

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

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THEME

LIFE. TO THE FULLEST.

Our total focus is towards helping people to live their best lives. With the best possible healthcare solutions, we strive for making a difference and enriching the lives of people in our country. Offering a broad range of innovative solutions, our presence is felt in the market.

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

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

PIONEERING

Leading-edge science and innovative commercialization

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

ACHIEVING

Customer-focused outcomes and world-class execution

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

CARING

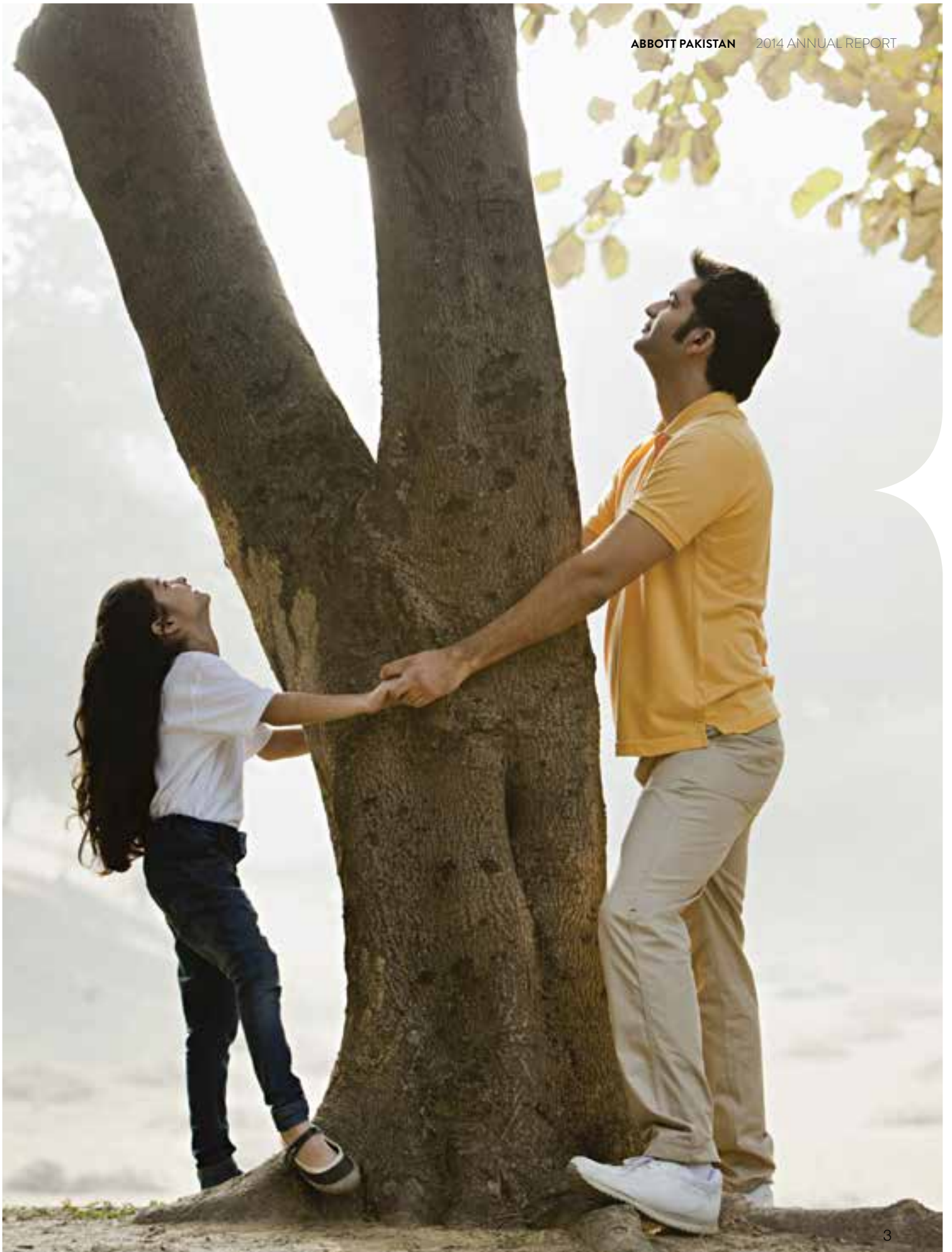
Making a difference in people's lives

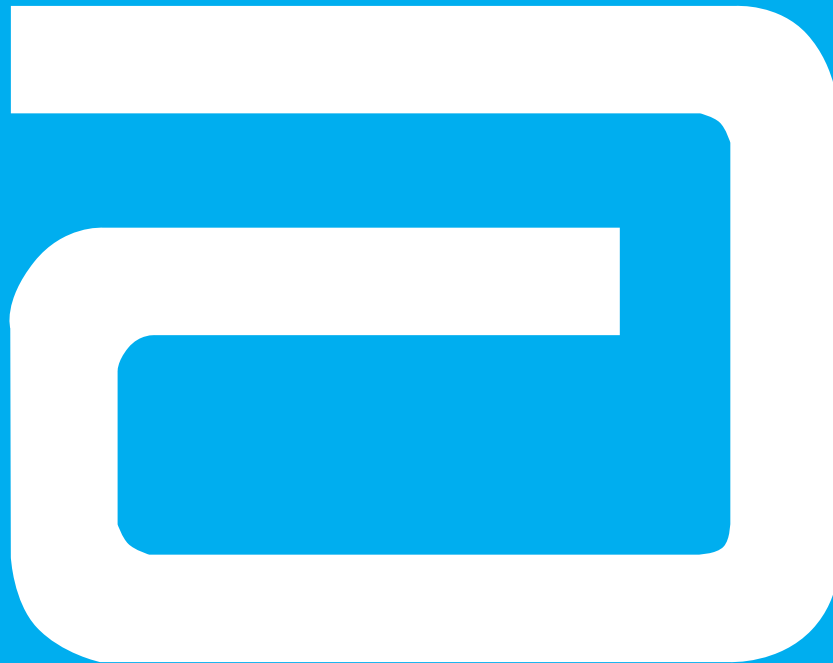
Caring is central to the work that we do to help people live healthier lives. We have tremendous respect for the lives of everyone touched by our company. Our respect for people is demonstrated in what we do and how we act.

ENDURING

Commitment and purpose

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





LIFE.

Good health is the
great enabler. It
makes everything
else possible.

TO THE FULLEST.

Abbott's fundamental purpose is helping people get healthy and stay healthy, at all stages of life, so they can enjoy their best possible lives.



We draw on our key strengths – our diversity of products and markets, our unwavering commitment to quality, a holistic approach to addressing health needs, and our commitment to locally targeted solutions – to maximize the impact we can have on the lives of people.



HISTORY TIMELINE

A Tradition of Innovation

More than 125 years ago, 30-year-old Dr. Wallace C. Abbott, a practicing physician and pharmacy proprietor, founded the company that bears his name. Using the active part of a medicinal plant, known as the “alkaloid,” he formed tiny pills, called “dosimetric granules,” which provided more accurate and effective dosing for his patients than other treatments available at the time. The demand for these accurate granules soon far exceeded the needs of his own practice and, from these modest origins, was born Abbott, one of the world’s most broad-based health care companies and a global leader in the discovery, development and manufacture of products that span the continuum of care.

1888



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

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

1900

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



1910

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

1915

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



1920

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



1929

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

1931

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

1938

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

1948

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



1962

Abbott opens its first manufacturing facility in Karachi, Pakistan.

1964

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



1965

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



1973

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



1982

Abbott is listed as a public limited company in Pakistan.

1988

Abbott celebrates its centennial.

2001

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



2004

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

2010

Abbott acquires Solvay Pharmaceuticals, the global pharmaceutical business of the Solvay Group and STARLIMS Technologies, a leader in laboratory information management systems.



2013

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

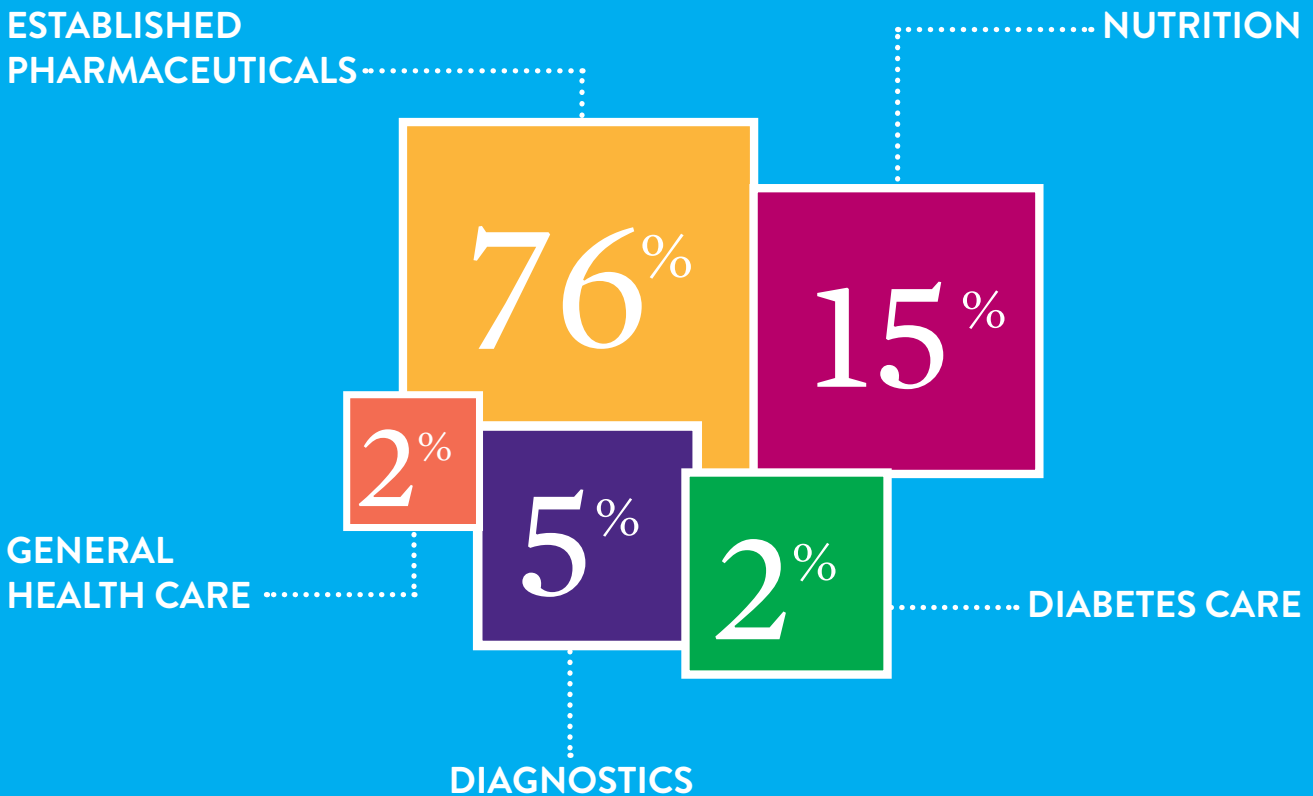
2014

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

DIVERSITY

DIVERSITY IS FUNDAMENTAL TO ABBOTT'S CONTINUED SUCCESS, INSULATING US FROM VOLATILITY AND OFFERING MORE STRATEGIC FLEXIBILITY AS WE ACCELERATE OUR GROWTH.

DIVERSED PORTFOLIO MIX



ESTABLISHED PHARMACEUTICALS



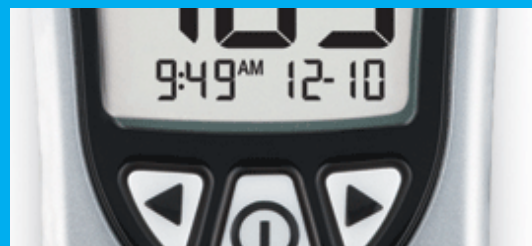
NUTRITION



DIAGNOSTICS



DIABETES CARE



PRESENCE

WE ARE WELL ESTABLISHED AND OUTPERFORMING THE MARKET IN PAKISTAN. OUR PRESENCE IS MAKING AN IMPACT ON THE LIVES OF PEOPLE.

Market Share

6.9%

(IMS Dec. 2014, MAT)

Market Growth

17.8%

(IMS Dec. 2014, MAT)



**2ND LARGEST PHARMACEUTICAL
IN PAKISTAN**

**FASTEST GROWING
MNC**



INFANTS

**SIMILAC
RASHNIL
ISOMIL
BRUFEN SUSPENSION
VIDAYLIN DROPS
KLARICID**

YOUTH

**BRUFEN DS
PEDIASURE
VIDAYLIN
KLARICID DS
EPIVAL SYRUP
ENTAMIZOLE SYRUP**

CONNECTION

Our brands have a connection with diverse segments of population. Making lives of different groups healthier. We continue to add more and more people into our fold of care and comforts.

ADULTS

SURBEX-Z
ABOCAL
DUPHASTON
DUPHALAC SYRUP
SERC
GANATON

SENIORS

ENSURE
CITRO-SODA
FREESTYLE OPTIUM
FAVERIN
ARTIFEN
PRAMET FA

LEADERSHIP

Abbott enjoys leadership position in many therapeutic areas like vitamins, central nervous system/pain, cough and cold, women health etc. With patients at center of our thinking we also offer portfolio solutions in the categories like pediatrics, women health, gastroenterology, respiratory, central nervous system/pain, diabetes, nutrition and laboratory diagnostics.

ESTABLISHED PHARMACEUTICALS

- Klaricid (the world's* and Pakistan's #1 macrolide antibiotic)
- Brufen (the world's* and Pakistan's #1 ibuprofen brand in volume)
- Surbex Z (Pakistan's #1 multivitamin+mineral tablet)
- Arinac (Pakistan's #1 cough and cold preparation, in both adults and children)
- Duphaston (the world's* and Pakistan's #1 brand for progesterone deficiency)
- Serc (Pakistan's #1 branded treatment for vertigo)
- Duphalac (Pakistan's #1 branded treatment for constipation)
- Epival (Pakistan's #1 branded treatment for epilepsy, in both adults and children)

*Ex USA

NUTRITION

#1 Nutrition company
in Pakistan

DIABETES CARE

State of the art software

DIAGNOSTICS

#1 in immunoassay
diagnostics
#1 in Blood Screening



BUSINESS DIVISIONS

Our patient centric solutions in pharmaceuticals, nutrition, diagnostics and diabetes care are addressing important health needs of people all 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.

Abbott Pakistan has the following core businesses - all focused on advancing innovations that provide solutions for people in their pursuit of healthy lives.

PHARMACEUTICALS: LOCALIZED INNOVATION

We offer high-quality, affordable and trusted branded generic medicines to help treat some of the most pervasive and persistent health conditions around the world. Through packaging enhancements, new formulations and innovative delivery methods, we tailor our portfolio solutions to address health needs in Pakistan and provide access to some of the most trusted and proven medicines to those who need them most. Abbott also offers General Healthcare products in Pakistan.



NUTRITION: WORLDWIDE LEADER IN NUTRITION

We offer science-based nutrition products for every stage of life - from infant and pediatric to adult healthy living and therapeutic nutrition. Our products include leading consumer brands like Similac, Ensure, Glucerna and PediaSure - as well as specialty products that help meet the nutritional needs of people with a variety of health conditions, such as cancer, diabetes, kidney disease and osteoporosis.



DIAGNOSTICS: PIONEERING MEDICAL DIAGNOSTICS

Our innovative instrument systems and tests help monitor a range of health conditions with speed, accuracy and efficiency. From automated immunoassays 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: BETTER OPTIONS AND IMPROVED OUTCOMES

Abbott Diabetes Care 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. We design, develop and manufacture several leading-edge glucose monitoring systems and test strips for use in both home and hospital settings.



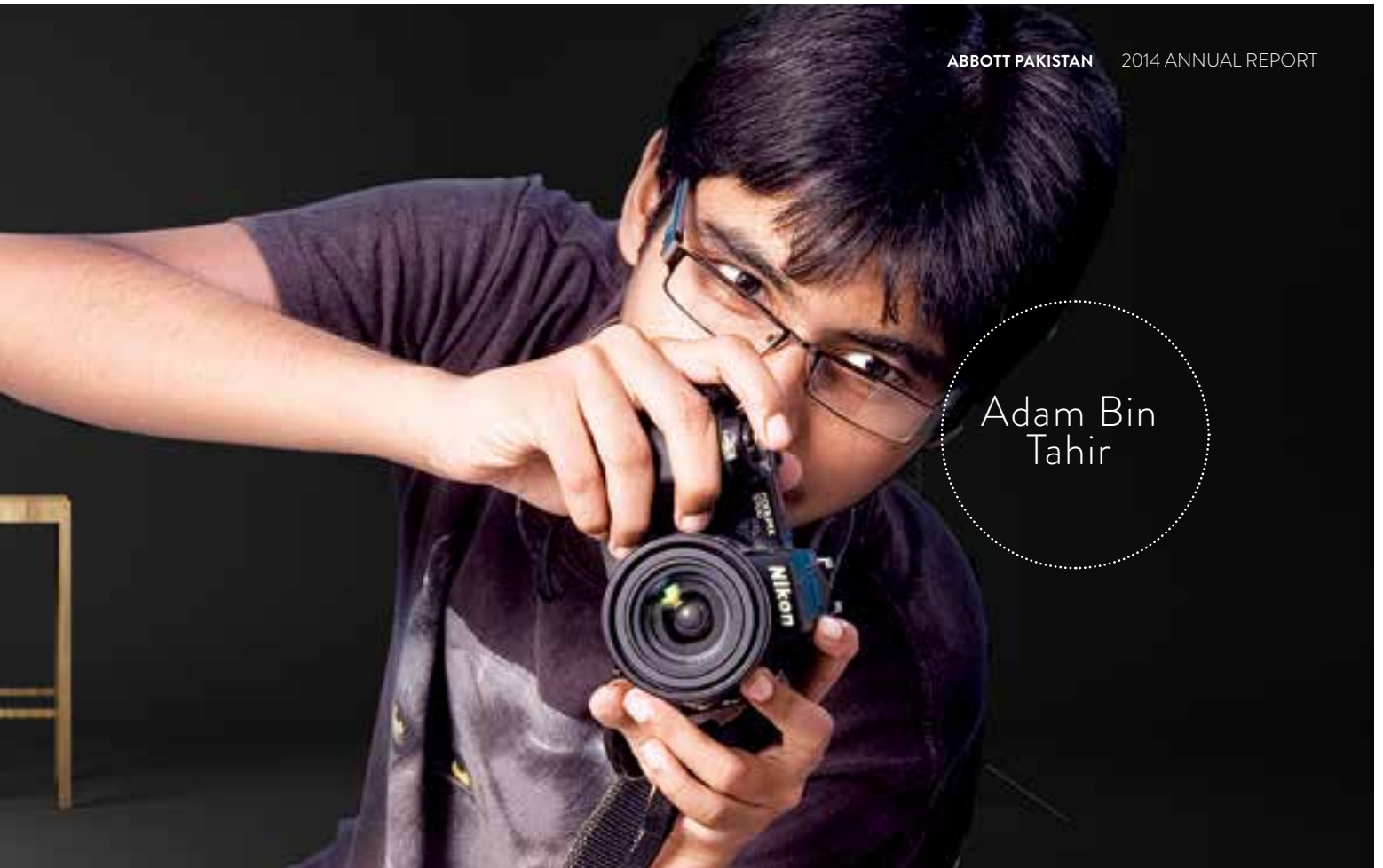
ESTABLISHED
PHARMACEUTICALS

TRUSTED BRANDS IN GROWING MARKET

Thanks to a trusted medicine that helped him take control of his life, Adam bin Tahir is better able to relax and enjoy the things - and the people - that really matter to him.



EPIVAL



Adam Bin
Tahir

Hello I am Adam and I want to share with you my story. I am 19 years old; I had my right side brain damaged at birth. I have weakness on my left side including my hand, eye, ear and leg. I was regarded as an abnormal child.

I had partial seizures that became generalized later on. I was put on Abbott's Epival by my physician at the age of 5. I am using it from the last 14 years.

Since then I have not only improved but I have also made some marvelous achievements in computer graphics, drama, speech competition and scouting, requiring above average mental performance and creativity.

I am thankful to Abbott for adding quality and colors to my life.

**ESTABLISHED
PHARMACEUTICALS**

EMERGING OPPORTUNITIES TO MAKE A DIFFERENCE

As the Economy expands, people have more resources to devote to healthcare and, increasingly, more choices in how that money is spent. When given that choice, they look for the promise of quality and efficacy that Abbott's pharmaceutical brands represent.

With a wide range of products Abbott is in a position to offer patient centric portfolio solutions, which will enable the physicians and the patients to rely on Abbott's quality.

Over the next several years, our focus on emerging opportunities will fuel our growth, as Abbott is well aligned with the fundamentals driving long-term growth for healthcare in Pakistan.

