



Directors' Report

The Directors would like to present their Report with the accounts of the Company for the second quarter and half year ended May 31, 2009.

FINANCIAL RESULTS

Sales for the quarter increased by 13% as compared to the same quarter last year. Pharmaceutical sales increased by 12%. Rising inflation and rupee devaluation adversely impacted margins with gross profit as a percentage to sale, declining to 28% from 37% in the same period last year. Tight expense controls resulted in selling and distribution expenses increasing only 5%. Whereas administration expense were 8% lower than the same period last year, other income increased by 5%. Other charges decreased mainly due to reduction in provision for WPPF and WWF. The lower gross profit led to a fall in profit before tax by 27% while profit after tax for the quarter was down by 24% 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 transparent pricing mechanism to avoid future pricing discrepancies. The dialogue with government is continuing, albeit at a slow pace.

Karachi:

Date: July 27, 2009

Munir A. Shaikh
Chairman



M. Yousuf Adil Saleem & Co.
Chartered Accountants
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AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ABBOTT LABORATORIES (PAKISTAN) LIMITED** (the Company) as at May 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six-month period then ended (here-in-after referred to as "the condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended May 31, 2009 and 2008 have not been reviewed as we are required to review only the cumulative figures for the six-month period ended May 31, 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements - 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at May 31, 2009, are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



**Chartered Accountants
Karachi**

Date: July 27, 2009

A member firm of
Deloitte Touche Tohmatsu



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

	UNAUDITED May 31, 2009	AUDITED November 30, 2008
	----- (Rs. ` 000) -----	
Non-Current Assets		
Fixed Assets - Property, Plant & Equipment	1,598,527	1,560,835
Long-Term Loans and Advances	37,027	23,580
Long-Term Deposits	4,805	4,393
Long-Term Prepayment	5,533	5,773
Total Non-Current Assets	1,645,892	1,594,581
Current Assets		
Stores and spares	55,298	47,747
Stock-in-trade	1,499,005	1,696,200
Trade debts	223,466	172,825
Loans and advances - considered good	57,287	21,316
Trade deposits and short-term prepayments	112,743	164,785
Accrued profit	4,745	6,594
Other receivables	97,129	35,465
Taxation recoverable	374,238	258,708
Cash and bank balances	1,062,779	1,051,489
	3,486,690	3,455,129
Current Liabilities		
Trade and other payables	1,465,414	1,380,592
Net Current Assets	2,021,276	2,074,537
Total Assets Less Current Liabilities	3,667,168	3,669,118
Non- Current Liability		
Deferred Taxation	82,370	100,606
Contingencies and Commitments	4	
NET ASSETS	<u>3,584,798</u>	<u>3,568,512</u>
FINANCED BY:		
Share Capital and Reserves		
Authorized capital 200,000,000 ordinary shares of Rs. 10 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up capital	979,003	979,003
Reserves - capital	164,378	154,777
- revenue	2,441,417	2,434,732
TOTAL EQUITY	<u>3,584,798</u>	<u>3,568,512</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim
Profit & Loss Account (Unaudited)
For the Quarter and Six-Month period ended May 31, 2009

	Mar - May 2009	Dec - May 2009	Mar - May 2008	Dec - May 2008
	----- (Rupees ` 000) -----			
SALES - net				
Domestic	1,969,203	3,722,999	1,845,340	3,265,250
Export	137,822	168,255	22,360	45,301
	<u>2,107,025</u>	<u>3,891,254</u>	<u>1,867,700</u>	<u>3,310,551</u>
Service fee for toll manufacturing	8,656	15,323	12,941	17,496
	<u>2,115,681</u>	<u>3,906,577</u>	<u>1,880,641</u>	<u>3,328,047</u>
Cost of goods sold and services	<u>1,517,949</u>	<u>2,869,178</u>	<u>1,177,737</u>	<u>2,070,299</u>
Gross Profit	<u>597,732</u>	<u>1,037,399</u>	<u>702,904</u>	<u>1,257,748</u>
Selling and distribution expenses	288,147	558,354	273,786	536,366
Administrative expenses	44,326	84,824	48,160	84,840
	<u>265,259</u>	<u>394,221</u>	<u>380,958</u>	<u>636,542</u>
Other operating income	29,978	65,170	28,515	58,074
Other operating charges	26,807	47,229	43,047	67,341
	<u>268,430</u>	<u>412,162</u>	<u>366,426</u>	<u>627,275</u>
Finance cost	502	1,112	921	1,217
Profit before taxation	<u>267,928</u>	<u>411,050</u>	<u>365,505</u>	<u>626,058</u>
Taxation - net	74,719	110,664	109,625	184,748
Profit for the period	<u>193,209</u>	<u>300,386</u>	<u>255,880</u>	<u>441,310</u>
	----- (Rupees) -----			
Earnings per share - basic / diluted	<u>1.97</u>	<u>3.07</u>	<u>2.61</u>	<u>4.51</u>

The annexed notes from 1 to 10 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 Six-Month period ended May 31, 2009

