

## About Us

We are a global broad-based healthcare company devoted to discovering new medicines, new technologies and new ways to manage health. Our products span the continuum of care, from nutritional products and laboratory diagnostics through medical devices and pharmaceutical therapies. Our comprehensive line of products addresses all important health needs from infancy through the golden years.

Our work across broad lines of business gives us a wealth of knowledge, understanding and capabilities in a number of health areas, including:


- **Pharmaceuticals**
- **Nutritional**
- **Diagnostics**
- **Diabetes Care**

Our capabilities allow us to focus on some of the most serious threats to a long and healthy life. From cancer and diabetes to a range of other conditions, our scientists are working hard every day to discover and develop new technologies and treatments for people in Pakistan and around the world.



For more than 60 years, Abbott Pakistan has been driven by a constant goal - to advance medical science to help people live healthier lives. It's part of our heritage and continues to define our work today. At Abbott, we build upon our scientific expertise to bring new products to market. Our products extend across many areas of health, addressing not only treatment, but also prevention and diagnosis.



A woman with long dark hair, wearing a white lab coat over a yellow top and white pants, is kneeling on a path covered in yellow leaves. She is looking up and pointing towards the sky, talking to a young girl. The girl is wearing a pink striped tank top and a dark blue skirt, and is also looking up and smiling. They are in a forest with many trees and green foliage in the background.

We are here for the people we serve in their pursuit of healthy lives. This has been the way of Abbott for more than a century, passionately and thoughtfully translating science into lasting contributions to health.

Our products encircle life, from newborns to aging adults, from nutrition and diagnostics to medical care and pharmaceutical therapy.

## A Promise for Life



# Turning Science into Caring

We are here for the people we serve in their pursuit of healthy lives. This has been the way of Abbott for more than a century, passionately and thoughtfully translating science into lasting contributions to health.

Our products encircle life, from newborns to aging adults, from nutrition and diagnostics to medical care and pharmaceutical therapy.

Caring is central to the work we do and defines our responsibility to those we serve:

- We help advance leading-edge science and technologies that hold the potential for significant improvements to health and to

the practice of healthcare.

- We value our diversity, that of our products, technologies, markets and people, and believe that diverse perspectives combined with shared goals inspire new ideas and better ways of addressing changing health needs.
- We focus on exceptional performance, a hallmark of Abbott People worldwide, demanding of ourselves and each other because our work impacts people's lives.
- We strive to earn the trust of those we serve by committing to the highest standards of

quality, excellence in personal relationships, and behaviour characterized by honesty, fairness and integrity.

- We sustain success for our business and the people we serve by staying true to key tenets upon which our company was founded over a century ago: innovative care and a desire to make a meaningful difference in all that we do.

The promise of our company is in the promise that our work holds for health and life.



## Vision

To be a premier healthcare company in Pakistan.



## Mission

To deliver consistently superior products and services which contribute significantly to improve the quality of life of the consumers.

**Dedicated to:** • Employees • Customers • Shareholders • Suppliers • Public

# Our Core Values

## Pioneering

**Leading-edge science and commercialization.**

We lead with solutions that address human needs by pioneering innovative treatments and products, lifesaving medical devices, and new approaches to managing health. At Abbott, pioneering means leading-edge science and innovative execution.

## 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. We grow through our intellectual curiosity and a desire to continuously learn and improve.



Our Promise conveys who we are and what we stand for to our stakeholders. As a pledge for how we will serve our constituents, our Promise and Values are a filter for all our decision-making, communications and interactions with stakeholders.

All perceptions of Abbott are derived from the culmination of experiences any one person has with our company. It is through our Promise and Values that these experiences are shaped. Every employee strives to deliver on all the values in their day-to-day work.





## Ethics and Compliance

Abbott integrity is based on decisions fi large and small fi that Abbott employees make each day at every level of the company. Abbott decisions are guided by Abbott values, a sense of ethics and respect for the law. To support Abbott commitment to ethical conduct and compliance with the law, Abbott has a long-standing ethics and compliance program.

The Abbott Code of Conduct sets forth the principles and behaviours 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 behaviour in any of Abbott 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.

The policies and procedures supporting the principles outlined in

the Code are updated to reflect changes in Abbott industry's codes.

A key to Abbott's ethics and compliance program is the policies and procedures that the Abbott's Office of Ethics & Compliance (OEC) has created to guide employees as they conduct their day-to-day activities within the global healthcare community.

Ethical conduct and compliance with the law are central to fulfilling Abbott responsibility to Abbott stakeholders. Honesty, fairness and integrity represent the necessary conditions of an ethical workplace and are non-negotiable.

# Contents

09 Corporate Information	21 Diagnostic Products	39 Horizontal Analysis	48 Cash Flow Statement
10 Board of Directors	22 Nutritional Products	40 Statement of Compliance with the Code of Corporate Governance	49 Statement of Changes In Equity
11 Board Committees Attendance	24 Diabetes Care Products	42 Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	50 Notes to the Financial Statements
13 Brief terms of reference of Board Committees	26 Directors' Report	43 Auditors' Report to the Members	82 Pattern of Shareholding
14 Directors' Profile	34 Key Operating and Financial Data	44 Balance Sheet	83 Categories of Shareholders
16 Pharmaceutical Products	37 Statement of Value Addition and its Distribution	46 Profit and Loss Account	85 Notice of Annual General Meeting
20 General Health Care Products	38 Vertical Analysis	47 Statement of Comprehensive Income	87 Calendar of Financial Events
			89 Proxy Form

# Corporate Information

## Board of Directors

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

## Audit Committee

Shamim Ahmad 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 Ahmad Khan

## Share Transfer Committee

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

## Banking Committee

Munir A. Shaikh  
(Chairman)  
Asif Jooma  
Sadi Syed (Alternate Director to  
Thomas C. Freyman)  
Syed Anis Ahmed

## Chief Financial Officer

Syed Anis Ahmed

## Company Secretary

Malik Saadatullah

## Auditors

M. Yousuf Adil Saleem & Co.

## Legal Advisors

Orr, Diganam & Co.  
Surrige & 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 Officer)  
Syed Anis Ahmed  
(Chief Financial Officer)  
Sadi Syed  
(Operations Director)  
Dr. Farrukh Hafeez  
(Quality Assurance Director)  
Ayub A. Siddiqui  
(Head of Nutrition Division)  
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)

## Board of Directors



Left to right:

Syed Anis Ahmed

Mr. Sadi Syed (Alternate  
Director to Thomas C. Freyman)

Mr. Kamran Y. Mirza

Mr. Asif Jooma

Mr. Munir A. Shaikh

Mr. Angelo Kondes

Mr. Shamim Ahmad Khan

## Board Committees Attendance

### Audit Committee

Name	Category	Meetings	
		Held	Attended
Shamim Ahmad Khan	Chairman - Non Executive Director	4	4
Munir A. Shaikh	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
Siraj Lawai	By invitation - Chief Internal Auditor	4	4
Malik Saadatullah	Secretary	4	4

### Human Resource Committee

Name	Category	Meetings	
		Held	Attended
Munir A. Shaikh	Chairman - Non Executive Director	1	1
Asif Jooma	Member - Chief Executive Officer	1	1
Shamim Ahmad Khan	Member - Non Executive Director	1	1
Hassham M. Malik	Secretary	1	1

### Share Transfer Committee

Name	Category	Meetings	
		Held	Attended
Asif Jooma	Chairman - Chief Executive Officer	12	12
Sadi Syed	Member - Alternate Director to Thomas C. Freyman	12	12
Syed Anis Ahmed	Member - Chief Financial Officer	9*	9
Malik Saadatullah	Secretary	12	12

### Banking Committee

Name	Category	Meetings	
		Held	Attended
Munir A. Shaikh	Chairman - Non Executive Director	2	0
Asif Jooma	Member - Chief Executive Officer	2	2
Sadi Syed	Member - Alternate Director to Thomas C.Freyman	2	1
Syed Anis Ahmed	Member - Chief Financial Officer	1*	1
Malik Saadatullah	Secretary	2	2

\*Appointed as director with effect from March 01, 2009.



## 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. Company Secretary acts as secretary to the Audit Committee. The brief terms of reference of 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 of 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.
- Recommendation about 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, two Executive Directors (one of the Executive Directors is an alternate Director) and Chief Executive Officer. Company Secretary acts as secretary to the Committee.

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 Committee

The Committee consists of Chief Executive Officer and two Non-Executive Directors. 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 and two Executive Directors (one of the executive directors is an alternate director). Company Secretary acts as secretary to the Committee.

Committee approves registration, transfer and transmission of shares. Moreover, it also issues and cancels share certificates including duplicate share certificates.

## Directors' Profile



Mr. Munir A. Shaikh  
Chairman (Non Executive)

Joined Board:  
20 August 2004

Other Engagements:

Chairman / Director

- Abbott India.



Mr. Asif Jooma  
Chief Executive Officer

Joined Board:  
01 June 2007

Other Engagements:

Director

- NIB Bank.

President

- American Business Council.

Member

- Board of Trustees of Abbott Laboratories Pakistan Limited Staff Provident Fund.
- Board of Trustees of Abbott Laboratories Pakistan Limited Staff Pension Fund.



Mr. Angelo Kondes  
Director (Non Executive)

Joined Board:  
18 July 2008

Other Engagements:

Director

- Abbott Tanzania.



Syed Anis Ahmed  
Chief Financial Officer

Joined Board:  
01 March 2009

Other Engagements:

Member

- Board of Trustees of Abbott Laboratories Pakistan Limited Staff Provident Fund.
- Board of Trustees of Abbott Laboratories Pakistan Limited Staff Pension Fund.
- Board of Trustees of Abbott Laboratories Pakistan Limited Workers Profit Participation Fund.





Mr. Kamran Y. Mirza  
Director (Non Executive)

Joined Board:  
15 January 1978

Other Engagements:

Director/ Chief Executive Officer

- Pakistan Business Council.

Director

- State Bank of Pakistan.
- Competitiveness Support Fund.
- Board of Investments.

Director/ Chairman

- Karachi Stock Exchange (Guarantee) Limited.
- National Commodity Exchange Limited.

Member

- Planning Commission Government of Pakistan.
- Task Force Private Sector Development.
- Task Force Pharmaceutical Sector.



Mr. Shamim Ahmad Khan  
Director (Non Executive)

Joined Board:  
01 August 2002

Other Engagements:

Director

- Packages Limited.
- IGI Insurance Limited.
- The Royal Bank of Scotland Limited.
- BOC Pakistan Limited.

Member

- Advisory Committee of Centre for International Private Enterprises.
- Certification Panel of Pakistan Centre for Philanthropy.



Mr. Sadi Syed  
(Alternate Director to Thomas C. Freyman)

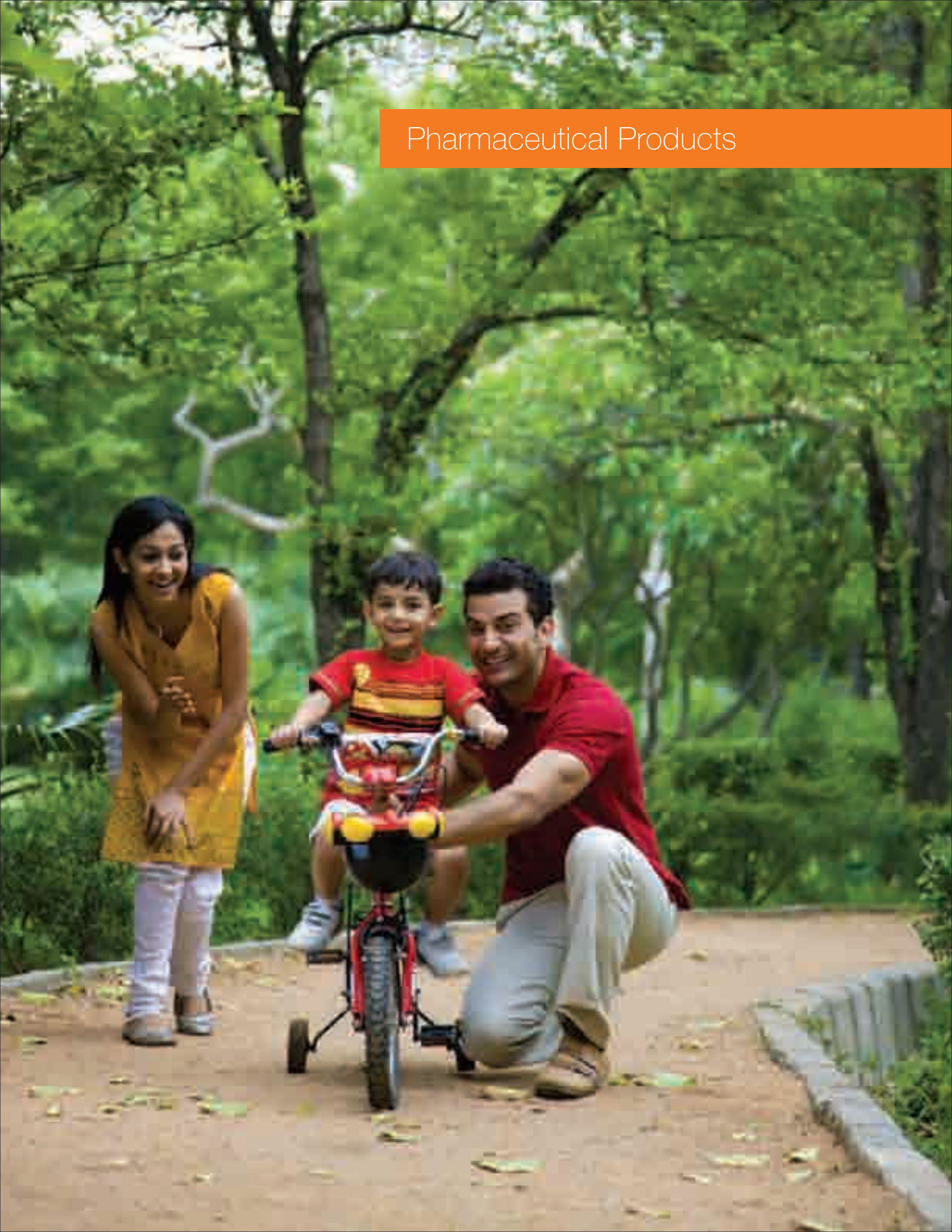
Joined Board:  
18 December 2007

Other Engagements:

Member

- Board of Trustees of Abbott Laboratories Pakistan Limited Staff Provident Fund.
- Board of Trustees of Abbott Laboratories Pakistan Limited Staff Pension Fund.
- Board of Trustees of Abbott Laboratories Pakistan Limited Workers Profit Participation Fund.

## Pharmaceutical Products





Abbott medicines are used to treat some of the world's most serious and prevalent diseases. We also continue to pursue new therapeutic indications for existing medications that offer patients and physicians important treatment options.

