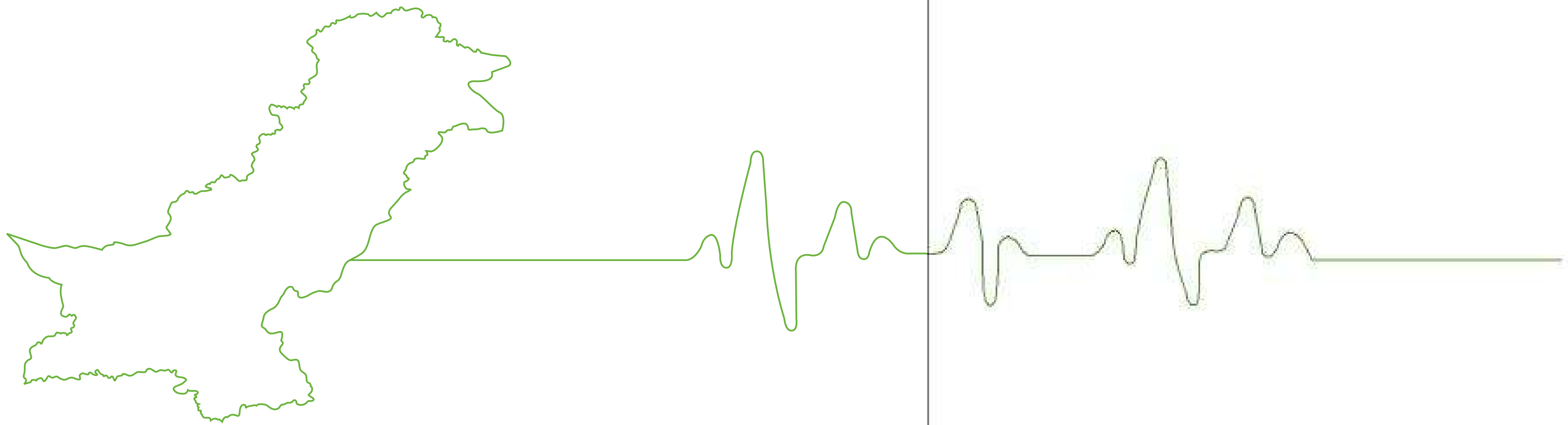
Annual Report 2012

Abbott
A Promise for Life



Nurturing You...

From newborns to ageing adults, Abbott encircles life and is committed to nurturing its customers through a comprehensive line of products that cater to the diverse healthcare needs of people living in 150 countries across the globe.

Nurturing and caring is central to the work we do as we constantly strive to discover new medicines and new technologies that enable people to lead healthier lives.

For the last 65 years, Abbott has been committed to addressing the local health needs of the people of Pakistan, almost from the time of the country's inception.

Vision

To be the Most Admired Healthcare Company in Pakistan.

Mission

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

For 125 years, Abbott has continually evolved to advance practices in medicine, science and technology – shaping new ways to help people lead healthier lives.

Over 100 years of presence in the sub-continent...

Committed to addressing the local health needs of the people of Pakistan almost from the time of Pakistan's inception.

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Corporate Information

Board Of Directors
Munir A. Shaikh (Chairman)
Asif Jooma (Chief Executive Officer)
Kamran Y. Mirza
Thomas C. Freyman (Alternate Director to Anis A. Shah)
Syed Anis Ahmed
Roland Wolfgang Kaut
Shamim Ahmad Khan

Audit Committee
Shamim Ahmad Khan (Chairman)
Munir A. Shaikh
Kamran Y. Mirza
Maria Memon (Chief Internal Auditor by Invitation)
Syed Anis Ahmed (CFO by Invitation)

Human Resource Committee
Munir A. Shaikh (Chairman)
Asif Jooma
Shamim Ahmad Khan
Saira C. Halai

Share Transfer Committee
Asif Jooma (Chairman)
Syed Anis Ahmed
Anis A. Shah (Alternate Director to Thomas C. Freyman)

Banking Committee
Munir A. Shaikh (Chairman)
Asif Jooma
Anis A. Shah (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.
Chartered Accountants

Legal Advisors
Orr, Dignam & Co.
Surridge & Beecheno

Share Registrar
FAMCO Associates (Pvt) Ltd.
State Life Building, 1-A,1st Floor,
I.I. Chundrigar Road, Karachi-74000

Bankers
Faysal Bank 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
Barclays Bank PLC

City Office
8th Floor, Faysal House,
St-02, Shahrah-e-Faisal, Karachi

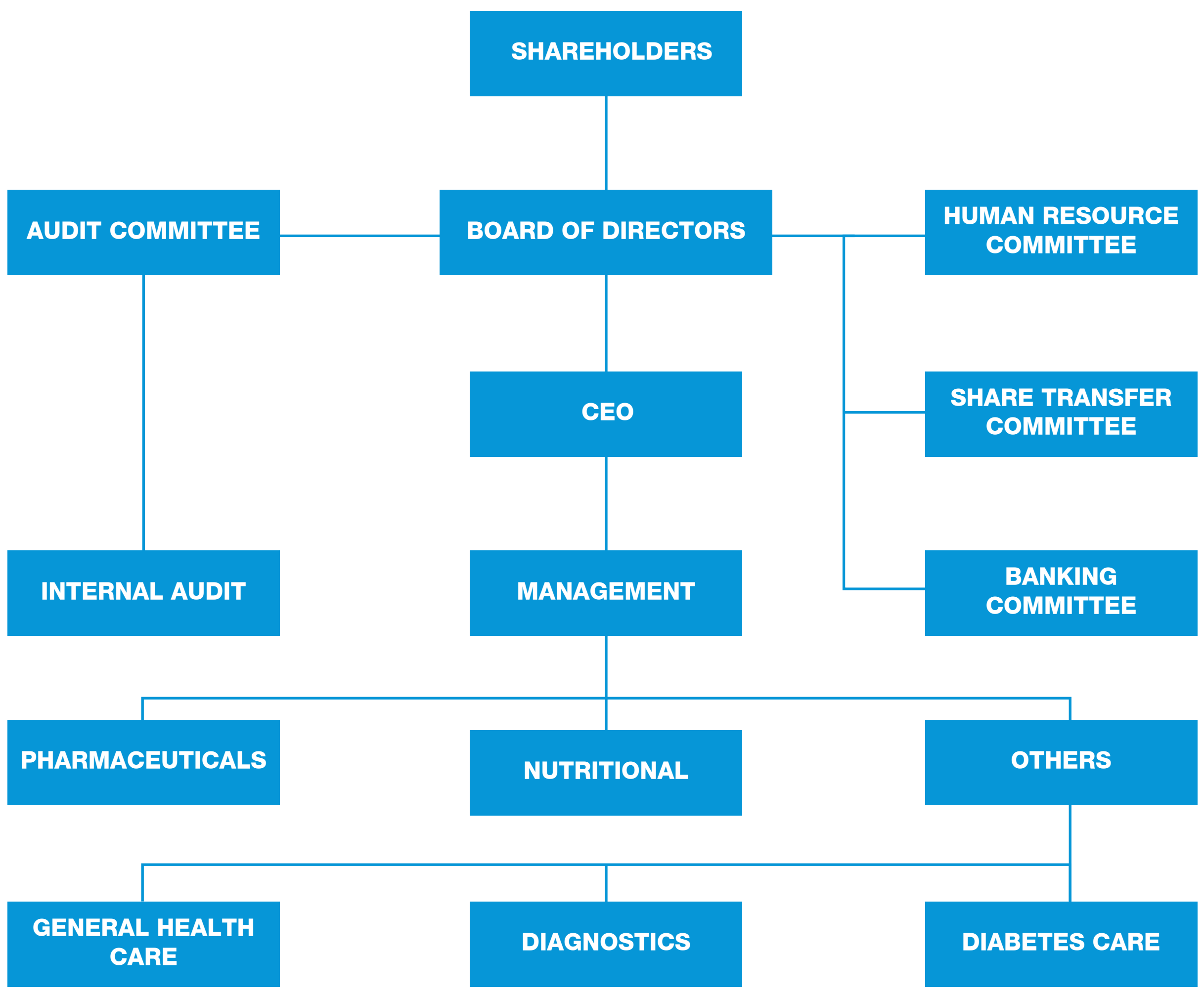
Registered Office
Opposite Radio Pakistan
Transmission Centre,
Hyderabad Road, Landhi,
P.O. Box 7229, Karachi

Website
www.abbott.com.pk

Senior Management Team
Asif Jooma (Chief Executive Officer)*
Syed Anis Ahmed (Chief Financial Officer)
Anis A. Shah (Operations Director)
Ayub A. Siddiqui (Head of Nutrition Division)
Habib Ahmed (Head of Diagnostics Division)
Syed Imtiazuddin (Head of Diabetes Care Division)
Dr. Farrukh Hafeez (Quality Assurance Director)
Saira C. Halai (Human Resource Director)
Seema Khan (Regulatory Director)
Dr. Sarmad Maqbool (Marketing & Strategy Director)
Dr. Raeef Ahmed (Medical Director)

*Arshad Saeed Husain has replaced Asif Jooma as CEO effective 25 Febuary 2013

Corporate Structure of Abbott Pakistan



Arshad Saeed Husain joins as the new MD

Dear Shareholder,

Let me begin by saying how excited I am to have joined Abbott. I am as proud as you are to be part of a global healthcare company that continues to provide efficacious and cost effective medicines, new technologies and innovative ways to manage health. In Pakistan, we have been committed to addressing the health care needs of our people by developing innovative solutions to local health challenges almost from the time of Pakistan's inception.

I am extremely pleased to note that despite the year 2012 being very challenging with a tough business environment, Abbott has posted remarkable results for the year. I am proud to say that this performance has been driven by Abbott's strong team of professionals who have continuously demonstrated excellent performance and unwavering determination to deliver good results for you.

We begin the New Year 2013 with the same determination and passion to achieve new heights. I am confident that our diverse businesses will continue to innovate and perform, driven by organic growth and new product introductions. Our focus on investing in human talent and providing a conducive working environment for all will continue in the future.

The key to our success is our people and the support of our customers, suppliers, bankers and other stakeholders. I look forward to working with the talented team at Abbott to build on our strengths and overcome the challenges that lie ahead of us while winning together for greater results. I am confident that together we will touch new horizons at Abbott, for the growing benefit of the people that we serve.

Arshad Saeed Husain, MD Abbott Pakistan

Directors' Profile

1 Munir A. Shaikh
Chairman
(Non Executive)

Joined Board:

20 August 2004

Other Engagements:

Chairman / Director

Abbott India Limited

Director

Sunshine Holdings, Srilanka

2 Asif Jooma*
Chief Executive Officer

Joined Board:

01 June 2007

Other Engagements:

Director

NIB Bank

Engro Fertiliser Limited

ICI Pakistan Limited

Chairman

Pharma Bureau

President

Overseas Investors Chamber of Commerce and Industry (OICCI)

Member

Board of Investment, (BOI) Government of Pakistan

Executive Committee BOI Government of Pakistan

Board of Trustees of Abbott Laboratories (Pakistan) Limited Staff Provident Fund

Board of Trustees of Abbott Laboratories (Pakistan) Limited Staff Pension Fund

3 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

4 Roland Wolfgang Kaut
Director (Non Executive)

Joined Board:

03 October 2011

5 Kamran Y. Mirza
Director (Non Executive)

Joined Board:

15 January 1978

Other Engagements:

Chief Executive Officer / Director

Pakistan Business Council

Director

Safari & Outdoor Club of Pakistan

International Steel Limited

Education Fund for Sindh

Board of Investment

Member / Chairman

Task Force Pharmaceutical Sector Planning Commission, Government of Pakistan

Member

Task Force Private Sector Development Planning Commission, Government of Pakistan

Quality Control Board, Institute of Chartered Accountants Pakistan (ICAP)

6 Shamim Ahmad Khan
Director (Non Executive)

Joined Board:

01 August 2002

Other Engagements:

Director

Packages Limited

IGI Insurance Limited

Chairman

Certification Panel, Pakistan Centre for Philanthropy

Member

Advisory Committee of Centre for International Private Enterprises

7 Anis A. Shah
(Alternate Director to Thomas C. Freyman)

Joined Board:

22 February 2011

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

*Arshad Saeed Husain has replaced Asif Jooma as CEO effective 25 Febuary 2013

History Timeline
A Tradition of Innovation

More than 120 years ago, 30-year-old Dr. Wallace C. Abbott, a practicing physician and pharmacy proprietor, founded the company that bears his name. Using the active part of a medicinal plant, known as the "alkaloid," he formed tiny pills, called "dosimetric granules," which provided more accurate and effective dosing for his patients than other treatments available at the time. The demand for these accurate granules soon far exceeded the needs of his own practice and, from these modest origins, was born Abbott, one of the world's most broad-based health care companies and a global leader in the discovery, development and manufacture of products that span the continuum of care.

1888 Seeking better and more accurate medications for his patients, Wallace C. Abbott, M.D., begins producing dosimetric granules in the apartment above his People's Drug Store on Chicago's North Side. First-year sales are $2,000.

1900 The business is officially incorporated in Illinois as the Abbott Alkaloidal Company.

1910 There are more than 700 products in the Abbott catalogue. The company expands with branches in New York, San Francisco, Seattle and Toronto, a European agency in London, and business in India.

1915 The Abbott Alkaloidal Company's name is changed to Abbott Laboratories to reflect the company's growing research orientation and move to synthetic compounds.

1920 Dr. Abbott breaks ground for a new manufacturing facility in North Chicago, Illinois. This location will serve as the company's headquarters for more than 40 years.

1929 Abbott stock is listed on the Chicago Stock Exchange. The offering is 20,000 shares for $32 each.

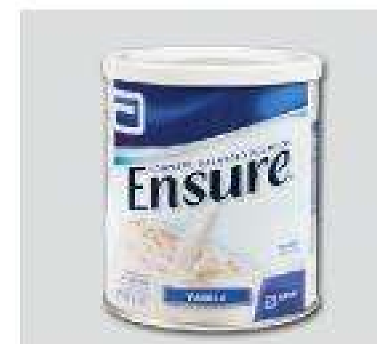
1931 Abbott's first international affiliate is established in Montreal, Canada.

1938 Abbott celebrates its 50th anniversary with the dedication of a new, state-of-the-art research center in North Chicago.

1948 Abbott starts its operations in Pakistan, as a private marketing company.

1962 Abbott opens its first manufacturing facility in Karachi, Pakistan.

1964 Abbott acquires M&R Dietetic Laboratories of Columbus, Ohio, best known as makers of Similac, one of the first milk-based infant formulas.



1965 The company's global growth warrants a new headquarters. Major operations are moved to Abbott Park, a 420-acre site southwest of its North Chicago headquarters.

1973 The global Abbott Diagnostics Division is formed to bring together the company's diagnostic products and services.

Ensure, Abbott's first adult medical nutritional, is introduced.

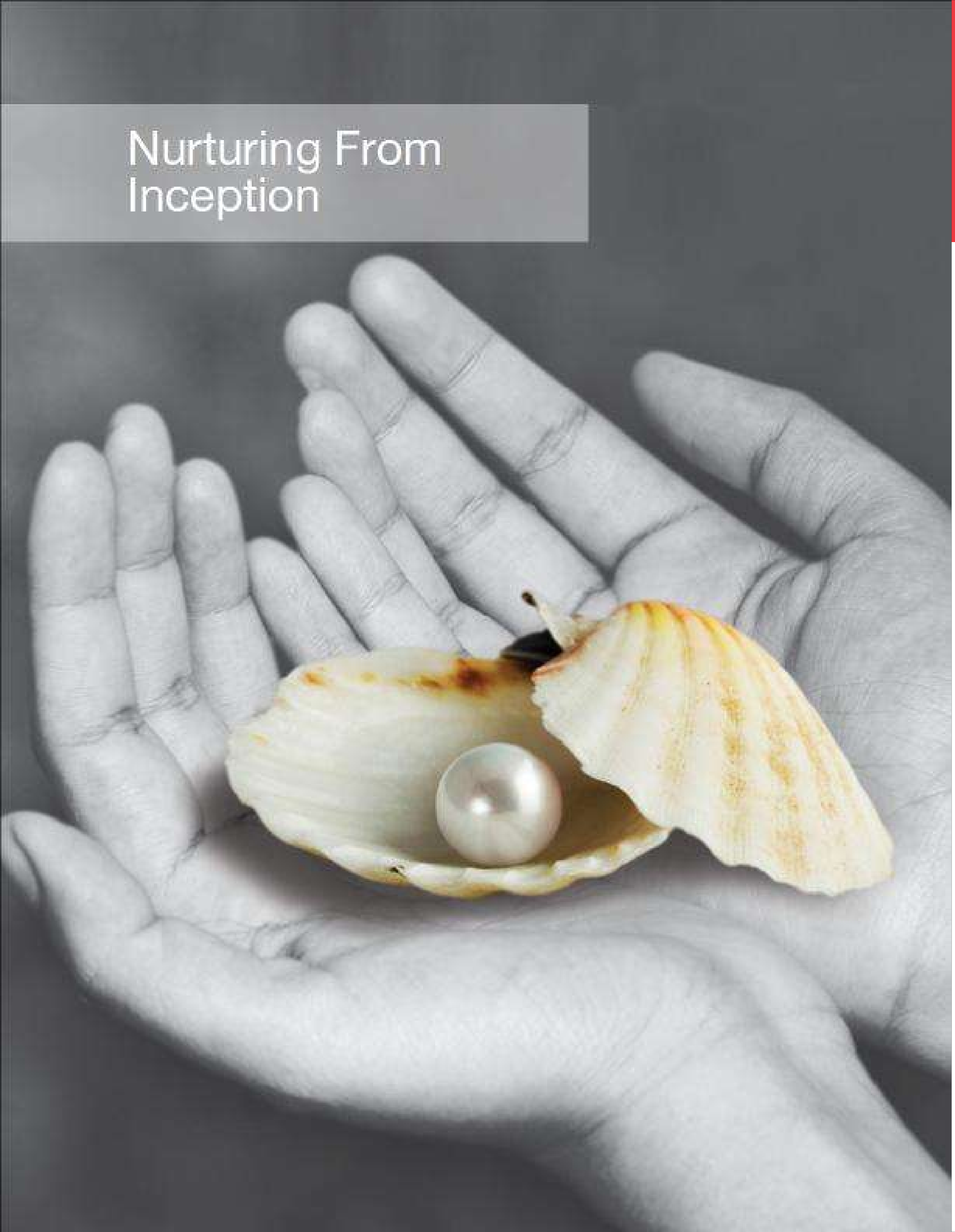
1982 Abbott is listed as a public limited company in Pakistan.

