



Directors' Report

The Directors would like to present their report with the accounts of the Company for the third quarter ended August 31, 2009.

FINANCIAL RESULTS

The Pharmaceutical segment sales, which represent almost 80% of your Company's business, grew by 19%, while, Nutritional and Others segments sales registered an increase of 11% as compared to same quarter last year. Profit after tax for the quarter was Rs. 244 million showing a decrease of 18% versus same quarter last year. Earnings Per Share for the quarter were recorded as Rs 2.49 as compared to Rs.3.05 same quarter last year.

Gross profit, as a percentage of sales, declined to 31% compared to 38% same quarter last year. The decrease in margin is primarily attributable to depreciation of Pak Rupee, increase in international Prices of certain raw material and continued inflation. Selling and distribution expenses increased by 13% as compared to same quarter last year, primarily due to volume increases, which is partially offset by continuous cost improvement initiatives. Other income increased as a result of increased income on short term deposit because of rate improvement.

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. The dialogue with government is continuing, albeit at a slow pace.

Karachi:

Date: September 26, 2009

Munir A. Shaikh
Chairman



Condensed Interim
Balance Sheet (Unaudited)
As at August 31, 2009

	UNAUDITED August 31, 2009	AUDITED November 30, 2008
Note	----- (Rs. ` 000) -----	
Non-Current Assets		
Fixed Assets - Property, Plant & Equipment	1,659,232	1,560,835
Long-Term Loans and Advances	34,735	23,580
Long-Term Deposits	4,393	4,393
Long-Term Prepayment	5,413	5,773
Total Non-Current Assets	1,703,773	1,594,581
Current Assets		
Stores and spares	47,999	47,747
Stock-in-trade	1,566,190	1,696,200
Trade debts	169,633	172,825
Loans and advances - considered good	76,518	21,316
Trade deposits and short-term prepayments	92,511	164,785
Accrued profit	906	6,594
Other receivables	82,788	35,465
Taxation recoverable	343,501	258,708
Cash and bank balances	687,228	1,051,489
	3,067,274	3,455,129
Current Liabilities		
Trade and other payables	1,721,070	1,380,592
	1,721,070	1,380,592
Net Current Assets	1,346,204	2,074,537
Total Assets Less Current Liabilities	3,049,977	3,669,118
Non- Current Liability		
Deferred Taxation	97,434	100,606
Contingencies and Commitments	4	
NET ASSETS	2,952,543	3,568,512
FINANCED BY:		
Share Capital and Reserves		
Authorized 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	169,087	154,777
- revenue	1,804,453	2,434,732
SHAREHOLDERS' EQUITY	2,952,543	3,568,512

The annexed notes from 1 to 8 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 Quarter and Nine-Month period ended August 31, 2009

	Jun - Aug 2009	Dec - Aug 2009	Jun - Aug 2008	Dec - Aug 2008
	----- (Rupees ` 000) -----			
SALES - net				
Domestic	2,115,573	5,838,572	1,868,409	5,133,659
Export	127,307	295,562	50,009	95,310
	<u>2,242,880</u>	<u>6,134,134</u>	<u>1,918,418</u>	<u>5,228,969</u>
Service fee for toll manufacturing	3,715	19,038	7,512	25,008
	<u>2,246,595</u>	<u>6,153,172</u>	<u>1,925,930</u>	<u>5,253,977</u>
Cost of goods sold and services	1,555,151	4,424,329	1,183,669	3,253,968
Gross Profit	<u>691,444</u>	<u>1,728,843</u>	<u>742,261</u>	<u>2,000,009</u>
Selling and distribution expenses	303,118	861,472	267,747	804,113
Administrative expenses	49,271	134,095	42,602	127,442
	<u>339,055</u>	<u>733,276</u>	<u>431,912</u>	<u>1,068,454</u>
Other operating income	46,018	111,188	27,907	85,981
Other operating charges	39,307	86,536	45,389	112,730
	<u>345,766</u>	<u>757,928</u>	<u>414,430</u>	<u>1,041,705</u>
Finance cost	639	1,751	527	1,744
Profit before taxation	<u>345,127</u>	<u>756,177</u>	<u>413,903</u>	<u>1,039,961</u>
Taxation - net	100,988	211,652	115,054	299,802
Profit after taxation	<u>244,139</u>	<u>544,525</u>	<u>298,849</u>	<u>740,159</u>
	----- (Rupees) -----			
Earnings per share - basic / diluted	<u>2.49</u>	<u>5.56</u>	<u>3.05</u>	<u>7.56</u>

Appropriation have been reflected in the statement of changes in equity.