2

State of the art
manufacturing sites in
Karachi
ensure reliable supply

#2

Abbott is No.2
pharmaceutical company in
Pakistan



2014 BUSINESS HIGHLIGHT



Abbott focuses on seven core therapeutic areas in which we have solutions and the ability to address significant customer needs. These areas are:

- Gastroenterology
- Pediatrics
- Women’s Health
- Cardio Vascular and Metabolic
- Pain/Central Nervous System
- Respiratory
- Hospital Care

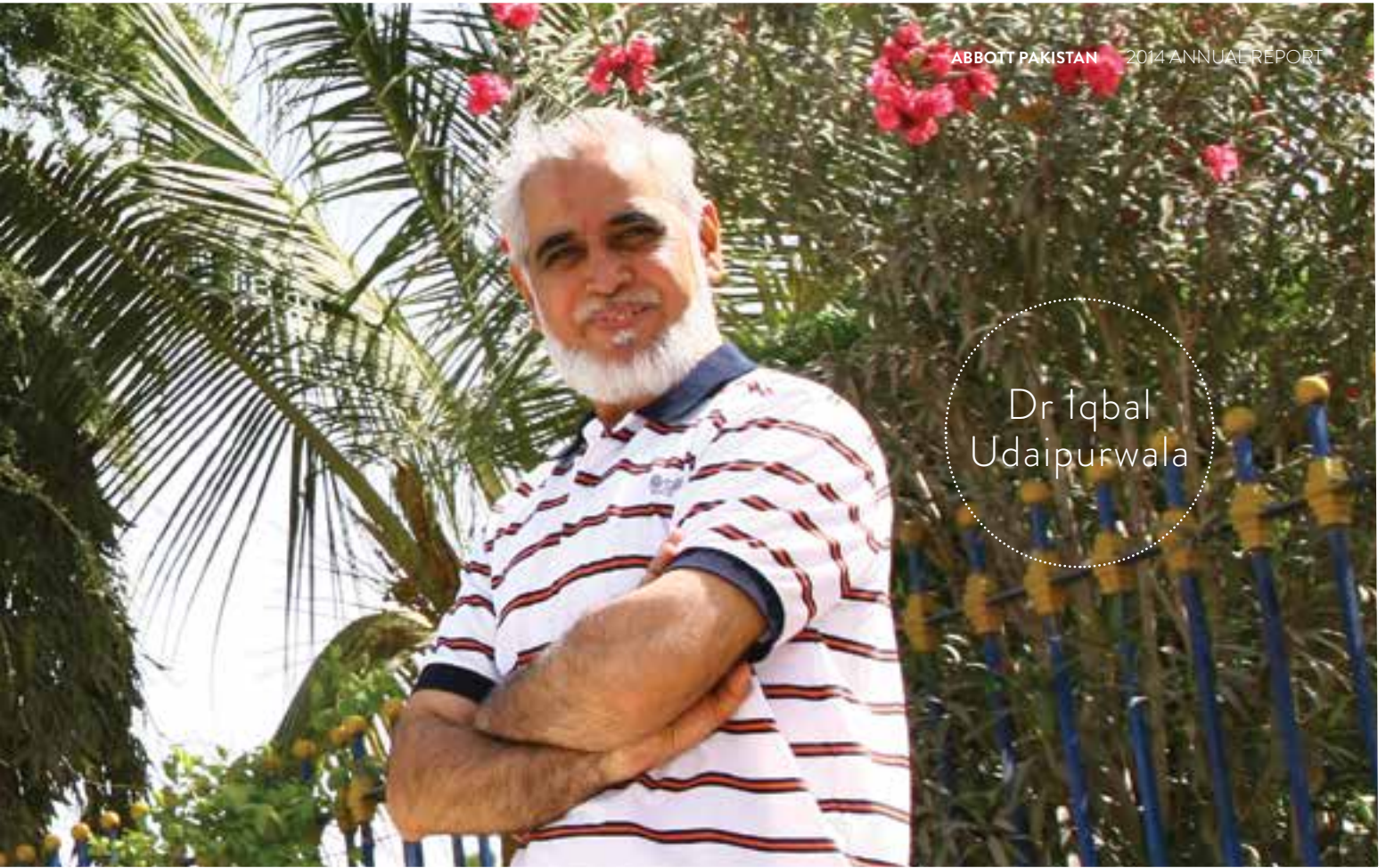
NUTRITION

SCIENCE-BASED NUTRITION FOR EVERY STAGE OF LIFE

With the help of Ensure and its effective results Dr. Iqbal is able to enjoy healthy and active life.



ENSURE,
COMPLETE NUTRITION



Dr Iqbal
Udaipurwala

Dr Iqbal Udaipurwala, 62 years old is a professor of Physiology at Bahria University of Medical & Dental College (BUMDC) and a leading ENT Surgeon of Karachi.

In 2014, he felt severe weakness in fasting condition. He started to use Ensure at Sehri time.

With Ensure he felt energetic and recovered from weakness.

“Ensure is my partner for an active and healthy life. I also recommend it to my patients for faster healing and early recovery” says Prof Dr Iqbal Udaipurwala.

NUTRITION

OUR MOST CONSUMER- FACING BUSINESS

Throughout the world, people count on Abbott to help them get healthy and stay healthy throughout their lives.

With our broad line of science-based products – from the complete nutrition of Similac, PediaSure and Ensure; and specific nutritionals like Glucerna for people with diabetes. Abbott can help people at every stage of life reach their full potential.

NEW PRODUCTS LAUNCHED IN 2014





ABBOTT'S LEADING BRANDS PROVIDE STRONG FOUNDATION TO HELP US SHAPE THE MARKET WE SERVE AND CREATE NEW OPPORTUNITIES FOR OUR NUTRITION BUSINESS.

2014 BUSINESS HIGHLIGHT



Abbott is the leader in Nutrition in Pakistan



DIAGNOSTICS

STRONG PARTNERSHIPS, BETTER RESULTS

Dr. Omar is now more confident and satisfied with the results of Abbott's Architect diagnostic system. He cannot rely on anything else anymore, according to him.



ARCHITECT,
DIAGNOSTIC SYSTEM



Dr. Omar Chughtai

Chughtais Lahore Lab is a 24 hour reference lab with locations in more than 100 cities across Pakistan.

Our goal is to report accurate results with a very fast turnaround time, and we need reliable and robust instrumentation that can cater to our growing volume.

The scalable integrated systems from Abbott offer us the flexibility to produce commutable results for our

patients both at our core lab facility and at our satellite centers alike.

In 2007 we were Abbott's launch customer for the Ci8200 in Pakistan. In the last few years our work volume has grown exponentially, and today we use two Ci8200 and four Ci4100 units to serve our patients. Our growth would not have been possible without these high quality instruments, and the even better people at Abbott.



DIAGNOSTICS

TRANSFORMING THE CONTINUUM OF CARE

Abbott offers a broad range of innovative diagnostics instrument systems and solutions for hospitals, reference labs, molecular labs, blood banks, physician offices, and clinics.

Our diagnostic products are helping our customers better meet the changing needs of healthcare. More than simply tests or data points, our diagnostic solutions work together to help improve decision making and patient care across the spectrum of healthcare.



#1

in immunoassay and
blood screening in
country



2014 BUSINESS HIGHLIGHT



NEW LAUNCH IN 2014

A new ARCHITECT assay was launched for quantitative determination of methotrexate, which is an antineoplastic drug measured in human blood to ensure appropriate therapy in cancer patients.



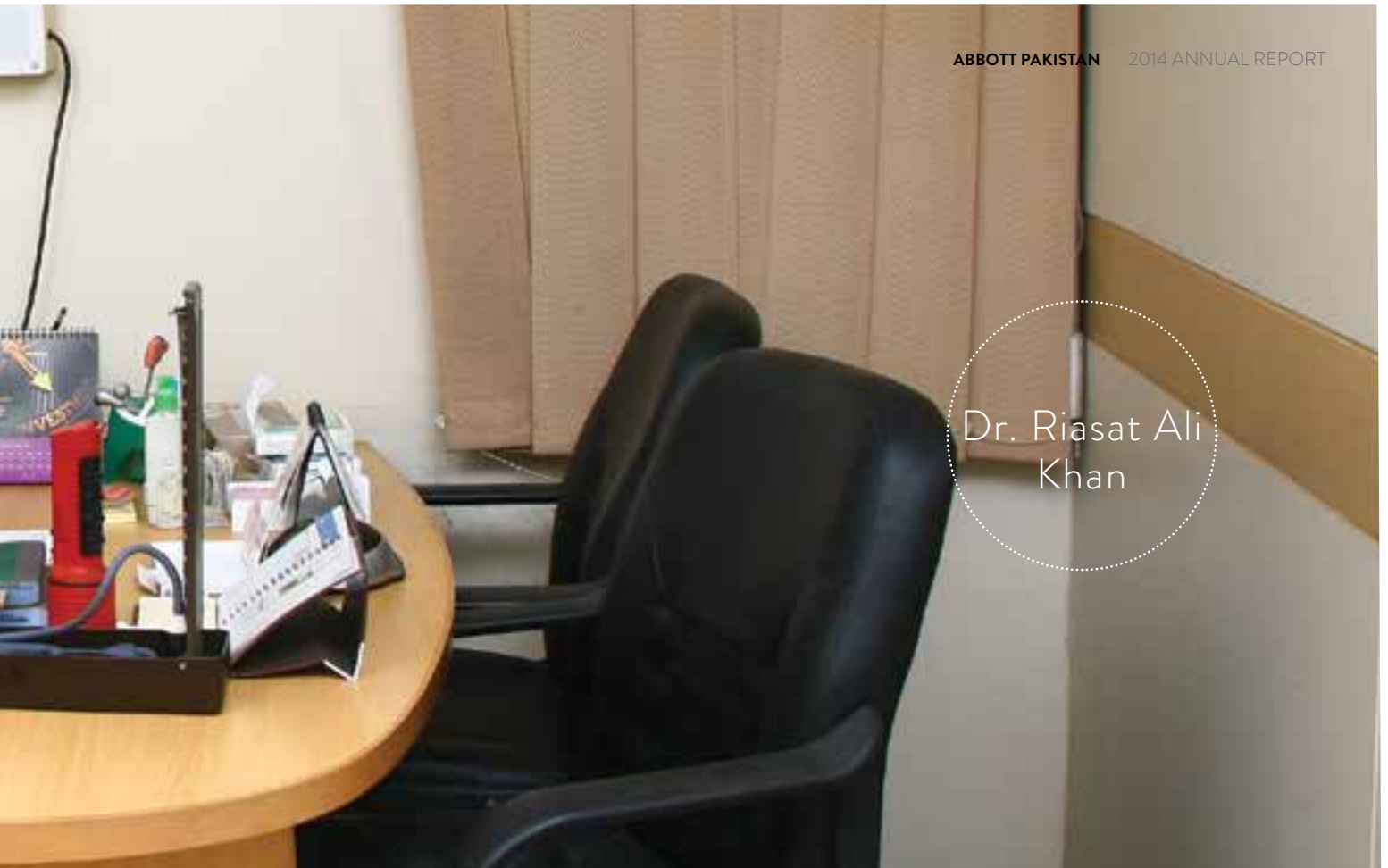
DIABETES
CARE

TECHNOLOGIES THAT CHANGE LIVES

Dr. Riasat enjoys an active fulfilling life thanks, in part, to Abbott's FreeStyle Optium.



FREESTYLE OPTIUM,
BLOOD GLUCOSE AND KETONE
MONITORING SYSTEM



Dr. Riasat Ali
Khan

Dr. Riasat Ali Khan was diagnosed as diabetic in 2013 at the age of 38 during the routine checkup as he has positive family history of diabetes. Initially it was quite depressive situation but soon he has overcome the ailment and carried on with his career as ever.

He is a strong believer of proper self-monitoring for better glycemic control. He checks his blood sugar 3-4 times a day with FreeStyle Optium and hence has been good with his blood glucose monitoring.

He is living a happy, healthy and active life .He is working as physician in Pakistan Petroleum Limited (PPL), as Project Manager in Research Department of Baqai Institute of Diabetology & Endocrinology and General Secretary of Primary Care Diabetes Association of Pakistan. He walks regularly despite his busy schedule and he is not depressed about his medical condition, because he knows he is not the only one with it.



TRANSFORMING THE CONTINUUM OF CARE

In our Medical Devices business, Abbott harnesses the power of innovation to make a clear, positive difference in people's lives.

Our FreeStyle glucose monitoring system is a breakthrough solution that dramatically changes the way people treat their condition.

Better diabetes management helps people sustain longer, fuller lives while living with diabetes, by developing the next generation of meters that will analyze samples faster, and with less discomfort and software tracking systems.



2014 BUSINESS HIGHLIGHT

Sales increased by

71%

Our focus is to help people with diabetes lead healthier, happier lives.

Innovating today, for the healthier tomorrow.

ETHICS AND COMPLIANCE

Abbott's integrity is based on decisions – large and small – that our employees make each day at every level of the company. Our decisions are guided by our values, a sense of ethics and respect for the law. To support our commitment to ethical conduct and compliance with the law, Abbott has a longstanding ethics and compliance program. The ethics and compliance program applies to all officers, employees, contract workers and agents of Abbott Laboratories, its divisions, and affiliates, whether operating inside or outside of the United States. The **Abbott Code of Business Conduct (“Code”)** sets forth the principles and behaviors to which all Abbott employees must commit. All employees are required to read, understand and certify their adherence to this Code annually.

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

One of the key features of our Code is its **‘Speak Up’** program where by 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.

The policies and procedures supporting the principles outlined in the Code are updated to reflect changes in Abbott industry's codes.

A key to our ethics and compliance program is the policies and procedures that the Abbott Office of

Ethics & Compliance (OEC) has created to guide employees as they conduct their day-to-day activities within the global healthcare community.

Ethical conduct and compliance with the law are central to fulfilling Abbott's responsibility to our stakeholders.

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

Abbott's employees understand that earning trust is a result of their actions, the decisions they make and the manner in which they conduct business every day - in matters large and small. As they perform every aspect of their business activities, our employees are guided by a clear understanding of legal and regulatory requirements, company policies and procedures.



HUMAN RESOURCE DEVELOPMENT

At Abbott, people come to work each day with energy, enthusiasm and a commitment to enhancing human health and well-being in Pakistan. We are a company that adapts quickly and continually to changing health care needs, using our talent for innovation to create solutions that help improve people's health and quality of life throughout the world.

Our company takes pride in its rich heritage. We remain passionate about advancing health care science and technology, along with supporting diversity, focusing on exceptional performance and earning the trust of those we serve.

A PLACE TO GROW AND LEARN

Our employees are driven to make a difference. Through generations, they've shaped a company committed to creating enduring impact for the people we serve. For its part, Abbott strives to create an environment in which employees can realize their full potential through professional development programs

and outstanding health care benefits. As a result, we've been able to create a workplace that helps us keep the best and brightest talent we can find.

Human Resource Management and Development at Abbott Pakistan is a holistic approach to attracting, developing and retaining best talent. Some key objectives which drive the Human Resources function at Abbott include:

- Attracting the best and a diverse mix of talent from various backgrounds for roles across global cultures and a wide range of expertise.
- Aligning our employee development programs with our global strategies.
- Encouraging an inclusive culture and providing ongoing career development opportunities.
- Retaining talent by providing opportunities for personal and professional growth.



TALENT MANAGEMENT

Abbott continuously strives to recruit, develop, retain, reward and enhance employee performance in the best possible way.

Providing Global and Job Enrichment Opportunities

- High potential employees are given a chance to advance their careers by offering them opportunities to be part of assignments that are global in nature. Our employees from Abbott Pakistan have been selected for highly challenging regional roles, which is reflective of not only their individual talent but also the organization's commitment to providing opportunities for people to showcase their potential and fulfill their career aspirations.

Many employees were given opportunities to enrich their work experience through job rotation within different divisions and functions. Where possible, such movements are encouraged to give employees exposure to develop multiple skills and broaden their horizons.

Workday – A new system of Employee records is introduced and rolled out. By using Workday, Managers will be more empowered for their organization's data and managing & controlling it effectively. Multiple sessions across Pakistan were conducted by HR Department to orient employees about this new system.

Internship Program - To attract the best talent and to continue being one of the most sought after employers in the country, Abbott offers a strong internship program. As part of our Recruitment Drive for Internship programs, groups of students at various Universities are addressed to share information about Abbott, its culture and values and to guide them on how they can prepare for careers in a healthcare company. The program offered every year provides an opportunity for the students to get first-hand experience of working in a corporate environment.



LEARNING & DEVELOPMENT

Learning & Development opportunities are offered to employees throughout the year. These opportunities center around on-the-job training as well as public programs conducted by various renowned institutions in the country. In-house training programs are also regularly offered and are uniquely designed to meet the development needs of the employees to enhance their skills, knowledge and competency levels. Employees were also sent on trainings offered in other countries to hone their skills in areas which are critical to the growth of the business.

EMPLOYEE ENGAGEMENT

Well – engaged employees are Abbott’s greatest strength. The engagement process for us starts as soon as an employee joins the company.

Orientation Programs - A strong orientation program is offered to employees from the date of joining, which includes meetings with Functional Leaders and visit to our Manufacturing plant. These leaders help the new joiners understand the organizational vision, values and business strategy so that they can be a living part of it. New joiners are also given an extensive Plant tour to help them understand the production process and the importance of world-class quality standards followed at Abbott. Whereas, Sales Force gets one month of rigorous training before they get in the market for selling.

Team Building Events - To keep employees motivated and to give them opportunities to experience activities beyond their daily job responsibilities, regular team building events are organized at Abbott. An annual event is the Eid Breakfast following the month of Ramazan while Sports events such as friendly cricket matches are organized at regular intervals during the year.



Healthy Life Program - 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. Abbott greatly cares for the health of its employees as well.

EMPLOYMENT OF SPECIAL PERSONS

As a socially responsible corporate entity, Abbott provides employment opportunity to special persons and dependents of deceased or incapacitated employees subject to availability of position and suitability of the candidates in accordance with the Company's recruitment policy/standard in a supportive environment for mutual growth.

ENVIRONMENT HEALTH & SAFETY



HEALTH & SAFETY AT THE WORKPLACE

Abbott provides a safe working environment for its employees. There is a regular monitoring throughout the year to ensure effective industrial hygiene so as to limit potential adverse health risks to employees resulting from workplace exposure to chemical,

biological, and physical agents. During the year 2014, Abbott accorded high priority to Environment, Health and Safety (EHS) by accomplishing several projects such as reduction in waste generation and water consumption, implementation of best in class machinery in safety standards, achieving a 100% increase in potential incident identification and reporting, completing more than 4,000 man-days of

EHS trainings and executing several enhancements in contractor safety program. Overall it proved to be a highly successful year in which all the EHS goals were surpassed and a truly EHS enriched culture was promoted through-out the organization.

ENERGY CONSERVATION

Improving the energy efficiency of our facilities can help us meet our energy challenges affordably. However, seizing greater energy-efficiency opportunities will require diverse strategies to meet organizational goals, including the deployment of better performing energy-efficient technologies and systems.

Co-generation has markedly advanced over the years and is more reliable and cost effective than ever before. The main driving factors for this are the price of natural gas, other fuels & electricity supplied by local utility company. After considering the factors mentioned above, a 3.2MW Cogeneration Plant was successfully commissioned at our manufacturing site.

QUALITY ASSURANCE

STARLIMS: As a part of Quality Management System improvement, a Laboratory Information Management System “STARLIMS” deployment in Abbott Pakistan has been completed and this system will be used for stability studies. The data analysis in this system is more effective and it will manage larger volumes of data, while complying with stricter regulations and achieving higher quality and efficiency levels.

Human Error campaign: Human Error campaign was carried out at Abbott Pakistan. Key topics of Presentation were cascaded to Operations and QA

personnel. Posters display campaign was continued at 20 identified locations of both Landhi and Korangi Plants for awareness.

THE WASTE BURDEN & ABBOTT’S ZERO WASTE TO LANDFILL INITIATIVE (ZWL)

When we generate waste, we must pay to dispose it. Permitted landfill space is becoming increasingly scarce and public and regulatory pressures for effective waste management are increasing. Poor waste management practices can damage a company’s image.

Abbott’s Zero Waste to Landfill initiative encourages manufacturing sites to improve their waste management practices and eliminate waste sent to landfill. Furthermore it lowers overall environmental impacts, reserves natural resources and engages a broad range of employees in company environmental initiatives.

For precisely the same reasons, the site 2014 goal was to achieve Waste Reduction 2% absolute as compared to 2013. However due to dedicated efforts, at the end of the year actual reduction achieved was 30% absolute when compared to 2013!

This was achieved by identification of significant waste streams and implementing alternate solutions. This waste stream was addressed in an innovative manner by vendor education & development to collect and reuse this waste “As-is” to make new products. Employee education was also an important component of the program which included display of Awareness Posters & Food Waste Statistics. Training sessions on Waste Management were also held for key team members at the plants.



CORPORATE SOCIAL RESPONSIBILITY AT ABBOTT PAKISTAN

Now more than ever, the sustainability of business and society are interconnected. At Abbott, we believe innovative, responsible and sustainable business plays an important role in building a healthy, thriving society.

We regard our strategies for business growth and profitability as inseparable from our strategies for citizenship and sustainability. We strive to simultaneously create both public and private value - advancing science and helping to reduce the global disease burden.

We strive to foster economic, environmental and social wellbeing - with our products, in the way we operate our company, and through our involvement with the communities where we live and work. Abbott Pakistan seeks to enhance the health, prosperity and quality of life in the communities we serve.

BLOOD CENTER PROGRAM - BLOOD DONATION IN COLLABORATION WITH INDUS HOSPITAL

Carrying forwards the tradition of CSR activities, this year Abbott Pakistan collaborated with Indus Hospital (a local charity hospital); for their Blood Center Program (first of its kind in the country).

Abbott arranged blood donation centers not only at Landhi and Korangi plants but also in a local residential community. It was a four day activity which started with an awareness session on mission and purpose of Indus Hospital Blood Center Program and importance & benefits of blood donation for the employees of Abbott.

After the session, Blood Donation Centers were established and as many as 90 employees/contractors donated blood at both plants of Abbott, furthermore 25 personnel donated blood at the camp arranged at residential area. This contribution of Abbott was

highly appreciated by the management of Indus Hospital.

A COMMUNITY OUTREACH PROGRAM - SCHOOL HEALTH ASSESSMENTS MAKING A DIFFERENCE IN OUR COMMUNITY



Even after decades of freedom, Pakistan is still struggling to provide basic health services to its people. The situation calls for timely

care and diagnosis which can reduce the incidence of morbidity and mortality especially among children.



Free Health Assessment Camp was one such special initiative of Abbott to provide healthcare to the underprivileged children. A customized child health assessment camp was organized in a nearby community school in Korangi. This was the same school where Abbott had provided upgrade and repair of school equipment in 2012 along with free uniforms and a brand new play area for the children of primary section.

This year around, the CSR activity included a physical checkup, dental health checkup & a vision assessment.



The children findings and referrals were then shared with parents through school administration. A total of 150 children participated in the event with

ages ranging from 4 years to 10 years old.

At the end of the session children were given gift hampers comprising of personal hygiene kits (tooth paste, tooth brush, nail clippers, comb and antibacterial soaps) and school stationary (pencil box, color pencils, other stationary) to help encourage children good hygienic habits at home.

Other activities conducted during the day to increase health and hygiene awareness among children and teachers included group talks on good hygienic practices and poster competition on the topic. Some housekeeping services and minor carpenter and plumber repair work was also done by Abbott staff at school premises to help maintain school facilities for children.



SUPPORTING OUR COMMUNITIES

ABBOTT ORGANIZES “ALL 4 KIDZ” PATIENT AWARENESS PROGRAM TO INCREASE PUBLIC AWARENESS ON COMMON PEDIATRIC AILMENTS

“All 4 Kidz program” is part of a series of scientific learning programs for general physicians and healthcare providers aimed at addressing the challenge of implementing the latest pediatric management protocols within the medical community, particularly in the primary care setup. Another important spin off for All 4 Kidz is to increase disease awareness and promote prevention strategies in public for common ailments of children, fulfilling the Abbott promise of helping patients in every possible manner.

Partnering with leading physicians in Pediatric Sciences, Abbott has launched a Pediatric Advisory Board to foster continuous learning of primary care physicians, activate patient support and education programs, propose new product initiatives to Abbott for better services to the pediatric community and enable Abbott’s national programs to better serve the healthcare needs of the people in Pakistan.



