratio	%	5.7%	4.2%	4.7%	1.1%	1.8%	3.1%
Dividend pay out ratio	Times	0.93	0.97	0.82	0.27	0.27	0.33
Dividend cover ratio	Times	1.07	1.03	1.22	3.69	3.69	3.05
Cash dividend per share	Rs.	40.00	40.00	30.00	7.80	7.00	7.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	146.64	149.06	132.27	111.05	89.35	68.51
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	68,296	93,699	62,167	69,576	38,524	22,468
Market value per share at the end of the year	Rs.	697.61	957.09	635.00	710.68	393.50	229.50
Market value per share (High)	Rs.	1,145.00	984.90	744.42	913.50	456.00	234.00
Market value per share (Low)	Rs.	610.00	575.00	473.19	355.00	197.25	90.00
Contribution to National Exchequer	Rs in million	3,675	3,728	3,043	2,765	2,479	1,988
<b>Capital Structure Ratios</b>							
Interest cover ratio	Times	581.71	827.62	851.86	905.60	1,248.03	1,355.06

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 4.6% compared to prior year mainly driven by volume increase.

**Gross Profit ratio** declined slightly to 38.7% from 40.1% last year mainly due to inflationary impact. **Net Profit to sales ratio** was at 16.1% versus 17.2% during 2016.

### LIQUIDITY RATIOS

The increase in cash flows from operating activities is mainly attributable to increased payables which accordingly resulted in increase in cash and cash equivalents by Rs. 627 million as compared to last year.

**Current ratio** (2017: 2.96, 2016: 4.61), **quick / acid test ratio** (2017: 2.18, 2016: 3.31) and **cash to current liabilities** (2017: 1.84, 2016: 2.79) have slightly declined versus last year mainly on account of higher payable balances.

### ACTIVITY / TURNOVER RATIOS

**Operating cycle** has decreased to 26.03 days in 2017 from 34.72 days in 2016 due to higher payable balances as compared to last year.

**Total assets turnover ratio (average assets)** increased to 1.41 in 2017 from 1.37 in 2016 mainly due to increase in sales during the year.

**Fixed assets turnover ratio (average assets)** declined to 5.28 in 2017 from 5.50 in 2016 mainly due to capital expenditure.

### INVESTMENT / MARKET RATIOS

**Earnings per share** improved to Rs. 42.95 in 2017 from Rs. 41.08 in 2016 as a result of the increase in profit after tax by 4.6% compared to last year as mentioned above.

**P/E ratio** declined to 16.24 in 2017 from 23.30 in 2016, mainly due to decrease in market price per share to Rs. 697.61 in 2017 from Rs. 957.09 in 2016.

**Dividend yield ratio** improved to 5.7% in 2017 from 4.2% in 2016 due to decrease in market price per share.

**Dividend pay-out ratio** decreased to 0.93 (times) in 2017 from 0.97 (times) in 2016, on account of increase in profit after tax.

**Break-up value per share** has decreased to Rs 146.64 in 2017 from Rs 149.06 in 2016 due to decrease in total equity by Rs 237 million as compared to prior year on account of final and interim dividends and actuarial losses.

**Market capitalization** has decreased to Rs. 68,296 million in 2017 from Rs. 93,699 million in 2016 due to decrease in market price per share to Rs. 697.61 in 2017 from Rs. 957.09 in 2016.

### CAPITAL STRUCTURE ANALYSIS

Total equity decreased by 1.6% to Rs. 14.36 billion comprising of share capital amounting to Rs. 979.003 million which consists of issued share capital of 97,900,302 shares of Rs. 10.00 each. Abbott Asia Investments Limited, UK is the major shareholder of the Company, having shares amounting to 76,259,454 being 77.90% 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 11.5% over previous year. Pharmaceutical sales for the year increased by 13.2% over prior year due to sustained performance of established brands. Nutritional sales for the year also showed an increase of 9.5% over prior year mainly due to growth in Ensure and Glucerna. Sales for 'Others' including General Health Care (GHC), Diagnostic and Diabetes Care, grew by 2.2% over last year.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses during the year increased by 10.9% mainly attributable to growth in business activities and turnover.

### OTHER INCOME

Increase in other income during the current year by 5.8% versus last year is primarily on account of increase in interest income. This is attributable to higher cash reserves available during the current year. Scrap sales also increased by Rs. 14.2 million.

### 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 is mainly due to higher cash and bank balances on account of improved operating cycle.

### CURRENT LIABILITIES

Trade and other payables have increased over prior year mainly on account of increase in staff pension fund payable due to re-measurement loss on company's plan assets.

### EQUITY

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

## COMMENTS ON CASHFLOWS

### CASHFLOWS FROM OPERATING ACTIVITIES

There is an increase in cash flows from operating activities mainly due to favorable working capital changes owing to increase in trade and other payables versus last year.

### CASHFLOWS FROM INVESTING ACTIVITIES

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

### CASHFLOWS FROM FINANCING ACTIVITIES

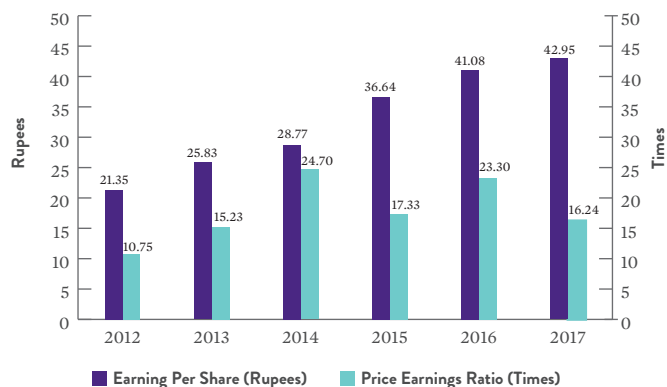
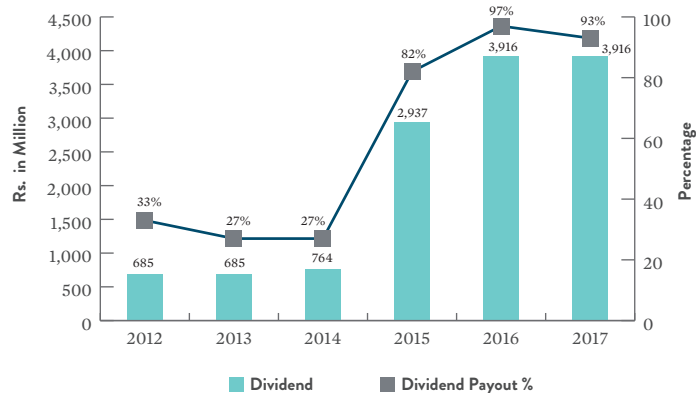
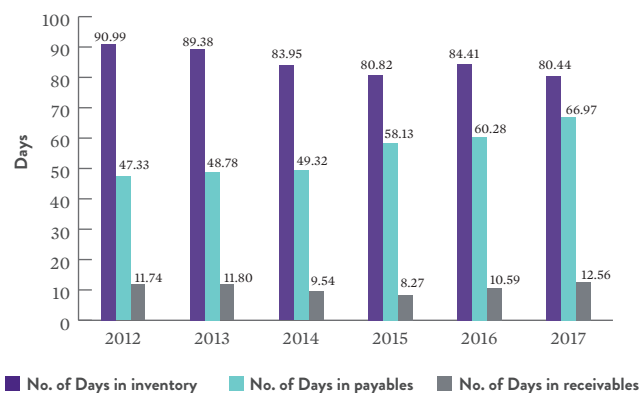
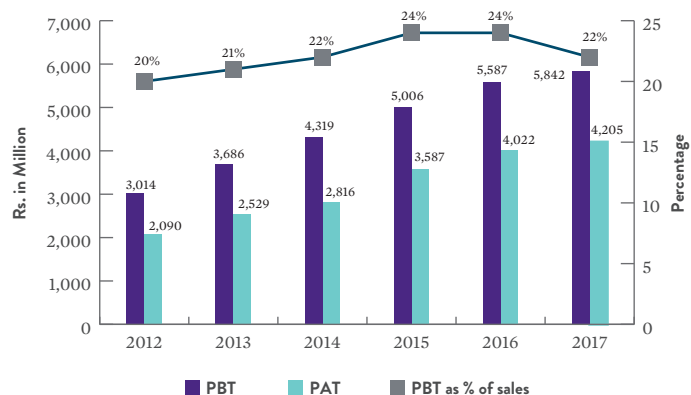
Cash outflow from financing activities increased during the current year primarily on account of increased dividend payout during the year.

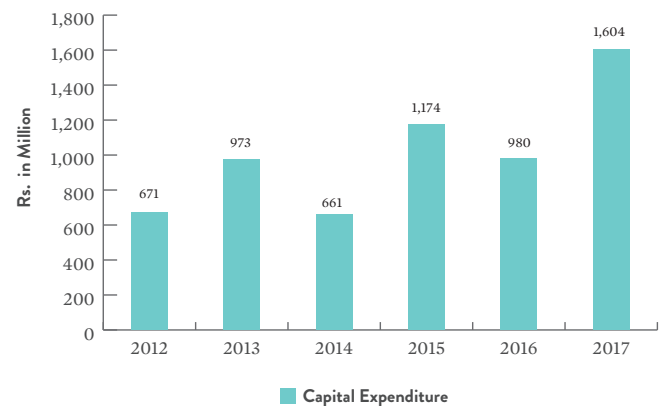
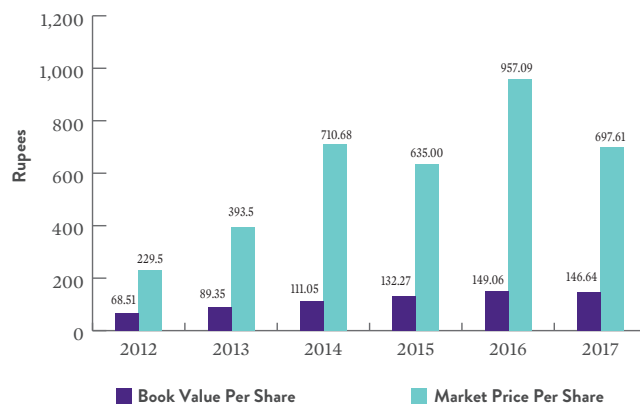
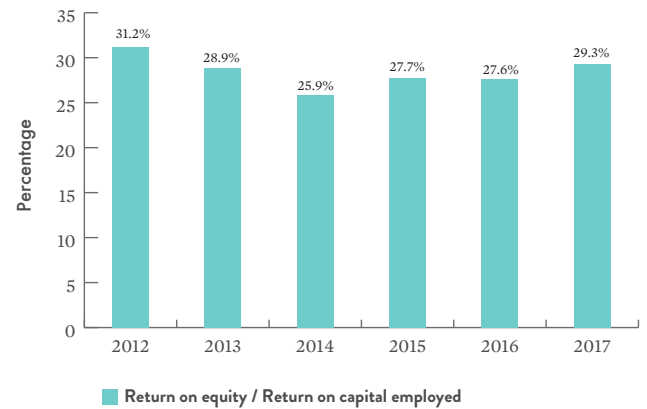
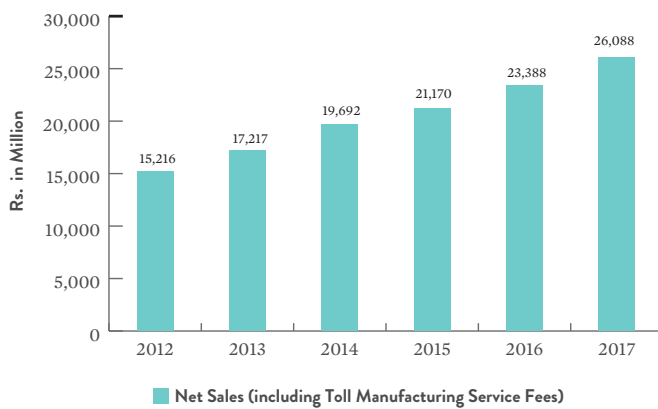
## CASH FLOW STATEMENT - DIRECT METHOD