## Pharmaceutical Products



Abbott Pakistan manufactures over 150 different pharmaceutical and general health care products for the local and export markets.



## General Health Care Products



# Diagnostic Products



Abbott Pakistan drives innovation in the fast-paced medical technology market. Our products are addressing disease diagnosis, management and treatment monitoring.

Being a leader in the In-Vitro Diagnostic Market, we continue to transform the practice of medical diagnostics through innovative products and automated laboratory systems that lower costs and improve patient care. Our broad line of diagnostic instruments and tests are used worldwide in hospitals, large reference labs, small labs and clinics to diagnose a range of serious health concerns,

including infectious disease, cancer, diabetes and cardiac issues.

We are the market leader in Immunoassays and is an established reference supplier of Infectious Disease screening markers. We also have presence in Hematology & Clinical Chemistry, and with the Scientific Leadership we have in our products and solutions, our division has been posting double digit growth for the last several years and is looking forward to even higher achievements in years ahead.



## Nutritional Products







Abbott Pakistan has pioneered the nutritional care with its pediatric and medical nutrition ranges. We are delivering the promise for life by providing nutritional support, with our wide range of products

for infants, children, mothers and adults. We are committed to be the trusted leader in providing innovative and superior nutrition that advances the quality of life for people of all ages.



- Ensure a leading source of complete, balanced nutrition to help adults maintain an active, healthy lifestyle, and to recuperate from illness.
- Glucerna RTF and Glucerna SR to support the special needs of Diabetics and to help optimize their glycemic control.
- PediaSure a complete and balanced nutrition for children who are picky eaters and have to catch-up for growth.
- Formance a scientifically formulated nutritional supplement for pregnant and nursing mothers.

## Diabetes Care Products



Committed to improve the lives of people with diabetes through our research and innovation.



Abbott Diabetes Care is committed to develop products to reduce the discomfort and inconvenience of blood glucose monitoring; introducing systems that are easier to use, require less blood and provide faster results. We design, develop and manufacture several leading-edge glucose monitoring systems and test strips for use in both home and hospital settings.

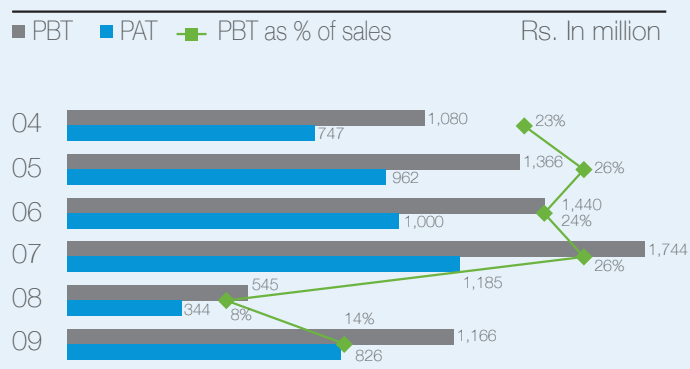
#### Optium Xceed Monitoring System & Strips.

- 450 Test Results Recall with Date and Time
- 7-Day, 14-Day & 30-Day Average Reading for Easy Data Management
- Compact and Light Weight
- Measures both Blood Glucose & Blood Ketone
- 0.6  $\mu$ L sample size
- Smallest sample size on the market
- Test results in 5 seconds
- Optium™'99 Test strips are supplied individually packed
- Each test strip is protected from damage or exposure to moisture
- Each test strip can be used until the last day of expiry

## Directors' Report



Net sales for the year registered an increase of 19% over prior year. Gross profit was 29% of sales versus 30% last year primarily due to depreciation of Pak Rupee and inflation with no corresponding increase in selling prices of pharmaceutical products by the Government.



## Sales Growth

# 19%

The Directors take pleasure in presenting their Report together with the audited financial statements of the Company for the year ended November 30, 2009.

### Operating results

	Rs in 000
Profit for the year before taxation	1,166,097
Taxation	340,421
Profit after taxation	825,676
Un-appropriated profit brought forward	66,310
Transfer from General Reserve	830,000
Profit available for appropriation	1,721,986
Appropriations:	
-Final dividend 2008 Rs 3 per share	293,701
-Interim dividend 2009 Rs 9 per share	881,103
Un-appropriated profit carried forward	547,182

### Financial Performance

Net sales for the year registered an

increase of 19% over prior year. Gross profit was 29% of sales versus 30% last year primarily due to depreciation of Pak Rupee and inflation with no corresponding increase in selling prices of pharmaceutical products by the Government.

Profit for the year after tax was Rs 826 million (2008: Rs 344 million). Earnings per share were Rs 8.43 (2008: Rs 3.51 per share). Increase in current year's profit is attributable to actuarial gain recognized on the improved performance of Pension fund investments.

Your Directors are pleased to announce a final cash dividend of 30% (Rs 3 per share), which is in addition to an interim cash dividend of 90% (Rs 9 per share) paid to the shareholders during 2009.

### Sales and Marketing

Pharmaceutical sales increased by 19% mainly volume driven. Pain management, vitamins, anti-infectives, cough and cold and gastro preparations recorded double digit growth.

Nutritional sales posted 9% growth over last year.

General Health Care (GHC), Diagnostic and Diabetes Care grew by 30% over prior year.

### Market Share

According to the IMS (Nov 2009, 12 Months), Abbott Pakistan has a market share of 5.2% of Pakistan pharmaceutical market.

### Manufacturing

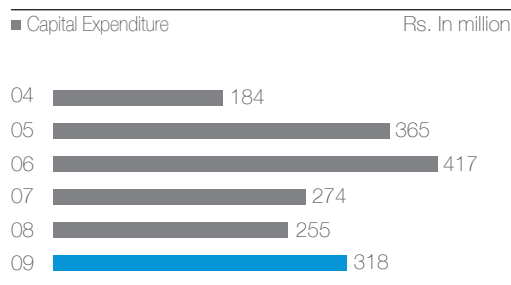
Abbott Pakistan manufactures over 150 different pharmaceutical and general health care products for the local and export markets.

### Capital Expenditure

Your Company is continuously striving to improve the productivity and efficiency of plant operations. During the year, a total of Rs 318 million was spent on various capital projects for

During the year an amount of Rs. 1,075 million was generated from operating activities of the Company which was spent mainly on capital projects and payment of dividends to shareholders.





Your Company maintained its commitment towards Environment, Health and Safety. A new Waste Water Treatment plant of adequate capacity and advanced technology was installed and commissioned in March 2009. The new plant is fully compliant with the defined parameters of National Environmental Quality Standards.

improving productivity and continue to comply with GMP.

### Liquidity Management and Cash Flow Strategy

During the year an amount of Rs. 1,075 million was generated from operating activities of the Company which was spent mainly on capital projects and payment of dividends to shareholders. At the end of the year, the Company had a liquid fund position comprising of cash/bank balances and short term investments amounting to Rs. 771 million.

To ensure sufficient availability of funds at all times while generating optimum returns through placement of surplus liquidity in various available investment avenues, the Company has developed and implemented a formal cash flow monitoring mechanism whereby cash inflows and outflows are projected and monitored on regular basis.

The Company follows a conservative investment strategy for placement of its surplus funds and ensures that the investment portfolio of the Company is secured. Surplus funds are generally placed in short-term Bank deposits.

A monitoring system is in place whereby the Company's existing investment portfolio and new proposals for funds placement are reviewed by the investment Committee comprising of senior management staff and professional consultants.

### Contribution to National Exchequer

Your Company has contributed Rs 1,062 million to the government and its agencies on account of various government levies including income tax, custom duties and sales tax etc.

### Environment, Health and Safety

Your Company maintained its commitment towards Environment, Health and Safety. A new Waste Water Treatment plant of adequate capacity and advanced technology was installed and commissioned in March 2009. The new plant is fully compliant with the defined parameters of National Environmental Quality Standards.

### Business Process Improvement

- Abbott Pakistan was selected to take the lead in Abbott Asia to use e-Sourcing for high value raw

materials and commodities. With the help of e-Sourcing, purchasing cycle time and purchasing process would be further improved.

- Through Business process re-engineering, various projects of cycle time reduction were completed for tablet, liquid and cream products.
- As a part of Quality Management System improvement, initiatives were taken to further improve technical document handling, document traceability and complaint handling through automated processes.

### Sales Force Excellence & Automation

Commercial Excellence initiative was introduced with the aim to optimize efficiencies and bring about further improvement in the capability of the sales organization. This involves integration of commercial efforts i.e. sales, marketing, human resource and other support functions to focus on the sales force effectiveness.

From the platform of Commercial Excellence, the Company also

The Company's strategy is to develop and groom employees on the core leadership values of integrity, trust, honesty and team work. The result of this effective human resource policy has seen Abbott Pakistan attract and retain high quality talent.



We view our commitment to global citizenship not only as a business responsibility, but also as an opportunity to improve lives around the world. Caring being one of our Core Values, is all about making a difference in people's lives. Your Company has contributed in improving lives for more than half a century, while strengthening the Company and its communities for future generations.

embarked on Sales Force Automation designed to optimize pre and post sales business processes. It provides tools for physician profiling, data consistency across stakeholders and tracking of calls. This provides for creating objectivity for future calls on customers, in turn improving targeting, gauge coverage and frequency for better productivity.

### Human Resources

Your Company has continued its policy of strengthening its human resources capability as the organization firmly believes that its people are its most valuable asset. The Company's strategy is to develop and groom employees on the core leadership values of integrity, trust, honesty and team work. The result of this effective human resource policy has seen Abbott Pakistan attract and retain high quality talent.

All Abbott employees actively participate in the performance appraisal process. This enables them to develop focused goals, set objectives and also identify their developmental needs and career plans. As part of the automation drive initiated in order to promote a paperless environment, an online appraisal system is already in place.

Emphasis on learning and development continued in 2009 with a large number of in-house and external training sessions and workshops. Trainings

were mainly aimed at imparting knowledge to employees to work on multi-dimensional areas which were identified during employee growth plans.

### Corporate Social Responsibility

We view our commitment to global citizenship not only as a business responsibility, but also as an opportunity to improve lives around the world. Caring being one of our Core Values, is all about making a difference in people's lives. Your Company has contributed in improving lives for more than half a century, while strengthening the Company and its communities for future generations.

As part of the corporate social responsibility agenda of Abbott Pakistan, the Company and its team were at the forefront to help the Internally Displaced Persons (IDPs). An Abbott Pakistan team visited several camps set up by the Government of Pakistan and some reputable NGOs to identify and help address the main issues being faced by the affected people, their medical concerns and their food and non-food requirements at the camp site.

As a result of above initiative, Abbott Pakistan provided monetary and non-monetary support to IDPs. All management employees contributed one day's salary and some employees even donated up to five days salary towards this cause. Abbott Pakistan

also worked closely with Abbott Fund and raised a sum of USD 100,000 to help the victims of this crisis.

Abbott Laboratories has also partnered with the Kidney Center for the treatment of the poor and needy patients suffering from kidney related diseases and the LRBT for help to restore the eyesight of needy patients. On the educational front, Abbott donated furniture and educational hardware for a school adopted by an NGO. In addition to the above-mentioned projects, Abbott has also supported other Trusts, engaged in rehabilitation and other charitable work.

### Subsequent Events

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

### Board Changes

Mr Imran A. Halai resigned from the Board with effect from February 2, 2009 and in his place Syed Anis Ahmed was appointed as a Director of the Company with effect from March 1, 2009 for the remainder of the term ending on March 24, 2011. Mr Halai passed away on August 15, 2009. May his soul rest in peace and we appreciate all his contributions while on the Board.





The Company is also investing in cost improvement initiatives and product portfolio optimization to partially offset the impact of inflation / devaluation.

**Business challenges and future outlook**

Rupee devaluation and inflation have put tremendous pressure on the profitability of your Company. From Business sustainability point of view, there is an urgent need for an across the board general price increase. Your

Company along with other members of the pharmaceutical industry continues to pursue the Government for a mutually acceptable pricing mechanism for pharmaceutical products.

Simultaneously, the Company is also investing in cost improvement initiatives and product portfolio optimization to

partially offset the impact of inflation / devaluation.

**Auditors**

The present Auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, retires and being eligible,

We would also like to acknowledge the support and cooperation received from our esteemed customers, suppliers, bankers and stakeholders.

offers themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending November 30, 2010.

### Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as at November 30, 2009 is given on page 82.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

### Holding Company

As at November 30, 2009, Abbott Asia Investments Limited, UK held

76,259,454 shares. The ultimate holding Company is Abbott International LLC, USA.

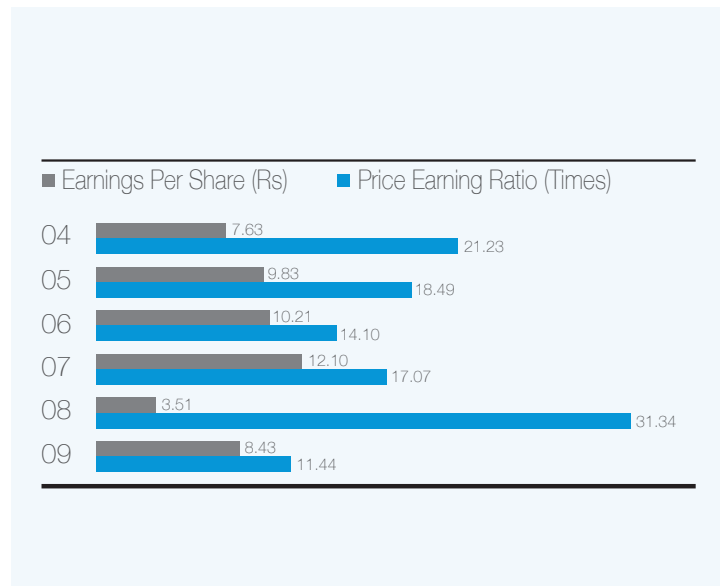
### Compliance with the Code of Corporate Governance

As required by the Code of Corporate Governance dated March 28, 2002 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,

except for changes arising from interpretations or amendments of applicable accounting standards. Accounting estimates are based on reasonable and prudent judgement.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- 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.



# Net Profit

# 10%



- There has been no departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for the last six years is summarized on pages 34-35.
- 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.
- The value of investments made by the staff retirement funds as per their respective audited financial statements are as follows:-

Value (Rs millions)

- ALPL Pension Fund (Based on year ended November 30, 2008) 966
- ALPL Provident Fund (Based on year ended November 30, 2008) 449

- During the year, 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	4
2 Mr Asif Jooma	4
3 Mr Angelo Kondes	2
4 Syed Anis Ahmed*	3
5 Mr Kamran Y. Mirza	4
6 Mr Sadi Syed fi Alternate Director to Thomas C. Freyman	4
7 Mr Shamim Ahmad Khan	4
8 Syed Anis Ahmed (CFO)	4
9 Mr Malik Saadatullah (Company Secretary)	4

\* Appointed to the Board w.e.f. March 1, 2009

### Acknowledgements

The Board of Directors would like to take this opportunity to express their deep appreciation of the commitment, loyalty and dedication of the employees.