The annexed notes from 1 to 8 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 Nine-Month period ended August 31, 2009

	Dec - Aug 2009	Dec - Aug 2008
	----- (Rupees `000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	756,177	1,039,961
Adjustment for non-cash charges and other items		
Depreciation / Amortization	150,470	151,798
Gain on disposal of fixed assets	(6,782)	(2,325)
Income on investment and deposits	(81,256)	(62,222)
Expense recognised in profit or loss in respect of equity-settled share-based payments	14,310	17,649
Finance cost	1,751	1,744
Long-term prepayment amortization	360	360
Working capital changes	437,732	(390,176)
Cash generated from operations	<u>1,272,762</u>	<u>756,789</u>
Income taxes paid	(299,617)	(164,548)
Long-term loans and advances	(11,155)	(398)
Long-term prepayments	-	(1,120)
Net cash (outflow) / inflow from operating activities	<u>961,990</u>	<u>590,723</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(256,308)	(182,868)
Sale proceeds of fixed assets	14,223	10,213
Income received on investment and deposits	84,332	60,377
Encashment of Investment in term deposits	-	600,000
Net cash outflow on investing activities	<u>(157,753)</u>	<u>487,722</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Finance cost paid	(1,751)	(1,744)
Dividend paid	(1,166,747)	(463,083)
Net cash outflow on financing activities	<u>(1,168,498)</u>	<u>(464,827)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(364,261)</u>	<u>613,618</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>687,228</u>	<u>1,109,736</u>

The annexed notes from 1 to 8 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 Nine-Month period ended August 31, 2009

Share Capital	Reserves					Grand Total	
	Capital Reserves		Revenue Reserves		Total		
	Reserve arising on Merger	Other	General Reserves	Un-appropriated Profit			
(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 nine-month period ended August 31, 2008	-	-	-	-	740,159	740,159	740,159
Transfer to general reserve appropriated subsequent to the year ended November 30, 2007	-	-	-	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)
Interim dividend for the year ending November 30, 2008	-	-	-	-	(195,801)	(195,801)	(195,801)
Capital Contribution from Abbott International LLC, USA	-	-	17,649	-	-	17,649	17,649
Balance as at August 31, 2008	<u>979,003</u>	<u>46,097</u>	<u>101,568</u>	<u>2,368,422</u>	<u>462,489</u>	<u>2,978,576</u>	<u>3,957,579</u>
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 the nine-month period ended August 31, 2009	-	-	-	-	544,525	544,525	544,525
Transfer from general reserve to unappropriated subsequent to the year ended November 30, 2008	-	-	-	(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)
Transfer from general reserve to unappropriated	-	-	-	(600,000)	600,000	-	-
Interim dividend for the year ending November 30, 2009	-	-	-	-	(881,103)	(881,103)	(881,103)
Capital Contribution from Abbott International LLC, USA	-	-	14,310	-	-	14,310	14,310
Balance as at August 31, 2009	<u>979,003</u>	<u>46,097</u>	<u>122,990</u>	<u>1,538,422</u>	<u>266,031</u>	<u>1,973,540</u>	<u>2,952,543</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


ASIF JOOMA
 CHIEF EXECUTIVE


SYED ANIS AHMED
 DIRECTOR



Selected Explanatory Notes to the Condensed Interim Financial Statements (Unaudited)

For the Nine-Month period ended August 31, 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.

3. PROPERTY, PLANT AND EQUIPMENT [COST OF ADDITIONS / (DELETIONS)]

	Dec - Aug 2009	Dec - Aug 2008
	------(Rupees '000)-----	
Building on Freehold land	9,098	-
Plant and machinery	100,912	44,616
	-	(185)
Office equipment	555	639
Vehicles	51,923	11,336
	(30,264)	(24,698)
Computers	2,744	6,138
Demonstration equipment	46,417	23,384
	(6,707)	(5,386)
CWIP - net	44,659	96,755
Total additions	<u>256,308</u>	<u>182,868</u>
Total (deletions)	<u>(36,971)</u>	<u>(30,269)</u>

4. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has given bank guarantees of Rs. 64.633 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 August 31, 2009 aggregated to Rs 57.217 million (November 30, 2008: Rs 42.732 million).

