



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

WINNING TOGETHER

At Abbott, we are all about teamwork, with a method to it. From getting started with the aim of adding value, to collaboration which is at the heart of it all. We measure risk-taking, to re-adjust and keep on track. Finally taking ownership where we not only analyze the outcome, but also set new goals. Thus we start the process all over again, keeping a check on our key behaviors. But in the end we all know that we can only win being together.

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.

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.



MESSAGE FROM SYED ANIS AHMED, OUR NEW MANAGING DIRECTOR AND CHIEF EXECUTIVE*



I am extremely humbled and grateful to Almighty for the opportunity bestowed upon me to lead this great company. I am thankful to Board members, our regional & local management and most importantly all the employees for their trust, support and confidence they have shown and given me in all these years and I look forward to work with all of you as a *Team* to make this company a *great place to work* while achieving new levels of success.

We launched a new brand last year that captures Abbott's mission, its philosophy, its spirit and the way it does business – “Life. To the Fullest.” This expresses our company's deep respect for people and our world, and our commitment to help them both thrive through better health.

Abbott Pakistan's existence in Pakistan is almost as old as Pakistan. It started its operations in 1948 and today we are the 2nd leading pharmaceutical company of the Country, operating two state-of-art manufacturing facilities in Karachi. We have the most diverse

products portfolio mix with leading brands in almost all therapeutical areas with presence in businesses: Established Pharmaceuticals, Nutrition, Diagnostics and Diabetes care.

This offers us the widest range of opportunities to address the most relevant needs and capture and build on emerging trends – technological or demographic, social or economic. We continually shape our business to ensure that it remains ready and able to provide what our customers' needs are.

We are not without challenges but with products' innovation, operational excellence, commercial execution and winning behaviors, we will touch new horizons in terms of quality products, future growth and profitability of the business. So, this translates into higher value to shareholders, better serving to patients and positive contribution in health care sector of the Country.

Syed Anis Ahmed, MD & CEO Abbott Pakistan

* Mr Arshad Saeed Husain, ex-Chief Executive Officer of the company resigned and ceased to hold the position effective January 1, 2016. Subsequently, the Board of Directors appointed Syed Anis Ahmed as 'Interim Chief Executive'. Thereafter in the month of March 2016, the Board of Directors has finalized the appointment of Syed Anis Ahmed as 'Managing Director & Chief Executive Officer' of Abbott Laboratories (Pakistan) Limited.

THIS IS ABBOTT

*Our solutions—across the spectrum of care
and for all stages of life—help people live
their best lives through better health.*

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.

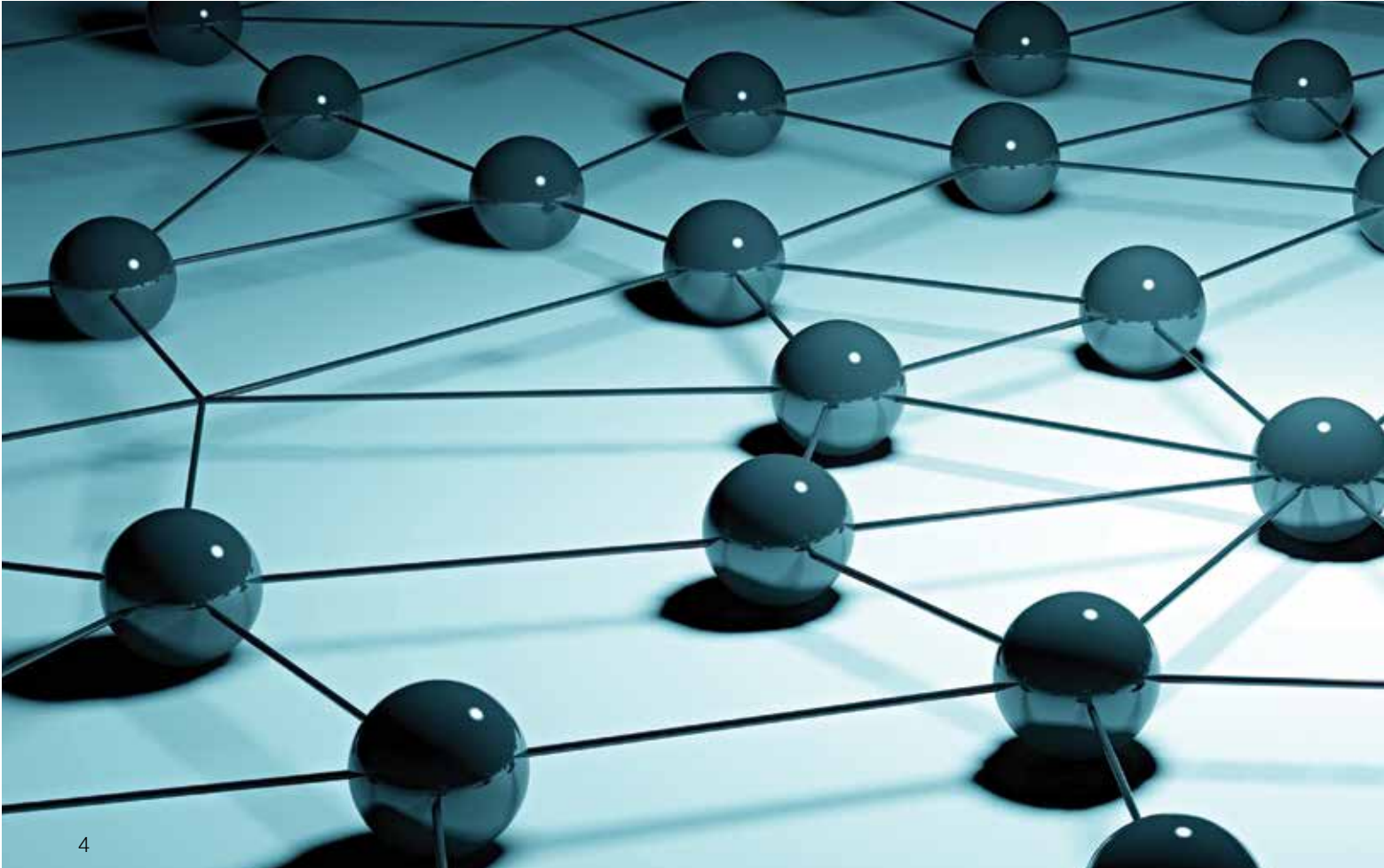
The values are a blueprint for employee behavior. They are the underpinnings of our Brand Promise, defining how we serve our constituents. These values are

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

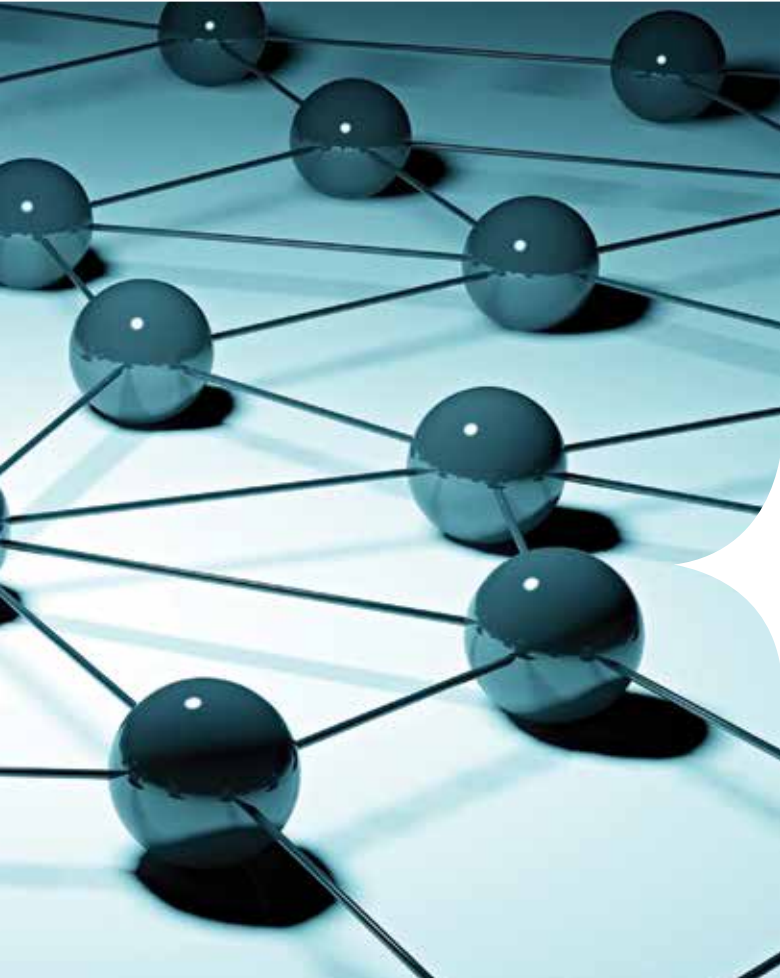
Caring is central to the work that we do to help people live healthier lives. We have tremendous respect for the lives of everyone touched by our company. Our

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.



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.



LIFE.



to the fullest.

People across the world share a simple goal. They want to live their fullest lives, achieve their highest potential and become their best possible selves. At Abbott, we help them do that, with innovative, high-quality products and services that help people live not just longer, but better.

WINNING together



*Transforming
now to fuel our
future*

OUR KEY BEHAVIORS

- Adding Value
- Collaboration
- Measured Risk-Taking
- Ownership

STRATEGIC OBJECTIVES

- Leadership in branded generic pharmaceutical market
- Sustain and grow developed markets
- Strong therapeutic franchises
- Quality products delivered through reliable supply chain

STRATEGIC ENABLERS

HIGH PERFORMANCE ORGANIZATION

Winning
Portfolios

Brand
Equity

Commercial
Execution

Cost
Leadership

Winning Together
Behaviors & Culture

BALANCED and broad-based portfolio



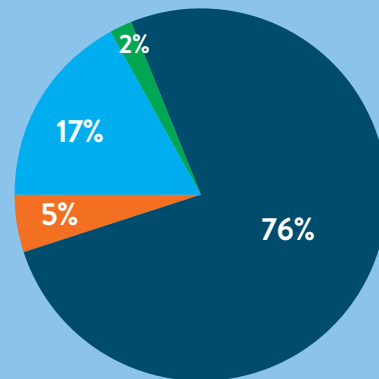
180+
products

Our broad portfolio lets Abbott better address the needs of every segment we serve



The breadth and balance of our product portfolio lets Abbott help more people, in more places, and gives us increased stability in an ever-changing scenario.

DIVERSE PORTFOLIO MIX



- Established Pharmaceuticals*
- Nutrition
- Diagnostics
- Diabetescare

* includes General Health Care

PRESENCE IN ALL THERAPEUTIC AREAS

- Gastroenterology
- Pediatrics
- Women's & Men's Health
- Cardio Vascular and Metabolic
- Pain
- Central Nervous System
- Respiratory
- Hospital Care

ALIGNED

with a changing
environment

At every stage of life

*Our products are there
to help from infancy
through adulthood*

Infants

Infants Formula
Diagnostics
Pharmaceuticals

Children

Pediatric Nutrition
Diagnostics
Diabetes Care
Pharmaceuticals

Adults

Adult Nutrition
Diagnostics
Diabetes Care
Pharmaceuticals

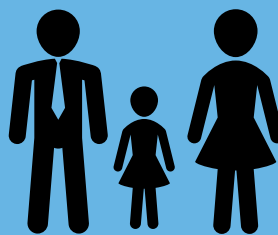
As our economy expands, Abbott is well positioned to grow with the country's demand for healthcare.

INCREASED INVESTMENT IN HEALTHCARE



Abbott invested more than Rs 1 billion in 2015 for enhancement of productivity and efficiency of plant operations to meet future healthcare needs of the country at international standards.

DIVERSIFIED SEGMENT OF POPULATION



From new born to aging adults, Abbott encircles life and is committed to nurturing its customers through a comprehensive line of products that cater to the diverse healthcare needs of every segment of people in Pakistan.

LEADING across our businesses



Leaders set the agenda. With leading positions in our businesses, Abbott is well positioned to drive change and improve healthcare.



No.1
Pharma brands in many therapeutic areas

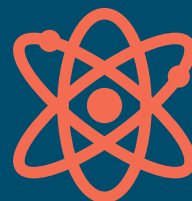
Nutrition company in Pakistan

Immunoassay diagnostics and blood screening



LEADING commercial presence

- #2 pharmaceutical company in Pakistan.
- More than 180 branded products.
- Two state-of-art manufacturing facilities in Karachi.



LEADING innovation

Abbott research has resulted in next-generation products that have redefined the standard of care in several treatment areas.



LEADING brands

With a global profile that is more visible than ever, Abbott is building on a foundation of trust that we've built over our more than 125 years in business.

ESTABLISHED PHARMACEUTICALS

EXPANDING OUR
IMPACT IN FAST-
GROWING MARKET

With the help of Abbott's Anti-epileptic drug (AED), Hania is able to have an epilepsy free normal life. She is progressing at school and enjoying her playtime without fear of another episode.



Hania Hoor, 7 years old is a student of Kindergarten. At the age of 3, she had 3 episodes of generalized body stiffness and head deviation followed by brief loss of consciousness and was taken to a neurologist.

The EEG revealed an abnormality suggesting generalized and multifocal epilepsy.

Hania has since then been put on Abbott’s Anti-epileptic drug (AED) by her neurologist and has been using it since the last 4 years. Since then

she is physically and mentally very active. She has a good memory and is completely free from seizures.

Hania is now attending Kindergarten and she has received A grade showing excellent progress in her school.

Abbott helps patients live their best possible lives.



Teacher’s comments: “She is a well-mannered child. She pays good attention and has clear concepts. She works well in group activities.”



ESTABLISHED PHARMACEUTICALS

RESHAPED FOR ACCELERATED GROWTH



We're helping more people in Pakistan by bringing them high quality, branded generic pharmaceuticals that have been successfully treating patients for years.

We're tailoring our product offerings to the specific needs of the country, offering new formulations, delivery methods and packaging. Abbott has leadership positions in many therapeutic areas and is well aligned with the fundamentals driving long-term growth for healthcare.

TRUSTED BRANDS

People around the world rely on the quality of medications with Abbott's name on the label

2015 BUSINESS HIGHLIGHTS

- 8 new product launches
- Successful launch of portfolio selling strategy
- Introduction of Tablet devices for better interactive communication with health care professionals
- Formulation of the trade team to better cater the needs of pharmacies and consumer products

 **> 150**
PRODUCTS IN OUR PORTFOLIO



LARGE PORTFOLIO

Abbott's extensive portfolio of products lets us more easily tailor our product offering to the needs of specific therapeutic areas

GLOBAL STRENGTH

Abbott has a pharmaceutical commercial presence in approximately 90 countries

8

NEW PRODUCT LAUNCHES IN 2015

ARINAC ACHIEVED

RS. 1 BILLION
SALES IN 2015



LEADING BRANDS

- » **KLARICID**
Pakistan's #1 macrolide antibiotic
- » **BRUFEN**
Pakistan's #1 ibuprofen brand in volume
- » **SURBEX Z**
Pakistan's #1 multivitamin+mineral tablet
- » **ARINAC**
Pakistan's #1 cough and cold preparation
- » **DUPHASTON**
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

NUTRITION

A SOLID FOUNDATION
FOR A FULL LIFE

Recovery from a traumatic condition of spinal cord was made easy, thanks to Ensure. Now Dr. Raees Ahmed Siddiqui can go about his daily life, feeling energetic and fresh.



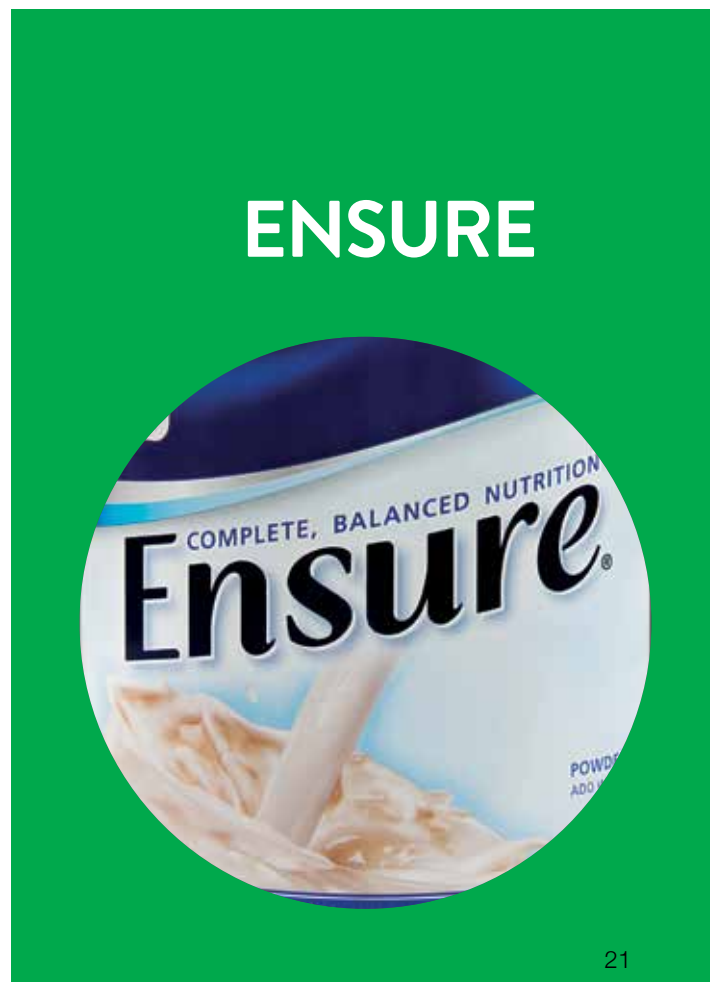
Dr. Raees Ahmed Siddiqui in 2012 suffered from a traumatic condition in spinal cord. He was advised complete bed rest and was recommended to take a nutritionally rich diet, however considering limited physical activity his meal intake was limited and insufficient.

In order to cater for this, he started Ensure daily during his recovery period. Dr. Raees is now 60 years old

and has found excellent results from Ensure in his overall recovery and feels healthy and energetic.

He is currently working as a family physician, operating his own private practice.

Raees feels that Ensure is his partner for life!



NUTRITION

UNIQUELY BALANCED FOR GROWTH



At Abbott, we develop science-based nutrition products to help make every stage of life a healthy one.

We offer trusted brands like *Similac* infant formula and the complete nutrition of *PediaSure*, for children, and *Ensure*, for adults. We support the unique nutrition needs of people with chronic conditions with products like *Glucerna*, for people with diabetes.

TARGETED STRATEGIES

Focus on retail sales that will be key to our continued success

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2015 BUSINESS HIGHLIGHTS

- Gross Profit increased by 27% from last year
- Sales grew by 20% over last year
- Continued to build our Infant Nutrition business with the launch of Similac Neosure and Similac Total Comfort 3
- Increased our market share from 29.4% to 31.1% (IMS-Q4 2015)

#1 NUTRITION COMPANY IN PAKISTAN



HEALTHY LIVING

Adult Nutrition products, Ensure and Glucerna help in delivering healthy living for people

RESPONSIVE TO CONSUMER PREFERENCE

In 2015, Abbott launched Similac Neosure and Similac Total Comfort 3 to meet diversified nutritional needs of consumers

2

NEW PRODUCT LAUNCHES IN 2015

PEDIASURE ACHIEVED

RS. **1** BILLION SALES IN 2015

> 90%

Abbott represents more than ninety percent of all sales in the Adult Nutrition segment and is focused on expanding the overall market



DIAGNOSTICS

TIMELY INFORMATION
TO IMPROVE THE
QUALITY OF CARE

Dr. Imran N. Ahmed, Chief of Pathology & Director Laboratories, Shifa International Hospital, Islamabad finds Abbott instrumentation more robust and reliable.



Shifa International Hospital is a private hospital based in Islamabad. The laboratory of the hospital offers a wide variety of tests and caters for all in-patients and out-patients.

“I have been working as the Chief of Pathology & Director Laboratories of Shifa International Hospitals Limited since 2014. I find the Abbott instrumentation more robust & reliable and the entire Abbott diagnostics’ team very helpful and supportive.

Abbott has been a key partner of Shifa International and its laboratory for over last 15 years. In 2010, Abbott ARCHITECT ci8200 (seamless integrated system) was installed along with a mirror image back up unit. This helped us in addressing growing volume needs improving quality and turnaround time at Shifa International Hospital laboratory, benefiting patients ultimately”.



DIAGNOSTICS

IMPROVING OUTCOMES WORLDWIDE



Abbott is a leader in core laboratory *in vitro* diagnostics, offering a broad portfolio spanning immunoassay, clinical chemistry, hematology, blood screening, molecular and informatics. Our diagnostics solutions are designed to improve decision-making and patient care across the entire healthcare system. Abbott develops and commercializes *in vitro* diagnostics instruments, tests and related automation and informatics solutions for use in hospitals, reference labs, physician offices, emergency departments and clinics.

CORE LABORATORY

Abbott's focus on combining speed, accuracy and efficiency helps maintain our position as the leader in immunoassay and blood screening

.....
2015 BUSINESS HIGHLIGHTS

- Sales growth by 14% over last year.
- Launch of state-of-art Cardiac Marker, the ARCHITECT High Sensitive Troponin I
- Global acquisition of Omnilab, expanding our lab informatics capabilities in global as well as local market.