On April 20th, 2014 — eminent professors in the field of pediatrics spoke in Lahore addressing the parents and public on common diseases in children. The seminar started by addressing the myths and facts associated with the management of fever in children. Other topics included common aspects on management of respiratory tract infections, assessment of dehydration and safety measures to prevent diarrhea in children and disease awareness for epilepsy in children.

BRIGHT PROJECT FOR PUBLIC AWARENESS ABOUT SELF-MONITORING OF BLOOD GLUCOSE FOR DIABETES MANAGEMENT

The lack of health care infrastructure, non-affordability of the patients and non-existence of national guidelines are the most significant obstacles for diabetes management in Pakistan. Having realized these issues Abbott decided to initiate a project of self monitoring of blood glucose, “BRIGHT (Better Recommendations, Implementation and Guideline development for Health care providers and their Training)”. The objectives of BRIGHT (A Project of SMBG) are:

1. To identify the role of self-monitoring of blood glucose (SMBG) in the treatment and management of diabetes mellitus.
2. To educate and communicate the importance and benefits of SMBG to patients and health care professionals.
3. To develop recommendations, on the basis of internationally recognized guidelines, which cover and suit all populations with diabetes considering their medical and financial restrictions but ensuring appropriate healthcare with minimal risk.
4. To develop strategies to ensure implementation of these recommendations with standardization.

Development of guidelines is the first part of BRIGHT



project. An extensive literature search is done considering all previous regional and international guidelines about self monitoring of blood glucose. The project team approached and communicated with “Advisory Board for the Care of Diabetes (ABCD) of Pakistan” for their expert opinion and suggestions. National guidelines thus developed not only emphasize optimal health care of diabetic patients but also consider their affordability and compliance of prescribed frequency of self monitoring.

In the next phase, Abbott has started training of health care providers all over Pakistan. Seven mega programs and multiple small programs have been conducted in this regard in the major cities. Abbott has actively participated in NADEP Conference, a magnificent conference, first time ever in Pakistan, for diabetic educators organized by National Association of Diabetic Educators of Pakistan (NADEP). So far Abbott has trained more than 800 doctors and a large number of diabetic educators at these platforms.

BRIGHT Guidelines on SMBG have been published in well reputed medical journal of Pakistan, PJMS (Pakistan Journal of Medical Science).

IMFED CLINICS FOR SPREADING AWARENESS OF FEEDING DIFFICULTIES AND THEIR REMEDIES

Feeding difficulties is a very common concern for mothers of children aged 2 to 10 years. A large number of mothers were still struggling with confusion and misinformation about their kids’ eating habits especially in relation to feeding difficulties. Abbott saw the gap in knowledge and knew that with the right guidance, mothers would come to understand this issue better and be more willing to give serious thought to their kids’ intake of nutrition.

Abbott chose to setup up special IMFed clinics, a highly specialized activity modeled after mini-clinics that were placed at pediatrician and doctor clinics; the places where we were most likely to find our core target audience in a receptive mood. These clinics were based on the proprietary IMFed toolkit, a simple interactive survey that not only helps identify feeding

difficulties but also suggests effective management remedy. We deployed our clinics at 46 different locations across Pakistan, with trained dieticians working in tandem with internationally certified IMFed trainers.

The comprehensive initiative, with its toolkits, consumer brochures, growth charts, strategic branding, weighing machines and height charts, gave us newfound confidence in spreading awareness of feeding difficulties and their remedies.



NUTRICLINICS FOR GIVING DETAILED NUTRITIONAL COUNSELING TO GENERAL PUBLIC

As the years add on, our bodies change. But just because one is growing older doesn’t mean that one has to give up on the healthy and active lifestyle that is the true essence of life. Keeping this insight in mind, Abbott developed and spearheaded a new initiative by the name of NutriClinics, which aimed to instill this sense of positivity and health in audiences that were navigating the advanced years of their life.

These NutriClinics were placed in clinics and public areas whereby we were anticipating a substantial footfall of an older audience. A thorough but accessible diagnosis was made with the help of handgrip strength testing, BMI calculation, and caloric assessment tests. An immediate assessment of these results was given



by a qualified nutritionist, giving detailed nutritional counseling to the participant about where they stand and what they can do to achieve a healthier lifestyle. 42 such Nutriclinics were deployed across key cities of the nation, and the entire activity was designed to provide valuable information to our target audience about their health, as well as show the authentic need for Ensure & Glucerna, being balanced sources of nutrition complete with all the macro and micro nutrients our bodies need to stay strong and fit.

ZINC SE ZINDAGI - PUBLIC AWARENESS PROGRAM ON IMPORTANCE OF ZINC

A public awareness program “Zinc Se Zindagi” to raise awareness about the medical importance of Zinc was also organized during the year. More than 400 people participated in the event that took place in Lahore where specialist doctors highlighted the role of Zinc in the production, repair and functioning of DNA; supporting the immune system, maintaining a sense of taste and smell, and healing wounds.

Zinc se Zindagi

Zinc* keeps Skin,
Hair and Nails healthy

Zinc* is essential for
Spermatogenesis &
improving low libido in men

Zinc* helps to maintain
night time Vision

Zinc* keeps Bones &
Teeth strong

Zinc* helps in Wound Healing

Humaira Malic





OUR GLOBAL CITIZENSHIP PRIORITIES

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

Innovating For The Future

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

Enhancing Access

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

Supporting Patients and Consumers

Working to improve quality of life for our patients and consumers, while helping to educate health care 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 road map for pursuing our responsibilities as a socially responsible citizen, yet are flexible enough to enable creativity and innovation across our diverse mix of businesses.

INNOVATING FOR THE FUTURE

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

excellence in science, research, development and engineering.

With increasing awareness and demands, we will continue to run ICH-GCP (International Conference on Harmonization Good Clinical Practices) 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 health care 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 health care 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 health care 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 health care 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 health care 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 health care professionals about potential risks and side effects. All medicines, health care 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 health care 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 health care 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 health care 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 health care products under appropriate medical supervision.

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

AWARDS AND RECOGNITION

ABBOTT WINS CEO CLUB LEADERSHIP AWARD 2014

Arshad Saeed Husain was awarded with CEO Club Leadership Award 2014 by CEO Club Pakistan and Manager Today Magazine at the 8th CEO Summit Asia. More than 500 top Entrepreneurs, Diplomats, CEOs, Business Leaders, Policymakers, Management Consultants, Educationists Presidents, MDs, Economists & philanthropists from all over Pakistan and abroad attended this event, among which Dr. Ishrat ul Ibad, Governor Sindh was the chief guest. This award is an acknowledgement of CEO's outstanding achievements, passionate endeavors in industry and economic growth of Pakistan.

ABBOTT WINS BEST CORPORATE REPORT AWARDS 2013

Abbott Pakistan was awarded the "Merit Certificate" in the Others category (which includes pharmaceutical companies) of the 2013 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 and therefore this achievement of Abbott Pakistan is a manifestation of Abbott's unrelenting drive towards excellence in all domains.





ABBOTT WINS MOST IMPROVED EHS PROGRAM OF THE YEAR AWARD 2013

Abbott Pakistan has been selected as WINNER of the 2013 Commercial EHS Program of the Year – Most Improved Category, organized by global EHS of Abbott Group. The objective of the award is to recognize and honor the Environmental, Health & Safety (EHS) programs that have consistently demonstrated best-practice performance. This honor is extremely well-deserved as the Abbott Pakistan has worked extremely hard to build and improve its Commercial EHS program over the past year.

ABBOTT WINS PLANT OF THE YEAR AWARD

Abbott Pakistan’s manufacturing plant has been presented with the “Plant of the Year” award by Abbott’s Headquarter as a global recognition program during 2014. This is a prestigious award given to a best plant among the entire Abbott network in North America, South America, Europe, Asia Pacific and Japan on the basis of best practices in Operational Excellence, Financial Performance, Environment Health & Safety, Energy Conservation, Supply Chain and Productivity Improvement. This indeed is a unique distinction.



ABBOTT WINS MAP CORPORATE EXCELLENCE AWARD

Abbott Pakistan won the Corporate Excellence Award in the Pharmaceutical and Bio Tech sector at the 30th MAP Corporate Excellence Awards organized by the Management Association of Pakistan (MAP). MAP organizes MAP Corporate Excellence Awards every year for the corporate sector to recognize and honor the companies showing outstanding performance and demonstrating progress and enlightened management practices. Such recognition clearly enhances Abbott Pakistan's image in Corporate World.



ABBOTT WINS ABBOTT NUTRITIONAL INTERNATIONAL WORLD CUP

Abbott Pakistan was declared as the "World Cup Winner 2013" at the Abbott Nutritional International World Cup 2013. Award ceremony was organized in Chicago during 2014. For the Award, all Abbott affiliates are assessed based on the size of the business, sales growth, profitability, market share and forecast accuracy. Abbott Pakistan competed with Argentina/Uruguay, South Africa, Germany, Ireland, Netherlands, Switzerland, Czech/Slovakia and Greece/

Cyprus. Abbott Pakistan emerged as a winner by a significant margin and it was indeed a proud moment when Pakistan's flag came up on the screen at the Award ceremony when the winner was announced. Abbott Pakistan won the Cup in 2010, 2011 and in 2013 which is a great achievement.



ABBOTT AGAIN NAMED ONE OF THE TOP TEN PREFERRED EMPLOYERS AND NO. 1 IN PHARMACEUTICAL INDUSTRY IN PAKISTAN

Abbott has again been ranked as one of the top ten overall preferred employers in Pakistan, and also was named the top employer in the pharmaceutical industry in the country. The rankings were announced by ROZEE.PK, and based on a survey of more than 9,000 people in Pakistan conducted in collaboration with Yougov, a leading global opinion pollster based in UK. Career growth, brand image, compensation and benefits, better work environment and social responsibility were the key reasons for selection of Abbott as the most preferred employer.





CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)
Shamim Ahmad Khan
Kamran Y. Mirza
Abdul Wahab Godil (Acting 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 Rhodes
Sidat Hyder & Company
(a member firm of Ernst & Young)
Chartered Accountants

LEGAL ADVISORS

Orr, Dignam & Co.
Surridge & Beecheno

SHARE REGISTRAR

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

BANKERS

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

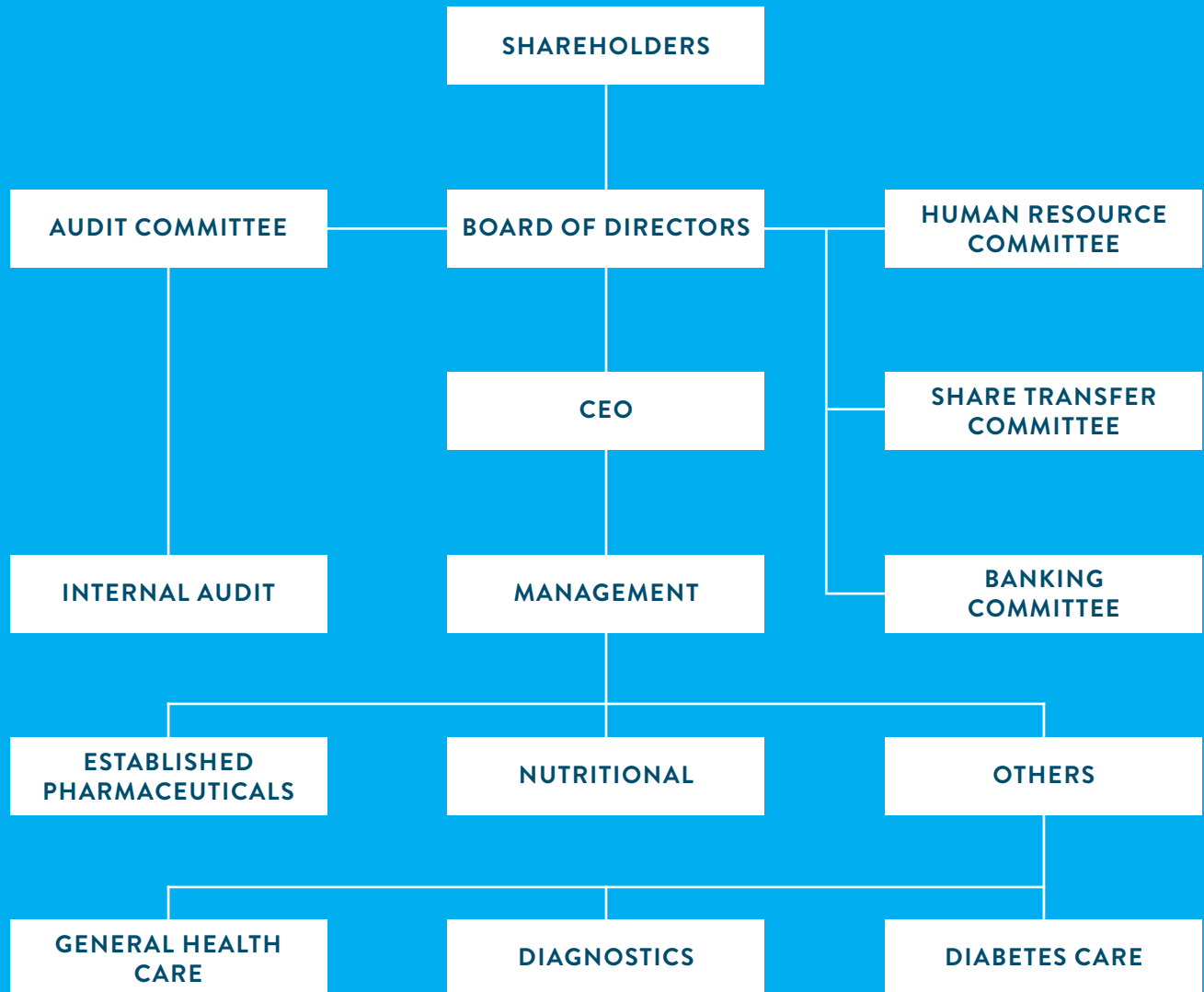
WEBSITE

www.abbott.com.pk

SENIOR MANAGEMENT TEAM

Arshad Saeed Husain
(Chief Executive Officer)
Syed Anis Ahmed
(Chief Financial Officer)
Anis A. Shah
(Director Plant Operations)
Asim Shafiq
(General Manager, Abbott Nutrition International Pakistan)
Habib Ahmed
(Country Manager, Abbott Diagnostics
Division Pakistan)
Dr. Sheikh Adnan Lateef
(Head of Abbott Diabetes Care Pakistan)
Dr. Farrukh Hafeez
(Director Quality Assurance)
Dr. 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)
Rana A. Latif
(Director Manufacturing)
Zahid Hussain
(Director Materials Management)

CORPORATE STRUCTURE



DIRECTORS' PROFILE



MUNIR A. SHAIKH
Chairman



ARSHAD SAEED HUSAIN
Chief Executive Officer



ATIF ASLAM BAJWA
Director



EHSAN ALI MALIK
Director

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

Arshad Saeed Husain is the Chief Executive Officer of Abbott Laboratories (Pakistan) Limited. Earlier he was Managing Director for Syngenta Pakistan Limited and President Director, PT Syngenta Indonesia. Arshad is currently President of American Business Council and also serving as Director of the Swiss Business Council in Pakistan. He is a member of the Board of Trustees of the Abbott Staff Provident Fund and Abbott Staff Pension Fund. He has a Bachelor's Degree (Honors) with specialization in International Trade & Development from the London School of Economics & Political Science, University of London.

Atif Aslam Bajwa is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is currently the Chief Executive Officer of Bank Alfalah Limited. He also serves on the Boards of Alfalah Insurance Company Limited, Taavun (Pvt) Ltd., The Institute of Bankers Pakistan, Board of Investment and Pakistan International Airline Corporation. He is also a Member of Advisory Committee of the Overseas Investors Chamber of Commerce & Industry, Pakistan Business Council and Asian Food Industries. He is also a Director, Karachi School of Business & Leadership and Board Member of WWF Pakistan. He has completed his education at Columbia University, New York. He has over 30 years of experience in banking both within and outside Pakistan. Prior to Bank Alfalah, he has also served as Chief Executive Officer and President of Soneri Bank and Muslim Commercial Bank, Regional Head for Central and Eastern Europe at Citibank, Executive Vice President at ABN AMRO's Head office in Amsterdam, Consumer Banking Head for Asia Pacific at ABN AMRO Bank based in Singapore.

Ehsan Ali Malik is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is currently the Chief Executive Officer of Unilever Pakistan Limited. He is also Director of Unilever Pakistan Foods Limited and Pakistan Business Council. Further, he is serving as 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 Srilanka, 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.



SYED ANIS AHMED
Director



KAMRAN Y. MIRZA
Director



SHAMIM AHMAD KHAN
Director

Anis Ahmed is part of the Board of Directors of Abbott Pakistan Ltd. He is currently the Chief Financial Officer at Abbott Pakistan. Anis is a member of Board of Trustees of the Abbott Staff Provident Fund, Abbott Staff Pension Fund and Abbott Workers' Profit Participation Fund. He has 20 year of post qualification experience in Finance, Taxation, IT, Corporate Governance and Compliance. Prior to Abbott, he was associated with A.F. Ferguson & Co. and Philips Pakistan. Anis is a fellow member of the Institute of Chartered Accountants of Pakistan.

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

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, IGI Life Insurance Ltd. and Karandaaz (Pvt) Limited (a non-profit company sponsored by DFID). He is also a Member of the Board of Governors Sustainable Development Policy Institute (SDP) and Advisory Committee of Centre for International Private Enterprises (CIPE). 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.

CORPORATE GOVERNANCE

PERFORMANCE EVALUATION OF THE BOARD

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

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

PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVE

The Chief Executive Officer, being part of the Board, is present in every meeting of the Board. The CEO provides an overview of the Company’s performance to the Board and addresses any specific questions by the Board members. The performance of the CEO is assessed through the evaluation system set by Abbott Pakistan. The principle factors of evaluation include financial performance, business processes, compliance, business excellence and people management.

ROLE OF CHAIRMAN

The Chairman of the Board has a 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

Chief Executive is responsible for the management of the Company and its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Ordinance, 1984. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

INTERNAL CONTROL FRAMEWORK AND ROLE OF INTERNAL AUDITOR

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

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

In line with the requirements of Code of Corporate Governance, the Company has established an independent Internal Audit function who reports to the Audit Committee. During the year, the Internal Audit function carried out its activities in accordance with its approved Audit Program

and made its recommendations for value addition and improvement in existing internal controls / operations. Internal Audit function has played a vital role in improving the overall control environment within the organization. It is also acting as an advisor to other functions for streamlining systems in addition to ensuring effective implementation of Company's policies and suggesting procedures for revenue maximization and cost savings.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

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

STAKEHOLDERS' ENGAGEMENT

For Abbott, a robust stakeholder engagement is necessary to be able to understand and respond to our legitimate 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.

SAFEGUARDING OF RECORDS

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

IT GOVERNANCE AT ABBOTT

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

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

SHARE TRANSFER COMMITTEE

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

BOARD COMMITTEES ATTENDANCE

AUDIT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ehsan Ali Malik*	Chairman - Non Executive Director	4	2
Shamim Ahmad Khan	Member - Non Executive Director	4	3
Munir A. Shaikh**	Member - Non Executive Director	4	1
Kamran Y. Mirza	Member - Non Executive Director	4	4
Syed Anis Ahmed	By invitation - Chief Financial Officer	4	4
Maria Memon	By invitation - Chief Internal Auditor	4	4
Malik Saadatullah	Secretary	4	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name	Category	Meetings	
		Held	Attended
Munir A. Shaikh	Chairman - Non Executive Director	1	1
Arshad Saeed Husain	Member - Chief Executive Officer	1	1
Shamim Ahmad Khan	Member - Non Executive Director	1	1
Atif Aslam Bajwa*	Member - Non Executive Director	1	1
Shahrukh Masood	Secretary	1	1

SHARE TRANSFER COMMITTEE

Name	Category	Meetings	
		Held	Attended
Arshad Saeed Hussain	Chairman - Chief Executive Officer	14	14
Anis A Shah**	Member - Alternative Director to Thomas C.Freyman	14	6
Syed Anis Ahmed	Member - Executive Director	14	14
Kamran Y Mirza*	Member - Non- Executive Director	14	8
Malik Saadatullah	Secretary	14	14

* Appointed as Member of Committee w.e.f April 16, 2014

** Removed from the Committee effective April 16, 2014

DIRECTORS' REPORT

The Directors take pleasure in presenting their Report together with the audited financial statements of the Company for the year ended December 31, 2014.

OPERATING RESULTS

Rs in 000

Profit for the period before taxation	4,318,567
Taxation	<u>(1,502,255)</u>
Profit after taxation	2,816,312
Other comprehensive income net of tax	(46,126)
Un-appropriated profit brought forward	<u>2,129,810</u>
Profit available for appropriation	<u>4,899,996</u>

APPROPRIATIONS:

- Final dividend 2013 Rs 4 per share	(391,601)
- Interim dividend 2014 Rs 3 per share	<u>(293,701)</u>
Un-appropriated profit carried forward	<u>4,214,694</u>

FINANCIAL PERFORMANCE

Net sales for the year increased 14% over prior year. Gross Profit ratio remained at 38%, the same as of previous year. Increase in selling and distribution expenses is mainly attributable to realignment of our field force and the induction of trade team. Further, freight and forwarding expenses increased due to unusual political situation during the year which resulted in unavailability of containers, hence increased freight charges.

Profit after tax for the year increased by 11% over prior year. Earnings Per Share was Rs 28.77 (2013: Rs 25.83).

The Directors are pleased to announce a final cash dividend of Rs 4.80 per share (2013: Rs 4.00 per share), which is in addition to an interim cash dividend of Rs 3.00 per share (2013: Rs 3.00 per share) paid to the shareholders during 2014.

SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales for the year increased by 15% over prior year mainly due to unit growth and improved product-mix. Anti-infectives, gastro preparations, pain management, anti-epileptics and women health recorded strong double digit growth. Nutritional sales for the year posted 18% growth over prior year due to volume and selective price increases in certain products.

INDUSTRY OVERVIEW

The pharmaceutical industry in Pakistan is currently estimated at US \$ 2.3 billion as per IMS December 2014 growing at, 11% MAT. The absence of a proactive regulatory environment and a rational pricing framework is inhibiting the development of pharmaceutical industry.

Pakistan's pharmaceutical / nutrition market grew by approximately 11.9% in 2014 (IMS Dec. 2014, MAT). Your Company achieved a growth of 17.8% consolidating its position as the second largest pharmaceutical company in Pakistan. Abbott Pakistan achieved a market share of 6.9% as per IMS (Dec 2014, MAT) in the pharmaceutical and nutrition market (2013 market share: 6.6%). Your Company manufactures over 196 SKUs of different pharmaceutical and general health care products for local and export markets.