For The Year Ended December 31, 2017

	2017	2016
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	25,978,277	23,066,200
Cash paid to suppliers / service providers	(15,049,434)	(14,929,879)
Cash paid to employees	(2,768,900)	(2,549,708)
Payment of royalty and technical service fee	(173,649)	(175,661)
Payment to retirement funds	(307,237)	(220,609)
Income taxes paid	(1,556,561)	(1,714,877)
Payment of other statutory charges	(360,467)	(358,896)
Long-term deposits - net	(38)	-
Long-term prepayments - net	2,518	2,975
Net cash inflow from operating activities	5,764,509	3,119,545
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,604,089)	(980,258)
Acquisition of intangible asset	-	(6,500)
Sale proceeds from disposal of property, plant and equipment	11,219	36,639
Interest income	370,638	391,882
Net cash outflow from investing activities	(1,222,232)	(558,237)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance costs paid	(10,060)	(6,759)
Dividends paid	(3,904,925)	(2,931,033)
Net cash outflow from financing activities	(3,914,985)	(2,937,792)
Net increase / (decrease) in cash and cash equivalents	627,292	(376,484)
Cash and cash equivalents at the beginning of the year	7,944,429	8,320,913
Cash and cash equivalents at the end of the year	8,571,721	7,944,429

## GRAPHICAL PRESENTATION







## VERTICAL ANALYSIS

	December 31, 2017		December 31, 2016	
	Rupees in '000	%	Rupees in '000	%
<b>Balance Sheet</b>				
Total Equity	14,355,835	74.6	14,593,240	82.7
Non-Current Liabilities	231,147	1.2	203,477	1.2
Current Liabilities	4,649,277	24.2	2,848,467	16.1
Total Equity and Liabilities	19,236,259	100.0	17,645,184	100.0
Non-Current Assets	5,492,322	28.6	4,523,033	25.6
Current Assets	13,743,937	71.4	13,122,151	74.4
Total Assets	19,236,259	100.0	17,645,184	100.0

	December 31, 2017		December 31, 2016	
	Rupees in '000	%	Rupees in '000	%
<b>Profit and Loss Account</b>				
Net sales	26,088,233	100.0	23,387,915	100.0
Cost of sales	15,999,247	61.3	14,020,416	59.9
Gross Profit	10,088,986	38.7	9,367,499	40.1
Selling and distribution expenses	3,611,882	13.8	3,258,175	13.9
Administrative expenses	468,172	1.8	450,297	1.9
	6,008,932	23.0	5,659,027	24.2
Other income	445,317	1.7	420,937	1.8
Other charges	602,244	2.3	486,064	2.1
	5,852,005	22.4	5,593,900	23.9
Finance costs	10,060	0.0	6,759	0.0
Profit before taxation	5,841,945	22.4	5,587,141	23.9
Taxation - net	1,636,713	6.3	1,565,349	6.7
Profit for the year	4,205,232	16.1	4,021,792	17.2

December 31, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
12,949,247	78.6	10,871,600	79.0	8,747,265	78.3	6,707,394	71.9
219,144	1.3	223,953	1.6	203,562	1.8	189,557	2.0
3,319,884	20.1	2,670,042	19.4	2,217,177	19.9	2,432,911	26.1
16,488,275	100.0	13,765,595	100.0	11,168,004	100.0	9,329,862	100.0
4,108,183	24.9	3,446,467	25.0	3,269,414	29.3	2,742,498	29.4
12,380,092	75.1	10,319,128	75.0	7,898,590	70.7	6,587,364	70.6
16,488,275	100.0	13,765,595	100.0	11,168,004	100.0	9,329,862	100.0

December 31, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
21,170,446	100.0	19,692,354	100.0	17,217,258	100.0	15,216,253	100.0
12,943,213	61.1	12,142,212	61.7	10,595,612	61.5	9,513,425	62.5
8,227,233	38.9	7,550,142	38.3	6,621,646	38.5	5,702,828	37.5
2,876,407	13.6	2,965,120	15.1	2,471,404	14.4	2,212,421	14.5
383,612	1.8	367,379	1.9	366,938	2.1	344,494	2.3
4,967,214	23.5	4,217,643	21.4	3,783,304	22.0	3,145,913	20.7
476,868	2.3	475,693	2.4	273,059	1.6	183,430	1.2
431,721	2.0	369,995	1.9	367,184	2.1	312,980	2.1
5,012,361	23.7	4,323,341	22.0	3,689,179	21.4	3,016,363	19.8
5,884	0.0	4,774	0.0	2,956	0.0	2,226	0.0
5,006,477	23.6	4,318,567	21.9	3,686,223	21.4	3,014,137	19.8
1,419,741	6.7	1,502,255	7.6	1,157,374	6.7	924,042	6.1
3,586,736	16.9	2,816,312	14.3	2,528,849	14.7	2,090,095	13.7

## HORIZONTAL ANALYSIS

	December 31,					
	2017	2016	2015	2014	2013	2012

(Rupees in '000)

### Balance Sheet

Total Equity	14,355,835	14,593,240	12,949,247	10,871,600	8,747,265	6,707,394
Non-Current Liabilities	231,147	203,477	219,144	223,953	203,562	189,557
Current Liabilities	4,649,277	2,848,467	3,319,884	2,670,042	2,217,177	2,432,911
Total Equity and Liabilities	19,236,259	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862
Non-Current Assets	5,492,322	4,523,033	4,108,183	3,446,467	3,269,414	2,742,498
Current Assets	13,743,937	13,122,151	12,380,092	10,319,128	7,898,590	6,587,364
Total Assets	19,236,259	17,645,184	16,488,275	13,765,595	11,168,004	9,329,862

	December 31,					
	2017	2016	2015	2014	2013	2012

(Rupees in '000)

### Profit and Loss Account

Net sales	26,088,233	23,387,915	21,170,446	19,692,354	17,217,258	15,216,253
Cost of sales	15,999,247	14,020,416	12,943,213	12,142,212	10,595,612	9,513,425
Gross Profit	10,088,986	9,367,499	8,227,233	7,550,142	6,621,646	5,702,828
Selling and distribution expenses	3,611,882	3,258,175	2,876,407	2,965,120	2,471,404	2,212,421
Administrative expenses	468,172	450,297	383,612	367,379	366,938	344,494
	6,008,932	5,659,027	4,967,214	4,217,643	3,783,304	3,145,913
Other income	445,317	420,937	476,868	475,693	273,059	183,430
Other charges	602,244	486,064	431,721	369,995	367,184	312,980
	5,852,005	5,593,900	5,012,361	4,323,341	3,689,179	3,016,363
Finance costs	10,060	6,759	5,884	4,774	2,956	2,226
Profit before taxation	5,841,945	5,587,141	5,006,477	4,318,567	3,686,223	3,014,137
Taxation - net	1,636,713	1,565,349	1,419,741	1,502,255	1,157,374	924,042
Profit for the year	4,205,232	4,021,792	3,586,736	2,816,312	2,528,849	2,090,095

December 31,					
2017	2016	2015	2014	2013	2012
% increase / (decrease) over preceding year					
(1.6)	12.7	19.1	24.3	30.4	29.3
13.6	(7.1)	(2.1)	10.0	7.4	14.7
63.2	(14.2)	24.3	20.4	(8.9)	18.5
9.0	7.0	19.8	23.3	19.7	26.0
21.4	10.1	19.2	5.4	19.2	12.9
4.7	6.0	20.0	30.6	19.9	32.4
9.0	7.0	19.8	23.3	19.7	26.0

December 31,					
2017	2016	2015	2014	2013	2012
% increase / (decrease) over preceding year					
11.5	10.5	7.5	14.4	13.2	17.5
14.1	8.3	6.6	14.6	11.4	14.9
7.7	13.9	9.0	14.0	16.1	22.2
10.9	13.3	(3.0)	20.0	11.7	16.8
4.0	17.4	4.4	0.1	6.5	16.5
6.2	13.9	17.8	11.5	20.3	27.0
5.8	(11.7)	0.2	74.2	48.9	28.8
23.9	12.6	16.7	0.8	17.3	30.0
4.6	11.6	15.9	17.2	22.3	26.8
48.8	14.9	23.3	61.5	32.8	(30.8)
4.6	11.6	15.9	17.2	22.3	26.9
4.6	10.3	(5.5)	29.8	25.3	26.5
4.6	12.1	27.4	11.4	21.0	27.1