INTEGRATED SOLUTION

Our broad range of innovative instruments and tests meets the needs of blood banks and laboratories of all specialties and sizes

MOLECULAR

Abbott's m2000 RealTime System provides automation, a broad assay menu, and other solutions to make laboratories more efficient



These new Abbott Systems will improve care while creating greater efficiencies in the healthcare system

LEADING BRANDS ACROSS OUR DIAGNOSTICS BUSINESS

- » ARCHITECT
Immunoassay and clinical chemistry systems and tests
- » ACCELERATOR A3600
Advanced lab-automation system
- » CELL-DYN
Hematology analyzers and reagents
- » M2000
Molecular system and tests for infectious diseases
- » I-STAT
Point-of-Care testing system and tests

DIABETES CARE

INNOVATION
IN ACTION

Realizing that diabetes is not a disease but just a condition was helpful for M. Khurram Idrees. With the help of FreeStyle Optium blood glucose monitoring system, his life is back to normal with peace of mind.



M. Khurram Idrees, a young banker who is a fond reader, likes to spend time in reading new and interesting articles.

Through his reading and research, he noticed that excessive thirst is one of the many symptoms of Diabetes. This made him conscious as he was experiencing the symptom on a regular basis. Having realized this matter he decided to go for a medical checkup.

On the basis of tests conducted, he was diagnosed with Type 2 Diabetes Mellitus in December 2012.

Along with the medications, he has been managing his diabetes well with balanced diet, regular exercise and more importantly through continuous blood glucose testing with FreeStyle Optium blood glucose monitoring system.



FREESTYLE OPTIUM



DIABETES CARE

LEADING-EDGE TECHNOLOGIES THAT IMPROVE LIVES



Good health management is one of the most important goals for people living with diabetes. So, in addition to product development, Abbott seeks to help patients and their caregivers understand how they can make the most beneficial choices in consultation with their healthcare team.

Abbott's focus on diabetes is part of the global healthcare company's aim to improve life through products and technologies that span the breadth of healthcare.

BUILDING TRUST

People across the world count on the FreeStyle glucose monitoring system to help them manage their diabetes

“ AN ESTIMATED
7 MILLION
PEOPLE IN PAKISTAN
HAVE DIABETES.
AN ADDITIONAL
7 MILLION
ARE ON THE VERGE OF
DEVELOPING
DIABETES. ”



STATE-OF-ART SOFTWARE

Healthcare professionals depend on Abbott to provide them with state-of-art tools to help them care for their patients with diabetes

CONSISTENT AND ACCURATE

Consistent and accurate glucose monitoring is the foundation of any diabetes management plan so we're committed to continuous improvement in the way patients and professionals measure, track and analyze glucose levels



OUR SOLUTION

The FreeStyle Optium system offers intuitive setup and simple icon-driven menus that help simplify blood glucose monitoring. The system tests blood glucose using the FreeStyle Optium blood glucose test strips.

EASY, EVERYDAY TESTING

- Simple 2-Step Testing**
Insert strip, add adequate blood sample, and test begins
- Smart Icon-Driven Menu**
Intuitive setup and easy navigation
- Easy-to-Use Buttons**
Easy to review results—with ability to scroll back and forth

HIGHLIGHTS OF THE YEAR



During this year we produced:

2,081 million Tablets

119.13 million bottles of Liquid Products

10.54 million Tubes

7.69 million fills of Injectables

5.38 million bottles of General Health Care Product

229.74 million units

GEOGRAPHICAL PRESENCE

Asia Pacific

Australia
China
Hong Kong
India
Indonesia
Japan
Malaysia
New Zealand

Pakistan

Philippine
Singapore
South Korea
Taiwan
Thailand
Turkey
Vietnam

Europe

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

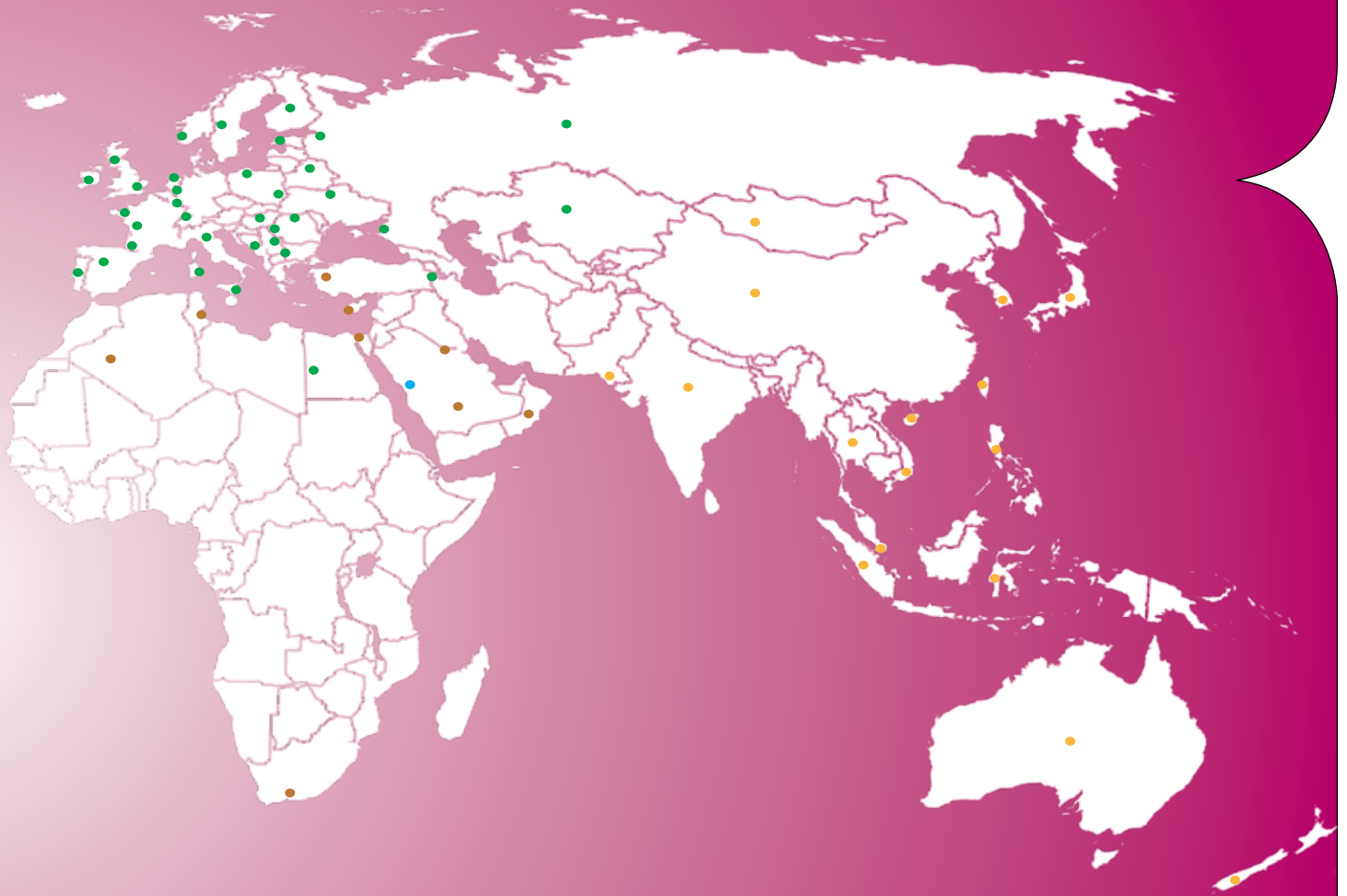
Latin America and Canada

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

Middle East and Africa

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





United States
Illonis - Abbott Park - Head Office



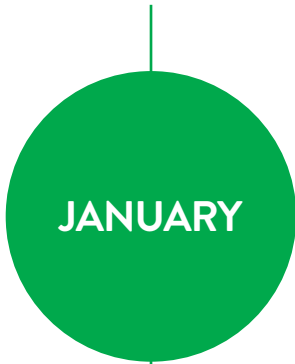
PRODUCT LAUNCHES 2015



360g



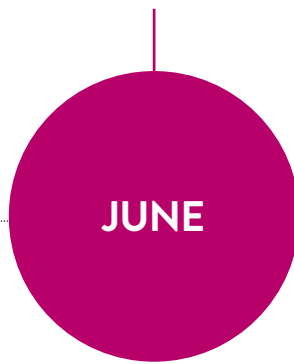
25mcg
50mcg
75mcg
100mcg
125mcg



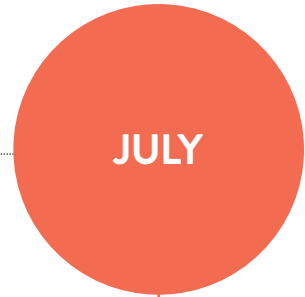
JANUARY



MARCH



JUNE



JULY



Orange Fragrance
Lavender Fragrance



1/5mg
1/10mg



200ml





370g

80mg+480mg
15mg/90mg-60ml
15mg/90mg-30ml



1mg
2mg
3mg
4mg



AUGUST



SEPTEMBER



OCTOBER



DECEMBER



5mg
10mg
20mg

0.5ml



OUR PORTFOLIO SOLUTIONS

Gastroenterology



Pain



Women's & Men's Health



Pediatrics



Cardio Vascular and Metabolic



OUR PORTFOLIO SOLUTIONS

Hospital Care



Respiratory



Central Nervous System





Dekhao Cricket ka josh Urre kay Macharon kay hosh!



Machhar aap se durr rehnay per majboor!



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.

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.

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

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

During 2015 as part of OEC initiatives, a new online training system **“LERN (Legal & Ethics Resource Network)”** has been launched in Abbott Pakistan. The LERN Training Program is an online program designed to educate Abbott employees on a broad range of ethics and compliance topics. LERN courses are designed to provide employees with the practical knowledge needed to recognize legal and ethical issues that may be encountered on the job, to make sound decisions, and to know when to seek assistance from the OEC and other resources.

LERN courses are assigned to employees using LERN system annually which include courses on Code of Business Conduct, Code re-certification, Overview of Abbott’s Ethics and Compliance Program, Anti-Corruption, Ethical Awareness and Decision Making and Ethically Speaking. Its assignment, notification and progress are managed and tracked at employee level through system reports which is part of top leadership review on periodic basis.



HUMAN RESOURCE DEVELOPMENT

At Abbott, we believe that when we are healthiest, we have the potential to live not just longer, but better. We believe that humans are capable of doing amazing things, and that healthy people create more productive communities that can overcome many kinds of barriers. This belief – that health is the key to unlocking our potential – drives our work every day. As we expanded to meet changing health needs through new offerings, we also expanded and invested to meet these needs where they are – in Pakistan and around the world.

To do that well requires people on the ground to understand the culture, and bring together the right partners and expertise to develop the most relevant

solutions. Doing this well also requires that our human resources share the same vision and are committed to deliver results that not only adds value to our shareholders, but to themselves as well and to the society and communities that we serve. We take pride in our rich heritage and highly committed human resources who strive their best to achieve results with highest degrees of commitment.

CREATING IMPACTS

Our employees understand the impact their work and our products can have on people. As a result, we strive every day to do the right thing, in the right way.



Our leadership makes sure employees – as stewards of our company – understand and, have access to the policies, training, resources and people they need to be able to conduct themselves with the highest standards and expectations for integrity and ethics.

When we say that we are making an impact, our claim is also backed by our global citizenship initiatives where we are making measurable, positive impacts on improving health for everyone, everywhere.

UNIQUE EMPLOYMENT VALUE PROPOSITIONS

At Abbott, employees have the opportunity to work in successful diverse business environment where

employees can make a positive impact on the health of the communities we serve while pursuing their own professional growth.

At Abbott, employees have the opportunity to realize their own full potential while helping others achieve theirs. It's an employment value proposition that few companies can claim. Being a stable, growing, relevant company, we provide our employees with excellent development opportunities. With our global presence and work in diverse areas of healthcare, Abbott employees have the chance to pursue a variety of career experiences in an environment rich in opportunities for career growth and advancement. Our Human Resource strategies follow a comprehensive approach towards attracting, retaining, developing and growing employees to enable them to achieve their career ambitions while making a positive impact on the society and contributing towards achieving business objectives.

TALENT ATTRACTION

Our innovative and varied workplace programs have earned us recognition as a leading employer globally as well as in Pakistan. By providing equal opportunities across several professions within the business supplemented by excellent opportunities to grow within the company both internally as well as in the global organization, we are able to attract some of the best talents across disciplines and career levels.

Our employee development programs are aligned with our global strategies and talent needs. We provide industry competitive compensation and benefits packages. As an equal opportunity employer, your company maintains a strong focus on diversity and inclusion and being a socially responsible corporate citizen. Together, these make Abbott a company where employees enjoy a healthy yet competitive environment where their skills and competencies are adequately challenged which keeps employee excited, engaged and committed to your company.





TALENT RETENTION

Our thriving culture fosters a stimulating, challenging and fulfilling work environment. Each employee has an opportunity to work to his/her optimum level. Their contributions are well recognized through several 'reward and recognition' programs that add to their motivation and commitment. Employees are provided with opportunities to work in cross-functional and cross-divisional teams which enhances their knowledge base and equip them with better and broader vision of businesses. Our talent management and retention processes help identify people with specific talents and supports employees in their growth goals.

EMPLOYEE GROWTH AND SUCCESSION PLANS

We value innovation, diversity, collaboration, personal development and growth opportunities. At Abbott, we are always looking forward, never content to dwell on our past successes. Employees find themselves continually challenged and engaged, and pushed not only to meet, but also to exceed their personal development goals. We focus on strong teamwork and relationships, and we believe that diverse teams drive innovation and encourage personal growth.

Employees also get ample opportunities to work in global teams on various local rollout as well as international initiatives. This is an exposure only a few multinational companies can offer. With our functions being strategically aligned with business needs, and high degree of focused and aligned learning and exposure, our employees are able to explore internal growth opportunities locally as well as for international roles based on their own readiness and interest and company's needs. Our well-structured individual Talent Management and Succession Plans provide for excellent learning and organic growth to employees within Abbott Pakistan. The international openings additionally provide employees with opportunities to achieve or exceed their aspirations of working in international markets. This way, your company not only caters to employees' own growth and development needs, but also benefits in the process by having a robust talent pipeline in place for future opportunities.

A GREAT PLACE TO WORK

We have been widely regarded as an employer of choice, with numerous local and global awards recognizing our commitment to fostering an extraordinary workplace. With our ongoing employee events that focus on both engagement and employees'

well-being; your HR team took and drove several initiatives that contributed to employee motivation and retention.

Senior Management Interactions

To provide higher degree of accessibility to employees, HR Director and CEO conducted face to face sessions with the entire sales and distribution teams across Pakistan. This followed similar sessions in cycle meetings of the salesforce where other senior members of the management team interacted with employees across Pakistan and responded directly to their queries and concerns. This direct exposure has considerably boosted the morale of the teams.

Several employee events were also organized across Pakistan to provide our cross-country teams to further interact with their senior management in an informal set-up and enjoy some relaxed, quality time outside of workplace setting. Several other similar initiatives are in pipeline that are expected to further strengthen the bond between employees and the company while ensuring that each member of Abbott family remains fully committed and highly motivated.

Workday

‘Workday’, an online HR Management System rolled out globally earlier this year was successfully rolled-out this year in Pakistan as well. The system enables employees to have ready access to their personnel data as well as data of the organization reporting into them as managers. This has brought about significant operational efficiencies enabling managers to give more time to their core functional responsibilities.

Learning and Development Initiatives

This year, your company has given a stronger than ever focus towards employees development. Through structured in-house programs and relevant programs being offered by external vendors, several employees were provided with opportunities to further enhance their skills to deliver even better in their current role, as well as prepare themselves to positions of higher responsibilities.

Through providing stronger support to the businesses, your HR Team is poised to continue making your company ‘A Great Place to Work.’

‘Winning Together Behavior and Culture’

WTBC is another one of Abbott’s global initiative which was also rolled-out in Abbott Pakistan. Through this rollout, employees were exposed to the winning behaviors that contribute directly to their own performance and well-being; while also contributing directly to business. All divisions of Abbott Pakistan are participating in this learning and transformation journey.



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.

MANAGEMENT TRAINEESHIPS AND INTERNSHIP PROGRAMS

As a responsible corporate citizen, your company continued to provide management traineeships and internship experiences to students from various academic institutions. While management trainees provide your company with succession pipeline, interns continue to serve as our ambassadors at these institutions. You will be happy to note that this year, one intern has been selected for Abbott EMEA region’s formal ‘Campus Ambassador Program’ as well.

ENVIRONMENT HEALTH & SAFETY

Abbott has clear, consistent policies and standards requiring that we operate in a manner that promotes employee health, safety and productivity while also protecting the environment which has been the key for continual improvement in the Environment, Health & Safety culture of the organization and the EHS Department itself. This year was no different.

Both manufacturing plants and commercial operations sites adhere to technical requirements, including metrics, auditing and reporting, which serve as a baseline for health and safety performance.

As usual the Company was able to achieve all of its EHS goals well within target dates, even the ones as challenging, yet enthralling, as achieving Zero Waste to Landfill i.e. preventing any waste from being discarded to landfill (*leading best practice of the industry*), and not just stopping there but also discovery green – best environmentally feasible solutions for the wastes to be either re-used or recycled as a beneficial product.

One of such innovative solutions was the installation of Compost Machine, which contributed significantly towards the reduction of waste by 30%! Another key milestone was the development of in-house state of the



art Medical Surveillance Room. Other achievements during the year were engaging almost all of the plant employees in carrying out Fire Prevention training sessions, water conservation by 3%, 2% CO₂ footprint reduction, rise in reporting and rectification of near misses & potential incidents and achieving almost 200,000 lost time accident free work hours at project sites. All in all it was a good year where Abbott Pakistan was able to improve its health and safety standards and initiate some ground breaking ideas for environmental conversation.



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

Zero waste to landfill is defined as the process whereby a site finds ethical, economical, efficient means to manage processes to avoid and eliminate the volume and toxicity of waste and materials, and to conserve and recover all resources. Implementing ZWL eliminates all waste sent to a landfill and diverts it to become a resource for other beneficial use.

Our environmental programs aim to improve the efficiency and sustainability of our business activities and products, reduce greenhouse gas emissions, water use and waste. We integrate sound EHS practices consistent with our management system into all aspects of the business.

Zero Waste is a philosophy that encourages the redesign of resource life cycles so that all products are reused. Abbott Pakistan achieved a 20% reduction in waste generation in 2015 with zero waste going to landfill. This was a total reduction of 100 tons of waste produced at site. This was accomplished through;

- ✓ Segregation at source
- ✓ Identification of "As-Is" reusable opportunities
- ✓ Composting

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.

COMPOSTING

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

In this regard, Abbott Pakistan acquired the composting machine, leading by example in industry. The machine at site is a fully automated in-vessel composting system that converts organic waste to compost in just 24 hours. It has a capacity to produce 400 kg material as compost per day utilizing garden waste and food scrapes from site canteen. This project supports Abbott's zero waste to landfill initiative.

ENERGY CONSERVATION

Increasing concerns about reducing carbon emissions and growing global support for actions on energy and environmental issues has shaped in a corporate environmental commitment. Energy conservation has emerged as a key component of these commitments. Taking energy conservation initiatives gives control over costs and a competitive edge as well as instrumental towards meeting environmental goals.

Heating, ventilation and air-conditioning (HVAC) is one of the major sources of consumption of energy at our facility and offered opportunity to improve energy efficiency. To seize this opportunity, a project is at the verge of completion making our HVAC equipment and process energy efficient through a Direct Digital Control system by installing chilled water control valves, temperature/RH sensors and VFDs.

WATER CONSERVATION

Abbott Pakistan gives special attention to water conservation. This encompasses the activities made to manage fresh water as a sustainable resource, to protect the water environment, and to meet current and future human demand.

The company achieved a 2.2% reduction in water consumption in 2015. This was a total conservation of 2 million US gallons of water used. This was accomplished through:

- Re-use of RO Reject Water for flushing in toilets

- Installation of automatic water faucets
- Installation of flow meters for better monitoring

QUALITY ASSURANCE

SolTRAQs: As a part of Quality Management System improvement, SolTRAQs (Solution Tracking of Regulatory and Quality Systems) has been deployed to handle Validation Change Requests, Exceptions and Laboratory Investigations. This will bring further compliance improvement to regulations and policies, and increased access to relevant data by various functions, along with velocity improvement in quality related processes.

SolTRAQs is used to manage multiple quality system business processes at Abbott. This system gives users the ability to manage their tasks in a more time efficient and organized manner.

Quality month: The company celebrated Quality & Regulatory month during November 2015. This was celebrated at both plants with several activities aimed at re-emphasizing that everyone's action contributes towards promoting culture of high quality at production sites.

A variety of different activities which included poster displays at both sites, distribution of flyers, displaying screen savers with quality messages on personal computers and presentation on quality were carried out to promote a culture of high quality in the Company.





CORPORATE SOCIAL RESPONSIBILITY AT ABBOTT PAKISTAN

TREE PLANTATION DRIVE – TREES PLANTED IN COORDINATION WITH SINDH FORESTRY DEPARTMENT

To promote a culture of plantations, Abbott Pakistan helped plant a total of 400 plants in the community by collaborating with Sindh Forestry department.

For this purpose “Pir Bakhsh Village” close to Korangi plant was the location chosen. A team visited the residential area and handed over the plants to the local residents. Similarly “Swedish College” near Landhi plant was chosen for Neem plantations, bringing to

the student there a greener and cleaner environment together with sense of responsibility for preserving the nature.