1988 Abbott celebrates its centennial.

2001 Abbott acquires the pharmaceutical business of BASF, including the global operations of Knoll Pharmaceuticals, expanding the company's global scope and biotech capabilities. Vysis, Inc., a leading genomic disease management company, is acquired to strengthen Abbott's position in the molecular diagnostics market.

2004 Abbott Diabetes Care is created with the acquisition of TheraSense Inc., a leading blood glucose monitoring business. Abbott also acquires EAS Inc., a leader in performance nutrition products.

2010 Abbott acquires Solvay Pharmaceuticals, the global pharmaceutical business of the Solvay Group and STARLIMS Technologies, a leader in laboratory information management systems.



About Abbott

We are a diverse, leading global healthcare company with scientific expertise and products that address the full range of health care needs - from disease prevention and diagnostics to treatment and cure. Abbott is devoted to providing efficacious and cost effective medicines having a positive safety profile, new technologies and innovative ways to manage health.

Diversity Inspires Innovation

Today, Abbott is one of the most diversified and far-reaching health care leaders. Our expertise across pharmaceuticals, nutrition, diagnostics and medical devices inspires innovations that address health needs of people throughout their lives, from prevention to diagnosis to treatment.

Addressing Local Needs

With resources, expertise and people around the world, Abbott is truly a global company. Our solid commitment and presence in both developing and emerging economies provide us perspective that translates into meaningful local innovations and better access to some of the most trusted and reliable products and technologies where they are needed the most. In Pakistan, Abbott offers innovative, efficacious and cost effective solutions to local health challenges that address the healthcare needs of the people of Pakistan.

Making A Difference

Whether next-generation diagnostics, life-changing devices, science-based nutrition, or novel packaging and reformulations, we are advancing some of the most innovative and revolutionary technologies in healthcare - all of which hold the promise of improving lives.

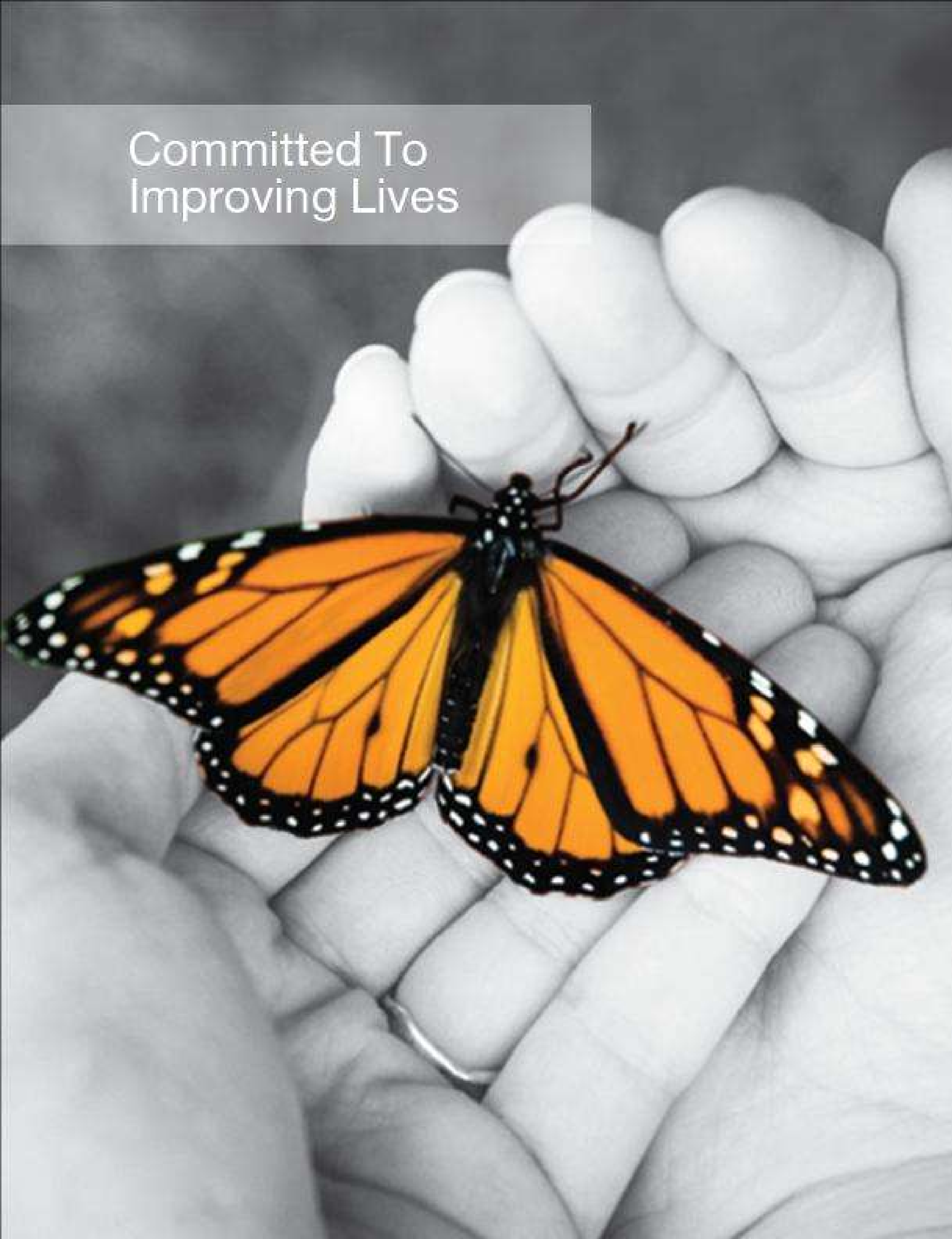
Today, we remain committed to the people we are here to serve.

For patients and consumers, we are exploring the frontiers of health to develop better options and achieve better outcomes.

For healthcare professionals, we are sharing our expertise across health disciplines to help create sustainable health solutions where they are needed the most.

For our shareholders, we are developing the kind of essential, life-enhancing products that will ensure the enduring growth and success of our business.

For our employees, we are honoring our heritage and our values by striving to make an even greater impact on health the world over.



Our Promise

"A Promise for Life" is our commitment – what we believe in and what we value – reminding us why our work matters to the people we serve.

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 through medical care and pharmaceutical therapy.

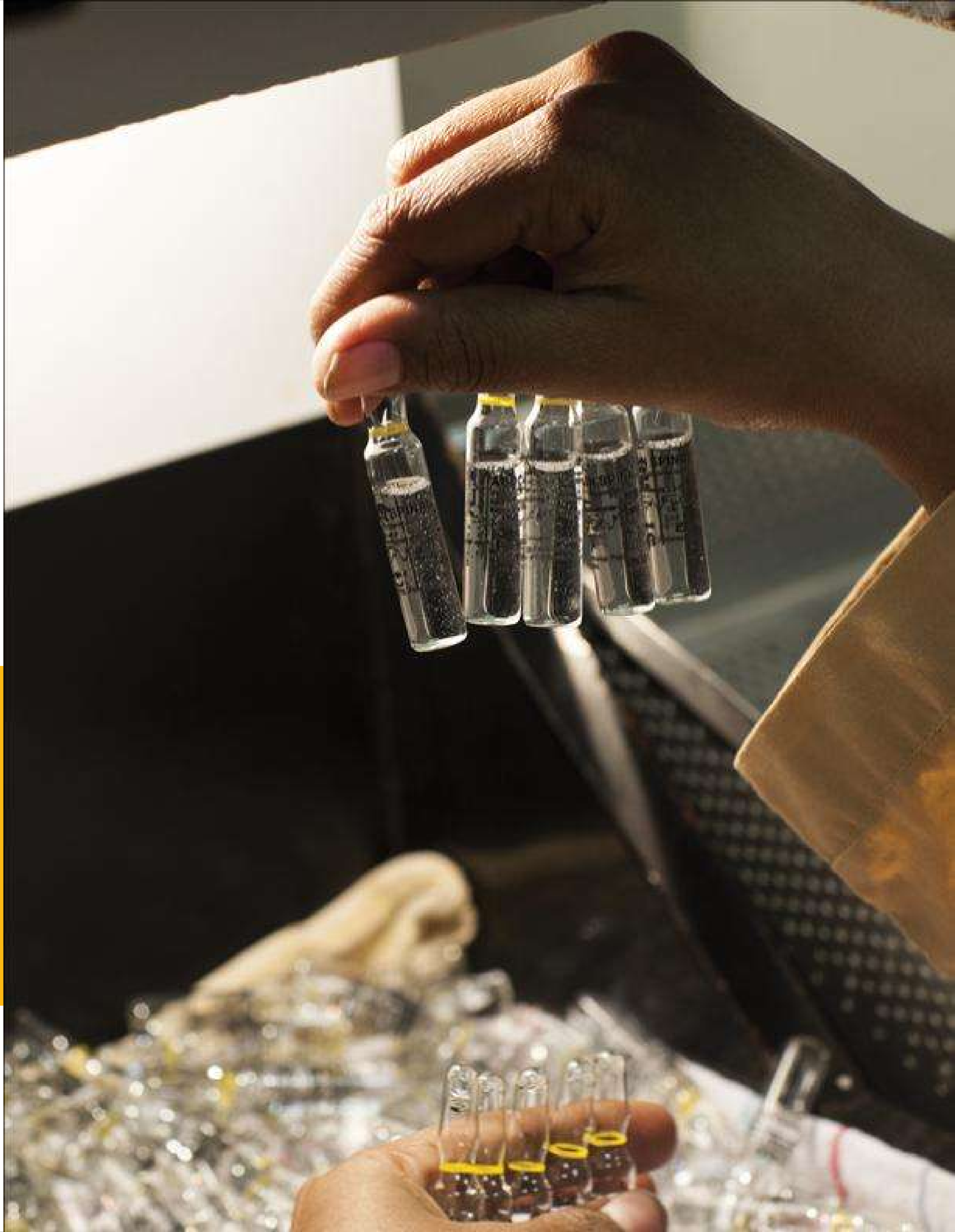
Caring is central to the work we do and defines our responsibility to those we serve:

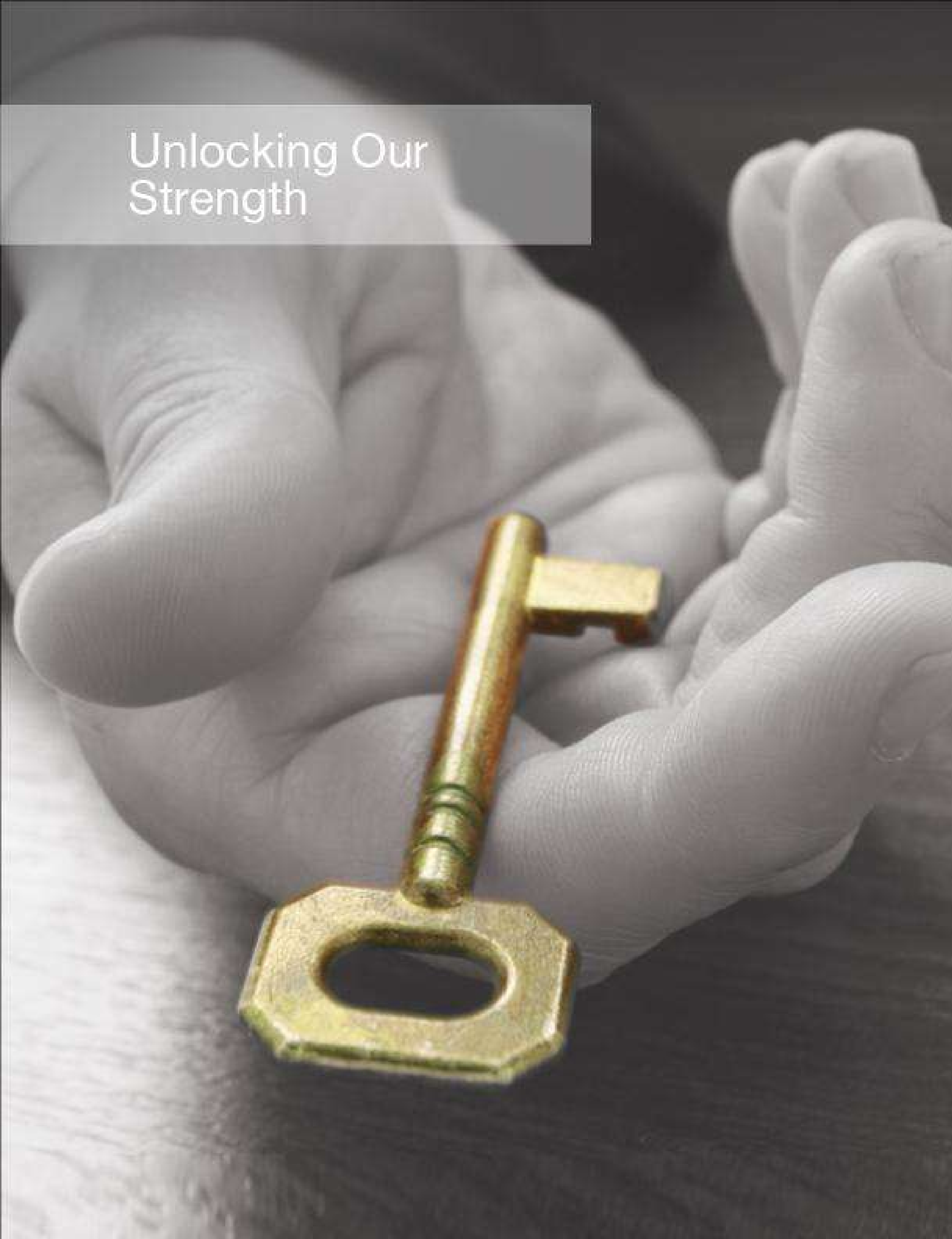
- We advance leading-edge science and technologies that hold the potential for significant improvements to health and to the practice of health care.
- We value our diversity – that of our products, technologies, markets and people and believe that diverse perspectives combined with shared goals inspire 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 behavior 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.

Abbott promises to build healthier, happier moments in life, by delivering only the highest quality products and services, created by exceptional people, developed based on cutting-edge science and technologies, and applied in a holistic approach to global health.

Abbott's promise applies to and addresses all stages of life.





Our Core Values

Values are the foundation for building a meaningful corporate identity. Abbott is a company rooted in values and our core values of honesty, integrity and fairness describe a standard of behavior expected of every Abbott employee.

Abbott has four differentiating values built on these core values that speak to the unique strengths that have made our company what it is today, and describe the strengths we continue to build on to deliver our business goals.

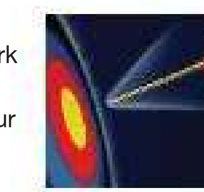
The values are a blueprint for employee behavior. They are the underpinnings of our Brand Promise, defining how we serve our constituents. These values are woven into all business processes company wide over time, informing how we plan and run our businesses, how we serve our customers, how we measure and motivate performance, and how we communicate internally and externally. Aligning our organization around this cohesive set of values has been critical to the achievement of Abbott's brand and business goals.

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.

Ethics And Compliance

Abbott's integrity is based on decisions - large and small - that our employees make each day at every level of the company. Our decisions are guided by our values, a sense of ethics and respect for the law. To support our commitment to ethical conduct and compliance with the law, Abbott has a longstanding ethics and compliance program. The ethics and compliance program applies to all officers, employees, contract workers and agents of Abbott Laboratories, its divisions, and affiliates, whether operating inside or outside of the United States. The Abbott Code of Business Conduct ("Code") sets forth the principles and behaviors 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 behavior in any of Abbott's 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 our ethics and compliance program is the policies and procedures that the Abbott 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's responsibility to our stakeholders.

Honesty, fairness and integrity represent the necessary conditions of an ethical workplace and are non-negotiable.

Abbott's employees understand that earning trust is a result of their actions, the decisions they make and the manner in which they conduct business every day - in matters large and small. As they perform every aspect of their business activities, our employees are guided by a clear understanding of legal and regulatory requirements, company policies and procedures.

Human Resource Development

At Abbott, people come to work each day with energy, enthusiasm and a commitment to enhancing human health and well-being in Pakistan. Abbott's "Promise for life" embodies this commitment. It's a promise we make to all those who depend on our company and our products. We are a company that adapts quickly and continually to changing health care needs, using our talent for innovation to create products that help improve people's health and quality of life throughout the world. As Abbott employees, we are ready to meet change and challenges head-on, and we know that speed is vital to the fulfillment of our Abbott Promise.