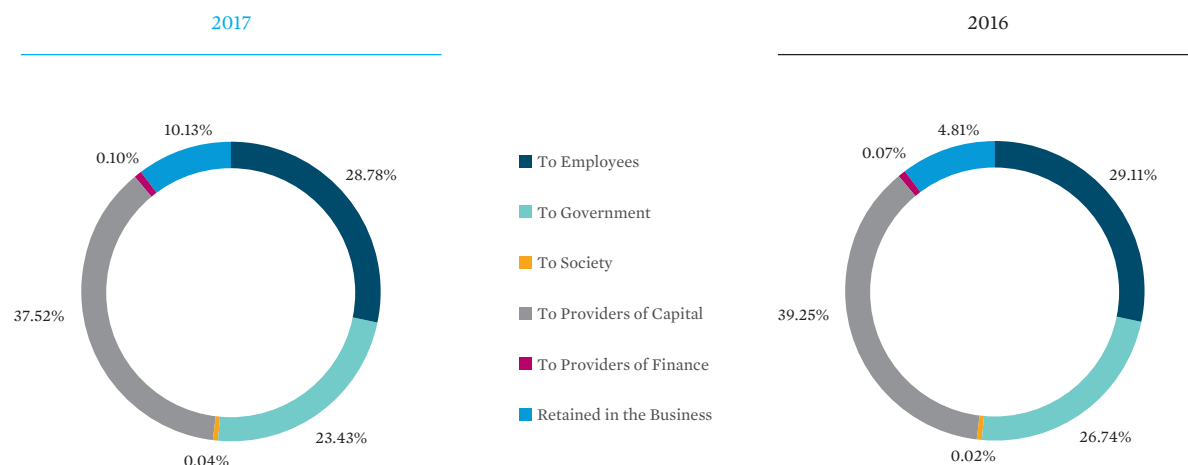


# STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

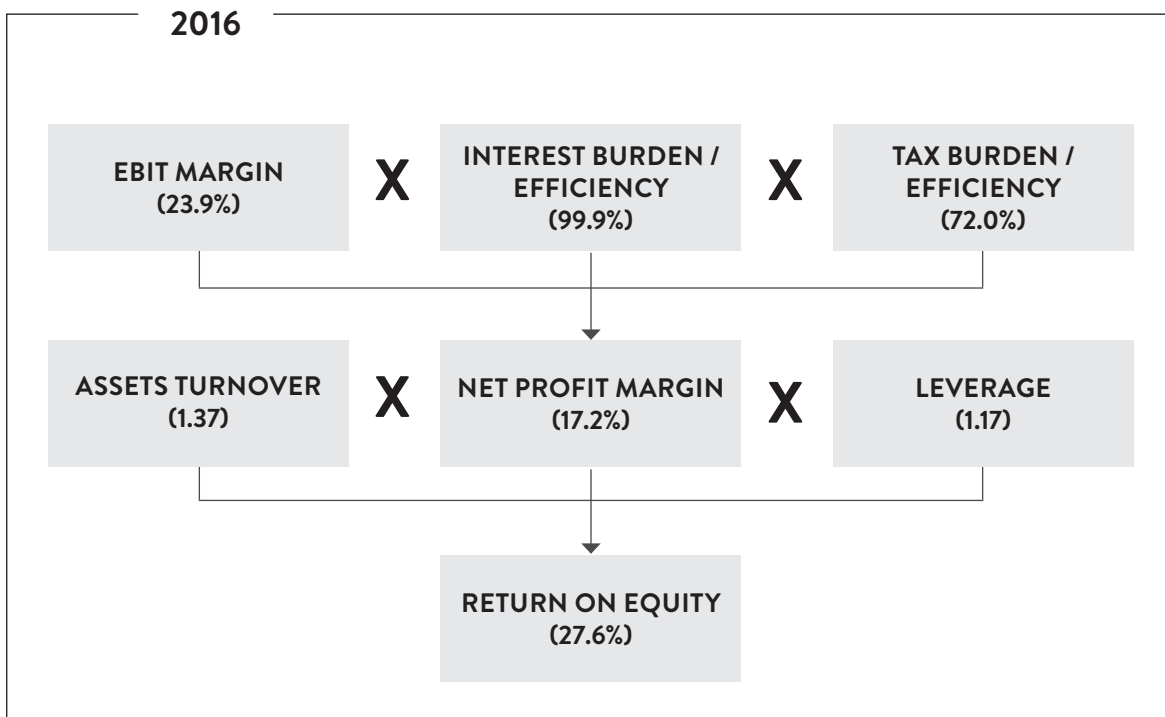
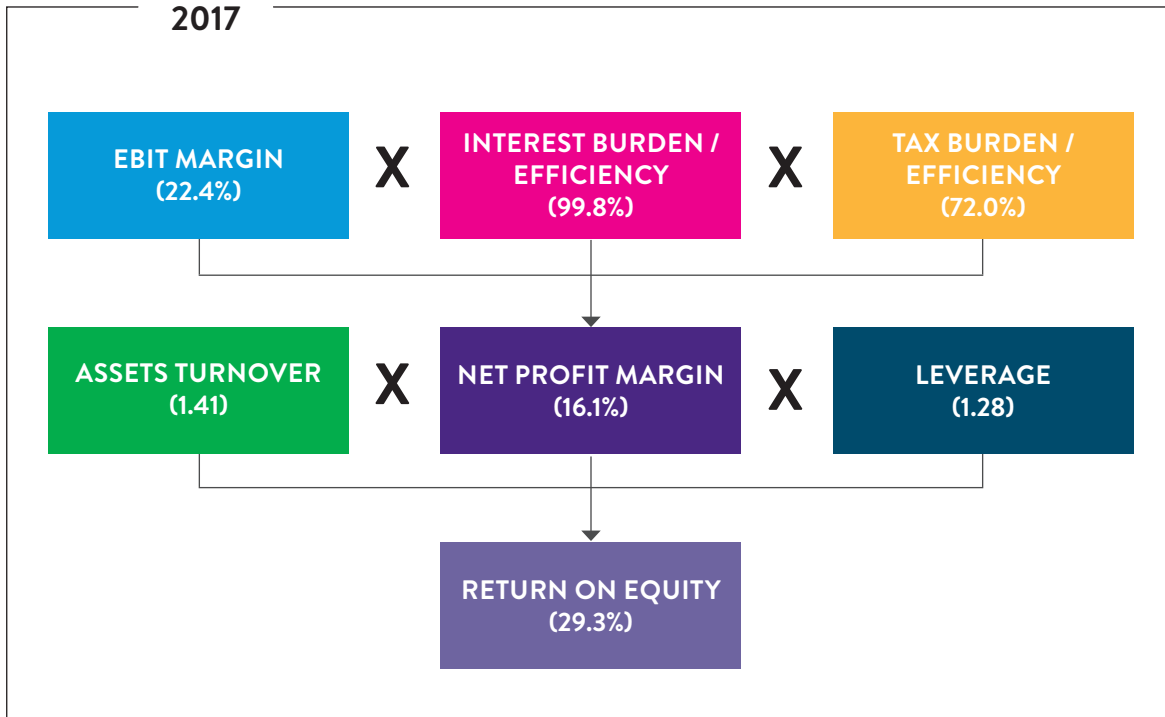
For The Year Ended December 31, 2017

	2017		2016	
	Rupees '000	%	Rupees '000	%
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax and other income	27,068,263		24,301,320	
Brought-in-materials and services	16,631,911		14,324,267	
	<u>10,436,352</u>	<u>100%</u>	<u>9,977,053</u>	<u>100%</u>
<b>Wealth Distribution</b>				
<b>To Employees</b>				
Salaries, wages, allowances and staff welfare	3,003,168	28.78%	2,904,535	29.11%
<b>To Government</b>				
Income Tax	1,475,941	14.14%	1,725,946	17.30%
Workers' Funds and Central Research Fund	435,278	4.17%	449,945	4.50%
Sales tax and excise duty	534,713	5.12%	492,468	4.94%
	<u>2,445,932</u>	<u>23.43%</u>	<u>2,668,359</u>	<u>26.74%</u>
<b>To Society</b>				
Donations	4,103	0.04%	1,615	0.02%
<b>To Providers of Capital</b>				
Dividends *	3,916,012	37.52%	3,916,012	39.25%
<b>To Providers of Finance</b>				
Finance costs	10,060	0.10%	6,759	0.07%
<b>Retained in the Business</b>				
Depreciation and amortisation	607,085	5.82%	534,590	5.36%
Actuarial Loss / (Gain)	732,778	7.02%	(687,372)	-6.89%
(Utilised from) / Added to Unappropriated profit for distribution	(282,786)	-2.71%	632,555	6.34%
	<u>1,057,077</u>	<u>10.13%</u>	<u>479,773</u>	<u>4.81%</u>
	<u>10,436,352</u>	<u>100.00%</u>	<u>9,977,053</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.



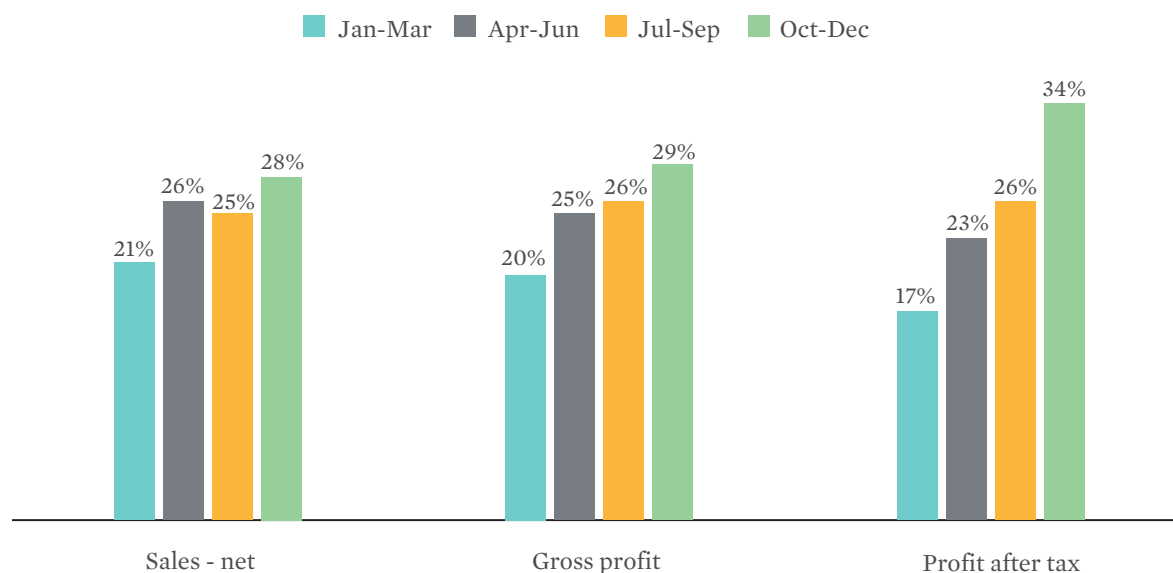
## DUPONT ANALYSIS



## QUARTERLY ANALYSIS

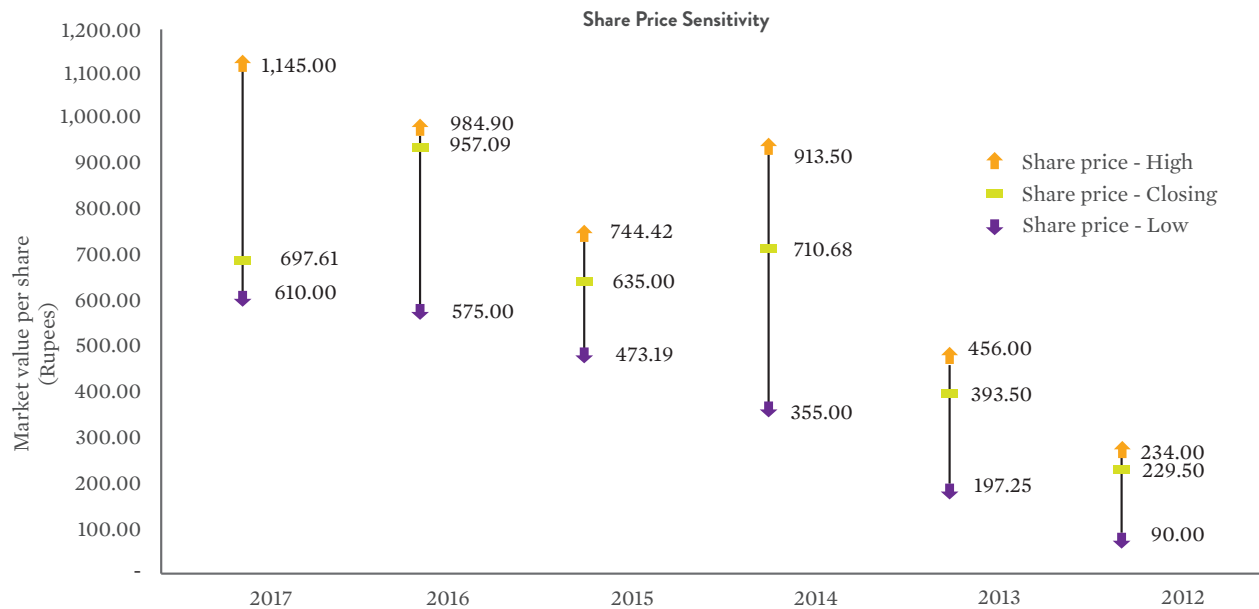
	Jan - Mar 2017		Apr - Jun 2017		Jul - Sep 2017		Oct - Dec 2017		Jan - Dec 2017	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Net Sales	5,394,598	21%	6,662,948	26%	6,601,842	25%	7,428,845	28%	26,088,233	100%
Gross Profit	1,997,040	20%	2,549,769	25%	2,639,572	26%	2,902,605	29%	10,088,986	100%
Profit after tax	704,763	17%	973,203	23%	1,110,796	26%	1,416,470	34%	4,205,232	100%

### Quarterly Analysis



## SHARE PRICE SENSITIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company performance, general market sentiment, 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 in a timely manner. During the year 2017, Abbott share price touched the peak of Rs 1,145.00 while the lowest recorded price was Rs 610.00 with a closing price of Rs. 697.61 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 Regulation No. 5.19.24 of 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 Directors	Mr. Ehsan Ali Malik
	Ms. Zehra Naqvi
Executive Directors	Syed Anis Ahmed
	Ms. Seema Khan
Non-Executive Directors	Mr. Munir A. Shaikh (Chairman)
	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. No casual vacancy has occurred on the Board during the year.
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 employment 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 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, three directors have a certification under Directors' Training Program, two 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 has approved 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 Company engages an independent firm of Chartered Accountants for audit assignments. 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 26<sup>th</sup>, 2018



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

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ey.khi@pk.ey.com  
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## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance (the Statement) 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 2017** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, 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 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 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 2017**.

**Chartered Accountants**  
**Date:** 26 February 2018  
**Place:** Karachi



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Chartered Accountants  
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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 2017** 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 repealed 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 repealed 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 repealed 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 repealed 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 2017** and of the profit, its comprehensive income, 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.