BLOOD CENTER PROGRAM - BLOOD DONATION IN COLLABORATION WITH INDUS HOSPITAL

Carrying forward the tradition of CSR activities, this year in January 2015, Abbott Pakistan once again collaborated with Indus Hospital to participate in their Blood Donation Program.



Blood donation centers were arranged at both Landhi and Korangi plants where number of employees volunteered and made this drive successful.

This contribution of Abbott was highly appreciated by the management of Indus Hospital.

EMPLOYEE HEALTH CAMP

As an initiative to help promote employee health and well-being, Abbott Pakistan organized a health camp where free of cost flu vaccination was offered to Abbott employees at site. A total of 1,294 employees benefited from this free of cost health offering. All

employees participated in the activity with great enthusiasm.

TCF'S EXPOSURE TRIP AT ABBOTT LANDHI AND KORANGI PLANT

During November 2015 a group of 115 TCF (Mentees & Mentors) visited both Abbott Plants (Landhi / Korangi). It was a great learning experience for the students, they were motivated and keen on continuing their education so they can become part of organizations like Abbott Laboratories in future.



As of 2015, TCF has established 1,060 purpose-built school units nationwide with an enrolment of 165,000 students.



SUPPORTING OUR COMMUNITIES

“FIT AFTER FIFTY” CAMPAIGN TO HELP PATIENTS CREATE AWARENESS OF A GOOD DIET IN THEIR SENIOR YEARS

To connect with our audiences in a meaningful way, we developed the Ensure Health Drive, which was an experiential campaign on wheels that went to public areas across 4 metropolitan cities of Pakistan to educate people about the prospect of staying “Fit After Fifty”. Our vans traveled to location after location, where they intercepted and invited people to come in for an interactive session on health in senior years, assisted by tools such as the Handgrip meter and a professional assessment conducted by doctors & dieticians.

Over 9,800 people experienced this context specific campaign and were educated about the issue and people were guided on ideal supplements available to stay healthy in senior years.

ABBOTT ORGANIZED “PATIENT SUPPORT PROGRAM” TO HELP PATIENTS IN DIAGNOSIS OF THYROID DISORDERS

Abbott Pakistan not only endeavors to provide quality medicines that are efficacious but also supports the community in diagnosis of patients’ health conditions.



The Company’s medical department collaborated with Abbott diagnostic division and a reputable clinical laboratory to initiate a Patient Support Program. This program was aimed to support health care professionals and patients to test for thyroid disorders. On multiple occasions thyroid disorders go undiagnosed due to prohibitive cost of tests.

Abbott Pakistan through this support program is providing free testing to approximately 5,000 patients across the country. This service will not only support doctors in diagnosis but will also help patients in timely treatment.

ABBOTT ORGANIZED “WELLNESS CAMPAIGN” FOR PATIENTS TO HELP CREATE AWARENESS ABOUT LEVEL OF ZINC IN THEIR BODY AND ITS IMPORTANCE

Abbott Pakistan takes pride in giving back to the community. Therefore, helping people live life healthier is not just a vision but a part of our practical reality. It is for this purpose that Abbott’s women and men health portfolio leads pan-Pakistan patient support programs, providing free of cost zinc taste tests, bone mineral densitometry and hemoglobin testing to the common public.

These are done under the banner of ‘Abbott Wellness Camps’ without advocating the name of any particular brand. Through these camps, patients can get an indication of the level of zinc in their body. They can also get an indication of their bone health or the level of hemoglobin in their body. They are then encouraged to consult their doctor or certified pharmacist for further medical recommendation.



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) complaint clinical trials with the highest ethical standards to demonstrate clinical effectiveness and with robust Pharmacovigilance system to establish the safety of Abbott products with our consumers. This in turn will ensure availability of 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 BEST CORPORATE REPORT AWARD 2014

Abbott Pakistan was awarded 2nd position in the Others category (which includes pharmaceutical companies) of the 2014 Best Corporate Report Awards organized by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

The objective of the award is to encourage and give recognition to companies showing excellence in annual corporate reporting that promotes corporate accountability and transparency through the publication of timely,

qualitative and reader-friendly annual reports. Hence, this achievement of the company is a manifestation of Abbott's unrelenting drive towards excellence in all domains.

ABBOTT WINS "BEST CORPORATE SOCIAL RESPONSIBILITY (CSR) CONTRIBUTORS" AWARD

Abbott Pakistan during 2015 was awarded the Best CSR Contributor in the category of Green Environmental Stewardship, at the event of 5th Corporate Social Responsibility Awards 2016 organized by The Professional Network. This award is an acknowledgment of Abbott's contribution towards promotion of CSR values part of its culture.



Some major CSR activities included procurement and operation of Compost Machine that converts food and garden waste into useful fertilizer, celebrating World Environment Day with school children, educating them on the topic of environmental conversation and providing them with plantation opportunity, blood donation camps organized at Landhi and Korangi plants and plantation drive conducted in coordination with a college.

ABBOTT WINS MAP CORPORATE EXCELLENCE AWARD

Abbott Pakistan won the 31st Corporate Excellence Award and was awarded first rank by the Management

Association of Pakistan (MAP) in Pharmaceutical and Bio Tech sector for the third consecutive year.

MAP annually organizes ‘Corporate Excellence Awards’ to recognize and honor the best managed companies in Pakistan that follow guidelines and principles of latest management techniques by awarding them Corporate Excellence Award through an extensive, transparent process. The evaluation process and criteria entails Management Practices Appraisal based on questionnaire and Top Management meetings and detailed financial evaluation based on Annual Report.



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

ABBOTT WINS COMMERCIAL EHS PROGRAM OF THE YEAR

Abbott Pakistan has been selected WINNER of 2014 Commercial EHS Program of the Year – Large Affiliate Category, organized by Global EHS of Abbott Group in which the company competed against various international affiliates.

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



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)*
 Shamim Ahmad Khan
 Zehra Naqvi

AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)
 Shamim Ahmad Khan
 Kamran Y. Mirza
 Shahzeb Khan (Chief Internal Auditor - by invitation)
 Syed Anis Ahmed (CFO by invitation)*
 Malik Saadatullah (Secretary)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Munir A. Shaikh (Chairman)
 Arshad Saeed Husain*
 Shamim Ahmad Khan
 Zehra Naqvi
 Asghar Huda

SHARE TRANSFER COMMITTEE

Arshad Saeed Husain (Chairman)*
 Syed Anis Ahmed*
 Kamran Y. Mirza
 Malik Saadatullah (Secretary)

BANKING COMMITTEE

Zehra Naqvi (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
 Habib Bank Limited

REGISTERED OFFICE

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

CITY OFFICE

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

WEBSITE

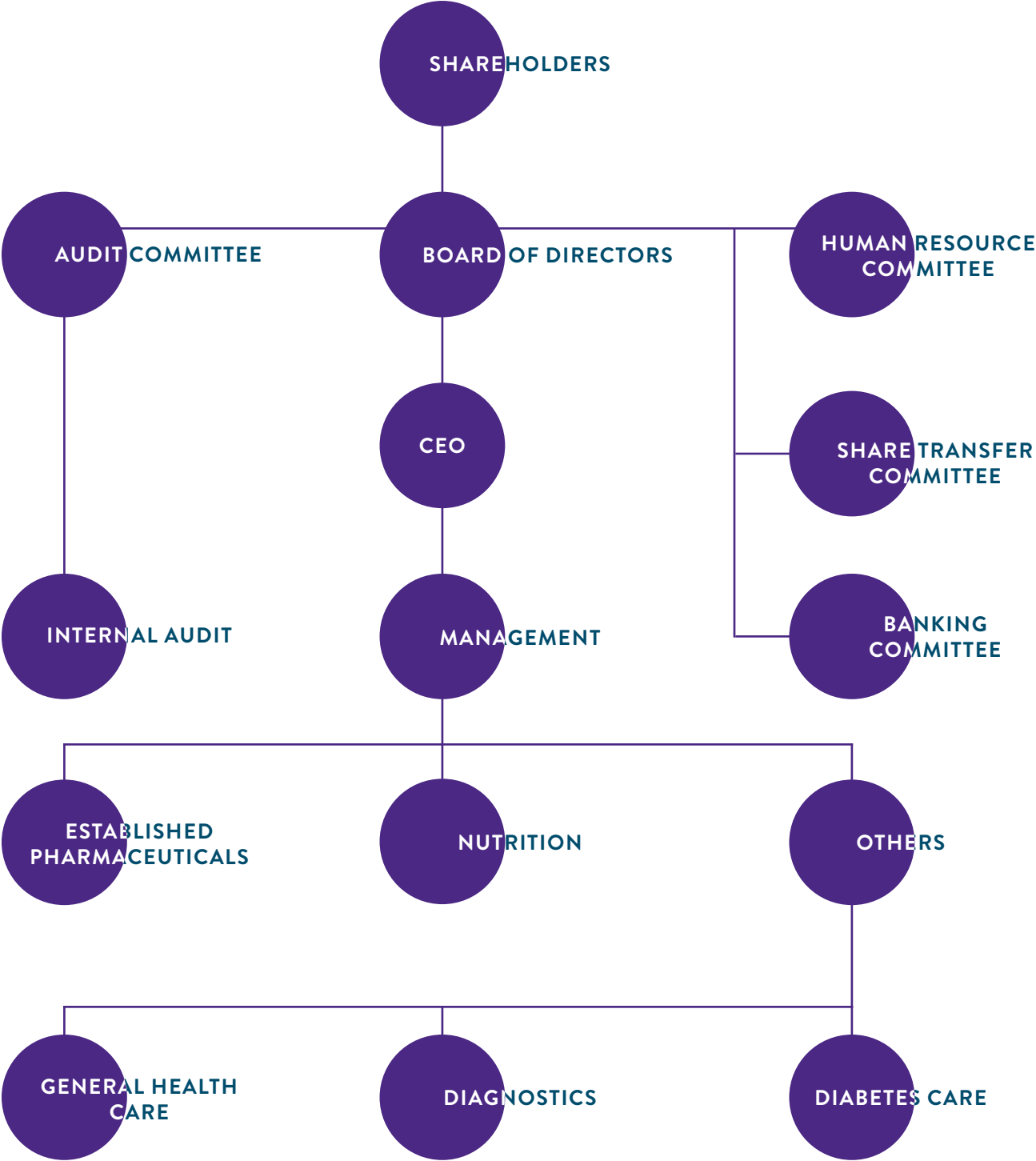
www.abbott.com.pk

SENIOR MANAGEMENT TEAM

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)
 Asghar Huda
(Director Human Resource)
 Seema Khan
(Director Regulatory Affairs)
 Dr. Raeeef Ahmed
(Director Medical Affairs)
 Dr. Suleman Alvi
(Director Business Development)
 Rana A. Latif
(Director Manufacturing)
 Zahid Hussain
(Director Materials Management)

* Mr Arshad Saeed Husain, ex-Chief Executive Officer of the company resigned and ceased to hold the position effective January 1, 2016. Subsequently, the Board of Directors appointed Syed Anis Ahmed as 'Interim Chief Executive'. Thereafter in the month of March 2016, the Board of Directors has finalized the appointment of Syed Anis Ahmed as 'Managing Director & Chief Executive Officer' of Abbott Laboratories (Pakistan) Limited.

CORPORATE STRUCTURE



DIRECTORS' PROFILE

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



MUNIR A. SHAIKH
Chairman



ARSHAD SAEED HUSAIN
Chief Executive Officer

Arshad Saeed Husain served as the Chief Executive Officer of Abbott Laboratories (Pakistan) Limited during 2015. Subsequently he tendered his resignation and ceased to hold the position effective 1st January 2016. Arshad was also a member of the Board of Trustees of the Abbott Staff Provident Fund and Abbott Staff Pension Fund. Earlier he was Managing Director for Syngenta Pakistan Limited and President Director, PT Syngenta Indonesia. He has a Bachelor's Degree (Honors) with specialization in International Trade & Development from the London School of Economics & Political Science, University of London.

Ehsan Ali Malik is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. Recently he has retired as a Chief Executive Officer/Director of Unilever Pakistan Limited. He was also a Director of Unilever Pakistan Foods Limited. He is currently serving as Director on Board of IGI Life Insurance Limited and as a Chief Executive, Pakistan Business Council. Further, he also served as a Chief Executive/ Director of Lever Chemical (Private) Limited, Lever Associated Pakistan Trust (Private) Limited, Unilever Birds Eye Foods Pakistan (Private) Limited and Sadiq (Private) Limited. His earlier international appointments covered Unilever's regional business in 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.



EHSAN ALI MALIK
Director

Syed Anis Ahmed is part of the Board of Directors of Abbott Laboratories (Pakistan) Ltd. During 2015 he served as the Chief Financial Officer of Abbott Pakistan. Later, he was appointed as 'Interim Chief Executive' by the Board of Directors after resignation of Mr. Arshad Saeed Husain. Thereafter in the month of March 2016, the Board of Directors has finalized his appointment as 'Managing Director & Chief Executive Officer' of Abbott Laboratories (Pakistan) Limited. 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 more than 20 years of 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.



SYED ANIS AHMED
Director



KAMRAN Y. MIRZA
Director

Kamran Mirza is part of the Board of Directors Abbott Laboratories (Pakistan) Limited. Previously, he has also served as the Chief Executive Officer of Abbott Pakistan for 29 years. He currently serves as Director on the Boards of Safari & Outdoor Club of Pakistan, International Steel Ltd., Karwan-e-Hayat and Bank Al-Falah. 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 Chief Executive, Pakistan Business Council, 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, Attock Refinery Ltd, 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.



SHAMIM AHMAD KHAN
Director



ZEHRA NAQVI
Director

Zehra Naqvi is the Chief Executive Officer of ACE Insurance Ltd. a wholly owned subsidiary of ACE-INA International Holdings Limited, Delaware, USA (an ACE Group Company). She has 35 years of experience in the Insurance sector. Prior to joining ACE, she worked with Guardian Royal Exchange and Adamjee Insurance Company in Pakistan. Ms. Naqvi is a member of the Punjab Board of Investment & Trade. She is on the Managing Committee of the Overseas Investors Chamber of Commerce & Industry and the Insurance Association of Pakistan. She has also served on the Executive Committee of the American Business Council. She is a Chartered Insurer from the Chartered Insurance Institute, UK. She has a B.Sc. Degree from Karachi University and an MBA Degree from the Institute of Business Administration, Karachi.

CORPORATE GOVERNANCE

PERFORMANCE EVALUATION OF THE BOARD

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

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

PERFORMANCE EVALUATION OF THE CHIEF EXECUTIVE

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

ROLE OF CHAIRMAN

The Chairman of the Board has 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 Pakistan Stock Exchange.

STAKEHOLDERS' ENGAGEMENT

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

SHARE TRANSFER COMMITTEE

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

BOARD COMMITTEES ATTENDANCE

AUDIT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ehsan Ali Malik	Chairman - Non Executive Director	4	4
Shamim Ahmad Khan	Member - Non Executive Director	4	4
Kamran Y. Mirza	Member - Non Executive Director	4	4
Syed Anis Ahmed	By invitation - Chief Financial Officer	4	4
Abdul Wahab Godil	By invitation - Acting Chief Internal Auditor	4	3
Shahzeb Khan	By invitation - Chief Internal Auditor	4	1
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
Zehra Naqvi**	Member - Non Executive Director	1	0
Nausheen Amin/Munika Kaneria	By invitation - Acting Secretary	1	1
Asghar Huda	Secretary	1	0

SHARE TRANSFER COMMITTEE

Name	Category	Meetings	
		Held	Attended
Arshad Saeed Husain	Chairman - Chief Executive Officer	12	12
Syed Anis Ahmed	Member - Executive Director	12	12
Kamran Y. Mirza	Member - Non Executive Director	12	12
Malik Saadatullah	Secretary	12	12

BANKING COMMITTEE

Name	Category	Meetings	
		Held	Attended
Atif Aslam Bajwa*	Chairman - Non Executive Director	3	0
Zehra Naqvi**	Chairman - Non Executive Director	3	0
Arshad Saeed Husain	Member - Chief Executive Officer	3	3
Syed Anis Ahmed	Member-Executive Director	3	3

* Removed from the Committee effective May 26, 2015

** Appointed as Member of Committee w.e.f August 21, 2015

DIRECTORS' REPORT

The Directors take pleasure in presenting this Report together with the audited financial statements of the Company for the year ended December 31, 2015.

OPERATING RESULTS

	Rs in 000
Profit for the period before taxation	5,006,477
Taxation	<u>(1,419,741)</u>
Profit after taxation	3,586,736
Other comprehensive income net of tax	(102,629)
Un-appropriated profit brought forward	<u>4,214,694</u>
Profit available for appropriation	<u>7,698,801</u>

APPROPRIATIONS:

Final dividend 2014 Rs 4.8 per share	(469,921)
Interim dividend 2015 Rs 10 per share	<u>(979,003)</u>
Un-appropriated profit carried forward	<u>6,249,877</u>

FINANCIAL PERFORMANCE

Net sales for the year increased 8% over previous year. Gross Profit ratio at 39% improved marginally. Further, decrease in Taxation charge is due to reduced tax rate in the current year. Additionally, deferred tax income in the current year as against deferred tax charge in the prior year also contributed to the decrease. Profit after tax for the year increased 27% over prior year. Earnings Per Share was Rs 36.64 (2014: Rs 28.77).

The Directors are pleased to announce a final cash dividend of Rs 20.00 per share (2014: Rs 4.80 per share), which is in addition to an interim cash dividend of Rs 10.00 per share (2014: Rs 3.00 per share) paid to the shareholders during 2015.



SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased 5%. Nutritional sales increased 20% over prior year mainly due to volume and selective price increases of certain products. Pediasure, Ensure and Glucerna posted strong double digit growth.

General Health Care (GHC), Diagnostic and Diabetes Care sales for the year grew 12%. This is mainly driven by new product launches.

INDUSTRY OVERVIEW

Pharmaceutical industry in Pakistan is currently estimated at US \$ 2.6 billion as per IMS December 2015. The market share of MNCs is currently at 37% which has declined

significantly over the years. Some MNCs have been forced to scale back their operations due to continued financial viability of their products. This highlights need for more pragmatic pricing policy by the Government. Abbott Pakistan achieved share of 6.4% (as per IMS Dec. 2015, MAT) in the pharmaceutical and nutrition market.

CAPITAL EXPENDITURE

The Company during the year made capital investment of Rs. 1,174 million for enhancement of productivity, efficiency of plant operations and future growth. Major capital expenditure was for expanding manufacturing capacity of Lyophilized products, Tablet manufacturing, and Liquid manufacturing at Korangi.



LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

During the period, Rs. 4,062 million was generated from operations. At year end, the Company had liquid funds comprising cash/bank balances and short term investments amounting to Rs. 8,321 million net of investments on capital projects and dividend payments.

A formal cash flow monitoring mechanism has been developed 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 suitable investment opportunities.

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.

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 3,043 million (2014: Rs 2,765 million) to the government on account of various government levies including income tax, customs duties and sales tax.

ENVIRONMENT, HEALTH AND SAFETY

Your Company has achieved the targets set for concept of "Zero Waste to Landfill" through various waste reduction initiatives including installation of composting machine. Your company has pioneered to convert canteen and garden waste into compost that can be utilized as fertilizer. To conserve water, automatic water faucets and flow meters have been installed.

Overall it proved to be a highly successful year in which all the Environment, Health and Safety (EHS) goals were achieved and a truly EHS enriched culture was promoted throughout the organization.

BUSINESS PROCESS IMPROVEMENT

Abbott Pakistan has been continuously making investment in production facilities for process improvement, energy conservation, and improvement in quality and ensuring regulatory, safety and environmental compliance. Manufacturing capacity of liquid area has been expanded and approved by regulatory authority. This should improve productivity and customer service.

Sterile Manufacturing facility has been expanded to increase manufacturing capacity of Lyophilized products by installing a new state-of-the-art Lyophilizer (Freeze Dryer) of four times higher capacity along with Vial Filling and Sealing Machines to meet increasing customer demand.

New software “Solution for Tracking Regulatory and Quality Systems” (SolTRAQs) has been deployed for Validation Change Requests, Exceptions and Laboratory Investigations to enhance process efficiency and compliance as part of improvement in Quality Management System.

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

HUMAN RESOURCES

Abbott Pakistan HR continued to take and drive several initiatives that contributed to employee motivation and retention.

‘Workday’ an online HR Management System which was globally rolled-out earlier this year was also successfully rolled-out in Pakistan. The system enables employees to have ready access to their personnel data as well as data of the organization reporting into them as managers. This system is bringing about significant operational efficiencies enabling managers to give more time to their core functional responsibilities.

‘Winning Together Behavior and Culture’; another one of Abbott’s global initiatives was rolled-out in Abbott Pakistan. Through this rollout, employees were educated on behaviors that positively contribute to their own performance and well-being; while also contributing directly to business; and it is expected to bring about a major positive change in how employees pursue their targets. All divisions of Abbott Pakistan are participating in this initiative.

As a responsible corporate citizen, your company continued to provide management traineeships and internship experiences to students from various academic institutions. While management trainees provide your company with succession pipeline, interns continue to serve as our ambassadors at these institutions.

Your company has been placing a stronger than ever focus on employees’ development, through structured in-house programs and structured in-house and external programs to enhance their skills.

By implementing all these initiatives, your company is endeavoring to make itself ‘A Great Place to Work.’

