



Abbott Pakistan
Un-Audited Financial Statements for the
First Quarter Ended February 28, 2010



 **Abbott**
A Promise for Life



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.
Surridge & Beecheno

Share Registrar

FAMCO Associates (Pvt) Ltd.
State Life Building 1-A, 1st 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. Sarmad Maqbool
(Marketing & Strategy 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)



Directors' Report

The Directors have pleasure in presenting their Report with the accounts of the Company for the first quarter ended February 28, 2010.

FINANCIAL RESULTS

Sales for the quarter increased by 30% as compared to the same quarter last year. Pharmaceutical sales increased by 29%, Nutritional by 43% and Other segment sales which consist of General Health Care, Diagnostic & Diabetes Care grew by 14%. Gross profit to sales ratio was 29% in the current quarter as compared to 25% last year favourably impacted by improved product mix and hardship price adjustment on selected products. Selling and distribution expenses increased by 28% mainly due to higher sales volume. Administration expenses increased by 18% compared to same period last year. Other charges increased mainly due to increase in provision for WPPF and WWF in line with higher profit. The higher gross profit led to an increase in profit before tax by 81% while profit after tax for the quarter was up by 72% as compared to the corresponding quarter last year.

FUTURE OUTLOOK

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

Karachi: March 15, 2010

Munir A. Shaikh
Chairman



Condensed Interim Balance Sheet

As at February 28, 2010

	NOTE	UNAUDITED February 28, 2010 (Rupees '000)	AUDITED NOVEMBER 30, 2009 (Rupees '000)
Non-Current Assets			
Fixed Assets - Property, Plant & Equipment	3	1,699,776	1,662,785
Long-Term Loans and Advances		35,536	31,779
Long-Term Deposits		5,535	4,393
Long-Term Prepayment		6,287	6,434
Total Non-Current Assets		1,747,134	1,705,391
Current Assets			
Stores and spares		69,198	69,097
Stock-in-trade		1,710,875	1,675,000
Trade debts		262,322	234,185
Loans and advances - considered good		56,198	41,277
Trade deposits and short-term prepayments		108,576	90,634
Accrued profit		1,705	1,425
Other receivables		89,317	81,053
Taxation recoverable		276,884	295,730
Cash and bank balances		743,975	770,784
		3,319,050	3,259,185
Current Liabilities			
Trade and other payables		1,522,301	1,606,489
Dividends		293,701	-
		1,816,002	1,606,489
Net Current Assets		1,503,048	1,652,696
Total Assets Less Current Liabilities		3,250,182	3,358,087
Non- Current Liability			
Deferred Taxation		116,068	119,627
Contingencies and Commitments	4		
NET ASSETS		3,134,114	3,238,460
FINANCED BY:			
Share capital and reserves			
Authorised capital 200,000,000 (November 30, 2009: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up capital	5	979,003	979,003
Reserves - capital		178,689	173,853
- revenue		1,976,422	2,085,604
SHAREHOLDERS' EQUITY		3,134,114	3,238,460

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

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim
Profit and Loss Account (Unaudited)
For the three months ended February 28, 2010

	Dec - Feb 2010 (Rupees '000)	Dec - Feb 2009 (Rupees '000)
Sales - net		
Domestic	2,199,547	1,753,796
Export	111,587	30,433
	2,311,134	1,784,229
Service fee for toll manufacturing	-	6,667
	2,311,134	1,790,896
Cost of goods sold and services	1,650,833	1,351,229
Gross Profit	660,301	439,667
Selling and distribution expenses	346,263	270,207
Administrative expenses	49,425	42,042
	264,613	127,418
Other operating income	26,237	35,192
Other operating charges	31,487	18,878
	259,363	143,732
Finance cost	848	610
Profit before taxation	258,515	143,122
Taxation - net	73,996	35,945
Profit for the period	184,519	107,177
	(Rupees)	(Rupees)
Earnings per share - basic / diluted	1.88	1.09