**Chartered Accountants**

**Audit Engagement Partner:** Khurram Jameel

**Date:** 26 February 2018

**Place:** Karachi



**BALANCE SHEET**

As At December 31, 2017

	Note	2017 (Rupees '000)	2016
<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		459,761	414,380
- revenue		12,917,071	13,199,857
<b>Total Equity</b>		<u>14,355,835</u>	<u>14,593,240</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	5	231,147	203,477
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	4,649,277	2,843,217
Taxation - net		-	5,250
<b>Total Liabilities</b>		<u>4,880,424</u>	<u>3,051,944</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>19,236,259</u>	<u>17,645,184</u>

	Note	2017 (Rupees '000)	2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
- Property, plant and equipment	8	5,419,054	4,443,019
- Intangible assets	9	10,650	16,250
Long-term loans and advances	10	50,988	49,654
Long-term deposits	11	7,513	7,475
Long-term prepayments		4,117	6,635
<b>Total Non-current Assets</b>		<b>5,492,322</b>	<b>4,523,033</b>
<b>CURRENT ASSETS</b>			
Stores and spares	12	129,521	103,766
Stock-in-trade	13	3,475,745	3,575,927
Trade debts	14	914,972	880,297
Loans and advances	15	159,591	160,388
Trade deposits and short-term prepayments	16	326,296	285,443
Interest accrued		12,495	11,535
Other receivables	17	149,206	160,366
Taxation - net		4,390	-
Cash and bank balances	18	8,571,721	7,944,429
<b>Total Current Assets</b>		<b>13,743,937</b>	<b>13,122,151</b>
<b>TOTAL ASSETS</b>		<b>19,236,259</b>	<b>17,645,184</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
Sales - net	19	26,088,233	23,387,915
Cost of sales	20	15,999,247	14,020,416
Gross profit		10,088,986	9,367,499
Selling and distribution expenses	22	3,611,882	3,258,175
Administrative expenses	23	468,172	450,297
Other charges	24	602,244	486,064
Other income	25	445,317	420,937
		4,236,981	3,773,599
		5,852,005	5,593,900
Finance costs	26	10,060	6,759
Profit before taxation		5,841,945	5,587,141
Taxation	27	1,636,713	1,565,349
Profit for the year		4,205,232	4,021,792
		(Rupees)	
Earnings per share - basic / diluted	28	42.95	41.08

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



Chief Executive



Director



Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME**

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
Profit for the year		4,205,232	4,021,792
Other comprehensive income for the year			
- Actuarial (losses) / gains on defined benefit pension plan	21.1.2	(732,778)	687,372
- Tax on actuarial losses / (gains)		160,772	(160,597)
Other comprehensive (loss) / income - net of tax		(572,006)	526,775
Total comprehensive income for the year		3,633,226	4,548,567

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



Chief Executive



Director



Chief Financial Officer



## CASH FLOW STATEMENT

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	7,319,924	4,829,389
Income taxes paid		(1,556,561)	(1,714,877)
Long-term loans and advances		(1,334)	2,058
Long-term deposits		(38)	-
Long-term prepayments		2,518	2,975
Net cash inflow from operating activities		5,764,509	3,119,545
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,604,089)	(980,258)
Acquisition of intangible asset		-	(6,500)
Sale proceeds from disposal of property, plant and equipment		11,219	36,639
Interest income		370,638	391,882
Net cash outflow from investing activities		(1,222,232)	(558,237)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs paid		(10,060)	(6,759)
Dividends paid		(3,904,925)	(2,931,033)
Net cash outflow from financing activities		(3,914,985)	(2,937,792)
Net increase / (decrease) in cash and cash equivalents		627,292	(376,484)
Cash and cash equivalents at the beginning of the year		7,944,429	8,320,913
Cash and cash equivalents at the end of the year		8,571,721	7,944,429

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



Chief Executive



Director



Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2017

	Capital Reserves			Reserves		Total	Total Equity
	Share Capital	Reserve Arising on Merger	Other- (Note 2.23)	General Reserve	Un-appropriated Profit		
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 Laboratories, 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
Balance as at January 1, 2017	979,003	46,097	368,283	5,338,422	7,861,435	13,614,237	14,593,240
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2016 @ Rs. 30 per share	-	-	-	-	(2,937,009)	(2,937,009)	(2,937,009)
Interim dividend for the year ended December 31, 2017 @ Rs. 10 per share	-	-	-	-	(979,003)	(979,003)	(979,003)
Capital contribution from Abbott Laboratories, USA	-	-	45,381	-	-	45,381	45,381
Total comprehensive income for the year ended December 31, 2017							
Profit for the year	-	-	-	-	4,205,232	4,205,232	4,205,232
Other comprehensive income for the year, net of tax	-	-	-	-	(572,006)	(572,006)	(572,006)
Total comprehensive income for the year	-	-	-	-	3,633,226	3,633,226	3,633,226
Balance as at December 31, 2017	979,003	46,097	413,664	5,338,422	7,578,649	13,376,832	14,355,835

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

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

### 1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (the Company) is a public limited Company incorporated in Pakistan on July 02, 1948, and its shares are quoted on the Pakistan Stock Exchange Limited. The address of its registered office is 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. As per the requirements of circular No. 23/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed Ordinance 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 standards and amendments effective during the year

#### New Standards, Interpretations and Amendments

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

#### Standard or Interpretation:

IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above standards, amendments and 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
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 - Financial Instruments: Classification and Measurement	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards, amendments and interpretations 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 2018 and 01 January 2019. The Company expects that such improvements to the standards will not have any 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 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

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



## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers which will be effective for annual periods beginning on or after January 1, 2018, however, early application is permitted. During the year ended December 31, 2017, SECP vide S.R.O. 1007(1) / 2017 dated October 4, 2017, has also notified the adoption of IFRS 15 for annual periods beginning on or after July 1, 2018. The Company is in the process of assessing the impact of the adoption of these standards.

According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. Currently, it is expected that the changes, if any, in the total amount of revenue to be recognized for a customer contract will be very limited. Besides, changes to the Statement of Financial Position are expected, e.g. separate line items for contract assets and contract liabilities are required, and qualitative disclosures are added.

### 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 doubtful trade deposits (note 2.8 and 16);
- vii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.15 and note 21);
- viii) Provision for taxation (note 2.10, note 5 and note 27);
- ix) Share based compensation (note 2.23 and 30); and
- x) Contingencies (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 profit and loss account 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 at the rates given in note 9.

The amortisation period for intangible assets with finite useful lives is reviewed and adjusted at each financial year end.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

### 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. Provision is made in the financial statements for obsolete and slow moving items based on estimates.

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

### 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'. 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 Loans, advances, trade deposits and short-term prepayments

Loans, advances, trade deposits and short term prepayments are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

### 2.9 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.

### 2.10 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 for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

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

### 2.11 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.

### 2.12 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of consideration to be paid in the future, for goods and services to be received, whether or not billed to the Company.

### 2.13 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.

### 2.14 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.

### 2.15 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



## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

determined through actuarial valuations carried out under the “Projected Unit Credit Method”. The latest actuarial valuation was carried out at 31 December 2017 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.

### 2.16 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.

### 2.17 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.

### 2.18 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.

### 2.19 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.

## 2.20 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.

## 2.21 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.

## 2.22 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.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

## Others

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

## 2.23 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

2017 Number of shares	2016		2017 (Rupees '000)	2016
<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

2017 Number of shares	2016		2017 (Rupees '000)	2016
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, 2017, Abbott Asia Investments Limited, UK (the holding company) held 76,259,454 shares (77.90%). The ultimate holding company is Abbott Laboratories, USA.

## 5. DEFERRED TAXATION

Deferred tax liability arising due to accelerated tax depreciation allowance  
Deferred tax asset arising in respect of provisions

2017 (Rupees '000)	2016
311,649	251,835
(80,502)	(48,358)
<u>231,147</u>	<u>203,477</u>

	Note	2017 (Rupees '000)	2016
<b>6. TRADE AND OTHER PAYABLES</b>			
Creditors		435,963	86,358
Accrued liabilities		1,590,159	1,115,892
Bills payable	6.1	1,127,904	859,118
Advances from customers		189,740	265,021
Unclaimed dividends		33,126	22,039
Payable to related parties	6.2	103,797	41,104
Sales tax payable		48,149	52,384
Central Research Fund		58,374	59,388
Workers' Welfare Fund		92,550	104,652
Staff pension fund	21.1.1	667,262	-
Provision for Gas Infrastructure Development Cess		289,305	221,135
Others		12,948	16,126
		<u>4,649,277</u>	<u>2,843,217</u>

**6.1 Bills payable include the following amounts payable to related parties:**

Abbott Diagnostics GmbH	341,303	92,247
Abbott Logistics B.V.	191,427	368,883
Abbott Laboratories (Singapore) PTE Limited	19	-
Abbott Products Operation AG	19,463	235,912
Abbott International LLC., USA	154,644	71,334
Abbott GmbH & Co. KG.	11,913	4,192
Abbott Argentina S.A.	274	-
Abbott Diabetes Care Inc.	18,928	7,019
Abbott Diabetes Care Limited, UK	62,263	25,489
	<u>800,234</u>	<u>805,076</u>

**6.2 Payable to related parties represents the following amounts payable to:**

Abbott International LLC., USA	49,692	38,364
Abbott Mearo	2,060	-
Abbott B.V. Netherlands	34,376	-
Abbott GmbH & Co. KG.	6,890	2,740
Abbott Products Operation AG	10,779	-
	<u>103,797</u>	<u>41,104</u>

**7. CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

- 7.1.1** 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 legal advisor's 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.



**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended December 31, 2017

**7.1.2** 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. 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 of Sindh in this regard, which is pending for hearing.

Based on the legal advisor's 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 Company is defending various suits filed against it in various courts in Pakistan related to its business operations. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in Company's favor.

**7.2 Commitments**

**7.2.1** Commitments for capital expenditure outstanding amounted to Rs. 234.129 million (2016: Rs. 371.248 million).

**7.2.2** Commitments in respect of letters of credit outstanding as at balance sheet date amounted to Rs. 705.693 million (2016: Rs. 568.028 million).

**7.2.3** The Company has given bank guarantees of Rs. 232.795 million (2016: Rs. 175.667 million) to the Customs Department, a utility company and other institutions against tenders.

**7.2.4** The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 1,120 million (2016: 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 (2016: Rs. 250 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (2016: KIBOR plus 1% to KIBOR plus 2%) per annum and are secured against first joint pari passu hypothecation charge over stocks and book debts of the Company, ranking hypothecation charge over stocks and book debts of the Company, promissory notes, and counter guarantees. The Company has not borrowed any amount against running finance / short-term loan facilities at the balance sheet date.

	Note	2017 (Rupees '000)	2016
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	4,678,815	3,639,626
Capital work-in-progress	8.5	740,239	803,393
		<u>5,419,054</u>	<u>4,443,019</u>

## 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, 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
Depreciation / amortisation charge for the year	-	-	-	-	431	31,854	-	-	-	32,285
Reclassification - depreciation	-	29	15,506	858	234,085	62,194	5,149	37,636	166,900	522,357
	-	-	(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
Year ended December 31, 2017										
Opening 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
Additions / transfers	-	-	18,506	-	1,183,566	46,458	9,390	11,000	398,323	1,667,243
Reclassification - cost	-	-	-	-	581	-	886	(1,467)	-	-
Disposals / write offs										
Cost	-	-	2,673	-	151,700	21,085	21,998	114,834	45,438	357,728
Depreciation	-	-	2,499	-	137,229	11,134	20,170	114,689	45,438	331,159
Depreciation / amortisation charge for the year	-	-	174	-	14,471	9,951	1,828	145	-	26,569
Reclassification - depreciation	-	28	17,890	102	294,189	64,048	6,014	27,628	191,586	601,485
	-	-	(178)	-	1,336	-	283	(1,441)	-	-
Closing net book value	20,679	1,769	212,680	1,431	3,192,948	278,884	28,365	36,335	905,724	4,678,815
At December 31, 2017										
Cost	20,679	2,718	461,570	68,573	5,381,913	470,235	113,357	184,374	1,784,556	8,487,975
Accumulated depreciation / amortisation	-	949	248,890	67,142	2,188,965	191,351	84,992	148,039	878,832	3,809,160
Net book value	20,679	1,769	212,680	1,431	3,192,948	278,884	28,365	36,335	905,724	4,678,815
Annual rate of depreciation / amortisation %										
2016	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2017	-	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.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
8.3 The depreciation / amortisation charge for the year has been allocated as follows:			
Cost of sales	20	320,746	259,311
Selling and distribution expenses	22	255,494	237,979
Administrative expenses	23	25,245	25,067
		<u>601,485</u>	<u>522,357</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>						
	1,538	923	615	615	Company Policy	Arif Subhan Employee
	451	271	180	489	Open Market Auction	Muhammad Waqas House No. 24-Q, Block 2, PECHS, Karachi
	507	304	203	551	Open Market Auction	Mudassir Iqbal Quarter 11, Street No. 27, 36-B, Landhi-5, Karachi
	1,586	952	634	634	Company Policy	Baber Shahzad Ex-Employee
	1,673	1,004	669	669	Company Policy	Tahir Rasheed Ex-Employee
	2,303	489	1,814	1,957	Company Policy	Shabbir Najmee Ex-Employee
	1,560	936	624	624	Company Policy	M. Ali Employee
	1,683	863	820	820	Company Policy	Rafique Abdullah Ex-Employee
	1,763	903	860	953	Company Policy	Feroz Alam Shah Ex-Employee
	1,572	904	668	629	Company Policy	Atif Rafeeq Ex-Employee
	1,586	952	634	634	Company Policy	Mehar Elahi Ex-Employee
	1,628	692	936	1,350	Insurance Claim	Efu EFU House, M.A Jinnah Road.
	1,552	931	621	621	Company Policy	Tariq Zia Ex-Employee
	1,683	1,010	673	673	Company Policy	Noman Iftikhar Ex-Employee
	21,085	11,134	9,951	11,219		
<b>Plant and machinery</b>						
	1,613	1,451	162	-	Write-off	
	1,462	1,316	146	-	Write-off	
	5,181	4,663	518	-	Write-off	
	1,016	914	102	-	Write-off	
	1,660	1,494	166	-	Write-off	
	2,073	1,866	207	-	Write-off	
	4,987	4,488	499	-	Write-off	
	1,988	1,789	199	-	Write-off	
	1,087	978	109	-	Write-off	
	1,121	1,009	112	-	Write-off	
	1,485	1,337	148	-	Write-off	
	2,255	2,030	225	-	Write-off	
	1,615	1,454	161	-	Write-off	
	7,187	6,468	719	-	Write-off	
	1,536	1,382	154	-	Write-off	
	1,140	1,026	114	-	Write-off	
	2,527	2,274	253	-	Write-off	
	9,549	8,594	955	-	Write-off	
	1,684	1,516	168	-	Write-off	
	4,629	4,166	463	-	Write-off	
	3,169	2,852	317	-	Write-off	
	1,516	1,364	152	-	Write-off	
	2,287	2,059	228	-	Write-off	
	2,321	2,089	232	-	Write-off	
	1,224	1,102	122	-	Write-off	
	1,789	1,610	179	-	Write-off	
	505	455	50	-	Write-off	
	1,295	379	916	-	Write-off	
	3,355	3,019	336	-	Write-off	
	505	454	51	-	Write-off	
	530	477	53	-	Write-off	
	514	463	51	-	Write-off	
	521	469	52	-	Write-off	
	543	489	54	-	Write-off	