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

The Chief Executive Officer of the company has resigned and ceased to hold the position effective January 1, 2016. Subsequently, the Board of Directors has appointed Syed Anis Ahmed, Director Finance as ‘Interim Chief Executive’ for the period of three months with effect from January 13, 2016.

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

Lack of pricing mechanism is adversely impacting growth of Pharmaceutical industry. This also hampers introduction of new drugs in the country. Despite the enactment of new Drug Pricing Policy (the Policy) by the Government in 2015 with prescribed timeframe, The Drug Regulatory Authority (the authority) has been unable to provide any price adjustment for pending hardship applications for many years. The Policy also mandated a rollback in drug prices to October 2013 levels. In this respect, the Industry has obtained a Stay Order from the Sindh High Court. Further, there are concerns as to other provisions of the Policy where the perspective of all the stakeholders has not been taken into account.

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

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

Considering the steady escalation in input costs, we request the Government of Pakistan to implement a rational and transparent pricing mechanism acceptable to all the stakeholders to ensure continued availability of 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. Rationalization 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 to grow and addressing various long outstanding issues.

Ineffective legal protection 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, 2016.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2015 is given on page 143.

Mr. Ehsan Ali Malik, Director has acquired 3,400 shares at the rate of Rs 681.8 per share in December 2015. Other directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

HOLDING COMPANY

As at December 31, 2015 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance 2012, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate Accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- 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 78.

- 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, two directors have a certification under Directors' Training Program, three directors of the Company are exempt from the requirement of Directors' training program and the remaining Directors will receive training within the prescribed time period up to June 30, 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, 2014) – audited	3,065
ALPL Provident Fund (Based on year ended December 31, 2014) – audited	1,052

- During the period, four meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:

Name of Directors/CFO/Co. Secretary	Number of Board Meetings Attended
1 Mr. Munir A. Shaikh	3
2 Mr. Arshad Saeed Husain	4
3 Syed Anis Ahmed – Director & CFO	4
4 Mr. Kamran Y. Mirza	4
5 Mr. Shamim Ahmad Khan	4
6 Mr. Ehsan Ali Malik	4
7 Mr. Atif Aslam Bajwa*	1
8 Ms. Zehra Naqvi**	1
11 Mr. Malik Saadatullah (Company Secretary)	4

* Retired from the Board w.e.f. May 26, 2015

** Appointed to the Board w.e.f. August 21, 2015

Number of Board Committees' meetings and attendance therein is included on page 69.

ACKNOWLEDGEMENTS

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, loyalty and dedication of 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 19th, 2016

BOARD OF DIRECTORS

MUNIR A. SHAIKH
Chairman

SYED ANIS AHMED*
Managing Director &
Chief Executive Officer



* Mr Arshad Saeed Husain, ex-Chief Executive Officer of the company resigned and ceased to hold the position effective January 1, 2016. Subsequently, the Board of Directors appointed Syed Anis Ahmed as 'Interim Chief Executive'. Thereafter in the month of March 2016, the Board of Directors has finalized the appointment of Syed Anis Ahmed as 'Managing Director & Chief Executive Officer' of Abbott Laboratories (Pakistan) Limited.

EHSAN ALI MALIK
Director

ZEHRA NAQVI
Director

KAMRAN Y. MIRZA
Director

SHAMIM AHMAD KHAN
Director



KEY PERFORMANCE INDICATORS

		2015	2014
Sales Revenue	Rs in million	21,170	19,692
Return on Equity	%	27.7%	25.9%
Earnings per share	Rs.	36.64	28.77
Shareholders' Equity	Rs in million	12,949	10,872
Total Assets Turnover Ratio	Times	1.40	1.58
Current Ratio	Times	3.73	3.86
Market Capitalization	Rs in million	62,167	69,576

KEY OPERATING AND FINANCIAL DATA

	December 31,					
	2015	2014	2013	2012	2011	2010

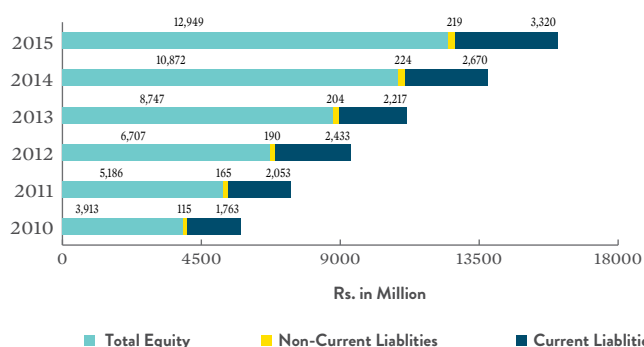
Financial Position

(Rupees in '000)

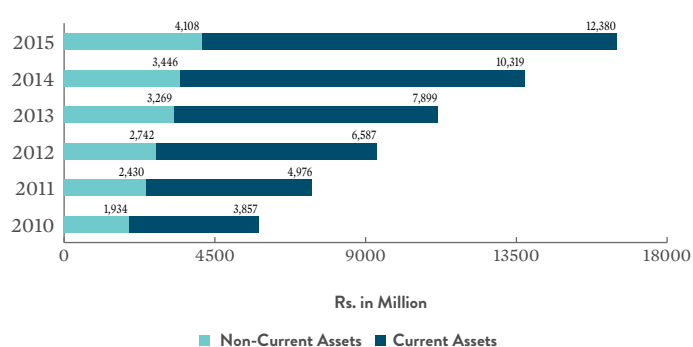
Balance Sheet

Fixed Assets						
- property, plant and equipment	4,017,403	3,359,092	3,183,735	2,629,154	2,298,062	1,877,596
- intangible assets	21,983	24,395	41,615	58,835	76,055	-
Other Non-Current Assets	68,797	62,980	44,064	54,509	55,449	56,152
Current Assets	12,380,092	10,319,128	7,898,590	6,587,364	4,975,763	3,856,673
Total Assets	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003	979,003
Capital Reserves	381,945	339,481	300,030	262,308	223,247	197,167
Revenue Reserves	11,588,299	9,553,116	7,468,232	5,466,083	3,983,933	2,736,369
Total Equity	12,949,247	10,871,600	8,747,265	6,707,394	5,186,183	3,912,539
Non-Current Liabilities	219,144	223,953	203,562	189,557	165,219	115,182
Current Liabilities	3,319,884	2,670,042	2,217,177	2,432,911	2,053,927	1,762,700
Total Liabilities	3,539,028	2,893,995	2,420,739	2,622,468	2,219,146	1,877,882
Total Equity and Liabilities	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421

Balance Sheet Analysis - Equity and Liabilities



Balance Sheet Analysis - Assets



OPERATING AND FINANCIAL TRENDS

	Twelve months ended December 31, 2015	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
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(Rupees in '000)

Profit and Loss

Net sales including toll manufacturing service fee	21,170,446	19,692,354	17,217,258	15,216,253	12,946,968	10,995,701
Gross profit	8,227,233	7,550,142	6,621,646	5,702,828	4,666,478	3,687,038
Operating profit	5,012,361	4,323,341	3,689,179	3,016,363	2,378,042	1,744,787
Profit before taxation	5,006,477	4,318,567	3,686,223	3,014,137	2,374,826	1,741,257
Taxation	1,419,741	1,502,255	1,157,374	924,042	730,240	564,313
Profit after taxation	3,586,736	2,816,312	2,528,849	2,090,095	1,644,586	1,176,944
Ordinary cash dividends *	2,937,009	763,622	685,302	685,302	587,402	489,502
EBITDA **	5,496,717	4,758,663	4,087,276	3,353,127	2,657,942	2,000,889

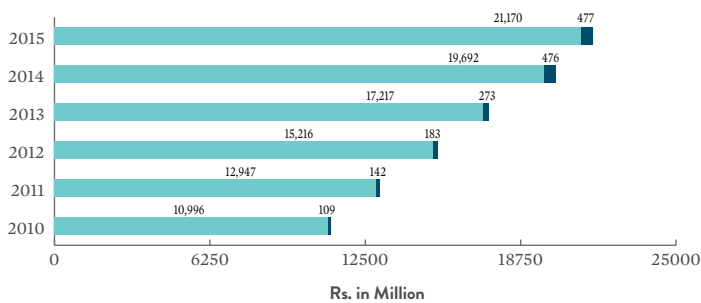
Cash Flows

Operating activities	4,062,034	3,331,081	2,483,858	2,509,703	1,772,876	917,503
Investing activities	(672,470)	(159,370)	(690,491)	(485,630)	(643,800)	(374,785)
Financing activities	(1,450,032)	(687,381)	(686,528)	(687,188)	(494,836)	(494,415)
Cash and cash equivalents at the end of the year	8,320,913	6,381,381	3,897,051	2,790,212	1,453,327	819,087

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

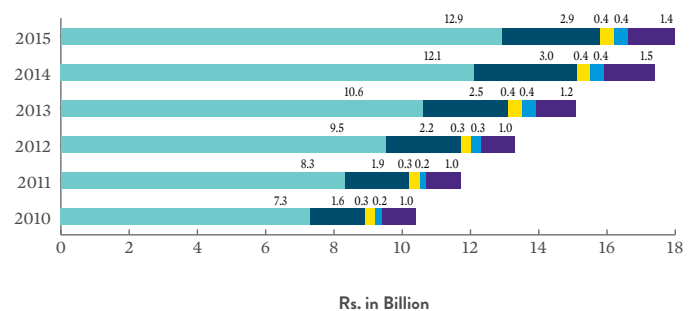
**EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation)

Profit and Loss Analysis - Sales and Other Income



■ Net sales including toll manufacturing service fee ■ Other income

Profit and Loss Analysis - Expenses



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

Cash Flow Analysis



■ Operating activities ■ Investing activities ■ Financing activities

		Twelve months ended December 31, 2015	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
Ratios		Unit					
Profitability Ratios							
Gross profit ratio	%	38.9%	38.3%	38.5%	37.5%	36.0%	33.5%
Net profit to sales	%	16.9%	14.3%	14.7%	13.7%	12.7%	10.7%
EBITDA** margin to sales	%	26.0%	24.2%	23.7%	22.0%	20.5%	18.2%
Operating leverage ratio	Times	0.24	0.22	0.21	0.20	0.18	0.16
Return on equity / Return on capital employed	%	27.7%	25.9%	28.9%	31.2%	31.7%	30.1%
Return on assets	%	21.8%	20.5%	22.6%	22.4%	22.2%	20.3%
Liquidity Ratios							
Current ratio	Times	3.73	3.86	3.56	2.71	2.42	2.19
Quick / Acid test ratio	Times	2.81	2.76	2.27	1.66	1.26	0.97
Cash to Current Liabilities	Times	2.51	2.39	1.76	1.15	0.71	0.46
Cash flow from operations to Sales	Times	0.19	0.17	0.14	0.16	0.14	0.08
Activity / Turnover Ratios							
No. of days in inventory	Days	80.82	83.95	89.38	90.99	96.67	101.19
No. of days in receivables	Days	8.27	9.54	11.80	11.74	9.52	8.94
No. of days in payables	Days	58.13	49.32	48.78	47.33	45.76	51.00
Inventory Turnover	Times	4.52	4.35	4.08	4.01	3.78	3.61
Debtors Turnover	Times	44.14	38.28	30.94	31.10	38.36	41.64
Creditors Turnover	Times	6.28	7.40	7.48	7.71	7.98	15.00
Operating Cycle	Days	30.96	44.17	52.40	55.40	60.43	59.13
Total assets turnover ratio	Times	1.40	1.58	1.68	1.82	1.96	2.04
Fixed assets turnover ratio	Times	5.70	5.96	5.82	6.01	6.09	6.21
Investment / Market Ratios							
Basic / Diluted Earnings per share	Rs.	36.64	28.77	25.83	21.35	16.80	12.02
Price earning ratio	Times	17.33	24.70	15.23	10.75	5.94	9.13
Dividend yield ratio	%	4.7%	1.1%	1.8%	3.1%	6.0%	4.6%
Dividend pay out ratio	Times	0.82	0.27	0.27	0.33	0.36	0.42
Dividend cover ratio	Times	1.22	3.69	3.69	3.05	2.80	2.40
Cash dividend per share	Rs.	30.00	7.80	7.00	7.00	6.00	5.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	132.27	111.05	89.35	68.51	52.97	39.96
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	62,167	69,576	38,524	22,468	9,769	10,744
Market value per share at the end of the year	Rs.	635.00	710.68	393.50	229.50	99.79	109.74
Market value per share (High)	Rs.	744.42	913.50	456.00	234.00	103.00	126.50
Market value per share (Low)	Rs.	473.19	355.00	197.25	90.00	79.25	77.00
Contribution to National Exchequer	Rs in million	3,043	2,765	2,479	1,988	1,798	1,507
Capital Structure Ratios							
Interest cover ratio	Times	851.86	905.60	1,248.03	1,355.06	739.44	494.27

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 27% compared to prior year is mainly attributable to volume growth, new product launches, effective cost controls and reduced taxation charge in current year.

Gross Profit ratio improved to 39% from 38% last year despite inflationary pressures owing to improved product mix. **Net Profit to sales ratio** improved to 17% from 14% last year mainly on account of improved gross margins, effective cost controls and reduced prior year taxation charge in current year.

LIQUIDITY RATIOS

The increase in cashflows from operating activities is mainly derived from improved profitability and better working capital management which accordingly resulted in increase in cash and cash equivalents by Rs 1,939 million as compared to last year.

Increase in cash & cash equivalents has resulted in increase in liquidity ratios such as **quick / acid test ratio** (2015: 2.81, 2014: 2.76) and **cash to current liabilities** (2015: 2.51, 2014: 2.39).

ACTIVITY / TURNOVER RATIOS

Operating cycle has declined overall from 44.17 days in 2014 to 30.96 days in 2015 due to better inventory management which has resulted in reduced number of days in inventory.

Total assets turnover ratio declined from 1.58 in 2014 to 1.40 in 2015 due to increase in cash & cash equivalents as explained above.

Fixed assets turnover ratio declined from 5.96 in 2014 to 5.70 in 2015 due to increase in capital expenditure from Rs. 661 million in 2014 to Rs. 1,174 million in 2015.

INVESTMENT / MARKET RATIOS

Earnings per share increased from Rs 28.77 in 2014 to Rs 36.64 in 2015 as a result of the increase in profit after tax by 27% compared to prior year as mentioned above.

P/E ratio declined from 24.70 in 2014 to 17.33 in 2015, mainly due to decline in market price per share from Rs 710.68 in 2014 to Rs 635.00 in 2015.

Dividend yield ratio increased from 1.1% in 2014 to 4.7% in 2015 and **Dividend pay-out ratio** increased from 0.27 (times) in 2014 to 0.82 (times) in 2015, on account of increased dividend payout in the current year from Rs 7.8 to Rs 30.00 per share.

Break-up value per share has increased from Rs 111.05 in 2014 to Rs 132.27 in 2015 due to increase in total equity this year by Rs 2,078 million as compared to prior year.

Market capitalization has declined from Rs 69,576 million in 2014 to Rs 62,167 million in 2015 due to decline in market price per share from Rs 710.68 in 2014 to Rs 635.00 in 2015

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 8% over previous year. Pharmaceutical sales for the year increased by 5% over prior year mainly due to unit growth. Nutritional sales for the year posted 20% growth over prior year mainly due to volume and selective price increases of certain products. Pediasure, Ensure and Glucerna posted strong double digit growth. Sales for 'others' that include General Health Care (GHC), Diagnostic and Diabetes Care, grew by 12% over last year. This is mainly driven by new product launches during the year.

SELLING AND DISTRIBUTION EXPENSES

Decrease in selling and distribution expenses is attributable to company initiatives taken last year resulting in savings in current year mainly from realignment of our field force, induction of trade team and one off expenditures in connection with successful launch of portfolio selling strategy.

TAXATION

Decrease in overall taxation charge in current year versus last year is attributable to reduced prior year charge in current year, reduction in 1% corporate tax rate, and occurrence of deferred tax income in current year versus deferred tax charge in last year.

COMMENTS ON BALANCE SHEET

NON-CURRENT ASSETS

Property, plant and equipment have witnessed significant increase during the current year due to strategic investments in production facilities and infrastructure to support growing scale of business at international quality standards. Major capital expenditure incurred during the year was for expanding manufacturing capacity of lyophilized products, tablet manufacturing, liquid manufacturing upgrade at Korangi facility and demonstration equipments.

CURRENT ASSETS

The increase in current assets mainly owes to higher cash and bank balances generated from operations during the year.

CURRENT LIABILITIES

Trade and other payables have increased over prior year mainly because of increased bills payable liability at year end due to timing difference.

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 favorable working capital changes, partially offset by income taxes paid during the year.

CASHFLOWS FROM INVESTING ACTIVITIES

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

CASHFLOWS FROM FINANCING ACTIVITIES

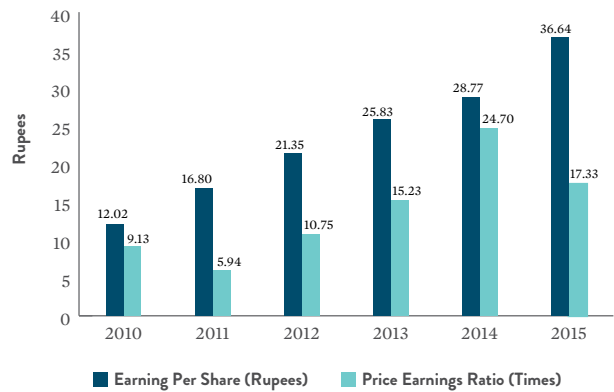
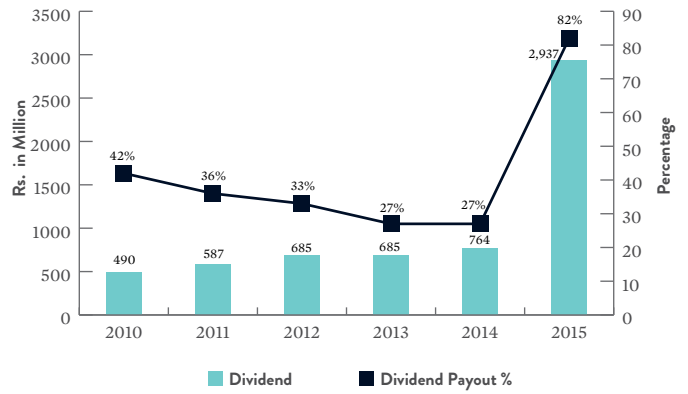
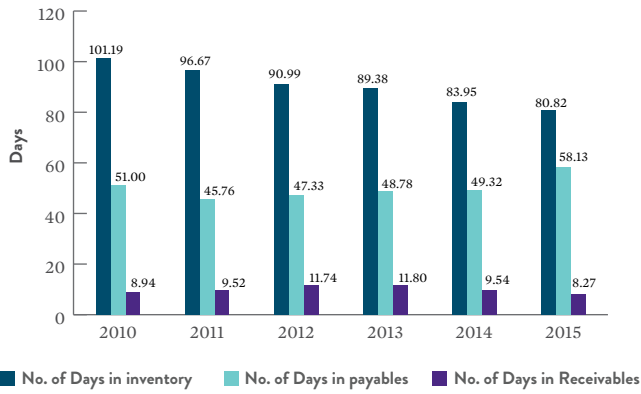
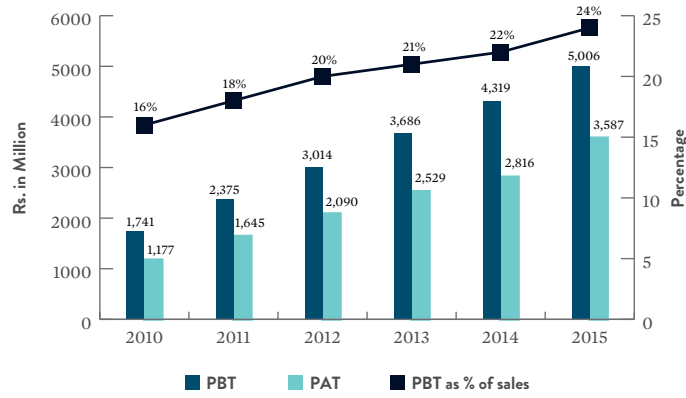
Cash outflow from financing activities increased during the current year primarily on account of increased dividend payout during the year.