We would also like to acknowledge the support and cooperation received from our esteemed customers, suppliers, bankers and stakeholders.



Munir A. Shaikh  
Chairman

January 28, 2010

# Key Operating and Financial Data

2009 2008 2007 2006 2005 2004

Rupees in '000

## Financial Position

### Balance Sheet

Fixed Assets - property, plant and equipment	1,662,785	1,560,835	1,516,821	1,437,023	1,187,749	972,968
Other Non-Current Assets	42,606	33,746	35,418	34,233	33,283	31,269
Current Assets	3,259,185	3,455,129	3,129,129	3,564,169	2,908,023	2,364,386
<b>Total Assets</b>	<b>4,964,576</b>	<b>5,049,710</b>	<b>4,681,368</b>	<b>5,035,425</b>	<b>4,129,055</b>	<b>3,368,623</b>
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	679,863	566,552
Capital Reserves	173,853	154,777	130,016	46,097	140,004	253,315
Revenue Reserves	2,085,604	2,434,732	2,580,254	3,216,786	2,591,977	1,969,735
<b>Total Equity</b>	<b>3,238,460</b>	<b>3,568,512</b>	<b>3,689,273</b>	<b>4,241,886</b>	<b>3,411,844</b>	<b>2,789,602</b>
Non-Current Liability	119,627	100,606	110,414	44,100	21,081	24,145
Current Liabilities	1,606,489	1,380,592	881,681	749,439	696,130	554,876
<b>Total Liabilities</b>	<b>1,726,116</b>	<b>1,481,198</b>	<b>992,095</b>	<b>793,539</b>	<b>717,211</b>	<b>579,021</b>
<b>Total Equity and Liabilities</b>	<b>4,964,576</b>	<b>5,049,710</b>	<b>4,681,368</b>	<b>5,035,425</b>	<b>4,129,055</b>	<b>3,368,623</b>

## Operating and Financial Trends

### Profit and Loss

Net sales including toll manufacturing service fee	8,450,118	7,123,412	6,584,454	5,914,181	5,227,084	4,658,925
Gross profit	2,462,246	2,131,902	2,727,718	2,478,628	2,296,119	1,985,390
Operating profit	1,168,622	547,526	1,747,399	1,443,630	1,369,081	1,082,965
Profit before taxation	1,166,097	544,822	1,744,197	1,439,970	1,366,179	1,079,823
Taxation	340,421	200,842	559,435	439,962	404,007	332,704
Profit after taxation	825,676	343,980	1,184,762	1,000,008	962,172	747,119
Ordinary cash dividends *	1,174,804	489,502	1,762,206	293,701	339,931	311,603

### Cash Flows

Operating activities	1,074,757	607,282	1,342,118	934,717	745,203	831,818
Investing activities	(181,200)	442,515	(93,836)	(913,524)	(325,503)	(159,856)
Financing activities	(1,174,262)	(494,426)	(1,761,005)	(173,127)	(342,107)	(285,827)
Cash and cash equivalents at the end of the year	770,784	1,051,489	496,118	1,008,841	1,160,775	1,083,182

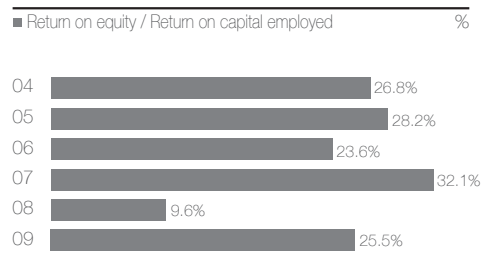
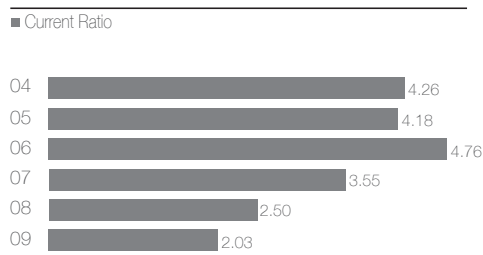
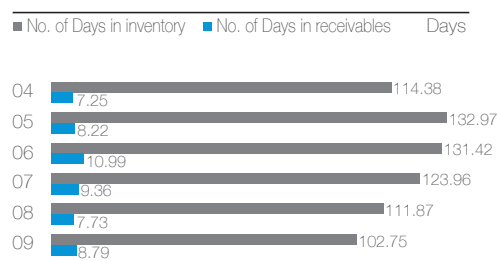
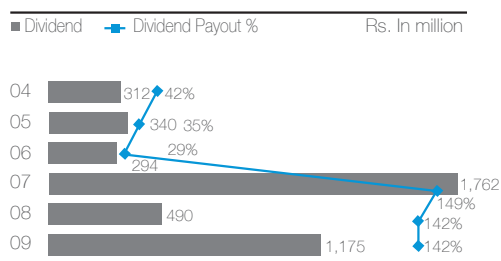
\* Includes final dividend amounting to Rs. 293.701 million proposed by the Board of Directors subsequent to the year end.

## Ratios

	Unit						
Gross profit ratio	%	29.1	29.9	41.4	41.9	43.9	42.6
EBITDA* margin to sales	%	16.3	10.5	29.4	27.1	29.0	26.4
Net profit to sales	%	9.8	4.8	18.0	16.9	18.4	16.0
Return on equity / Return on capital employed	%	25.5	9.6	32.1	23.6	28.2	26.8
No. of days in inventory	Days	102.75	111.87	123.96	131.42	132.97	114.38
No. of days in receivables	Days	8.79	7.73	9.36	10.99	8.22	7.25
Total assets turnover	Times	1.69	1.46	1.36	1.29	1.39	1.47
Fixed assets turnover	Times	5.24	4.63	4.46	4.51	4.84	4.86
Current ratio		2.03	2.50	3.55	4.76	4.18	4.26
Quick / Acid test ratio		0.94	1.24	1.95	3.01	2.36	2.53
Price earning ratio	Times	11.44	31.34	17.07	14.10	18.49	21.23
Cash dividend per share	Rs.	12.00	5.00	18.00	3.00	5.00	5.50
Bonus shares issued	Number	-	-	-	29,913,981	11,331,053	9,442,500
No. of shares at end of year	Number	97,900,302	97,900,302	97,900,302	97,900,302	67,986,321	56,655,268
Dividend yield	%	12.4	4.5	8.7	2.1	2.8	3.4
Dividend pay out	%	142.3	142.3	148.7	29.4	35.3	41.7
Dividend cover	Times	0.70	0.70	0.67	3.40	2.83	2.40
Interest cover	Times	462.82	202.49	545.72	394.43	471.77	344.67
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	33.08	36.45	37.68	43.33	50.18	49.24
Market value per share at the end of the year	Rs.	96.49	110.00	206.50	144.00	181.80	162.00
Market value per share (High)	Rs.	126.42	233.15	210.00	244.00	219.90	184.00
Market value per share (Low)	Rs.	65.00	109.36	141.00	136.00	120.00	91.60
EBTIDA*	Rs. '000	1,374,922	750,528	1,933,229	1,603,348	1,517,868	1,231,290

Note : Sales include toll manufacturing service fee

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

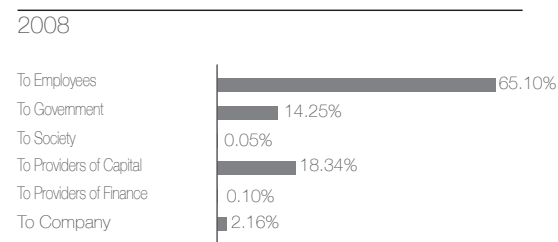
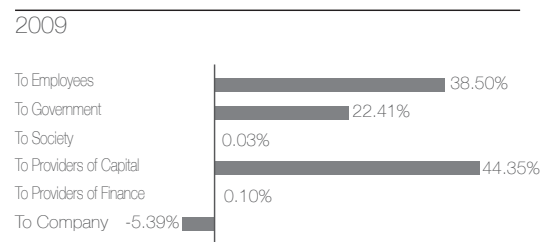




# Statement of Value Addition and its Distribution

	2009		2008	
	Rupees '000	%	Rupees '000	%
<b>Wealth Generated</b>				
Total Revenue inclusive of sales tax and other income	8,747,169		7,363,186	
Brought-in-materials and services	6,098,417		4,694,693	
	2,648,752	100.00%	2,668,493	100.00%
<b>Wealth Distribution</b>				
<b>To Employees</b>				
Salaries, wages, allowances and staff welfare	1,019,834	38.50%	1,737,241	65.10%
<b>To Government</b>				
Income Tax	340,421	12.85%	200,842	7.53%
Workers' Funds and Central Research Fund	97,980	3.70%	45,034	1.69%
Sales tax and excise duty	155,161	5.86%	134,229	5.03%
	593,562	22.41%	380,105	14.25%
<b>To Society</b>				
Donations	855	0.03%	1,461	0.05%
<b>To Providers of Capital</b>				
Dividends*	1,174,804	44.35%	489,502	18.34%
<b>To Providers of Finance</b>				
Finance cost	2,525	0.10%	2,704	0.10%
<b>To Company</b>				
Depreciation	206,300	7.79%	203,002	7.61%
Utilised from unappropriated profit for distribution	(349,128)	(13.18%)	(145,522)	(5.45%)
	(142,828)	(5.39%)	57,480	2.16%
	2,648,752	100.00%	2,668,493	100.00%

\* Includes final dividend amounting to Rs. 293.701 million proposed by the Board of Directors subsequent to the year end.



Vertical Analysis

## Vertical Analysis

	2009		2008		2007		2006		2005		2004	
	Rupees in ' 000	%	Rupees in ' 000	%	Rupees in ' 000	%	Rupees in ' 000	%	Rupees in ' 000	%	Rupees in ' 000	%
<b>Balance Sheet</b>												
Total Equity	3,238,460	65.2	3,568,512	70.7	3,689,273	78.8	4,241,886	84.2	3,411,844	82.6	2,789,602	82.8
Non-Current Liability	119,627	2.4	100,606	2.0	110,414	2.4	44,100	0.9	21,081	0.5	24,145	0.7
Current Liabilities	1,606,489	32.4	1,380,592	27.3	881,681	18.8	749,439	14.9	696,130	16.9	554,876	16.5
Total Equity and Liabilities	4,964,576	100.0	5,049,710	100.0	4,681,368	100.0	5,035,425	100.0	4,129,055	100.0	3,368,623	100.0
Non-Current Assets	1,705,391	34.4	1,594,581	31.6	1,552,239	33.2	1,471,256	29.2	1,221,032	29.6	1,004,237	29.8
Current Assets	3,259,185	65.6	3,455,129	68.4	3,129,129	66.8	3,564,169	70.8	2,908,023	70.4	2,364,386	70.2
Total Assets	4,964,576	100.0	5,049,710	100.0	4,681,368	100.0	5,035,425	100.0	4,129,055	100.0	3,368,623	100.0
<b>Profit and Loss Account</b>												
Net sales including toll manufacturing service fee	8,450,118	100.0	7,123,412	100.0	6,584,454	100.0	5,914,181	100.0	5,227,084	100.0	4,658,925	100.0
Cost of goods sold and services	5,987,872	70.9	4,991,510	70.1	3,856,736	58.6	3,435,553	58.1	2,930,965	56.1	2,673,535	57.4
Gross Profit	2,462,246	29.1	2,131,902	29.9	2,727,718	41.4	2,478,628	41.9	2,296,119	43.9	1,985,390	42.6
Selling and distribution expenses	1,137,813	13.5	1,369,133	19.2	850,376	12.9	877,137	14.8	749,331	14.3	733,242	15.7
Administrative expenses	165,455	2.0	255,737	3.6	123,478	1.9	136,563	2.3	91,184	1.7	103,600	2.2
	1,158,978	13.7	507,032	7.1	1,753,864	26.6	1,464,928	24.8	1,455,604	27.9	1,148,548	24.7
Other operating income	141,890	1.7	105,545	1.5	173,394	2.6	108,722	1.8	49,064	0.9	26,408	0.6
Other operating charges	132,246	1.6	65,051	0.9	179,859	2.7	130,020	2.2	135,587	2.6	91,991	2.0
	1,168,622	13.8	547,526	7.7	1,747,399	26.5	1,443,630	24.4	1,369,081	26.2	1,082,965	23.3
Finance cost	2,525	0.0	2,704	0.1	3,202	0.0	3,660	0.1	2,902	0.1	3,142	0.1
Profit before taxation	1,166,097	13.8	544,822	7.6	1,744,197	26.5	1,439,970	24.3	1,366,179	26.1	1,079,823	23.2
Taxation - net	340,421	4.0	200,842	2.8	559,435	8.5	439,962	7.4	404,007	7.7	332,704	7.1
Profit for the year	825,676	9.8	343,980	4.8	1,184,762	18.0	1,000,008	16.9	962,172	18.4	747,119	16.1



# Horizontal Analysis

	2009	2008	2007	2006	2005	2004	2009	2008	2007	2006	2005	2004
	Rupees in ' 000							% increase / (decrease) over preceeding year				
<b>Balance Sheet</b>												
Total Equity	3,238,460	3,568,512	3,689,273	4,241,886	3,411,844	2,789,602	(9.2)	(3.3)	(13.0)	24.3	22.3	19.9
Non-Current Liability	119,627	100,606	110,414	44,100	21,081	24,145	18.9	(8.9)	150.4	109.2	(12.7)	(12.3)
Current Liabilities	1,606,489	1,380,592	881,681	749,439	696,130	554,876	16.4	56.6	17.6	7.7	25.5	(8.3)
Total Equity and Liabilities	4,964,576	5,049,710	4,681,368	5,035,425	4,129,055	3,368,623	(1.7)	7.9	(7.0)	22.0	22.6	13.9
Non-Current Assets	1,705,391	1,594,581	1,552,239	1,471,256	1,221,032	1,004,237	6.9	2.7	5.5	20.5	21.6	2.6
Current Assets	3,259,185	3,455,129	3,129,129	3,564,169	2,908,023	2,364,386	(5.7)	10.4	(12.2)	22.6	23.0	19.4
Total Assets	4,964,576	5,049,710	4,681,368	5,035,425	4,129,055	3,368,623	(1.7)	7.9	(7.0)	22.0	22.6	13.9
<b>Profit and Loss Account</b>												
Net sales including toll manufacturing												
service fee	8,450,118	7,123,412	6,584,454	5,914,181	5,227,084	4,658,925	18.6	8.2	11.3	13.1	12.2	8.0
Cost of goods sold and services	5,987,872	4,991,510	3,856,736	3,435,553	2,930,965	2,673,535	20.0	29.4	12.3	17.2	9.6	1.6
Gross Profit	2,462,246	2,131,902	2,727,718	2,478,628	2,296,119	1,985,390	15.5	(21.8)	10.0	7.9	15.7	18.0
Selling and distribution expenses	1,137,813	1,369,133	850,376	877,137	749,331	733,242	(16.9)	61.0	(3.1)	17.1	2.2	5.6
Administrative expenses	165,455	255,737	123,478	136,563	91,184	103,600	(35.3)	107.1	(9.6)	49.8	(12.0)	(3.0)
	1,158,978	507,032	1,753,864	1,464,928	1,455,604	1,148,548	128.6	(71.1)	19.7	0.6	26.7	30.4
Other operating income	141,890	105,545	173,394	108,722	49,064	26,408	34.4	(39.1)	59.5	121.6	85.8	21.6
Other operating charges	132,246	65,051	179,859	130,020	135,587	91,991	103.3	(63.8)	38.3	(4.1)	47.4	34.0
	1,168,622	547,526	1,747,399	1,443,630	1,369,081	1,082,965	113.4	(68.7)	21.0	5.4	26.4	29.8
Finance cost	2,525	2,704	3,202	3,660	2,902	3,142	(6.6)	(15.6)	(12.5)	26.1	(7.6)	(80.7)
Profit before taxation	1,166,097	544,822	1,744,197	1,439,970	1,366,179	1,079,823	114.0	(68.8)	21.1	5.4	26.5	32.0
Taxation - net	340,421	200,842	559,435	439,962	404,007	332,704	69.5	(64.1)	27.2	8.9	21.4	14.1
Profit for the year	825,676	343,980	1,184,762	1,000,008	962,172	747,119	140.0	(71.0)	18.5	3.9	28.8	42.0