CAPITAL EXPENDITURE

In keeping with the Company's commitment to enhancement of productivity and efficiency of plant operations, an amount of Rs 661 million was spent on various capital projects



such as capacity enhancement for liquid manufacturing, warehouse expansion and procurement of manufacturing and service equipments.

LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

During the period, Rs. 3,331 million was generated from the operating activities of the Company. At year end, the Company had liquid funds comprising cash/bank balances and short term investments amounting to Rs. 6,381 million net of investments on capital projects and dividend payments.

The Company has developed and implemented a formal cash flow monitoring mechanism 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 liquidity in various available investment avenues.

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

The Company's existing investment portfolio and new proposals for funds placement are reviewed by the investment Committee comprising members of senior management.

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. On the basis of these, budgets are formulated and actual performance measured against the budget at regular intervals during the year so that remedial action could be taken on a timely basis. This exercise is carried out for all the business segments of the Company. The management believes that these indicators will continue to be relevant in the future.

RISK MANAGEMENT

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

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

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs 2,765 million (2013: Rs 2,479 million) to the government on account of various government levies including income tax, custom duties and sales tax.



ENVIRONMENT, HEALTH AND SAFETY

Abbott Pakistan accorded high priority to Environment, Health and Safety (EHS) during the year 2014 by accomplishing several projects such as reduction in waste generation and water consumption, implementation of best in class machinery in safety standards, achieving a 100% increase in potential incident identification and reporting, completing more than 4,000 man-days of EHS trainings and executing several enhancements in contractor safety program. Overall it proved to be a highly successful year in which all the EHS goals were surpassed and a truly EHS enriched culture was promoted through-out the organization.

BUSINESS PROCESS IMPROVEMENT

As a global recognition program during 2014, your Company’s manufacturing plant has been presented with the “Plant of the Year” award by Abbott’s Headquarters, which is a prestigious award given to a plant from the entire network in North America, South America, Europe, Asia Pacific and Japan on the basis of best practices in Operational Excellence, Financial Performance, Environment Health & Safety, Energy Conservation, Supply Chain and Productivity Improvement. This indeed is a unique distinction.

To remain competitive, Abbott Pakistan has been continuously making investment in production facilities for process improvement, energy conservation, improvement in quality and ensuring compliance. Manufacturing capacity of liquid area has been extended and approved by regulatory authority during the year, which would improve productivity.

As part of continuous improvement process, your Company has brought changes in packaging of Arinac Suspension, Brufen Suspension and Ganaton in order to provide dosage convenience to patients.

As a part of Quality Management System improvement, a Laboratory Information Management System “STARLIMS” deployment in Pakistan has been completed and this system will be used for stability studies. The data analysis in this system is more effective and it will manage larger volumes of data, while complying with stricter regulations and achieving higher quality and efficiency levels.

Overall, various Business Process Improvement initiatives greatly contributed towards improving your Company’s financial performance.

HUMAN RESOURCES

Abbott Pakistan once again achieved the Top Employer Award in Pharmaceutical Sector in a survey conducted by Rozee.pk (an online job provider) in association with YouGov, a global leader in public opinion and consumer behavior polling.

Our focus continued on attracting and retaining a diverse mix of talent from various backgrounds. Your Company participated in the Career Fair at one of the largest business schools where the response was overwhelming and provided us opportunity to pick bright students for our internship program. Your Company inducted management trainees through a recruitment drive at one of the renowned Engineering University.



Remuneration packages were benchmarked with peer groups to ensure compatibility with the market with the objective of reducing the turnover rate.

Learning & Development (L&D) initiatives continued during the year with many employees attending different workshops, seminars and trainings which not only improved their skill set but also marked the presence of Abbott at various learning forums in Pakistan.

GLOBAL CITIZENSHIP

At Abbott, we believe that responsible, sustainable businesses have an important role to play in building a healthy, thriving society. This commitment to global citizenship shapes the way we operate, the people we hire, the activities we support, and the relationships we form. To transform our global citizenship ambitions into sustainable ideas, Abbott focuses on four key priorities: Innovating for the Future, Enhancing Access, Protecting Patients and Consumers and Safeguarding the Environment.

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

SUBSEQUENT EVENTS

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

BUSINESS CHALLENGES AND FUTURE OUTLOOK

The Company continues to face the ever present challenges of rapid escalation in energy prices, coupled with inflation. In the absence of corresponding price adjustments, efforts are being made to offset increase in manufacturing and operating cost through productivity improvements, cost containment and process simplification.

Considering the steady escalation in input costs, we request the Government of Pakistan to adopt a rational and transparent pricing mechanism to ensure continued availability of quality pharmaceutical products in the market. Abbott Pakistan along with other members of the pharmaceutical industry continues to work with the Government for the implementation of a rational acceptable pricing policy for pharmaceutical products. Rationalisation of taxes, especially through zero rating the pharmaceutical industry for sales tax purposes is an urgent need to ensure availability of quality pharmaceuticals to the patients.

The Drug Regulatory Authority has significant importance for the overall development of pharmaceutical industry. We hope that the Authority will remain affirmative in helping the industry’s revival and redressing various long outstanding issues.

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



AUDITORS

The present Auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending December 31, 2015.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2014 is given on page 139.

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, 2014 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 judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- There are no doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data for the last six years is summarized on page 74.
- 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 (xi) of the Code, one director has a certification under Directors' Training Program, three directors of the Company are exempt from the requirement of Directors' training program and the remaining Directors will receive training within the prescribed time period upto June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as



directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.

- There are no outstanding loans, TFCs, sukuks or any other debt instruments.
- The value of investments made by the staff retirements funds as per their financial statements are as follows:-

Value (Rs in millions)

- ALPL Pension Fund (Based on year ended December 31, 2013) – audited 2,566
- ALPL Provident Fund (Based on year ended December 31, 2013) – audited 854
- During the period, five meetings of the Board of Directors were held. Attendance by each Director/CFO/ Company Secretary was as follows:

DIRECTORS / CFO / COMPANY SECRETARY	BOARD MEETINGS ATTENDED
1 Mr. Munir A. Shaikh	5
2 Mr. Arshad Saeed Husain	5
3 Mr. Angelo Kondes*	0
4 Syed Anis Ahmed – Director & CFO	5
5 Mr. Thomas C Freyman**	0
6 Mr. Anis A. Shah – Alternate Director to Thomas C. Freyman	1
7 Mr. Kamran Y. Mirza	5
8 Mr Shamim Ahmad Khan	4
9 Mr. Ehsan Ali Malik***	2
10 Mr. Atif Aslam Bajwa****	3
11 Mr. Malik Saadatullah (Company Secretary)	5

* Retired from the Board w.e.f. March 24, 2014

** Retired from the Board w.e.f. March 24, 2014

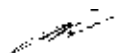
*** Appointed to the Board w.e.f April 16, 2014

**** Appointed to the Board w.e.f. April 16, 2014

Number of Board Committees’ meetings and attendance therein is included on page 65.

ACKNOWLEDGEMENTS

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, loyalty and dedication of the employees. We would also like to acknowledge the support and cooperation received from our esteemed customers, suppliers, bankers and stakeholders.


Munir A. Shaikh
Chairman

February 24th, 2015

BOARD OF DIRECTORS

MUNIR A. SHAIKH
Chairman

ARSHAD SAEED HUSAIN
Chief Executive Officer



EHSAN ALI MALIK
Director

ATIF ASLAM BAJWA
Director

SYED ANIS AHMED
Director

SHAMIM AHMAD KHAN
Director

KAMRAN Y. MIRZA
Director



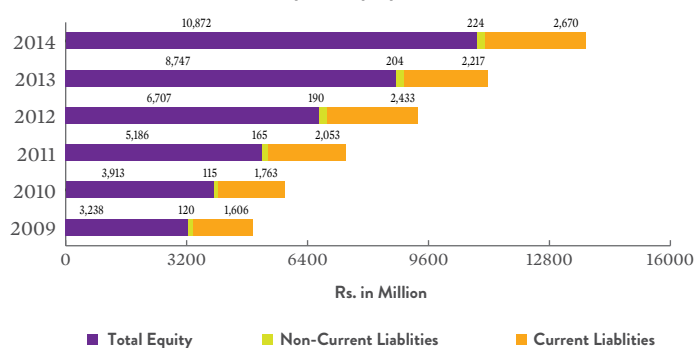
KEY PERFORMANCE INDICATORS

		2014	2013
Sales Revenue	Rs in million	19,692	17,217
Return on Equity	%	25.9%	28.9%
Earnings per share	Rs.	28.77	25.83
Shareholders' Equity	Rs in million	10,872	8,747
Total Assets Turnover Ratio	Times	1.58	1.68
Current Ratio		3.86	3.56
Market Capitalization	Rs in million	69,576	38,524

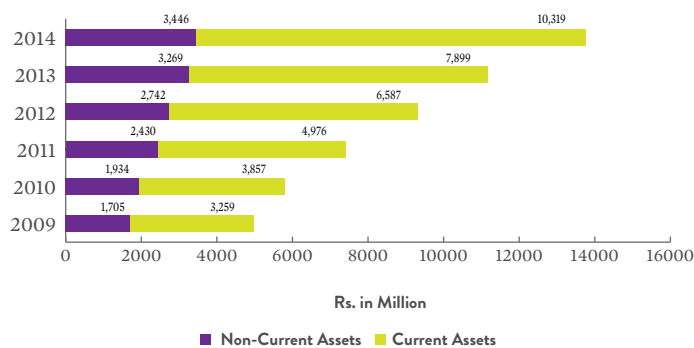
KEY OPERATING AND FINANCIAL DATA

	December 31,					November 30,
	2014	2013	2012	2011	2010	2009
(Rupees in '000)						
Restated						
Financial Position						
Balance Sheet						
Fixed Assets						
- property, plant and equipment	3,359,092	3,183,735	2,629,154	2,298,062	1,877,596	1,662,785
- intangible asset	24,395	41,615	58,835	76,055	-	-
Other Non-Current Assets	62,980	44,064	54,509	55,449	56,152	42,606
Current Assets	10,319,128	7,898,590	6,587,364	4,975,763	3,856,673	3,259,185
Total Assets	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421	4,964,576
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	339,481	300,030	262,308	223,247	197,167	173,853
Revenue Reserves	9,553,116	7,468,232	5,466,083	3,983,933	2,736,369	2,085,604
Total Equity	10,871,600	8,747,265	6,707,394	5,186,183	3,912,539	3,238,460
Non-Current Liabilities	223,953	203,562	189,557	165,219	115,182	119,627
Current Liabilities	2,670,042	2,217,177	2,432,911	2,053,927	1,762,700	1,606,489
Total Liabilities	2,893,995	2,420,739	2,622,468	2,219,146	1,877,882	1,726,116
Total Equity and Liabilities	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421	4,964,576

Balance Sheet Analysis - Equity and Liabilities



Balance Sheet Analysis - Assets



OPERATING AND FINANCIAL TRENDS

	Twelve months ended December 31, 2014	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009
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(Rupees in '000)

Restated

Profit and Loss

Net sales including toll manufacturing service fee	19,692,354	17,217,258	15,216,253	12,946,968	10,995,701	8,450,118
Gross profit	7,550,142	6,621,646	5,702,828	4,666,478	3,687,038	2,321,131
Operating profit	4,323,341	3,689,179	3,016,363	2,378,042	1,744,787	878,503
Profit before taxation	4,318,567	3,686,223	3,014,137	2,374,826	1,741,257	875,978
Taxation	1,502,255	1,157,374	924,042	730,240	564,313	266,906
Profit after taxation	2,816,312	2,528,849	2,090,095	1,644,586	1,176,944	609,072
Ordinary cash dividends*	763,622	685,302	685,302	587,402	489,502	1,174,804
EBTIDA**	4,758,663	4,087,276	3,353,127	2,657,942	2,000,889	1,084,803

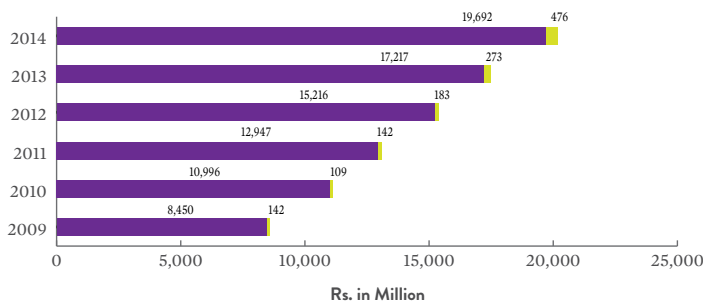
Cash Flows

Operating activities	3,331,081	2,483,858	2,509,703	1,772,876	917,503	1,074,757
Investing activities	(159,370)	(690,491)	(485,630)	(643,800)	(374,785)	(181,200)
Financing activities	(687,381)	(686,528)	(687,188)	(494,836)	(494,415)	(1,174,262)
Cash and cash equivalents at the end of the year/period	6,381,381	3,897,051	2,790,212	1,453,327	819,087	770,784

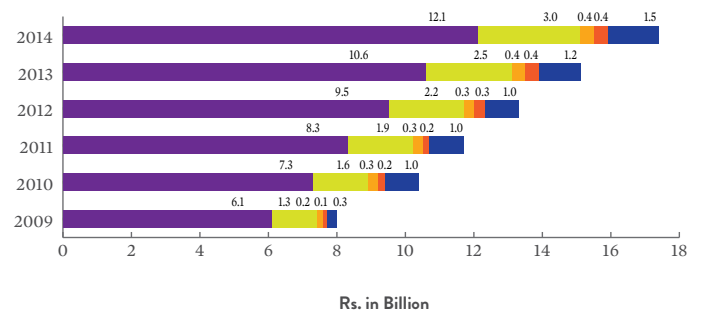
* Includes final dividend amounting to Rs. 469.921 million proposed by the Board of Directors subsequent to the year end.

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

Profit and Loss Analysis - Sales and Other Income



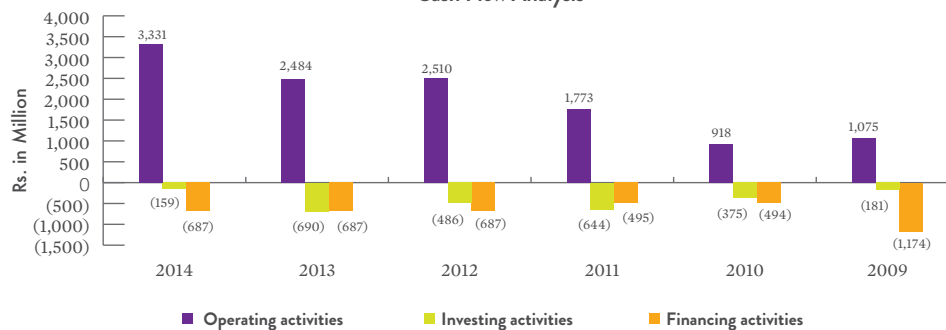
Profit and Loss Analysis - Expenses



■ Net sales including toll manufacturing service fee ■ Other income

■ Cost of goods sold and services ■ Selling and distribution expenses ■ Administrative expenses ■ Other operating charges ■ Taxation - net

Cash Flow Analysis



		Twelve months ended December 31, 2014	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009
							Restated
Ratios	Unit						
Profitability Ratios							
Gross profit ratio	%	38.3%	38.5%	37.5%	36.0%	33.5%	27.5%
Net profit to sales	%	14.3%	14.7%	13.7%	12.7%	10.7%	7.2%
EBITDA** margin to sales	%	24.2%	23.7%	22.0%	20.5%	18.2%	12.8%
Operating leverage ratio	Times	0.22	0.21	0.20	0.18	0.16	0.10
Return on equity / Return on capital employed	%	25.9%	28.9%	31.2%	31.7%	30.1%	18.8%
Return on assets	%	20.5%	22.6%	22.4%	22.2%	20.3%	12.3%
Liquidity Ratios							
Current ratio	Times	3.86	3.56	2.71	2.42	2.19	2.03
Quick / Acid test ratio	Times	2.76	2.27	1.66	1.26	0.97	0.94
Cash to Current Liabilities	Times	2.39	1.76	1.15	0.71	0.46	0.48
Cash flow from operations to Sales	Times	0.17	0.14	0.16	0.14	0.08	0.13
Activity / Turnover Ratios							
No. of days in inventory	Days	83.95	89.38	90.99	96.67	101.19	100.38
No. of days in receivables	Days	9.54	11.80	11.74	9.52	8.94	8.79
No. of days in payables	Days	49.32	48.78	47.33	45.76	51.00	46.76
Inventory Turnover	Times	4.35	4.08	4.01	3.78	3.61	3.64
Debtors Turnover	Times	38.28	30.94	31.10	38.36	41.64	41.52
Creditors Turnover	Times	7.40	7.48	7.71	7.98	15.00	7.81
Operating Cycle	Days	44.17	52.39	55.40	60.43	59.12	62.41
Total assets turnover ratio	Times	1.58	1.68	1.82	1.96	2.04	1.69
Fixed assets turnover ratio	Times	5.96	5.82	6.01	6.09	6.21	5.24
Investment / Market Ratios							
Basic / Diluted Earnings per share	Rs.	28.77	25.83	21.35	16.80	12.02	6.22
Price earning ratio	Times	24.70	15.23	10.75	5.94	9.13	15.51
Dividend yield ratio	%	1.1%	1.8%	3.1%	6.0%	4.6%	12.4%
Dividend pay out ratio	Times	0.27	0.27	0.33	0.36	0.42	1.93
Dividend cover ratio	Times	3.69	3.69	3.05	2.80	2.40	0.52
Cash dividend per share	Rs.	7.80	7.00	7.00	6.00	5.00	12.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	111.05	89.35	68.51	52.97	39.96	33.08
Bonus shares issued	Number	-	-	-	-	-	-
No. of shares at end of year	Number	97,900,300	97,900,300	97,900,300	97,900,300	97,900,300	97,900,300
Market Capitalization	Rs in million	69,576	38,524	22,468	9,769	10,744	9,446
Market value per share at the end of the year	Rs.	710.68	393.50	229.50	99.79	109.74	96.49
Market value per share (High)	Rs.	913.50	456.00	234.00	103.00	126.50	126.42
Market value per share (Low)	Rs.	355.00	197.25	90.00	79.25	77.00	65.00
Contribution to National Exchequer	Rs in million	2,765	2,479	1,988	1,798	1,507	1,062
Capital Structure Ratios							
Interest cover ratio	Times	905.60	1,248.03	1,355.06	739.44	494.27	347.92

Note : Sales include toll manufacturing service fee

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

COMMENTS ON FINANCIAL RATIOS

PROFITABILITY RATIOS

The increase in profit after tax by 11% compared to prior year is mainly attributable to volume growth, favourable product mix and effective cost controls.

Gross Profit ratio and **Net Profit to sales ratio** remained at 38% and 14% respectively, same as of previous year. These have been sustained despite increases in operating costs.

LIQUIDITY RATIOS

The increase in cashflows from operating activities is mainly attributable to improved profitability and better working capital management which accordingly resulted in increase in cash and cash equivalents by Rs 2,484 million as compared to prior year end.

Increase in cash & cash equivalents has resulted in increase in liquidity ratios such as **current ratio** (2014: 3.86, 2013: 3.56), **quick / acid test ratio** (2014: 2.76, 2013: 2.27) and **cash to current liabilities** (2014: 2.39, 2013: 1.76).

ACTIVITY / TURNOVER RATIOS

Operating cycle has declined overall from 52.39 days in 2013 to 44.17 days in 2014 due to better inventory management which has resulted in reduced number of days in inventory.

Total assets turnover ratio declined from 1.68 in 2013 to 1.58 in 2014 due to increase in cash & cash equivalents as explained above.

Fixed assets turnover ratio increased from 5.82 in 2013 to 5.96 in 2014 due to decrease in capital expenditure from Rs. 973 million in 2013 to Rs. 661 million in 2014 mainly due to Cogen plant acquisition last year.

INVESTMENT / MARKET RATIOS

Earnings per share increased from Rs 25.83 in 2013 to Rs 28.77 in 2014 as a result of the increase in profit after tax by 11% compared to prior year as mentioned above.

P/E ratio increased from 15.23 in 2013 to 24.70 in 2014 and **dividend yield ratio** decreased from 1.8% in 2013 to 1.1% in 2014, mainly due to the increase in market price per share from Rs 393.50 in 2013 to Rs 710.68 in 2014.

Dividend pay out ratio remained same at 0.27 (times) in 2014, compared to previous year due to increase in final dividend declared from Rs 4 per share from 2013 to Rs 4.8 per share in 2014.

Break-up value per share has increased from Rs 89.35 in 2013 to Rs 111.05 in 2014 due to increase in total equity this year by 2,124 million as compared to prior year.

Market capitalization has increased from Rs 38,524 million in 2013 to Rs 69,576 million in 2014 due to increase in market price per share from Rs 393.50 in 2013 to Rs 710.68 in 2014

CAPITAL STRUCTURE RATIOS

There is no short-term or long-term debt as at balance sheet date, therefore 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 14% over prior year. Pharmaceutical sales for the year increased by 15% over prior year mainly due to unit growth and improved product-mix. Anti-infectives, gastro preparations, pain management, anti-epileptics and women health recorded strong double digit growth. Nutritional sales for the year posted 18% growth over prior year due to volume and selective price increases in certain products.

SELLING AND DISTRIBUTION EXPENSES

Increase in selling and distribution expenses by 20% from the previous year is mainly attributable to realignment of our field force and the induction of trade team. Further, freight and forwarding expenses increased due to unusual political situation during the year which resulted in unavailability of containers, hence increased freight charges.

OTHER INCOME

Other income increased by 74% over prior year mainly due to increase in interest income owing to increase in cash surplus that was invested in short term deposits.

TAXATION

There is an increase in taxation from prior year mainly due to prior year charges and 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.

CURRENT ASSETS

There is an increase in Cash and bank balances from prior year mainly due to increase in cash generated from operations and interest income earned over the bank balances.

CURRENT LIABILITIES

Trade and other payables have increased over prior year in line with the rising business volume.

EQUITY

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

COMMENTS ON CASH FLOWS

CASHFLOWS FROM OPERATING ACTIVITIES

There is an increase in cashflows from operating activities mainly due to higher profitability and favourable working capital changes, partially offset by income taxes paid during the year.

CASHFLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities is decreased from prior year primarily due to increase in interest income earned and decrease in fixed capital expenditure during the year.