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		(Rupees '000)				
Plant and machinery						
	550	495	55	-	Write-off	
	553	498	55	-	Write-off	
	558	503	55	-	Write-off	
	560	504	56	-	Write-off	
	578	520	58	-	Write-off	
	594	534	60	-	Write-off	
	246	181	65	-	Write-off	
	619	557	62	-	Write-off	
	650	585	65	-	Write-off	
	662	596	66	-	Write-off	
	666	599	67	-	Write-off	
	694	625	69	-	Write-off	
	694	625	69	-	Write-off	
	698	629	69	-	Write-off	
	700	630	70	-	Write-off	
	291	218	73	-	Write-off	
	291	225	66	-	Write-off	
	719	647	72	-	Write-off	
	725	653	72	-	Write-off	
	729	656	73	-	Write-off	
	748	673	75	-	Write-off	
	750	675	75	-	Write-off	
	757	681	76	-	Write-off	
	800	702	98	-	Write-off	
	800	702	98	-	Write-off	
	803	722	81	-	Write-off	
	806	726	80	-	Write-off	
	829	746	83	-	Write-off	
	841	757	84	-	Write-off	
	844	759	85	-	Write-off	
	848	763	85	-	Write-off	
	850	765	85	-	Write-off	
	875	788	87	-	Write-off	
	900	810	90	-	Write-off	
	903	813	90	-	Write-off	
	905	815	90	-	Write-off	
	935	842	93	-	Write-off	
	939	845	94	-	Write-off	
	388	291	97	-	Write-off	
	602	542	60	-	Write-off	
	975	878	97	-	Write-off	
	982	884	98	-	Write-off	
	502	452	50	-	Write-off	
	1,040	936	104	-	Write-off	
	430	309	121	-	Write-off	
	1,050	945	105	-	Write-off	
	388	233	155	-	Write-off	
	310	98	212	-	Write-off	
	709	292	417	-	Write-off	
	775	308	467	-	Write-off	
	829	746	83	-	Write-off	
	111,759	98,474	13,285			
Items having book value less than Rs. 50,000 each	224,884	221,551	3,333	-	Write-off	
Total - 2017	357,728	331,159	26,569	11,219		
- 2016	80,326	48,041	32,285	36,639		



## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

## 8.5 Capital work-in-progress

	Plant and machinery	Vehicles	Building, office equipments and computers	Total
	(Rupees '000)			
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
Additions	789,386	53,740	362,640	1,205,766
Transferred to operating fixed assets	(1,183,566)	(46,458)	(38,896)	(1,268,920)
At December 31, 2017	278,538	31,759	429,942	740,239

	Note	2017 (Rupees '000)	2016 (Rupees '000)
9. INTANGIBLE ASSETS			
Cost			
Opening balance		111,100	104,600
Additions		-	6,500
Balance as at December 31,		111,100	111,100
Accumulated amortisation			
Opening balance		94,850	82,617
Amortisation charge	22	5,600	12,233
Balance as at December 31,		100,450	94,850
Net book value			
Cost		111,100	111,100
Accumulated amortisation		(100,450)	(94,850)
Balance as at December 31,		10,650	16,250
		Years	
Useful life		4-5	4-5

	Note	2017 (Rupees '000)	2016
<b>10. LONG-TERM LOANS AND ADVANCES - considered good, secured</b>			
<b>Long-term loans</b>			
Due from:			
- Executives	10.1	29,653	24,172
- Employees		54,259	56,843
	10.2	83,912	81,015
<b>Less: recoverable within one year</b>			
- Executives		13,564	11,029
- Employees		21,779	22,812
	15	35,343	33,841
		48,569	47,174
<b>Long-term advances</b>			
- Employees		2,419	2,480
		50,988	49,654
<b>10.1 Reconciliation of carrying amount of long-term loans to executives:</b>			
Opening balance		24,172	21,657
Disbursements		13,298	10,776
Transfer of balances of employee cadre to executive cadre		10,440	5,418
Less: Repayments		18,257	13,679
Closing balance		29,653	24,172
<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. 31.720 million (2016: Rs. 26.453 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, 2017

	Note	2017 (Rupees '000)	2016
<b>12. STORES AND SPARES</b>			
Stores		74,837	68,173
Spares [including spares-in-transit of Rs. 3.001 million (2016: Rs. 2.510 million)]		<u>98,733</u>	<u>76,386</u>
		173,570	144,559
Less: Provision for slow moving and obsolete items	12.1	<u>44,049</u>	<u>40,793</u>
		<u>129,521</u>	<u>103,766</u>
<b>12.1 Provision for slow moving and obsolete items</b>			
Opening provision		40,793	37,760
Charge for the year		<u>3,256</u>	<u>3,033</u>
Closing provision		<u>44,049</u>	<u>40,793</u>
<b>13. STOCK-IN-TRADE</b>			
Raw and packing materials [including stock-in-transit of Rs. 334.411 million (2016: Rs. 259.703 million)]	20	1,915,370	1,962,457
Work-in-process	20	312,100	226,490
Finished goods [including stock-in-transit of Rs. 203.197 million (2016: Rs. 228.197 million)]	20	<u>1,540,436</u>	<u>1,553,410</u>
		3,767,906	3,742,357
Less: Provision for slow moving and obsolete items	13.2	<u>292,161</u>	<u>166,430</u>
		<u>3,475,745</u>	<u>3,575,927</u>
<b>13.1 Stock-in-trade includes items costing Rs. 135.881 million (2016: Rs. 106.688 million) valued at net realisable value of Rs. 122.926 million (2016: Rs. 85.953 million) resulting in a write down of Rs. 12.955 million (2016: Rs. 20.735 million).</b>			
		2017 (Rupees '000)	2016
<b>13.2 Provision for slow moving and obsolete items</b>			
Opening provision		166,430	120,257
Charge for the year		218,591	123,282
Write offs during the year		(92,860)	(77,109)
Closing provision		<u>292,161</u>	<u>166,430</u>

	Note	2017 (Rupees '000)	2016
<b>14. TRADE DEBTS</b>			
Considered good:			
Secured		24,026	136,329
Unsecured			
- Due from a related party		-	43,911
- Others		890,946	700,057
		890,946	743,968
		914,972	880,297
Considered doubtful:			
Unsecured		28,152	18,788
		943,124	899,085
Less: Provision for doubtful debts	14.1	28,152	18,788
		914,972	880,297
<b>14.1 Provision for doubtful debts</b>			
Opening provision		18,788	10,639
Charge for the year	24	9,364	8,248
Write offs during the year		-	(99)
Closing provision		28,152	18,788
<b>15. LOANS AND ADVANCES - unsecured</b>			
Considered Good			
Current portion of long-term loans	10	35,343	33,841
Advances to:			
- Executives		13,961	7,535
- Employees		3,223	5,032
- Suppliers		107,064	113,980
		124,248	126,547
		159,591	160,388
Considered doubtful		794	794
		160,385	161,182
Less: Provision for doubtful advances		794	794
		159,591	160,388
<b>15.1 These loans and advances are interest free.</b>			

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
<b>16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Considered good			
Trade deposits	16.1	161,369	102,383
Prepayments [including sample inventory Rs. 30.934 million (2016: Rs. 53.905 million)]		164,927	183,060
		<u>326,296</u>	<u>285,443</u>
Considered doubtful			
Trade deposits		16,434	2,161
		<u>342,730</u>	<u>287,604</u>
Less: Provision for doubtful trade deposits	16.2	<u>16,434</u>	<u>2,161</u>
		<u>326,296</u>	<u>285,443</u>
<b>16.1</b> These trade deposits are interest free.			
<b>16.2</b> Provision for doubtful trade deposits			
Opening provision		2,161	2,161
Charge for the year	24	14,273	-
Closing provision		<u>16,434</u>	<u>2,161</u>
<b>17. OTHER RECEIVABLES</b>			
Considered good			
Due from related parties	17.1	58,218	52,123
Receivable from customers		62,127	51,850
Insurance claim receivable		2,253	5,415
Staff Pension Fund	21.1.1	-	34,089
Workers' Profit Participation Fund	17.3	21,691	10,968
Others		4,917	5,921
		<u>149,206</u>	<u>160,366</u>
Considered doubtful		<u>4,182</u>	<u>3,673</u>
		<u>153,388</u>	<u>164,039</u>
Less: Provision for doubtful other receivables	17.2	<u>4,182</u>	<u>3,673</u>
		<u>149,206</u>	<u>160,366</u>



	Note	2017 (Rupees '000)	2016
<b>17.1 Due from related parties</b>			
Abbott Laboratories (Singapore) PTE Limited		-	436
Abbott International LLC., USA		-	1,009
Abbott Laboratories Malaysia		2,384	750
Zwolle Manufacturing		152	144
Abbott Laboratories Trading (Shanghai) Co. Ltd.		9,461	10,126
Abbott Laboratories Limited UK		1,105	-
Abbott GmbH & Co. KG.		45,116	39,658
		<u>58,218</u>	<u>52,123</u>
<b>17.2 Provision for doubtful other receivables</b>			
Opening provision		3,673	3,239
Charge for the year	24	509	434
Closing provision		<u>4,182</u>	<u>3,673</u>
<b>17.3 Workers' Profit Participation Fund</b>			
Opening balance		10,968	1,675
Allocation for the year	24	(293,309)	(299,032)
		(282,341)	(297,357)
Payment made during the year - net		304,032	308,325
Closing balance		<u>21,691</u>	<u>10,968</u>
<b>18. CASH AND BANK BALANCES</b>			
<b>With banks</b>			
Savings accounts:			
- Local currency	18.1	282,727	367,799
Deposit accounts:			
- Local currency	18.2	7,800,000	7,000,000
Current accounts:			
- Local currency		2,210	6,565
- Foreign currency		426,180	481,660
		<u>428,390</u>	<u>488,225</u>
<b>In hand</b>			
- Foreign currency		3,013	2,071
- Local currency		2,596	2,146
		<u>5,609</u>	<u>4,217</u>
Cheques and drafts in hand and in transit		54,995	84,188
		<u>8,571,721</u>	<u>7,944,429</u>