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of the Karachi Stock Exchange, Chapter XIII of the Listing Regulations of Lahore Stock Exchange and Chapter XI of Islamabad 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. At present, the Board includes four non-executive Directors including one independent Director representing the minority shareholders.
2. The Directors have confirmed that none of them is serving as a director in more than ten 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 loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of the resident Directors are a member of the stock exchanges on which the Company's shares are listed.
4. One casual vacancy occurred in the Board during the financial year ended November 30, 2009, which was filled up within 30 days.
5. The Company has adopted a Code of Business Conduct, which has been circulated and signed by all the Directors and employees of 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 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. The Company arranges orientation courses for its Directors.
10. 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.
11. The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval by the Board.
12. The Directors, Chief Executive and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. 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.

## Horizontal Analysis

15. The Board has formed an Audit Committee. It comprises three members all of whom are non-executive Directors. The Board has also formed a Human Resources Committee, comprising two non-executive Directors and one executive Director. In addition, the Board has formed a Shares Transfer Committee and a Banking Committee.
16. 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.
17. 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; last such audit was conducted in the current year with satisfactory rating. Both the firm and the in-house internal audit staff are conversant with the policies and procedures of the Company.
18. 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, 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 code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. 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 the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board



Munir A. Shaikh  
Chairman  
January 28, 2010

## Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance


We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Abbott Laboratories (Pakistan) Limited** (the Company) to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls.

Further, a Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 of Corporate Governance as applicable to the Company, for the year ended November 30, 2009.



Chartered Accountants

Karachi

Dated: January 28, 2010

## Auditors' Report to the Members

We have audited the annexed balance sheet of Abbott Laboratories (Pakistan) Limited (the Company) as at November 30, 2009 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of 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, give 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 November 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under 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

Engagement Partner:  
Syed Asad Ali Shah

Karachi  
Dated: January 28, 2010

# Balance Sheet

As At November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		173,853	154,777
Reserves - revenue		2,085,604	2,434,732
<b>Total Equity</b>		<b>3,238,460</b>	<b>3,568,512</b>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	5	119,627	100,606
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,606,489	1,380,592
<b>Total Liabilities</b>		<b>1,726,116</b>	<b>1,481,198</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,964,576</b>	<b>5,049,710</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>NON-CURRENT ASSETS</b>			
Fixed assets - property, plant and equipment	8	1,662,785	1,560,835
Long-term loans and advances	9	31,779	23,580
Long-term deposits		4,393	4,393
Long-term prepayments		6,434	5,773
<b>Total Non-current Assets</b>		<b>1,705,391</b>	<b>1,594,581</b>
<b>CURRENT ASSETS</b>			
Stores and spares	10	69,097	47,747
Stock-in-trade	11	1,675,000	1,696,200
Trade debts	12	234,185	172,825
Loans and advances - considered good	13	41,277	21,316
Trade deposits and short-term prepayments	14	90,634	164,785
Accrued profit		1,425	6,594
Other receivables	15	81,053	35,465
Taxation recoverable		295,730	258,708
Cash and bank balances	16	770,784	1,051,489
<b>Total Current Assets</b>		<b>3,259,185</b>	<b>3,455,129</b>
<b>TOTAL ASSETS</b>		<b>4,964,576</b>	<b>5,049,710</b>

  
 Chief Executive

  
 Director

# Profit and Loss Account

For the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
Sales - net	17	8,431,080	7,093,260
Service fee for toll manufacturing		19,038	30,152
		8,450,118	7,123,412
Cost of goods sold and services	18	5,987,872	4,991,510
Gross profit		2,462,246	2,131,902
Selling and distribution expenses	20	1,137,813	1,369,133
Administrative expenses	21	165,455	255,737
		1,158,978	507,032
Other operating income	22	141,890	105,545
Other operating charges	23	132,246	65,051
		1,168,622	547,526
Finance cost	24	2,525	2,704
Profit before taxation		1,166,097	544,822
Taxation - net	25	340,421	200,842
Profit for the year		825,676	343,980
		(Rupees)	(Rupees)
Earnings per share - basic / diluted	26	8.43	3.51

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director




# Statement of Comprehensive Income

For the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
Profit for the year		825,676	343,980
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>825,676</b>	<b>343,980</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

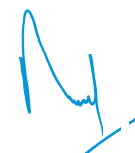
# Cash Flow Statement

For the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	27	1,442,039	920,370
Income taxes paid		(358,422)	(314,760)
Long-term loans and advances - net		(8,199)	2,312
Long-term prepayment		(661)	(640)
Net cash inflow from operating activities		1,074,757	607,282
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(318,017)	(255,413)
Sale proceeds of fixed assets		20,475	11,530
Income received on investments and deposits		116,342	86,398
Encashment of term deposits - net		-	600,000
Net cash (outflow) / inflow from investing activities		(181,200)	442,515
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance cost paid		(2,525)	(2,704)
Dividends paid		(1,171,737)	(491,722)
Net cash outflow from financing activities		(1,174,262)	(494,426)
Net (decrease) / increase in cash and cash equivalents		(280,705)	555,371
Cash and cash equivalents at the beginning of the year		1,051,489	496,118
Cash and cash equivalents at the end of the year		770,784	1,051,489

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

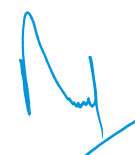
# Statement of Changes in Equity

for the year ended November 30, 2009

	Share Capital	Capital Reserve arising on merger	Other- (Note 2.21)	Reserves Revenue General Reserves	Reserves Un-appropriated Profit	Total	Total Equity
	(Rupees '000)						
<b>Balance as at November 30, 2007</b>	<b>979,003</b>	<b>46,097</b>	<b>83,919</b>	<b>1,718,422</b>	<b>861,832</b>	<b>2,710,270</b>	<b>3,689,273</b>
Total comprehensive income for the year	-	-	-	-	343,980	343,980	343,980
Transfer to general reserve 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 ended November 30, 2008	-	-	-	-	(195,801)	(195,801)	(195,801)
Capital contribution from Abbott International LLC, USA	-	-	24,761	-	-	24,761	24,761
<b>Balance as at November 30, 2008</b>	<b>979,003</b>	<b>46,097</b>	<b>108,680</b>	<b>2,368,422</b>	<b>66,310</b>	<b>2,589,509</b>	<b>3,568,512</b>
<b>Balance as at November 30, 2008</b>	<b>979,003</b>	<b>46,097</b>	<b>108,680</b>	<b>2,368,422</b>	<b>66,310</b>	<b>2,589,509</b>	<b>3,568,512</b>
Total comprehensive income for the year	-	-	-	-	825,676	825,676	825,676
Transfer from general reserve to unappropriated profit 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 profit	-	-	-	(600,000)	600,000	-	-
Interim dividend for the year ended November 30, 2009	-	-	-	-	(881,103)	(881,103)	(881,103)
Capital contribution from Abbott International LLC, USA	-	-	19,076	-	-	19,076	19,076
<b>Balance as at November 30, 2009</b>	<b>979,003</b>	<b>46,097</b>	<b>127,756</b>	<b>1,538,422</b>	<b>547,182</b>	<b>2,259,457</b>	<b>3,238,460</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

# Notes to the Financial Statements

for the year ended November 30, 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 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, diabetes care, molecular devices, hospital and consumer products and in providing toll manufacturing services.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 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, of or directives issued under Companies Ordinance, 1984, shall prevail.

#### 2.1.2 Accounting convention

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

#### 2.1.3 New standards early adopted by the Company in the current year

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) – The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company has presented in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been represented so that it also is in conformity with the revised standard. Since the application of this standard only impacts the presentation of financial statements, there is no impact on the profit for the year and earnings per share.

#### 2.1.4 Adoption of new standard and interpretations effective in the current year and adopted by the Company

IFRS 7 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after April 28, 2008) – This standard requires disclosures that enable the users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are reported in note 33 to the financial statements. There has been no effect on the financial position or results of the Company. Comparative information has also been presented in accordance with the requirements of IFRS 7.

IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after July 1, 2008) – This interpretation addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of this interpretation does not have an effect on the Company's financial statements.

# Notes to the Financial Statements

for the year ended November 30, 2009

IFRIC 14 'IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after January 1, 2008) - This interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The application of this interpretation does not have an effect on the Company's financial statements.

IFRIC 16 'Hedges of Net Investment in a Foreign Operation' (effective for annual periods beginning on or after October 1, 2008) - This interpretation clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The application of this interpretation does not have an effect on the Company's financial statements.

## 2.1.5 New/revised standards and interpretations to published accounting standards that are issued but not yet effective

IAS 23 (Revised) 'Borrowing Costs' (effective for annual periods beginning on or after January 1, 2009) - The revised standard removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

IAS 27 (Amended) 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after July 1, 2009) - The amended standard requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

IFRS 3 (Revised) 'Business Combinations' (applicable for annual periods beginning on or after July 1, 2009) - The standard broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

IFRS 4 'Insurance Contracts' (effective for annual periods beginning on or after January 1, 2009) - The standard makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires the entity issuing insurance contracts (an insurer) to disclose information about those contracts.

IFRS 8 'Operating Segments' (effective for annual periods beginning on or after January 1, 2009) - The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply this standard from December 1, 2009. On its application, it appears that the number of reportable segments, as well as the manner in which the segments are reported, may change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

IFRIC 15 'Agreement for Construction of Real Estate' (effective for annual periods beginning on or after January 1, 2009) - The interpretation clarifies the recognition of revenues by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. Further, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue'.

IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective for annual periods beginning on or after July 1, 2009) - The interpretation states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement.

# Notes to the Financial Statements

for the year ended November 30, 2009

IFRIC 18 'Transfers of Assets from Customers' (to be applied prospectively to transfers of assets from customers received on or after July 1, 2009) - The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 'Revenue'.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after July 1, 2010) - This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation requires the issuer of the equity instrument to measure it at fair value of equity instrument, unless that fair value cannot be reliably measured.

The abovementioned new/revised standards and interpretations to published accounting standards will be effective for accounting periods beginning on or after January 1, 2009. These new/revised standards and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases.

## 2.1.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affects the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

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

- i) Provision for impairment of trade debts, trade deposits and other receivables (note 2.6, note 12, note 14 and note 15);
- ii) Provision for obsolete and slow moving stores and spares and stock-in-trade (note 2.4, note 2.5, note 10 and note 11);
- iii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.13 and note 19);
- iv) Share based payments (note 2.21 and note 28); and
- v) Provision for taxation (note 2.8)

## 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 Pakistan Rupees, which is the Company's functional and presentation currency.

## 2.3 Fixed assets

Property, plant and equipment

### (a) Owned

These assets are stated at cost less accumulated depreciation and impairment loss (if any) except freehold land and capital work-in-progress, which are stated at cost.

# Notes to the Financial Statements

for the year ended November 30, 2009

## (b) Leased

Leased asset comprises of leasehold land which is stated at cost less accumulated amortisation less 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 income equally over the period of the lease.

## (d) Gains or losses on disposal of fixed assets

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

## (e) Subsequent costs

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

## (f) Capital work-in-progress

All expenditure connected to the specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets are available for use.

## 2.4 Stores and spares

These are valued at cost determined on the 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.

## 2.5 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 represents direct cost of materials, direct wages and an appropriate portion of production overheads. Cost in relation to items in transit represents 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.

## 2.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized 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 amount due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account within 'other operating charges'. When a trade debt is uncollectible, it is written off against the allowance account for trade debts. Subsequent recoveries of amounts previously written off are credited against 'selling and distribution expenses' in the profit and loss account.

# Notes to the Financial Statements

for the year ended November 30, 2009

## 2.7 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 income 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.

## 2.8 Taxation

### Current

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

### Deferred

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

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

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

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

## 2.9 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.

## 2.10 Trade and other payables

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

## 2.11 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.

## 2.12 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 will be required to settle the obligation; and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date to reflect the current best estimate.

## 2.13 Staff retirement benefits

The Company operates:

- A recognised provident fund (defined contribution plan) for all permanent employees who have completed six months' service; and



# Notes to the Financial Statements

for the year ended November 30, 2009

- 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 immediately in the profit and loss account.

## 2.14 Liability for employees' compensated absences

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

## 2.15 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 currently.

## 2.16 Derivative financial instruments

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

## 2.17 Revenue recognition

- Sales are recorded on dispatch of goods to customers.
- Service income is recognised when the related services are rendered.
- Income on investments / deposits and other income are recognised on accrual basis.

## 2.18 Impairment

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.

# Notes to the Financial Statements

for the year ended November 30, 2009

## 2.19 Financial instruments

All the 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.

Financial instruments carried on the balance sheet include loans, deposits, trade debts, accrued profit, other receivables, cash and bank balances and trade and other payables. The particular recognition method adopted are disclosed in the individual policy statements associated with each item.

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.

## 2.20 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Company has following three reportable business segments on the basis of product characteristics.

### Pharmaceutical

The Pharmaceutical segment is engaged in the manufacture, import and marketing of research based pharmaceutical products registered with the Ministry of Health and in providing toll manufacturing services.

### Nutritional

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

### Others

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

## 2.21 Share based compensation

The economic 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. Where awarded shares relate to Group Companies, a corresponding reserve is created to reflect the equity component.

