



Directors' Report

The Directors have pleasure in presenting their Report with the accounts of the Company for the first quarter ended February 28, 2009.

Mr. Imran A Halai resigned from the Board with effect from February 4, 2009 and in his place Mr. Syed Anis Ahmed was appointed as a Director of the Company with effect from March 1, 2009 for the remainder of the term ending March 24, 2011. The Board places on record its appreciation of the valuable services rendered by Mr. Imran A Halai as Director of the Company.

FINANCIAL RESULTS

Sales for the quarter increased by 24% as compared to the same quarter last year. Pharmaceutical sales increased by 26%, Nutritional by 4% and Other segment sales which consist of General Health Care, Diagnostics & Diabetes Care grew by 46%. Gross profit to sales ratio was 25% in the current quarter as compared to 38% last year impacted by depreciation of Pak rupee, increase in prices of raw materials and domestic inflation. Tight expense controls resulted in selling and distribution expenses increasing by only 5%. Whereas administration expense were 6% lower than the same period last year, Other income increased by 19%. Other charges decreased mainly due to reduction in provision for WPPF and WWF. The lower gross profit led to a fall in profit before tax by 58% while profit after tax for the quarter was down by 62% as compared to the corresponding quarter last year.



Directors' Report

FUTURE OUTLOOK

Given the sharp increase in cost of imported raw and packing material and persistently high domestic inflation, constant representations by the pharmaceutical industry are being made to the government for an urgent adjustment of pharmaceutical prices and transparent pricing mechanism to avoid future pricing discrepancies. The dialogue with government is continuing.

Karachi: March 26, 2009

Munir A. Shaikh
Chairman



Condensed Interim Balance Sheet

As at February 28, 2009

	UNAUDITED February 28, 2009	AUDITED November 30, 2008
Note	(Rs. ` 000)	
Non-Current Assets		
Fixed Assets - Property, Plant & Equipment		
Operating assets - tangible	1,338,316	1,358,355
Capital work in progress	247,048	202,480
4	1,585,364	1,560,835
Long-Term Loans and Advances	34,703	23,580
Long-Term Deposits	4,393	4,393
Long-Term Prepayment	5,653	5,773
Total Non-Current Assets	1,630,113	1,594,581
Current Assets		
Stores and spares	48,117	47,747
Stock-in-trade	1,746,300	1,696,200
Trade debts	181,917	139,004
Loans and advances - considered good	53,666	21,316
Trade deposits and short-term prepayments	138,629	164,785
Accrued profit	15,964	6,594
Other receivables	55,480	35,465
Taxation recoverable	325,768	258,708
Cash and bank balances	914,446	1,051,489
	3,480,287	3,421,308
Current Liabilities		
Trade and other payables	1,357,424	1,346,771
Dividends	293,701	-
	1,651,125	1,346,771
Net Current Assets	1,829,162	2,074,537
Total Assets less Current Liabilities	3,459,275	3,669,118
Non- Current Liability		
Deferred Taxation	70,272	100,606
Contingencies and Commitments	5	-
NET ASSETS	3,389,003	3,568,512
FINANCED BY:		
Share capital and reserves		
Authorised capital 200,000,000 (November 30, 2008: 200,000,000) ordinary shares of Rs. 10 each	2,000,000	2,000,000
Issued, subscribed and paid up capital	979,003	979,003
Reserves - capital	161,792	154,777
- revenue	2,248,208	2,434,732
SHAREHOLDERS' EQUITY	3,389,003	3,568,512

The annexed notes 1 - 9 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim Profit & Loss Account (Unaudited)

For the three months ended February 28, 2009

	Dec - Feb 2009	Dec - Feb 2008
	----- (Rupees ` 000) -----	
SALES - net		
Domestic	1,753,796	1,412,130
Export	30,433	22,941
	<u>1,784,229</u>	<u>1435,071</u>
Service fee for toll manufacturing	6,667	4,555
	<u>1,790,896</u>	<u>1,439,626</u>
Cost of goods sold and services	<u>1,351,229</u>	<u>895,661</u>
Gross Profit	439,667	543,965
Selling and distribution expenses	270,207	257,023
Administrative expenses	<u>40,498</u>	<u>43,210</u>
	128,962	243,732
Other operating income	35,192	29,559
Other operating charges	<u>20,422</u>	<u>24,294</u>
	<u>143,732</u>	<u>248,997</u>
Finance cost	610	296
Profit before taxation	143,122	248,701
Taxation - net	<u>35,945</u>	<u>75,123</u>
Profit after taxation	<u>107,177</u>	<u>173,578</u>
	----- (Rupees) -----	
Earnings per share - basic / diluted	1.09	1.77

The annexed notes 1 - 9 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim Cash Flow Statement (Unaudited)