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

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim Statement of
Comprehensive Income (Unaudited)
For the three months ended February 28, 2010

	2010 (Rupees '000)	2009 (Rupees '000)
Profit for the period	184,519	107,177
Other comprehensive income	-	-
Total comprehensive income for the period	184,519	107,177

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

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim
Cash Flow Statement (Unaudited)
For the three months ended February 28, 2010

	Dec - Feb 2010 (Rupees '000)	Dec - Feb 2009 (Rupees '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	258,515	143,122
Adjustment for non-cash charges and other items		
Depreciation / amortization	56,775	49,779
Gain on disposal of fixed assets	(3,474)	(1,325)
Income on investment and deposits	(17,530)	(30,587)
Expense recognised in profit or loss in respect of equity-settled share-based payments	4,836	7,015
Finance cost	848	610
Working capital changes	(188,260)	(106,319)
Cash generated from operations	111,710	62,295
Income taxes paid	(58,709)	(133,339)
Long-term loans and advances - net	(3,757)	(11,123)
Long-Term Deposits	(1,142)	-
Long-term prepayment - net	147	120
Net cash inflow / (outflow) from operating activities	48,249	(82,047)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(96,818)	(76,227)
Sale proceeds of fixed assets	6,526	3,244
Income received on investments and deposits	17,250	18,690
Net cash outflow on investing activities	(73,042)	(54,293)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(848)	(610)
Dividend paid	(1,168)	(93)
Net cash outflow on financing activities	(2,016)	(703)
Net (decrease) in cash and cash equivalents	(26,809)	(137,043)
Cash and cash equivalents at the beginning of the period	770,784	1,051,489
Cash and cash equivalents at the end of the period	743,975	914,446

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

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CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim
Statement of Changes in Equity (Unaudited)
For the three months ended February 28, 2010

	Share Capital	Capital Reserve arising on merger	Reserves Other	Reserves		Total	Total Equity
				Revenue Reserve	Un-appropriated Profit		
(Rupees '000)							
Balance as at November 30, 2008	979,003	46,097	108,680	2,368,422	66,310	2,589,509	3,568,512
Total comprehensive income for the three months ended February 28, 2009	-	-	-	-	107,177	107,177	107,177
Transfer from general reserve to unappropriated profit made 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)
Capital Contribution from Abbott International LLC, USA	-	-	7,015	-	-	7,015	7,015
Balance as at February 28, 2009	<u>979,003</u>	<u>46,097</u>	<u>115,695</u>	<u>2,138,422</u>	<u>109,786</u>	<u>2,410,000</u>	<u>3,389,003</u>
Balance as at November 30, 2009	979,003	46,097	127,756	1,538,422	547,182	2,259,457	3,238,460
Total comprehensive income for the three months ended February 28, 2010	-	-	-	-	184,519	184,519	184,519
Transfer from unappropriated profit to general reserve made subsequent to the year ended November 30, 2009	-	-	-	250,000	(250,000)	-	-
Final dividend for the year ended November 30, 2009 declared subsequent to the year end	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital Contribution from Abbott International LLC, USA	-	-	4,836	-	-	4,836	4,836
Balance as at February 28, 2010	<u>979,003</u>	<u>46,097</u>	<u>132,592</u>	<u>1,788,422</u>	<u>188,000</u>	<u>2,155,111</u>	<u>3,134,114</u>

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

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Notes to the Condensed Interim Financial Statements (Unaudited) For the three months ended February 28, 2010

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

2.1 Basis of preparation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited.

Accounting convention

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

2.2 Accounting policies

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the company for the year ended November 30, 2009.