	Dec - May 2009	Dec - May 2008
	----- (Rupees '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	411,050	626,058
Adjustment for non-cash charges and other items		
Depreciation	99,005	101,937
Gain on disposal of fixed assets	(2,990)	(1,351)
Income on investment and deposits	(51,671)	(36,238)
Expense recognised in profit or loss in respect of equity-settled share-based payments	9,601	11,853
Finance cost	1,112	1,217
Long-term prepayment amortization	240	240
Working capital changes	179,269	(287,267)
Cash generated from operations	<u>645,616</u>	<u>416,449</u>
Income taxes paid	(244,430)	(128,036)
Long-term loans and advances	(13,447)	701
Long-term deposits	(412)	-
Long-term prepayments	-	(1,120)
Net cash inflow from operating activities	<u>387,327</u>	<u>287,994</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(140,561)	(72,737)
Sale proceeds of fixed assets	6,854	8,134
Income received on investment and deposits	50,993	35,556
Encashment of Investment in term deposits	-	600,000
Net cash (outflow) / inflow from investing activities	<u>(82,714)</u>	<u>570,953</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Finance cost paid	(1,112)	(1,217)
Dividend paid	(292,211)	(294,891)
Net cash outflow on financing activities	<u>(293,323)</u>	<u>(296,108)</u>
Net increase in cash and cash equivalents	<u>11,290</u>	<u>562,839</u>
Cash and cash equivalents at the beginning of the period	<u>1,051,489</u>	<u>496,118</u>
Cash and cash equivalents at the end of the period	<u>1,062,779</u>	<u>1,058,957</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



Condensed Interim Statement of Changes in Equity (Unaudited)

For the Six-Month period ended May 31, 2009

Share Capital	Reserves					Grand Total	
	Capital Reserves		Revenue Reserves		Total		
	Reserve arising on Merger	Other	General Reserves	Un- appropriated Profit			
(Rupees '000)							
Balance as at November 30, 2007	979,003	46,097	83,919	1,718,422	861,832	2,710,270	3,689,273
Profit for six-month period ended May 31, 2008	-	-	-	-	441,310	441,310	441,310
Transfer to general reserve appropriated subsequent to the year ended November 30, 2007	-	-	-	650,000	(650,000)	-	-
Final dividend for the year ended November 30, 2007 declared subsequent to the year end	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital Contribution from Abbott International LLC, USA relating to share based compensation	-	-	11,853	-	-	11,853	11,853
Balance as at May 31, 2008	<u>979,003</u>	<u>46,097</u>	<u>95,772</u>	<u>2,368,422</u>	<u>359,441</u>	<u>2,869,732</u>	<u>3,848,735</u>
Balance as at November 30, 2008	979,003	46,097	108,680	2,368,422	66,310	2,589,509	3,568,512
Profit for the six-month period ended May 31, 2009	-	-	-	-	300,386	300,386	300,386
Transfer from general reserve appropriated 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 relating to share based compensation	-	-	9,601	-	-	9,601	9,601
Balance as at May 31, 2009	<u>979,003</u>	<u>46,097</u>	<u>118,281</u>	<u>2,138,422</u>	<u>302,995</u>	<u>2,605,795</u>	<u>3,584,798</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

ASIF JOOMA
CHIEF EXECUTIVE

SYED ANIS AHMED
DIRECTOR



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

For the Six-Month period ended May 31, 2009

1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (The Company) is a public limited company incorporated in Pakistan on July 02, 1948, and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges. The Company is principally engaged in the manufacture, import and marketing of research based pharmaceutical, nutritional, diagnostic, diabetic care, molecular device, 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 the requirements of International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad stock exchanges.

2.2 Accounting policies

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

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

	Dec - May 2009	Dec - May 2008
	------(Rupees '000)-----	
Building on Freehold land	3,113	-
Plant and machinery	18,769	17,362
Office equipment	381	639
Vehicles	19,590	10,326
	(14,031)	(19,837)
Computers	1,211	6,139
Demonstration equipment	21,174	8,950
	(6,707)	(5,386)
CWIP - net	76,323	29,321
Total additions	<u>140,561</u>	<u>72,737</u>
Total (deletions)	<u>(20,738)</u>	<u>(25,223)</u>

4. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has given bank guarantees of Rs. 64.745 million (November 30, 2008: Rs. 40.853 million) to the Customs Department, a utility company and other institution against tenders.

Commitments

Commitments for capital expenditure as at May 31, 2009 aggregated to Rs. 68.016 million (November 30, 2008: Rs. 42.732 million).

The facility for letters of credit as at May 31, 2009 aggregated to Rs. 450.000 million (November 30, 2008: Rs. 450.000 million). The facility is secured by first pari passu charge over stocks and book debts of the Company and corporate guarantee from Abbott International LLC, USA. Commitments in respect of letters of credit as at May 31, 2009 aggregated Rs. 242.663 million (November 30, 2008: Rs. 297.124 million).

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at May 31, 2009, Abbott Asia Investments Limited, UK held 76,259,454 shares of Rs. 10 each. The ultimate holding company is Abbott International LLC, USA.