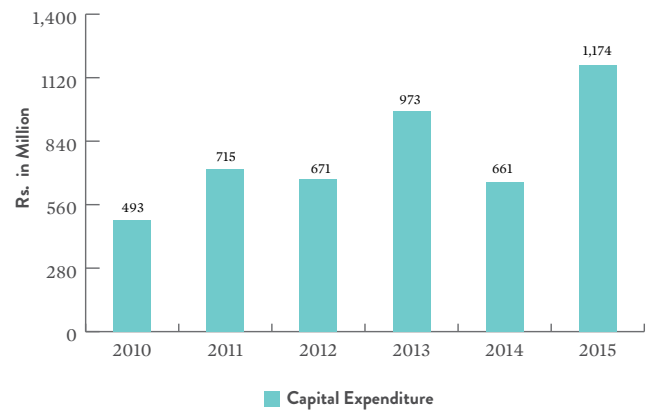
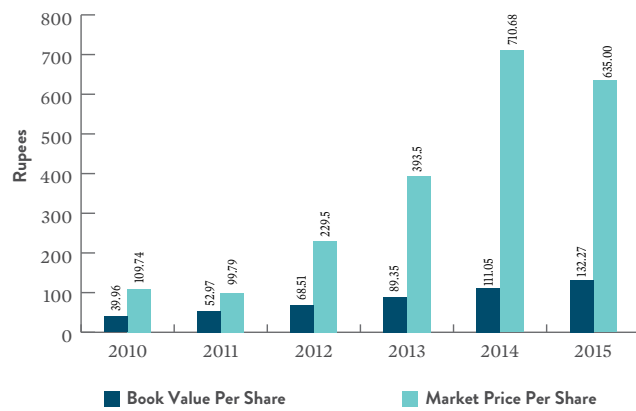
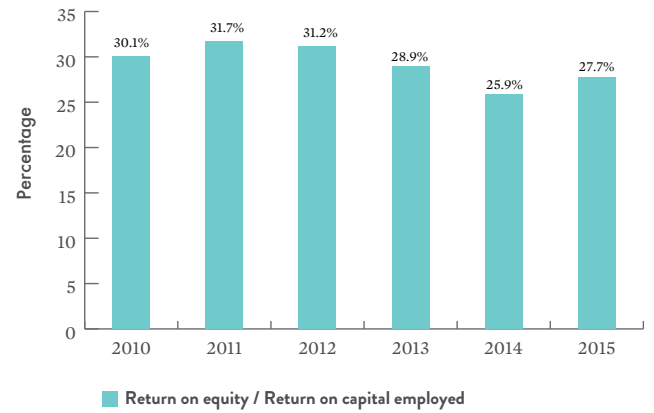
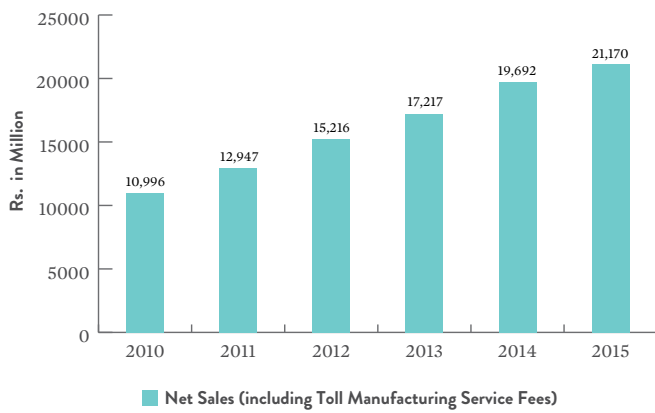
CASH FLOW STATEMENT - DIRECT METHOD

For The Year Ended December 31, 2015

	2015	2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	21,183,885	19,731,593
Cash paid to suppliers / service providers	(12,593,143)	(12,091,832)
Cash paid to employees	(2,283,587)	(2,269,422)
Payment of royalty and technical service fee	(168,209)	(157,575)
Payment to retirement funds	(236,917)	(218,416)
Income taxes paid	(1,520,063)	(1,409,639)
Payment of other statutory charges	(319,623)	(249,020)
Long-term deposits - net	130	(3,502)
Long-term prepayments - net	(439)	(1,106)
Net cash inflow from operating activities	4,062,034	3,331,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,174,097)	(661,443)
Acquisition of intangible asset	(18,500)	-
Sale proceeds from disposal of property, plant and equipment	63,199	75,531
Interest income	456,928	426,542
Net cash outflow from investing activities	(672,470)	(159,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(5,884)	(4,774)
Dividends paid	(1,444,148)	(682,607)
Net cash outflow from financing activities	(1,450,032)	(687,381)
Net increase in cash and cash equivalents	1,939,532	2,484,330
Cash and cash equivalents at the beginning of the year	6,381,381	3,897,051
Cash and cash equivalents at the end of the year	8,320,913	6,381,381

GRAPHICAL PRESENTATION





VERTICAL ANALYSIS

	December 31, 2015		December 31, 2014	
	Rupees in '000	%	Rupees in '000	%
Balance Sheet				
Total Equity	12,949,247	78.5	10,871,600	79.0
Non-Current Liabilities	219,144	1.3	223,953	1.6
Current Liabilities	3,319,884	20.1	2,670,042	19.4
Total Equity and Liabilities	16,488,275	100.0	13,765,595	100.0
Non-Current Assets	4,108,183	24.9	3,446,467	25.0
Current Assets	12,380,092	75.1	10,319,128	75.0
Total Assets	16,488,275	100.0	13,765,595	100.0

	Twelve months ended December 31, 2015		Twelve months ended December 31, 2014	
	Rupees in '000	%	Rupees in '000	%
Profit and Loss Account				
Net sales	21,170,446	100.0	19,692,354	100.0
Cost of goods sold	12,943,213	61.1	12,142,212	61.7
Gross Profit	8,227,233	38.9	7,550,142	38.3
Selling and distribution expenses	2,876,407	13.6	2,965,120	15.1
Administrative expenses	383,612	1.8	367,379	1.9
Other income	476,868	2.3	475,693	2.4
Other charges	431,721	2.0	369,995	1.9
Finance costs	5,884	0.0	4,774	0.0
Profit before taxation	5,006,477	23.6	4,318,567	21.9
Taxation - net	1,419,741	6.7	1,502,255	7.6
Profit for the year	3,586,736	16.9	2,816,312	14.3

December 31, 2013		December 31, 2012		December 31, 2011		December 31, 2010	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
8,747,265	78.3	6,707,394	71.9	5,186,183	70.0	3,912,539	67.6
203,562	1.8	189,557	2.0	165,219	2.2	115,182	2.0
2,217,177	19.9	2,432,911	26.1	2,053,927	27.8	1,762,700	30.4
11,168,004	100.0	9,329,862	100.0	7,405,329	100.0	5,790,421	100.0
3,269,414	29.3	2,742,498	29.4	2,429,566	32.8	1,933,748	33.4
7,898,590	70.7	6,587,364	70.6	4,975,763	67.2	3,856,673	66.6
11,168,004	100.0	9,329,862	100.0	7,405,329	100.0	5,790,421	100.0

Twelve months ended December 31, 2013		Twelve months ended December 31, 2012		Twelve months ended December 31, 2011		Thirteen months ended December 31, 2010	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
17,217,258	100.0	15,216,253	100.0	12,946,968	100.0	10,995,701	100.0
10,595,612	61.5	9,513,425	62.5	8,280,490	64.0	7,308,663	66.5
6,621,646	38.5	5,702,828	37.5	4,666,478	36.0	3,687,038	33.5
2,471,404	14.4	2,212,421	14.5	1,894,390	14.6	1,601,101	14.6
366,938	2.1	344,494	2.3	295,823	2.3	267,915	2.4
3,783,304	22.0	3,145,913	20.7	2,476,265	19.1	1,818,022	16.5
273,059	1.6	183,430	1.2	142,466	1.1	109,079	1.0
367,184	2.1	312,980	2.1	240,689	1.9	182,314	1.7
3,689,179	21.4	3,016,363	19.8	2,378,042	18.4	1,744,787	15.8
2,956	0.0	2,226	0.0	3,216	0.0	3,530	0.0
3,686,223	21.4	3,014,137	19.8	2,374,826	18.3	1,741,257	15.8
1,157,374	6.7	924,042	6.1	730,240	5.6	564,313	5.1
2,528,849	14.7	2,090,095	13.7	1,644,586	12.7	1,176,944	10.7

HORIZONTAL ANALYSIS

	December 31,					
	2015	2014	2013	2012	2011	2010
(Rupees in '000)						
Balance Sheet						
Total Equity	12,949,247	10,871,600	8,747,265	6,707,394	5,186,183	3,912,539
Non-Current Liabilities	219,144	223,953	203,562	189,557	165,219	115,182
Current Liabilities	3,319,884	2,670,042	2,217,177	2,432,911	2,053,927	1,762,700
Total Equity and Liabilities	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421
Non-Current Assets	4,108,183	3,446,467	3,269,414	2,742,498	2,429,566	1,933,748
Current Assets	12,380,092	10,319,128	7,898,590	6,587,364	4,975,763	3,856,673
Total Assets	16,488,275	13,765,595	11,168,004	9,329,862	7,405,329	5,790,421

	Twelve months ended	Twelve months ended	Twelve months ended	Twelve months ended	Twelve months ended	Thirteen months ended
	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
(Rupees in '000)						
Profit and Loss Account						
Net sales	21,170,446	19,692,354	17,217,258	15,216,253	12,946,968	10,995,701
Cost of goods sold	12,943,213	12,142,212	10,595,612	9,513,425	8,280,490	7,308,663
Gross Profit	8,227,233	7,550,142	6,621,646	5,702,828	4,666,478	3,687,038
Selling and distribution expenses	2,876,407	2,965,120	2,471,404	2,212,421	1,894,390	1,601,101
Administrative expenses	383,612	367,379	366,938	344,494	295,823	267,915
	4,967,214	4,217,643	3,783,304	3,145,913	2,476,265	1,818,022
Other income	476,868	475,693	273,059	183,430	142,466	109,079
Other charges	431,721	369,995	367,184	312,980	240,689	182,314
	5,012,361	4,323,341	3,689,179	3,016,363	2,378,042	1,744,787
Finance costs	5,884	4,774	2,956	2,226	3,216	3,530
Profit before taxation	5,006,477	4,318,567	3,686,223	3,014,137	2,374,826	1,741,257
Taxation - net	1,419,741	1,502,255	1,157,374	924,042	730,240	564,313
Profit for the year	3,586,736	2,816,312	2,528,849	2,090,095	1,644,586	1,176,944

December 31,					
2015	2014	2013	2012	2011	2010
% increase / (decrease) over preceding year					
19.1	24.3	30.4	29.3	32.6	20.8
(2.1)	10.0	7.4	14.7	43.4	(3.7)
24.3	20.4	(8.9)	18.5	16.5	9.7
19.8	23.3	19.7	26.0	27.9	16.7
19.2	5.4	19.2	12.9	25.6	13.4
20.0	30.6	19.9	32.4	29.0	18.3
19.8	23.3	19.7	26.0	27.9	16.7

Twelve months ended December 31, 2015	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
% increase / (decrease) over preceding year					
7.5	14.4	13.2	17.5	17.7	30.1
6.6	14.6	11.4	14.9	13.3	19.2
9.0	14.0	16.1	22.2	26.6	58.8
(3.0)	20.0	11.7	16.8	18.3	27.8
4.4	0.1	6.5	16.5	10.4	32.7
17.8	11.5	20.3	27.0	36.2	109.8
0.2	74.2	48.9	28.8	30.6	(23.1)
16.7	0.8	17.3	30.0	32.0	40.5
15.9	17.2	22.3	26.8	36.3	98.6
23.3	61.5	32.8	(30.8)	(8.9)	39.8
15.9	17.2	22.3	26.9	36.4	98.8
(5.5)	29.8	25.3	26.5	29.4	111.4
27.4	11.4	21.0	27.1	39.7	93.2

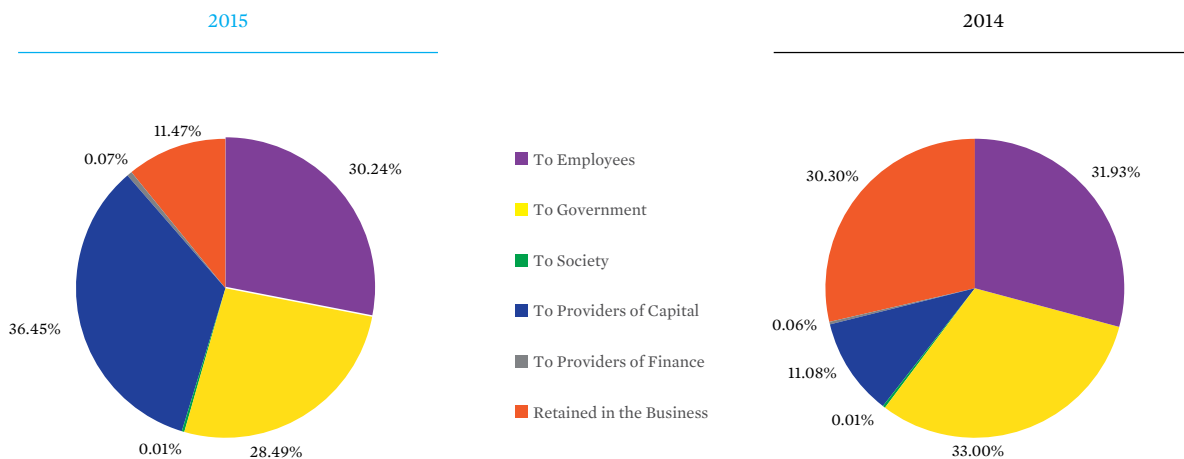


STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

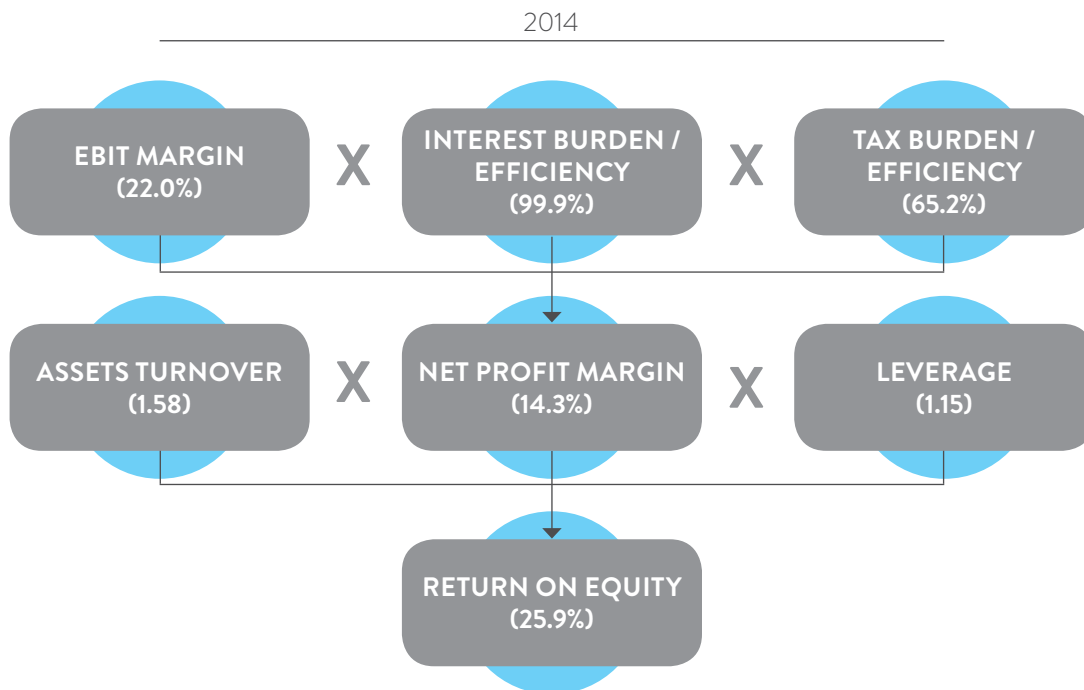
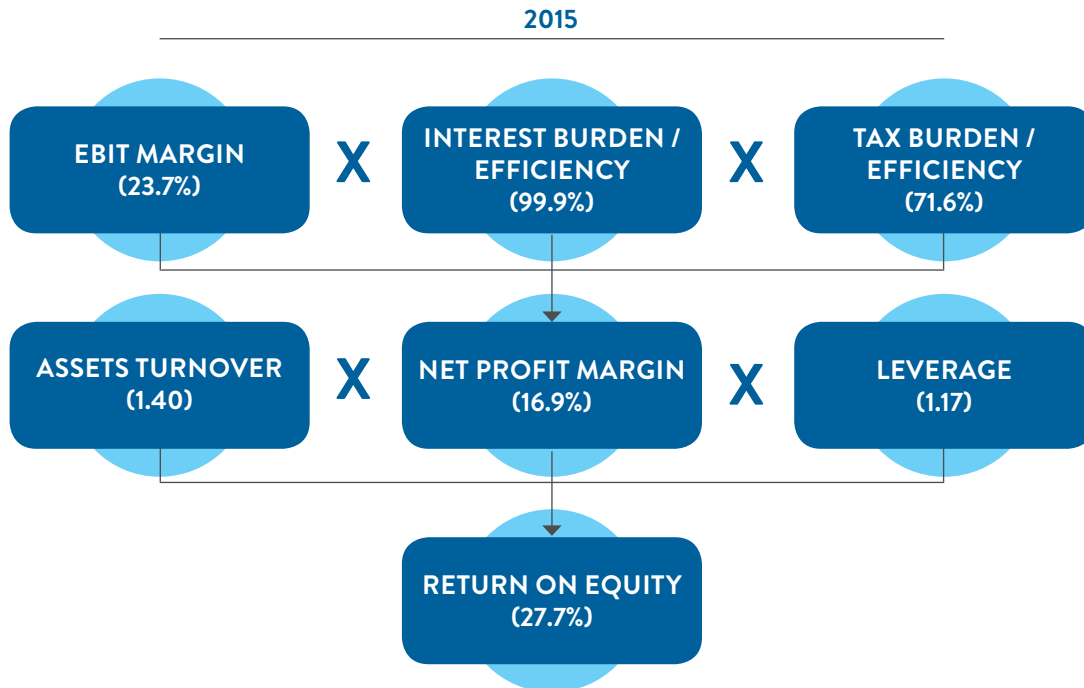
For The Year Ended December 31, 2015

	2015		2014	
	Rupees '000	%	Rupees '000	%
Wealth Generated				
Total revenue inclusive of sales tax and other income	22,109,521		20,592,891	
Bought-in-materials and services	13,112,172		12,534,223	
	<u>8,997,349</u>	<u>100%</u>	<u>8,058,668</u>	<u>100%</u>
Wealth Distribution				
To Employees				
Salaries, wages, allowances and staff welfare	2,717,916	30.24%	2,573,121	31.93%
To Government				
Income Tax	1,451,282	18.01%	1,485,930	21.56%
Workers' Funds and Central Research Fund	382,092	4.74%	363,688	5.28%
Sales tax and excise duty	462,207	5.74%	424,844	6.16%
	<u>2,295,581</u>	<u>28.49%</u>	<u>2,274,462</u>	<u>33.00%</u>
To Society				
Donations	868	0.01%	803	0.01%
To Providers of Capital				
Dividends *	2,937,009	36.45%	763,623	11.08%
To Providers of Finance				
Finance cost	5,884	0.07%	4,774	0.06%
Retained in the Business				
Depreciation and amortisation	484,356	5.39%	435,322	5.40%
Added to Unappropriated profit	547,098	6.09%	2,006,563	24.90%
	<u>1,031,454</u>	<u>11.47%</u>	<u>2,441,885</u>	<u>30.30%</u>
	<u>8,988,712</u>	<u>100.00%</u>	<u>8,058,668</u>	<u>100.00%</u>

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

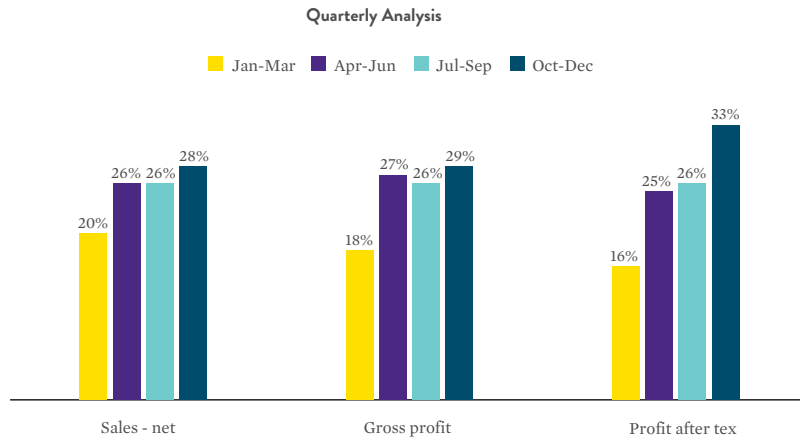


DUPONT ANALYSIS



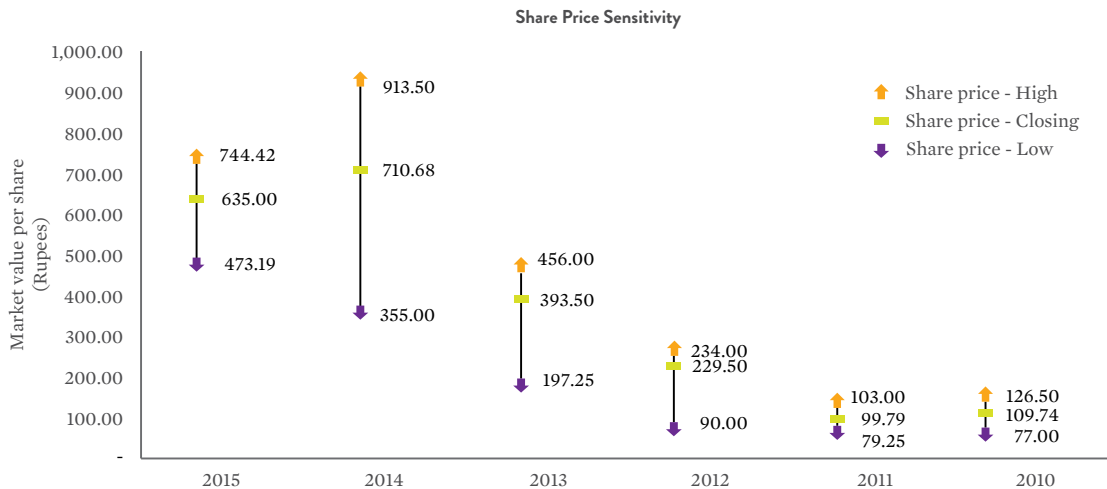
QUARTERLY ANALYSIS

	Jan - Mar 2015		Apr - Jun 2015		Jul - Sep 2015		Oct - Dec 2015		Jan - Dec 2015	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Net Sales	4,266,725	20%	5,534,709	26%	5,471,404	26%	5,897,608	28%	21,170,446	100%
Gross Profit	1,515,560	18%	2,209,086	27%	2,162,008	26%	2,340,579	29%	8,227,233	100%
Profit after tax	562,511	16%	909,489	25%	939,688	26%	1,175,048	33%	3,586,736	100%



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 the stock exchange in accordance with the requirements of listing regulations on a timely manner. During the year 2015, Abbott share price has touched the peak of Rs 744.4 while the lowest recorded price was Rs 473.2 with a closing price of Rs. 635 at the end of the year.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

Category	Names
Independent Director	Mr. Ehsan Ali Malik
	Ms. Zehra Naqvi
Executive Director	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 meet 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. One casual vacancy occurred in the Board during the year and was filled within 90 days of its occurrence.
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, two directors have a certification under Directors' Training Program, three directors of the Company are exempt from the requirement of Directors' Training Program and the rest of the Directors will be trained within the prescribed time 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 19, 2016



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

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.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 2015 to comply with the requirements of Listing Regulations of Pakistan 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 2015.