For the three months ended February 28, 2009

	Dec - Feb 2009	Dec - Feb 2008
	----- (Rupees '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	143,122	248,701
Adjustment for non-cash charges and other items		
Depreciation / amortization	49,779	50,904
Gain on disposal of fixed assets	(1,325)	(896)
Income on investment and deposits	(30,587)	(18,008)
Expense recognised in profit or loss in respect of equity-settled share-based payments	7,015	6,188
Finance cost	610	296
Working capital changes	(106,319)	(335,362)
Cash generated from operations	<u>62,295</u>	<u>(48,177)</u>
Taxes paid	(133,339)	(106,732)
Long-term loans and advances-net	(11,123)	2,082
Long-term prepayments-net	120	(1,000)
Net cash outflow from operating activities	<u>(82,047)</u>	<u>(153,827)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(76,227)	(20,463)
Sale proceeds of fixed assets	3,244	1,708
Income received on investment and deposits	18,690	4,290
Net cash outflow on investing activities	<u>(54,293)</u>	<u>(14,465)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Finance cost paid	(610)	(296)
Dividend paid	(93)	(1,658)
Net cash outflow on financing activities	<u>(703)</u>	<u>(1,954)</u>
Net decrease in cash and cash equivalents	<u>(137,043)</u>	<u>(170,246)</u>
Cash and cash equivalents at the beginning of the period	<u>1,051,489</u>	<u>496,118</u>
Cash and cash equivalents at the end of the period	<u>914,446</u>	<u>325,872</u>

The annexed notes 1 - 9 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim Statement of Changes in Equity (Unaudited)

For the three months ended February 28, 2009

	Reserves					Total Equity	
	Capital Reserves		Revenue Reserves				
	Reserve arising on Merger	Other	General Reserves	Un- appropriated Profit	Total		
(Rupees '000)							
Balance as at November 30, 2007	979,003	46,097	83,919	1,718,422	861,832	2,710,270	3,689,273
Profit after taxation for three months ended February 29, 2008	-	-	-	-	173,578	173,578	173,578
Transfer to general reserve appropriated subsequent to year end	-	-	-	650,000	(650,000)	-	-
Final dividend for the year ended November 30, 2007 declared subsequent to the year end	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital Contribution from Abbott Internatinoal LLC, USA	-	-	6,188	-	-	6,188	6,188
Balance as at February 29, 2008	979,003	46,097	90,107	2,368,422	91,709	2,596,335	3,575,338
Balance as at November 30, 2008	979,003	46,097	108,680	2,368,422	66,310	2,589,509	3,568,512
Profit after taxation for three months ended February 28, 2009	-	-	-	-	107,177	107,177	107,177
Transfer from general reserve to unappropriated subsequent to year end	-	-	-	(230,000)	230,000	-	-
Final dividend for the year ended November 30, 2008 declared subsequent to the year end	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital Contribution from Abbott Internatinoal LLC, USA	-	-	7,015	-	-	7,015	7,015
Balance as at February 28, 2009	979,003	46,097	115,695	2,138,422	109,786	2,410,000	3,389,003

The annexed notes 1 - 9 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Notes to the Condensed interim Financial Statements (Unaudited)

For the three months ended February 28, 2009

1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (The Company) is a public limited Company incorporated in Pakistan on July 02, 1948, and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges. The Company is principally engaged in the manufacture, import and marketing of research based pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products and in providing toll manufacturing services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

These condensed interim 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 of or directives issued under Companies Ordinance, 1984 shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited.

Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

2.2 Accounting policies

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the company for the year ended November 30, 2008.

► Notes to the Condensed Interim Financial Statements

	Dec - Feb 2009	Dec - Feb 2008
	------(Rupees '000)-----	
3. OPERATING FIXED ASSETS - TANGIBLE [COST OF ADDITIONS / (DELETIONS)]		
Building on Freehold land	3,113	125,507
Plant and machinery	14,701	187,333
Vehicles	2,208	8,609
Office equipment	(7,486)	(5,480)
	381	-
Computers	167	-
Demonstration equipment	11,089	41,049
	-	-
Total additions	<u>31,659</u>	<u>362,498</u>
Total (deletions)	<u>(7,486)</u>	<u>(5,480)</u>

	As at February 28, 2009	As at November 30, 2008
	------(Rupees '000)-----	
4. CAPITAL WORK-IN-PROGRESS		
Building on Freehold land	4,604	7,717
Plant and machinery	209,910	183,268
Office equipments	957	-
Vehicles	30,215	10,359
Computers	1,362	1,136
	<u>247,048</u>	<u>202,480</u>

5. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has given bank guarantees of Rs. 42.742 million (November 30, 2008: Rs 40.853 million) to the Customs Department, a utility company and other institutions against tenders.

Commitments

Commitments for capital expenditure as at February 28, 2009 aggregated to Rs 42.382 million (November 30, 2008: Rs 42.732 million).