CASHFLOWS FROM FINANCING ACTIVITIES

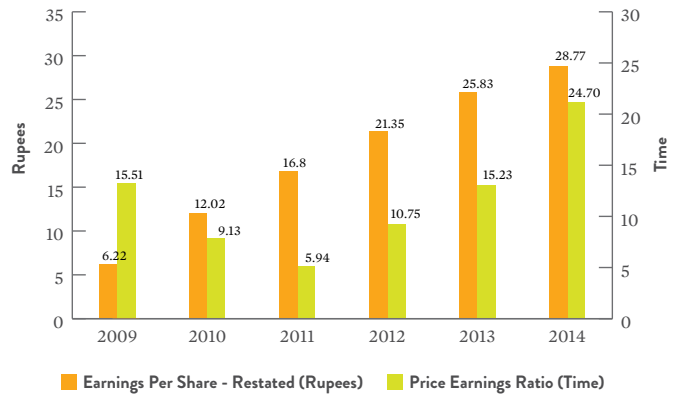
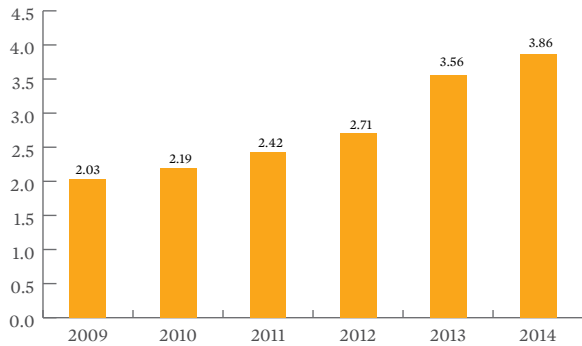
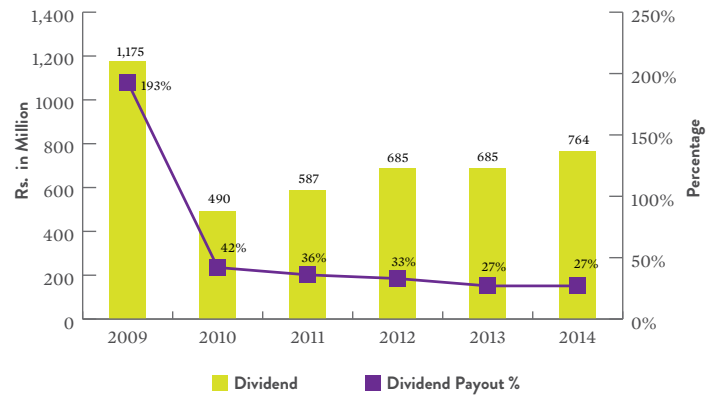
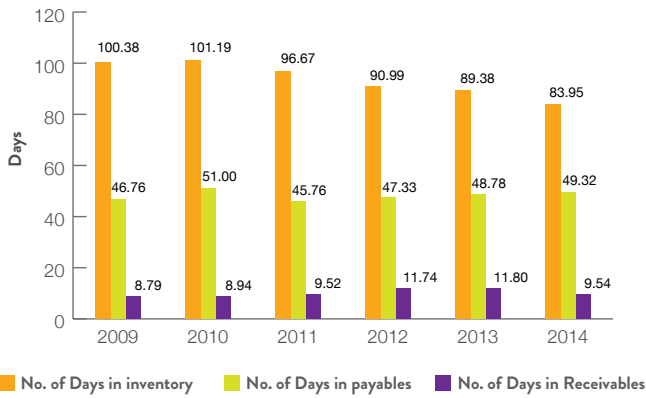
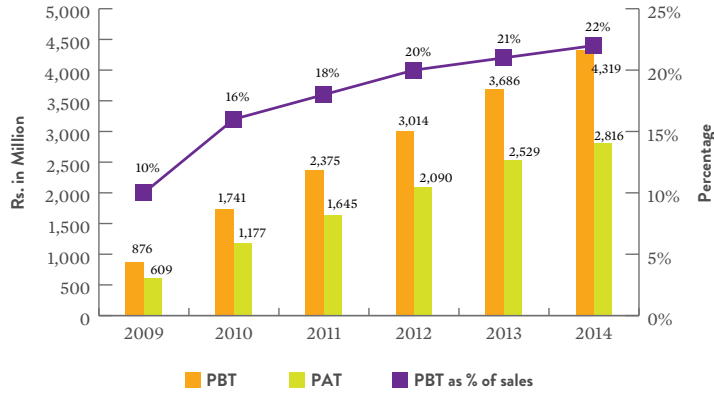
Cash outflow from financing activities remained at the same level as compared to prior year.

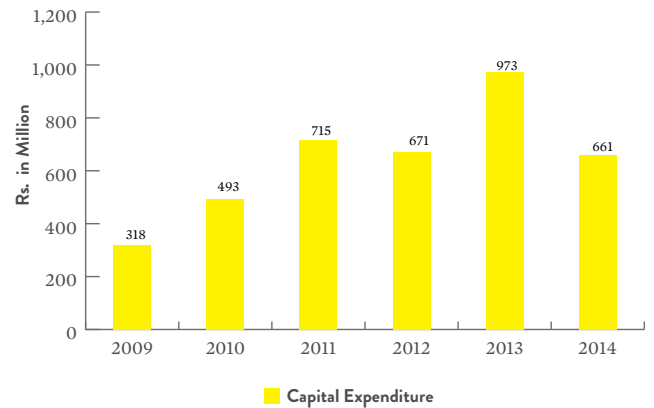
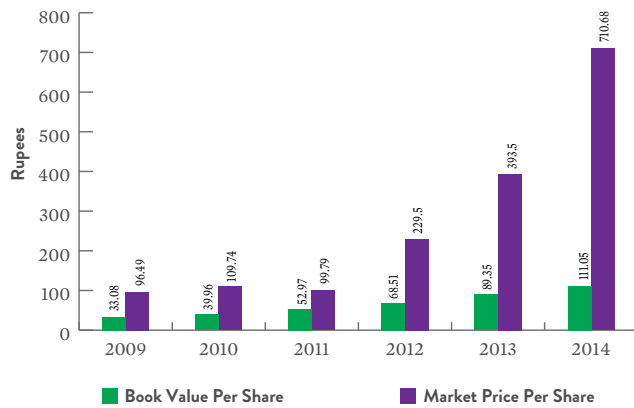
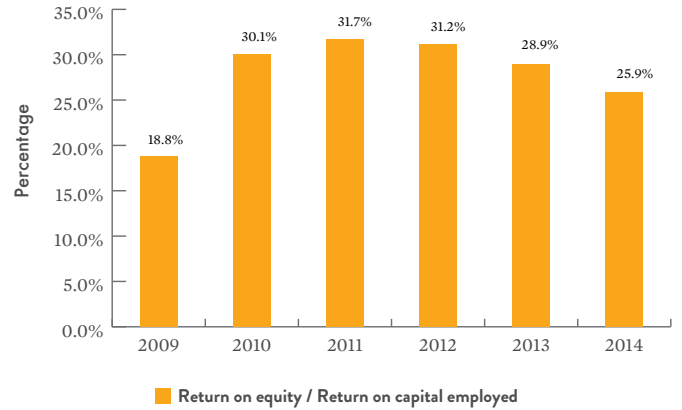
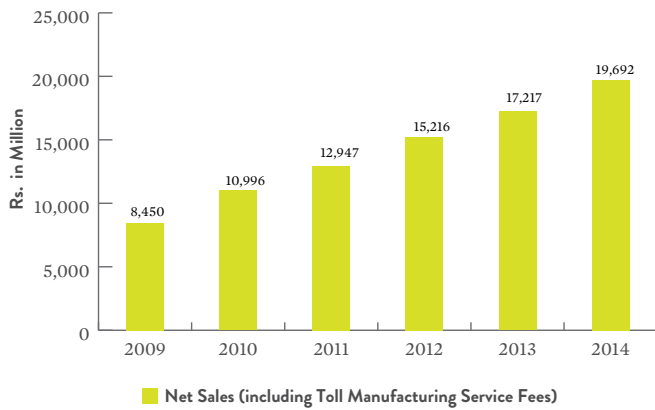
CASH FLOW STATEMENT - DIRECT METHOD

For The Year Ended December 31, 2014

	2014	2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	19,731,593	17,246,220
Cash paid to suppliers / service providers	(12,091,832)	(11,031,262)
Cash paid to employees	(2,269,422)	(1,841,413)
Payment of royalty and technical service fee	(157,575)	(156,057)
Payment to retirement funds	(218,415)	(189,612)
Income taxes paid	(1,409,639)	(1,115,769)
Payment of other statutory charges	(249,020)	(426,310)
Long-term deposits - net	(3,502)	(366)
Long-term prepayments - net	(1,106)	(1,574)
Net cash inflow from operating activities	3,331,081	2,483,858
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(661,443)	(972,520)
Sale proceeds from disposal of fixed property, plant & equipment	75,531	35,367
Interest income	426,542	246,662
Net cash outflow from investing activities	(159,370)	(690,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(4,774)	(2,956)
Dividends paid	(682,607)	(683,572)
Net cash outflow from financing activities	(687,381)	(686,528)
Net increase in cash and cash equivalents	2,484,330	1,106,839
Cash and cash equivalents at the beginning of the year	3,897,051	2,790,212
Cash and cash equivalents at the end of the year	6,381,381	3,897,051

GRAPHICAL PRESENTATION





VERTICAL ANALYSIS

	December 31, 2014		December 31, 2013	
	Rupees in '000	%	Rupees in '000	%
Balance Sheet				
Total Equity	10,871,600	79.0	8,747,265	78.3
Non-Current Liabilities	223,953	1.6	203,562	1.8
Current Liabilities	2,670,042	19.4	2,217,177	19.9
Total Equity and Liabilities	13,765,595	100.0	11,168,004	100.0
Non-Current Assets	3,446,467	25.0	3,269,414	29.3
Current Assets	10,319,128	75.0	7,898,590	70.7
Total Assets	13,765,595	100.0	11,168,004	100.0

	Twelve months ended December 31, 2014		Twelve months ended December 31, 2013	
	Rupees in '000	%	Rupees in '000	%
Profit and Loss Account				
Net sales including toll manufacturing service fee	19,692,354	100.0	17,217,258	100.0
Cost of goods sold and services	12,142,212	61.7	10,595,612	61.5
Gross Profit	7,550,142	38.3	6,621,646	38.5
Selling and distribution expenses	2,965,120	15.1	2,471,404	14.4
Administrative expenses	368,688	1.9	366,938	2.1
Other income	475,693	2.4	273,059	1.6
Other operating charges	368,686	1.9	367,184	2.1
Finance cost	4,774	0.0	2,956	0.0
Profit before taxation	4,318,567	21.9	3,686,223	21.4
Taxation - net	1,502,255	7.6	1,157,374	6.7
Profit for the year/period	2,816,312	14.3	2,528,849	14.7

December 31, 2012		December 31, 2011		December 31, 2010		November 30, 2009	
Restated							
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
6,707,394	71.9	5,186,183	70.0	3,912,539	67.6	3,238,460	65.2
189,557	2.0	165,219	2.2	115,182	2.0	119,627	2.4
2,432,911	26.1	2,053,927	27.7	1,762,700	30.4	1,606,489	32.4
9,329,862	100.0	7,405,329	100.0	5,790,421	100.0	4,964,576	100.0
2,742,498	29.4	2,429,566	32.8	1,933,748	33.4	1,705,391	34.4
6,587,364	70.6	4,975,763	67.2	3,856,673	66.6	3,259,185	65.6
9,329,862	100.0	7,405,329	100.0	5,790,421	100.0	4,964,576	100.0

Twelve months ended December 31, 2012		Twelve months ended December 31, 2011		Thirteen months ended December 31, 2010		Twelve months ended November 31, 2009	
Restated							
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
15,216,253	100.0	12,946,968	100.0	10,995,701	100.0	8,450,118	100.0
9,513,425	62.5	8,280,490	64.0	7,308,663	66.5	6,128,987	72.5
5,702,828	37.5	4,666,478	36.0	3,687,038	33.5	2,321,131	27.5
2,212,421	14.5	1,894,390	14.6	1,601,101	14.6	1,252,810	14.8
344,494	2.3	295,823	2.3	267,915	2.4	201,943	2.4
3,145,913	20.7	2,476,265	19.1	1,818,022	16.5	866,378	10.3
183,430	1.2	142,466	1.1	109,079	1.0	141,890	1.7
312,980	2.1	240,689	1.9	182,314	1.7	129,765	1.5
3,016,363	19.8	2,378,042	18.3	1,744,787	15.8	878,503	10.4
2,226	0.0	3,216	0.0	3,530	0.0	2,525	0.0
3,014,137	19.8	2,374,826	18.3	1,741,257	15.8	875,978	10.4
924,042	6.1	730,240	5.6	564,313	5.1	266,906	3.2
2,090,095	13.7	1,644,586	12.7	1,176,944	10.7	609,072	7.2

HORIZONTAL ANALYSIS

	December 31,					November 30,
	2014	2013	2012	2011	2010	2009

Restated

(Rupees in '000)

Balance Sheet

Total Equity	10,871,600	8,747,265	6,707,394	5,186,183	3,912,539	3,238,460
Non-Current Liabilities	223,953	203,562	189,557	165,219	115,182	119,627
Current Liabilities	2,670,042	2,217,177	2,432,911	2,053,927	1,762,700	1,606,489
Total Equity and Liabilities	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421	4,964,576
Non-Current Assets	3,446,467	3,269,414	2,742,498	2,429,566	1,933,748	1,705,391
Current Assets	10,319,128	7,898,590	6,587,364	4,975,763	3,856,673	3,259,185
Total Assets	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421	4,964,576

	Twelve months ended December 31, 2014	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009
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Restated

(Rupees in '000)

Profit and Loss Account

Net sales including toll manufacturing service fee	19,692,354	17,217,258	15,216,253	12,946,968	10,995,701	8,450,118
Cost of goods sold and services	12,142,212	10,595,612	9,513,425	8,280,490	7,308,663	6,128,987
Gross Profit	7,550,142	6,621,646	5,702,828	4,666,478	3,687,038	2,321,131
Selling and distribution expenses	2,965,120	2,471,404	2,212,421	1,894,390	1,601,101	1,252,810
Administrative expenses	368,688	366,938	344,494	295,823	267,915	201,943
	4,216,334	3,783,304	3,145,913	2,476,265	1,818,022	866,378
Other income	475,693	273,059	183,430	142,466	109,079	141,890
Other operating charges	368,686	367,184	312,980	240,689	182,314	129,765
	4,323,341	3,689,179	3,016,363	2,378,042	1,744,787	878,503
Finance cost	4,774	2,956	2,226	3,216	3,530	2,525
Profit before taxation	4,318,567	3,686,223	3,014,137	2,374,826	1,741,257	875,978
Taxation - net	1,502,255	1,157,374	924,042	730,240	564,313	266,906
Profit for the year/period	2,816,312	2,528,849	2,090,095	1,644,586	1,176,944	609,072

* Compared with restated figures except for 2011, 2012, 2013 and 2014

December 31,					November 30,
2014	2013	2012	2011	2010	2009

% increase / (decrease) over preceeding year *

24.3	30.4	29.3	32.6	20.8	(9.2)
10.0	7.4	14.7	43.4	(3.7)	18.9
20.4	(8.9)	18.5	16.5	9.7	16.4
23.3	19.7	26.0	27.9	16.7	(1.7)
5.4	19.2	12.9	25.6	13.4	6.9
30.6	19.9	32.4	29.0	18.3	(5.7)
23.3	19.7	26.0	27.9	16.7	(1.7)

Twelve months ended December 31, 2014	Twelve months ended December 31, 2013	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009
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% increase / (decrease) over preceeding year *

14.4	13.2	17.5	17.7	30.1	18.6
14.6	11.4	14.9	13.3	19.2	31.7
14.0	16.1	22.2	26.6	58.8	(6.0)
20.0	11.7	16.8	18.3	27.8	14.5
0.5	6.5	16.5	10.4	32.7	15.7
11.4	20.3	27.0	36.2	109.8	(27.8)
74.2	48.9	28.8	30.6	(23.1)	34.4
0.4	17.3	30.0	32.0	40.5	99.5
17.2	22.3	26.8	36.3	98.6	(29.2)
61.5	32.8	(30.8)	(8.9)	39.8	(6.6)
17.2	22.3	26.9	36.4	98.8	(29.2)
29.8	25.3	26.5	29.4	111.4	(28.6)
11.4	21.0	27.1	39.7	93.2	(29.5)

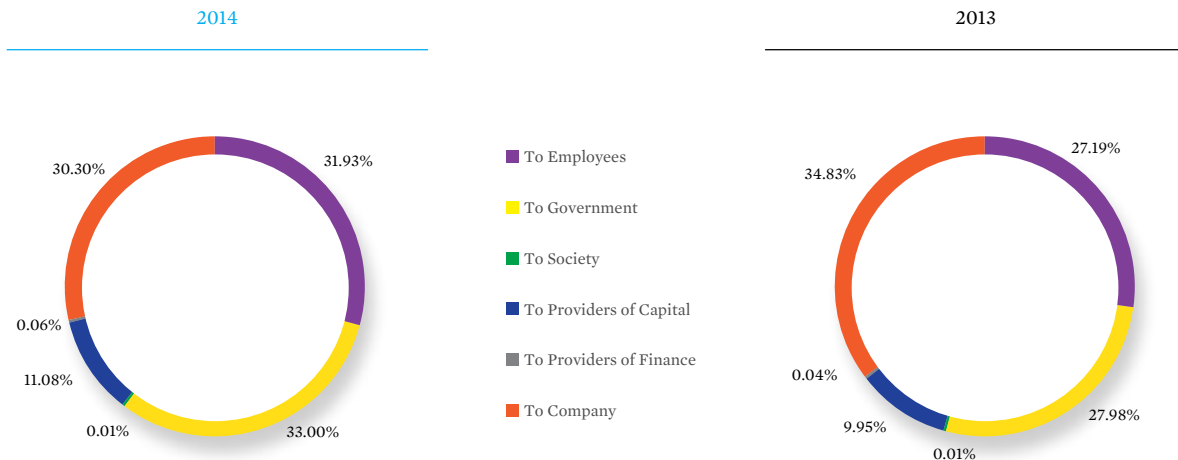


STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

For The Year Ended December 31, 2014

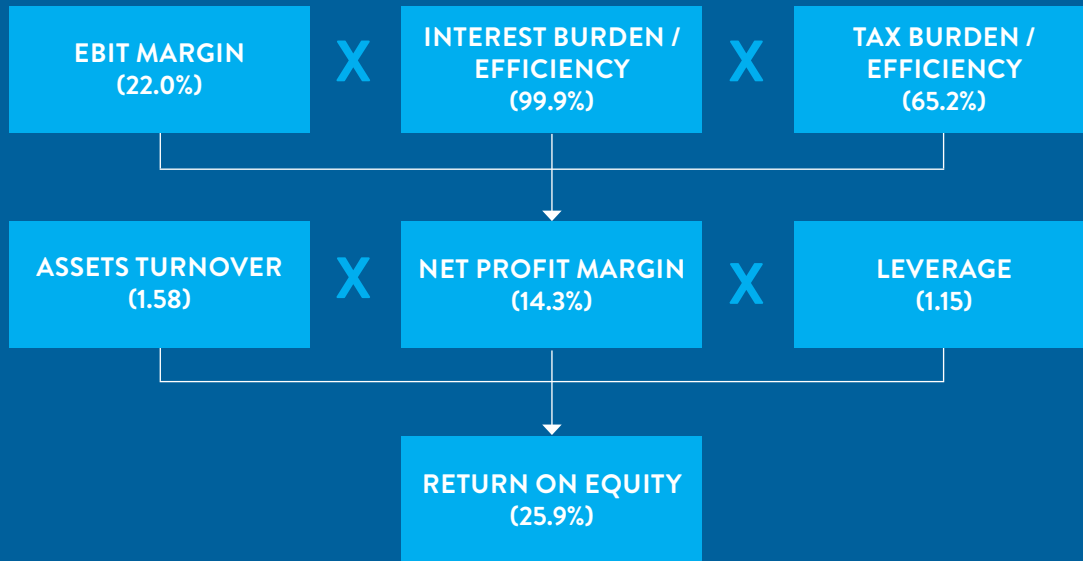
	2014		2013	
	Rupees '000	%	Rupees '000	%
Wealth Generated				
Total revenue inclusive of sales tax and other income	20,592,891		17,905,313	
Bought-in-materials and services	12,534,223		11,013,321	
	8,058,668	100%	6,891,992	100%
Wealth Distribution				
To Employees				
Salaries, wages, allowances and staff welfare	2,573,121	31.93%	1,873,989	27.19%
To Government				
Income Tax	1,485,930	21.56%	1,217,151	17.66%
Workers' Funds and Central Research Fund	363,688	5.28%	296,476	4.30%
Sales tax and excise duty	424,844	6.16%	414,996	6.02%
	2,274,462	33.00%	1,928,623	27.98%
To Society				
Donations	803	0.01%	875	0.01%
To Providers of Capital				
Dividends *	763,623	11.08%	685,302	9.95%
To Providers of Finance				
Finance cost	4,774	0.06%	2,956	0.04%
Retained in the Business				
Depreciation and amortisation	435,322	5.40%	398,097	5.78%
Added to Unappropriated profit	2,006,563	24.90%	2,002,150	29.05%
	2,441,885	30.30%	2,400,247	34.83%
	8,058,668	100.00%	6,891,992	100.00%

* Dividends include final dividend amounting to Rs. 469.921 million proposed by the Board of Directors subsequent to the year end.