18.1 These savings accounts carry markup rate of 3.75% (2016: 3.75%) per annum.

18.2 These deposit accounts carry markup rate of 5.25% (2016: 5.10%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
<b>19. SALES – NET</b>			
Local		25,261,420	22,621,385
Export			
- to related parties	32	331,689	397,722
- to others		1,209,344	1,011,164
		1,541,033	1,408,886
		26,802,453	24,030,271
Less:			
Sales returns and discounts		179,507	149,888
Sales tax and excise duty		534,713	492,468
		714,220	642,356
		26,088,233	23,387,915
<b>20. COST OF SALES</b>			
Opening raw and packing materials		1,962,457	1,624,428
Purchases		8,781,015	8,223,611
		10,743,472	9,848,039
Closing raw and packing materials	13	(1,915,370)	(1,962,457)
Raw and packing materials consumed		8,828,102	7,885,582
Opening work-in-process		226,490	224,347
		9,054,592	8,109,929
<b>Manufacturing expenses:</b>			
Salaries, wages, allowances and staff welfare	20.1	1,520,095	1,443,329
Stores and spares consumed		82,957	81,205
Fuel and power		389,729	380,572
Depreciation	8.3	320,746	259,311
Repairs and maintenance		240,751	204,843
Technical service fee	32	161,285	143,964
Insurance		15,767	19,252
Printing and stationery		13,303	11,179
Travelling and entertainment		9,784	20,929
Rent, rates and taxes		1,946	1,619
Laboratory testing supplies		37,805	37,074
Computer expenses		17,183	8,619
Postage, telephone and telegram		12,529	11,724
Fees and purchased services		84,954	80,121
Recruitment and training expenses		1,350	1,183
Membership and subscription		782	742
Conference expenses		-	948
Other expenses		81,814	81,076
		2,992,780	2,787,690
		12,047,372	10,897,619
Closing work-in-process	13	(312,100)	(226,490)
Cost of goods manufactured		11,735,272	10,671,129

	Note	2017 (Rupees '000)	2016
<b>Finished goods</b>			
Opening stock		1,553,410	1,180,172
Purchases		<u>4,251,001</u>	<u>3,722,525</u>
		17,539,683	15,573,826
Closing stock	13	<u>(1,540,436)</u>	<u>(1,553,410)</u>
		<u>15,999,247</u>	<u>14,020,416</u>

20.1 These include a charge of Rs. 108.923 million - note 21.3 (2016: charge of Rs. 135.487 million) in respect of staff retirement benefits.

## 21. STAFF RETIREMENT BENEFITS

### 21.1 Defined benefit scheme

As mentioned in note 2.15, 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, 2017 using the Projected Unit Credit Method.

	Note	2017 (Rupees '000)	2016
21.1.1 Amounts recognised in the balance sheet:			
Present value of the defined benefit obligation	21.1.2	4,231,334	3,819,153
Less: Fair value of the plan assets	21.1.3	<u>3,564,072</u>	<u>3,853,242</u>
Deficit / (Surplus)	6 & 17	<u>667,262</u>	<u>(34,089)</u>

	Present value of defined benefit obligation	Fair value of plan assets	Total
	(Rupees '000)		
21.1.2 As at January 1, 2017	3,819,153	(3,853,242)	(34,089)
Current service cost	157,734	-	157,734
Interest cost / (income)	347,627	(359,297)	(11,670)
Company contributions	-	(177,491)	(177,491)
Benefits paid	(319,837)	319,837	-
Remeasurements recognised in other comprehensive income:			
- Loss due to changes in experience adjustment	141,277	-	141,277
- Loss due to changes in financial assumptions	85,380	-	85,380
- Remeasurement of fair value of plan assets	-	506,121	506,121
	226,657	506,121	732,778
As at December 31, 2017	<u>4,231,334</u>	<u>(3,564,072)</u>	<u>667,262</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

	Present value of defined benefit obligation	Fair value of plan assets  (Rupees '000)	Total
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)
- Remeasurement of fair value of plan assets	-	(551,968)	(551,968)
	(135,404)	(551,968)	(687,372)
As at December 31, 2016	3,819,153	(3,853,242)	(34,089)

	Note	2017 (Rupees '000)	2016 (Rupees '000)
21.1.3 Plan assets are comprised as follows:			
Debt instruments		1,879,220	1,487,830
Equity instruments	21.1.7	1,612,996	2,159,720
Bank balances		71,856	205,692
		<u>3,564,072</u>	<u>3,853,242</u>
21.1.4 Amount recognised in profit and loss:			
Current service cost		157,734	156,816
Net interest		(11,670)	51,478
	21.3	<u>146,064</u>	<u>208,294</u>
21.1.5 Actual (loss) / return on plan assets		<u>(146,824)</u>	<u>848,859</u>
		<u>(Percent per annum)</u>	
21.1.6 Principal actuarial assumptions used were as follows:			
Discount rate	21.1.8	9.00	9.50
Future salary increases		7.00	7.50
Future pension increases		0.00	0.00

21.1.7 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 306.034 million (2016: Rs. 419.865 million).

21.1.8 The discount rate of 9.00% is representative of yields on long-term Government Bonds.

21.1.9 Expected contributions to the plan for the year ending December 31, 2018 is Rs. 253.888 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 (Rupees in '000)	Decrease in assumption
Discount rate	1%	(425,606)	508,186
Salary growth rate	1%	292,734	(262,505)
Pension growth rate	1%	244,093	(215,114)

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

21.1.11 Expected maturity analysis of undiscounted retirement benefit plan:

	At December 31, 2017				
	Less than one year	Between one to two years	Between two to five years	Between five to ten years	Total
					(Rupees in '000)
Retirement benefit plan	201,174	233,716	795,280	2,245,994	3,476,164

21.2 Defined contribution scheme

An amount of Rs. 84.761 million (2016: Rs. 77.848 million) has been contributed during the year in respect of the contributory provident fund maintained by the Company.

	Note	2017 (Rupees '000)	2016
21.3 Staff retirement benefit cost recognised in the profit and loss account			
Pension cost	21.1.4	146,064	208,294
Less: Reimbursement from related party	32	(1,662)	(2,614)
Provident fund contribution	32	84,761	77,848
Employees Old-Age Benefits Institution		12,558	13,482
		<u>241,721</u>	<u>297,010</u>

Allocated as:

Cost of sales	20.1	108,923	135,487
Selling and distribution expenses	22.1	107,120	130,875
Administrative expenses	23.1	25,678	30,648
		<u>241,721</u>	<u>297,010</u>



## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

- 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 (2016: audited) financial statements of the provident fund:

	2017	2016
Number of members	1,350	1,372
Size of provident fund (Rupees '000)	965,554	1,174,752
Cost of investments made (Rupees '000)	617,214	671,356
Percentage of investments made	63.92%	57.15%
Fair value of investment (Rupees '000)	946,187	1,178,763
<b>Break-up of investments:</b>		
- Balance in Government securities		
Amount of investment (Rupees '000)	358,612	422,194
Percentage of size of the fund	37.14%	35.94%
- Balance in equity shares in listed companies		
Cost of investment (Rupees '000)	86,544	86,544
Percentage of size of the fund	8.96%	7.37%
Unrealised gain on equity investment (Rupees '000)	321,140	471,800
Percentage of size of the fund	33.26%	40.16%
- 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 & bank		
Cost of investment (Rupees '000)	171,850	162,410
Percentage of size of the fund	17.80%	13.83%
Unrealised gain on mutual funds (Rupees '000)	7,833	35,607
Percentage of size of the fund	0.81%	3.03%

- 21.4.1 As at December 31, 2017, investments out of provident fund have been made in accordance with the provisions of section 227 of the repealed 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, 2017 and 2016, respectively, are as follows:

	Note	2017 No. of employees	2016
Average number of employees during the year		1,407	1,445
Number of employees as at year end		1,416	1,433

		2017 (Rupees '000)	2016
<b>22. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages, allowances and staff welfare	22.1	1,212,403	1,189,282
Rent, rates and taxes		53,688	49,048
Repairs and maintenance		29,852	25,053
Royalty		31,328	32,535
Insurance		11,126	16,522
Depreciation	8.3	255,494	237,979
Amortisation of intangible assets	9	5,600	12,233
Legal, professional and other services		30,708	29,435
Postage, telephone and telegram		35,487	38,459
Printing and stationery		9,629	6,207
Travelling and conveyance		379,638	318,057
Advertising, samples and sales promotion		856,368	702,472
Forwarding expenses		454,443	430,981
Utilities		25,677	25,335
Computer expenses		26,569	13,664
Training and development expenses		43,163	30,364
Packing and miscellaneous supplies		26,447	23,960
Distributors commission		94,044	67,151
Fees and purchased services		44,280	35,596
Warehousing Services		55,690	27,212
Security expenses		22,433	20,803
Membership and subscription		1,388	892
Other expenses		27,712	17,925
		<u>3,733,167</u>	<u>3,351,165</u>
Less: Reimbursement from related party	32	<u>121,285</u>	<u>92,990</u>
		<u>3,611,882</u>	<u>3,258,175</u>

- 22.1 These include a charge of Rs. 107.120 million - note 21.3 (2016: charge of Rs. 130.875 million) in respect of staff retirement benefits.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

	Note	2017 (Rupees '000)	2016
<b>23. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, allowances and staff welfare	23.1	270,670	271,924
Rent, rates and taxes		14,876	13,999
Repairs and maintenance		7,159	5,905
Insurance		16,112	18,088
Depreciation	8.3	25,245	25,067
Legal, professional and other services		10,464	22,802
Postage, telephone and telegram		6,568	7,669
Printing and stationery		3,930	3,257
Travelling and conveyance		15,437	13,308
Utilities		5,828	5,550
Computer expenses		57,668	37,601
Training and development expenses		1,532	940
Miscellaneous office supplies		6,268	2,685
Fees and purchased services		5,699	2,116
Security expenses		15,582	11,119
Membership and subscription		8,084	6,958
Other expenses		7,208	7,493
		<u>478,330</u>	<u>456,481</u>
Less: Reimbursement from related party	32	<u>10,158</u>	<u>6,184</u>
		<u>468,172</u>	<u>450,297</u>

23.1 These include a charge of Rs. 25.678 million - note 21.3 (2016: charge of Rs. 30.648 million) in respect of staff retirement benefits.

	Note	2017 (Rupees '000)	2016
<b>24. OTHER CHARGES</b>			
Workers' Profit Participation Fund	17.3	293,309	299,032
Auditors' remuneration	24.1	6,631	5,332
Donations	24.2	4,103	1,615
Workers' Welfare Fund		86,548	94,477
Central Research Fund		55,421	56,436
Provision for doubtful trade debts	14.1	9,364	8,248
Provision for doubtful trade deposits	16.2	14,273	-
Provision for doubtful other receivables	17.2	509	434
Exchange loss		63,762	20,490
Property, plant and equipment written off - net		15,350	-
Stamp duty		52,974	-
		<u>602,244</u>	<u>486,064</u>

## 24.1 Auditors' remuneration

Statutory audit fee	2,193	2,055
Tax advisory services	3,240	2,643
Special certifications	998	484
Out of pocket expenses	200	150
	<u>6,631</u>	<u>5,332</u>

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

	Note	2017 (Rupees '000)	2016
<b>25. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Income from savings and deposits accounts		371,598	355,896
<b>Income from non-financial assets</b>			
Other income	25.1	37,808	38,948
Gain on disposal of property, plant and equipment - net		-	4,354
Scrap sales		35,911	21,739
		<u>445,317</u>	<u>420,937</u>

25.1 This represents income earned from Abbott GmbH & Co. KG., a related party at the rate of 10% (2016: 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.