Chartered Accountants

Date: 19 February 2016

Place: Karachi



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

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Abbott Laboratories (Pakistan) Limited as at 31 December 2015 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 2015 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.

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 19 February 2016
Place: Karachi


BALANCE SHEET

As At December 31, 2015

	Note	2015 (Rupees '000)	2014
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		381,945	339,481
- revenue		11,588,299	9,553,116
Total Equity		<u>12,949,247</u>	<u>10,871,600</u>
NON-CURRENT LIABILITY			
Deferred taxation	5	219,144	223,953
CURRENT LIABILITIES			
Trade and other payables	6	3,319,884	2,670,042
Total Liabilities		<u>3,539,028</u>	<u>2,893,995</u>
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>16,488,275</u>	<u>13,765,595</u>

	Note	2015 (Rupees '000)	2014
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	8	4,017,403	3,359,092
- Intangible assets	9	21,983	24,395
Long-term loans and advances	10	51,712	46,204
Long-term deposits	11	7,475	7,605
Long-term prepayments		9,610	9,171
Total Non-current Assets		4,108,183	3,446,467
CURRENT ASSETS			
Stores and spares	12	140,069	120,158
Stock-in-trade	13	2,908,690	2,823,007
Trade debts	14	476,403	482,771
Loans and advances	15	100,194	81,259
Trade deposits and short-term prepayments	16	231,897	177,948
Interest accrued		8,573	17,351
Other receivables	17	97,495	192,610
Taxation recoverable		95,858	42,643
Cash and bank balances	18	8,320,913	6,381,381
Total Current Assets		12,380,092	10,319,128
TOTAL ASSETS		16,488,275	13,765,595

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


 Chief Executive
 (Interim)


 Director

PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2015

	Note	2015 (Rupees '000)	2014
Sales - net	19	21,170,446	19,692,354
Cost of goods sold	20	12,943,213	12,142,212
Gross profit		8,227,233	7,550,142
Selling and distribution expenses	22	2,876,407	2,965,120
Administrative expenses	23	383,612	367,379
Other charges	24	431,721	369,995
Other income	25	476,868	475,693
		3,214,872	3,226,801
		5,012,361	4,323,341
Finance costs	26	5,884	4,774
Profit before taxation		5,006,477	4,318,567
Taxation-net	27	1,419,741	1,502,255
Profit for the year		3,586,736	2,816,312
		(Rupees)	
Earnings per share - basic / diluted	28	36.64	28.77

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



Chief Executive
(Interim)



Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2015

	2015	2014
Note	(Rupees '000)	
Profit for the year	3,586,736	2,816,312
Other comprehensive income for the year		
- Actuarial losses on defined benefit pension plan	21.1.2 (134,170)	(62,451)
- Tax on actuarial losses	31,541	16,325
Other comprehensive income - net of tax	(102,629)	(46,126)
Total comprehensive income for the year	<u>3,484,107</u>	<u>2,770,186</u>

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



Chief Executive
(Interim)



Director

CASH FLOW STATEMENT

For The Year Ended December 31, 2015

	Note	2015 (Rupees '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	5,587,914	4,759,636
Income taxes paid		(1,520,063)	(1,409,639)
Long-term loans and advances - net		(5,508)	(14,308)
Long-term deposits - net		130	(3,502)
Long-term prepayments - net		(439)	(1,106)
Net cash inflow from operating activities		4,062,034	3,331,081
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,174,097)	(661,443)
Acquisition of intangible asset		(18,500)	-
Sale proceeds from disposal of property, plant and equipment		63,199	75,531
Interest income		456,928	426,542
Net cash outflow from investing activities		(672,470)	(159,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(5,884)	(4,774)
Dividends paid		(1,444,148)	(682,607)
Net cash outflow from financing activities		(1,450,032)	(687,381)
Net increase in cash and cash equivalents		1,939,532	2,484,330
Cash and cash equivalents at the beginning of the year		6,381,381	3,897,051
Cash and cash equivalents at the end of the year		8,320,913	6,381,381

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



Chief Executive
(Interim)




Director

STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2015

	Capital		Reserves		Total	Total Equity
	Share Capital	Reserve Arising on Merger	Other- (Note 2.22)	Revenue Reserves		
			General Reserves	Un-appropriated Profit		
	(Rupees '000)					
Balance as at January 1, 2014	979,003	46,097	253,933	5,338,422	2,129,810	8,747,265
Transactions with owners, recorded directly in equity						
Final dividend for the year ended December 31, 2013 @ Rs. 4 per share	-	-	-	-	(391,601)	(391,601)
Interim dividend for the year ended December 31, 2014 @ Rs. 3 per share	-	-	-	-	(293,701)	(293,701)
Capital contribution from Abbott International LLC., USA	-	-	39,451	-	-	39,451
Total comprehensive income for the year ended December 31, 2014						
Profit for the year	-	-	-	-	2,816,312	2,816,312
Other comprehensive income for the year, net of tax	-	-	-	-	(46,126)	(46,126)
Total comprehensive income for the year	-	-	-	-	2,770,186	2,770,186
Balance as at December 31, 2014	979,003	46,097	293,384	5,338,422	4,214,694	10,871,600
Balance as at January 1, 2015	979,003	46,097	293,384	5,338,422	4,214,694	9,892,597
Transactions with owners, recorded directly in equity						
Final dividend for the year ended December 31, 2014 @ Rs. 4.8 per share	-	-	-	-	(469,921)	(469,921)
Interim dividend for the year ended December 31, 2015 @ Rs. 10 per share	-	-	-	-	(979,003)	(979,003)
Capital contribution from Abbott International LLC., USA	-	-	42,464	-	-	42,464
Total comprehensive income for the year ended December 31, 2015						
Profit for the year	-	-	-	-	3,586,736	3,586,736
Other comprehensive income for the year, net of tax	-	-	-	-	(102,629)	(102,629)
Total comprehensive income for the year	-	-	-	-	3,484,107	3,484,107
Balance as at December 31, 2015	979,003	46,097	335,848	5,338,422	6,249,877	12,949,247

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


 Chief Executive
 (Interim)


 Director

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB in December 2013

- IFRS 2 Share-based Payment – Definitions of vesting conditions
- IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination
- IFRS 3 Business Combinations – Scope exceptions for joint ventures
- IFRS 8 Operating Segments – Aggregation of operating segments
- IFRS 8 Operating Segments – Reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel
 IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 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 2018
IFRS 16 – Leases	01 January 2019

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

2.1.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

2.2 Functional and presentation currency

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

2.3 Property, plant and equipment

a) Owned

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

b) Leased

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

c) Depreciation / amortisation

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

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

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

e) **Subsequent costs**

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

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

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

2.4 Intangible assets

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

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

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

2.5 Stores and spares

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

2.6 Stock-in-trade

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

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

2.7 Trade debts and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

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

2.8 Sample inventory

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

2.9 Taxation

Current

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

Deferred

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

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

2.10 Cash and cash equivalents

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. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

2.16 Foreign currency transactions

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

2.17 Revenue recognition

- Local sales are recognised as revenue upon transfer of significant risk and rewards of ownership, which coincides with delivery of goods to customers.
- Export sales are recognised as revenue upon transfer of significant risks and rewards of ownership, which coincides with date of shipment.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

2.18 Impairment

Financial assets

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

Non-financial assets

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

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

2.19 Financial instruments

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

2.20 Offsetting

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

2.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance.

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

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

Pharmaceutical

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

Nutritional

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

Others

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

2.22 Share based compensation

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

3. AUTHORISED CAPITAL

2015 Number of shares	2014		2015 (Rupees '000)	2014 (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

2015 Number of shares	2014		2015 (Rupees '000)	2014 (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, 2015, Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC., USA.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

	Note	2015 (Rupees '000)	2014
5. DEFERRED TAXATION			
Deferred tax liability arising due to accelerated tax depreciation allowance		258,048	257,547
Deferred tax asset arising in respect of provisions		(38,904)	(33,594)
		<u>219,144</u>	<u>223,953</u>

6. TRADE AND OTHER PAYABLES

Creditors		114,398	68,013
Accrued liabilities		1,153,738	1,194,406
Bills payable	6.1	827,066	427,612
Advances from customers		182,842	175,770
Unclaimed dividends		16,063	11,287
Payable to related parties	6.2	59,829	48,397
Sales tax payable		51,616	67,317
Workers' Profit Participation Fund	6.3	-	7,425
Central Research Fund		53,523	46,575
Workers' Welfare Fund		84,547	93,765
Staff pension fund	21.1.1	610,971	446,443
Provision for Gas Infrastructure Development Cess		152,548	76,324
Others		12,743	6,708
		<u>3,319,884</u>	<u>2,670,042</u>

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

Abbott Health Care Puerto Rico		44,068	48,071
Abbott Diagnostics GmbH		211,141	95,294
Abbott Logistics B.V.		279,192	110,998
Abbott Laboratories (Singapore) PTE Limited		-	22,687
Abbott Products Operation AG		94,222	76,799
Abbott International LLC., USA		83,776	13,397
Abbott GmbH & Co. KG.		4,481	-
Abbott Diabetes Care Inc.		33,393	-
Abbott Diabetes Care Limited, UK		23,595	6,658
Abbott DO Brazil Ltda		-	329
Abbott International LLC., USA		5,168	81
		<u>779,036</u>	<u>374,314</u>

	2015	2014
Note	(Rupees '000)	
6.2 Payable to related parties represents the following amounts payable to:		
Abbott International LLC., USA	40,450	42,316
Abbott Laboratories (Singapore) PTE Limited	-	3,629
AbbVie Logistics B.V.	19,379	-
Abbott Products Operation AG	-	2,452
	<u>59,829</u>	<u>48,397</u>
6.3 Workers' Profit Participation Fund		
Balance at the beginning of the year	7,425	(12,720)
Allocation for the year	24 <u>266,900</u>	<u>231,932</u>
	274,325	219,212
Less: Amount paid to the fund	<u>276,000</u>	211,787
Balance (receivable) from / payable to the Fund	<u>(1,675)</u>	<u>7,425</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The Company has given bank guarantees of Rs. 141.626 million (2014: Rs. 135.054 million) to the Customs Department, a utility company and other institutions against tenders.

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

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

7.1.3 The Commissioner Inland Revenue (CIR) has selected the case of the Company for audit of tax year 2012 (accounting year December 31, 2011) and 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, 2015

7.2 Commitments

7.2.1 Commitments for capital expenditure aggregated approximately Rs. 298.176 million (2014: Rs. 353.850 million).

7.2.2 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 1,120 million (2014: Rs. 1,020 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 (2014: Rs. 250 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (2014: 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. 384.742 million (2014: Rs. 447.727 million).

Note	2015 (Rupees '000)	2014
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8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	3,299,161	2,939,248
Capital work-in-progress	8.5	718,242	419,844
		<u>4,017,403</u>	<u>3,359,092</u>

8.1 Operating fixed assets

The following is a statement of operating fixed assets:

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles	Office equipment	Computers	Demonstration equipment-note 8.2	Total
(Rupees '000)										
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
Year ended December 31, 2015										
Opening net book value	20,679	1,855	178,353	1,213	1,777,721	274,879	18,732	79,469	586,347	2,939,248
Additions / transfers	-	-	45,367	-	438,112	146,095	6,271	28,624	211,230	875,699
Disposals / write offs										
Cost	-	-	62	-	10,957	112,711	1,492	13,053	18,728	157,003
Depreciation	-	-	62	-	9,882	61,538	1,398	13,053	18,728	104,661
Depreciation / amortisation charge for the year	-	29	12,028	712	202,638	58,129	10,361	34,552	144,995	463,444
Closing net book value	20,679	1,826	211,692	501	2,012,120	311,672	14,548	73,541	652,582	3,299,161
At December 31, 2015										
Cost	20,679	2,718	429,870	66,683	3,814,968	430,644	107,181	272,741	1,218,195	6,363,679
Accumulated depreciation / amortisation	-	892	218,178	66,182	1,802,848	118,972	92,633	199,200	565,613	3,064,518
Net book value	20,679	1,826	211,692	501	2,012,120	311,672	14,548	73,541	652,582	3,299,161
Annual rate of depreciation / amortisation %										
2014	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	11-33	
2015	-	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, 2015

	Note	2015 (Rupees '000)	2014
8.3 The depreciation charge for the year has been allocated as follows:			
Cost of goods sold	20	222,732	200,992
Selling and distribution expenses	22	215,222	195,308
Administrative expenses	23	25,490	21,802
		<u>463,444</u>	<u>418,102</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						
	5,866	3,520	2,346	2,900	Open Market Auction	Ilyas Ibrahim 69-A; Lalazar Street No. 4 New Queens Road
	1,895	1,137	758	758	Negotiation	Malik Sadatullah Employee
	1,457	1,069	388	815	Open Market Auction	Babar Ali Traiday Wali, Daakana Khaas, Teshil Ferozwala, District Sheikhpura.
	1,289	773	516	516	Negotiation	Pir M Shah Employee
	1,479	887	592	592	Negotiation	Amir M Beg Employee
	1,389	833	556	556	Negotiation	Jamal Nasir Employee
	1,457	1,107	350	945	Open Market Auction	Syed Muzammil Shah E/475, Shahjee Compound, Karachi
	1,457	1,166	291	945	Open Market Auction	Syed Muzammil Shah E/475, Shahjee Compound, Karachi
	1,653	372	1,281	1,301	Negotiation	Jurrat Hussain Ex - Employee
	1,572	354	1,218	1,251	Negotiation	Haider Salahuddin Ex - Employee
	1,661	394	1,267	1,289	Negotiation	Amir Khan Ex - Employee
	1,673	502	1,171	1,189	Negotiation	Muhammad Javed Ex - Employee
	1,414	848	566	566	Negotiation	Irfan Hafeez Ex - Employee
	1,456	874	582	1,037	Open Market Auction	Wasim Mirza 10/4,Block 10/A, Gulshan-e-Iqbal
	1,554	796	758	855	Negotiation	Tariq Mahmood Khaldi Ex - Employee
	2,010	1,219	791	795	Negotiation	Ms Seema Khan Employee
	1,289	773	516	516	Negotiation	Asif Ali Employee
	1,384	830	554	554	Negotiation	Amjad Jamal Ex - Employee
	1,300	780	520	520	Negotiation	Ms Rozina Kazmi Employee
	1,337	802	535	535	Negotiation	Athar Raza Kazmi Employee
	1,953	49	1,904	1,850	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	1,451	1,142	309	1,067	Open Market Auction	Gul Faraz Khan Khuldabad, Quaidabad, Landhi
	1,414	848	566	1,075	Negotiation	Azam Khan Niazi Employee
	8,499	5,099	3,400	3,800	Open Market Auction	Muhammad Afzal Royal Group, One E-2, Mehrasons Estate, Talpur Road
	3,000	2,700	300	1,463	Open Market Auction	Syed Yousuf Shah Allah Wali Market, Qazzafi Town
	1,480	888	592	592	Negotiation	Amir Tufail Ex - Employee
	779	467	312	630	Negotiation	M.Majid Employee
	1,663	457	1,206	1,414	Negotiation	Shaikh Zaigham Masood Ex - Employee
	4,068	2,441	1,627	3,965	Open Market Auction	Danish Wali Flat No. B-10; Abbas Square, F.B.Area Block 7
	1,733	347	1,386	1,500	Insurance Claim	EFU EFU House, M.A. Jinnah Road
	1,389	833	556	1,136	Open Market Auction	Wasim Mirza 10/4,Block 10/A, Gulshan-e-Iqbal
	1,427	856	571	1,046	Open Market Auction	Muhammad Abid House no. H-129, Area 5C; Landhi, Karachi
	1,427	856	571	910	Open Market Auction	Syed Amir Jamil 413, Anum Blessing, Block No 7/8
	1,480	888	592	592	Negotiation	Shaikh Adnan Latif Employee
	1,337	802	535	535	Negotiation	Hazrat uddin Employee
	1,337	802	535	535	Negotiation	Ahmed Ashraf Employee
	1,289	773	516	516	Negotiation	Arifullah Employee
	1,663	333	1,330	1,414	Negotiation	Zafar Iqbal Ex - Employee
	1,480	888	592	592	Negotiation	Imran Atta Employee
	1,461	877	584	584	Negotiation	Muhammad Imran Khan Employee
	1,529	917	612	612	Negotiation	Ejaz Ahmed Employee
	1,688	548	1,140	1,181	Negotiation	Abdul Razzak Ex - Employee
	1,399	839	560	560	Negotiation	Abdul Rehman Employee
	1,399	839	560	560	Negotiation	Iftikhar Ali Employee
	1,399	839	560	560	Negotiation	M. Tariq Khan Employee
	1,529	917	612	612	Negotiation	Shah Saleem Employee
	1,399	839	560	560	Negotiation	Abdul Ahad Employee
	1,399	839	560	560	Negotiation	Muhammad Jahangir Jalil Employee
	1,399	839	560	560	Negotiation	Sirbiland Khan Employee
	1,480	888	592	592	Negotiation	Asmatullah Khan Employee
	1,399	839	560	560	Negotiation	Najeebuddin Siddiqui Employee
	1,679	1,007	672	672	Negotiation	Syed Javed Bukhari Employee

Description	Cost	Accumulated depreciation (Rupees '000)	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Vehicles						
	1,529	917	612	1,150	Insurance Claim	EFU
	1,394	836	558	558	Negotiation	Salman Ahmed
	1,673	648	1,025	1,171	Negotiation	Maqsood Hussain
	1,869	607	1,262	1,400	Insurance Claim	EFU
	2,020	1,212	808	808	Negotiation	Dr. Rameef Ahmed
	1,399	839	560	560	Negotiation	Muhammad Zafar ullah
	1,688	570	1,118	1,181	Negotiation	Amjad Ali
	1,399	839	560	560	Negotiation	Kifayat ullah
	1,628	244	1,384	1,400	Insurance Claim	EFU
	944	566	378	653	Negotiation	Sheikh Imran uddin
	1,504	902	602	1,300	Negotiation	Dr. Sarmad Maqbool
	1,554	932	622	622	Negotiation	Masood Akhter
	1,490	894	596	596	Negotiation	Naeem uddin
Plant and machinery						
	8,235	7,412	823	-	Write-off	
	2,346	2,112	234	-	Write-off	
Office Equipment						
	1,492	1,398	94	-	Write-off	
Items having book value less than Rs.50,000 each						
	32,219	32,201	18	-	Write-off	

8.5 Capital work-in-progress

	Plant and machinery	Vehicles	Building, office equipments and computers	Total
	(Rupees '000)			
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
Additions	738,768	173,802	50,297	962,867
Transferred to operating fixed assets	(438,112)	(146,095)	(80,262)	(664,469)
At December 31, 2015	627,710	36,669	53,863	718,242

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

9. INTANGIBLE ASSETS

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

	Note	2015 (Rupees '000)	2014
Cost			
Opening balance		86,100	86,100
Additions		18,500	-
Balance as at December 31,		104,600	86,100
Accumulated amortisation			
Opening balance		61,705	44,485
Amortisation charge	22	20,912	17,220
Balance as at December 31,		82,617	61,705
Net book value			
Cost		104,600	86,100
Accumulated amortisation		(82,617)	(61,705)
Balance as at December 31,		21,983	24,395
Years			
Useful life		4-5	5

		2015 (Rupees '000)	2014
10. LONG-TERM LOANS AND ADVANCES - considered good, secured			
Long-term loans			
Due from:			
- Executives	10.1	36,736	33,767
- Employees		43,468	36,951
	10.2	80,204	70,718
Less: recoverable within one year			
- Executives		15,847	13,354
- Employees		15,165	14,097
	15	31,012	27,451
		49,192	43,267
Long-term advances			
- Employees		2,520	2,937
		51,712	46,204

	2015	2014
	(Rupees '000)	
10.1 Reconciliation of carrying amount of long-term loans to executives:		
Opening balance	33,767	17,444
Disbursements	17,378	25,573
Transfer of balances of employee cadre to executive cadre	8,599	9,205
Less: Repayments	23,008	18,455
Closing balance	<u>36,736</u>	<u>33,767</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. 40.469 million (2014: Rs. 33.814 million), respectively.