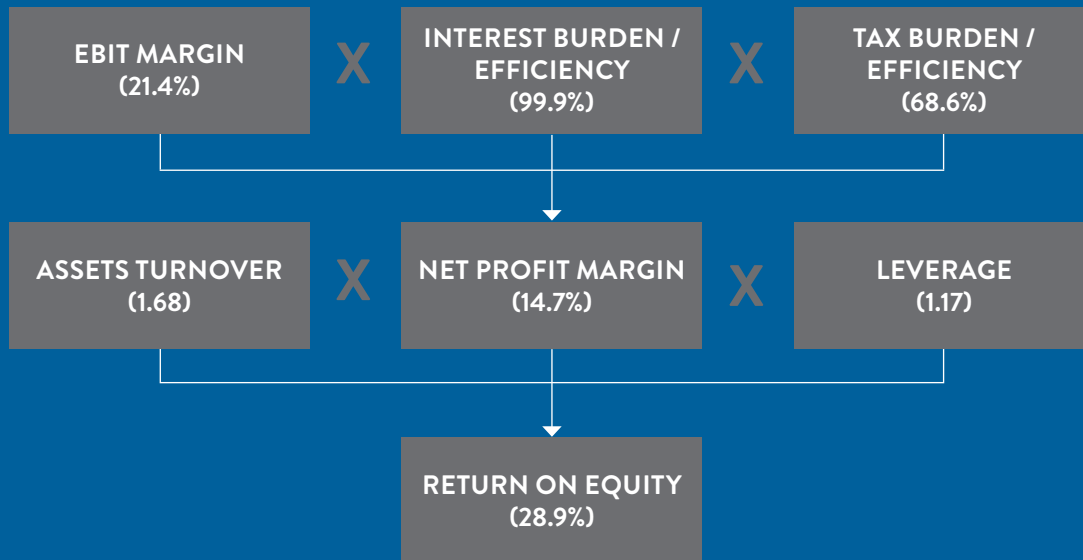


DUPONT ANALYSIS

2014



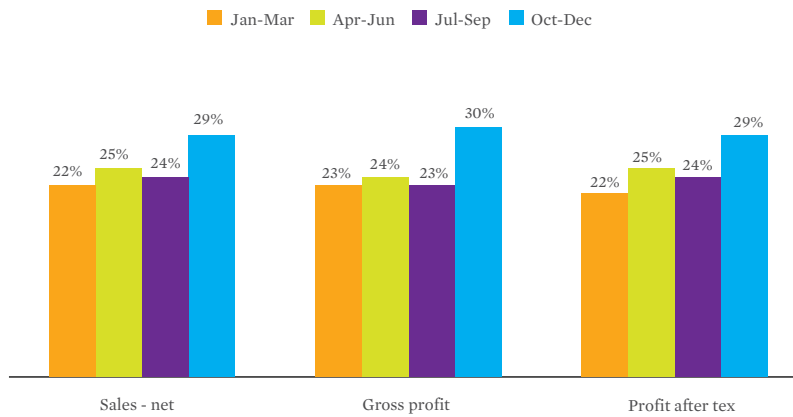
2013



QUARTERLY ANALYSIS

	Jan - Mar		Apr - Jun		Jul - Sep		Oct - Dec		Jan - Dec	
	2014	%	2014	%	2014	%	2014	%	2014	%
Net Sales	4,448,549	22%	4,884,538	25%	4,708,701	24%	5,650,565	29%	19,692,354	100%
Gross Profit	1,713,186	23%	1,816,609	24%	1,759,151	23%	2,261,196	30%	7,550,142	100%
Profit after tax	629,955	22%	697,781	25%	681,146	24%	807,430	29%	2,816,312	100%

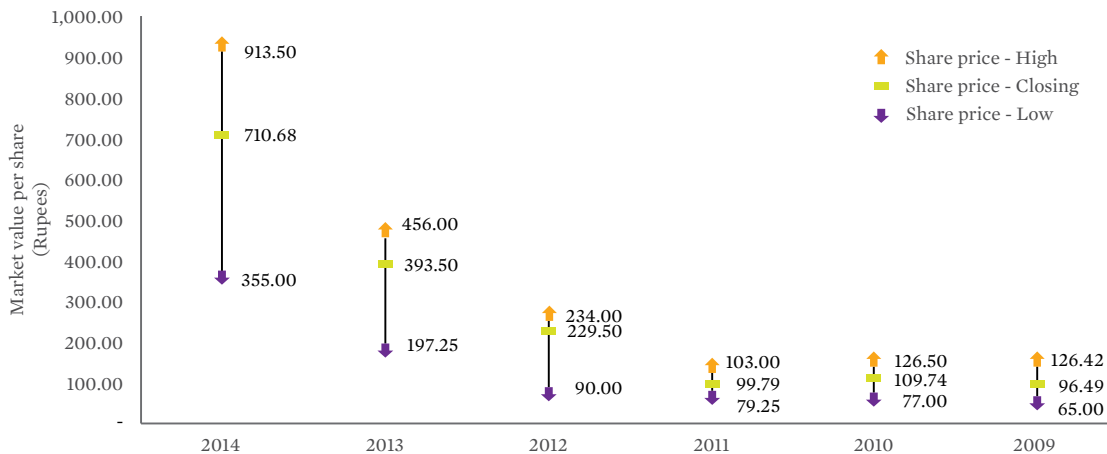
Quarterly Analysis



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 on a timely manner. During the year 2014, Abbott share price has touched the peak of Rs 913.5 while the lowest recorded price was Rs 355 with a closing price of Rs 710.68 at the end of the year.

Share Price Sensitivity



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

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

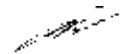
CATEGORY	NAMES
Independent Director	Mr. Ehsan Ali Malik
	Mr. Atif Aslam Bajwa
Executive Director	Mr. Arshad Saeed Husain
	Syed Anis Ahmed
Non-Executive Director	Mr. Munir A. Shaikh
	Mr. Kamran Y. Mirza
	Mr. Shamim Ahmad Khan

The independent directors meets the criteria of independence under clause i (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.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No vacancy has occurred on the Board during the year.
5. The Company has prepared a Code of Business Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company. 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 Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of appointment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. 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 in time.
9. In accordance with the criteria specified in clause (xi) of the Code, one director has a certification under Directors' Training Program, three directors of the Company are exempt from the requirement of Directors' Training Program and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.
10. The Board approves the appointment, remuneration and terms and conditions of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, 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 the quarterly, half yearly and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors and an executive director. The Chairman of the Committee is a non-executive director.
19. The Board has set-up an effective in-house Internal Audit function. In addition, the Board has made arrangements for periodic internal audits by an independent firm of Chartered Accountants. Both the firm and the in-house internal audit staff are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of The Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim and 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. 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 24, 2015



Ernst & Young Ford Rhodes Sikat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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Fax: +9221 3568 1965
myfrsh.khi@pk.ey.com
ey.com/pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Abbott Laboratories (Pakistan) Limited (the Company) for the year ended 31 December 2014 to comply with the requirements of Listing Regulations No. 35 Chapter XI of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 31 December 2014.

Chartered Accountants
Date: 24 February 2015
Place: Karachi



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Abbott Laboratories (Pakistan) Limited as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.1.3 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, gives the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The annual financial statements for the year ended 31 December 2013 were audited by another firm of Chartered Accountants, whose audit report dated 13 February 2014 expressed an unqualified opinion thereon.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 24 February 2015
Place: Karachi

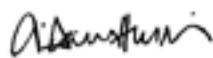
BALANCE SHEET

As At December 31, 2014

	Note	2014 (Rupees '000)	2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		339,481	300,030
- revenue		9,553,116	7,468,232
Total Equity		<u>10,871,600</u>	<u>8,747,265</u>
NON-CURRENT LIABILITY			
Deferred taxation	5	223,953	203,562
CURRENT LIABILITIES			
Trade and other payables	6	2,670,042	2,217,177
Total Liabilities		<u>2,893,995</u>	<u>2,420,739</u>
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>13,765,595</u>	<u>11,168,004</u>

	Note	2014 (Rupees '000)	2013
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	8	3,359,092	3,183,735
- Intangible asset	9	24,395	41,615
Long-term loans and advances	10	46,204	31,896
Long-term deposits	11	7,605	4,103
Long-term prepayments		9,171	8,065
Total Non-current Assets		3,446,467	3,269,414
CURRENT ASSETS			
Stores and spares	12	120,158	107,238
Stock-in-trade	13	2,823,007	2,762,690
Trade debts	14	482,771	546,093
Loans and advances	15	81,259	172,205
Trade deposits and short-term prepayments	16	177,948	154,613
Accrued profit		17,351	5,922
Other receivables	17	192,610	79,269
Taxation recoverable		42,643	173,509
Cash and bank balances	18	6,381,381	3,897,051
Total Current Assets		10,319,128	7,898,590
TOTAL ASSETS		13,765,595	11,168,004

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



Chief Executive



Director

PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
Sales - net	19	19,692,354	17,217,258
Cost of goods sold and services	20	12,142,212	10,595,612
Gross profit		7,550,142	6,621,646
Selling and distribution expenses	22	2,965,120	2,471,404
Administrative expenses	23	368,688	366,938
		4,216,334	3,783,304
Other income	24	475,693	273,059
Other operating charges	25	368,686	367,184
		4,323,341	3,689,179
Finance cost	26	4,774	2,956
Profit before taxation		4,318,567	3,686,223
Taxation-net	27	1,502,255	1,157,374
Profit for the year		2,816,312	2,528,849
		(Rupees)	
Earnings per share - basic / diluted	28	28.77	25.83

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



Chief Executive



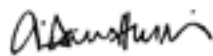
Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2014

	2014	2013
Note	(Rupees '000)	
Profit for the year	2,816,312	2,528,849
Other comprehensive income for the year		
- Actuarial (losses) / gains on defined benefit pension plan	21.1.2 (62,451)	218,379
- Tax on actuarial losses / (gains)	16,325	(59,777)
Other comprehensive income - net of tax	(46,126)	158,602
Total comprehensive income for the year	<u>2,770,186</u>	<u>2,687,451</u>

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



Chief Executive



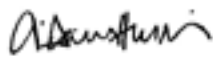
Director

CASH FLOW STATEMENT

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	4,759,636	3,589,182
Income taxes paid		(1,409,639)	(1,115,769)
Long-term loans and advances - net		(14,308)	12,385
Long-term deposits - net		(3,502)	(366)
Long-term prepayments - net		(1,106)	(1,574)
Net cash inflow from operating activities		3,331,081	2,483,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(661,443)	(972,520)
Sale proceeds from disposal of property, plant and equipment		75,531	35,367
Interest income		426,542	246,662
Net cash outflow from investing activities		(159,370)	(690,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(4,774)	(2,956)
Dividends paid		(682,607)	(683,572)
Net cash outflow from financing activities		(687,381)	(686,528)
Net increase in cash and cash equivalents		2,484,330	1,106,839
Cash and cash equivalents at the beginning of the year		3,897,051	2,790,212
Cash and cash equivalents at the end of the year		6,381,381	3,897,051

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



Chief Executive



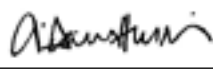
Director

STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2014

	Capital Reserves			Reserves		Total	Total Equity
	Share Capital	Reserve Arising on Merger	Other - (Note 2.23)	General Reserves	Un-appropriated Profit		
	(Rupees '000)						
Balance as at January 1, 2013	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 year ended December 31, 2012	-	-	-	1,750,000	(1,750,000)	-	-
Total comprehensive income for the year ended December 31, 2013							
Profit for the year	-	-	-	-	2,528,849	2,528,849	2,528,849
Other comprehensive income for the year, net of tax	-	-	-	-	158,602	158,602	158,602
Total comprehensive income for the year	-	-	-	-	2,687,451	2,687,451	2,687,451
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2012 @ Rs. 4 per share	-	-	-	-	(391,601)	(391,601)	(391,601)
Interim dividend for the year ended December 31, 2013 @ Rs. 3 per share	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital contribution from Abbott International LLC., USA	-	-	37,722	-	-	37,722	37,722
Balance as at December 31, 2013	979,003	46,097	253,933	5,338,422	2,129,810	7,768,262	8,747,265
Balance as at January 1, 2014	979,003	46,097	253,933	5,338,422	2,129,810	7,768,262	8,747,265
Total comprehensive income for the year ended December 31, 2014							
Profit for the year	-	-	-	-	2,816,312	2,816,312	2,816,312
Other comprehensive income for the year, net of tax	-	-	-	-	(46,126)	(46,126)	(46,126)
Total comprehensive income for the year	-	-	-	-	2,770,186	2,770,186	2,770,186
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2013 @ Rs. 4 per share	-	-	-	-	(391,601)	(391,601)	(391,601)
Interim dividend for the year ended December 31, 2014 @ Rs. 3 per share	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital contribution from Abbott International LLC., USA	-	-	39,451	-	-	39,451	39,451
Balance as at December 31, 2014	979,003	46,097	293,384	5,338,422	4,214,694	9,892,597	10,871,600

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


 Chief Executive


 Director

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

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.1.2 Accounting convention

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

2.1.3 Adoption of amended standards

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

New Standards, Interpretations and Amendments

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

- IFAS 3 – Profit and Loss Sharing on Deposits
- IAS 32 – Financial Instruments : Presentation – (Amendment)
 - Offsetting Financial Assets and Financial Liabilities
- IAS 36 – Impairment of Assets – (Amendment)
 - Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
 - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies

The adoption of the above did not have any effect on the financial statements for the current year.

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 10 – Consolidated Financial Statements	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements – (Amendment) – Disclosure Initiative	01 January 2016
IAS 16 & 38 – Property, Plant and Equipment & intangible assets – (Amendment) – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41 – Property, Plant and Equipment & Agriculture – (Amendment) – Agriculture: Bearer Plants	01 January 2016
IAS 19 – Employee Benefits – (Amendment) – Defined Benefit Plans: Employee Contributions	01 July 2014

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014 and 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

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);

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

- ii) Provision for slow moving and obsolete stock-in-trade (note 2.6 and note 13);
- iii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.14 and note 21);
- iv) Provision for taxation (note 2.9, note 5 and note 27); and
- v) Share based compensation (note 2.23 and 30).

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 Fixed assets

Property, plant and equipment

a) Owned

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

b) Leased

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

c) Depreciation / amortisation

Depreciation is charged to income applying the straight line method whereby the cost less residual value of an asset is allocated over its estimated useful life at the rates given in note 8.1. Depreciation on assets is charged from the month of addition to the month of disposal. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. Amortisation on leasehold land is charged to profit and loss account equally over the period of the lease.

d) Gains or losses on disposal of fixed assets

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

e) Subsequent costs

Subsequent costs are included in the assets’ carrying amount and recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account as and when incurred.

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 asset

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

Intangible asset with finite life is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any. It is amortised on a straight line basis over its estimated useful life.

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

2.5 Stores and spares

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

2.6 Stock-in-trade

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

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

2.7 Trade debts and other receivables

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

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

2.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime (FTR). The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences between the carrying amount of assets and liabilities and their tax bases after adjusting for the impact of tax under FTR.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax credits and losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax credits and losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which the asset may be utilised.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cheques and drafts in hand and in transit and balances with banks in savings, deposit, current accounts and short-term running finance, if any.

2.11 Trade and other payables

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

2.12 Dividend distribution

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

2.13 Provisions

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

2.14 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

The Company operates an approved funded pension scheme (defined benefit plan) for all its permanent employees who have completed one year's service.

Contributions and annual provisions to cover the obligation under the funded pension scheme are made based on annual actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method. The actuarial gains and losses arising at each valuation date are recognised in other comprehensive income and presented in the statement of comprehensive income.

Staff retirement benefits are payable to employees on completion of the prescribed qualifying period of service under the scheme.

2.15 Liability for employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of employees.

2.16 Foreign currency transactions

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

2.17 Derivative financial instruments

Derivative financial instruments held by the Company generally comprise of forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative instruments are recognised immediately in 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.
- Service income is recognised when the related services are rendered.
- 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.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

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 expired. 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 and in providing toll manufacturing services.

Nutritional

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

Others

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

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

2014	2013		2014	2013
Number of shares			(Rupees '000)	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,000,000</u>	<u>2,000,000</u>

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
Number of shares			(Rupees '000)	
5,832,196	5,832,196	Ordinary shares of Rs. 10 each issued as fully paid for cash	58,322	58,322
18,479,640	18,479,640	Ordinary shares of Rs. 10 each, determined pursuant to merger of Abbott Laboratories (Pakistan) Limited with Knoll Pharmaceutical Limited in accordance with the swap ratio stipulated therein	184,796	184,796
73,588,466	73,588,466	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	735,885	735,885
<u>97,900,302</u>	<u>97,900,302</u>		<u>979,003</u>	<u>979,003</u>

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

5. DEFERRED TAXATION

	2014	2013
	(Rupees '000)	
Deferred tax liability arising due to accelerated tax depreciation allowance	257,547	260,058
Deferred tax asset arising in respect of provisions	(33,594)	(56,496)
	<u>223,953</u>	<u>203,562</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
6. TRADE AND OTHER PAYABLES			
Creditors		68,013	133,055
Accrued liabilities		1,194,406	795,877
Bills payable	6.1	427,612	461,799
Advances from customers		175,770	199,853
Unclaimed dividends		11,287	8,592
Payable to related parties	6.2	48,397	38,959
Sales tax payable		67,317	57,566
Workers' Profit Participation Fund	6.3	7,425	-
Central Research Fund		46,575	40,186
Workers' Welfare Fund		93,765	80,785
Staff pension fund	21.1.1	446,443	352,239
Provision for Gas Infrastructure Development Cess		76,324	37,047
Material on loan		97	88
Others		6,611	11,131
		<u>2,670,042</u>	<u>2,217,177</u>

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

Other related parties

Abbott Health Care Puerto Rico	48,071	23,816
Abbott Diagnostics GmbH	95,294	60,066
Abbott Logistics B.V.	110,998	167,321
Abbott Laboratories (Singapore) PTE Limited	22,687	14,442
Abbott Products Operation AG	76,799	48,710
Abbott International LLC., USA	13,397	74,441
AbbVie Logistics B.V.	-	38,876
AbbVie Inc.	-	633
Abbott Japan Co., Limited	-	476
Abbott GmbH & Co. KG.	-	34
Abbott Diabetes Care Limited, UK	6,658	-
Abbott DO Brazil Ltda	329	-
Abbott International LLC., USA	81	-
	<u>374,314</u>	<u>428,815</u>

	2014	2013
Note	(Rupees '000)	
6.2 Payable to related parties represents the following amounts payable to:		
Other related parties		
Abbott International LLC., USA	42,316	37,390
Abbott Laboratories (Singapore) PTE Limited	3,629	-
Abbott Labs (Malaysia) SDN BHD	-	1,569
Abbott Products Operation AG	2,452	-
	48,397	38,959
6.3 Workers' Profit Participation Fund		
Balance at the beginning of the year	(12,720)	161,876
Allocation for the year	25 231,932	197,280
	219,212	359,156
Less: Amount paid to the fund	211,787	371,876
Balance payable to / (receivable) from the Fund	7,425	(12,720)

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The Company has given bank guarantees of Rs. 135.054 million (2013: Rs. 111.980 million) to the Customs Department, a utility company and other institutions against tenders.

7.1.2 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 entire tax demand in the financial statements (2013: Rs. 30 million).

7.1.3 The Commissioner Inland Revenue (CIR) has selected the case of the Company for audit of tax year 2012 (accounting year December 31, 2011) and 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

7.2 Commitments

7.2.1 Commitments for capital expenditure aggregated approximately Rs. 353.850 million (2013: Rs. 90.475 million).

7.2.2 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 1,020 million (2013: Rs. 1,397 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 (2013: Rs. 310 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (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. 447.727 million (2013: Rs. 396.908 million).

Note	2014	2013
	(Rupees '000)	

8. FIXED ASSETS - property, plant and equipment

Operating fixed assets	8.1	2,939,248	2,831,420
Capital work-in-progress	8.5	419,844	352,315
		3,359,092	3,183,735

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	Demonstration equipment-note 8.2	Total
(Rupees '000)										
At December 31, 2012										
Cost	20,679	2,718	352,295	66,683	2,761,516	325,717	102,090	168,780	782,584	4,583,062
Accumulated depreciation / amortisation	-	805	187,438	63,773	1,321,428	103,367	63,905	126,753	427,622	2,295,091
Net book value	20,679	1,913	164,857	2,910	1,440,088	222,350	38,185	42,027	354,962	2,287,971
Year ended December 31, 2013										
Opening net book value	20,679	1,913	164,857	2,910	1,440,088	222,350	38,185	42,027	354,962	2,287,971
Additions / transfers	-	-	17,155	-	451,061	91,777	-	66,337	335,058	961,388
Disposals / write offs										
Cost	-	-	1,280	-	36,072	65,573	-	5,029	19,767	127,721
Depreciation	-	-	1,280	-	29,999	35,128	-	4,485	19,767	90,659
Depreciation / amortisation charge for the year	-	29	9,772	985	158,988	45,791	11,702	24,641	128,969	380,877
Closing net book value	20,679	1,884	172,240	1,925	1,726,088	237,891	26,483	83,179	561,051	2,831,420
At December 31, 2013										
Cost	20,679	2,718	368,170	66,683	3,176,505	351,921	102,090	230,088	1,097,875	5,416,729
Accumulated depreciation / amortisation	-	834	195,930	64,758	1,450,417	114,030	75,607	146,909	536,824	2,585,309
Net book value	20,679	1,884	172,240	1,925	1,726,088	237,891	26,483	83,179	561,051	2,831,420
Year ended December 31, 2014										
Opening net book value	20,679	1,884	172,240	1,925	1,726,088	237,891	26,483	83,179	561,051	2,831,420
Additions / transfers	-	-	16,395	-	239,494	119,552	3,360	28,605	186,508	593,914
Disposals / write offs										
Cost	-	-	-	-	28,186	74,213	3,048	1,523	258,690	365,660
Depreciation	-	-	-	-	23,269	41,190	2,999	1,360	228,858	297,676
Depreciation / amortisation charge for the year	-	29	10,282	712	182,944	49,541	11,062	32,152	131,380	418,102
Closing net book value	20,679	1,855	178,353	1,213	1,777,721	274,879	18,732	79,469	586,347	2,939,248
At December 31, 2014										
Cost	20,679	2,718	384,565	66,683	3,387,813	397,260	102,402	257,170	1,025,693	5,644,983
Accumulated depreciation / amortisation	-	863	206,212	65,470	1,610,092	122,381	83,670	177,701	439,346	2,705,735
Net book value	20,679	1,855	178,353	1,213	1,777,721	274,879	18,732	79,469	586,347	2,939,248
Annual rate of depreciation / amortisation										
2013	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2014	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
8.3 The depreciation charge for the year has been allocated as follows:			
Cost of goods sold and services	20	200,992	174,040
Selling and distribution costs	22	195,308	185,578
Administrative expenses	23	21,802	21,259
		<u>418,102</u>	<u>380,877</u>