The facility for letters of credit as at August 31, 2009 amounted to Rs 550.000 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 August 31, 2009 aggregated Rs 329.313 million (November 30, 2008: Rs 297.124 million).

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at August 31, 2009 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC, USA.

6. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise other related parties, employee retirement benefit plans and its 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:

	Dec - Aug 2009	Dec - Aug 2008
Other related parties:	------(Rupees '000)-----	
Sale of goods	46,436	25,879
Purchase of materials	1,344,911	1,225,106
Technical service fee expense	50,184	44,429
Reimbursement from a related party on account of:		
Selling and distribution expenses	27,264	27,649
Administrative expenses	8,683	117
Interest income earned	7,665	3,331
Charge in respect of Staff retirement benefit plans:		
Pension Fund	84,168	25,054
Provident Fund	28,682	22,564
Key management personnel:		
Short-term employee benefits	67,518	72,631
Post-employment benefits	18,340	3,917

7. SEGMENT WISE OPERATING RESULTS

7.1 Segment wise operating results for the quarter ended August 31:

	2009				2008			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	------(Rupees '000)-----							
Sales	1,806,429	318,297	177,526	2,302,252	1,521,010	275,667	175,387	1,972,064
Less:								
Sales return and discount	12,289	2,279	4,083	18,651	8,114	4,418	4,477	17,009
Sales tax & excise duty	-	28,549	12,172	40,721	-	24,004	12,633	36,637
Net sales	1,794,140	287,469	161,271	2,242,880	1,512,896	247,245	158,277	1,918,418
Service fee for toll manufacturing	3,715	-	-	3,715	7,512	-	-	7,512
	1,797,855	287,469	161,271	2,246,595	1,520,408	247,245	158,277	1,925,930
Cost of goods sold and services	1,210,581	229,123	115,447	1,555,151	908,439	174,979	100,251	1,183,669
Gross profit	587,274	58,346	45,824	691,444	611,969	72,266	58,026	742,261
Selling and distribution expenses	243,104	44,681	15,333	303,118	212,120	37,953	17,674	267,747
Administrative expenses	40,721	6,173	2,377	49,271	35,163	5,105	2,334	42,602
Segment result	303,449	7,492	28,114	339,055	364,686	29,208	38,018	431,912
Unallocated other operating income	-	-	-	46,018	-	-	-	27,907
Unallocated other operating charges	-	-	-	39,307	-	-	-	45,389
Operating profit	-	-	-	345,766	-	-	-	414,430

7.2 Segment wise operating results for the Nine-Month period ended August 31:

	2009				2008			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	(Rupees '000)							
Sales	4,919,649	812,010	589,500	6,321,159	4,176,361	775,409	458,002	5,409,772
Less:								
Sales return and discount	44,985	13,583	12,633	71,201	47,583	14,547	17,702	79,832
Sales tax & excise duty	-	70,615	45,209	115,824	-	65,716	35,255	100,971
Net sales	4,874,664	727,812	531,658	6,134,134	4,128,778	695,146	405,045	5,228,969
Service fee for toll manufacturing	19,038	-	-	19,038	25,008	-	-	25,008
	4,893,702	727,812	531,658	6,153,172	4,153,786	695,146	405,045	5,253,977
Cost of goods sold and services	3,408,615	614,318	401,396	4,424,329	2,496,193	491,334	266,441	3,253,968
Gross profit	1,485,087	113,494	130,262	1,728,843	1,657,593	203,812	138,604	2,000,009
Selling and distribution expenses	674,364	124,854	62,254	861,472	611,455	140,343	52,315	804,113
Administrative expenses	114,035	13,311	6,749	134,095	105,383	15,463	6,596	127,442
Segment result	696,688	(24,671)	61,259	733,276	940,755	48,006	79,693	1,068,454
Unallocated other operating income	-	-	-	111,188	-	-	-	85,981
Unallocated other operating charges	-	-	-	86,536	-	-	-	112,730
Operating profit	-	-	-	757,928	-	-	-	1,041,705

8. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on September 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)
Syed Anis Ahmed (Director)
Sadi Syed
(Alternate Director to Thomas C. Freyman)

Banking Committee

Munir A. Shaikh (Chairman)
Asif Jooma
Syed Anis Ahmed
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)