11. LONG-TERM DEPOSITS

Represents deposits paid for utilities and gas cylinders.

	2015	2014
	(Rupees '000)	
Note		
12. STORES AND SPARES		
Stores	71,395	70,575
Spares [including spares-in-transit Rs. 36.591 million (2014: Rs. 13.416 million)]	<u>106,434</u>	<u>85,749</u>
	177,829	156,324
Less: Provision for slow moving and obsolete items	12.1 <u>37,760</u>	36,166
	<u>140,069</u>	<u>120,158</u>

12.1 Reconciliation of provision for slow moving and obsolete items

Opening provision	36,166	35,160
Charge for the year	<u>1,594</u>	<u>1,006</u>
Closing provision	<u>37,760</u>	<u>36,166</u>

13. STOCK-IN-TRADE

Raw and packing materials [including stock-in-transit of Rs. 176.552 million (2014: Rs. 214.113 million)]		1,624,428	1,873,239
Work-in-process	20	224,347	197,872
Finished goods [including stock-in-transit of Rs. 181.713 million (2014: Rs. 54.487 million)]	20	<u>1,180,172</u>	<u>842,296</u>
		3,028,947	2,913,407
Less: Provision for slow moving and obsolete items	13.2	<u>120,257</u>	90,400
		<u>2,908,690</u>	<u>2,823,007</u>

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

13.1 Stock-in-trade includes items costing Rs. 107.930 million (2014: Rs. 68.886 million) valued at net realisable value of Rs. 93.945 million (2014: Rs. 64.741 million) resulting in a write down of Rs. 13.985 million (2014: 4.145 million).

Note	2015 (Rupees '000)	2014
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13.2 Reconciliation of provision for slow moving and obsolete items

Opening provision	90,400	148,152
Charge for the year	113,718	74,429
Write offs during the year	(83,861)	(132,181)
Closing provision	<u>120,257</u>	<u>90,400</u>

14. TRADE DEBTS

Considered good:

Secured	109,389	137,516
Unsecured		
- Due from a related party	14.1 33,849	6,921
- Others	333,165	338,334
	<u>367,014</u>	<u>345,255</u>
	476,403	482,771

Considered doubtful:

Unsecured	10,639	11,480
	<u>487,042</u>	<u>494,251</u>
Less: Provision for doubtful debts	14.2 10,639	11,480
	<u>476,403</u>	<u>482,771</u>

14.1 Represents receivable from Abbott Products Operations AG, a related party.

14.2 Reconciliation of provision for doubtful debts

Opening provision	11,480	32,283
(Reversal) / charge for the year	25 (841)	1,723
Write offs during the year	-	(22,526)
Closing provision	<u>10,639</u>	<u>11,480</u>

	Note	2015 (Rupees '000)	2014
15. LOANS AND ADVANCES			
Current portion of long-term loans	10	31,012	27,451
Considered good			
Advances to:			
- Executives		7,435	5,791
- Employees		4,978	2,803
- Suppliers		56,769	45,214
		69,182	53,808
		100,194	81,259
Considered doubtful			
		794	-
		100,988	81,259
Less: Provision for doubtful advances		794	-
		100,194	81,259

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, Rs. 3.99 million and Rs. 40.67 million (2014: Rs. Nil, Rs. 3.58 million and Rs. 24.29 million) respectively.

	2015 (Rupees '000)	2014
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Considered good		
Trade deposits	94,804	58,535
Prepayments [including sample inventory Rs. 43.207 million (2014: Rs. 45.572 million)]	137,093	119,413
	231,897	177,948
Considered doubtful		
Trade deposits	2,161	2,161
	234,058	180,109
Less: Provision for doubtful trade deposits	2,161	2,161
	231,897	177,948

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

	Note	2015 (Rupees '000)	2014
17. OTHER RECEIVABLES			
Considered good			
Due from related parties	17.1	41,774	130,321
Material on loan		42,905	41,438
Insurance claim receivable		4,389	13,534
Service fee for toll manufacturing		-	163
Workers' Profit Participation Fund	6.3	1,675	-
Others		6,752	7,154
		<u>97,495</u>	<u>192,610</u>
Considered doubtful			
		<u>3,239</u>	<u>3,135</u>
		<u>100,734</u>	<u>195,745</u>
Less: Provision for doubtful other receivables	17.2	<u>3,239</u>	<u>3,135</u>
		<u>97,495</u>	<u>192,610</u>
17.1 Due from related parties			
Abbott Laboratories (Singapore) PTE Limited		-	842
Abbott International LLC., USA		80	4,907
Abbott Laboratories Philippines		1,049	-
Abbott Mearo		13,535	42,181
Abbott Laboratories Malaysia		604	8,037
Abbott Laboratories South Africa		-	380
P.T. Abbott Indonesia		787	-
Zwolle Manufacturing		144	-
Abbott Laboratories Trading (Shanghai) Co. Ltd.		4,306	-
Abbott GmbH & Co. KG.		21,269	21,467
Abbott DO Brazil Ltda		-	507
AbbVie Logistics B.V.		-	29,109
AbbVie Biopharmaceuticals GmbH		-	22,891
		<u>41,774</u>	<u>130,321</u>
17.2 Reconciliation of provision for doubtful other receivables			
Opening provision		3,135	2,678
Charge for the year	24	<u>104</u>	<u>457</u>
Closing provision		<u>3,239</u>	<u>3,135</u>

	Note	2015 (Rupees '000)	2014
18. CASH AND BANK BALANCES			
With banks			
Savings accounts:			
- Local currency	18.1	302,925	203,948
- Foreign currency		404,222	216,279
		<u>707,147</u>	<u>420,227</u>
Deposit accounts:			
- Local currency	18.2	7,500,000	5,800,000
Current accounts:			
- Local currency		4,524	3,047
		<u>8,211,671</u>	<u>6,223,274</u>
In hand			
- Foreign currency		3,887	2,838
- Local currency		1,743	2,507
Cheques and drafts in hand and in transit		<u>103,612</u>	<u>152,762</u>
		<u>8,320,913</u>	<u>6,381,381</u>

18.1 These savings accounts carry markup rate of 4.50% (2014: 6.50%).

18.2 These deposit accounts carry markup rate of 5.25% (2014: 8.75%).

	Note	2015 (Rupees '000)	2014
19. SALES – NET			
Local		20,624,196	19,362,125
Export			
- to related parties	32	277,345	104,137
- to others		884,396	758,988
		<u>1,161,741</u>	<u>863,125</u>
		<u>21,785,937</u>	<u>20,225,250</u>
Less:			
Sales returns and discounts		153,284	108,052
Sales tax and excise duty		462,207	424,844
		<u>615,491</u>	<u>532,896</u>
		<u>21,170,446</u>	<u>19,692,354</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

	Note	2015 (Rupees '000)	2014
20. COST OF GOODS SOLD			
Opening work-in-process		197,872	182,917
Raw and packing materials consumed		7,566,213	6,414,133
		7,764,085	6,597,050
Manufacturing expenses:			
Salaries, wages, allowances and staff welfare	20.1	1,316,274	1,176,899
Stores and spares consumed		61,038	82,419
Fuel and power		367,777	338,795
Depreciation	8.3	222,732	200,992
Repairs and maintenance		130,321	104,277
Technical service fee	32	140,019	138,618
Insurance		14,609	12,708
Printing and stationery		9,124	7,632
Travelling and entertainment		26,877	17,281
Rent, rates and taxes		2,909	3,020
Laboratory testing supplies		37,973	26,515
Computer expenses		27,424	20,919
Postage, telephone and telegram		8,964	10,844
Others	20.2	157,820	127,503
		2,523,861	2,268,422
		10,287,946	8,865,472
Closing work-in-process	13	(224,347)	(197,872)
Cost of goods manufactured		10,063,599	8,667,600
Finished goods			
Opening stock		842,296	1,160,559
Purchases		3,217,490	3,156,349
		14,123,385	12,984,508
Closing stock	13	(1,180,172)	(842,296)
		12,943,213	12,142,212

20.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 122.008 million - note 21.3 (2014: net charge of Rs. 117.168 million) in respect of staff retirement benefits.

	2015 (Rupees '000)	2014
20.2 Details of other expenses		
Other fees and purchased services	73,726	60,906
Recruitment and training expenses	1,661	1,561
Membership and subscription	691	669
Conference expenses	821	896
Miscellaneous expenses	80,921	63,471
	<u>157,820</u>	<u>127,503</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, 2015 using the Projected Unit Credit Method.

	Note	2015 (Rupees '000)	2014
21.1.1 Amounts recognised in the balance sheet:			
Present value of the defined benefit obligation	21.1.2	3,696,667	3,424,767
Less: Fair value of the plan assets	21.1.3	<u>3,085,696</u>	<u>2,978,324</u>
Deficit	6	<u>610,971</u>	<u>446,443</u>

	Present value of defined benefit obligation	Fair value of plan assets	Total
	(Rupees '000)		
21.1.2 As at January 1, 2015	3,424,767	(2,978,324)	446,443
Current service cost	144,264	-	144,264
Interest cost / (income)	370,285	(328,801)	41,484
Company contributions	-	(155,390)	(155,390)
Benefits paid	(266,692)	266,692	-
Remeasurements recognised in other comprehensive income:			
- Loss due to changes in experience adjustment	24,043	-	24,043
- Return on plan assets excluding amounts included in interest income	-	110,127	110,127
	24,043	110,127	134,170
As at December 31, 2015	<u>3,696,667</u>	<u>(3,085,696)</u>	<u>610,971</u>

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

	Present value of defined benefit obligation	Fair value of plan assets (Rupees '000)	Total
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	3,424,767	(2,978,324)	446,443

	Note	2015 (Rupees '000)	2014
21.1.3 Plan assets are comprised as follows:			
Debt		1,666,008	1,544,210
Equity	21.1.7	1,383,176	1,384,177
Bank balances		36,512	49,937
		<u>3,085,696</u>	<u>2,978,324</u>
21.1.4 Amount recognised in profit and loss:			
Current service cost		144,264	139,267
Net interest		41,484	36,703
	21.3	<u>185,748</u>	<u>175,970</u>
21.1.5 Actual return on plan assets			
		<u>218,674</u>	<u>320,147</u>
		<u>(Percent per annum)</u>	
21.1.6 Principal actuarial assumptions used were as follows:			
Discount rate	21.1.8	9.75	11.25
Future salary increases		7.75	9.25
Future pension increases		1.50	3.00
21.1.7 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 283.099 million (2014: Rs. 309.451 million).			

21.1.8 The discount rate of 9.75% 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, 2016 is Rs. 233.187 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%	(382,399)	458,689
Salary growth rate	1%	263,807	(236,554)
Pension growth rate	1%	219,053	(192,329)

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. 73.997 million (2014: Rs. 69.138 million) has been charged during the year in respect of the contributory provident fund maintained by the Company.

	Note	2015 (Rupees '000)	2014
21.3 Staff retirement benefit cost recognised in the profit and loss account			
Pension cost	21.1.4	185,748	175,970
Less: Reimbursement from related party	32	(2,620)	(3,460)
Provident fund contribution	32	73,997	69,138
E.O.B.I.		10,150	8,520
		<u>267,275</u>	<u>250,168</u>
Allocated as:			
Cost of goods sold	20.1	122,008	117,168
Selling and distribution expenses	22.1	110,209	105,212
Administrative expenses	23.1	35,058	27,788
		<u>267,275</u>	<u>250,168</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

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 (2014: audited by another firm of chartered accountants) financial statements of the provident fund:

	2015	2014
Number of members	1,381	1,365
Size of provident fund (Rupees '000)	995,345	1,047,047
Cost of investments made (Rupees '000)	693,401	733,234
Percentage of investments made	69.66%	70.03%
Fair value of investment (Rupees '000)	992,117	1,051,733
Break-up of investments:		
- Balance in Government securities		
Amount of investment (Rupees '000)	456,799	490,958
Percentage of size of the fund	45.89%	46.19%
- Balance in equity shares in listed companies		
Amount of investment (Rupees '000)	385,259	405,043
Percentage of size of the fund	38.71%	38.11%
- Balance in term finance certificates		
Amount of investment (Rupees '000)	208	5,194
Percentage of size of the fund	0.02%	0.49%
- Balance at bank		
Amount of investment (Rupees '000)	149,850	150,538
Percentage of size of the fund	15.06%	14.16%

21.4.1 As at December 31, 2015, 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, 2015 and 2014 respectively are as follows:

	2015	2014
	No. of employees	
Average number of employees during the year	1,455	1,430
Number of employees as at year end	1,455	1,439

	Note	2015 (Rupees '000)	2014
22. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages, allowances and staff welfare	22.1	1,011,888	1,080,689
Rent, rates and taxes		43,307	40,433
Repairs and maintenance		21,970	22,665
Royalty		27,498	23,438
Insurance		16,191	10,075
Depreciation	8.3	215,222	195,308
Amortisation of intangible assets	9	20,912	17,220
Legal, professional and other services		31,403	32,854
Postage, telephone and telegram		39,176	33,555
Printing and stationery		8,219	16,743
Travelling, conveyance and entertainment		301,280	290,646
Advertising, samples and sales promotion		679,280	651,506
Forwarding expenses		318,865	300,752
Electricity		21,509	17,771
Computer expenses		42,346	18,197
Training and development expenses		22,111	35,028
Packing and miscellaneous supplies		26,251	81,300
Distributors commission		27,486	107,869
Others	22.2	85,088	64,409
		<u>2,960,002</u>	<u>3,040,458</u>
Less: Reimbursement from related party	32	<u>83,595</u>	<u>75,338</u>
		<u>2,876,407</u>	<u>2,965,120</u>

22.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 110.209 million - note 21.3 (2014: net charge of Rs. 105.212 million) in respect of staff retirement benefits.

	2015 (Rupees '000)	2014
22.2 Details of other expenses		
Other fees and purchased services	55,082	45,398
Security expenses	8,602	6,846
Membership and subscription	1,260	731
Air conditioning expenses	4,194	3,175
Housekeeping expenses	3,421	2,716
Water charges	185	212
Purchased gas	277	440
Miscellaneous expenses	12,067	4,891
	<u>85,088</u>	<u>64,409</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

	Note	2015 (Rupees '000)	2014
23. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances and staff welfare	23.1	255,584	253,082
Rent, rates and taxes		16,564	15,072
Repairs and maintenance		5,477	3,768
Insurance		4,458	3,017
Depreciation	8.3	25,490	21,802
Legal, professional and other services		8,139	5,486
Postage, telephone and telegram		7,942	6,641
Printing and stationery		3,963	2,629
Travelling, conveyance and entertainment		7,685	10,685
Electricity		5,720	10,580
Computer expenses		11,036	11,205
Training and development expenses		679	1,500
Miscellaneous office supplies		2,245	3,887
Others	23.2	36,865	30,176
		<u>391,847</u>	<u>379,530</u>
Less: Reimbursement from related party	32	8,235	12,151
		<u>383,612</u>	<u>367,379</u>

23.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 35.058 million - note 21.3 (2014: net charge of Rs. 27.788 million) in respect of staff retirement benefits.

	Note	2015 (Rupees '000)	2014
23.2 Details of other expenses			
Other fees and purchased services		15,890	14,518
Security expenses		1,256	1,334
Membership and subscription		10,509	6,236
Air conditioning expenses		4,595	6,091
Housekeeping expenses		474	1,086
Water charges		68	167
Miscellaneous expenses		4,073	744
		<u>36,865</u>	<u>30,176</u>

24. OTHER CHARGES

Auditors' remuneration	24.1	4,440	3,324
Donations	24.2	868	803
Workers' Profit Participation Fund	6.3	266,900	231,932
Workers' Welfare Fund		64,621	88,134
Central Research Fund		50,571	43,622
Provision for doubtful other receivables	17.2	104	457
Provision for doubtful trade debts	14.2	-	1,723
Exchange loss		44,217	-
		<u>431,721</u>	<u>369,995</u>

		2015 (Rupees '000)	2014
24.1 Auditors' remuneration			
Statutory audit and half-yearly fees		1,760	1,600
Tax advisory services		2,180	1,309
Special certifications		400	355
Out of pocket expenses		100	60
		<u>4,440</u>	<u>3,324</u>
24.2	Recipients of donations do not include any donee in which any director or his / her spouse had any interest.		
	Note	2015 (Rupees '000)	2014
25. OTHER INCOME			
Gain on disposal of property, plant and equipment		10,857	7,547
Interest income	25.1	448,150	437,971
Scrap sales		17,020	15,105
Exchange gain		-	15,070
Reversal of provision for doubtful trade debts	14.2	841	-
		<u>476,868</u>	<u>475,693</u>
25.1	Interest income include an amount of Rs. 33.261 million (2014: Rs. 30.303 million) on account of interest income earned from Abbott GmbH & Co. KG., a related party at the rate of 10% (2014: 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.		
		2015 (Rupees '000)	2014
26. FINANCE COSTS			
Bank charges		<u>5,884</u>	<u>4,774</u>
27. TAXATION - net			
Current			
- For the year		1,305,210	1,263,779
- Prior year		119,340	218,085
		<u>1,424,550</u>	<u>1,481,864</u>
Deferred		<u>(4,809)</u>	<u>20,391</u>
		<u>1,419,741</u>	<u>1,502,255</u>

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

		2015 (Rupees '000)	2014 (Rupees '000)
27.1 Relationship between tax expense and accounting profit			
Accounting profit before taxation		5,006,477	4,318,567
Tax rate		32%	33%
Tax on accounting profit		1,602,073	1,425,127
Tax for prior years		119,340	218,085
Tax effect of:			
- Expenses that are not deductible in determining taxable profit		13,876	13,284
- Applying lower tax rates to certain income		(255,243)	(113,830)
- BMR tax credit		(43,811)	(23,949)
- Tax rate adjustment		(39,541)	(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)		23,047	(4,475)
		<u>1,419,741</u>	<u>1,502,255</u>
28. EARNINGS PER SHARE - BASIC / DILUTED			
Profit for the year		3,586,736	2,816,312
		Number of shares	
Weighted average number of ordinary shares in issue during the year		97,900,302	97,900,302
		(Rupees)	
Earnings per share		36.64	28.77
28.1 There is no dilutive effect on the basic earnings per share of the Company.			
	Note	2015 (Rupees '000)	2014 (Rupees '000)
29. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,006,477	4,318,567
Adjustment for:			
Depreciation	8.3	463,444	418,102
Amortisation on intangible assets	9	20,912	17,220
Gain on disposal of property, plant and equipment	25	(10,857)	(7,547)
Interest income	25	(448,150)	(437,971)
Expense recognised in profit or loss in respect of equity-settled share-based compensation	30	42,464	39,451
Pension retirement benefit		30,358	31,753
Finance costs	26	5,884	4,774
Working capital changes	29.1	477,382	375,287
		<u>5,587,914</u>	<u>4,759,636</u>

	2015	2014
	(Rupees '000)	
29.1 Working capital changes		
(Increase) / decrease in current assets net of provision		
Stores and spares	(19,911)	(12,920)
Stock-in-trade	(85,683)	(60,317)
Trade debts	6,368	63,322
Loans and advances	(18,935)	90,946
Trade deposits and short-term prepayments	(53,949)	(23,335)
Other receivables	95,115	(113,341)
	<u>(76,995)</u>	<u>(55,645)</u>
Increase in current liabilities		
Trade and other payables - net	554,377	430,932
	<u>477,382</u>	<u>375,287</u>

30. SHARE BASED COMPENSATION

Share-based compensation plans

As at December 31, 2015, 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. 42.464 million (2014: Rs. 39.451 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:

	2014	2013	2012
Volatility	20.00%	20.00%	21.00%
Dividend yield	2.20%	1.60%	3.60%
Risk free interest rate	1.90%	1.10%	1.20%

NOTES TO THE FINANCIAL STATEMENTS

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A summary of units outstanding is given below:

	2015		2014	
	Average exercise price per stock unit (USD)	Stock units	Average exercise price per stock unit (USD)	Stock units
At January 1,	37.55	10,481	39.34	11,223
Granted	46.99	10,739	38.82	11,130
Exercised / cancelled	40.42	10,999	40.43	11,872
At December 31,	44.38	10,221	37.55	10,481

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

Vesting date	2015		2014	
	Stock units	Exercise Price (USD)	Stock units	Exercise Price (USD)
2015	-	-	7,006	37.10
2016	6,681	43.00	3,475	38.47
2017	3,540	46.99	-	-
	10,221	44.38	10,481	37.55

31. CAPACITY

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

32. TRANSACTIONS WITH RELATED PARTIES

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

	Note	2015 (Rupees '000)	2014
Related parties			
Sale of goods	19	277,345	104,137
Purchase of materials		3,664,028	4,036,659
Technical service fee	20	140,019	138,618
Reimbursements from a related party on account of:			
Selling and distribution expenses	22	83,595	75,338
Administrative expenses	23	8,235	12,151
Pension Fund	21.3	2,620	3,460
Interest income earned	25.1	33,261	30,303
Contributions paid in respect of staff retirement benefit plans			
Pension Fund	21.1.2	155,390	144,217
Provident Fund	21.3	73,997	69,138

Key management personnel

Short-term employee benefits	181,177	152,810
Post-employment benefits	26,350	22,109

- 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:

	2015			2014		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
(Rupees '000)						
Short-term employee benefits						
Managerial remuneration	29,232	20,362	1,054,945	26,936	39,085	915,949
Leave passage / encashment	1,942	707	64,086	196	2,575	57,496
Medical expenses	107	83	53,454	135	223	59,680
Rent / utility / maintenance / furnishing	-	-	1,620	-	111	2,511
	31,281	21,152	1,174,105	27,267	41,994	1,035,636
Retirement benefits	4,488	3,246	158,297	3,983	6,032	138,475
	35,769	24,398	1,332,402	31,250	48,026	1,174,111
Number of persons	1	1	587	1	*2	558

*Includes 1 alternate Director

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

- 33.1 In addition, Rs. 42.464 million (2014: Rs. 39.451 million) has been charged in the profit and loss account in respect of share-based payments to chief executive, directors and certain executives of the Company as mentioned in notes 2.22 and 30.
- 33.2 Managerial remuneration includes Rs. 195.528 million (2014: Rs. 175.639 million) charged in the profit and loss account in respect of bonus to chief executive, directors and certain executives of the Company.
- 33.3 Directors and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.
- 33.4 The aggregate amount charged in these financial statements for fees to non-executive directors is Rs. 1.320 million (2014: Rs. 0.780 million).

