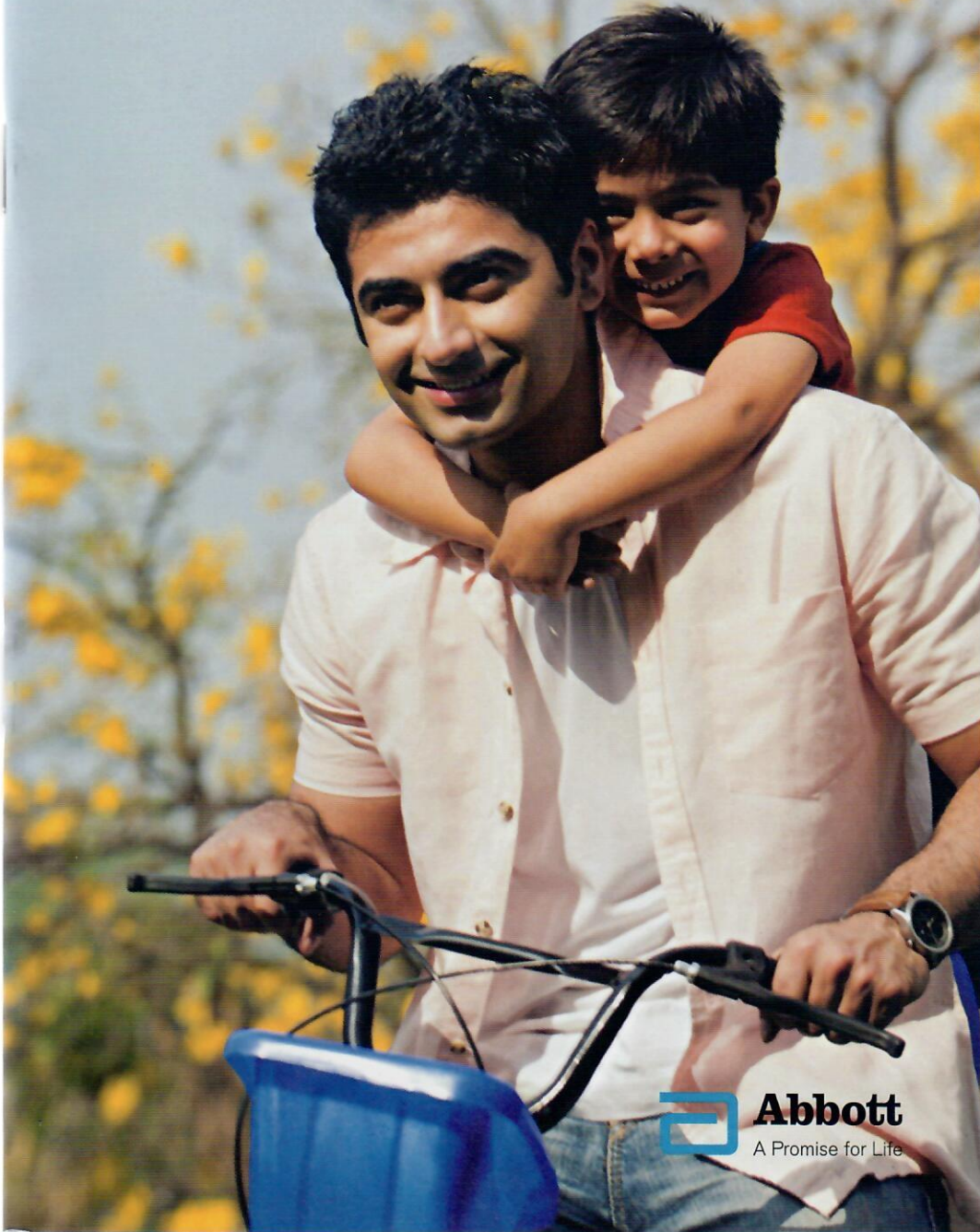




## Abbott Pakistan

Un-Audited Financial Statements for the  
First Quarter Ended March 31, 2014



 **Abbott**  
A Promise for Life

## Corporate Information

### Board Of Directors

Munir A. Shaikh (Chairman)  
Arshad Saeed Husain  
(Chief Executive Officer)  
Kamran Y. Mirza  
Ehsan Ali Malik  
Syed Anis Ahmed  
Atif Aslam Bajwa  
Shamim Ahmad Khan