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

Description	Cost	Accumulated depreciation (Rupees '000)	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Vehicles						
	835	501	334	765	Open Market Auction	Raza Ullah Khan Suzuki South, Karachi
	835	501	334	716	Open Market Auction	Raza Ullah Khan Suzuki South, Karachi
	835	501	334	745	Open Market Auction	Raza Ullah Khan Suzuki South, Karachi
	1,389	833	556	1,130	Negotiation	Osaf Husain Employee
	1,427	856	571	571	Negotiation	Hifz Ur Rehman Employee
	1,498	356	1,142	1,273	Negotiation	Syed Maqsood Ahmed Employee
	1,384	830	554	554	Negotiation	Najamuddin Ghouri Employee
	2,392	538	1,854	1,900	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	367	294	73	364	Open Market Auction	Gulzameen Muslimabad Old Golimar Karachi
	1,384	830	554	554	Negotiation	Siraj Lawai Ex - Employee
	1,514	549	965	1,371	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	1,269	761	508	508	Negotiation	Fatima Pervaiz Ex - Employee
	678	542	136	682	Open Market Auction	Muhammad Abid Landhi Karachi
	461	369	92	510	Open Market Auction	Abdul Rehman H.No. B-112 Quaidabad Karachi
	1,324	794	530	530	Negotiation	Naseem Akhter Employee
	1,384	830	554	554	Negotiation	Syed Nasir Employee
	1,384	830	554	554	Negotiation	Feroz Shah Employee
	1,359	815	544	544	Negotiation	Tabish Fareed Employee
	1,384	830	554	554	Negotiation	Asim Shafiq Employee
	1,849	1,109	740	740	Negotiation	Shahrukh Masood Employee
	1,673	397	1,275	1,500	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	1,384	830	554	554	Negotiation	Azam Khan Niazi Employee
	1,384	830	554	554	Negotiation	Zahid Husain Employee
	1,384	830	554	554	Negotiation	Rana Anjum Latif Employee
	1,269	761	508	508	Negotiation	Zafar Iqbal Employee
	1,359	815	544	544	Negotiation	Usman Hafeez Employee
	1,384	830	554	1,111	Open Market Auction	Faheem Modi Deals & Wheels, Karachi
	1,389	781	608	1,206	Open Market Auction	Faheem Modi Deals & Wheels, Karachi
	1,269	761	508	508	Negotiation	Mazhar Abbas Employee
	1,289	773	516	532	Negotiation	Sher Afzal Minhas Employee
	1,384	830	554	1,119	Negotiation	Ehtesham Khan Employee
	1,414	848	566	1,127	Negotiation	Ehtesham Khan Employee
	1,289	773	516	516	Negotiation	Abida Sultana Employee
	1,456	764	692	801	Negotiation	Syed Naseem Ahmed Employee
	1,359	815	544	544	Negotiation	Usman Ali Employee
	1,719	1,031	688	688	Negotiation	Dr. Sarmad Maqbool Employee
	1,269	761	508	508	Negotiation	Asif Husain Employee
	1,334	1,049	285	677	Open Market Auction	Muhammad Hussain Ghousia Colony New Town Karachi
	863	633	230	753	Open Market Auction	Muhammad Hussain Ghousia Colony New Town Karachi
	863	633	230	753	Open Market Auction	Muhammad Hussain Ghousia Colony New Town Karachi
	863	633	230	753	Open Market Auction	Muhammad Hussain Ghousia Colony New Town Karachi
	1,527	1,120	407	737	Open Market Auction	Muhammad Hussain Ghousia Colony New Town Karachi
	820	656	164	607	Open Market Auction	Zahid Amin Catal Colony Lahore
	737	589	147	805	Open Market Auction	Asif Farooq H-5 Street 22 Multan
	1,457	1,107	350	776	Open Market Auction	Asif Farooq H-5 Street 22 Multan
	1,527	1,160	366	780	Open Market Auction	Asif Farooq H-5 Street 22 Multan
	619	371	248	516	Open Market Auction	Sadaqat Ali Landhi Karachi
	1,389	833	556	556	Negotiation	Asia Uzma Qutub Employee
	619	371	248	580	Open Market Auction	Khalil Khan Model Colony Karachi

Description	Cost	Accumulated depreciation (Rupees '000)	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser	
Vehicles							
	1,849	1,109	740	740	Negotiation	Farrukh Hafeez	Employee
	6,800	2,125	4,675	5,800	Open Market Auction	Muhammad Yahya	Faran Society Karachi
	1,608	261	1,346	1,475	Insurance Claim	EFU	EFU House, M.A. Jinnah Road
	1,300	780	520	520	Negotiation	Razi Ur Rehman	Employee
	1,413	848	565	565	Negotiation	Faizan Pervaiz	Employee
Plant and machinery							
	545	491	55	-	Write-off		
	525	473	53	-	Write-off		
	525	473	53	-	Write-off		
	947	853	95	-	Write-off		
	1,229	1,106	123	-	Write-off		
	861	775	86	-	Write-off		
	660	594	66	-	Write-off		
	15,105	11,075	4,030	5,726	Open Market Auction	Cibex Pharma	Karachi
Demonstration equipment							
	4,538	3,403	1,134	1,134	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	3,099	2,324	775	775	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	4,395	3,149	1,245	1,245	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	4,701	2,978	1,724	1,724	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	4,916	3,687	1,229	1,229	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	5,332	3,999	1,333	1,333	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	1,222	774	448	448	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	737	393	344	344	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	10,229	3,921	6,308	6,308	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	9,064	2,115	6,949	6,949	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
	2,273	871	1,402	1,402	Negotiation	AbbVie Biopharmaceuticals GmbH	Switzerland
Computer							
	93	31	62	93	Negotiation	Muhammed Farooq	Ex - Employee
	93	31	62	93	Negotiation	Shujaat Husain	Ex - Employee

8.5 Capital work-in-progress

	Plant and machinery	Vehicles	Others	Total
	(Rupees '000)			
At December 31, 2012	323,422	701	17,060	341,183
Additions	435,823	99,977	123,228	659,028
Transferred to operating fixed assets	(452,061)	(91,777)	(104,058)	(647,896)
At December 31, 2013	307,184	8,901	36,230	352,315
Additions	226,055	119,613	129,267	474,935
Transferred to operating fixed assets	(206,185)	(119,552)	(81,669)	(407,406)
At December 31, 2014	327,054	8,962	83,828	419,844

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

9. INTANGIBLE ASSET

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

	2014 (Rupees '000)	2013
Note		
Cost		
Opening balance	86,100	86,100
Additions	-	-
Balance as at December 31,	86,100	86,100
Accumulated amortisation		
Opening balance	44,485	27,265
Amortisation charge	22 17,220	17,220
Balance as at December 31,	61,705	44,485
Net book value		
Cost	86,100	86,100
Accumulated amortisation	(61,705)	(44,485)
Balance as at December 31,	24,395	41,615
	Years	
Useful life	5	5
	2014	2013
	(Rupees '000)	

10. LONG-TERM LOANS AND ADVANCES - considered good

Long-term loans

Due from:

- Executives	10.1 33,767	17,444
- Employees	36,951	35,936
	10.2 70,718	53,380

Less: recoverable within one year

- Executives	13,354	8,459
- Employees	14,097	16,055
	15 27,451	24,514
	43,267	28,866

Long-term advances

- Employees	2,937	3,030
	46,204	31,896

		2014	2013
		(Rupees '000)	
10.1	Reconciliation of carrying amount of long-term loans to executives:		
	Opening balance	17,444	11,046
	Disbursements	25,573	11,181
	Transfer of balances of employee cadre to executive cadre	9,205	8,108
	Less: Repayments	18,455	12,891
	Closing balance	<u>33,767</u>	<u>17,444</u>
10.2	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.		
10.3	The maximum aggregate amount of loans due from executives at the end of any month during the year were Rs. 33.814 million (2013: Rs. 22.849 million) respectively.		
		2014	2013
		(Rupees '000)	
11.	LONG-TERM DEPOSITS		
	Deposits	<u>7,605</u>	<u>4,103</u>
12.	STORES AND SPARES		
	Stores	70,575	67,937
	Spares [including spares-in-transit Rs. 13.416 million (2013: Rs. 11.282 million)]	<u>85,749</u>	<u>74,461</u>
		156,324	142,398
	Less: Provision for slow moving and obsolete items	12.1 <u>36,166</u>	<u>35,160</u>
		<u>120,158</u>	<u>107,238</u>
12.1	Reconciliation of provision for slow moving and obsolete items		
	Opening provision	35,160	33,108
	Charge for the year	<u>1,006</u>	<u>2,052</u>
	Closing provision	<u>36,166</u>	<u>35,160</u>
13.	STOCK-IN-TRADE		
	Raw and packing materials [including stock-in-transit of Rs. 214.113 million (2013: Rs. 168.217 million)]	1,873,239	1,567,366
	Work-in-process	20 <u>197,872</u>	<u>182,917</u>
	Finished goods [including stock-in-transit of Rs. 54.487 million (2013: Rs. 232.409 million)]	20 <u>842,296</u>	<u>1,160,559</u>
		<u>2,913,407</u>	<u>2,910,842</u>
	Less: Provision for slow moving and obsolete items	13.2 <u>90,400</u>	<u>148,152</u>
		<u>2,823,007</u>	<u>2,762,690</u>

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

13.1 Stock-in-trade includes items costing Rs. 68.886 million (2013: Rs. 90.315 million) valued at net realisable value of Rs. 64.741 million (2013: Rs. 83.885 million) resulting in a write down of Rs. 4.145 million (2013: 6.430 million).

	2014	2013
Note	(Rupees '000)	
13.2 Reconciliation of provision for slow moving and obsolete items		
Opening provision	148,152	135,579
Charge for the year	74,429	49,579
Write offs during the year	(132,181)	(37,006)
Closing provision	<u>90,400</u>	<u>148,152</u>

14. TRADE DEBTS

Considered good:

Secured	137,516	236,520
Unsecured		
- Due from other related parties	14.1 6,921	12,143
- Others	338,334	297,430
	<u>482,771</u>	<u>546,093</u>

Considered doubtful:

Unsecured	11,480	32,283
	<u>494,251</u>	<u>578,376</u>
Less: Provision for doubtful debts	14.2 <u>11,480</u>	<u>32,283</u>
	<u>482,771</u>	<u>546,093</u>

14.1 Due from other related parties

Abbott Logistics B.V.	-	6,006
Abbott Products Operations AG	6,921	6,137
	<u>6,921</u>	<u>12,143</u>

14.2 Reconciliation of provision for doubtful debts

Opening provision		32,283	29,701
Charge for the year	25	1,723	2,582
Write offs during the year		(22,526)	-
Closing provision		<u>11,480</u>	<u>32,283</u>

	Note	2014 (Rupees '000)	2013
15. LOANS AND ADVANCES - considered good			
Current portion of long-term loans	10	27,451	24,514
Advances to:			
- Executives		5,791	4,708
- Employees		2,803	1,435
		8,594	6,143
- Suppliers		45,214	141,548
		53,808	147,691
		81,259	172,205

15.1 The maximum aggregate amount of advances due from the chief executive, directors and executives at the end of any month during the year were Rs. Nil million, Rs. 3.58 million and Rs. 24.29 million (2013: Rs. 0.2 million, Rs. 1.9 million and Rs. 14.55 million) respectively.

	2014 (Rupees '000)	2013
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Considered good		
Trade deposits	58,535	43,744
Prepayments [including sample inventory Rs. 45.572 million (2013: Rs. 47.448 million)]	119,413	110,869
	177,948	154,613
Considered doubtful		
Trade deposits	2,161	2,161
	180,109	156,774
Less: Provision for doubtful trade deposits	2,161	2,161
	177,948	154,613

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
17. OTHER RECEIVABLES			
Considered good			
Due from related parties	17.1	130,321	33,925
Material on loan		41,438	19,905
Insurance claim receivable		13,534	4,310
Service fee for toll manufacturing		163	163
Workers' Profit Participation Fund	6.3	-	12,720
Others		7,154	8,246
		<u>192,610</u>	<u>79,269</u>
Considered doubtful			
		<u>3,135</u>	<u>2,678</u>
		<u>195,745</u>	<u>81,947</u>
Less: Provision for doubtful other receivables	17.2	<u>3,135</u>	<u>2,678</u>
		<u>192,610</u>	<u>79,269</u>
17.1 Due from related parties			
Abbott Laboratories (Singapore) PTE Limited		842	29,348
Abbott International LLC., USA		4,907	1,292
Abbott Laboratories Philippines		-	318
Abbott Products Operation AG		-	411
Abbott Mearo		42,181	114
Abbott Laboratories Malaysia		8,037	2,005
Abbott Laboratories South Africa		380	339
Abbott Pharmaceuticals, Inc. Puerto Rico		-	98
Abbott GmbH & Co. KG.		21,467	-
Abbott DO Brazil Ltda		507	-
AbbVie Logistics B.V.		29,109	-
AbbVie Biopharmaceuticals GmbH		22,891	-
		<u>130,321</u>	<u>33,925</u>
17.2 Reconciliation of provision for doubtful other receivables			
Opening provision		2,678	2,209
Charge for the year	25	457	469
Closing provision		<u>3,135</u>	<u>2,678</u>

	Note	2014 (Rupees '000)	2013
18. CASH AND BANK BALANCES			
With banks			
Saving accounts:			
- Local currency	18.1	203,948	306,484
- Foreign currency		216,279	176,649
		<u>420,227</u>	<u>483,133</u>
Deposit accounts:			
- Local currency	18.2	5,800,000	3,400,000
Current accounts:			
- Local currency		3,047	2,681
		<u>6,223,274</u>	<u>3,885,814</u>
In hand			
- Foreign currency		2,838	1,870
- Local currency		2,507	2,193
Cheques and drafts in hand and in transit		<u>152,762</u>	<u>7,174</u>
		<u>6,381,381</u>	<u>3,897,051</u>

18.1 These saving accounts carry markup rate of 6.50% (2013: 6.50%) per annum.

18.2 These deposit accounts carry markup rate of 8.75% (2013: 8.10%) per annum.

	Note	2014 (Rupees '000)	2013
19. SALES – NET			
Local		19,362,125	16,912,189
Export			
- to related parties	32	104,137	109,882
- to others		758,988	673,048
		<u>863,125</u>	<u>782,930</u>
		<u>20,225,250</u>	<u>17,695,119</u>
Service fee for toll manufacturing		-	8,214
Less:			
Sales returns and discounts		108,052	71,079
Sales tax and excise duty		424,844	414,996
		<u>532,896</u>	<u>486,075</u>
		<u>19,692,354</u>	<u>17,217,258</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
20. COST OF GOODS SOLD AND SERVICES			
Opening work-in-process		182,917	143,020
Raw and packing materials consumed		6,414,133	5,909,924
		6,597,050	6,052,944
Manufacturing expenses:			
Salaries, wages, allowances and staff welfare	20.1	1,176,899	1,007,323
Stores and spares consumed		82,419	86,184
Fuel and power		338,795	303,376
Depreciation	8.3	200,992	174,040
Repairs and maintenance		104,277	95,207
Technical service fee	32	138,618	122,707
Insurance		12,708	9,719
Printing and stationery		7,632	4,997
Travelling and entertainment		17,281	18,335
Rent, rates and taxes		3,020	4,640
Laboratory testing supplies		26,515	23,537
Computer expenses		20,919	32,470
Postage, telephone and telegram		10,844	9,286
Others	20.2	127,503	98,267
		2,268,422	1,990,088
		8,865,472	8,043,032
Closing work-in-process	13	(197,872)	(182,917)
Cost of goods manufactured and services		8,667,600	7,860,115
Finished goods			
Opening stock		1,160,559	962,058
Purchases		3,156,349	2,933,998
		12,984,508	11,756,171
Closing stock	13	(842,296)	(1,160,559)
		12,142,212	10,595,612

20.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 117.168 million - note 21.3 (2013: net charge of Rs. 114.262 million) in respect of staff retirement benefits.

	2014	2013
	(Rupees '000)	
20.2 Details of other expenses		
Other fees and purchased services	60,906	48,581
Recruitment and training expenses	1,561	2,164
Membership and subscription	669	328
Conference expenses	896	685
Miscellaneous expenses	63,471	46,509
	<u>127,503</u>	<u>98,267</u>

21. STAFF RETIREMENT BENEFITS

21.1 Defined benefit scheme

As mentioned in note 2.14, the Company operates a funded pension scheme for all its permanent employees. Contributions are made to the scheme based on actuarial recommendations. The actuarial valuation was carried out as at December 31, 2014 using the Projected Unit Credit Method.

	Note	2014	2013
		(Rupees '000)	
21.1.1 Amounts recognised in the balance sheet:			
Present value of the defined benefit obligation	21.1.2	3,424,767	2,923,069
Less: Fair value of the plan assets	21.1.3	<u>2,978,324</u>	<u>2,570,830</u>
Deficit	6	<u>446,443</u>	<u>352,239</u>

	Present value of defined benefit obligation	Fair value of plan assets	Total
	(Rupees '000)		
21.1.2 As at January 1, 2014	2,923,069	(2,570,830)	352,239
Current service cost	139,267	-	139,267
Interest cost / (income)	376,415	(339,712)	36,703
Company contributions	-	(144,217)	(144,217)
Benefits paid	(56,870)	56,870	-

Remeasurements recognised in other comprehensive income:

- Loss due to changes in experience adjustment	42,886	-	42,886
- Return on plan assets excluding amounts included in interest income	-	19,565	19,565
	42,886	19,565	62,451

As at December 31, 2014	<u>3,424,767</u>	<u>(2,978,324)</u>	<u>446,443</u>
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NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

	Present value of defined benefit obligation	Fair value of plan assets (Rupees '000)	Total
As at January 1, 2013	2,598,502	(2,078,634)	519,868
Current service cost	129,198	-	129,198
Interest cost / (income)	291,401	(238,939)	52,462
Company contributions	-	(130,910)	(130,910)
Benefits paid	(132,774)	132,774	-
Remeasurements recognised in other comprehensive income:			
- Loss due to changes in experience adjustment	36,742	-	36,742
- Return on plan assets excluding amounts included in interest income	-	(255,121)	(255,121)
	36,742	(255,121)	(218,379)
As at December 31, 2013	2,923,069	(2,570,830)	352,239

	Note	2014 (Rupees '000)	2013
21.1.3 Plan assets are comprised as follows:			
Debt		1,544,210	1,179,040
Equity	21.1.7	1,384,177	1,044,866
Bank balances		49,937	346,924
		<u>2,978,324</u>	<u>2,570,830</u>
21.1.4 Amount recognised in profit and loss:			
Current service cost		139,267	129,198
Net interest		36,703	52,462
	21.3	<u>175,970</u>	<u>181,660</u>
21.1.5 Actual return on plan assets			
		<u>320,147</u>	<u>494,060</u>
		<u>(Percent per annum)</u>	
21.1.6 Principal actuarial assumptions used were as follows:			
Discount rate	21.1.8	11.25	13.00
Future salary increases		9.25	10.75
Future pension increases		3.00	4.75
21.1.7 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 309.451 million (2013: Rs. 172.624 million).			

21.1.8 The discount rate of 11.25% is representative of yields on long-term Government Bonds and term deposits with banks.

21.1.9 Expected contributions to the plan for the year ending December 31, 2015 is Rs. 200.069 million.

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees in '000)		
Discount rate	1%	(356,279)	427,177
Salary growth rate	1%	251,697	(225,947)
Pension growth rate	1%	198,633	(174,601)

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

21.2 Defined contribution scheme

An amount of Rs. 69.138 million (2013: Rs. 60.124 million) has been charged during the year in respect of the contributory provident fund maintained by the Company.

	Note	2014 (Rupees '000)	2013
21.3 Staff retirement benefit cost recognised in the profit and loss account			
Pension cost	21.1.4	175,970	181,660
Less: Reimbursement from related party	32	(3,460)	(8,256)
Provident fund contribution	32	69,138	60,124
E.O.B.I.		8,520	6,834
		<u>250,168</u>	<u>240,362</u>
Allocated as:			
Cost of goods sold and services	20.1	117,168	114,262
Selling and distribution costs	22.1	105,212	102,597
Administrative expenses	23.1	27,788	23,503
		<u>250,168</u>	<u>240,362</u>

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 (2013: audited by another firm of chartered accountants) financial statements of the provident fund:

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

	2014	2013
Number of members	1,365	1,367
Size of provident fund (Rupees '000)	1,062,917	853,213
Cost of investments made (Rupees '000)	733,234	703,569
Percentage of investments made	68.98%	82.46%
Fair value of investment (Rupees '000)	1,051,733	853,716
Break-up of investments:		
- Balance in Government securities		
Amount of investment (Rupees '000)	490,958	369,997
Percentage of size of the fund	46.19%	43.37%
- Balance in equity shares in listed companies		
Amount of investment (Rupees '000)	405,043	236,690
Percentage of size of the fund	38.11%	27.74%
- Balance in term finance certificates		
Amount of investment (Rupees '000)	5,194	10,182
Percentage of size of the fund	0.49%	1.19%
- Balance at bank		
Amount of investment (Rupees '000)	150,538	236,847
Percentage of size of the fund	14.16%	27.76%

21.4.1 As at December 31, 2014, investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

21.5 The average number of employees during the year and number of employees as at December 31, 2014 and 2013 respectively are as follows:

	2014	2013
	No. of employees	
Average number of employees during the year	1,430	1,440
Number of employees as at year end	1,439	1,439

	Note	2014 (Rupees '000)	2013
22. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages, allowances and staff welfare	22.1	1,080,689	838,213
Rent, rates and taxes		40,433	36,847
Repairs and maintenance		22,665	12,304
Royalty		23,438	24,503
Insurance		10,075	8,838
Depreciation	8.3	195,308	185,578
Amortisation of intangible asset	9	17,220	17,220
Legal, professional and other services		32,854	25,113
Postage, telephone and telegram		33,555	34,779
Printing and stationery		16,743	14,318
Travelling, conveyance and entertainment		290,646	299,822
Advertising, samples and sales promotion		651,506	567,097
Forwarding expenses		300,752	230,963
Electricity		17,771	14,874
Computer expenses		18,197	36,707
Training and development expenses		35,028	22,985
Packing and miscellaneous supplies		81,300	20,185
Distributors commission		107,869	76,031
Others	22.2	64,409	71,500
		<u>3,040,458</u>	<u>2,537,877</u>
Less: Reimbursement from a related party	32	<u>75,338</u>	<u>66,473</u>
		<u>2,965,120</u>	<u>2,471,404</u>

22.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 105.212 million - note 21.3 (2013: net charge of Rs. 102.597 million) in respect of staff retirement benefits.

	2014 (Rupees '000)	2013
22.2 Details of other expenses		
Other fees and purchased services	45,398	46,073
Security expenses	6,846	8,197
Membership and subscription	731	314
Air conditioning expenses	3,175	4,258
Housekeeping expenses	2,716	3,071
Water charges	212	324
Purchased gas	440	266
Miscellaneous expenses	4,891	8,997
	<u>64,409</u>	<u>71,500</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

	Note	2014 (Rupees '000)	2013
23. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances and staff welfare	23.1	253,082	246,832
Rent, rates and taxes		15,072	14,105
Repairs and maintenance		3,768	4,661
Insurance		3,017	2,290
Depreciation	8.3	21,802	21,259
Legal, professional and other services		6,795	10,674
Postage, telephone and telegram		6,641	7,089
Printing and stationery		2,629	2,219
Travelling, conveyance and entertainment		10,685	14,930
Electricity		10,580	7,688
Computer expenses		11,205	13,543
Training and development expenses		1,500	1,136
Miscellaneous office supplies		3,887	1,895
Others	23.2	30,176	27,129
		<u>380,839</u>	<u>375,450</u>
Less: Reimbursement from a related party	32	12,151	8,512
		<u>368,688</u>	<u>366,938</u>

23.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 27.788 million - note 21.3 (2013: net charge of Rs. 23.503 million) in respect of staff retirement benefits.