34. SEGMENT WISE OPERATING RESULTS

	2015				2014			
	Pharma- ceutical	Nutritional	Others	Total	Pharma- ceutical	Nutritional	Others	Total
	(Rupees '000)							
Sales	15,772,161	3,958,837	2,054,939	21,785,937	15,053,186	3,320,103	1,851,961	20,225,250
Less: Sales returns and discounts	118,274	5,050	29,960	153,284	88,424	3,061	16,567	108,052
Less: Sales tax and excise duty	-	365,894	96,313	462,207	-	316,994	107,850	424,844
Sales - net	15,653,887	3,587,893	1,928,666	21,170,446	14,964,762	3,000,048	1,727,544	19,692,354
Cost of goods sold	9,759,428	2,137,810	1,045,975	12,943,213	9,084,346	1,860,328	1,197,538	12,142,212
Gross profit	5,894,459	1,450,083	882,691	8,227,233	5,880,416	1,139,720	530,006	7,550,142
Selling and distribution expenses	2,061,714	445,037	369,656	2,876,407	2,240,802	397,118	327,200	2,965,120
Administrative expenses	336,085	35,134	12,393	383,612	317,925	32,912	16,542	367,379
Segment result	3,496,660	969,912	500,642	4,967,214	3,321,689	709,690	186,264	4,217,643
Unallocated corporate expenses / income								
Other income				476,868				475,693
Other charges				431,721				369,995
Profit before finance cost and taxation				5,012,361				4,323,341
Finance costs				5,884				4,774
Profit before taxation				5,006,477				4,318,567
Taxation				1,419,741				1,502,255
				3,586,736				2,816,312
Other Information								
Segment assets employed	5,967,338	333,624	1,225,157	7,526,119	5,332,042	402,983	1,138,869	6,873,894
Unallocated corporate assets				8,962,156				6,891,701
Total assets				16,488,275				13,765,595
Segment liabilities	1,922,325	318,196	413,541	2,654,062	1,698,031	178,628	187,891	2,064,550
Unallocated corporate liabilities				884,966				829,445
Total liabilities				3,539,028				2,893,995
Capital expenditure during the year	935,180	11,760	227,157	1,174,097	436,599	20,041	204,803	661,443
Unallocated corporate capital expenditure				-				-
Total capital expenditure				1,174,097				661,443
Depreciation / amortisation	314,748	8,929	160,679	484,356	291,472	7,844	136,006	435,322
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				484,356				435,322

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2015

	2015	2014
	(Rupees '000)	
34.1 Geographical information		
Sales to external customers, net of returns, discounts, sales tax and excise duty		
Pakistan	20,008,705	18,829,229
Afghanistan	816,613	703,560
Srilanka	58,622	49,409
Netherland	18,447	11,426
Bangladesh	9,161	6,019
Switzerland	258,898	92,711
	<u>21,170,446</u>	<u>19,692,354</u>

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

35. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk). The Company's principal financial liabilities comprise trade and other payables. The Company has various financial assets such as loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Company's overall risk management programme focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimize the potential adverse affects of financial market on the Company's performance are as follows:

35.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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

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

	2015 (Rupees '000)	2014
Loans and advances	95,137	82,249
Deposits	102,279	66,140
Trade debts	476,403	482,771
Interest accrued	8,573	17,351
Other receivables	54,590	151,172
Balances with banks	<u>8,211,671</u>	<u>6,223,274</u>
	<u>8,948,653</u>	<u>7,022,957</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, 2015, trade debts of Rs. 75.160 million (2014: Rs. 107.135 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:

	2015 (Rupees '000)	2014
61-90 days	16,485	26,495
91-180 days	10,067	29,565
181-360 days	9,365	16,631
Over 360 days	<u>39,243</u>	<u>34,444</u>
	<u>75,160</u>	<u>107,135</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			Date of Rating	2015 (Rupees '000)	2014
	Rating Agency	Short-term	Long-term			
Deutsche Bank AG	S & P	A-2	BBB+	June 2015	1,507,209	1,812,253
	Moody's	P-2	A3	June 2015		
	Fitch	F1	A	May 2015		
MCB Bank Limited	PACRA	A1+	AAA	June 2015	179	170
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	June 2015	3,698,568	1,395,174
The Bank of Tokyo-Mitsubishi UFJ Limited	S & P	A-1	A+	February 2015	3,000,081	1,000,076
	Moody's	P-1	A1	February 2015		
	Fitch	F1	A	February 2015		
Citibank N.A.	Moody's	P-1	A2	March 2015	63	63
National Bank of Pakistan	PACRA	A-1+	AAA	June 2015	4,381	1,986
Faysal Bank Limited	PACRA	A1+	AA	June 2015	192	84
	JCR-VIS	A-1+	AA	June 2015		
Habib Bank Limited	JCR-VIS	A-1+	AAA	June 2015	998	2,013,468

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

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

35.2 Liquidity risk

Liquidity risk reflects the Company’s inability in raising fund to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining sufficient cash / bank balance and the availability of funding through an adequate amount of committed credit facilities. As at December 31, 2015, the Company’s financial liabilities of Rs. 2,336.385 million (2014: Rs. 1,832.650 million) are all current and due in next financial year.

35.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk whereas the exposure to currency risk and interest rate risk is given below:

35.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign currency. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company’s exposure to foreign currency risk at the reporting date was as follows:

	2015		2014	
	Rupees	US Dollars	Rupees	US Dollars
			(‘000)	
Cash and cash equivalents	408,109	3,891	219,117	2,174
Due from related parties	75,623	721	137,242	1,361
Bills payable	(827,066)	(7,885)	(427,612)	(4,242)
Payable to related parties	(59,829)	(570)	(48,397)	(480)
	<u>(403,163)</u>	<u>(3,843)</u>	<u>(119,650)</u>	<u>(1,187)</u>

The following significant exchange rates were applied during the year

	Balance sheet date rate		Average rate	
	2015	2014	2015	2014
			(Rupees)	
US Dollars	104.89	100.80	102.92	101.36

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. 28.883 million (2014: Rs. 7.803 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.

	2015 (Rupees '000)	2014
Fixed rate instruments		
Financial assets	<u>8,207,147</u>	<u>6,220,227</u>

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

35.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the balance sheet date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

36. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The current capital structure of the Company is equity based with no financing through borrowings.

37. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In their meeting held on February 19, 2016, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2015 of Rs. 20.0 per share (2014: cash dividend of Rs. 4.8 per share). This is in addition to interim cash dividend of Rs. 10.0 per share (2014: Rs. 3.0 per share). The total dividend declared during the year and dividend per share have been summarised below:

	2015 (Rupees '000)	2014
Cash dividend	<u>2,937,009</u>	<u>763,622</u>
	<u>(Rupees)</u>	
Cash dividend per share	30.00	7.80

The financial statements for the year ended December 31, 2015 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, 2016.

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended December 31, 2015

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 19, 2016 by the Board of Directors of the Company.



Chief Executive
(Interim)



Director

PATTERN OF SHAREHOLDING

As At December 31, 2015

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares
1	100	811	31,202
101	500	592	162,914
501	1,000	243	186,677
1,001	5,000	480	1,018,525
5,001	10,000	82	565,661
10,001	15,000	22	269,897
15,001	20,000	5	85,174
20,001	25,000	6	135,480
25,001	30,000	2	58,500
30,001	35,000	4	127,349
35,001	40,000	5	186,324
40,001	45,000	2	88,276
45,001	50,000	1	46,275
60,001	65,000	1	60,000
65,001	70,000	1	68,000
70,001	75,000	1	73,250
95,001	100,000	1	97,300
100,001	105,000	1	103,200
115,001	120,000	1	115,472
125,001	130,000	1	128,650
155,001	160,000	1	157,003
195,001	200,000	1	195,200
225,001	230,000	1	227,390
230,001	235,000	1	230,150
335,001	340,000	1	336,834
345,001	350,000	1	347,100
365,001	370,000	1	369,889
410,001	415,000	1	410,000
415,001	420,000	1	415,772
435,001	440,000	1	438,689
440,001	445,000	1	442,105
465,001	470,000	1	467,583
490,001	495,000	1	490,926
635,001	640,000	1	639,800
745,001	750,000	1	746,093
780,001	785,000	1	781,350
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
2,570,001	2,575,000	1	2,574,870
2,650,001	2,655,000	1	2,651,538
76,255,001	76,260,000	1	76,259,451
TOTAL		2,287	97,900,302

CATEGORIES OF SHAREHOLDERS

As At December 31, 2015

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	27	4,339,577	4.43
3	Directors and their spouse(s) and minor children	7	41,641	0.04
4	Executives	30	21,346	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	25	419,125	0.43
7	Others	75	5,813,661	5.95
8	Individuals	2,119	9,245,262	9.44
Total :		2,287	97,900,302	100.00

List of Associated Companies, Undertakings and Related Parties

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

List of Mutual Funds

S.No	Folio	Name	Holding
1	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
2	04010-22132	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	5,000
3	04010-22140	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	5,000
4	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	128,650
5	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	230,150
6	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	68,000
7	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,465
8	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	103,200
9	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	781,350
10	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	11,550
11	09480-21	CDC - TRUSTEE NAFA STOCK FUND	36,900
12	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	97,300
13	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	30,500
14	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	2,500
15	11320-25	B.R.R. GUARDIAN MODARABA	43,276
16	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	10,400
17	13607-28	CDC - TRUSTEE PICIC STOCK FUND	14,500
18	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	2,100
19	14704-25	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	3,500
20	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,651,538
21	14969-25	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	13,000
22	14977-24	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1,200
23	15974-23	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	6,000
24	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	73,250
25	16162-20	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	4,300
26	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	7,400
27	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	4,500
Total :			4,339,577

CATEGORIES OF SHAREHOLDERS

As At December 31, 2015

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

S.No	Folio	Name	Holding
1	4487	MR. MUNIR A. SHAIKH	1
2	4607	SYED ANIS AHMED	1
3	4700	MR. ARSHAD SAEED HUSAIN	1
4	4720 & 3277-90453	MR. EHSAN ALI MALIK	3,900
5	03277-144	MR. KAMRAN Y. MIRZA	36,098
6	06122-5280	MR. SHAMIM AHMAD KHAN	1,140
7	04002-39038	MS. ZEHRA NAQVI	500
Total :			41,641

List of Executives

S.No	Folio	Name	Holding
1	2135	SHABBIR S NAJMEE	1,269
2	2238	NASEEM AKHTAR	3,840
3	2257	MOHAMMAD SHAMSUDDIN	1,610
4	2270	RIAZ UL HASAN	112
5	3299	MOHAMMAD SAEED	2,018
6	3924	HUSSAIN ADAM	23
7	4022	AFTAB AHMED SOOMRO	866
8	4072	MUHAMMAD YOUSUF	548
9	4465	SHAHEEN PERVEEN	295
10	4478	AZHAR KHAN	518
11	4509	MUHAMMAD SAEED	2,932
12	4511	SHAHEEN PARVEEN	96
13	4526	SAIRA SAEED	200
14	4527	SHENAZ SHEZAD	414
15	4528	AFSHAN MUSHEER	200
16	4529	TALAT SULTANA	100
17	4530	TEHSEEN FATIMA	42
18	4531	TALAT NASREEN	30
19	4534	NIGHAT SULTANA	200
20	4535	NAJEEB UDDIN QURESHI	300
21	4538	MOHAMMAD HAMEED ULLAH	200
22	4566	MOHAMMAD JILANI	100
23	4595	SHAHNAZ SHAHZAD	96
24	4616	MOHIUDDIN ANSARI	200
25	4617	ALTAF HUSSAIN	500
26	4620	MUHAMMAD SHARIF	300
27	4676	SHAHEEN SHOUKAT	793
28	4677	MUHAMMAD YOUSUF	792
29	4708	MUHAMMAD QASIM BHATTI	200
30	03277-86882	NOOR-UL-AMIN	2,552
Total :			21,346

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, 2015

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	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
2	02832-32	MEEZAN BANK LIMITED	25,000
3	03889-28	NATIONAL BANK OF PAKISTAN	1,397
4	11353-22	NATIONAL INVESTMENT TRUST LIMITED	38,600
5	03277-7520	FIRST HABIB MODARABA	1,000
6	07450-4077	CRESCENT STANDARD MODARABA	750
7	3137	UNITED INSURANCE CO OF PAK LTD	2
8	03277-10526	HABIB INSURANCE CO.LIMITED	46,275
9	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	1,500
10	03277-8372	EXCEL INSURANCE CO.LTD.	5,000
11	12666-882	HABIB INSURANCE COMPANY LIMITED	15,425
12	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	3,646
13	00521-3886	TRUSTEE-SANOFI AVENTIS PAKISTAN SENIOR-EXECUTIVE PENSION FD	2,200
14	00521-6087	TRUSTEE ENGRO CORP LTD MPT EMP DEFINED CONTRIBUTION PEN FUND	4,300
15	00547-6424	TRUSTEE - IBM ITALIA S.P.A. PAKISTAN EMPLOYEES PENSION FUND	85
16	00695-10718	TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	1,200
17	00695-10759	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	28,500
18	03277-21803	TRUSTEES SHELL PAK STAFF PENSION FUND	75
19	03277-21806	TRUSTEES SHELL PAK MGMT STAFF PENSION FUND	8,000
20	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	227,390
21	03277-86264	TRUSTEES OF SHELL PAKISTAN DC PENSION FUND	4,000
22	13748-592	TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	1,800
23	13748-667	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	1,000
24	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE DEPARTMENT)	100
25	4171	N. B. P. TRUSTEE DEPARTMENT	880
Total :			419,125

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 67th Annual General Meeting of the Company will be held on Thursday April 21st 2016, at 11:00 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 31st, 2015.
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.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED as and by way of Special Resolution **THAT** the Articles of Association of the Company, be amended as follows:

- (a) by inserting the following new article immediately after Article 61 as Article 61A, namely:

61 A "Subject to any rules or regulations that may be made from time to time by the Commission in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by the Commission".

A statement as required by Section 160(1)(b) of the Companies Ordinance, 1984, in respect of the special business to be considered at the AGM is annexed.

By Order of the Board



Malik Saadatullah
Company Secretary

Karachi: dated February 19th, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Share Transfer books of the Company will remain closed from Thursday, April 14th, 2016 to Thursday, April 21st, 2016 (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 13th, 2016 will be considered in time for entitlement of cash dividend.
2. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. Proxies must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting. A proxy need, not be a member of the Company. The proxy shall produce his/her original CNIC or Passport to prove his/her identity.
3. Form of proxy is attached in the Annual Report.
4. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) to the Company are requested to send the same at the earliest. The Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I)/2014 dated 10th January 2014 read with Notification S.R.O. 831(I)/2012 dated July 5, 2012 require that the Dividend Warrant(s) should also bear the CNIC Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.
5. Shareholders are requested to notify the Company of any change in their addresses, if any immediately.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy shall be furnished with the proxy form.

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

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

- (i) Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 1. Rate of tax deduction for filer of income tax return 12.5%
 2. Rate of tax deduction for non-filers of income tax return 17.5%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.
- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

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

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

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

8. Electronic Transmission of Audited Financial Statements & Notices

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website www.abbott.com.pk, to be sent to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

Statement under Section 160(1)(b) Of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the company to be held on, April 21st, 2016.

Item 4 of the Agenda:

The Companies (E-Voting) Regulations, 2016 provides the members of the company an option to vote electronically and a member may in this regard appoint another member or a non-member as their proxy to vote on their behalf through electronic voting. As such, in order to enable electronic voting shareholders' approval is being sought to amend the Articles of Association of the Company.

The resolution required for the above purpose is set forth in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

None of the directors of the Company have any direct or indirect interest in the above said special business.

CALENDAR OF FINANCIAL EVENTS

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

1 st quarter ending March 31, 2016	3 rd week of April, 2016
2 nd quarter ending June 30, 2016	3 rd week of August, 2016
3 rd quarter ending September 30, 2016	3 rd week of October, 2016
Year ending December 31, 2016	2 nd week of February, 2017

Actual dates for announcement of financial results for the financial year 2015:

1 st quarter ended March 31, 2015	April 24, 2015
2 nd quarter ended June 30, 2015	August 17, 2015
3 rd quarter ended September 30, 2015	October 22, 2015
Year ended December 31, 2015	February 19, 2016

GLOSSARY

Annual General Meeting (AGM)

Annual General Meeting of shareholders of the Company

CIR

Commissioner Inland Revenue

CEO

Chief Executive Officer

CFO

Chief Financial Officer

Company

Abbott Laboratories (Pakistan) Limited

Companies Ordinance

Companies Ordinance, 1984

CSR

Corporate Social Responsibility

CIR(A)

Commissioner Inland Revenue (Appeals)

Earnings per share (EPS)

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

EOBI

Employees' Old Age Benefits Institution

FBR

Federal Board of Revenue

FTR

Final Tax Regime

GOP

Government of Pakistan

HS&E

Health, Safety and Environment

IASB

International Accounting Standards Board

IFRS

International Financial Reporting Standards

ITO

Income Tax Ordinance, 2001

IFAC

International Federation of Accountants

KIBOR

Karachi Inter Bank Offer Rate

KPI

Key Performance Indicator

OICCI

Overseas Investors Chamber of Commerce and Industry

SECP

Securities and Exchange Commission of Pakistan

SRO

Statutory Regulatory Order

WPPF

Workers' Profit Participation Fund

WWF

Workers' Welfare Fund



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 67th Annual General Meeting of the Company to be held
on Thursday, April 21st, 2016 at 11:00 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2016

1. Witness:
Signature: _____

Name: _____
CNIC No. _____
Address _____

Affix Revenue
stamps of Rs. 5/-

2. Witness:
Signature: _____

Signature of Member

Name: _____
CNIC No. _____
Address _____

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

Note:

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





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

پراکسی فارم

میں / ہم _____ سکٹھ
 بختیت ممبر ایبٹ لیبارٹریز (پاکستان) لمیٹڈ اور _____
 اور / یا سی ڈی سی کے شرکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____
 بذریعہ ہذا _____
 (نام) _____ سکٹھ
 ضلع _____ اور مزید _____
 (نام) _____

کو اپنا پراکسی مقرر کرتا ہوں / کرتے ہیں کہ وہ میری / ہماری جگہ کمپنی کے ۶۷ ویں سالانہ اجلاس عام میں، جو جمعرات ۲۱ اپریل ۲۰۱۶ کو دن ۱۱ بجے منعقد ہوگا یا اس سے متعلق کسی اجلاس میں شرکت کرے / کریں۔
 میری / ہماری جانب سے درج ذیل گواہان نے تصدیق کی، بتاریخ _____ ۲۰۱۶

5 روپے کے رسیدی
 ٹکٹ چسپاں کریں

ممبر کے دستخط

شئیر ہولڈر فولیو نمبر _____
 سی ڈی سی کھاتہ نمبر _____
 سی این آئی سی نمبر _____

۱- گواہ
 دستخط

نام _____
 سی این آئی سی نمبر _____
 پتہ _____

۲- گواہ
 دستخط

نام _____
 سی این آئی سی نمبر _____
 پتہ _____

نوٹ:

۱- پراکسی کے موثر ہونے کیلئے ضروری ہے کہ اس کی تحریری اطلاع کمپنی سکریٹری ایبٹ لیبارٹریز (پاکستان) لمیٹڈ پی او بکس ۷۲۲۹، لانڈھی کو اجلاس شروع ہونے کے وقت سے زیادہ سے زیادہ ۴۸ گھنٹہ قبل موصول ہو جائے اور اس پر اسٹیپ، دستخط اور گواہان کی تصدیق موجود ہو۔

۲- سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل ڈپازٹری سسٹم میں شامل کمپنی کے شئیر کے فائدہ حاصل کرنے والے مالک اور اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ہمراہ کمپنی میں جمع کرائی جائیں۔

۳- سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کے سینٹرل ڈپازٹری سسٹم میں شامل کمپنی کے شئیر کے فائدہ حاصل کرنے والے مالک اور اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل پراکسی کو شناخت کی تصدیق کیلئے شرکت کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔

۴- کارپوریٹ اکائی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزد کردہ فرد کے دستخط کے نمونے، کمپنی کے پراکسی فارم کے ساتھ جمع کرائے جائیں اور شناخت کی تصدیق کیلئے اجلاس میں شرکت کے وقت ان کی اصل کاپی پیش کرنا ہوگی۔



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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