Our company takes pride in its rich heritage. We remain passionate about advancing health care science and technology, along with supporting diversity, focusing on exceptional performance and earning the trust of those we serve.

A Place To Grow And Learn

Our employees are driven to make a difference. Through generations, they've shaped a company committed to creating enduring impact for the people we serve. For its part, Abbott strives to create an environment in which employees can realize their full potential through professional development programs and outstanding health care benefits. As a result, we've been able to create a workplace that helps us keep the best and brightest talent we can find.

Human Resource Management and Development at Abbott Pakistan is a holistic approach to attracting, developing and retaining best talent. Some key objectives which drive the Human Resources function at Abbott include:

- Attracting the best and a diverse mix of talent from various backgrounds for roles across global cultures and a wide range of expertise.
- Aligning our employee development programs with our global strategies.
- Encouraging an inclusive culture and providing ongoing career development opportunities.
- Retaining talent by providing opportunities for personal and professional growth.

Talent Management

Abbott continuously strives to recruit, develop, retain, reward and enhance employee performance in the best possible way.

Providing Global and Job Enrichment Opportunities - High potential employees are given a chance to advance their careers by offering them opportunities to be part of assignments that are global in nature. In the year 2012, employees from Abbott Pakistan were selected for highly challenging regional roles, which is reflective of not only their individual talent but also the organization's commitment to providing opportunities for people to showcase their potential and fulfill their career aspirations.

Many employees were given opportunities to enrich their work experience through job rotation within different divisions and functions. Where possible, such movements are encouraged to give employees exposure to develop multiple skills and broaden their horizons.

Talent Management System launched - During the year, a Talent Management System (TMS) was launched globally. Integrated with the Global Job Board, which is a gateway to all job opportunities available at Abbott across the globe, the new system will enable the organization to attract and retain talent for its current and future human resource needs. The Recruiting module within the TMS streamlines the recruitment, selection and on-boarding of new hires while the Performance Management module allows employees to not only manage their performance and development needs in their current roles but also have more meaningful discussions with their managers and leaders to determine their long term career growth.

Internship Program - To attract the best talent and to continue being one of the most sought after employers in the country, Abbott offers a strong internship program. As part of the Recruitment Drive for the Summer Internship Program 2012, groups of students at various Universities were addressed to share information about Abbott, its culture and values and to guide them on how they can prepare for careers in a healthcare company. About 50 students were inducted as Summer Interns and given projects pertaining to their fields of interest ranging from technical areas in production such as Quality Assurance to general business management including Marketing, Finance and HR. The program offered every year provides an opportunity for the students to get first-hand experience of working in a corporate environment. Abbott also partners with AIESEC - an international student organization that aims to develop leadership potential in the youth. Under this partnership, two international students have been inducted as interns for short-term projects.

Learning & Development

Learning & Development opportunities are offered to employees throughout the year. These opportunities center around on-the-job training as well as public programs conducted by various renowned institutions in the country. Employee training programs conducted by external trainers were organized on Supply Chain Management, Communication Skills, Leadership Development, Seven Habits of Highly Effective People and Labor Laws in Pakistan during the year. In-house training programs are also regularly offered and are uniquely designed to meet the development needs of the employees to enhance their skills, knowledge and competency levels. During the year, most of the employees attended one or more of the nearly 25 programs offered internally. The permanent production staff also attended a behavior-based safety training while other training programs on Environment, Health & Safety Management and Adverse Event Reporting, Problem Solving and Decision Making,Team Work and Effective Communication Skills were organized at regular intervals during the year. Employees were also sent on trainings offered in other countries to hone their skills in areas which are critical to the growth of the business.

Employee Engagement

Well-engaged employees are Abbott's greatest strength. The engagement process for us starts as soon as an employee joins the company.

Orientation Programs - A strong orientation program is offered to a group of new joiners every six months where leaders from all functions and divisions address the new employees and discuss how their respective functions contribute to the overall growth of the organization. These leaders help the new joiners understand the organizational vision, values and business strategy so that they can be a living part of it. New joiners are also given an extensive Plant tour to help them understand the production process and the importance of world-class quality standards followed at Abbott.

Team Building Events - To keep employees motivated and to give them opportunities to experience activities beyond their daily job responsibilities, regular team building events are organized at Abbott. An annual event is the Eid Breakfast following the month of Ramazan while Sports events such as friendly cricket matches are organized at regular intervals during the year. In addition to these on-going activities, a get-together was organized in early 2012 to celebrate the US$ 100 million milestone in Sales achieved in 2011 where employees from all divisions came together for a company-wide lunch at the Landhi Plant.

Healthy Life Program - 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. Abbott greatly cares for the health of its employees as well. During the year 2012, different health awareness and prevention sessions were organized as part of our Healthy Life Program.

More than 13 million people in Pakistan are infected with Hepatitis. Awareness about the disease is the best weapon against it. Abbott Pakistan in collaboration with The Aga Khan University Hospital (AKUH) organized an awareness session on Hepatitis for its employees. Well-renowned consultants from AKUH talked about the infection and ways to prevent it. Separate sessions for male and female staff were organized at the Landhi and Korangi plants and the City Office.

In September 2012, another health awareness session was organized on taking care of one's vision and protecting the eyesight. Eye examinations are an important part of health maintenance for everyone. Abbott in collaboration with Akhtar Eye Hospital organized this program where consultants talked about eye diseases and ways to prevent them while highlighting the importance of regular eye screening. Free of charge eye screening was also arranged for the employees.

Employees also voluntarily participated in an annual global initiative called Exercise Across Abbott, which is designed to encourage physical activity. It is a four-week team challenge in which employees track the minutes spent per week exercising. Those who increase the hours of exercise every week are awarded prizes at the end of the challenge.

Health & Safety at the Workplace

Abbott provides a safe working environment for its employees. Many initiatives are taken particularly at the manufacturing plant to ensure a safe working environment.

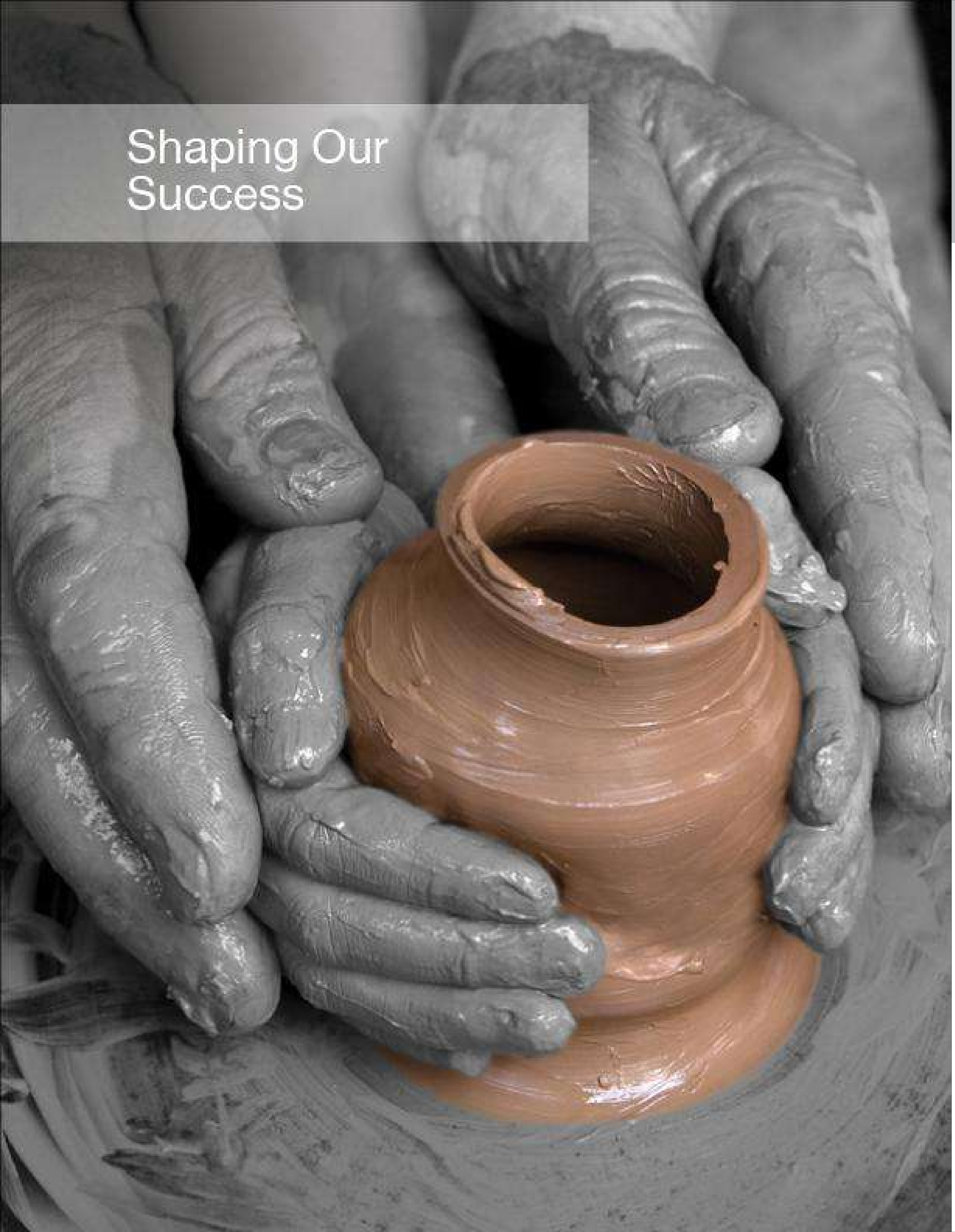
Moving to Zero - The "Moving to Zero (MTZ)" incidents initiative is a journey towards a safer, incident-free workplace that is dependent on the actions and behaviors of all Abbott employees. Continuing its focus on the MTZ initiative in 2012, a behavior-based safety training program was organized at the Abbott plants in Landhi and Korangi for all permanent employees. In addition to a well-defined Environment, Health & Safety (EHS) policy and the effective management of EHS standards and controls, the safety training was yet another step towards promoting a safer workplace for all. More than 600 employees attended the training sessions where the management emphasized on the need for all employees to contribute towards building a safer working environment for all. The training underscored how each individual can make a difference by caring about her/his own self, other colleagues, and the overall environment. The topics covered included common causes of incidents at work, at home, and while driving; the impact of such incidents; an individual's role and behavioral adjustments that can help reduce incidents and how an informed and proactive culture of safety and environmental awareness can translate the 'Moving To Zero' initiative into reality.

Industrial Hygiene - Regular monitoring to ensure effective industrial hygiene so as to limit potential adverse health risks to employees resulting from workplace exposure to chemical, biological, and physical agents, continued during the year.

Medical Surveillance - In 2012, medical surveillance of all employees at the plant was conducted. Medical surveillance is a health assessment run for employees with potential exposure to work place hazards. The goal of medical surveillance is to prevent work-related injuries and illnesses.

Manual Handling Safety Review - A Manual Handling Safety Review (MHSR) was conducted at both the plants. MHSR project was launched through a number of training sessions for workers and management employees to enable them to identify priority risk cases in their areas. The training also included educational material on safe-lifting techniques and hazards of unsafe lifting. High risk tasks were identified, reviewed and closed in collaboration with area representatives.

Near Miss and Potential Incident Reporting - Abbott Pakistan is committed to providing a safe and healthy environment for its employees. In line with this, Near Miss and Potential Incident (NM & PI) Reporting was re-emphasized at the plant. A Near Miss is described as an incident that did not result in any injury, illness or damage but had the potential to do so. A potential incident is an unsafe condition or unsafe act that creates the possibility of an event. NM & PI reporting system can increase productivity and efficiency while improving system operability. To promote a safe working culture, several initiatives were taken for improved reporting of NM and PIs. On floor safety talks and trainings ensured understanding and awareness of NM and PIs. Simplified reporting forms were developed along with a visual logging tool for recording and regular follow-up of reported cases. Reported cases were reviewed, logged and followed up on a monthly basis. More than 95% of reported cases have been closed.



Business Divisions

Our science-based offerings in pharmaceuticals, nutrition, diagnostics and diabetes care are addressing important health needs of people all across Pakistan. Our diversity - of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across regions and cultures.

Abbott Pakistan has the following core businesses - all focused on advancing innovations that provide better options and outcomes for people in their pursuit of healthy lives.

Pharmaceuticals: Localized Innovation

We offer high-quality, affordable and trusted branded generic medicines to help treat some of the most pervasive and persistent health conditions around the world. Through packaging enhancements, new formulations and innovative delivery methods, we tailor our offerings to address health needs in Pakistan and provide access to some of the most trusted and proven medicines to those who need them most. Abbott also offers General Healthcare products in Pakistan.

Nutrition: Worldwide Leader In Nutrition

We offer science-based nutrition products for every stage of life - from infant and pediatric to adult healthy living and therapeutic nutrition. Our products include leading consumer brands like Similac, Ensure, Glucerna and PediaSure - as well as specialty products that help meet the nutritional needs of people with a variety of health conditions, such as cancer, diabetes, kidney disease and osteoporosis.

Diagnostics: Pioneering Medical Diagnostics

Our innovative instrument systems and tests help monitor a range of health conditions with speed, accuracy and efficiency. From automated immunodiagnostics systems and blood analyzers to sophisticated molecular diagnostics and point-of-care devices, our technologies provide health care professionals with information they need to make the best treatment decisions.

Diabetes Care: Better Options And Improved Outcomes

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.

Established Pharmaceuticals

Nutrition


Isomil
Glucerna
Pedialyte
Pedialyte
Ensure PLUS
Glucerna
PediaSure
Complete
PediaSure
Complete
Similac
Advance
1
Similac Gain
Similac
Mom
Ensure
Ensure
Ensure
STRAWBERRY
VANILLA
CHOCOLATE

Diagnostics

Diabetes Care

High Fever in Children

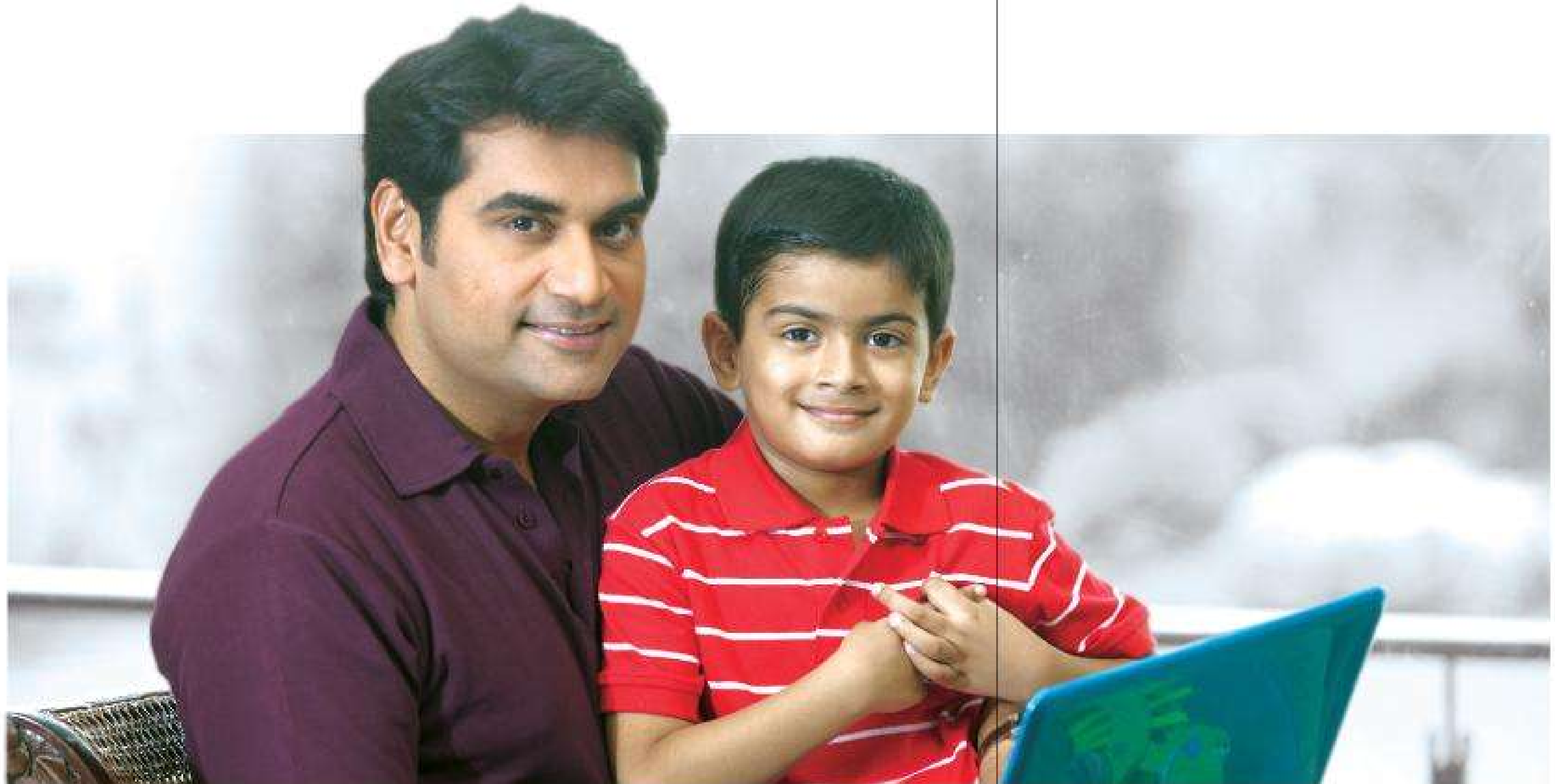
Fever remains the most common concern for which parents bring their child to the emergency department. Fever has traditionally been defined as a rectal temperature over 100.4 F or 38.0 C. Temperatures measured at other sites are usually lower. Fever itself is not life-threatening unless it is extremely and persistently high, such as greater than 107 F (41.6 C) when measured rectally. Fever may indicate the presence of a serious illness, but usually a fever is caused by common infections.