	Note	2014 (Rupees '000)	2013
23.2 Details of other expenses			
Other fees and purchased services		14,518	7,992
Security expenses		1,334	1,793
Membership and subscription		6,236	5,179
Air conditioning expenses		6,091	6,589
Housekeeping expenses		1,086	2,454
Water charges		167	237
Miscellaneous expenses		744	2,885
		<u>30,176</u>	<u>27,129</u>

24. OTHER INCOME

Gain on disposal of property, plant and equipment		7,547	-
Interest income	24.1	437,971	249,611
Scrap sales		15,105	15,468
Exchange gain		15,070	-
Others		-	7,980
		<u>475,693</u>	<u>273,059</u>

24.1 Interest income include an amount of Rs. 30.303 million (2013: Rs. 23.572 million) on account of interest income earned from Abbott Labs PTE Ltd., Singapore, a related party at the rate of 10% (2013: 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.

	Note	2014 (Rupees '000)	2013
25. OTHER OPERATING CHARGES			
Workers' Profit Participation Fund	6.3	231,932	197,280
Auditors' remuneration	25.1	2,015	1,917
Loss on disposal of fixed assets		-	1,695
Donations	25.2	803	875
Workers' Welfare Fund		88,134	62,091
Central Research Fund		43,622	37,105
Provision for doubtful other receivables	17.2	457	469
Provision for doubtful trade debts	14.2	1,723	2,582
Exchange loss		-	63,170
		<u>368,686</u>	<u>367,184</u>

25.1 Auditors' remuneration

Statutory audit fee	1,600	1,600
Special certifications	355	265
Out of pocket expenses	60	52
	<u>2,015</u>	<u>1,917</u>

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

	2014 (Rupees '000)	2013
26. FINANCE COST		
Bank charges	<u>4,774</u>	<u>2,956</u>
27. TAXATION - net		
Current		
- For the year	1,263,779	1,047,949
- Prior year	218,085	95,420
	<u>1,481,864</u>	<u>1,143,369</u>
Deferred	<u>20,391</u>	<u>14,005</u>
	<u>1,502,255</u>	<u>1,157,374</u>

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

	2014 (Rupees '000)	2013
27.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	4,318,567	3,686,223
Tax rate	33%	34%
Tax on accounting profit	1,425,127	1,253,316
Tax for prior years	218,085	95,420
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	13,284	13,123
- Applying lower tax rates to certain income	(113,830)	(153,829)
- BMR tax credit	(23,949)	(45,106)
- Tax rate adjustment	(11,987)	-
- 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)	(4,475)	(5,550)
	<u>1,502,255</u>	<u>1,157,374</u>

28. EARNINGS PER SHARE - BASIC / DILUTED

Profit for the year	2,816,312	2,528,849
	Number of shares	
Weighted average number of ordinary shares in issue during the year	97,900,302	97,900,302
	(Rupees)	
Earnings per share	28.77	25.83

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

Note	2014 (Rupees '000)	2013
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29. CASH GENERATED FROM OPERATIONS

Profit before taxation		4,318,567	3,686,223
Adjustment for:			
Depreciation	8.3	418,102	380,877
Amortisation on intangible asset	9	17,220	17,220
(Gain) / loss on disposal of property, plant and equipment	24 & 25	(7,547)	1,695
Interest income	24	(437,971)	(249,611)
Expense recognised in profit or loss in respect of equity-settled share-based compensation	30	39,451	37,722
Pension retirement benefit		31,753	50,749
Finance cost	26	4,774	2,956
Working capital changes	29.1	375,287	(338,649)
		<u>4,759,636</u>	<u>3,589,182</u>

	2014	2013
	(Rupees '000)	
29.1 Working capital changes		
(Increase) / decrease in current assets net of provision		
Stores and spares	(12,920)	14,606
Stock-in-trade	(60,317)	(336,129)
Trade debts	63,322	20,641
Loans and advances	90,946	(48,897)
Trade deposits and short-term prepayments	(23,335)	(2,832)
Other receivables	(113,341)	1,497
	<u>(55,645)</u>	<u>(351,114)</u>
Increase in current liabilities		
Trade and other payables - net	430,932	12,465
	<u>375,287</u>	<u>(338,649)</u>

30. SHARE BASED COMPENSATION

Share-based compensation plans

As at December 31, 2014, the Company's equity settled share-based compensation plan includes restricted stock units plan.

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

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

An expense of Rs. 39.451 million (2013: Rs. 37.722 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:

	2013	2012	2011
Volatility	20.00%	21.00%	21.00%
Dividend yield	1.60%	3.60%	4.10%
Risk free interest rate	1.10%	1.20%	2.70%

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

A summary of units outstanding is given below:

	2014		2013	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	39.34	11,223	53.15	9,594
Granted	38.82	11,130	34.94	16,230
Exercised / cancelled	40.43	11,872	43.52	14,601
At December 31,	37.55	10,481	39.34	11,223

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

Vesting date	2014		2013	
	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2014	-	-	6,436	42.14
2015	7,006	37.10	4,276	35.67
2016	3,475	38.47	511	34.94
	10,481	37.55	11,223	39.34

31. CAPACITY

The capacity and production of the Company's plants is indeterminable as these are multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

32. TRANSACTIONS WITH RELATED PARTIES

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

	Note	2014 (Rupees '000)	2013
Other related parties			
Sale of goods	19	104,137	109,882
Purchase of materials		4,036,659	3,224,096
Technical service fee	20	138,618	122,707
Reimbursements from a related party on account of:			
Selling and distribution costs	22	75,338	66,473
Administrative expenses	23	12,151	8,512
Pension Fund	21.3	3,460	8,256
Interest income earned	24.1	30,303	23,572
Contributions paid in respect of staff retirement benefit plans			
Pension Fund	21.1.2	144,217	130,910
Provident Fund	21.3	69,138	60,124

Key management personnel

Short-term employee benefits	152,810	129,748
Post-employment benefits	22,109	18,376

- 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:

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
(Rupees '000)						
Short-term employee benefits						
Managerial remuneration	26,936	39,085	915,949	32,850	33,529	643,724
Leave passage / encashment	196	2,575	57,496	468	362	38,239
Medical expenses	135	223	59,680	110	225	32,953
Rent / utility / maintenance / furnishing	-	111	2,511	-	164	752
	27,267	41,994	1,035,636	33,428	34,280	715,668
Retirement benefits	3,983	6,032	138,475	3,533	5,208	100,446
	31,250	48,026	1,174,111	36,961	39,488	816,114
Number of persons	1	*2	558	1	*2	401

*Includes 1 alternate Director

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

- 33.1 In addition, Rs. 39.451 million (2013: Rs. 37.722 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. 175.639 million (2013: Rs. 125.877 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. 0.780 million (2013: Rs. 0.780 million).

34. SEGMENT WISE OPERATING RESULTS

	2014				2013			
	Pharma- ceutical	Nutritional	Others	Total	Pharma- ceutical	Nutritional	Others	Total
	(Rupees '000)							
Sales	15,053,186	3,320,103	1,851,961	20,225,250	13,075,691	2,814,555	1,804,873	17,695,119
Service fee for toll manufacturing	-	-	-	-	1,314	-	6,900	8,214
Less: Sales returns and discounts	88,424	3,061	16,567	108,052	46,371	8,298	16,410	71,079
Less: Sales tax and excise duty	-	316,994	107,850	424,844	-	269,032	145,964	414,996
Sales - net	14,964,762	3,000,048	1,727,544	19,692,354	13,030,634	2,537,225	1,649,399	17,217,258
Cost of goods sold and services	9,084,346	1,860,328	1,197,538	12,142,212	7,925,201	1,582,922	1,087,489	10,595,612
Gross profit	5,880,416	1,139,720	530,006	7,550,142	5,105,433	954,303	561,910	6,621,646
Selling and distribution expenses	2,240,802	397,118	327,200	2,965,120	1,835,960	329,512	305,932	2,471,404
Administrative expenses	319,234	32,912	16,542	368,688	314,124	37,139	15,675	366,938
Segment result	3,320,380	709,690	186,264	4,216,334	2,955,349	587,652	240,303	3,783,304
Unallocated corporate expenses / income								
Other income				475,693				273,059
Other operating charges				368,686				367,184
Profit before finance cost and taxation				4,323,341				3,689,179
Finance cost				4,774				2,956
Profit before taxation				4,318,567				3,686,223
Taxation - net				1,502,255				1,157,374
Profit after taxation				2,816,312				2,528,849
Other Information								
Segment assets employed	5,332,042	402,983	1,138,869	6,873,894	5,255,722	428,253	1,046,695	6,730,670
Unallocated corporate assets				6,891,701				4,437,334
Total assets				13,765,595				11,168,004
Segment liabilities	1,698,031	178,628	187,891	2,064,550	1,347,321	208,399	179,556	1,735,276
Unallocated corporate liabilities				829,445				685,463
Total liabilities				2,893,995				2,420,739
Capital expenditure during the year	436,599	20,041	204,803	661,443	630,507	7,667	334,346	972,520
Unallocated corporate capital expenditure				-				-
Total capital expenditure				661,443				972,520
Depreciation / amortisation	291,472	7,844	136,006	435,322	258,079	9,401	130,617	398,097
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				435,322				398,097

2014 2013
(Rupees '000)

34.1 Geographical information

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

Pakistan	18,829,229	16,434,328
Afghanistan	703,560	583,150
Srilanka	49,409	74,932
Netherland	11,426	91,887
Bangladesh	6,019	14,966
Switzerland	92,711	17,995
	<u>19,692,354</u>	<u>17,217,258</u>

34.2 Segment assets consist primarily of property, plant and equipment, trade debts and stock-in-trade. Segment liabilities comprise of trade creditors and an apportionment of accrued expenses. Assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

35. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk). The Company's 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.

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

	2014	2013
	(Rupees '000)	
Loans and advances	82,249	62,553
Deposits	66,140	47,847
Trade debts	482,771	546,093
Accrued profit	17,351	5,922
Other receivables	151,172	59,364
Balances with banks	6,223,274	3,885,814
	<u>7,022,957</u>	<u>4,607,593</u>

The Company is not significantly exposed to concentrations of credit risk in respect of trade debts because the Company's sales are primarily against advance payment / collection on delivery (COD) terms. As at December 31, 2014, trade debts of Rs. 107.135 million (2013: Rs. 143.732 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:

	2014	2013
	(Rupees '000)	
61-90 days	26,495	43,233
91-180 days	29,565	48,584
181-360 days	16,631	16,467
Over 360 days	34,444	35,448
	<u>107,135</u>	<u>143,732</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	Ratings				2014	2013
	Rating Agency	Short-term	Long-term	Date of Rating		
Deutsche Bank AG	S & P	A-1	A	July 2013	1,812,253	1,006,295
MCB Bank Limited	PACRA	A1+	AAA	Feb 2013	170	151
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Jun 2013	1,395,174	869,069
The Bank of Tokyo-Mitsubishi UFJ Limited	S & P	A-1	A+	Mar 2013	1,000,076	1,000,085
Citibank N.A.	Moody's	P-1	A2	Mar 2014	63	50
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2013	1,986	2,546
Faysal Bank Limited	PACRA	A1+	AA	Jun 2013	84	79
Barclays Bank PLC	S & P	A-1	A+	Jun 2013	2,013,468	1,007,539

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. 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, 2014, the Company's financial liabilities of Rs. 1,832.650 million (2013: Rs. 1,486.460 million) are all current and due in next financial year.

35.3 Market risk

Market risk is the risk that the value of financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. 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. 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:

	2014		2013	
	Rupees	US Dollars	Rupees	US Dollars
			(‘000)	
Cash and cash equivalents	219,117	2,174	178,519	1,689
Due from related parties	137,242	1,361	46,068	436
Bills payable	(427,612)	(4,242)	(461,799)	(4,368)
Payable to related parties	(48,397)	(480)	(38,959)	(369)
	(119,650)	(1,187)	(276,171)	(2,612)

The following significant exchange rates were applied during the year

	Balance sheet date rate		Average rate	
	2014	2013	2014	2013
			(Rupees)	
US Dollars	100.80	105.72	101.36	101.62

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. 7.803 million (2013: Rs. 18.946 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.

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.

	2014	2013
	(Rupees '000)	
Fixed rate instruments		
Financial assets	<u>6,220,227</u>	<u>3,883,133</u>

The Company has not designated any financial assets or liabilities as “at fair value through profit or loss”. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

35.4 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36. CAPITAL RISK MANAGEMENT

The Company’s objective when managing capital is to safeguard the Company’s ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid 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 24, 2015, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2014 of Rs. 4.8 per share (2013: cash dividend of Rs. 4.0 per share). This is in addition to interim cash dividend of Rs. 3.0 per share (2013: Rs. 3.0 per share). The total dividend declared for the year and dividend per share have been summarised below:

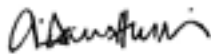
	2014	2013
	(Rupees '000)	
Cash dividend	<u>763,622</u>	<u>685,302</u>
	(Rupees)	
Cash dividend per share	<u>7.80</u>	<u>7.00</u>

The financial statements for the year ended December 31, 2014 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, 2015.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2014

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 24, 2015 by the Board of Directors of the Company.



Chief Executive



Director

PATTERN OF SHAREHOLDING

As At December 31, 2014

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares
1	100	860	34,796
101	500	634	175,803
501	1,000	269	210,941
1,001	5,000	502	1,063,724
5,001	10,000	75	525,386
10,001	15,000	17	212,101
15,001	20,000	5	84,803
20,001	25,000	7	157,580
25,001	30,000	2	58,646
30,001	35,000	6	193,049
35,001	40,000	4	149,274
40,001	45,000	3	134,276
45,001	50,000	1	45,619
50,001	55,000	1	51,200
60,001	65,000	4	246,300
100,001	105,000	1	101,746
130,001	135,000	1	133,500
155,001	160,000	1	157,003
195,001	200,000	1	195,200
215,001	220,000	1	216,000
225,001	230,000	1	227,390
335,001	340,000	1	336,834
345,001	350,000	1	347,100
365,001	370,000	1	369,889
395,001	400,000	2	795,400
410,001	415,000	1	410,000
425,001	430,000	1	428,600
435,001	440,000	1	438,689
440,001	445,000	2	882,577
490,001	495,000	1	490,926
635,001	640,000	1	639,800
745,001	750,000	1	746,093
830,001	835,000	2	1,665,624
1,085,001	1,090,000	2	2,176,914
1,130,001	1,135,000	1	1,131,977
1,135,001	1,140,000	1	1,135,918
2,615,001	2,620,000	1	2,617,135
2,650,001	2,655,000	1	2,653,038
76,255,001	76,260,000	1	76,259,451
TOTAL		2,418	97,900,302

CATEGORIES OF SHAREHOLDERS

As At December 31, 2014

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	19	4,036,861	4.12
3	Directors and their spouse(s) and minor children	7	38,241	0.04
4	Executives	27	19,964	0.02
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	15	419,661	0.43
7	Others	62	5,982,628	6.11
8	Individuals	2,284	9,383,257	9.58
Total :		2,418	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	04010-22132	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	4,000
2	04010-22140	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	4,000
3	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	216,000
4	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	397,700
5	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	31,000
6	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,825
7	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	51,200
8	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	428,600
9	09480-21	CDC - TRUSTEE NAFA STOCK FUND	31,800
10	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	44,600
11	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	22,500
12	12625-27	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	17,400
13	13607-28	CDC - TRUSTEE PICIC STOCK FUND	62,250
14	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	39,500
15	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	2,100
16	14761-29	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	2,000
17	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,653,038
18	14969-25	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	24,300
19	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
Total :			4,036,861

CATEGORIES OF SHAREHOLDERS

As At December 31, 2014

List of Directors and their spouse(s) and minor children

S.No	Folio	Name	Holding
1	03277-144	MR. KAMRAN Y. MIRZA	36,098
2	4700	MR. ARSHAD SAEED HUSAIN	1
3	4487	MR. MUNIR A. SHAIKH	1
4	4720	MR. EHSAN ALI MALIK	500
5	12484-1115	MR. ATIF ASLAM BAJWA	500
6	06122-5280	MR. SHAMIM AHMAD KHAN	1,140
7	4607	SYED ANIS AHMED	1
Total :			38,241

List of Executives

S.No	Folio	Name	Holding
1	2135	SHABBIR S. NAJMEE	1,269
2	2238	NASEEM AKHTAR	3,840
3	2243	AMJAD ALI	1,269
4	2257	MOHAMMAD SHAMSUDDIN	1,610
5	2270	RIAZ UL HASAN	112
6	3299	MOHAMMAD SAEED	2,018
7	3924	HUSSAIN ADAM	23
8	4022	AFTAB AHMED SOOMRO	866
9	4072	MUHAMMAD YOUSUF	548
10	4463	YASMIN HAIDER	273
11	4465	SHAHEEN PERVEEN	295
12	4478	AZHAR KHAN	518
13	4509	MUHAMMAD SAEED	2,932
14	4511	SHAHEEN PARVEEN	96
15	4526	SAIRA SAEED	200
16	4527	SHENAZ SHEZAD	414
17	4528	AFSHAN MUSHEER	200
18	4535	M. NAJEEB UDDIN QURESHI	300
19	4538	MOHAMMAD HAMEED ULLAH	200
20	4566	MOHAMMAD JILANI	100
21	4595	SHAHNAZ SHAHZAD	96
22	4616	MOHIUDDIN ANSARI	200
23	4617	ALTAF HUSSAIN	500
24	4620	MUHAMMAD SHARIF	300
25	4676	SHAHEEN SHOUKAT	793
26	4677	MUHAMMAD YOUSUF	792
27	4708	MUHAMMAD QASIM BHATTI	200
Total :			19,964

Public Sector Companies and Corporations

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

CATEGORIES OF SHAREHOLDERS

As At December 31, 2014

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	3137	UNITED INSURANCE CO OF PAK LTD	2
2	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
3	03277-10526	HABIB INSURANCE CO. LIMITED	61,700
4	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	1,500
5	03277-7520	FIRST HABIB MODARABA	1,000
6	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	227,390
7	03889-28	NATIONAL BANK OF PAKISTAN	1,397
8	07450-4077	CRESCENT STANDARD MODARABA	1,050
9	11320-25	B.R.R. GUARDIAN MODARABA	44,676
10	11353-22	NATIONAL INVESTMENT TRUST LIMITED	38,600
11	13748-592	TRUSTEE MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	2,900
12	13748-691	AKHUWAT	2,500
13	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	28,646
14	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	4,600
15	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	2,700
Total :			419,661

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 66th Annual General Meeting of the Company will be held on Friday April 24th, 2015, at 10:30 a.m. in the ICAP Hall, 1st Floor, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors and Auditors' Reports thereon for the year ended December 31, 2014.
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 24, 2015

Notes:

- 1 The Share Transfer books of the Company will remain closed from Thursday, April 16, 2015 to Thursday, April 23, 2015 (both days inclusive). Transfer received in order by our Shares Registrar, FAMCO Associates (Pvt) Limited, 8-F Next to Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi at the close of business on Wednesday, April 15, 2015 will be considered in time for entitlement of cash dividend.
- 2 A member of the Company entitled to attend the vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting. A proxy need, not be a member of the Company. The proxy shall produce his/her original CNIC or Passport to prove his/her identity.
- 3 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 the meeting, shall be furnished with the proxy form to the Company.
- 4 The Beneficial owner of the shares of the Company in the Central Depository System of the 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.
- 5 In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

NOTICE OF ANNUAL GENERAL MEETING

- 6 Shareholders are requested to notify the Company of any change in their addresses, if any immediately.
- 7 Members who have not yet submitted photocopy of their computerized national identity cards to the Company are requested to send the same at the earliest.
- 8 Form of proxy is attached in the Annual Report.
9. 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.

CALENDAR OF FINANCIAL EVENTS

Tentative dates for announcement of financial results for the Financial Year 2015:

1 st quarter ending March 31, 2015	3 rd week of April, 2015
2 nd quarter ending June 30, 2015	3 rd week of August, 2015
3 rd quarter ending September 30, 2015	3 rd week of October, 2015
Year ending December 31, 2015	2 nd week of February, 2016

Actual dates for announcement of financial results for the Financial Year 2014:

1 st quarter ended March 31, 2014	April 16, 2014
2 nd quarter ended June 30, 2014	August 21, 2014
3 rd quarter ended September 30, 2014	October 23, 2014
Year ended December 31, 2014	February 24, 2015

GLOSSARY

Annual General Meeting (AGM)

Annual General Meeting of shareholders of the Company

ATIR

Appellate Tribunal Inland Revenue

CEO

Chief Executive Officer

CFO

Chief Financial Officer

Company

Abbott Laboratories (Pakistan) Limited

Companies Ordinance

Companies Ordinance, 1984

CSR

Corporate Social Responsibility

Earnings per share (EPS)

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

FBR

Federal Board of Revenue

GOP

Government of Pakistan

HS&E

Health, Safety and Environment

FTR

Final Tax Regime

IASB

International Accounting Standards Board

IFRS

International Financial Reporting Standards

ITO

Income Tax Ordinance, 2001

CIR(A)

Commissioner Inland Revenue (Appeals)

KIBOR

Karachi Inter Bank Offer Rate

KPI

Key Performance Indicator

SECP

Securities and Exchange Commission of Pakistan

WPPF

Workers' Profit Participation Fund

WWF

Workers' Welfare Fund

EOBI

Employees' Old Age Benefits Institution

SRO

Statutory Regulatory Order

OICCI

Overseas Investors Chamber of Commerce and Industry

IFAC

International Federation of Accountants



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 66th Annual General Meeting of the Company to be held on Friday, April 24th, 2015 at 10:30 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2015

1. Witness:
Signature:

Name: _____
CNIC No. _____
Address _____

Affix Revenue
stamps of Rs. 5/-

2. Witness:
Signature:

Name: _____
CNIC No. _____
Address _____

Signature of Member

Shareholder's Folio No. _____
CDC A/c No. _____
CNIC No. _____

Note:

- Proxies in order to be effective, must be received by the Company Secretary, Abbott Laboratories (Pakistan) Limited P.O. Box 7229, Landhi, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished along with the proxy form to the Company.
- The Beneficial Owner of share of the Company in the Central Depository System of the Central Depository Company (CDC) of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be submitted with the proxy from to the Company and the same shall be produced in original at the meeting to authenticate the identity.





AFFIX
CORRECT
POSTAGE

ABBOTT LABORATORIES (PAKISTAN) LIMITED
P.O. Box 7229, landhi
KARACHI-74400

CONTACT DETAILS

Registered Office

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

City Office

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

Distribution Offices

Multan

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

Lahore

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

Islamabad

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

Website

www.abbott.com.pk