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

	Dec - Feb 2010 (Rupees '000)	Dec - Feb 2009 (Rupees '000)
Building on freehold land	-	3,113
Plant and machinery	17,976	14,701
Office equipment	2,047	381
Vehicles	13,980	2,208
	(10,023)	(7,486)
Computers	-	167
Demonstration equipment	-	11,089
CWIP - net	62,815	44,568
Total additions	96,818	76,227
Total (deletions)	(10,023)	(7,486)



Notes to the Condensed Interim
Financial Statements (Unaudited)
For the three months ended February 28, 2010

4. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has given bank guarantees of Rs. 65,235 million (November 30, 2009: Rs 67,641 million) to the Customs Department, a utility company and other institutions against tenders.

Commitments

Commitments for capital expenditure as at February 28, 2010 aggregated approximately to Rs 72,358 million (November 30, 2009: Rs 49,517 million).

The Company has obtained short term financing facilities from various commercial banks as at February 28, 2010 amounting to Rs 980,000 million (November 30, 2009: Rs 980,000 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 (November 30, 2009: Rs 335,000 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 February 28, 2010 aggregated Rs 291,885 million (November 30, 2009: Rs 401,054 million).

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at February 28, 2010, Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC, USA.

6. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company 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 parties. Transactions with related parties are as follows:

	Dec-Feb 2010 (Rupees '000)	Dec-Feb 2009 (Rupees '000)
Other related parties		
Sale of goods	13,775	8,119
Purchase of materials	504,597	357,731
Technical service fee	18,714	15,071
Reimbursements from a related party on account of:		
Selling and distribution expenses	11,348	8,051
Administrative expenses	2,453	1,598
Other operating charges	1,367	1,544
Interest income earned	2,173	2,527
Charge in respect of staff retirement benefit plans		
Pension Fund	18,581	28,710
Provident Fund	9,243	8,113
Key management personnel		
Short-term employee benefits	26,323	24,595
Post-employment benefits	2,944	3,227



Notes to the Condensed Interim
Financial Statements (Unaudited)
For the three months ended February 28, 2010

7. SEGMENT WISE OPERATING RESULTS

7.1 Segment wise operating results for the quarter ended February 28:

	2010				2009			
	Pharma- ceutical	Nutritional	Others	Total	Pharma- ceutical	Nutritional	Others	Total
	(Rupees'000)				(Rupees'000)			
Sales	1,893,375	319,689	157,370	2,370,434	1,476,798	225,911	132,130	1,834,839
Less:								
Sales return and discount	9,566	4,164	6,478	20,208	15,619	5,640	1,457	22,716
Sales tax & excise duty	-	28,004	11,088	39,092	-	19,666	8,228	27,894
Sales - Net	1,883,809	287,521	139,804	2,311,134	1,461,179	200,605	122,445	1,784,229
Service fee for toll manufacturing	-	-	-	-	6,667	-	-	6,667
	1,883,809	287,521	139,804	2,311,134	1,467,846	200,605	122,445	1,790,896
Cost of good solds and services	1,330,243	216,181	104,409	1,650,833	1,065,008	185,528	100,693	1,351,229
Gross profit	553,566	71,340	35,395	660,301	402,838	15,077	21,752	439,667
Selling and distribution expenses	245,666	44,229	56,368	346,263	209,958	42,145	18,104	270,207
Administrative expenses	40,516	6,263	2,646	49,425	36,662	3,518	1,862	42,042
Segment result	267,384	20,848	(23,619)	264,613	156,218	(30,586)	1,786	127,418
Unallocated corporate expenses								
Other operating income	-	-	-	26,237	-	-	-	35,192
Other operating charges	-	-	-	31,487	-	-	-	18,878
Operating profit	-	-	-	259,363	-	-	-	143,732

7.2 Geographical information

Sales to external customers

	For the three months ended February 28, 2010 (Rupees'000)	For the three months ended February 28, 2009 (Rupees'000)
Pakistan	2,199,547	1,753,796
Afghanistan	74,372	-
Srilanka	23,440	16,178
Holland	13,775	8,119
Bangladesh	-	3,720
Singapore	-	2,416
	2,311,134	1,784,229

The revenue information above is based on the location of customers.

8. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on March 15, 2010 by the Board of Directors of the Company.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR

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