The Abbott Solution

Brufen belongs to NSAID class of drugs for painful and rheumatic conditions. Launched in 1969 for the first time and now is available in variety of formulations to cater to the needs of different age groups and types of patients. Brufen has become a benchmark for new developing products. In children, Brufen is used as an anti-pyretic of choice.

Doctors, nurses, pharmacists and parents wanting to treat young, unwell children with fever should be advised to use ibuprofen first.

Dr. Alister Hay - BBC Health, 2008



"Zinc is the element of the millennium, which is present in every organ of our body. It is as vital as water and must be prescribed not only to non-healthy but healthy individuals also. Surbex-Z in this regard provides the optimal per day requirement of zinc along with other minerals and thus is more than just a multi-vitamin."

Professor Yusuf Kamal
Consultant Physician
Department of Medicine
Aga Khan University
Hospital Karachi

Nutritional Deficiency

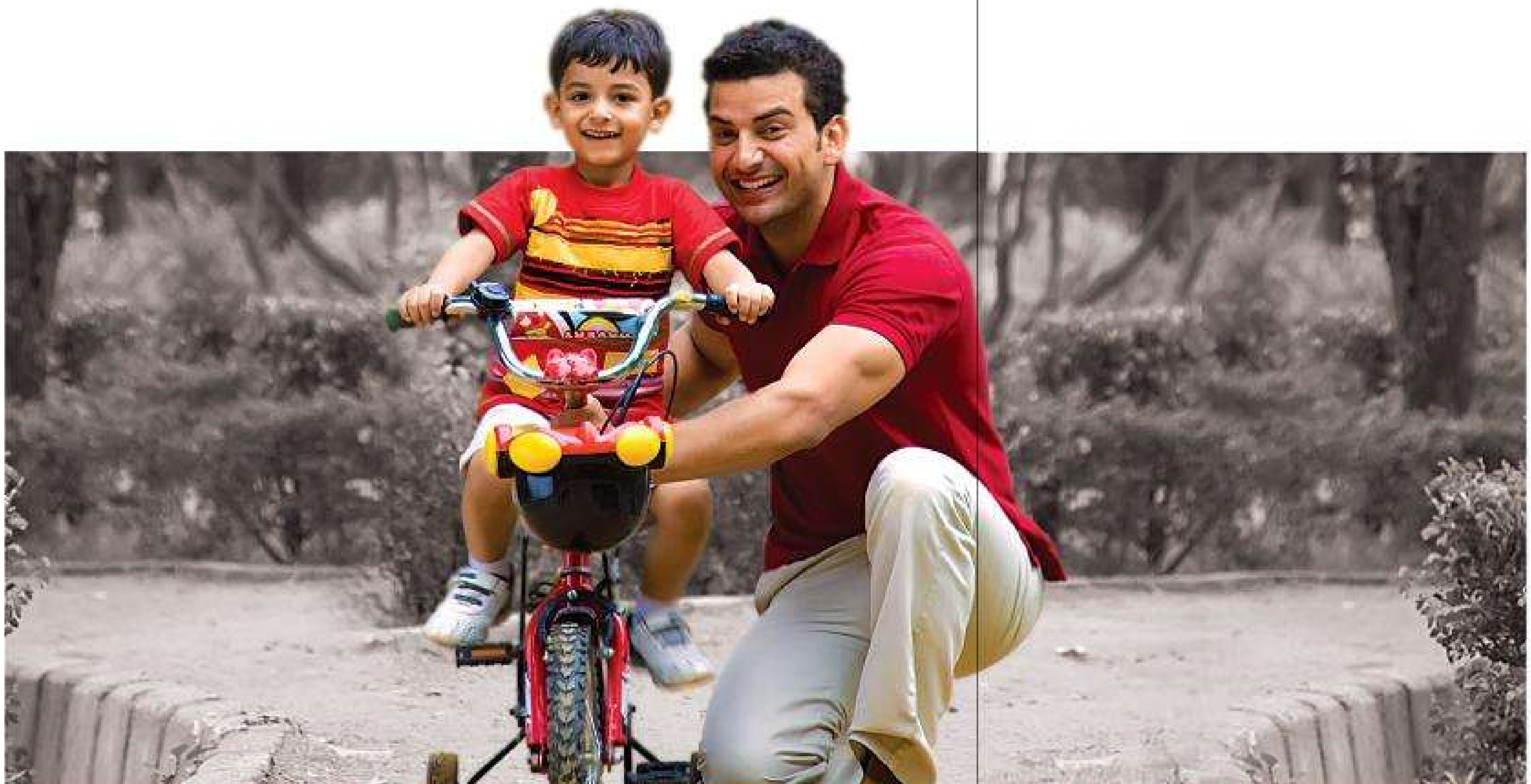
A nutritional deficiency is a state where an individual's intake of nutrients is insufficient for the body's normal functioning. The body needs a regular intake of many nutrients such as protein, fat, carbohydrates, vitamins, and minerals for the health of bones, nerves, organs, and other body functions. Vitamins are important for the cellular functions of the body. They are chemical substances that help the body use energy, build proteins, make cells, and repair injuries. Deficiencies, excesses, and imbalances in the diet can produce negative impacts on health, which may lead to diseases such as cardiovascular disease, birth defects, diabetes, scurvy, obesity, seizures, or osteoporosis. Nutritional deficiencies are very common worldwide and many common diseases and their symptoms can often be prevented or alleviated with better nutrition and nutritional supplements.

The Abbott Solution

Abbott offers a range of multivitamin supplements that cater to the needs of different types of vitamin deficiencies in different age groups. The Surbex range (Syrup, T and Z) contains all the B-complex vitamins required by the body which include vitamins B-1, 2, 6 and 12 as well as folic acid, nicotinamide and pantothenic acid. For the paediatric population, Abbott offers the Vidaylin range (drops, syrup, M, L) that contains combinations of essential vitamins and minerals needed for proper growth and development. Iberet is used for the prophylaxis and treatment of iron and folic acid deficiency and nutritional anaemia. Iberet Folic is especially formulated for pregnant females to prevent and treat deficiencies of iron, folic acid and vitamin B complex, throughout pregnancy and lactation.

Infections

Infections caused by resistant microorganisms often fail to respond to conventional treatment, resulting in prolonged illness and greater risk of death. Antimicrobial resistance (AMR) is resistance of a microorganism to an antimicrobial medicine to which it was previously sensitive. Resistant organisms (including bacteria, viruses and some parasites) are able to withstand attack by antimicrobial medicines, such as antibiotics, antivirals, and antimalarials, so that standard treatments become ineffective and infections persist and may spread to others. AMR is a consequence of the use, particularly the misuse, of antimicrobial medicines and develops when a microorganism mutates or acquires a resistance gene.



The Abbott Solution

Klaricid belongs to macrolide class of anti-infectives. It is an antibiotic with a broad coverage of infection-causing pathogens. It is available in different formulations for children and adults.

Amongst anti-infectives, Abbott also provides treatment options with fluroquinolones like Moksi, Sparaxin and Enoxabid. This class of anti infectives is used to treat infections causing respiratory ailments, Gastrointestinal and genito-urinary diseases.

> Respiratory Tract Infections are one of the most common causes of morbidity and mortality all over the world and in Pakistan. Their proper management is of utmost importance to physicians. Klaricid is an anti-biotic which is time tested providing benefits of maximum bacterial coverage and eradication with little or no resistance; resulting in quicker symptom relief and improving quality of life.
>
> ***Associate Professor Sameer Qureshi, Department of ENT Jinnah Post Graduate Medical Center Karachi***

Epilepsy

Epilepsy is a brain disorder in which a person has repeated seizures (convulsions) over time. Seizures are episodes of disturbed brain activity that cause changes in attention or behavior. Approximately 50 million people worldwide suffer from epilepsy, a medical condition that produces seizures affecting a variety of mental and physical functions.

> The right side of Adam's brain – the side that controls cognitive functioning (thinking skills) was damaged when he was born via caesarian section. "I have weakness on my left side, including my hand, eye, ear and leg. Doctors regarded me as abnormal," says Adam, a 14-year old boy. Early on, Adam experienced partial seizures, which affect only a small region of the brain. Later on, though, he began to have generalized epileptic seizures, which affect the entire brain. Nine years ago, Adam began taking Abbott's anti-epileptic medication, Epival, and has been using it to effectively manage his condition ever since. Thanks to Epival, says Adam, "I am not only seizure-free, but I've also made some marvelous achievements in different fields such as computer graphics, drama, speech and scouting requiring above-average mental performance and creativity".
>
> ***Adam Bin Tahir***

The Abbott Solution

Epival belongs to anti-epileptic drug (AED) class. It is used to treat certain types of neurological disorders. Epival has transformed lives of many by effective control of their disease and providing them the opportunity to live a normal life.

Women's Health

Menstrual disorders frequently affect the quality of life of adolescents and young adult women and can be indicators of serious underlying problems. There are several types of menstrual disorders which affect women of different ages. The World Health Organization reports that 18 million women aged 30-55 years perceive their menstrual bleeding to be excessive. In addition to health problems, such disorders can have limitations on attendance at work and school which hinder academic achievements and employment prospects.

The Abbott Solution

Duphaston is a potent, orally active progestogen indicated in a wide variety of gynecological conditions. Although similar in molecular structure and pharmacological effects to endogenous progesterone, Duphaston is orally active at far lower doses. Its freedom from oestrogenic, androgenic, anabolic, corticoid and other undesirable hormonal effects gives it additional benefits over most other synthetic progestogens.

"I have been using Duphaston for the past 25 years, I have seen Duphaston growing like a beautiful baby and in some way or the other Duphaston has now become a solution to almost all of the female health problems like a one-window solution."

Prof. Dr Rashid Latif Khan
Professor of Gynecology and Dean, Rashid Latif Medical College

Malaria & Dengue Fever

Malaria is a mosquito-borne infectious disease of humans and other animals. Malaria causes symptoms that typically include fever and headache, which in severe cases can progress to coma or death. According to the United Nations World Health Organization (WHO), Pakistan has been classified as a country with moderate prevalence of Malaria. The disease is estimated to cause at least 50,000 deaths out of an estimated 500,000 reported malaria cases every year. Only one in four malaria sufferers in Pakistan actually gets treated for the disease.

Dengue fever is increasingly becoming an epidemic in Pakistan. It is also known as break-bone fever. It is an infectious tropical disease caused by dengue virus. Symptoms include fever, headache, joint pains and skin rash similar to measles. Due to the high cost of treatment, the disease spread more rapidly in 2011 than in previous years.

> Mospel is the only WHO approved DEET (N,N-Diethyl-Meta-Toulomide) formulation available for vector control as an insect repellent.
>
> Mospel can be used liberally in patients and close contacts to avoid disease propagation without any fear of systemic or local side effects. Mospel is playing a crucial role in dengue/malaria control.
>
> ***Dr. Javed Akram - Pediatrician***
> ***Principal & CEO***
> ***Allama Iqbal Medical College,***
> ***Jinnah Hospital Complex, Lahore***

The Abbott Solution

Mospel, is the market-leading, tried and tested mosquito repellant that provides protection from mosquitoes for up to eight hours. Mospel, backed by research and world class quality control, is based on a formulation endorsed by the World Health Organization (WHO) for protection against malaria. It has been the brand of choice for consumers in Pakistan for over two decades.

Feeding Difficulties

Feeding problems are the inability or refusal to eat certain foods. Problems with feeding may lead to significant negative nutritional, developmental and psychological consequences. Over 50% of children aged 2 and above are picky eaters or suffer from other “feeding difficulties" (Ref: Manikam R, Perman J and others). Feeding difficulties can affect caloric and nutrient intake, leading to possible long-term physical, psychological or cognitive implications.

The Abbott Solution

Pediasure provides science-based, complete and balanced nutrition for children aged 2 to 10 years. Clinically proven and with 39 vital nutrients, this nutritional supplement meets the daily needs of protein, vitamins and minerals at age-specific intake levels. With triple protein complex, dual-source carbohydrate system for good taste and balanced energy release and unique lipid Profile and MCTs, Pediasure supports optimal growth and development of children.

“I used to feel helpless at meal times as my daughter Maira was really averse to having food. It really scared me as she was losing weight and had become quite skinny. My husband and I both got upset because she started to get sick quite often. One of my friends suggested PediSure and then Maira's pediatrician also recommended the same to fulfill the nutrient requirements that she was missing on.

Maira is taking PediaSure since the last one and a half year, and we have noticed improvement in her height and weight, and now she doesn't fall sick as often. She especially likes the chocolate flavor.”

Misbah Mannan

Diabetes

Diabetes is a chronic disease and if poorly controlled can lead to life-threatening complications such as heart disease, stroke, kidney failure, blindness, nerve damage and amputations. The prevalence of diabetes is high, ranging from 7.4% to 11%, in Pakistan. According to the national diabetes survey the prevalence of diabetes is higher in males while the prevalence of impaired glucose tolerance (IGT) is higher among females. In Pakistan, escalation in rates of diabetes, especially type 2 diabetes, is posing threats to the quality of life of people due to poor glycemic control and very high rates of complications. Early and effective control of diabetes can help reduce the risks of developing complications related to diabetes.

> Diet plays a critical role in controlling or leading to uncontrolled sugar levels (besides exercise and medicines). Limiting intake of sweets, foods with high carbohydrate and cholesterol is very helpful. Eating at the same time every day and eating the same caloric value food daily makes controlling your sugar easier. This is a very difficult job as the caloric count, value and dietary contents should be well balanced in terms of controlling sugar at different times of the day as well as meeting the ongoing nutritional needs of the patients. This can many times be easily achieved by taking properly prepared nutritional supplements like Glucerna, etc.
>
> ***Dr. Tanweer ul Hoda***
> ***Consultant Physician &***
> ***Diabetologist, Karachi***

The Abbott Solution

Glucerna Triple Care provides specialized nutrition for people with diabetes or pre-diabetes and has been scientifically designed to meet the needs of people with diabetes. Its enhance slow release carbohydrate system helps manage glucose response, and its fat blend that includes MUFA (Mono-unsaturated Fatty Acids) and omega-3 fatty acids support heart health. Glucerna Triple Care, when used as a part of diabetes management plan, can support weight management and has been clinically demonstrated to be efficacious for people with diabetes. It is a convenient, appropriate, and healthy alternative to skipped meals or unhealthy meals and snacks that have high caloric levels and low density of nutrients.

Diabetes

Diabetes is a chronic disease that can occur at any age. According to reports, there are estimated seven million people suffering from diabetes in Pakistan.

Blood glucose monitoring is a valuable diabetes self-management tool, which enables the patient to check his/her own blood glucose level as often as they need to, as recommended by the doctor. Blood glucose level pattern changes can alert a person and health professionals to a possible need for a change in how diabetes is being managed.

The Abbott Solution

Abbott Diabetes Care designs, develops and manufactures several leading-edge glucose monitoring systems and test strips for use in both home and hospital settings. Among its leading brands are the FreeStyle range of products and Precision/Optium Xceed. FreeStyle Optium, previously known as the Optium Xceed, is designed for people who want quick and reliable blood glucose results for easy, everyday testing. With technology used by hospitals worldwide, FreeStyle Optium can also test for blood ketones and assist in sick day management.

"I use FreeStyle Optium products because of their precision and accuracy. These products help in managing Diabetes."

Dr Khadija Irfan Khawaja
Associate Professor,
Department of Endocrinology & Metabolism, SIMS/Services Hospital, Lahore

> I find HCV Ag a very quick and reliable alternate to PCR as most of my patients are from lower socioeconomic background and they travel from far flung areas to seek treatment and its response. They cannot afford to stay in the city for a day or two for the PCR report. Moreover many labs are performing PCR with no internal or external quality controls so results are inconsistent. The HCV antigen test provides me with quantitative report in a relatively short time, thus expediting the initiation or monitoring of treatment of Chronic HCV patients.
>
> ***Dr. Huma Qureshi***
> ***Consultant Gastroenterologist***
> ***Executive Director***
> ***Pakistan Medical Research Council***

Hepatitis

Hepatitis is an inflammation of the liver, most commonly caused by a viral infection. There are five main hepatitis viruses, referred to as types A, B, C, D and E. These five types are of greatest concern because of the burden of illness and death they cause and the potential for outbreaks and epidemic spread. In particular, types B and C lead to chronic disease in hundreds of millions of people and, together, are the most common cause of liver cirrhosis and cancer. All five hepatitis viruses are present in Pakistan. The Pakistan Medical Research Council undertook a national general population survey in 2007/2008 on the actual prevalence of hepatitis B (HBsAg) and hepatitis C (anti HCV) in Pakistan. The prevalence of HBsAg was 2.5%, while anti HCV prevalence was 4.8%, making a combined infection rate of 7.6%, reflecting a population pool of about 13 million chronic hepatitis B and C carriers. Antibody tests cannot distinguish between persons with anti-HCV antibodies who have recovered and patients exhibiting an active infection, and they are not sufficient for the monitoring of therapy.

The Abbott Solution

A market leader in Immunoassays, Abbott offers the first fully-automated assay for the detection of HCV Core Ag. It is a quantitative test based on advanced Chemiluminescence technology, run on Abbott's state of the art immunoassay analyzer ARCHITECT i2000sr, capable of generating the result in just 36 minutes. With clinical sensitivity of 97.7% and specificity of 99.98%, this new marker offers a viable alternative for the more costly and technique dependent PCR testing.