	2017 (Rupees '000)	2016
<b>26. FINANCE COSTS</b>		
Bank charges	<u>10,060</u>	<u>6,759</u>

<b>27. TAXATION - net</b>		
<b>Current</b>		
- For the year	1,452,005	1,468,756
- Prior year	<u>157,038</u>	<u>112,260</u>
	<u>1,609,043</u>	<u>1,581,016</u>
<b>Deferred</b>	<u>27,670</u>	<u>(15,667)</u>
	<u>1,636,713</u>	<u>1,565,349</u>

27.1 Relationship between tax expense and accounting profit

Accounting profit before taxation	<u>5,841,945</u>	<u>5,587,141</u>
Tax rate	30%	31%
Tax on accounting profit	1,752,584	1,732,014
Tax for prior years	<u>157,038</u>	<u>112,260</u>
<b>Tax effect of:</b>		
- Expenses that are not deductible in determining taxable profit	14,845	10,556
- Applying lower tax rates to certain income	(173,780)	(244,686)
- BMR tax credit	(118,357)	(54,333)
- Tax rate adjustment	(34)	(32,686)
- 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)	<u>4,417</u>	<u>42,224</u>
	<u>1,636,713</u>	<u>1,565,349</u>

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

	2017 (Rupees '000)	2016 (Rupees '000)
<b>28. EARNINGS PER SHARE - BASIC / DILUTED</b>		
Profit for the year	4,205,232	4,021,792
	Number of shares	
Weighted average number of ordinary shares in issue during the year	97,900,302	97,900,302
	(Rupees)	
Earnings per share	42.95	41.08

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

	2017 (Rupees '000)	2016 (Rupees '000)
<b>29. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	5,841,945	5,587,141
Adjustment for:		
Depreciation / amortisation	601,485	522,357
Amortisation on intangible assets	5,600	12,233
Gain on disposal of property, plant and equipment	(1,268)	(4,785)
Property, plant and equipment written off	16,618	431
Interest income	(371,598)	(394,844)
Expense recognised in profit or loss in respect of equity-settled share-based compensation	45,381	32,435
Pension retirement benefit	(31,427)	42,312
Finance costs	10,060	6,759
Working capital changes	1,203,128	(974,650)
	7,319,924	4,829,389

29.1 Working capital changes

(Increase) / decrease in current assets net of provision

Stores and spares	(25,755)	36,303
Stock-in-trade	100,182	(667,237)
Trade debts	(34,675)	(403,894)
Loans and advances	797	(60,194)
Trade deposits and short-term prepayments	(40,853)	(53,546)
Other receivables	(22,929)	(28,782)
	(23,233)	(1,177,350)

Increase in current liabilities

Trade and other payables - net	1,226,361	202,700
	1,203,128	(974,650)



### 30. SHARE BASED COMPENSATION

#### Share-based compensation plans

As at December 31, 2017, the Company's equity settled share-based compensation plan includes restricted stock units plan.

Under the plan, the Company employees, eligible as per policy are awarded restricted stock units of Abbott Laboratories, USA (the ultimate holding company). The plan entitles eligible employees 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 Laboratories, USA and is charged against income on a straight-line basis over the vesting period of the plan.

An expense of Rs. 45.381 million (2016: Rs. 32.435 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:

	2016	2015	2014
Volatility	17.00%	17.00%	20.00%
Dividend yield	2.70%	2.00%	2.20%
Risk free interest rate	1.40%	1.80%	1.90%

Expected volatility is based on implied volatilities from traded options on Abbott Laboratories, USA's stock and historical volatility of Abbott Laboratories, USA's stock over the expected life of the option.

A summary of units outstanding is given below:

	2017		2016	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	40.55	7,821	44.38	10,221
Granted	44.29	15,120	38.78	13,447
Exercised / cancelled	43.06	10,031	41.52	15,847
At December 31,	42.98	12,910	40.55	7,821

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

	2017		2016	
Vesting date	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2017	-	-	4,824	41.79
2018	8,030	42.12	2,997	38.54
2019	4,880	44.38	-	-
	12,910	42.98	7,821	40.55

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

## 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 comprise the holding company, ultimate holding company, group companies, employee retirement benefit plans, directors and key management personnel. Transactions with related parties are as follows:

	Note	2017 (Rupees '000)	2016
<b>Group companies</b>			
Sale of goods	19	331,689	397,722
Purchase of materials		4,388,401	4,201,481
Technical service fee	20	161,285	143,964
<b>Reimbursements from a related parties on account of:</b>			
Selling and distribution expenses	22	121,285	92,990
Administrative expenses	23	10,158	6,184
Pension Fund	21.3	1,662	2,614
Other income	25.1	37,808	38,948
<b>Retirement fund:</b>			
Contribution to Pension Fund	21.1.2	177,491	165,982
Contribution to Provident Fund	21.3	84,761	77,848
<b>Key management personnel:</b>			
Short-term employee benefits		247,517	190,961
Post-employment benefits		28,085	21,953

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:

	2017			2016		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
Short-term employee benefits						
Managerial remuneration	33,836	9,115	971,535	26,724	5,691	763,273
Leave passage / encashment	1,751	787	62,998	2,169	2,255	59,115
Medical expenses	244	6	34,894	404	39	30,335
Rent / utility / maintenance / furnishing	1,635	343	8,202	125	51	2,100
	37,466	10,251	1,077,629	29,422	8,036	854,823
Retirement benefits	4,361	1,406	149,761	3,854	927	119,296
	41,827	11,657	1,227,390	33,276	8,963	974,119
Number of persons	1	1	433	1	2	367

- 33.1 In addition, Rs. 45.381 million (2016: Rs. 32.435 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 2.23 and 30.
- 33.2 Managerial remuneration includes Rs. 149.948 million (2016: Rs. 112.584 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. 1.080 million (2016: Rs. 1.320 million).

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2017

## 34. SEGMENT WISE OPERATING RESULTS

	2017				2016			
	Pharma- ceutical	Nutritional	Others	Total	Pharma- ceutical	Nutritional	Others	Total
	(Rupees `000)							
Sales	19,687,162	4,805,839	2,309,452	26,802,453	17,382,379	4,355,413	2,292,479	24,030,271
Less: Sales returns and discounts	150,270	12,291	16,946	179,507	120,890	9,672	19,326	149,888
Less: Sales tax and excise duty	-	463,881	70,832	534,713	-	392,311	100,157	492,468
Sales - net	19,536,892	4,329,667	2,221,674	26,088,233	17,261,489	3,953,430	2,172,996	23,387,915
Cost of sales	11,728,904	2,863,021	1,407,322	15,999,247	10,276,084	2,538,892	1,205,440	14,020,416
Gross profit	7,807,988	1,466,646	814,352	10,088,986	6,985,405	1,414,538	967,556	9,367,499
Selling and distribution expenses	2,639,136	543,564	429,182	3,611,882	2,399,136	439,303	419,736	3,258,175
Administrative expenses	413,564	44,152	10,456	468,172	393,307	45,499	11,491	450,297
Segment result	4,755,288	878,930	374,714	6,008,932	4,192,962	929,736	536,329	5,659,027
Unallocated corporate expenses / income								
Other income				445,317				420,937
Other charges				602,244				486,064
Profit before finance costs and taxation				5,852,005				5,593,900
Finance costs				10,060				6,759
Profit before taxation				5,841,945				5,587,141
Taxation				1,636,713				1,565,349
				4,205,232				4,021,792
Other Information								
Segment assets employed	7,743,336	615,137	1,604,423	9,962,896	7,488,742	556,231	1,046,738	9,091,711
Unallocated corporate assets				9,273,363				8,553,473
Total assets				19,236,259				17,645,184
Segment liabilities	1,936,923	334,275	449,230	2,720,428	1,375,430	421,195	367,444	2,164,069
Unallocated corporate liabilities				2,159,996				887,875
Total liabilities				4,880,424				3,051,944
Capital expenditure during the year	1,201,926	3,840	398,323	1,604,089	729,541	18,336	232,381	980,258
Unallocated corporate capital expenditure				-				-
Total capital expenditure				1,604,089				980,258
Depreciation / amortisation	388,329	9,657	209,099	607,085	340,353	9,285	184,952	534,590
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				607,085				534,590

	Note	2017 (Rupees '000)	2016
<b>34.1 Geographical information</b>			
Sales to external customers, net of returns, discounts, sales tax and excise duty			
Pakistan		24,547,200	21,979,029
Afghanistan		1,146,989	948,316
Srilanka		62,355	53,751
Netherland		-	-
Bangladesh		-	9,097
Switzerland	32	331,689	397,722
		<u>26,088,233</u>	<u>23,387,915</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. 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, 2017

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

	Note	2017 (Rupees '000)	2016 (Rupees '000)
Loans and advances	10 & 15	103,515	96,062
Deposits	11 & 16	168,882	109,858
Trade debts	14	914,972	880,297
Interest accrued		12,495	11,535
Other receivables	17	87,079	74,427
Balances with banks	18	8,511,117	7,856,024
		<u>9,798,060</u>	<u>9,028,203</u>

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

As at December 31, 2017, trade debts of Rs. 113.258 million (2016: Rs. 108.489 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:

	2017 (Rupees '000)	2016 (Rupees '000)
61-90 days	48,974	31,849
91-180 days	28,931	22,440
181-360 days	35,353	21,591
Over 360 days	-	32,609
	<u>113,258</u>	<u>108,489</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	Short-term	Ratings Long-term	Date of Rating	2017 (Rupees '000)	2016 (Rupees '000)
Deutsche Bank AG	Moody's Fitch	P-2 F2	A3 A-	May 2016 Sep 2017	37,092	3,016,371
MCB Bank Limited	PACRA	A1+	AAA	Dec 2017	192	185
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Dec 2017	2,453,687	1,827,726
The Bank of Tokyo- Mitsubishi UFJ Limited	S & P Moody's Fitch	A-1 P-1 F1	A A1 A	Nov 2017 Nov 2017 Nov 2017	6,000,032	3,000,569
Citibank N.A.	Moody's	P-1	A1	June 2017	63	63
National Bank of Pakistan	JCR-VIS PACRA	A-1+ A1+	AAA AAA	June 2017 Dec 2017	2,115	5,933
Faysal Bank Limited	PACRA JCR-VIS	A1+ A-1+	AA AA	Dec 2017 June 2017	206	199
Habib Bank Limited	JCR-VIS	A-1+	AA+	Sep 2017	17,730	4,978

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, 2017, the Company's financial liabilities of Rs. 3,593.024 million (2016: Rs. 2,359.026 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:

	2017		2016	
	Rupees	US Dollars	Rupees	US Dollars
	('000)			
Cash and cash equivalents	429,193	3,884	483,731	4,616
Due from related parties	58,218	527	96,034	916
Bills payable	(1,127,904)	(10,207)	(851,033)	(8,121)
Payable to related parties	(103,797)	(939)	(49,189)	(469)
	<u>(744,290)</u>	<u>(6,735)</u>	<u>(320,457)</u>	<u>(3,058)</u>

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2017	2016	2017	2016
	(Rupees)			
US Dollars	110.50	104.80	105.07	104.85

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. 53.577 million (2016: Rs. 23.067 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, 2017

**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.

	2017	2016
	(Rupees '000)	
<b>Fixed rate instruments</b>		
Financial assets	<u>8,082,727</u>	<u>7,849,459</u>

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.

As of the balance sheet date, the Company does not have any financial instruments measured at fair value.

**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 26, 2018, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2017 of Rs. 30.0 per share (2016: cash dividend of Rs. 30.0 per share). This is in addition to interim cash dividend of Rs. 10.0 per share (2016: Rs. 10.0 per share). The total dividend declared during the year and dividend per share have been summarised below:

	2017	2016
	(Rupees '000)	
Cash dividend	<u>3,916,012</u>	<u>3,916,012</u>
	(Rupees)	
Cash dividend per share	<u>40.00</u>	<u>40.00</u>

The Finance Act, 2017 introduced tax on every public company at the rate of 7.5% of accounting income before tax. However, this tax shall not be applied in case of a public company which distributes profit equal to 40% of its after tax profits within six months from the end of the year.

Based on the fact the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs. 3,916.012 million for the year ended December 31, 2017 which exceeds the above prescribed minimum dividend requirement, the Company believes that it would not eventually be liable to pay tax on its undistributed profits as of December 31, 2017.

The financial statements for the year ended December 31, 2017 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, 2018.