	2009 Number of shares	2008 Number of shares	2009 (Rupees '000)	2008 (Rupees '000)
3 AUTHORITY CAPITAL				
	200,000,000	Ordinary shares of Rs 10 each		2,000,000

# Notes to the Financial Statements

for the year ended November 30, 2009

	2009 Number of shares	2008 Number of shares		2009 (Rupees '000)	2008 (Rupees '000)
<b>4</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
	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 issued as fully paid for consideration other than cash	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
	<b>97,900,302</b>	<b>97,900,302</b>		<b>979,003</b>	<b>979,003</b>

As at November 30, 2009, Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC, USA.

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>5</b>	<b>DEFERRED TAXATION</b>		
		156,496	152,603
		(36,869)	(51,997)
		<b>119,627</b>	<b>100,606</b>
<b>6</b>	<b>TRADE AND OTHER PAYABLES</b>		
		114,466	68,816
		432,094	410,607
		98,913	59,761
		10,023	6,956
	6.1	340,924	156,794
	6.2	25,551	21,185
		20,415	14,472
	6.3	62,615	29,218
		20,353	8,576
		47,452	23,865
	19.1.1	425,315	573,660
		8,368	6,682
		<b>1,606,489</b>	<b>1,380,592</b>
<b>6.1</b>	Bills payable include the following amounts payable to related parties:		
	<b>Other related parties</b>		
		65,253	30,644
		-	17
		38,235	26,323
		152,458	53,804
		36,602	31,295
		25,796	1,738
		275	-
		106	-
		<b>318,725</b>	<b>143,821</b>

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
6.2	Payable to related parties represents the following amounts payable to:		
	<b>Other related parties</b>		
	Abbott Australasia Pty Limited	185	327
	Abbott Ireland	-	126
	Abbott Laboratories Manufacturing Zwell	-	670
	Abbott International LLC., USA	21,021	15,974
	Abbott Mearo	2,583	57
	Abbott Indonesia	-	3,635
	Abbott Labs PTE Ltd.-Singapore	-	390
	Abbott International Germany	-	6
	Abbott International Japan	1,762	-
		<b>25,551</b>	<b>21,185</b>
6.3	<b>Workers' Profit Participation Fund</b>		
	Balance at the beginning of the year	29,218	95,292
	Interest on funds utilised in the Company's business	-	146
		<b>29,218</b>	<b>95,438</b>
	Allocation for the year	62,615	29,218
		<b>91,833</b>	<b>124,656</b>
	Less: Amount paid to the fund	29,218	95,438
		<b>62,615</b>	<b>29,218</b>

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

The Company has given bank guarantees of Rs 67.641 million (2008: Rs 40.853 million) to the Customs Department, a utility company and other institutions against tenders.

### 7.2 Commitments

7.2.1 Commitments for capital expenditure as at November 30, 2009 aggregated approximately Rs 49.517 million (2008: Rs 42.732 million).

7.2.2 The Company has obtained short term financing facilities from various commercial banks as at November 30, 2009 amounting to Rs 980.000 million (2008: Rs 620.000 million). These facilities can be utilized for letters of credit, guarantees and running finance/short term loans. However, the running finance / short term loan utilization cannot exceed Rs 335.000 million (2008: Rs 125.000 million). The running finance / short term loan carries markup at the rate of KIBOR plus 1.75% 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. Commitments in respect of letters of credit as at November 30, 2009 aggregated Rs 401.054 million (2008: Rs 297.124 million).

	Note	2009 (Rupees '000)	2008 (Rupees '000)
8	<b>FIXED ASSETS - property, plant and equipment</b>		
	Operating fixed assets	1,502,899	1,358,355
	Capital work-in-progress	159,886	202,480
		<b>1,662,785</b>	<b>1,560,835</b>

# Notes to the Financial Statements

for the year ended November 30, 2009

## 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 in '000)										
<b>At November 30, 2007</b>										
Cost	20,679	2,718	314,764	66,683	1,767,616	181,614	41,623	152,023	357,858	2,905,578
Accumulated depreciation / amortisation	-	658	143,905	55,847	861,058	76,131	35,746	128,895	182,057	1,484,297
Net book value	<u>20,679</u>	<u>2,060</u>	<u>170,859</u>	<u>10,836</u>	<u>906,558</u>	<u>105,483</u>	<u>5,877</u>	<u>23,128</u>	<u>175,801</u>	<u>1,421,281</u>
<b>Year ended November 30, 2008</b>										
Opening net book value	20,679	2,060	170,859	10,836	906,558	105,483	5,877	23,128	175,801	1,421,281
Additions	-	-	-	-	66,303	31,445	4,551	12,857	33,318	148,474
Disposals / Write off / Adjustment										
Cost	-	-	-	-	185	27,753	-	-	5,386	33,324
Depreciation	-	-	-	-	54	19,486	-	-	5,386	24,926
Depreciation / amortisation charge for the year	-	29	10,274	1,851	107,087	23,168	1,717	11,035	47,841	203,002
Closing net book value	<u>20,679</u>	<u>2,031</u>	<u>160,585</u>	<u>8,985</u>	<u>865,643</u>	<u>105,493</u>	<u>8,711</u>	<u>24,950</u>	<u>161,278</u>	<u>1,358,355</u>
<b>At November 30, 2008</b>										
Cost	20,679	2,718	314,764	66,683	1,833,734	185,306	46,174	164,880	385,790	3,020,728
Accumulated depreciation / amortisation	-	687	154,179	57,698	968,091	79,813	37,463	139,930	224,512	1,662,373
Net book value	<u>20,679</u>	<u>2,031</u>	<u>160,585</u>	<u>8,985</u>	<u>865,643</u>	<u>105,493</u>	<u>8,711</u>	<u>24,950</u>	<u>161,278</u>	<u>1,358,355</u>
<b>Year ended November 30, 2009</b>										
Opening net book value	20,679	2,031	160,585	8,985	865,643	105,493	8,711	24,950	161,278	1,358,355
Additions / Transfer	-	-	9,853	-	182,281	75,764	6,321	10,128	76,264	360,611
Disposals / Write off										
Cost	-	-	-	-	4,721	39,659	-	-	6,707	51,087
Depreciation	-	-	-	-	4,330	30,283	-	-	6,707	41,320
Depreciation / amortisation charge for the year	-	29	9,115	1,865	110,625	26,436	2,239	10,507	45,484	206,300
Closing net book value	<u>20,679</u>	<u>2,002</u>	<u>161,323</u>	<u>7,120</u>	<u>936,908</u>	<u>145,445</u>	<u>12,793</u>	<u>24,571</u>	<u>192,058</u>	<u>1,502,899</u>
<b>At November 30, 2009</b>										
Cost	20,679	2,718	324,617	66,683	2,011,294	221,411	52,495	175,008	455,347	3,330,252
Accumulated depreciation / amortisation	-	716	163,294	59,563	1,074,386	75,966	39,702	150,437	263,289	1,827,353
Net book value	<u>20,679</u>	<u>2,002</u>	<u>161,323</u>	<u>7,120</u>	<u>936,908</u>	<u>145,445</u>	<u>12,793</u>	<u>24,571</u>	<u>192,058</u>	<u>1,502,899</u>
Annual rate of depreciation / amortisation										
2008	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	12.5-33	
2009	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	12.5-33	

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 November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>8.3</b>	The depreciation charge for the year has been allocated as follows:		
Cost of goods sold and services	18	121,007	117,883
Selling and distribution expenses	20	73,022	73,610
Administrative expenses	21	12,271	11,509
		<b>206,300</b>	<b>203,002</b>

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	(Rupees '000)					
Vehicles	874	700	174	355	Negotiation	MUHAMMAD YAHYAH FAROOQI Employee
	978	782	196	391	Negotiation	ALTAF HAMEED Employee
	876	634	242	350	Negotiation	IFTIKHAR AHMED Employee
	1,189	951	238	480	Negotiation	EJAZ HUSAIN Employee
	871	694	177	457	Negotiation	S.MAQSOOD AHMED Employee
	1,369	812	557	566	Negotiation	MIRZA IZHAR HUSAIN Ex-Employee
	1,329	994	335	645	Negotiation	MUHAMMAD YAR KHAN Employee
	1,670	1,336	334	792	Open Market Auction	ZAHID QADRI House No. R-536-15-A-4, Buffer Zone Karachi.
	978	782	196	391	Negotiation	MUHAMMAD JAVED Employee
	832	666	166	333	Negotiation	ZAFAR HUSAIN Employee
	871	685	186	482	Open Market Auction	ABDULLAH MUNIR House No. 178 DMCHS 2 nd Floor Opposite DMart Shaheed-e-Millat Road, Karachi. Employee
	874	700	174	440	Negotiation	IMRAN LATIF Employee
	1,319	423	896	1,172	Open Market Auction	MUHAMMAD KASHIF House No. E-19, P&T Colony, Gizri Road, Karachi.
	664	531	133	404	Open Market Auction	ZAHID QADRI House No. R-536-15-A-4, Buffer Zone Karachi.
	1,901	1,521	380	900	Open Market Auction	BABAR SALEEM House No. G-34/5, Block 6, PECHS, Karachi.
	981	778	203	392	Negotiation	HUMAYUN MANZOOR Employee
	876	694	182	548	Open Market Auction	MUHAMMAD ARIF House No. A-56, Block D, North Nazimabad, Karachi.
	453	299	154	408	Open Market Auction	ZAHID QADRI House No. R-536-15-A-4, Buffer Zone Karachi.
	876	701	175	350	Negotiation	AMEER KHAN Employee
	876	701	175	350	Negotiation	KAMRAN RAUF Employee
	876	701	175	350	Negotiation	JURRAT HUSAIN Employee
	876	701	175	350	Negotiation	AKHTER WASEEM Employee
	876	701	175	350	Negotiation	ABDUL REHMAN Employee
	871	694	177	349	Negotiation	SHAHID IQBAL Employee
	871	694	177	349	Negotiation	ARIF ULLAH Employee
	871	694	177	349	Negotiation	SUHAIL AZAM Employee
	871	694	177	348	Negotiation	MUHAMMAD SALMAN Employee
	1,069	740	329	428	Negotiation	NASEEM AKHTER Employee
	1,069	740	329	428	Negotiation	SHABBIR NAJMEE Employee
	678	542	136	402	Open Market Auction	MURTAZA K BABAR House No. B-194, Block - N, North Nazimabad, Karachi.
	678	542	136	314	Open Market Auction	ZAHID QADRI House No. R-536-15-A-4, Buffer Zone Karachi.
	427	342	85	301	Negotiation	MUHAMMAD AKRAM Employee
	981	778	203	392	Negotiation	SHAUKAT A SHAH Employee
	871	694	177	349	Negotiation	NOOR UL AMIN Employee
	749	529	220	300	Negotiation	AMJAD ALI Employee
	1,191	842	349	476	Negotiation	SYED IMTIAZUDDIN Employee
	910	773	137	364	Negotiation	MUHAMMAD AKIF JAN Employee
	910	773	137	364	Negotiation	ZAFAR HUSAIN Employee
	858	686	172	837	Open Market Auction	YAMEEN WADIWALA House No. 875/3 Hussainabad Block - 3, Federal B Area, Karachi.
	571	456	115	430	Open Market Auction	MUHAMMAD YOUSUF House No. R-25, Green Park City, Quaidabad Landhi, Karachi.
	1,057	846	211	750	Open Market Auction	MUHAMMAD YOUSUF House No. R-25, Green Park City, Quaidabad Landhi, Karachi.
	871	740	131	532	Open Market Auction	MURTAZA KHAN BABAR House No. B-194, Block - N, North Nazimabad, Karachi.
Plant and machinery	1,985	1,787	198	216	Negotiation	ZAHIR SHAH House No. E-475, Khuldabad (Quaidabad) Shahjee Compound, Landhi, Karachi.
	1,928	1,735	193	216	Negotiation	ZAHIR SHAH House No. E-475, Khuldabad (Quaidabad) Shahjee Compound, Landhi, Karachi.
Demonstration equipment	1,451	1,451	-	-	Written off	
	5,256	5,256	-	-	Written off	

# Notes to the Financial Statements

for the year ended November 30, 2009

## 8.5 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Vehicles (Rupees '000)	Others	Total
At December 1, 2007	8,129	80,744	4,841	1,826	95,540
Additions	-	168,415	36,963	31,794	237,172
Transferred to fixed assets	-	(66,303)	(31,445)	(32,484)	(130,232)
At November 30, 2008	8,129	182,856	10,359	1,136	202,480
Additions	1,724	134,221	83,849	21,959	241,753
Transferred to fixed assets	(9,853)	(182,281)	(75,764)	(16,449)	(284,347)
<b>At November 30, 2009</b>	<b>-</b>	<b>134,796</b>	<b>18,444</b>	<b>6,646</b>	<b>159,886</b>

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>9 LONG-TERM LOANS AND ADVANCES - considered good</b>			
Long-term loans			
Due from:			
- Executives	9.1	1,122	507
- Employees		48,322	38,506
		49,444	39,013
Less: recoverable within one year			
- Executives		814	289
- Employees		18,719	16,667
	13	19,533	16,956
		29,911	22,057
Long-term advances			
- Employees		1,868	1,523
		31,779	23,580

### 9.1 Reconciliation of carrying amount of long-term loans to executives:

Opening balance	507	832
Disbursements during the year	108	-
Transfer of balances of employee cadre to executive cadre	1,580	510
Less: Repayments during the year	1,073	835
<b>Closing balance</b>	<b>1,122</b>	<b>507</b>

9.2 Loans given to executives and employees are in accordance with the Company's policy. These loans are interest free and are repayable in equal monthly installments within a maximum period of four years. These loans are for the purpose of purchase of fridges, 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.

9.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 2.100 million (2008: Rs 1.282 million).

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>10 STORES AND SPARES</b>			
Stores		43,418	41,264
Spares [including spares-in-transit Rs 4.917 million (2008: Rs 0.611 million)]		52,945	31,134
		<u>96,363</u>	<u>72,398</u>
Less: Provision for slow moving and obsolete items	10.1	27,266	24,651
		<u>69,097</u>	<u>47,747</u>
<b>10.1 Reconciliation of provision for slow moving and obsolete items</b>			
Opening provision		24,651	23,120
Charge for the year		2,615	1,531
Closing provision		<u>27,266</u>	<u>24,651</u>
<b>11 STOCK-IN-TRADE</b>			
Raw and packing materials [including stock-in-transit Rs 74.784 million (2008: Rs 28.749 million)]		877,591	738,094
Work-in-process		192,913	125,519
Finished goods [including stock-in-transit Rs 81.749 million (2008: Rs 87.233 million)]		701,419	979,425
		<u>1,771,923</u>	<u>1,843,038</u>
Less: Provision for slow moving and obsolete items	11.3	96,923	146,838
		<u>1,675,000</u>	<u>1,696,200</u>

**11.1** Write down of inventories recognised as an expense in the current year amounts to Rs 19.649 million (2008: Rs 66.311 million).