Achieving New Heights

Awards And Recognition

Fire & Safety Excellence Award 2012

Abbott Laboratories (Pakistan) Ltd. received the Fire & Safety Excellence Award 2012, in recognition of its efforts to comply with safety standards at the workplace. The award is supported by Karachi Metropolitan Corporation (KMC), Karachi Chamber of Commerce and Industries (KCCI), National Forum for Environment and Health (NFEH) and Fire Protection Association of Pakistan (FPAP).

"Best Workplace Practices" Awarded to Abbott

Abbott Pakistan participated in the 4th Summit on Corporate Social Responsibility organized by the National Forum for Environment and Health. Abbott was recognized for its initiatives and received an award in the category of "Best Workplace Practices".

Abbott Wins Best CEO and Best CFO Awards at the 2nd CEO/CFO/CIO Awards 2011-12

Former CEO, Asif Jooma was awarded the Best CEO Award in the Pharmaceutical and Bio tech sector category at the 2nd CEO / CFO / CIO Conference & Awards 2011-12 organized by Mass Human Resource Services in collaboration with Karachi Stock Exchange (KSE) and Pakistan Standard & Quality Control Authority (PSQCA) in October 2012.

A total of 600 CEOs of public limited companies from 32 different categories defined by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP) were assessed. Candidates were short-listed based on their Company's financial performance for the last five years including profit before tax, return on investment, dividends and share prices.

The short-listed candidates were reviewed by an esteemed jury of corporate leaders representing the Karachi Chamber of Commerce and Industry (KCCI), Federation of Pakistan Chamber of Commerce and Industry (FPCCI), Institute of Cost and Management Accountants of Pakistan (ICMAP), Karachi Stock Exchange (KSE), Pakistan Software Export Board (PSEB) and other leading banks and consultancy firms.

During the same ceremony, Syed Anis Ahmed, Director Finance was awarded the Best CFO Award in the multinationals category.

Abbott Pakistan Wins Runner-up Trophy in the Best Corporate Report Awards 2011

Abbott Pakistan was awarded the Runner-up trophy in the Chemical and Fertilizer category (includes pharmaceutical companies) of the 2011 Best Corporate Report organized by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). A total of 229 companies competed for the awards in 2011 as compared to 208 companies during the year 2010. Five top reports were selected in each of the eight categories (with the exception of one each in textile and cement sectors).

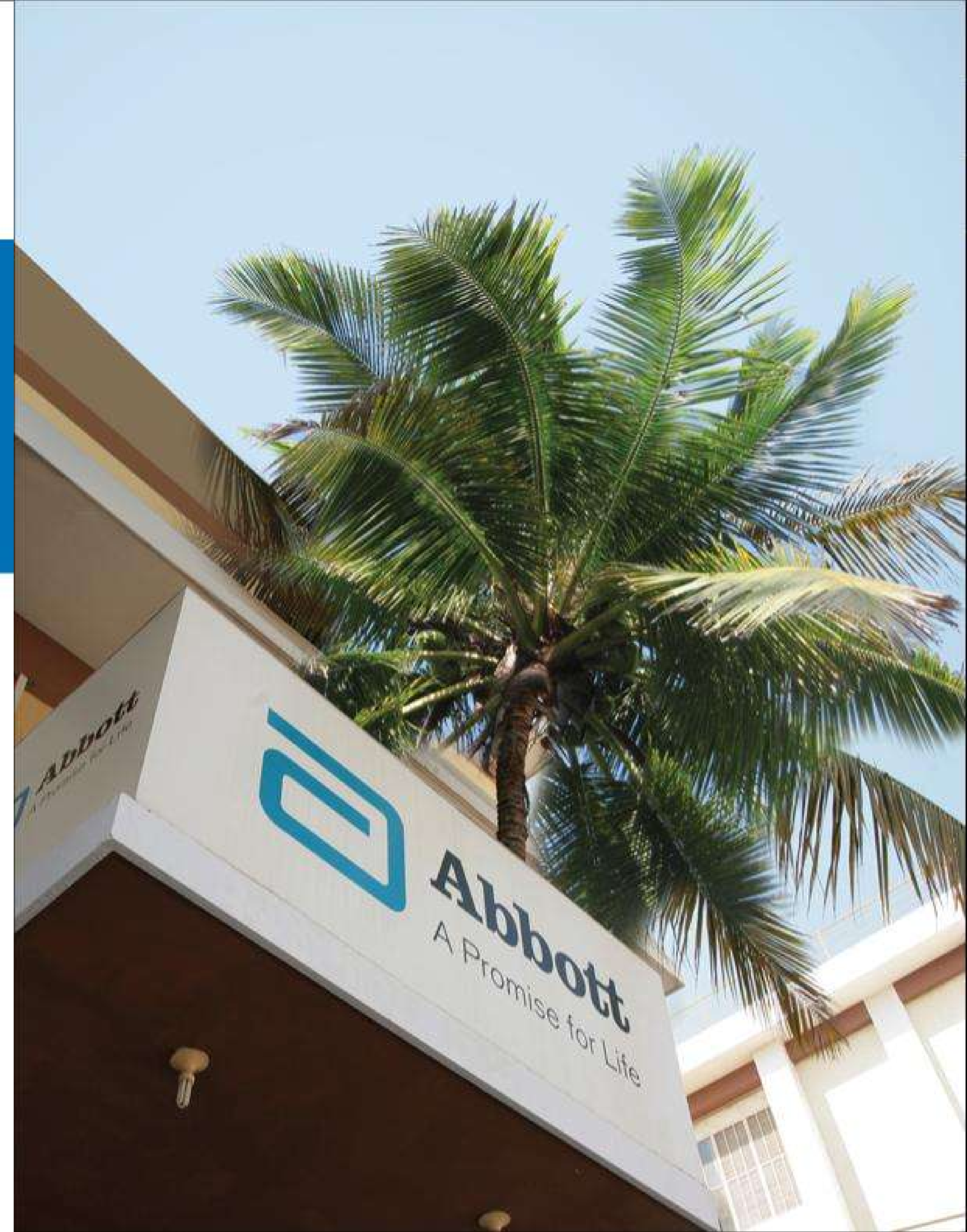
In the Chemical and Fertilizer category, a total of 22 companies participated including various leading multinationals and local companies. Abbott Pakistan was the only Pharmaceutical Company to have received this award.

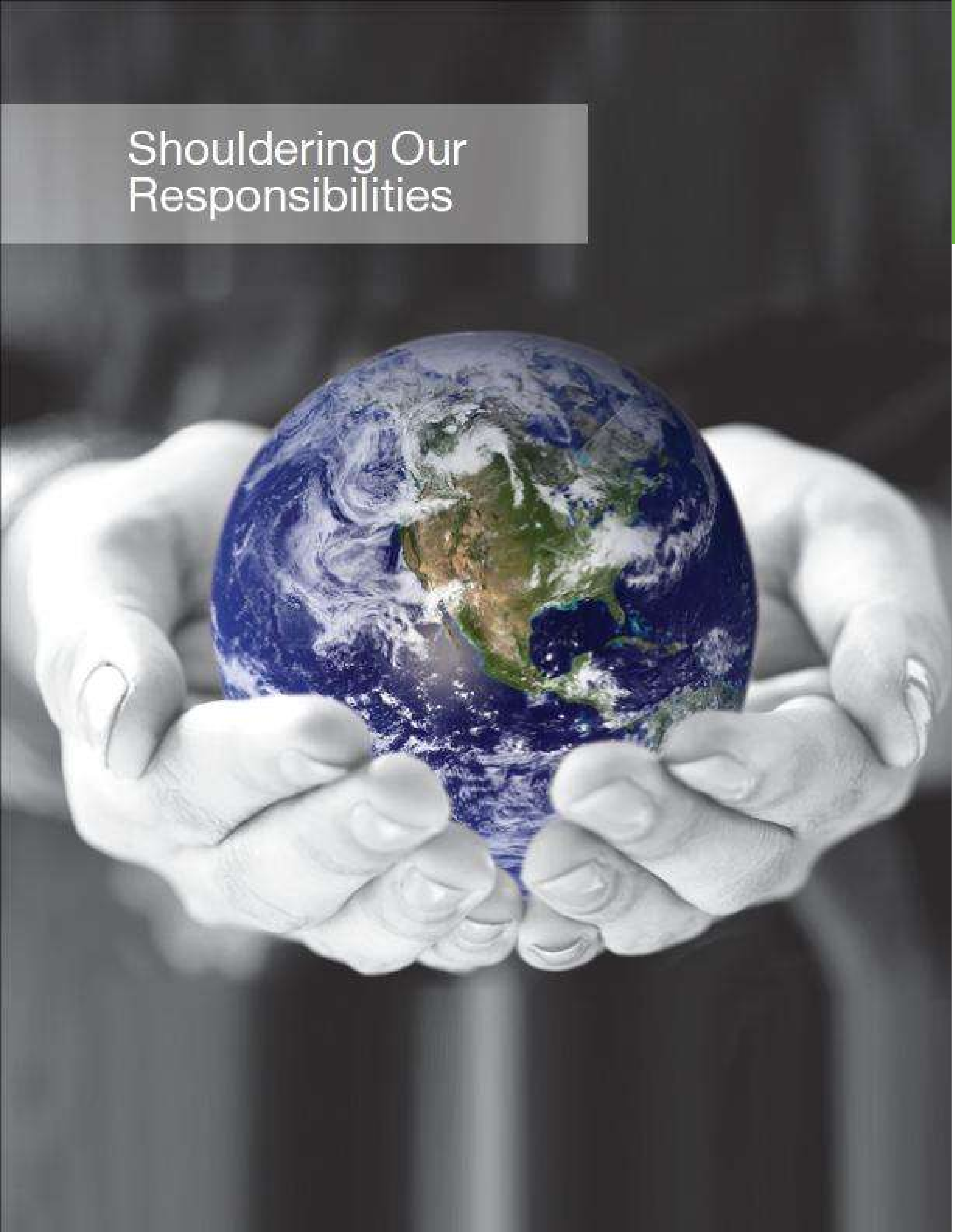
In 2010 Abbott Pakistan had received 4th position in the Best Corporate Report Competition. Jumping ahead two spots, Abbott bagged the runner-up trophy 2011 in the Chemical and Fertilizer Category, which is a testimony of the high standards of governance, disclosure and performance delivered by the Abbott Pakistan team. This achievement is a manifestation of Abbott's unrelenting drive towards excellence in all domains.

Two leading accounting bodies of Pakistan - The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) have been organizing the Best Corporate reports events for the last twelve years. The objective of the award is to encourage and give recognition to companies showing excellence in annual corporate reporting. It seeks to promote corporate accountability and transparency through the publication of timely, informative, factual and reader-friendly annual reports. The detailed evaluation criteria not only entail conformity to mandatory requirements of applicable laws (Companies Ordinance 1984, IFRS and Corporate Governance), but also encourage adoption of international best practices. The award acknowledges companies for providing voluntarily relevant and timely information to its stakeholders.

Ensure Wins Brands of the Year Award

A trusted name in the Nutrition market, Ensure won the Brands of the Year Award 2011 in the Nutritional Food Supplement category. Brands of the year award is the only such activity endorsed by Government of Pakistan and organized by Brands Foundation - a non-profit Public Company having exclusive legal mandate to conduct and organize brand competitions, quality surveys and brand evaluations in Pakistan.





Our Global Citizenship Priorities

At Abbott, we constantly work to integrate our citizenship strategy with our core business strategy. Abbott has four strategic priorities that, we believe, best align our citizenship activities and resources with our business operations. These are the material areas where our core business can have the most significant impact on society and the environment. We continue to work diligently in pursuit of these priorities:

Innovating for the Future

Using our core strength as an innovator to make a difference to the health and well-being of people everywhere.

Enhancing Access

Breaking down the barriers that prevent many people worldwide from accessing the medicine and health care they need.

Supporting Patients and Consumers

Working to improve quality of life for our patients and consumers, while helping to educate health care professionals about the latest tools and treatments.

Safeguarding the Environment

Playing our part in addressing the global challenges of climate change and water scarcity while minimizing the environmental impacts of our products.

These four priorities provide a clear road map for pursuing our responsibilities as a socially responsible citizen, yet are flexible enough to enable creativity and innovation across our diverse mix of businesses.

Innovating for the Future

Scientific discovery and innovation are the hallmarks of Abbott's business - and the core of our commitment to advancing health and well-being. Our broad scientific expertise enables us to create new health care products, carry them through the critical stages of development and then deliver them to patients and health care providers around the world. Our diverse portfolio of pharmaceuticals, nutrition, medical and diagnostic devices share a common framework of excellence in science, research, development and engineering.

During the year, a study on severity of bleeding as a predictor of Quality of Life (QoL) in women with Heavy Menstrual Bleeding (HMB) under dydrogesterone treatment was initiated. A total of 210 patients from major cities of Pakistan will be part of the 18-month long study. The study aims to evaluate the effects of a treatment-related change of heavy menstrual bleeding on the Quality of Life (QoL) of the patients. Heavy menstrual bleeding (HMB) or Menorrhagia is described as a condition that "interferes with the woman's physical, social, emotional, and/or material quality of life." Menorrhagia is a significant problem for otherwise healthy women, with around a third of all menstruating women reporting heavy periods. It is a common reason for general practitioner (GP) consultation, and referral to secondary care is common with 35 percent of those consulting being referred within a year. The condition is not life-threatening, but has a considerable effect on a woman's quality of life.

Another study, Pakistan Epidemiological Survey in Acute Pharyngitis, aims to evaluate the prevalence of Group-A Beta Hemolytic Streptococci in patients with acute pharyngitis. Pharyngitis is a common reason for patients to visit their doctors. Group A beta-hemolytic streptococci (GABHS) accounts for 15 to 30 percent of acute pharyngitis cases in children and 5 to 20 percent in adults. Because the signs and symptoms of GABHS pharyngitis overlap extensively with other infectious causes, it is difficult to make a diagnosis based solely on clinical findings. Rapid identification and treatment of patients with streptococcal pharyngitis can reduce the risk of the spread of group A beta-hemolytic streptococci and can reduce acute morbidity. For the purpose of this study, Rapid Antigen Detection Tests (RADTs) are being used. The study population includes a total of 10,000 children and adults with sore throat, temperature greater than 100.40 F, tonsillar exudates and cervical adenopathy. Primary care physicians (PCPs) in 8 major cities of Pakistan have been selected as investigators to participate in the study.

An outcome study to Evaluate the Role of Anti-microbial therapy in the Treatment of Acute Exacerbation of COPD (Chronic Obstructive Pulmonary Disease) and its impact on the Quality of Life of patients also continued during 2012. This multi-center, prospective, observational study with the enrolment of 220 subjects aims to evaluate the role of antibiotics on QoL impact in patients presented with acute exacerbation of chronic obstructive pulmonary disease (AECOPD). AECOPD is a clinical condition of sudden worsening of symptoms characterized by extreme breathlessness and increased chest tightness, wheezing, cough, or sputum changes in already diagnosed patient of chronic bronchitis. Chronic Bronchitis is accounted among the five leading causes of mortality and morbidity worldwide. Global burden of disease and risk factor project estimated chronic bronchitis to be the tenth leading cause of disability adjusted life years in developing countries in contrast to the seventh in developed countries. This condition can be life-threatening and proper medication with timely management has a considerable effect in improving the quality of life of such patients.

With increasing awareness and demands, we will continue to run ICH-GCP (International Conference on Harmonization Good Clinical Practices) complaint clinical trials with the highest ethical standards to demonstrate clinical effectiveness and establish safety of Abbott products. This in turn will ensure availability of health care solutions for doctors and highest quality products for patients.

Our ongoing investment in R & D enables us to address the ever-changing global disease burden and to foster new, improved solutions for emerging health care challenges.

Enhancing Access

Our expertise and resources help to bridge gaps in healthcare access. We tailor our approach to specific patient needs in specific regions of the world.

Expanding access to care requires addressing a complex array of challenges. Lack of awareness about health care issues and treatments, inadequate healthcare infrastructure and social stigmas also can make it difficult for patients to get the medicines they need. We work to address these and other obstacles as part of our core business strategy and as part of our commitment to enhancing global health and well-being.

Expanding access to health care for patients around the world is a key component of Abbott's commitment to citizenship and is integral to our core business strategy. One of the most critical challenges facing our society is a broad lack of awareness about health care issues and treatments.

Educating Healthcare Professionals - We continue to invest in continuing medical education of our healthcare professionals while striking a balance between continuing education and ethics compliance.

As part of its Continuing Education efforts, a seminar was conducted for about 450 Primary Care Physicians from all across Pakistan to enhance their diagnostic skills in management of gastroenterology disorders. Gastroenterologists from all over the country were trained as trainers so that the knowledge imparted to them was disseminated among junior doctors and general practitioners via speaker programs throughout the year.

Functional Gastro Intestinal (GI) Disorders have an alarmingly rising incidence in Pakistan and remain a widely under-diagnosed category in primary care setting. Consultant gastroenterologists from eight major cities of Pakistan were engaged in lectures on guidelines for diagnosis of GI disorders.

The trained consultants also shared these guidelines with general practitioners in all the big cities of Pakistan. This continuing medical education activity has helped create awareness about diagnostic challenges related to FGID.

Speaker programmes were also organized for Primary Care physicians and gynaecologists to enhance their knowledge of women health issues. An internationally recognized certification course was organised on epilepsy for neurologists and psychiatrists. Conducted by the Neurology faculty of Aga Khan University, 30 specialists were trained on epilepsy and will treat patients all over Pakistan.