6. TRANSACTIONS WITH RELATED PARTIES

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

	Dec - May 2009	Dec - May 2008
	------(Rupees '000)-----	
Other related parties:		
Technical service fee expense	31,468	28,329
Sale of goods	26,708	15,985
Purchase of materials	813,113	821,685
Reimbursement from a related party on account of:		
Selling and distribution expenses	17,002	14,266
Administrative expenses	4,110	2,663
Interest income earned	5,054	2,297
Charge in respect of Staff retirement benefit plans:		
Pension Fund	55,355	17,193
Provident Fund	18,489	14,787
Key management personnel:		
Short-term employee benefits	46,307	48,353
Post-employment benefits	6,880	3,112

7. SEGMENT WISE OPERATING RESULTS

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

	2009				2008			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	------(Rupees '000)-----							
Sales	1,636,422	267,802	279,844	2,184,068	1,470,192	286,034	188,478	1,944,704
Less:								
Sales return and discount	17,077	5,664	7,093	29,834	20,338	7,008	8,897	36,243
Sales tax & excise duty	-	22,400	24,809	47,209	-	24,233	16,528	40,761
Net sales	1,619,345	239,738	247,942	2,107,025	1,449,854	254,793	163,053	1,867,700
Service fee for toll manufacturing	8,656	-	-	8,656	12,941	-	-	12,941
Cost of good solds and services	1,628,001	239,738	247,942	2,115,681	1,462,795	254,793	163,053	1,880,641
Gross profit	1,133,026	199,667	185,256	1,517,949	877,284	192,576	107,877	1,177,737
Selling and distribution expenses	494,975	40,071	62,686	597,732	585,511	62,217	55,176	702,904
Administrative expenses	221,302	38,028	28,817	288,147	208,956	48,166	16,664	273,786
Segment result	36,652	3,620	4,054	44,326	41,207	4,370	2,583	48,160
Unallocated other operating income	237,021	(1,577)	29,815	265,259	335,348	9,681	35,929	380,958
Unallocated other operating charges	-	-	-	29,978	-	-	-	28,515
Operating profit	-	-	-	26,807	-	-	-	43,047
Operating profit	-	-	-	268,430	-	-	-	366,426

7.2 Segment wise operating results for the Six-Month period ended May 31:

	2009				2008			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	------(Rupees '000)-----							
Sales	3,113,220	493,713	411,974	4,018,907	2,655,351	499,742	282,615	3,437,708
Less:								
Sales return and discount	32,696	11,304	8,550	52,550	39,469	10,129	13,225	62,823
Sales tax & excise duty	-	42,056	33,037	75,103	-	41,712	22,622	64,334
Net sales	3,080,524	440,343	370,387	3,891,254	2,615,882	447,901	246,768	3,310,551
Service fee for toll manufacturing	15,323	-	-	15,323	17,496	-	-	17,496
Cost of good sold and services	3,095,847	440,343	370,387	3,906,577	2,633,378	447,901	246,768	3,328,047
Gross profit	2,198,034	385,195	285,949	2,869,178	1,587,754	316,355	166,190	2,070,299
Selling and distribution expenses	897,813	55,148	84,438	1,037,399	1,045,624	131,546	80,578	1,257,748
Administrative expenses	431,260	80,173	46,921	558,354	395,660	102,390	38,316	536,366
Segment result	73,314	7,138	4,372	84,824	70,220	10,358	4,262	84,840
Unallocated other operating income	393,239	(32,163)	33,145	394,221	579,744	18,798	38,000	636,542
Unallocated other operating charges	-	-	-	65,170	-	-	-	58,074
Operating profit	-	-	-	47,229	-	-	-	57,341
Operating profit	-	-	-	412,162	-	-	-	627,275

8. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The directors in their meeting held on July 27, 2009 have proposed an interim cash dividend @ 90% (2008: 20%). The financial statements for the six-month period ended May 31, 2009 do not include the effect of the above interim cash dividend which will be accounted for subsequent to the period end.

9. CORRESPONDING FIGURES

Corresponding figures have been reclassified to reflect more appropriately presentation of transactions for the purposes of comparison. Significant reclassifications made are as follows:

From	To	Nature	As At November 30, 2008 (Rupees '000)
Trade debts	Trade and other payables	Advance from customers	<u>33,821</u>

From	To	Nature	Dec - May 2008 (Rupees '000)
Sales	Selling and distribution expenses	Commission expense	<u>20,186</u>

10. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on July 27, 2009 by the Board of Directors of the Company.



ASIF JOOMA
CHIEF EXECUTIVE



SYED ANIS AHMED
DIRECTOR



Company Information

Board of Directors

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

Audit Committee

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

Human Resource Committee

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

Share Transfer Committee

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

Banking Committee

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

Chief Financial Officer

Syed Anis Ahmed

Company Secretary

Malik Saadatullah

Auditors

M. Yousuf Adil Saleem & Co.

Legal Advisors

Orr, Diganam & Co.
SurrIDGE & Beecheno

Share Registrar

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

Bankers

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

Registered Office

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

Senior Management Team

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