**11.2** Stock-in-trade includes finished goods costing Rs 112.558 million (2008: Rs 178.287 million) valued at net realisable value amounting to Rs 100.864 million (2008: Rs 121.211 million).

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>11.3 Reconciliation of provision for slow moving and obsolete items</b>			
Opening provision		146,838	55,515
Charge for the year		16,743	111,175
Write offs during the year		(22,042)	-
Write backs during the year		(44,616)	(19,852)
Closing provision		<u>96,923</u>	<u>146,838</u>



# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>12 TRADE DEBTS</b>			
Considered good:			
Secured			
- Due from other related parties	12.1	5,846	1,954
- Others		35,535	39,197
		41,381	41,151
Unsecured		192,804	131,674
		234,185	172,825
Considered doubtful:			
Unsecured		15,742	11,135
		249,927	183,960
Less: Provision for doubtful debts	12.2	15,742	11,135
		234,185	172,825
<b>12.1 Due from other related parties</b>			
Abbott Logistics B.V.		5,044	1,744
Abbott Laboratories Indonesia		684	210
Abbott Laboratories Mexico		118	-
		5,846	1,954
<b>12.2 Reconciliation of provision for doubtful debts</b>			
Opening provision		11,135	15,772
Charge / (Reversal) for the year	22 & 23	4,607	(1,870)
Written off during the year		-	(2,767)
		15,742	11,135

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>13 LOANS AND ADVANCES - considered good</b>			
Current portion of long-term loans	9	19,533	16,956
Advances to:			
- Executives		582	289
- Employees		508	565
		1,090	854
- Suppliers		20,654	3,506
		21,744	4,360
		41,277	21,316

**13.1** 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 1.017 million, Rs 0.160 million and Rs 4.283 million (2008: Rs 0.570 million, Rs 0.857 million and Rs 4.636 million) respectively.

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Considered good</b>			
Trade deposits		40,213	72,812
Prepayments [including sample inventory Rs 32.014 million (2008: Rs 42.021 million)]		50,421	91,973
		90,634	164,785
<b>Considered doubtful</b>			
Trade deposits		2,161	3,167
		92,795	167,952
Less: Provision for doubtful trade deposits	14.1	2,161	3,167
		90,634	164,785
<b>14.1 Reconciliation of provision for doubtful trade deposits</b>			
Opening provision		3,167	2,420
(Reversal) / Charge for the year	22 & 23	(1,006)	747
Closing provision		2,161	3,167

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>15 OTHER RECEIVABLES</b>			
Considered good			
Due from related parties	15.1	57,831	19,170
Material on loan		5,661	1,807
Insurance claim receivable		3,854	2,336
Service fee for toll manufacturing		163	935
Others		13,544	11,217
		<b>81,053</b>	<b>35,465</b>
Considered doubtful		1,716	1,646
		<b>82,769</b>	<b>37,111</b>
Less: Provision for doubtful other receivables	15.2	1,716	1,646
		<b>81,053</b>	<b>35,465</b>
<b>15.1 Due from related parties</b>			
Abbott Labs PTE Ltd. - Singapore		29,451	10,391
Abbott International LLC., USA		4,309	3,891
Abbott Laboratories Japan		245	234
Abbott Laboratories Malaysia		-	3,613
Abbott Laboratories Maero		-	124
Abbott Laboratories Manufacturing Zwell		-	476
Abbott Laboratories Mature product USA		21,189	441
Abbott Laboratories Indonesia		2,272	-
Abbott Laboratories Egypt		266	-
Abbott Laboratories Saudi Arabia		99	-
		<b>57,831</b>	<b>19,170</b>
<b>15.2 Reconciliation of provision for doubtful other receivables</b>			
Opening provision		1,646	1,382
Charge for the year	23	70	264
Closing provision		<b>1,716</b>	<b>1,646</b>

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>16 CASH AND BANK BALANCES</b>			
<b>With banks</b>			
Savings accounts:			
- Local currency		137,966	135,253
- Foreign currency		46,482	41,084
	16.1	184,448	176,337
Deposit accounts:			
- Local currency	16.2	550,000	800,000
Current accounts:			
- Local currency		2,195	687
		736,643	977,024
<b>In hand</b>			
- Foreign currency		892	359
- Local currency		1,568	2,078
<b>Cheques and drafts in hand and in transit</b>		31,681	72,028
		<b>770,784</b>	<b>1,051,489</b>

16.1 These savings accounts carry markup rate at the rate of 5% (2008: 5%).

16.2 These deposit accounts carry markup rates ranging from 11.10% to 11.55% (2008: 12.40% to 13.75%).

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>17 SALES – NET</b>			
Local		8,267,177	7,189,316
Export - to related parties	30	52,155	38,539
Export - to others		368,339	119,628
		420,494	158,167
		8,687,671	7,347,483
Less:			
Sales returns and discounts		101,430	119,994
Sales tax and excise duty		155,161	134,229
		256,591	254,223
		<b>8,431,080</b>	<b>7,093,260</b>

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>18 COST OF GOODS SOLD AND SERVICES</b>			
Opening work-in-process		125,519	98,017
Raw and packing materials consumed		3,133,634	2,578,756
		3,259,153	2,676,773
<b>Manufacturing expenses:</b>			
Salaries, wages, allowances and staff welfare	18.1	541,874	912,919
Stores and spares consumed		42,272	42,287
Fuel and power		124,949	112,022
Depreciation	8.3	121,007	117,883
Repairs and maintenance		47,739	50,440
Technical service fee	30	68,669	59,593
Insurance		5,327	5,100
Printing and stationery		2,269	2,213
Travelling and entertainment		3,508	5,408
Rent, rates and taxes		1,834	1,038
Laboratory testing supplies		11,883	10,980
Computer expenses		14,472	13,564
Postage, telephone and telegram		7,922	5,595
Others	18.2	59,558	54,361
		1,053,283	1,393,403
		4,312,436	4,070,176
Closing work-in-process		(192,913)	(125,519)
Cost of goods manufactured and services		4,119,523	3,944,657
<b>Finished goods</b>			
Opening stock		979,424	697,364
Purchases		1,590,344	1,328,913
		6,689,291	5,970,934
Closing stock		(701,419)	(979,424)
		5,987,872	4,991,510

**18.1** Salaries, wages, allowances and staff welfare include a net reversal of Rs 14.058 million - note 19.3 (2008: net charge of Rs 385.631 million) in respect of staff retirement benefits.

	2009 (Rupees '000)	2008 (Rupees '000)
<b>18.2 Details of other expenses</b>		
Other fees and purchased services	26,719	24,831
Recruitment and training expenses	782	628
Membership and subscription	405	373
Conference expenses	186	854
Miscellaneous expenses	31,466	27,675
	59,558	54,361

# Notes to the Financial Statements

for the year ended November 30, 2009

## 19 STAFF RETIREMENT BENEFITS

### 19.1 Defined benefit scheme

As mentioned in note 2.13, the Company operates a funded pension scheme for all its permanent employees. Contributions are made to the scheme based on actuarial recommendations. The latest actuarial valuation was carried out as at November 30, 2009 using the Projected Unit Credit method.

The information provided in note 19.1.1 to 19.1.12 has been obtained from the actuarial valuation carried out as at November 30, 2009.

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>19.1.1 Amounts recognised in the balance sheet:</b>			
Present value of the defined benefit obligation	19.1.2	1,741,442	1,505,257
Less: Fair value of the plan assets	19.1.3	1,316,127	931,597
<b>Deficit</b>		<b>425,315</b>	<b>573,660</b>
<b>19.1.2 Movement in the present value of the defined benefit obligation:</b>			
Obligation at beginning of year		1,505,257	1,259,971
Current service cost		81,083	73,486
Interest cost		236,637	135,827
Benefits paid		(59,386)	(51,716)
Actuarial (gain) / loss		(22,149)	87,689
<b>Obligation at end of year</b>		<b>1,741,442</b>	<b>1,505,257</b>
<b>19.1.3 Movement in the fair value of plan assets:</b>			
Fair value at beginning of year		931,597	1,427,285
Expected return on plan assets		90,996	145,762
Company contributions		84,950	15,634
Benefits paid		(59,386)	(51,716)
Actuarial gain/(loss)		267,970	(605,368)
<b>Fair value at end of year</b>		<b>1,316,127</b>	<b>931,597</b>
<b>19.1.4 Amounts recognised:</b>			
Current service cost		81,083	73,486
Interest cost		236,637	135,827
Expected return on plan assets		(90,996)	(145,762)
Net actuarial (gain) / loss recognised during the year		(290,119)	693,057
		<b>(63,395)</b>	<b>756,608</b>
<b>19.1.5 Actual return on plan assets</b>		<b>358,966</b>	<b>(459,606)</b>

# Notes to the Financial Statements

for the year ended November 30, 2009

	2009 Percent per annum	2008 Percent per annum
<b>19.1.6 Principal actuarial assumptions used were as follows:</b>		
Discount rate	12.50	16.00
Expected return on plan assets	12.50	16.00
Future salary increases	10.36	13.79
Future pension increases	4.17	7.41

	2009 (Rupees '000)	2008 (Rupees '000)
<b>19.1.7 Plan assets are comprised as follows:</b>		
Debt	585,459	404,886
Equity	304,959	157,201
Mixed funds	232,812	197,400
Cash	192,897	172,110
	<b>1,316,127</b>	<b>931,597</b>

**19.1.8** Pension plan assets include the Company's ordinary shares with a fair value of Rs 42.300 million (2008: Rs 39.311 million).

**19.1.9** The expected return on plan assets was taken as 12.5%, which is representative of yields on long-term Government bonds and term deposits with banks.

**19.1.10** Expected contributions to the plan for the year ending November 30, 2010 is Rs 124.000 million.

**19.1.11 5 year data on the (surplus) / deficit of the plan is as follows:**

	2009	2008	2007	2006	2005
	(Rupees '000)				
Present value of defined benefit obligation	1,741,442	1,505,257	1,259,971	1,148,449	1,002,136
Fair value of plan assets	1,316,127	931,597	1,427,285	1,154,297	1,081,187
<b>Deficit / (surplus)</b>	<b>425,315</b>	<b>573,660</b>	<b>(167,314)</b>	<b>(5,848)</b>	<b>(79,051)</b>

**19.1.12 5 year data on experience adjustments is as follows:**

	2009	2008	2007	2006	2005
	Percentage				
Experience adjustments on plan liabilities - loss / (gain)	-5	6	-2	5	1
Experience adjustments on plan assets - gain / (loss)	20	-65	12	-2	11

The adjustments have been expressed as a percentage of the plan liabilities and plan assets at the balance sheet date.

**19.2 Defined contribution scheme**

An amount of Rs 34.622 million (2008: Rs 30.758 million) has been charged during the year in respect of the contributory provident fund maintained by the Company.

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>19.3 Staff retirement benefit cost recognised in the profit and loss account</b>			
Pension cost	30	(66,421)	756,608
Provident fund contribution	30	34,622	30,758
E.O.B.I.		4,852	4,622
		(26,947)	791,988
<b>Allocated as:</b>			
Cost of goods sold and services	18.1	(14,058)	385,631
Selling and distribution expenses	20.1	(9,805)	314,294
Administrative expenses	21.1	(3,084)	92,063
		(26,947)	791,988
<b>20 SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages, allowances and staff welfare	20.1	388,134	645,477
Rent, rates and taxes		9,330	8,481
Repairs and maintenance		12,529	12,726
Royalty		16,408	14,539
Insurance		4,655	4,894
Depreciation	8.3	73,022	73,610
Legal, professional and other services		18,938	13,610
Postage, telephone and telegram		14,250	14,167
Printing and stationery		7,286	7,484
Travelling, conveyance and entertainment		152,221	122,183
Advertising, samples and sales promotion		257,972	268,520
Forwarding expenses		100,175	109,629
Electricity		9,083	7,746
Computer expenses		13,461	10,315
Training and development expenses		13,404	10,068
Packing and miscellaneous supplies		11,611	10,289
Others	20.2	70,491	67,093
		1,172,970	1,400,831
Less: Reimbursement from related party	30	35,157	31,698
		1,137,813	1,369,133

**20.1** Salaries, wages, allowances and staff welfare include a net reversal of Rs. 9.805 million - note 19.3 (2008: net charge of Rs. 314.294 million) in respect of staff retirement benefits.

	2009 (Rupees '000)	2008 (Rupees '000)
<b>20.2 Details of other expenses</b>		
Other fees and purchased services	9,977	12,242
Security expenses	4,349	3,761
Membership and subscription	682	750
Air conditioning expenses	7,958	7,137
Housekeeping expenses	2,293	2,261
Water charges	439	212
Purchased gas	141	99
Sales commission expenses	41,896	34,249
Miscellaneous expenses	2,756	6,382
	70,491	67,093



# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>21 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, allowances and staff welfare	21.1	89,826	178,845
Rent, rates and taxes		1,674	1,864
Repairs and maintenance		4,064	3,712
Insurance		2,030	1,712
Depreciation	8.3	12,271	11,509
Legal, professional and other services		5,578	1,629
Postage, telephone and telegram		4,974	5,006
Printing and stationery		1,698	1,834
Travelling, conveyance and entertainment		12,696	11,588
Electricity		4,097	3,980
Computer expenses		5,199	4,681
Training and development expenses		674	716
Miscellaneous office supplies		1,725	1,726
Others	21.2	29,204	33,876
		<b>175,710</b>	<b>262,678</b>
Less: Reimbursement from related party	30	10,255	6,941
		<b>165,455</b>	<b>255,737</b>

21.1 Salaries, wages, allowances and staff welfare include a net reversal of Rs 3.084 million - note 19.3 (2008: net charge of Rs 92.063 million) in respect of staff retirement benefits.

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>21.2 Details of other expenses</b>			
Other fees and purchased services		16,567	22,527
Security expenses		1,284	1,130
Membership and subscription		1,203	1,934
Air conditioning expenses		4,733	3,725
Housekeeping expenses		1,702	1,235
Water charges		232	90
Miscellaneous expenses		3,483	3,235
		<b>29,204</b>	<b>33,876</b>
<b>22 OTHER OPERATING INCOME</b>			
Gain on disposal of fixed assets		10,708	3,133
Income on investments and deposits	22.1	111,173	87,416
Scrap sales		4,290	2,873
Provision for doubtful trade debts no longer required written back	12.2	-	1,870
Provision for doubtful trade deposits no longer required written back	14.1	1,006	-
Realised gain on revaluation of forward exchange contract		-	353
Others		14,713	9,900
		<b>141,890</b>	<b>105,545</b>

22.1 Income on investments and deposits include an amount of Rs 10.277 million (2008: Rs 4.366 million) on account of interest income earned from Abbott Labs PTE Ltd.-Singapore, a related party @ 15.6% (2008: 6.5%) of half of the written down value of assets deployed by the Company on their behalf in the Company's Diagnostic Division in Pakistan.