Abbott continues to be committed towards improving the quality of life of the people it serves.

Reaching out to Under-served Communities - Abbott is also aware of its surroundings and is committed to giving back to the community where it operates. In 2012, a survey conducted of the communities residing near Abbott's manufacturing plant in Korangi showed that a community school near the Plant, lacked basic facilities and was in a decrepit condition. Furniture and supplies at the school needed repair and upgrade. The school population comprised 150 children between the ages 3 to12 years who studied in a makeshift primary school managed by only one class teacher. Primary school children would attend classes while sitting on the floor even during winters. Toilets were non-functional; open manholes existed at different locations making it an unsafe place for young children; and school laboratory and library supplies were very limited.

After a thorough assessment of the school, the Community Based Outreach Project was undertaken whereby basic facilities including lab and library supplies were upgraded at the School. Children who could not afford to pay their fees or purchase school uniforms and were dropping out of school, were supported by Abbott. The Abbott team visited the school premises and spent an entire day with the School staff to clean the school building and grounds. The School Administration was involved to develop a plan of action and ensure mutual collaboration. Emergency Response Plan trainings were conducted for the school staff and students to enhance their understanding and preparedness to deal with emergency situations such as fires and earthquake. The Abbott team also created awareness on good hygiene practices such as frequent washing of hands, among students. To ensure access to safe drinking water and sanitation for the children, a water filter was installed while toilets were repaired. Color coded waste bins and fire extinguishers were placed at appropriate locations and an evacuation assembly area was also set up in the school to ensure safety standards were in place. A plantation drive was undertaken and provision was made for children's playing area at the school, which was appreciated by the students.

Protecting Patients & Consumers

Our ability to create life-enhancing and life-preserving products is constantly bolstered by scientific advances, but delivering on our commitment to patients and consumers goes well beyond the laboratory. To deliver safe and effective products - at the right time and in the right dosage or formulation - we work to educate patients and health care professionals about potential risks and side effects. All medicines, health care interventions, procedures and products carry some degree of risk - which must be balanced against the often greater risks associated with the illnesses or injuries these interventions are designed to treat. Fully educating and informing our stakeholders about these risks and benefits is paramount. Along with educating patients and health care professionals about the safe use of our products, we work hard to ensure safety and consumer protection throughout the manufacturing and distribution process. The safety of many product ingredients is generating significant debate throughout the health care industry. At the same time, the broad geographic dispersion of our supply chain requires increased oversight and auditing.

Our obligation to protect patients and consumers goes beyond simply complying with regulatory requirements. It means earning and keeping the trust of all those who depend on our products by:

- Ensuring quality, safety and product integrity across the full spectrum of research, development and manufacturing of our products and packaging.
- Ensuring the quality, safety and authenticity of each product that bears the Abbott name through our distribution channels.
- Effectively identifying and targeting the most appropriate patient profiles for each Abbott product and ensuring that health care professionals are fully informed of the benefits and risks of our products.
- Directly and indirectly educating patients about proper storage, use and disposal of their medicines and health care products under appropriate medical supervision.

As a leader in global health care, Abbott's goal is to create and develop products that preserve and enhance the lives of patients and consumers.

Safeguarding the Environment

We work diligently to reduce our global environmental impacts - from the sourcing of raw materials, to the manufacture and distribution of our products, to the use and disposal of our products by consumers and health care providers. Our environmental stewardship initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future. We have three environmental priorities:

- Climate change
- Water usage
- Product stewardship

We recognize the interrelated nature of these three priorities. Our work in one area inevitably affects the others. We have developed comprehensive management and governance systems to ensure that environmental considerations are fully integrated into our day-to-day planning and business processes. Our environmental stewardship initiatives help protect the planet while improving efficiency, reducing costs and preserving our ability to do business in the future.

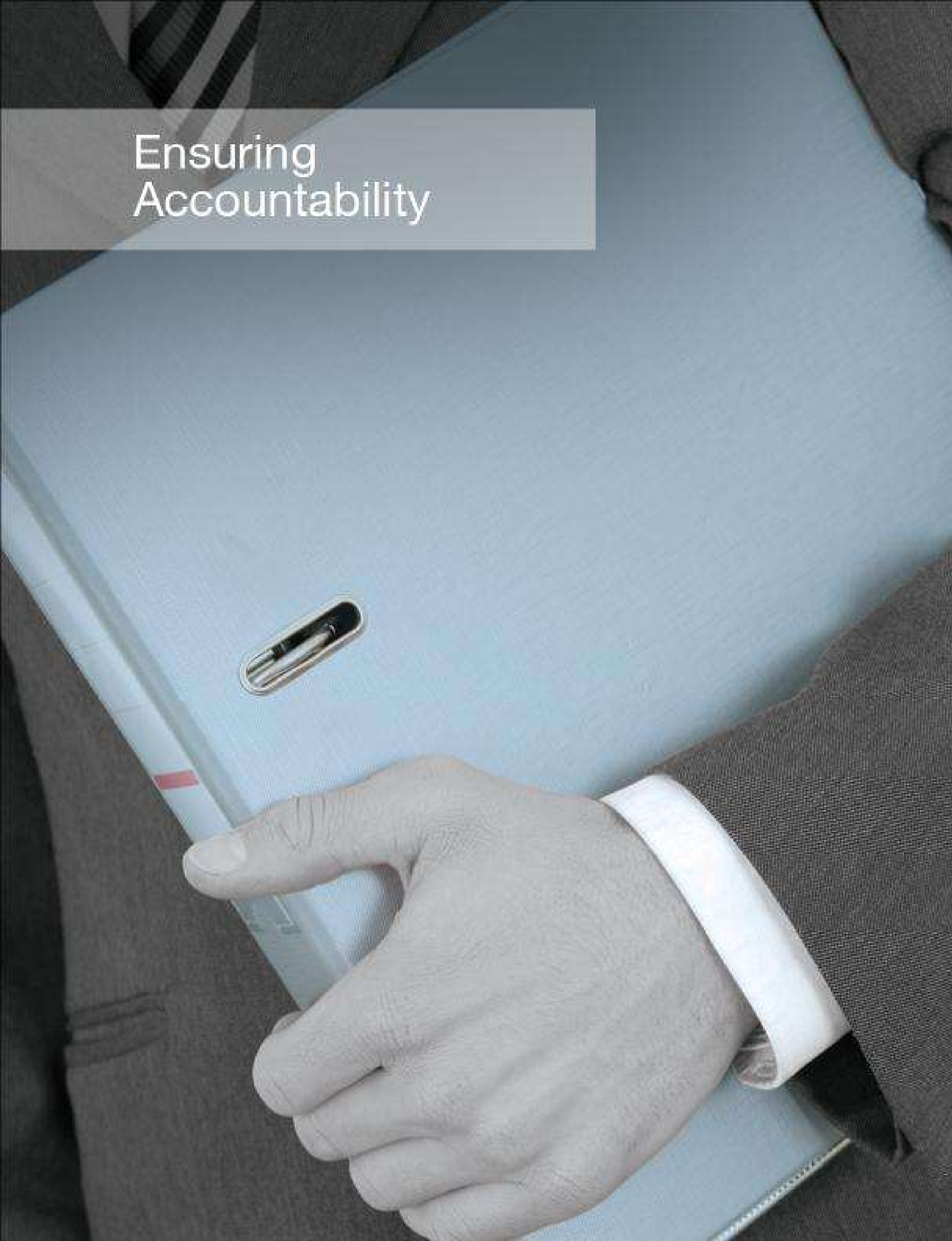
Our global standards include technical program requirements, metrics and audit and reporting mechanisms that serve as a baseline expectation for health and safety performance worldwide. Every Abbott manufacturing plant implements a plan based on these standards and is evaluated regularly.

Our environmental policy achieves these objectives:

- Improve the efficiency and sustainability of our business activities and products, reducing greenhouse gas emissions, water use and waste.
- Require contractors working on behalf of Abbott to conform to regulatory requirements and meet applicable internal Environment, Health and Safety (EHS) standards.
- Establish goals and strategies for the enterprise and report publicly on our progress.
- Integrate sound EHS practices consistent with our management system into all aspects of the business, maintaining legal compliance.

Climate change is a serious global issue and Abbott Pakistan has been continuously working to reduce greenhouse gas emissions. Abbott Pakistan has been working well within its limits of $C0_2$ emissions and hence, maintaining its position as a Green plant. The plant is also fully compliant with the defined parameters of National Environmental Quality Standards.

Clear policies, standards and management systems ensure we operate in a manner that protects both human health and the environment. Our environmental management metrics, auditing and reporting mechanisms are evaluated regularly, and we hold our employees responsible for improving their performance against these targets as part of our annual performance appraisal process.



Corporate Governance

Performance Evaluation of the Board

The Board of Directors act as governing trustees of the Company on behalf of the shareholders while carrying out the Company's mission and goals. The Board of Directors set following evaluation criteria to judge its performance.

a. Compliance with the legislative system in which Abbott Pakistan operates, particularly Companies Ordinance, 1984, listing regulation of Stock Exchanges, and the Memorandum and Articles of Association of the Company.

b. Review of the strategic plans and business risks, monitor Company's performance against the planned objectives and advise the management on strategic initiatives.

c. Establishing adequate internal control system in the Company and its regular assessment through self assessment mechanism and internal audit activities.

d. Ensuring required quorum of Board meeting is available, in order to have detailed deliberation and quality decision on matters of significance.

e. Ensuring training of Board of Directors including new appointments such that each member is fully aware of his roles and responsibilities.

Performance Evaluation of the Chief Executive

The Chief Executive Officer, being part of the Board, is present in every meeting of the Board. The CEO provides overview of the Company's performance to the Board and addresses any specific questions by the Board members. The performance of CEO is assessed through the evaluation system set by Abbott Pakistan. The principle factors of evaluation include financial performance, business process, compliance, business excellence and people management.

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. The 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 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.
- Recommend 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. The 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. The 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). The Company Secretary acts as secretary to the Committee. The Committee approves registration, transfer and transmission of shares. Moreover, it also issues and cancels share certificates including duplicate share certificates.

Board Committees Attendance

Audit Committee

Name	Category	Meetings Held	Meetings 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
Maria Memon	By Invitation - Chief Internal Auditor	4	4
Malik Saadatullah	Secretary	4	4

Human Resource Committee

Name	Category	Meetings Held	Meetings 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
Saira C. Halai	Secretary	1	1

Share Transfer Committee

Name	Category	Meetings Held	Meetings Attended
Asif Jooma	Chairman - Chief Executive Officer	13	13
Anis A. Shah	Member - Alternate Director to Thomas C. Freyman	13	13
Syed Anis Ahmed	Member - Chief Financial Officer	13	13
Malik Saadatullah	Secretary	13	13

Banking Committee

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

Directors' Report

The Directors take pleasure in presenting their Report together with the audited financial statements of the Company for the year ended December 31, 2012.

Operating Results	Rs in 000
Profit for the year before taxation	3,014,137
Taxation	(924,042)
Profit after taxation	2,090,095
Other comprehensive income net of tax	77,357
Un-appropriated profit brought forward	1,545,511
Transfer from un-appropriated profit	(1,150,000)
Profit available for appropriation	2,562,963
Appropriations	
- Final dividend 2011 Rs 4 per share	(391,601)
- Interim dividend 2012 Rs 3 per share	(293,701)
Un-appropriated profit carried forward	1,877,661

Financial Performance

Net sales for the year increased 18% over prior year. Gross Profit ratio at 37% was 1% better than previous year, primarily due to favourable product-mix and effective cost controls.

Profit after tax for the year under review was Rs 2,090 million (2011: Rs 1,645 million) and Earnings Per Share was Rs 21.35 (2011: Rs 16.80).

Your Directors are pleased to announce a final cash dividend of Rs 4.00 per share (2011: Rs 4.00 per share), which is in addition to an interim cash dividend of Rs 3.00 per share (2011: Rs 2.00 per share) paid to the shareholders during 2012.

Segment-wise Sales and Market Performance

Pharmaceutical sales for the year increased by 16% over prior year mainly due to unit growth, improved product-mix and full year impact of the acquisition of Legacy Solvay brands. Progesterones, pain management, anti-infectives, and gastro preparations recorded strong double-digit growth.

Nutritional sales for the year posted 21% growth over prior year due to volume and selective price increases on certain products.

General Health Care (GHC), Diagnostic and Diabetes Care sales for the year grew by 29% over prior year due to focus on marketing of Mospel and its enhanced distribution coverage.

Industry Overview

Pakistan pharmaceutical industry is currently estimated at US$ 2.07 billion as per IMS December 2012, MAT. The value share of MNCs is 43% compared to national companies share of 57% is indicative of the growing footprint of local companies as MNCs scale back operations due to lack of a robust regulatory and pricing framework.

Pakistan pharmaceutical / nutrition market grew by approximately 15.1% in 2012, (IMS Dec. 2012, MAT). Your Company achieved a growth of 18.5% retaining its position as the second largest research-based pharmaceutical company in Pakistan.

Market Share

Abbott Pakistan achieved a market share of 6.5% as per IMS (Dec 2012, MAT) in the pharmaceutical and nutrition market (2011 market share: 6.4%).

Manufacturing

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

Capital Expenditure

In keeping with the Company's commitment to enhance productivity and efficiency of plant operations, an amount of Rs 671 million was spent on various capital projects such as capacity enhancement for Brufen plant, Cogen acquisition and procurement of manufacturing and service equipments aimed at improving productivity.

Liquidity Management and Cash Flow Strategy

During the year, Rs. 2,510 million was generated from the operating activities of the Company. At year end, the Company had liquid funds comprising cash/bank balances and short-term investments amounting to Rs. 2,790 million net of investments on capital projects and dividend payments.

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

The Company follows a prudent investment strategy for placement of surplus funds. These 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 members of senior management.

Evaluation of Company's Performance

For the purpose of evaluating the performance of the Company, the management uses various indicators that include industry growth, position of peer companies in relevant therapeutic areas, prior years' performance, macro economic indicators and business environment impacting the Company. On the basis of these, budgets are formulated and actual performance measured against the budget at regular intervals during the year so that remedial action is taken on a timely basis. This exercise is carried out for all the business segments of the Company. The management believes that these indicators will continue to be relevant in the future.

Risk Management

The Company's activities expose it to a variety of risks. The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall risk management of the Company is carried out by the Company's Senior Management Team and the results are placed before the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks of the Company.

The Senior Management Team also carries out a SWOT analysis of the Company, its products and the market in which it operates. On the basis of SWOT analysis, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long-term strategic objectives of the Company.

Contribution to National Exchequer

Your Company has contributed Rs 1,988 million (2011: Rs 1,798 million) to the government on account of various government levies including income tax, custom duties and sales tax.

Environment, Health and Safety

A number of Environment, Health and Safety related initiatives were completed during the year. These have resulted in an environmentally friendly and safe place for everyone to work. Your company celebrated over four million hours without any lost time work day incident in 2012.

Recognizing your Company's vision and its implementation for Fire & Safety, your Company won the Fire & Safety Excellence Award 2012. The awards were sponsored by Fire Protection Association Pakistan, supported by Karachi Metropolitan Corporation and Karachi Chamber of Commerce and Industries (KCCI).

Business Process Improvement

- To remain competitive and stay on the cutting edge of productivity and quality, your Company has been making investment in technology, systems and improvement of production facilities. Facility upgrade and new equipment acquisition were the two focal areas in 2012, aimed at improving productivity to meet future challenges.

- As part of the continuous productivity improvement program, the second session of Lean Sigma Green Belt certification program was completed and 25 employees from Manufacturing, Supply Chain, QA and Engineering were trained on waste elimination and productivity improvement. Various projects related to productivity improvement, energy conservation and waste elimination have been implemented.

- As a part of Quality Management System improvement, Quality Risk Assessment (QRA) has been implemented at site to promote risk-based decisions, demonstrating flexibility and dynamic behavior.

Various Business Process Improvement initiatives greatly contributed towards improving your Company's financial performance.

Human Resources

Human Resources policies are aimed at developing a 'Best in Class' organization. During 2012, your Company achieved a key milestone in the area of Talent Management by rolling the global Talent Management System (TMS) locally. The new system will enable the organization to attract and retain top quality talent for its current and future human resource needs. The Recruiting module within the TMS streamlines the recruitment, selection and on-boarding of new hires while the Performance Management module allows the employees to not only manage their performance and developmental needs in their current roles but also have more meaningful conversations with their managers and leaders for their long-term career growth.

Emphasis on learning and development continued in 2012 with a large number of in-house and external training sessions and workshops. Training programs were mainly aimed at imparting knowledge and upgrading technical and soft skills as identified in employee growth plans. The strong commitment to Training and Development has been a critical factor in the growth of the company. We are pleased to report that as a result of effective HR policies and a conducive and open environment, your Company’s employee turnover rate remained well below the industry average.

To be able to attract top quality talent and continue to be counted amongst the most sought after employers in the country, your Company maintained a close liaison with Universities and institutions of higher learning. The successful completion of Recruitment Drive for the Summer Internship Program 2012 is an evident example.

Corporate Social Responsibility

Global citizenship is an integral part of Abbott's mission to improve people's lives. The company's policies focus on enhancing access to health care, protecting patients and consumers, and safeguarding the environment. Working in partnership with others, Abbott leverages its core business expertise and resources to create sustainable solutions in countries around the world.