### Audit Committee

Ehsan Ali Malik (Chairman)  
Shamim Ahmad Khan  
Kamran Y. Mirza  
Maria Memon  
(Chief Internal Auditor - by Invitation)  
Syed Anis Ahmed (CFO - by Invitation)

### Human Resource and Remuneration Committee

Munir A. Shaikh (Chairman)  
Atif Aslam Bajwa  
Arshad Saeed Husain  
Shamim Ahmad Khan  
Shahrukh Masood (Secretary)

### Share Transfer Committee

Arshad Saeed Husain (Chairman)  
Syed Anis Ahmed  
Kamran Y. Mirza

### Banking Committee

Atif Aslam Bajwa (Chairman)  
Arshad Saeed Husain  
Syed Anis Ahmed

### Chief Financial Officer

Syed Anis Ahmed

### Company Secretary

Malik Saadatullah

### Auditors

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

### Legal Advisors

Orr, Dignam & Co.  
Surrridge & Beecheno

### Share Registrar

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

### Bankers

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

### Registered Office

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

### City Office

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

### Website

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

### Senior Management Team

Arshad Saeed Husain  
(Chief Executive Officer)  
Syed Anis Ahmed (Chief Financial Officer)  
Anis A. Shah (Director Plant Operations)  
Habib Ahmed  
(Country Manager, Abbott Diagnostics  
Division Pakistan)  
Dr. Sheikh Adnan Lateef  
(Head of Abbott Diabetes Care Pakistan)  
Dr. Farrukh Hafeez  
(Director Quality Assurance)  
Dr. Sarmad Maqbool  
(Director Marketing & Strategy)  
Seema Khan (Director Regulatory Affairs)  
Dr. Raef Ahmed (Director Medical Affairs)  
Shahrukh Masood  
(Director Human Resources)  
Dr. Suleman Alvi  
(Director Business Development)



## Directors' Report

The Directors have pleasure in presenting their Report with the accounts of the Company for the first quarter ended March 31, 2014.

### FINANCIAL RESULTS

Sales for the quarter increased by 16% as compared to the same quarter last year. Pharmaceutical sales increased by 22%, Nutritional by 13% and other segment sales which comprises of General Health Care, Diagnostic and Diabetes Care decreased by 16% mainly due to a decreasing trend in the outbreak of dengue fever resulting in unfavourable trend for Mospel sales. Gross profit to sales ratio was 39% in the current quarter as compared to 37% last year. Improvement in Gross profit is mainly attributable to favourable product mix and reduction in prices of certain raw materials. Selling and distribution expenses increased by 16% mainly due to higher sales volume. Administrative expenses increased by 10% compared to the same period last year. Other charges increased mainly due to increase in provision for Workers Profit Participation Fund and Workers Welfare Fund. Profit after tax was 14% of sales in the current quarter as compared to 12% same quarter last year.

### FUTURE OUTLOOK

There are numerous challenges such as energy price escalation, inflation and the security situation. However, we continue to see strong opportunities for the pharmaceutical industry in Pakistan. We remain open to partner with the government to ensure a sustainable and growing pharmaceutical industry that benefits the people of Pakistan. Abbott continues to be committed to making healthier lives possible in Pakistan.