# Notes to the Financial Statements

for the year ended November 30, 2009

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>23 OTHER OPERATING CHARGES</b>			
Workers' Profit Participation Fund	6.3	62,615	29,218
Auditors' remuneration	23.1	1,550	1,347
Donations	23.2	855	1,461
Workers' Welfare Fund		23,588	10,321
Central Research Fund		11,777	5,495
Provision for doubtful trade deposits	14.1	-	747
Provision for doubtful other receivables	15.2	70	264
Provision for doubtful trade debts	12.2	4,607	-
Exchange loss		25,727	10,322
Others		1,457	5,876
		<b>132,246</b>	<b>65,051</b>
<b>23.1 Auditors' remuneration</b>			
Statutory audit fee		1,350	1,150
Special certifications		150	147
Out of pocket expenses		50	50
		<b>1,550</b>	<b>1,347</b>

23.2 Recipients of donations do not include any donee in whom a director or his spouse had any interest (2008: None).

	2009 (Rupees '000)	2008 (Rupees '000)
<b>24 FINANCE COST</b>		
Bank charges	2,525	2,558
Interest on Workers' Profit Participation Fund	-	146
	<b>2,525</b>	<b>2,704</b>
<b>25 TAXATION - net</b>		
Current tax charge		
- Current year	314,688	204,135
- Prior year	6,712	6,515
	<b>321,400</b>	<b>210,650</b>
Deferred	19,021	(9,808)
	<b>340,421</b>	<b>200,842</b>

# Notes to the Financial Statements

for the year ended November 30, 2009

		2009 (Rupees '000)	2008 (Rupees '000)
<b>25.1 Relationship between tax expense and accounting profit</b>			
Accounting profit before taxation		1,166,097	544,822
Tax rate		35%	35%
Tax on accounting profit		408,134	190,688
Tax for prior years		6,712	6,515
Tax effect of:			
- Expenses that are not deductible in determining taxable profit		(10,121)	41,589
- Applying lower tax rates to certain income		(69,175)	(27,602)
- Others (including the impact arising as a consequence of reversal of deferred tax liability and change in allocation ratio of revenue chargeable under FTR and Non-FTR)		4,871	(10,348)
		<u>340,421</u>	<u>200,842</u>
<b>26 EARNINGS PER SHARE - BASIC / DILUTED</b>			
Profit for the year		825,676	343,980
		Number of shares	
Weighted average number of ordinary shares in issue during the year		97,900,302	97,900,302
		Rupees	
Earnings per share		8.43	3.51
<b>26.1</b>	There is no dilutive effect on the basic earnings per share of the Company.		
	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>27 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,166,097	544,822
Adjustment for:			
Depreciation / amortisation	8.3	206,300	203,002
Gain on disposal of fixed assets	22	(10,708)	(3,133)
Income on investment and deposits	22	(111,173)	(87,416)
Expense recognised in profit or loss in respect of equity-settled share-based plan		19,076	24,761
Finance cost	24	2,525	2,704
Working capital changes	27.1	169,922	235,630
		<u>1,442,039</u>	<u>920,370</u>

# Notes to the Financial Statements

for the year ended November 30, 2009

	2009 (Rupees '000)	2008 (Rupees '000)
<b>27.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets net of provision</b>		
Stores and spares	(21,350)	128
Stock-in-trade	21,200	(332,692)
Trade debts	(61,360)	(10,187)
Loans and advances	(19,961)	12,053
Trade deposits and short-term prepayments	74,151	(62,797)
Other receivables	(45,588)	161,815
	<b>(52,908)</b>	<b>(231,680)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	222,830	467,310
	<b>169,922</b>	<b>235,630</b>

## 28 SHARE BASED COMPENSATION

In accordance with IFRS 2 (Share-Based Payment), services received from employees as consideration for stock options are recognized 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 option plans of the shares of the Abbott International LLC, USA and is charged against income on a straight-line basis over the vesting period of the plan.

The benefit cost recognized therefore relates to rights that vested during the reporting period for all plans granted by Abbott International LLC, USA.

The fair value of stock option plans is measured at the date of grant using the Black & Scholes valuation model, taking into account the expected life of the options. The model incorporate following assumptions to value options outstanding as at November 30, 2009:

	2007	2008
Volatility	25%	24%
Annual weight of quarterly dividends	2.50%	2.6%
Discount rate - Bond equivalent yield	4.50%	3.0%

A summary of options is given below.

	November 30, 2009 Options outstanding	Weighted average value per option
	37,444	USD 12.07

## 29 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.

# Notes to the Financial Statements

for the year ended November 30, 2009

## 30 TRANSACTIONS WITH RELATED PARTIES

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

	Note	2009 (Rupees '000)	2008 (Rupees '000)
<b>Other related parties</b>			
Sale of goods	17	52,155	38,539
Purchase of materials		1,943,546	1,699,643
Technical service fee	18	68,669	59,593
Reimbursements from a related party on account of:			
Selling and distribution expenses	20	35,157	31,698
Administrative expenses	21	10,255	6,941
Interest income earned	22.1	10,277	4,366
Charge/(reversal) in respect of staff retirement benefit plans			
Pension Fund	19.3	(66,421)	756,608
Provident Fund	19.2	34,622	30,758
<b>Key management personnel</b>			
Short-term employee benefits		79,933	71,839
Post-employment benefits		12,717	4,748

30.1 Disposals of property, plant and equipment to key management personnel are disclosed in note 8.4.

30.2 Outstanding balances in respect of related party sales and purchases, reimbursements and staff retirement benefits are included in notes 6, 12, 15 and 19.

30.3 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 9 and note 13.

## 31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company were as follows:

	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees'000)			(Rupees'000)		
<b>Short-term employee benefits</b>						
Managerial remuneration	19,358	16,419	156,982	16,137	12,281	132,189
Leave passage / encashment	719	609	9,359	370	300	8,589
Medical expenses	18	217	4,831	16	52	4,197
Rent / utility / maintenance / furnishing	-	109	473	-	95	483
	20,095	17,354	171,645	16,523	12,728	145,458
<b>Post-employment benefits</b>						
Retirement benefits	2,584	2,477	24,941	1,110	1,010	10,103
	22,679	19,831	196,586	17,633	13,738	155,561
Number of persons (At November 30)	1	*2	93	1	*2	80

\*Includes 1 Alternate Director

# Notes to the Financial Statements

for the year ended November 30, 2009

- 31.1** In addition, Rs 19.076 million (2008: Rs 24.761 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 note 2.21.
- 31.2** Directors and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.
- 31.3** The aggregate amount charged in these financial statements for fees to non-executive Directors is Rs 0.340 million (2008: Rs 0.360 million).

## 32 SEGMENT WISE OPERATING RESULTS

	2009				2008			
	Pharmaceuticals	Nutritional	Others	Total	Pharmaceuticals	Nutritional	Others	Total
	(Rupees '000)				(Rupees '000)			
Sales	6,807,586	1,083,268	796,817	8,687,671	5,724,815	1,004,384	618,284	7,347,483
Less: Sales returns and discounts	61,263	16,979	23,188	101,430	73,496	23,513	22,985	119,994
Less: Sales tax and excise duty	-	95,526	59,635	155,161	-	87,885	46,344	134,229
Sales - net	6,746,323	970,763	713,994	8,431,080	5,651,319	892,986	548,955	7,093,260
Service fee for toll manufacturing	19,038	-	-	19,038	30,152	-	-	30,152
	6,765,361	970,763	713,994	8,450,118	5,681,471	892,986	548,955	7,123,412
Cost of goods sold and services								
- note 32.3	4,642,628	803,628	541,616	5,987,872	3,895,490	708,195	387,825	4,991,510
Gross profit	2,122,733	167,135	172,378	2,462,246	1,785,981	184,791	161,130	2,131,902
Selling and distribution expenses								
- note 32.4	870,391	166,212	101,210	1,137,813	1,045,234	209,762	114,137	1,369,133
Administrative expenses - note 32.5	146,890	12,305	6,260	165,455	222,245	20,278	13,214	255,737
	1,017,281	178,517	107,470	1,303,268	1,267,479	230,040	127,351	1,624,870
Segment result	1,105,452	(11,382)	64,908	1,158,978	518,502	(45,249)	33,779	507,032
<b>Unallocated corporate expenses / income</b>								
Other operating income				141,890				105,545
Other operating charges				132,246				65,051
Profit before finance cost and taxation				1,168,622				547,526
<b>Other Information</b>								
Segment assets employed	3,120,585	184,569	404,768	3,709,922	3,060,495	185,261	301,475	3,547,231
Unallocated corporate assets				1,254,654				1,502,479
Total assets				4,964,576				5,049,710
Segment liabilities	1,031,840	15,054	3,859	1,050,753	1,024,855	2,425	7,013	1,034,293
Unallocated corporate liabilities				675,363				446,905
Total liabilities				1,726,116				1,481,198
Capital expenditure during the year	232,971	2,995	82,051	318,017	223,530	8,437	23,446	255,413
<b>Unallocated corporate capital expenditure</b>								
Total capital expenditure				318,017				255,413
Depreciation / amortisation	160,479	6,479	39,342	206,300	157,635	5,635	39,732	203,002
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				206,300				203,002

# Notes to the Financial Statements

for the year ended November 30, 2009

32.1 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.

32.2 As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

## 32.3 Segment wise cost of goods sold and services

	2009				2008			
	Pharmaceuticals	Nutritional	Others	Total	Pharmaceuticals	Nutritional	Others	Total
	(Rupees '000)				(Rupees '000)			
Opening work-in-process	118,175	3,737	3,607	125,519	97,787	50	180	98,017
Raw and packing materials consumed	2,994,534	23,619	115,481	3,133,634	2,450,017	33,729	95,010	2,578,756
	3,112,709	27,356	119,088	3,259,153	2,547,804	33,779	95,190	2,676,773
<b>Manufacturing expenses:</b>								
Salaries, wages, allowances and staff welfare	513,321	14,141	14,412	541,874	866,461	20,642	25,816	912,919
Stores and spare parts consumed	40,045	1,103	1,124	42,272	39,894	1,063	1,330	42,287
Fuel and power	118,365	3,261	3,323	124,949	105,682	2,817	3,523	112,022
Depreciation / amortisation	114,631	3,158	3,218	121,007	111,212	2,964	3,707	117,883
Repairs and maintenance	45,223	1,246	1,270	47,739	47,586	1,268	1,586	50,440
Technical service fee	66,877	1,792	-	68,669	58,095	1,498	-	59,593
Insurance	5,046	139	142	5,327	4,812	128	160	5,100
Printing and stationery	2,150	59	60	2,269	2,087	56	70	2,213
Travelling and entertainment	3,323	92	93	3,508	5,102	136	170	5,408
Rent, rates and taxes	1,737	48	49	1,834	979	26	33	1,038
Laboratory testing supplies	11,257	310	316	11,883	10,359	276	345	10,980
Computer expenses	13,709	378	385	14,472	12,796	341	427	13,564
Postage, telephone and telegram	7,504	207	211	7,922	5,278	141	176	5,595
Others	54,628	3,346	1,584	59,558	49,411	1,367	3,583	54,361
	997,816	29,280	26,187	1,053,283	1,319,754	32,723	40,926	1,393,403
	4,110,525	56,636	145,275	4,312,436	3,867,558	66,502	136,116	4,070,176
Closing work-in-process	(186,174)	(4,105)	(2,634)	(192,913)	(118,175)	(3,737)	(3,607)	(125,519)
Cost of goods manufactured and services	3,924,351	52,531	142,641	4,119,523	3,749,383	62,765	132,509	3,944,657
<b>Finished goods</b>								
Opening stock	572,462	275,414	131,548	979,424	368,486	252,975	75,903	697,364
Purchases	485,897	720,341	384,106	1,590,344	350,083	667,869	310,961	1,328,913
	4,982,710	1,048,286	658,295	6,689,291	4,467,952	983,609	519,373	5,970,934
Closing stock	(340,082)	(244,658)	(116,679)	(701,419)	(572,462)	(275,414)	(131,548)	(979,424)
	4,642,628	803,628	541,616	5,987,872	3,895,490	708,195	387,825	4,991,510

## 32.4 Segment wise selling and distribution expenses

	2009				2008			
	Pharmaceuticals	Nutritional	Others	Total	Pharmaceuticals	Nutritional	Others	Total
	(Rupees '000)				(Rupees '000)			
Salaries, wages, allowances and staff welfare	311,608	46,502	30,024	388,134	511,436	83,918	50,123	645,477
Rent, rates and taxes	7,660	10	1,660	9,330	7,074	10	1,397	8,481
Repairs and maintenance	10,242	654	1,633	12,529	10,812	486	1,428	12,726
Royalty	16,408	-	-	16,408	14,539	-	-	14,539
Insurance	3,779	390	486	4,655	3,952	405	537	4,894
Depreciation	34,963	2,901	35,158	73,022	36,778	2,253	34,579	73,610
Legal, professional and other services	18,174	634	130	18,938	12,889	609	112	13,610
Postage, telephone and telegram	8,894	2,518	2,838	14,250	10,207	1,999	1,961	14,167
Printing and stationery	6,352	633	301	7,286	6,066	1,125	293	7,484
Travelling, conveyance and entertainment	111,561	20,830	19,830	152,221	91,125	20,500	10,558	122,183
Advertising, samples and sales promotion	163,979	55,514	38,479	257,972	167,546	63,943	37,031	268,520
Forwarding expenses	68,814	28,521	2,840	100,175	82,227	25,437	1,965	109,629
Electricity	8,166	561	356	9,083	6,874	605	267	7,746
Computer expenses	10,840	1,330	1,291	13,461	9,615	209	491	10,315
Training and development expenses	12,582	800	22	13,404	8,606	1,172	290	10,068
Packing and miscellaneous supplies	9,926	1,252	433	11,611	5,852	3,707	730	10,289
Others	66,443	3,162	886	70,491	59,636	3,384	4,073	67,093
	870,391	166,212	136,367	1,172,970	1,045,234	209,762	145,835	1,400,831
Less: Reimbursement from related party	-	-	35,157	35,157	-	-	31,698	31,698
	870,391	166,212	101,210	1,137,813	1,045,234	209,762	114,137	1,369,133

# Notes to the Financial Statements

for the year ended November 30, 2009

## 32.5 Segment wise administrative expenses

	2009				2008			
	Pharmaceuticals	Nutritional	Others	Total	Pharmaceuticals	Nutritional	Others	Total
	(Rupees '000)				(Rupees '000)			
Salaries, wages, allowances and staff welfare	76,825	7,507	5,494	89,826	155,155	15,221	8,469	178,845
Rent, rates and taxes	325	14	1,335	1,674	354	226	1,284	1,864
Repairs and maintenance	3,401	-	663	4,064	3,255	-	457	3,712
Insurance	1,352	41	637	2,030	1,145	19	548	1,712
Depreciation	10,885	420	966	12,271	9,645	418	1,446	11,509
Legal, professional and other services	5,578	-	-	5,578	1,629	-	-	1,629
Postage, telephone and telegram	4,568	107	299	4,974	3,812	251	943	5,006
Printing and stationery	1,431	15	252	1,698	1,518	8	308	1,834
Travelling, conveyance and entertainment	9,000	3,418	278	12,696	8,035	2,830	723	11,588
Electricity	3,930	-	167	4,097	3,903	-	77	3,980
Computer expenses	2,651	49	2,499	5,199	1,983	814	1,884	4,681
Training and development expenses	645	8	21	674	696	5	15	716
Packing and miscellaneous supplies	1,524	178	23	1,725	1,423	183	120	1,726
Others	24,775	548	3,881	29,204	30,742	303	2,831	33,876
	<b>146,890</b>	<b>12,305</b>	<b>16,515</b>	<b>175,710</b>	<b>223,295</b>	<b>20,278</b>	<b>19,105</b>	<b>262,678</b>
Less: Reimbursement from related party	-	-	10,255	10,255	1,050	-	5,891	6,941
	<b>146,890</b>	<b>12,305</b>	<b>6,260</b>	<b>165,455</b>	<b>222,245</b>	<b>20,278</b>	<b>13,214</b>	<b>255,737</b>

## 33 Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk). The Company's overall risk management programme focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's finance department 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:

### 33.1 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.



# Notes to the Financial Statements

for the year ended November 30, 2009

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

	2009 (Rupees '000)	2008 (Rupees '000)
Loans	52,402	41,390
Deposits	44,606	77,205
Trade debts	234,185	172,825
Accrued profit	1,425	6,594
Other receivables	75,392	33,658
Cash and cash equivalents	770,784	1,051,489
	<b>1,178,794</b>	<b>1,383,161</b>

The Company is not 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.