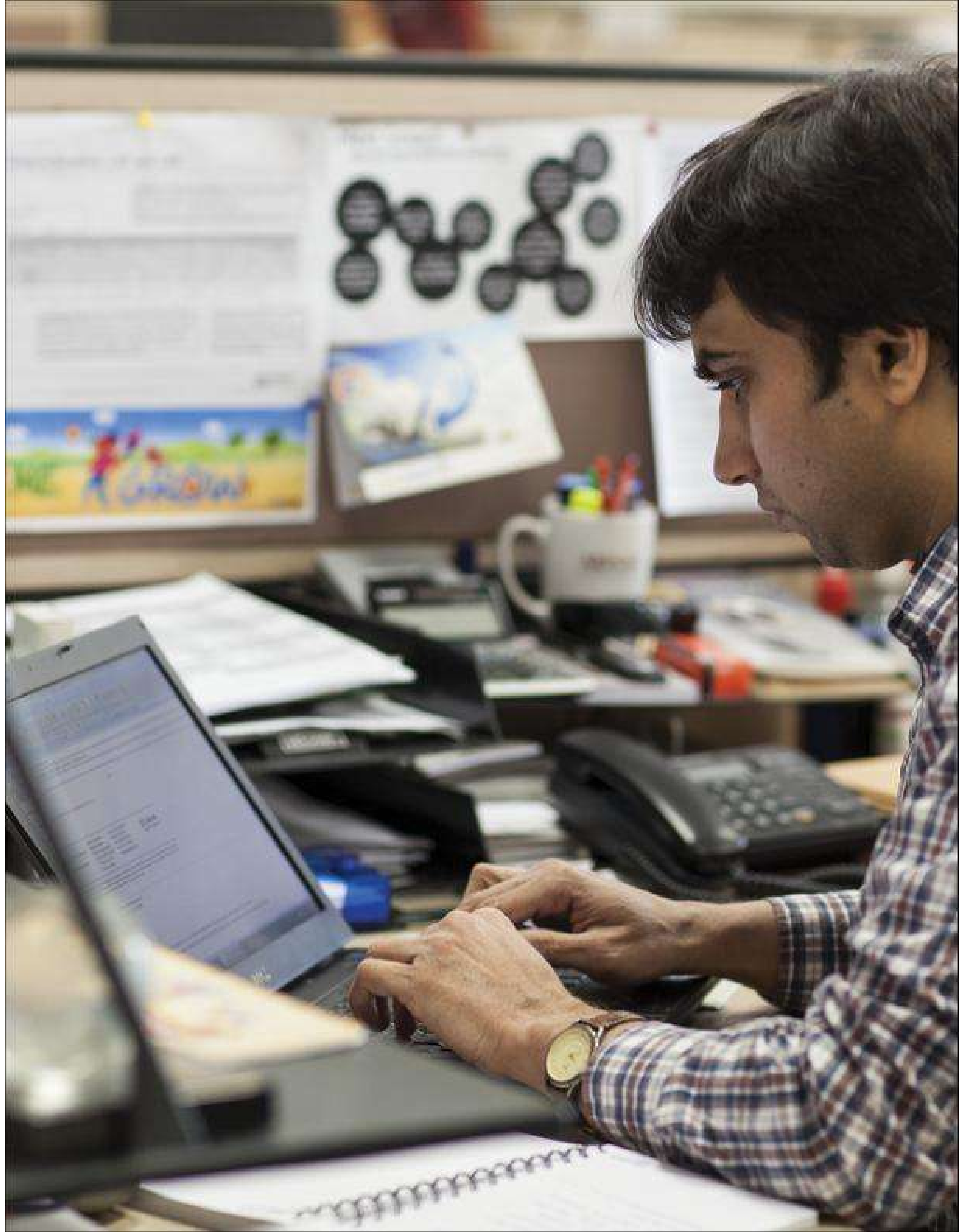
Your Company participated in the 4th International Summit on Corporate Social Responsibility which was held by National Forum for Environment and Health. Your Company received an award in the category of “Best Work place Practices”.

In addition, your Company remained engaged in the day-to-day lives of the communities it operates within. In 2012, on a survey of its vicinity, it came to attention that a school, near Abbott Pakistan Korangi Plant, lacked basic needs and was in a decrepit condition. Furniture and supplies at the school needed repair and upgrade. Your Company took up the project as its commitment to Community Outreach.

All in all, the community school improvement project was received warmly and appreciated by school children and school staff. As per the school management, student attendance and new admissions have drastically improved since Abbott’s CSR Project. Moreover, our employees contributed and were personally involved in these relief efforts.

Subsequent Events

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



Business Challenges And Future Outlook

The Company remains vulnerable to energy price escalation, inflation and devaluation of Pak Rupee. Higher fuel and energy prices are of particular concern to the industry. In the absence of corresponding price adjustments, efforts are being made to offset increase in manufacturing and operating cost through productivity improvements, cost containment and process simplification.

The addition of 80 employees in the Pharma Field Force would contribute to expansion of the reach and penetration of our therapies. It is also a testimony of your Company's commitment to the Pakistan market.

Considering inflation, energy price escalation and the creeping devaluation of the Pak Rupee, we request the Government of Pakistan to adopt a rational and transparent pricing mechanism to ensure continued access of pharmaceutical products to the market. Your Company along with other members of the pharmaceutical industry continues to urge the Government to introduce a mutually acceptable pricing mechanism for pharmaceutical products. Rationalisation of taxes, especially through zero rating pharmaceutical industry, for sales tax purposes is an urgent need to ensure availability of pharmaceuticals to the patients.

Your Company appreciates the enactment of Drug Regulatory Authority Act in November 2012. The creation of an autonomous Drug Regulatory Authority holding the key to regulating the manufacture, storage, distribution, import and sale and advertisement of drugs is highly commendable. We hope that the Authority will adopt a positive approach, helping the industry to address its long outstanding issues.

Intellectual Property Rights continue to be a concern for the industry. Concrete steps need to be taken to discourage both piracy and counterfeiting. Effective implementation will protect consumers, as well as the industry.

Auditors

The present Auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending December 31, 2013.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2012 is given on page 154.

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 December 31, 2012 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.

Compliance With the Code of Corporate Governance

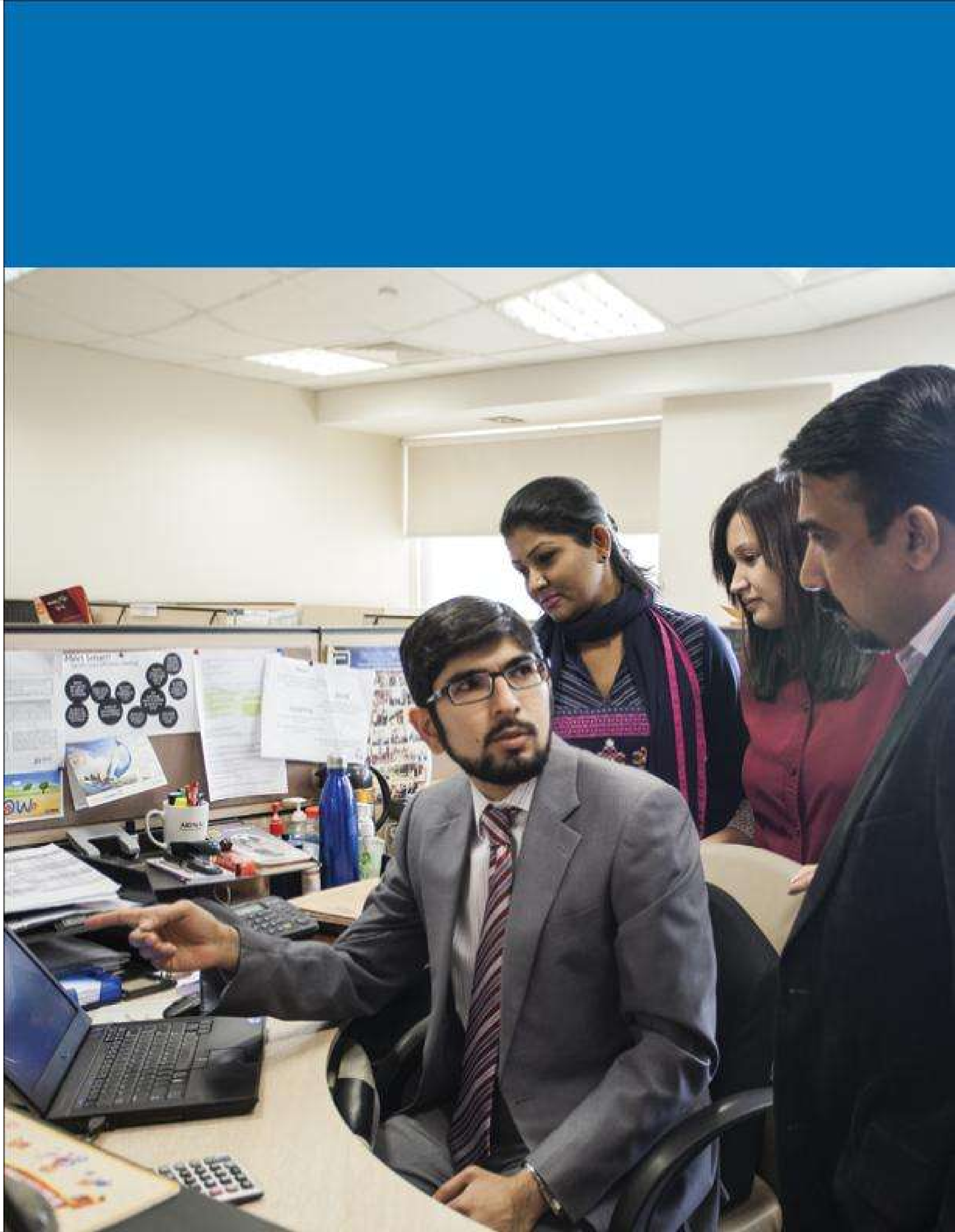
As required by the Code of Corporate Governance 2012, the Directors are pleased to state as follows:

- 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. Accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 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.
- Key operating and financial data for the last six years is summarized on page 94.
- 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.
- In accordance with the criteria specified in clause (xi) of the Code, three directors of the Company are exempt from the requirement of Directors' Training Program and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course on the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.
- There are no outstanding loans, TFCs, sukuks or any other debt instruments.
- The value of investments made by the staff retirements funds as per their Financial Statements are as follows:

	Value (Rs millions)
ALPL Pension Fund (Based on year ended December 31, 2011) - audited	1,693
ALPL Provident Fund (Based on year ended December 31, 2011) - audited	575

- During the period, four meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:

	Name of Directors/CFO/Company Secretary	**Number of Board Meetings Attended**
1	Munir A. Shaikh	4
2	Asif Jooma	4
3	Roland W. Kaut	2
4	Syed Anis Ahmed - Director & CFO	4
5	Anis A. Shah - Alternate Director to Thomas C. Freyman	4
6	Kamran Y. Mirza	4
7	Shamim Ahmad Khan	4
8	Malik Saadatullah (Company Secretary)	4



Number of Board Committees' meetings and attendance therein is included on page 79.

The Board would like to express its deep appreciation of the services rendered by Mr. Asif Jooma who is stepping down as CEO effective February 24th, 2013. During his tenure, the Company was able to achieve substantial growth, improvement in market share and development of a strong management team. The Board is also pleased to welcome his successor, Mr. Arshad Saeed Husain who will be assuming the office of CEO with effect from February 25th, 2013.

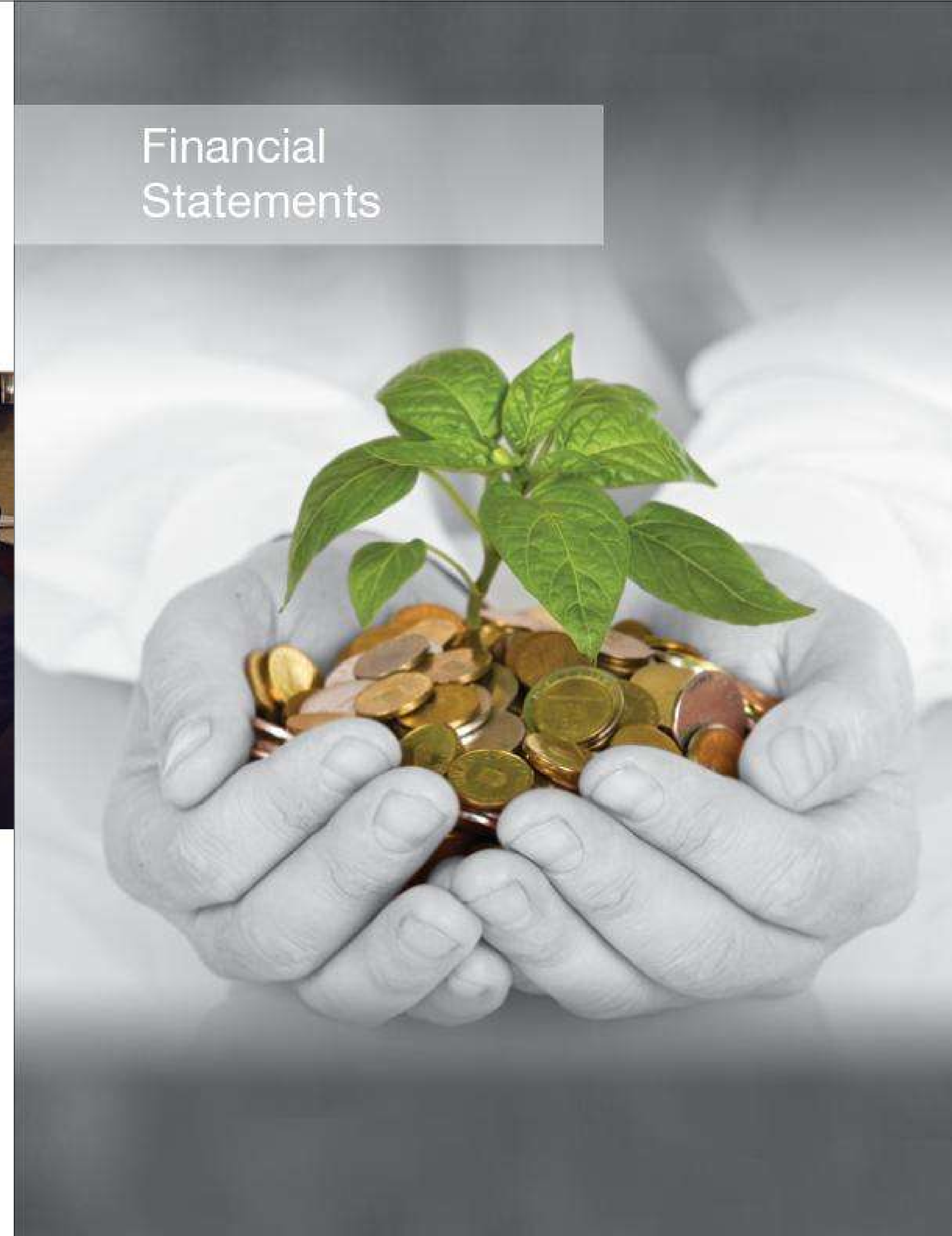
There would also be changes in the composition of the Board as Mr. Roland W. Kaut has resigned effective February 14th 2013. The Board also recognizes contribution by Mr. Kaut and welcomes Mr. Angelo Kondes to the Board effective February 15th, 2013.