38. **DATE OF AUTHORISATION**

These financial statements were authorised for issue on February 26, 2018 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

## PATTERN OF SHAREHOLDING

As At December 31, 2017

	Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares
1	100	915	36,750
101	500	614	169,459
501	1,000	240	182,697
1,001	5,000	495	1,059,415
5,001	10,000	96	690,358
10,001	15,000	26	326,195
15,001	20,000	7	116,353
20,001	25,000	9	198,480
25,001	30,000	4	113,500
30,001	35,000	3	99,004
35,001	40,000	4	144,777
40,001	45,000	6	256,751
50,000	55,000	2	103,100
60,000	65,000	4	244,650
65,001	70,000	1	66,572
75,000	80,000	1	75,000
80,001	85,000	1	82,050
95,001	100,000	5	493,750
105,001	110,000	1	109,850
110,001	115,000	1	110,200
115,001	120,000	1	118,650
130,001	135,000	2	267,400
135,001	140,000	1	139,150
145,001	150,000	2	293,103
155,000	160,000	1	155,000
180,001	185,000	1	184,200
190,001	195,000	1	191,500
200,001	205,000	1	201,750
225,001	230,000	1	227,390
270,001	275,000	1	273,310
290,001	295,000	1	294,400
335,001	340,000	1	336,834
340,001	345,000	1	342,889
380,001	385,000	1	380,122
400,001	405,000	1	403,083
435,001	440,000	1	438,689
440,001	445,000	1	442,105
490,001	495,000	1	490,926
650,001	655,000	1	650,200
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
1,165,001	1,170,000	1	1,169,850
1,450,001	1,455,000	1	1,452,175
2,605,001	2,610,000	1	2,607,688
76,255,001	76,260,000	1	76,259,451
TOTAL		2,466	97,900,302



## CATEGORIES OF SHAREHOLDERS

As At December 31, 2017

S.No	Shareholder's category	Number of shareholders	Number of shares held	%
1	Associated Companies, Undertakings and Related Parties	3	77,189,066	78.84
2	Mutual Funds	38	5,482,001	5.60
3	Directors and their spouse(s) and minor children	7	41,641	0.04
4	Executives	4	812	0.00
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	41	3,522,137	3.60
7	Others	102	1,671,502	1.71
8	Individuals	2,270	9,162,519	9.36
Total:		2,466	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	109,850
3	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	118,650
4	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	191,500
5	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	12,000
6	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	60,550
7	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	110,200
8	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	22,500
9	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	21,500
10	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,515
11	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	184,200
12	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,169,850
13	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	27,550
14	09480-21	CDC - TRUSTEE NAFA STOCK FUND	139,150
15	09506-26	CDC - TRUSTEE NAFA MULTI ASSET FUND	10,300
16	10397-29	CDC - TRUSTEE MEEZAN TAHAFUZ PENSION FUND - EQUITY SUB FUND	134,550
17	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	97,950
18	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	145,900
19	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	5,500
20	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1,650
21	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	24,500
22	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	20,850
23	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	40,050
24	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	950
25	12625-27	CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	9,900
26	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	2,250
27	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	2,750
28	14126-26	CDC - TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	150
29	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	8,000
30	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	9,050
31	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,607,688
32	15719-23	CDC - TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	9,050
33	15727-22	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	1,550
34	15974-23	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	62,150
35	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	61,950
36	16162-20	CDC - TRUSTEE NITIPF EQUITY SUB-FUND	4,300
37	16402-20	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	12,900
38	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	36,050
Total:			5,482,001

## CATEGORIES OF SHAREHOLDERS

As At December 31, 2017

## 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	03277-90453	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. ZEHRA NAQVI	500
Total :			41,641

## List of Executives

S.No	Folio	Name	Holding
1	2270	RIAZ UL HASAN	112
2	4535	NAJEEBUDDIN QURESHI	300
3	4538	MOHAMMAD HAMEED ULLAH	200
4	4616	MOHIUDDIN ANSARI	200
Total :			812

## Public Sector Companies and Corporations

S.No	Folio	Name	Holding
1	02683-23	STATE LIFE INSURANCE CORPORATION 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	3137	UNITED INSURANCE CO OF PAK LTD	2
3	4171	N. B. P. TRUSTEE DEPARTMENT	880
4	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
5	00547-8677	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND A)	9,550
6	00547-8685	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND B)	6,750
7	00547-8693	UNILEVER PENSION PLAN	924
8	00695-10718	TRUSTEE PAK TOBACCO CO LTD STAFF DEFINED CONTRIBUTION PENSION FUND (1384-1)	3,300
9	00695-10759	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	53,100
10	00695-14108	TRUSTEE - SHELL PAKISTAN DC PENSION FUND	13,500
11	00695-14116	TRUSTEE - SHELL PAKISTAN STAFF PENSION FUND	243
12	00695-14132	TRUSTEE - SHELL PAKISTAN MANAGEMENT STAFF PENSION FUND	17,900
13	01446-866	TRUSTEE - MCB EMPLOYEES PENSION FUND	201,750
14	02295-39	FAYSAL BANK LIMITED	96,000
15	02832-32	MEEZAN BANK LIMITED	99,800
16	03277-10526	HABIB INSURANCE CO.LIMITED	41,775
17	03277-1651	FIRST UDL MODARABA	100
18	03277-71690	ADAMJEE LIFE INSURANCE COMPANY LIMITED	100,000
19	03277-73165	PAK QATAR FAMILY TAKAFUL LIMITED	3,000
20	03277-73166	PAK QATAR FAMILY TAKAFUL LIMITED	2,950
21	03277-73168	PAK QATAR FAMILY TAKAFUL LIMITED	3,000
22	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	227,390
23	03277-8372	EXCEL INSURANCE COMPANY LIMITED	15,000
24	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	7,150
25	03277-90406	DAWOOD FAMILY TAKAFUL LIMITED	6,700
26	03277-9371	JUBILEE LIFE INSURANCE COMPANY LIMITED	1,452,175
27	03889-28	NATIONAL BANK OF PAKISTAN	1,397
28	04010-28907	PAK-QATAR INVESTMENT (PVT.) LIMITED	1,500
29	04127-28	MCB BANK LIMITED	650,200
30	05132-26	ASKARI BANK LIMITED	33,650
31	07450-4077	CRESCENT STANDARD MODARABA	700
32	11320-25	B.R.R. GUARDIAN MODARABA	43,076
33	12666-882	HABIB INSURANCE COMPANY LIMITED	13,925
34	12690-1077	TRUSTEES SANOFI-AVENTIS PAK. SENIOR EXECUTIVE PENSION FUND	3,400
35	12690-830	TRUSTEES INDUS MOTOR COMPANY LIMITED EMPLOYEES PENSION FUND	4,000
36	12690-889	TRUSTEES ENGRO CORP LTD MPT EMPLOYEES DEF CONTR PENSION FUND	7,150
37	12690-996	IGI LIFE INSURANCE LIMITED	200
38	13748-592	TRUSTEE - MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	1,900
39	13748-667	TRUSTEE - THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	2,600
40	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	294,400
41	16329-20	MCB ISLAMIC BANK LIMITED	100,000
Total:			3,522,137

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 69<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Monday, April 23<sup>rd</sup>, 2018, at 10:30 a.m. at the Institute of Chartered Accountants of Pakistan, ICAP Auditorium, 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>, 2017.
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.

By Order of the Board



Malik Saadatullah  
Company Secretary

Karachi: dated February 26<sup>th</sup>, 2018

### Notes:

1. The Share Transfer books of the Company will remain closed from Saturday, April 14<sup>th</sup>, 2018 to Monday, April 23<sup>rd</sup>, 2018 (both days inclusive) and the dividend will be paid to the Members whose names will appear in the Register of Members on April 13, 2018. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/S. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahr-e-Faisal, Karachi. Tel: 009-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants.
2. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the time of holding the meeting. In calculating the aforesaid period, no account shall be taken of any day that is not a working day. A proxy need, not be a member of the Company. The proxy shall produce his/her original CNIC or Passport to prove his/her identity.
3. Form of proxy is attached in the Annual Report.
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

## NOTICE OF ANNUAL GENERAL MEETING

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.
- (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 2017 effective July 1, 2017, 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 15%.
  2. Rate of tax deduction for non-filers of income tax return 20%.

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise

they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

- (ii) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part -IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar FAMCO Associates (Private) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-Holder (s) based on their shareholding proportions, in case of joint accounts.

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

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

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

- (iv) For any query/problem/information, the investors may contact the Company and/or the Share Registrar, FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).
- (v) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

## 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 8<sup>th</sup> 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.pk.abbott](http://www.pk.abbott) Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.



**9. Payment of Cash Dividend Electronically**

The Securities and Exchange Commission of Pakistan (SECP) had earlier initiated e-dividend mechanism through its letter No: 8(4)SM/CDC/2008 dated April 05, 2013. The Companies Act 2017 also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. As such, the Company will only be able to make payment of cash dividend to its shareholder through electronic mode. Therefore shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, M/s. FAMCO Associates (Private) Limited.

## CALENDAR OF FINANCIAL EVENTS

Tentative dates for announcement of financial results for the Financial Year 2018:

1 <sup>st</sup> quarter ending March 31, 2018	3 <sup>rd</sup> week of April, 2018
2 <sup>nd</sup> quarter ending June 30, 2018	3 <sup>rd</sup> week of August, 2018
3 <sup>rd</sup> quarter ending September 30, 2018	3 <sup>rd</sup> week of October, 2018
Year ending December 31, 2018	3 <sup>rd</sup> week of February, 2019

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

1 <sup>st</sup> quarter ended March 31, 2017	April 17, 2017
2 <sup>nd</sup> quarter ended June 30, 2017	August 21, 2017
3 <sup>rd</sup> quarter ended September 30, 2017	October 19, 2017
Year ended December 31, 2017	February 26, 2018

## GLOSSARY

### Annual General Meeting (AGM)

Annual General Meeting of Shareholders of the Company

### ADC

Abbott Diabetes Care

### ADD

Abbott Diagnostics Division

### AED

Automated External Defibrillator

### ANI

Abbott Nutrition International

### ATL

Active Taxpayer List

### ARB

Angiotensin II Receptor Blocker

### BMR

Balancing, Modernization and Replacement

### CEO

Chief Executive Officer

### CFO

Chief Financial Officer

### CPR

Cardiopulmonary Resuscitation

### CIR

Commissioner Inland Revenue

### CME

Continuing Medical Education

### CIR(A)

Commissioner Inland Revenue (Appeals)

### CODM

Chief Operating Decision Maker

### Company

Abbott Laboratories (Pakistan) Limited (ALPL)

### Companies Ordinance

Companies Ordinance, 1984

### Companies Act

Companies Act, 2017.

### 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 Amortisation

### EPD

Established Pharmaceuticals Division

### EPO

Established Pharmaceuticals Operations

### EHS

Environment, Health and Safety

### FBR

Federal Board of Revenue

### FTR

Final Tax Regime

### GHC

General Health Care

### HCP

Health Care Professional

### HVAC

Heating, Ventilating, and Air Conditioning

### IAS

International Accounting Standards

### IASB

International Accounting Standards Board

### ICAP

Institute of Chartered Accountants of Pakistan

### ICMAP

Institute of Cost & Management Accountants of Pakistan

### IMS

International Medical Statistics

### IFAC

International Federation of Accountants

### IFRS

International Financial Reporting Standards

### KIBOR

Karachi Inter Bank Offer Rate

### MAP

Management Association of Pakistan

### MUFA

Monounsaturated Fatty Acid

### OICCI

Overseas Investors' Chamber of Commerce & Industry

### PAT

Profit After Tax

### PBAC

Pictorial Blood Assessment Chart

### SECP

Securities and Exchange Commission of Pakistan

### SOP

Standard Operating Procedure

### SRO

Statutory Regulatory Order

### TDS

Total Dissolved Solids

### ZWL

Zero Waste to Landfill



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 69<sup>th</sup> Annual General Meeting of the Company to be held on Monday, April 23, 2018 at 10:30 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) \_\_\_\_\_ day of \_\_\_\_\_ 2018

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 ایسٹ لیبارٹریز (پاکستان) لمیٹڈ اور \_\_\_\_\_  
 اور / یا سی ڈی سی کے شراقتی آئی ڈی نمبر \_\_\_\_\_  
 بذریعہ ہذا \_\_\_\_\_  
 (نام) \_\_\_\_\_  
 سکنہ \_\_\_\_\_  
 اور مزید \_\_\_\_\_  
 (نام) \_\_\_\_\_

کو اپنا پراکسی مقرر کرتا ہوں/کرتے ہیں کہ وہ میری/ہماری جگہ کمپنی کے ۶۹ ویں سالانہ اجلاس عام میں، جو پیر ۲۳ اپریل ۲۰۱۸ 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 ۲۰۱۸ \_\_\_\_\_

5 روپے کے رسیدی

ٹکٹ چسپاں کریں

۱- گواہ  
 دستخط

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

پتہ \_\_\_\_\_

ممبر کے دستخط

۲- گواہ  
 دستخط

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

پتہ \_\_\_\_\_

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

نوٹ:

۱- پراکسی کے موثر ہونے کیلئے ضروری ہے کہ اس کی تحریری اطلاع کمپنی سکریٹری ایسٹ 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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





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\*Mobile apps are also available for download for android and ios devices

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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.  
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Fax: (92-51) 34449868

### Website

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