The maximum exposure to credit risk for loans and receivables at the reporting date are:

	2009 (Rupees '000)	2008 (Rupees '000)
Ageing of trade debts past due but not impaired:		
61-90 days	28,576	16,959
91-180 days	29,892	23,526
181-360 days	7,532	1,717
Over 360 days	7,886	2,275

The impaired trade debts and the basis of impairment are disclosed in notes 12 and 2.6 respectively.

The credit quality of balances with banks can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Rating Short-term	Rating Long-term	Date of Rating	2009 (Rupees '000)	2008 (Rupees '000)
Royal Bank of Scotland Limited*	PACRA	A1+	AA	Sep 2008	89	5,787
Deutsche Bank AG	Standard & Poor's (S&P)	A-1	A+	Jan 2009	3,110	20,633
MCB Bank Limited	PACRA	A1+	AA+	Jun 2009	465	2,958
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	Jun 2009	730,749	696,911
HSBC Bank Middle East Limited	Moody's	P-1	Aa2	May 2009	47	72
Bank of Tokyo-Mitsubishi UFJ Limited	S&P	A-1	A+	May 2009	85	100,104
Citibank N.A.	S&P	A-1	A+	Dec 2008	44	150,062
National Bank of Pakistan	JCR-VIS	A-1+	AAA	Jun 2009	2,054	497

\* Placed on Rating Watch.

# Notes to the Financial Statements

for the year ended November 30, 2009

## 33.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining sufficient cash / bank balance and the availability of funding through an adequate amount of committed credit facilities. As at November 30, 2009, the Company's financial liabilities of Rs. 931.426 million (2008: Rs. 671.040 million) are all current and due in next financial year.

## 33.3 Market Risk

Market risk is the risk that the value of financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk whereas the exposure to currency risk and interest rate risk is not significant.

## 33.4 Currency Risk

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

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

	2009		2008	
	Rupees ('000)	US Dollars	Rupees ('000)	US Dollars
Cash and cash equivalents	47,374	566	41,443	525
Due from related parties	63,677	761	21,124	267
Bill payable to related parties	(318,725)	(3,808)	(143,821)	(1,821)
Payable to related parties	(25,551)	(305)	(21,185)	(268)
	<b>(233,225)</b>	<b>(2,786)</b>	<b>(102,439)</b>	<b>(1,297)</b>

The following significant exchange rates were applied during the year:

US Dollars	Balance sheet date rate		Average rate	
	2009	2008	2009	2008
	83.7	79.0	81.3	68.9

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 16.514 million (2008: Rs 6.468 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.

## 33.5 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.

### Fixed rate instruments

	2009 (Rupees '000)	2008 (Rupees '000)
Financial assets	734,448	976,337

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

# Notes to the Financial Statements

for the year ended November 30, 2009

## 33.6 Fair value of financial assets and liabilities

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

## 34 CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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

## 35 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In their meeting held on January 28, 2010, the Board of Directors of the Company have proposed a final cash dividend for the year ended November 30, 2009 of Rs 3.0 per share (2008: cash dividend of Rs 3.0 per share). This is in addition to interim cash dividend of Rs. 9.0 per share (2008: Rs. 2.0 per share). The total dividend declared during the year and dividend per share has been summarised below:

	2009 (Rupees '000)	2008 (Rupees '000)
Cash dividend	1,174,804	489,502
	Rupees	Rupees
Cash dividend per share	12.00	5.00

In addition, the Board has proposed a transfer of Rs 250.000 million from Unappropriated Profit to General Reserve (2008: Rs 230.000 million from General Reserve to Unappropriated Profit).

The financial statements for the year ended November 30, 2009 do not include the effect of the final cash dividend nor the effect of the proposed transfer between reserves which will be accounted for in the financial statements for the year ending November 30, 2010.

## 36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Significant reclassifications made are as follows:

From	To	Nature	Amount re-classified Rupees '000
Sales	Selling and distribution expenses	Sales commission	34,249
Trade debts	Trade and other payables	Advance from customers	33,821

## 37 DATE OF AUTHORISATION

These financial statements were authorised for issue on January 28, 2010 by the Board of Directors of the Company.

  
Chief Executive

  
Director

# Pattern of Shareholding

As at November 30, 2009

	Size of Holding Rs. 10 Shares		Number of shareholders	Total shares held
1	-	100	892	40,737
101	-	500	821	241,781
501	-	1000	384	300,138
1001	-	5000	640	1,364,171
5001	-	10000	100	704,593
10001	-	15000	33	405,803
15001	-	20000	7	125,608
20001	-	25000	10	218,356
25001	-	30000	4	107,256
30001	-	35000	2	65,085
35001	-	40000	2	75,338
40001	-	45000	3	124,837
45001	-	50000	1	45,619
85001	-	90000	1	88,068
135001	-	140000	1	135,600
215001	-	220000	1	219,303
250001	-	255000	1	252,000
270001	-	275000	1	270,454
310001	-	315000	1	314,409
435001	-	440000	1	438,689
450001	-	455000	1	452,608
490001	-	495000	1	490,926
495001	-	500000	1	495,520
510001	-	515000	1	514,434
535001	-	540000	1	536,689
695001	-	700000	2	1,396,764
700001	-	705000	1	703,874
745001	-	750000	1	746,253
780001	-	785000	1	780,150
795001	-	800000	1	799,532
830001	-	835000	1	830,624
905001	-	910000	1	906,152
970001	-	975000	1	974,328
1240001	-	1245000	1	1,242,596
2560001	-	2565000	1	2,562,020
2670001	-	2675000	1	2,670,538
76000001	-	76300000	1	76,259,449
<b>TOTALS</b>			<b>2,924</b>	<b>97,900,302</b>

# Categories of Shareholders

As at November 30, 2009

S.No.	Shareholders category	No. of shareholders	No. of shares	%
1	Associated Companies, Undertakings and Related Parties	3	77,189,064	78.84
2	NIT and ICP	6	5,238,599	5.35
3	Directors, CEO and Their Spouses	7	37,243	0.04
4	Executives			
5	Public Sector Companies and Corporations	1	830,624	0.85
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	23	2,794,962	2.85
7	Others	59	173,679	0.18
8	Individuals	2,825	11,636,131	11.89
	<b>TOTALS</b>	<b>2,924</b>	<b>97,900,302</b>	<b>100.00</b>

## List of Associated Companies and Undertakings

S.NO.	FOLIO	NAME	HOLDING
1	4502	M/S. ABBOTT ASIA INVESTMENTS LIMITED	76,259,449
2	03277-2083	TRUSTEES OF ABBOTT LAB PAK STAFF PENSION FUND	438,689
3	03277-7217	TRUSTEES ABBOT LAB (PAK) LTD.STAFF PROVIDENT FUND	490,926
		<b>TOTAL</b>	<b>77,189,064</b>

## List of NIT and ICP

S.NO.	FOLIO	NAME	HOLDING
1	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE D)	100
2	2610	INVESTMENT CORPN OF PAKISTAN	2,901
3	4171	N. B. P. TRUSTEE DEPARTMENT	880
4	4213	INVESTMENT CORPORATION OF PAKISTAN	2,160
5	02154-27	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	2,670,538
6	11452-20	NBP TRUSTEE - NI(U)T (LOC) FUND	2,562,020
		<b>TOTAL</b>	<b>5,238,599</b>

## List of Directors

S.NO.	FOLIO	NAME	HOLDING
1	4113	MR. THOMAS C. FREYMAN	1
2	4487	MR. MUNIR AHMED SHAIKH	1
3	4579	MR. ASIF JOOMA	1
4	4596	MR. ANGELO KONDES	1
5	4607	SYED ANIS AHMED	1
6	03277-144	KAMRAN Y MIRZA	36,098
7	06122-5280	SHAMIM AHMAD KHAN	1,140
		<b>TOTAL</b>	<b>37,243</b>

## Public Sector Companies and Corporations

S.NO.	FOLIO	NAME	HOLDING
1	02683-23	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	830,624
		<b>TOTAL</b>	<b>830,624</b>

# Categories of Shareholders

As at November 30, 2009

## BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS

S.NO.	FOLIO	NAME	HOLDING
1	3031	GOLDEN ARROW SELECTED STOCK	48
2	3137	UNITED INSURANCE CO OF PAK LTD	2
3	3691,03277-7520	FIRST HABIB MODARABA	1,000
4	00083-36	IDBP (ICP UNIT)	5,431
5	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
6	02139-29	PREMIER INSURANCE LIMITED	6,735
7	02394-29	NIB BANK LIMITED	906,152
8	03277-1142	FIRST PRUDENTIAL MODARABA	7,560
9	03277-3711	ADAMJEE INSURANCE COMPANY LIMITED	1,242,596
10	03277-7525, 06122-3749	FIRST PAK MODARABA	1,000
11	03277-10526	HABIB INSURANCE CO.LIMITED	252,000
12	03277-10633	FIRST CONSTELLATION MODARABA	9,000
13	03277-57588	ATLAS INSURANCE LIMITED	41,781
14	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	4,500
15	04127-28	MCB BANK LIMITED - TREASURY	135,600
16	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	6,308
17	07450-521	B.R.R. GUARDIAN MODARABA	27,000
18	10728-27	CDC - TRUSTEE HBL - STOCK FUND	88,068
19	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	28,081
20	11320-25	B.R.R. GUARDIAN MODARABA	21,000
21	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	10,100
TOTAL			2,794,962

# Notice of Annual General Meeting

NOTICE is hereby given that the 61st Annual General Meeting of the Company be convened and held on Monday, March 15, 2010 at 3.30 p.m. in the Banquet Hall, Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, 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 November 30, 2009.
2. To approve a cash dividend.
3. To appoint the Auditors of the Company up to the next Annual General Meeting and to authorise the Directors to fix their remuneration.

By Order of the Board



**Malik Saadatullah**  
Company Secretary

Karachi : Dated this 28th day of January 2010

## Notes:

1. The Share Transfer books of the Company will remain closed from Saturday, March 6, 2010 to Saturday, March 13, 2010 (both days inclusive). Transfer received in order by our Shares Registrar, FAMCO Associates (Pvt) Limited (Formerly Ferguson Associates (Pvt) Limited), State Life Building No. 1-A, 1st Floor, I.I. Chundrigar Road, Karachi-74000 at the close of business on Friday, March 5, 2010 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. Attested copies of CNIC or Passport of the Beneficial Owner of the shares of the Company in the Central Depository System of the Central Depository Company (CDC) and the proxy, entitled to attend and vote at the meeting, shall be furnished with the proxy form to the Company.
4. The Beneficial owner of the shares of the Company in the Central Depository System of the CDC of his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or Passport to prove his/her identity.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.
6. Shareholders are requested to notify the Company of any change in their addresses, if any immediately.
7. Members who have not yet submitted photocopy of their computerized national identity cards to the Company are requested to send the same at the earliest.
8. Form of proxy is attached in the Annual Report.

# Notice of Annual General Meeting

9. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
  - A. For Attending the Meeting:
    - (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC) or original passport at the time of attending the meeting.
    - (ii) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
  - B. For Appointing Proxies:
    - (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
    - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
    - (iii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy shall be furnished with the proxy form.
    - (iv) The Proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
    - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



# Calendar of Financial Events

## Financial Year:

The Company follows the period of December 01 to November 30 as its Financial Year

## Tentative dates for announcement of financial results for the Financial Year 2009-10:

1st quarter ending February 28, 2010	3rd week of March, 2010
2nd quarter ending May 31, 2010	3rd week of July, 2010
3rd quarter ending August 31, 2010	3rd week of September, 2010
Year ending November 30, 2010	4th week of January, 2011

## Actual dates for announcement of financial results for financial year 2008-09

1st quarter ended February 28, 2009	March 26, 2009
2nd quarter ended May 31, 2009	July 27, 2009
3rd quarter ended August 31, 2009	September 28, 2009
Year ended November 30, 2009	January 28, 2010



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. appoint \_\_\_\_\_ and Sub Account No. \_\_\_\_\_  
hereby \_\_\_\_\_  
appoint \_\_\_\_\_ (Name) \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_ (Name) \_\_\_\_\_  
of \_\_\_\_\_  
as my / our proxy to vote for me/us and on my/our behalf at the 61st Annual General Meeting of the  
Company to be held on Monday, March 15, 2010 at 3:30 p.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) \_\_\_\_\_ day of \_\_\_\_\_ 2010

1. Witness:  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address: \_\_\_\_\_

Affix Revenue  
stamps of Rs. 5/-

2. Witness:  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Signature of Member  
Shareholder's Folio No. \_\_\_\_\_  
CDC A/c No. \_\_\_\_\_  
CNIC No. \_\_\_\_\_

Note:

1. 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.
2. Attested copies of NIC 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 the proxy form to the Company.
3. 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 NIC or passport to prove his/her identity.
4. 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 time of the meeting to authenticate the identity.



AFFIX  
CORRECT  
POSTAGE

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

ABBOTT LABORATORIES (PAKISTAN) LIMITED  
P.O. Box 7229, Karachi-74400  
Tel: (92-21) 111 Abbott (111-222-688)  
Fax: (92-21) 35001903  
URL: [www.abbott.com.pk](http://www.abbott.com.pk)