KARACHI: April 16<sup>th</sup>, 2014




Munir A. Shaikh  
Chairman

# Condensed Interim Balance Sheet

As at March 31, 2014

	UNAUDITED MARCH 31, 2014	AUDITED DECEMBER 31, 2013
Note	----- (Rupees '000) -----	
<b>Non-Current Assets</b>		
<b>Fixed Assets</b>		
- Property, plant and equipment	3,268,787	3,183,735
- Intangible asset	37,310	41,615
	3,306,097	3,225,350
Long-term loans and advances	41,090	31,896
Long-term deposits	4,044	4,103
Long-term prepayments	8,910	8,065
	54,044	44,064
<b>Total Non-Current Assets</b>	<b>3,360,141</b>	<b>3,269,414</b>
<b>Current Assets</b>		
Stores and spares	94,825	107,238
Stock-in-trade	3,075,326	2,762,690
Trade debts	433,641	546,093
Loans and advances	176,412	172,205
Trade deposits and short-term prepayments	201,308	154,613
Accrued profit	5,718	5,922
Other receivables	76,809	79,269
Taxation recoverable	69,403	173,509
Cash and bank balances	4,516,260	3,897,051
	8,649,702	7,898,590
<b>Current Liabilities</b>		
Trade and other payables	2,415,227	2,217,177
Dividends	391,601	-
	2,806,828	2,217,177
<b>Net Current Assets</b>	<b>5,842,874</b>	<b>5,681,413</b>
<b>Total Assets Less Current Liabilities</b>	<b>9,203,015</b>	<b>8,950,827</b>
<b>Non-Current Liability</b>		
Deferred taxation	204,939	203,562
<b>Contingencies and Commitments</b>		
<b>NET ASSETS</b>	<b>8,998,076</b>	<b>8,747,265</b>
<b>FINANCED BY:</b>		
<b>Share Capital and Reserves</b>		
Authorised capital		
200,000,000 ordinary shares of Rs.10 each	2,000,000	2,000,000
Issued, subscribed and paid-up capital	979,003	979,003
Reserves - capital	312,487	300,030
- revenue	7,706,586	7,468,232
<b>SHAREHOLDERS' EQUITY</b>	<b>8,998,076</b>	<b>8,747,265</b>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

  
ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

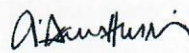
  
SYED ANIS AHMED  
DIRECTOR

# Condensed Interim Profit and Loss Account (Unaudited)

For the Three Months Ended March 31, 2014

	Jan - Mar 2014	Jan - Mar 2013
	----- (Rupees '000) -----	
Sales - net		
Domestic	4,304,375	3,703,518
Export	144,174	131,854
	4,448,549	3,835,372
Service fee for toll manufacturing	-	5,538
	4,448,549	3,840,910
Cost of goods sold and services	2,735,363	2,437,695
Gross profit	1,713,186	1,403,215
Selling and distribution expenses	680,245	585,110
Administrative expenses	97,042	87,927
	935,899	730,178
Other income	146,373	63,977
Other operating charges	84,763	80,828
	997,509	713,327
Finance cost	754	724
Profit before taxation	996,755	712,603
Taxation		
- current	365,423	267,326
- deferred	1,377	(13,758)
	366,800	253,568
Profit for the period	629,955	459,035
	----- (Rupees) -----	
Earnings per share - basic / diluted	6.43	4.69

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

  
ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE


  
SYED ANIS AHMED  
DIRECTOR

## Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Three Months Ended March 31, 2014

	Jan - Mar 2014 ----- (Rupees '000) -----	Jan - Mar 2013 -----
Profit for the period	629,955	459,035
Other comprehensive income	-	-
Total comprehensive income for the period	<u>629,955</u>	<u>459,035</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

  
ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

  
SYED ANIS AHMED  
DIRECTOR

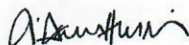


## Condensed Interim Cash Flow Statement (Unaudited)

For the Three Months Ended March 31, 2014

	Jan - Mar 2014	Jan - Mar 2013
Note	----- (Rupees '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	6 983,860	258,136
Income taxes paid	(261,317)	(220,691)
Long-term loans and advances - net	(9,194)	(639)
Long-term deposits - net	59	-
Long-term prepayments - net	(845)	293
Net cash inflow from operating activities	712,563	37,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(197,678)	(162,916)
Sale proceeds from disposal of fixed assets	13,822	6,621
Interest income	91,316	49,205
Net cash outflow from investing activities	(92,540)	(107,090)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(754)	(724)
Dividend paid	(60)	(106)
Net cash outflow from financing activities	(814)	(830)
Net increase / (decrease) in cash and cash equivalents	619,209	(70,821)
Cash and cash equivalents at the beginning of the period	3,897,051	2,790,212
Cash and cash equivalents at the end of the period	4,516,260	2,719,391