The facility for letters of credit as at February 28, 2009 amounted to Rs 450.000 million (November 30, 2008: Rs 450.000 million). The facility is secured against first pari passu charge over stocks and book debts of the Company and corporate guarantee from Abbott International LLC, USA. Commitments in respect of letters of credit as at February 28, 2009 aggregated Rs 294.874 million (November 30, 2008: Rs 297.124 million).

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at February 28, 2009, Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC, USA.

7. TRANSACTIONS WITH RELATED PARTIES

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

► Notes to the Condensed Interim Financial Statements

	Dec - Feb 2009	Dec - Feb 2008
	----- (Rupees '000) -----	
Other related parties:		
Sale of goods	8,119	4,837
Purchase of materials	357,731	389,977
Technical service fee	15,071	14,194
Reimbursement from a related party on account of:		
Selling and distribution expenses	8,051	6,711
Administrative expenses	3,142	2,015
Interest income earned	2,527	1,148
Charge in respect of staff retirement benefit plans		
Pension fund	28,710	14,751
Provident fund	8,113	7,404
Key management personnel		
Short-term employee benefits	24,595	24,668
Post-employment benefits	3,227	2,400

8. SEGMENT WISE OPERATING RESULTS

8.1 Segment wise operating results for the quarter ended:

	February 28, 2009				February 29, 2008			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	----- (Rupees '000) -----							
Sales	1,476,798	225,911	132,130	1,834,839	1,185,159	213,708	94,137	1,493,004
Less:								
Sales return and discount	15,619	5,640	1,457	22,716	26,911	3,121	4,328	34,360
Sales tax & excise duty	-	19,666	8,228	27,894	-	17,479	6,094	23,573
Net sales	1,461,179	200,605	122,445	1,784,229	1,158,248	193,108	83,715	1,435,071
Service fee for toll manufacturing	6,667	-	-	6,667	4,555	-	-	4,555
Cost of goods sold and services	1,467,846	200,605	122,445	1,790,896	1,162,803	193,108	83,715	1,439,626
Gross profit	1,085,008	185,528	100,693	1,351,229	713,569	123,779	58,313	895,661
Selling and distribution expenses	209,958	42,145	18,104	270,207	180,513	54,349	22,161	257,023
Administrative expenses	36,662	3,518	318	40,498	35,261	6,187	1,762	43,210
	246,620	45,663	18,422	310,705	215,774	60,536	23,923	300,233
Segment Result	156,218	(30,586)	3,330	128,962	233,460	8,793	1,479	243,732
Unallocated corporate expenses								
Other operating income				35,192				29,559
Other operating charges				20,422				24,294
Operating profit				143,732				248,997

9. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on March 26, 2009 by the Board of Directors of the Company.



ASIF JOOMA
CHIEF EXECUTIVE



SYED ANIS AHMED
DIRECTOR



Company Information

Board of Directors

Munir A. Shaikh (Chairman)
Asif Jooma (Chief Executive)
Kamran Y. Mirza
Thomas C. Freyman
Syed Anis Ahmed
Shamim Ahmed Khan
Angelo Kondes

Audit Committee

Shamim Ahmed Khan (Chairman)
Munir A. Shaikh
Kamran Y. Mirza
Siraj Lawai
(Chief Internal Auditor by invitation)
Syed Anis Ahmed (CFO by invitation)

Human Resource Committee

Munir A. Shaikh (Chairman)
Asif Jooma
Shamim Ahmed Khan

Share Transfer Committee

Asif Jooma (Chairman)
Sadi Syed
(Alternate Director to Thomas C. Freyman)

Banking Committee

Munir A. Shaikh (Chairman)
Asif Jooma
Sadi Syed

Chief Financial Officer

Syed Anis Ahmed

Company Secretary

Malik Saadatullah

Auditors

M. Yousuf Adil Saleem & Co.

Legal Advisors

Orr, Diganam & Co.
Surridge & Beecheno

Share Registrar

FAMCO Associates (Pvt) Ltd.
State Life Building 2-A, 4th Floor,
I.I. Chundrigar Road, Karachi, 74000

Bankers

The Royal Bank of Scotland Limited
Citibank N.A.
Deutsche Bank AG
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
HSBC Bank Middle East Limited
The Bank of Tokyo-Mitsubishi UFJ Limited

Registered Office

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

Senior Management Team

Asif Jooma
(Chief Executive)
Syed Anis Ahmed
(Chief Financial Officer)
Sadi Syed
(Operations Director)
Dr. Asif Chishti
(Director Marketing & Strategy)
Dr. Farrukh Hafeez
(Director Quality Assurance)
Habib Ahmed
(Head of Diagnostic Division)
Syed Imtiazuddin
(Head of Diabetes Care Division)
Dr. Arshad Ahmed
(Medical Director)
Seema Khan
(Regulatory Director)
Athar Noman Khan
(Materials Management Director)
Hassham M. Malik
(Human Resource Director)