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE



SYED ANIS AHMED  
DIRECTOR

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the Three Months Ended March 31, 2014

Share Capital	Reserves					Total Equity
	Capital Reserves		Revenue Reserves		Total	
	Reserve arising on Merger	Other	General Reserve	Un-appropriated Profit		

-----  
Rupees '000

(Rupees '000)

Balance as at December 31, 2012 979,003 46,097 216,211 3,588,422 1,877,661 5,728,391 6,707,394

Transfer from unappropriated profit to general  
reserve made subsequent to the period  
ended December 31, 2012

- - - 1,750,000 (1,750,000) - -

Total comprehensive income for the three months  
ended March 31, 2013

Profit for the period

-	-	-	-	459,035	459,035	459,035
-	-	-	-	-	-	-

Other comprehensive income for  
the period, net of tax

Total comprehensive income for the period

- - - - 459,035 459,035 459,035

Transactions with owners, recorded directly in equity

Final dividend for the year ended December 31,  
2012 @ Rs. 4 per share declared  
subsequent to the year end

- - - - (391,601) (391,601) (391,601)

Capital contribution from Abbott  
International LLC, USA

- - 10,046 - - 10,046 10,046

Balance as at March 31, 2013

979,003 46,097 226,257 5,338,422 195,095 5,805,871 6,784,874

Balance as at December 31, 2013

979,003 46,097 253,933 5,338,422 2,129,810 7,768,262 8,747,265

Total comprehensive income for the three months  
ended March 31, 2014

Profit for the period

-	-	-	-	629,955	629,955	629,955
-	-	-	-	-	-	-

Other comprehensive income for  
the period, net of tax

Total comprehensive income for the period

- - - - 629,955 629,955 629,955

Transactions with owners, recorded directly in equity

Final dividend for the year ended December 31,  
2013 @ Rs. 4 per share declared  
subsequent to the year end

- - - - (391,601) (391,601) (391,601)

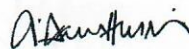
Capital contribution from Abbott  
International LLC, USA

- - 12,457 - - 12,457 12,457

Balance as at March 31, 2014

979,003 46,097 266,390 5,338,422 2,368,164 8,019,073 8,998,076

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

  
ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

  
SYED ANIS AHMED  
DIRECTOR



## Selected Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Ended March 31, 2014

### 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 Karachi, Lahore and Islamabad stock exchanges. 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, diabetic care, molecular devices, hospital and consumer products and in providing toll manufacturing services.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

##### Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 – "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2013. This condensed interim financial information is unaudited.

#### 2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

#### 2.3 Accounting estimates and judgments.

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses

Estimates and judgments made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended December 31, 2013.

## Selected Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Ended March 31, 2014

	UNAUDITED Jan - Mar 2014	UNAUDITED Jan - Mar 2013
	----- (Rupees '000) -----	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>[COST OF ADDITIONS / (DELETIONS)]</b>		
Buildings on freehold land	-	7,882
Plant and machinery	-	31,421
Vehicles	17,143 (21,719)	3,321 (7,208)
Computers	2,145	1,207
Demonstration equipments	83,831 (20,966)	55,329 -
Capital work in progress (CWIP) - net	94,559	63,756
Total additions	<u>197,678</u>	<u>162,916</u>
Total (deletions)	<u>(42,685)</u>	<u>(7,208)</u>

### 4. CONTINGENCIES AND COMMITMENTS

#### 4.1 Contingencies

4.1.1 The Company has given bank guarantees of Rs. 110.063 million (December 31, 2013: Rs 111.980 million) to the Customs Department, a utility company and other institutions against tenders.

4.1.2 The returns of total income for four tax years (Tax Years 2005 – 2008) were selected for audit by the tax authority. The Taxation Officer disallowed certain expenses claimed by the Company against which the Company filed appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) allowed certain expenses, however, maintained majority of the disallowances resulting in tax demand of Rs. 239.695 million. The Company has now filed the appeals before the Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication.

Management is of the view that the position of the Company is sound and eventual outcome is expected to be in Company's favour. However, being prudent, management has made a provision of Rs. 60 million (December 31, 2013: 30 million) in the financial statements.

4.1.3 The Company has filed a reference application before the High Court of Sindh for assessment years 1997-98, 1999-00 to 2002-03 in respect of certain disallowances resulting in a tax demand of Rs 154.500 million, which is pending adjudication.

Management is of the view that the position of the Company is sound and eventual outcome is expected to be in Company's favour. However, being prudent, management has made a provision of entire tax demand in the financial statements.



## Selected Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Ended March 31, 2014

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

### 4.2 Commitments

4.2.1 Commitments for capital expenditure as at March 31, 2014 aggregated to Rs. 61.584 million (December 31, 2013: Rs. 90.475 million).

4.2.2 The Company has obtained short term financing facilities from various commercial banks amounting to Rs. 1,374.42 million (December 31, 2013: Rs. 1,397 million). These facilities can be utilized for letters of credit, guarantees and running finance / short term loans. However, the running finance / short term loan utilization cannot exceed Rs. 310 million (December 31, 2013: Rs. 310 million). The running finance / short term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (December 31, 2013: KIBOR plus 1% to KIBOR plus 2%) and are secured against first joint pari passu hypothecation charge over stocks and book debts of the Company, ranking hypothecation charge over stocks and book debts of the Company, promissory notes, and counter guarantees. The Company has not borrowed any amount against running finance / short term loan facilities at the balance sheet date. Commitments in respect of letters of credit as at balance sheet date aggregated to Rs. 380.312 million (December 31, 2013: Rs. 396.908 million).

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

As at March 31, 2014, Abbott Asia Investments Limited, UK held 76,259,454 (December 31, 2013: 76,259,454) shares. The ultimate holding company is Abbott International LLC, USA.

	UNAUDITED Jan - Mar 2014	UNAUDITED Jan - Mar 2013
Note	-----	(Rupees '000) -----

### 6. CASH GENERATED FROM OPERATIONS

Profit before taxation	996,755	712,603
Adjustment for:		
Depreciation	102,440	90,570
Amortisation on intangible asset	4,305	4,305
Gain on disposal of fixed assets	(3,636)	(2,898)
Income on investments and deposits	(91,112)	(55,399)
Expense recognised in profit or loss in respect of equity-settled share-based payments	12,457	10,046
Finance cost	754	724
Working capital changes	6.1 (38,103)	(501,815)
	<u>983,860</u>	<u>258,136</u>



## Selected Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Ended March 31, 2014

	UNAUDITED Jan - Mar 2014 ----- (Rupees '000) -----	UNAUDITED Jan - Mar 2013 ----- (Rupees '000) -----
<b>6.1 Working capital changes</b>		
(Increase) / decrease in current assets net of provision		
Stores and spares	12,413	1,532
Stock-in-trade	(312,636)	(367,968)
Trade debts	112,452	26,761
Loans and advances	(4,207)	(138,160)
Trade deposits and short-term prepayments	(46,695)	(71,097)
Other receivables	2,460	(7,851)
	<u>(236,213)</u>	<u>(556,783)</u>
<b>Increase in current liabilities</b>		
Trade and other payables - net	198,110	54,968
	<u>(38,103)</u>	<u>(501,815)</u>

## 7. TRANSACTIONS WITH RELATED PARTIES

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

	UNAUDITED Jan - Mar 2014 ----- (Rupees '000) -----	UNAUDITED Jan - Mar 2013 ----- (Rupees '000) -----
<b>Other related parties</b>		
Sale of goods	31,741	31,593
Purchase of materials	963,873	948,012
Technical service fee	31,554	26,272
Reimbursements from a related party on account of:		
Selling and distribution expenses	17,344	15,783
Administrative expenses	2,617	1,609
Interest income earned	7,192	4,648
Charge in respect of staff retirement benefit plans:		
Pension fund	31,648	27,851
Provident fund	15,516	13,779
<b>Key management personnel</b>		
Short-term employee benefits	49,533	42,861
Post-employment benefits	5,052	4,290

## Selected Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Ended March 31, 2014

### 8. SEGMENT ANALYSIS

#### 8.1 Segment wise operating results for the first quarter:

	UNAUDITED				UNAUDITED			
	Jan - Mar 2014				Jan - Mar 2013			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
(Rupees '000)								
Sales	3,451,062	700,783	420,069	4,571,914	2,826,857	621,576	493,374	3,941,807
Less:								
Sales return and discount	25,098	-	2,628	27,726	7,924	3,319	731	11,974
Sales tax and excise duty	-	65,421	30,218	95,639	-	56,027	38,434	94,461
Sales - net	3,425,964	635,362	387,223	4,448,549	2,818,933	562,230	454,209	3,835,372
Service fee for toll manufacturing	-	-	-	-	-	-	5,538	5,538
Cost of goods sold and services	3,425,964	635,362	387,223	4,448,549	2,818,933	562,230	459,747	3,840,910
	2,042,061	432,230	261,072	2,735,363	1,806,722	350,125	260,848	2,437,695
Gross profit	1,383,903	203,132	126,151	1,713,186	1,012,211	212,105	178,899	1,403,215
Selling and distribution expenses	492,275	111,383	76,587	680,245	426,409	98,331	60,370	585,110
Administrative expenses	82,704	10,560	3,778	97,042	72,363	12,126	3,438	87,927
Segment result	808,924	81,189	45,786	935,899	513,439	101,648	115,091	730,178

#### 8.2 Reconciliation of segment results with profit before taxation

	UNAUDITED Jan - Mar 2014	UNAUDITED Jan - Mar 2013
Total segment results	935,899	730,178
Other income	146,373	63,977
Other operating charges	84,763	80,828
Finance cost	754	724
Profit before taxation	996,755	712,603

#### 8.3 Geographical information

Sales to external customers, net of return, discounts, sales tax and excise duty

Pakistan	4,304,375	3,709,056
Afghanistan	112,433	92,732
Srilanka	-	3,694
Bangladesh	-	3,835
Netherland	6,321	31,593
Switzerland	25,420	-
	4,448,549	3,840,910

## Selected Notes to the Condensed Interim Financial Information (Unaudited)

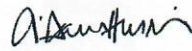
For the Three Months Ended March 31, 2014

### 8.4 Segment Assets

	UNAUDITED				AUDITED			
	March 31, 2014				December 31, 2013			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	(Rupees '000)							
Segment assets employed	5,548,383	536,386	1,031,889	7,116,658	5,255,722	428,253	1,046,695	6,730,670
Unallocated corporate assets				4,893,185				4,437,334
Total reported assets				<u>12,009,843</u>				<u>11,168,004</u>

### 9. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 16, 2014 by the Board of Directors of the Company.

  
ARSHAD SAEED HUSAIN  
CHIEF EXECUTIVE

  
SYED ANIS AHMED  
DIRECTOR



**ABBOTT LABORATORIES (PAKISTAN) LIMITED**

**Registered Office**

Opposite Radio Pakistan  
Transmission Centre, Hyderabad Road,  
Landhi, P.O. Box 7229, Karachi  
Phone :111-ABBOTT (111-222-688)  
Fax: (92-21) 35001903

**City Office**

8th Floor, Faysal House,  
St-02, Shahr-e-e-Faisal, Karachi  
Phone: (92-21) 32799018, 32799019  
Fax: (92-21) 32800244  
URL: [www.abbott.com.pk](http://www.abbott.com.pk)