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
February 14th, 2013

Financial Statements



Key Operating and Financial Data

Financial Position

Balance Sheet

	December 31, 2012	2011	2010	November 30, 2009	2008 Restated	2007
	Rupees in '000					
Fixed Assets						
- Property, plant and equipment	2,629,154	2,298,062	1,877,596	1,662,785	1,560,835	1,516,821
- Intangible asset	58,835	76,055	-	-	-	-
Other Non-Current Assets	54,509	55,449	56,152	42,606	33,746	35,418
Current Assets	6,587,364	4,975,763	3,856,673	3,259,185	3,455,129	3,129,129
Total Assets	9,329,862	7,405,329	5,790,421	4,964,576	5,049,710	4,681,368
Issued, Subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,033	979,003
Capital Reserves	262,308	223,247	197,167	173,853	154,777	130,016
Revenue Reserves	5,466,083	3,983,933	2,736,369	2,085,604	2,434,732	2,580,254
Total Equity	6,707,394	5,186,183	3,912,539	3,238,460	3,568,512	3,689,273
Non-Current Liabilities	189,557	165,219	115,182	119,627	100,606	110,414
Current Liabilities	2,432,911	2,053,927	1,762,700	1,606,489	1,380,592	881,681
Total Liabilities	2,622,468	2,219,146	1,877,882	1,726,116	1,481,198	992,095
Total Equity and Liabilities	9,329,862	7,405,329	5,790,421	4,964,576	5,049,710	4,681,368

Operating and Financial Trends

Profit and Loss Account

	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008 Restated	Twelve months ended November 30, 2007
	Rupees in '000					
Net sales including toll manufacturing service fee	15,216,253	12,946,968	10,995,701	8,450,118	7,123,412	6,584,454
Gross profit	5,702,828	4,666,478	3,687,038	2,321,131	2,469,005	2,635,109
Operating profit	3,016,363	2,378,042	1,744,787	878,503	1,240,583	1,558,401
Profit before taxation	3,014,137	2,374,826	1,741,257	875,978	1,237,879	1,555,199
Taxation	924,042	730,240	564,313	266,906	373,652	512,309
Profit after taxation	2,090,095	1,644,586	1,176,944	609,072	864,227	1,042,890
Ordinary cash dividends *	685,302	587,402	489,502	1,174,804	489,502	1,762,206
EBITDA **	3,353,127	2,657,942	2,000,889	1,084,803	1,443,585	1,744,231
Cash Flows						
Operating activities	2,509,703	1,772,876	917,503	1,074,757	607,282	1,342,118
Investing activities	(485,630)	(643,800)	(374,785)	(181,200)	442,515	(93,836)
Financing activities	(687,188)	(494,836)	(494,415)	(1,174,262)	(494,426)	(1,761,005)
Cash and cash equivalents at the end of the year / period	2,790,212	1,453,327	819,087	770,784	1,051,489	496,118

* Includes final dividend amounting to Rs. 391.601 million proposed by the Board of Directors subsequent to the year end.
** EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation)

Ratios

Ratios	Unit	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen months ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008 Restated	Twelve months ended November 30, 2007
Profitability Ratios							
Gross profit ratio	%	37.5%	36.0%	33.5%	27.5%	34.7%	40.0%
Net profit to sales	%	13.7%	12.7%	10.7%	7.2%	12.1%	15.8%
EBITDA * margin to sales	%	22.0%	20.5%	18.2%	12.8%	20.3%	26.5%
Operating leverage ratio	Times	0.20	0.18	0.16	0.10	0.17	0.24
Return on equity / return on capital employed	%	31.2%	31.7%	30.1%	18.8%	24.2%	28.3%
Return on assets	%	22.4%	22.2%	20.3%	12.3%	17.1%	22.3%
Liquidity Ratios							
Current ratio		2.71	2.42	2.19	2.03	2.50	3.55
Quick / Acid test ratio		1.66	1.26	0.97	0.94	1.24	1.95
Cash to Current Liabilities	Times	1.15	0.71	0.46	0.48	0.76	0.56
Cash flow from operations to Sales	Times	0.16	0.14	0.08	0.13	0.09	0.20
Activity / Turnover Ratios							
No. of days in inventory	Days	90.99	96.67	101.19	100.38	119.97	121.05
No. of days in receivables	Days	11.74	9.52	8.94	8.79	7.73	9.36
No. of days in payables	Days	47.33	45.76	51.00	46.76	51.49	53.00
Operating Cycle	Days	55.40	60.43	59.12	62.41	76.21	77.41
Total assets turnover ratio	Times	1.82	1.96	2.04	1.69	1.46	1.36
Fixed assets turnover ratio	Times	6.01	6.09	6.21	5.24	4.63	4.46
Investment / Market Ratios							
Basic / Diluted Earnings per share	Rs.	21.35	16.80	12.02	6.22	8.83	10.65
Price earnings ratio	Times	10.75	5.94	9.13	15.51	12.46	19.38
Dividend yield ratio	%	3.1%	6.0%	4.6%	12.4%	4.5%	8.7%
Dividend pay out ratio	Times	0.33	0.36	0.42	1.93	0.57	1.69
Dividend cover ratio	Times	3.05	2.80	2.40	0.52	1.77	0.59
Cash Dividend per share	Rs.	7.00	6.00	5.00	12.00	5.00	18.00
Break-up value per share with / without surplus on revaluation of fixed assets	Rs.	68.51	52.97	39.96	33.08	36.45	37.68
Bonus share issued	Number	-	-	-	-	-	-
No. of shares at end of year / period	Number	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302	97,900,302
Market value per share at the end of the year / period	Rs.	229.50	99.79	109.74	96.49	110.00	206.50
Market value per share (High)	Rs.	234.00	103.00	126.50	126.42	233.15	210.00
Market value per share (Low)	Rs.	90.00	79.25	77.00	65.00	109.36	141.00
Capital Structure Ratios							
Interest cover ratio	Times	1,355.06	739.44	494.27	347.92	458.80	486.70

Note: Sales include toll manufacturing service fee
* EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation)

Comments on Financial Ratios

- The increase in profit after tax by 27% compared to prior year is mainly attributable to unit growth, improved product-mix and full year impact of the acquisition of Legacy Solvay brands.

- Favourable product-mix and effective cost control strategies pursued by the company have resulted in improved gross profit and net profit margin.

- As a result of the above, earnings per share also increased from Rs. 16.80 in 2011 to Rs. 21.35 in 2012.

- Better inventory management has resulted in reduced number of days in inventory, contributing to overall decline in operating cycle from 60.43 days in 2011 to 55.40 days in 2012.

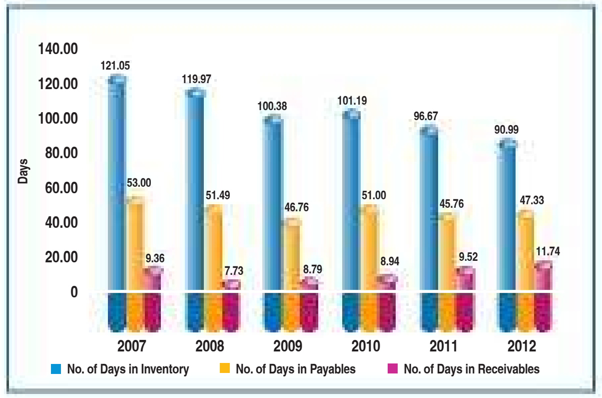
- The increase in cash flows from operating activities is mainly attributable to improved profitability and better working capital management which accordingly resulted in increase in cash and cash equivalents by Rs. 1,337 million as compared to prior year end.

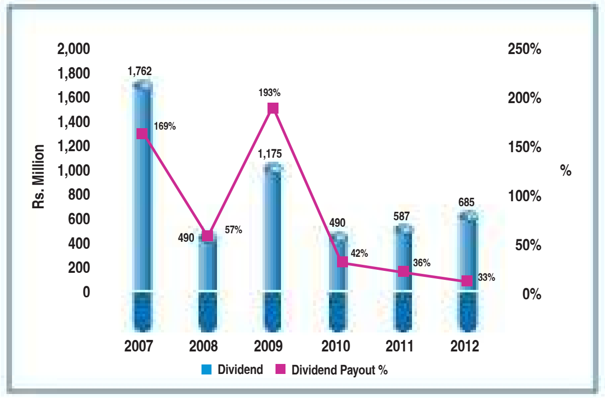
- Increase in cash and cash equivalents has resulted in decline in total assets turnover ratio and increase in liquidity ratios such as current ratio, quick / acid test ratio and cash to current liabilities.

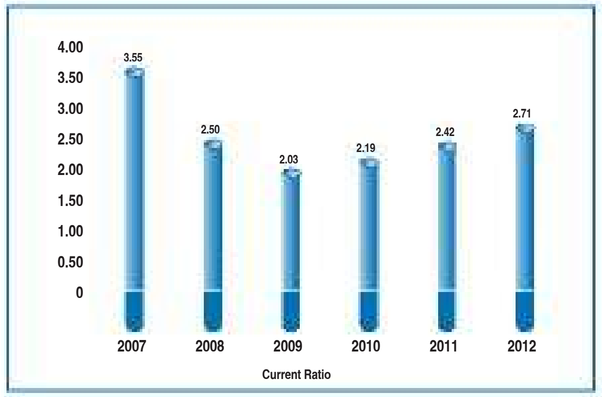
- The break-up value per share has increased from Rs. 52.97 in 2011 to Rs. 68.51 in 2012.

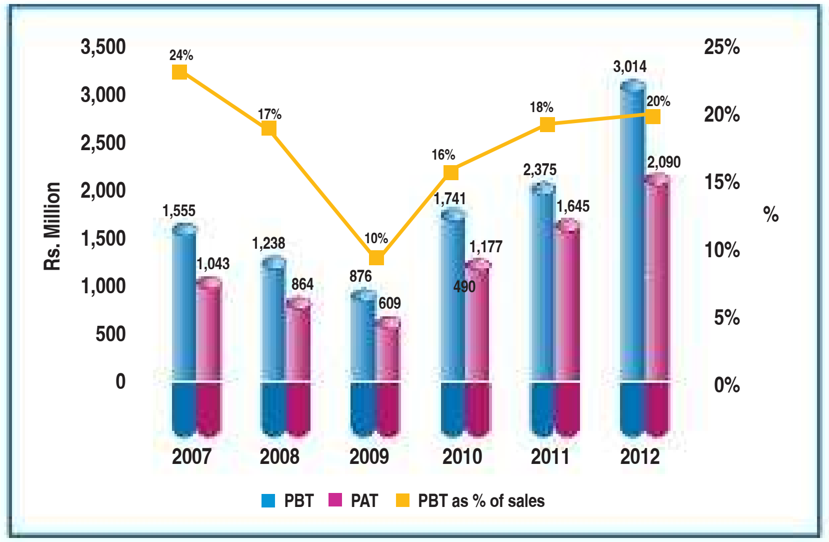
Graphical Presentation

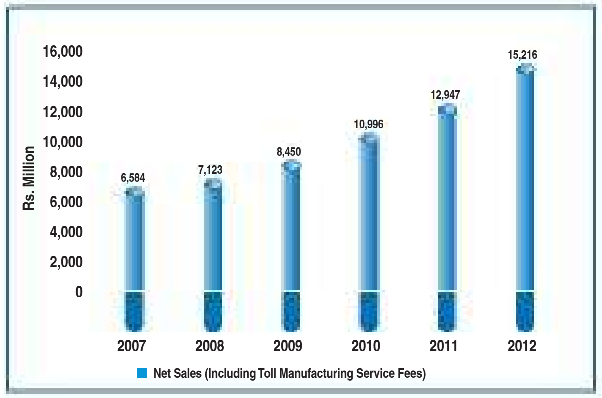
Key Operating & Financial Data

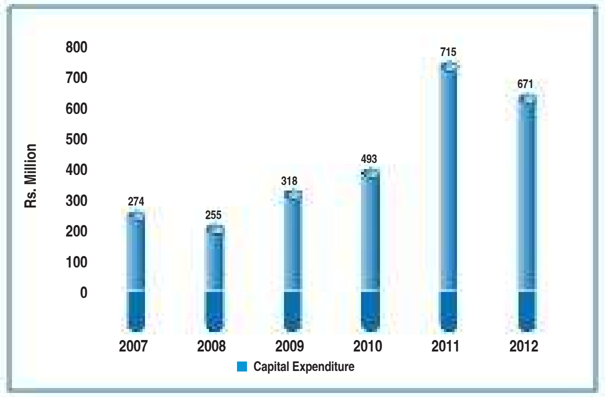












	December 31, 2012		December 31, 2011		December 31, 2010		November 30, 2009		November 30, 2008 Restated		November 30, 2007	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Balance Sheet												
Total Equity	6,707,394	71.9	5,186,183	70.0	3,912,539	67.6	3,238,460	65.2	3,568,512	70.7	3,689,273	78.8
Non-Current Liabilities	189,557	2.0	165,219	2.2	115,182	2.0	119,627	2.4	100,606	2.0	110,414	2.4
Current Liabilities	2,432,911	26.1	2,053,927	27.8	1,762,700	30.4	1,606,489	32.4	1,380,592	27.3	881,681	18.8
Total Equity and Liabilities	9,329,862	100.0	7,405,329	100.0	5,790,421	100.0	4,964,576	100.0	5,049,710	100.0	4,681,368	100.0
Non-Current Assets	2,742,498	29.4	2,429,566	32.8	1,933,748	33.4	1,705,391	34.4	1,594,581	31.6	1,552,239	33.2
Current Assets	6,587,364	70.6	4,975,763	67.2	3,856,673	66.6	3,259,185	65.6	3,455,129	68.4	3,129,129	66.8
Total Assets	9,329,862	100.0	7,405,329	100.0	5,790,421	100.0	4,964,576	100.0	5,049,710	100.0	4,681,368	100.0

	Twelve months ended December 31, 2012		Twelve months ended December 31, 2011		Thirteen months ended December 31, 2010		Twelve months ended November 30, 2009		Twelve months ended November 30, 2008 Restated		Twelve months ended November 30, 2007	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Profit and Loss Account												
Net sales including toll manufacturing service fee	15,216,253	100.0	12,946,968	100.0	10,995,701	100.0	8,450,118	100.0	7,123,412	100.0	6,584,454	100.0
Cost of goods sold and services	9,513,425	62.5	8,280,490	64.0	7,308,663	66.5	6,128,987	72.5	4,654,407	65.3	3,949,345	60.0
Gross Profit	5,702,828	37.5	4,666,478	36.0	3,687,038	33.5	2,321,131	27.5	2,469,005	34.7	2,635 ,109	40.0
Selling and distribution expenses	2,212,421	14.5	1,894,390	14.6	1,601,101	14.6	1,252,810	14.8	1,094,405	15.4	908,965	13.8
Administrative expenses	344,494	2.3	295,823	2.3	267,915	2.4	201,943	2.4	174,511	2.4	161,278	2.4
	3,145,913	20.7	2,476,265	19.1	1,818,022	16.5	866,378	10.3	1,200,089	16.8	1,564,866	23.8
Other operating income	183,430	1.2	142,466	1.1	109,079	1.0	141,890	1.7	105,545	1.5	173,394	2.6
Other operating charges	312,980	2.1	240,689	1.9	182,314	1.7	129,765	1.5	65,051	0.9	179,859	2.7
	3,016,363	19.8	2,378,042	18.3	1,744,787	15.8	878,503	10.4	1,240,583	17.4	1,558,401	23.7
Finance cost	2,226	0.0	3,216	0.0	3,530	0.0	2,525	0.0	2,704	0.0	3,202	0.1
Profit before taxation	3,014,137	19.8	2,374,826	18.3	1,741,257	15.8	875,978	10.4	1,237,879	17.4	1,555,199	23.6
Taxation - net	924,042	6.1	730,240	5.6	564,313	5.1	266,906	3.2	373,652	5.2	512,309	7.8
Profit for the year / period	2,090,095	13.7	1,644,586	12.7	1,176,944	10.7	609,072	7.2	864,227	12.1	1,042,890	15.8

Horizontal Analysis

	2012	December 31, 2011	2010	2009	November 30, 2008 Restated	2007	2012	December 31, 2011	2010	2009	November 30, 2008	2007
	Rupees in '000						% increase / (decrease) over preceeding year *					
Balance Sheet												
Total Equity	6,707,394	5,186,183	3,912,539	3,238,460	3,568,512	3,689,273	29.3	32.6	20.8	(9.2)	(3.3)	(13.0)
Non-Current Liabilities	189,557	165,219	115,182	119,627	100,606	110,414	14.7	43.4	(3.7)	18.9	(8.9)	150.4
Current Liabilities	2,432,911	2,053,927	1,762,700	1,606,489	1,380,592	881,681	18.5	16.5	9.7	16.4	56.6	17.6
Total Equity and Liabilities	9,329,862	7,405,329	5,790,421	4,964,576	5,049,710	4,681,368	26.0	27.9	16.7	(1.7)	7.9	(7.0)
Non-Current Assets	2,742,498	2,429,566	1,933,748	1,705,391	1,594,581	1,552,239	12.9	25.6	13.4	6.9	2.7	5.5
Current Assets	6,587,364	4,975,763	3,856,673	3,259,185	3,455,129	3,129,129	32.4	29.0	18.3	(5.7)	10.4	(12.2)
Total Assets	9,329,862	7,405,329	5,790,421	4,964,576	5,049,710	4,681,368	26.0	27.9	16.7	(1.7)	7.9	(7.0)

	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen month ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008 Restated	Twelve months ended November 30, 2007	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011	Thirteen month ended December 31, 2010	Twelve months ended November 30, 2009	Twelve months ended November 30, 2008	Twelve months ended November 30, 2007
	Rupees in '000						% increase / (decrease) over proceeding year *					
Profit and Loss Account												
Net sales including toll manufacturing service fee	15,216,253	12,946,968	10,995,701	8,450,118	7,123,412	6,584,454	17.5	17.7	30.1	18.6	8.2	11.3
Cost of goods sold and services	9,513,425	8,280,490	7,308,663	6,128,987	4,654,407	3,949,345	14.9	13.3	19.2	31.7	17.9	16.2
Gross Profit	5,702,828	4,666,478	3,687,038	2,321,131	2,469,005	2,635,109	22.2	26.6	58.8	(6.0)	(6.3)	4.7
Selling and distribution expenses	2,212,421	1,894,390	1,601,101	1,252,810	1,094,405	908,965	16.8	18.3	27.8	14.5	20.4	6.5
Administrative expenses	344,494	295,823	267,915	201,943	174,511	161,278	16.5	10.4	32.7	15.7	8.2	33.2
	3,145,913	2,476,265	1,818,022	866,378	1,200,089	1,564,866	27.0	36.2	109.8	(27.8)	(23.3)	1.5
Other operating income	183,430	142,466	109,079	141,890	105,545	173,394	28.8	30.6	(23.1)	34.4	(39.1)	59.5
Other operating charges	312,980	240,689	182,314	129,765	65,051	179,859	30.0	32.0	40.5	99.5	(63.8)	38.3
	3,016,363	2,378,042	1,744,787	878,503	1,240,583	1,558,401	26.8	36.3	98.6	(29.2)	(20.4)	2.5
Finance cost	2,226	3,216	3,530	2,525	2,704	3,202	(30.8)	(8.9)	39.8	(6.6)	(15.6)	(12.5)
Profit before taxation	3,014,137	2,374,826	1,741,257	875,978	1,237,879	1,555,199	26.9	36.4	98.8	(29.2)	(20.4)	2.5
Taxation - net	924,042	730,240	564,313	266,906	373,652	512,309	26.5	29.4	111.4	(28.6)	(27.1)	11.6
Profit for the year / period	2,090,095	1,644,586	1,176,944	609,072	864,227	1,042,890	27.1	39.7	93.2	(29.5)	(17.1)	(1.4)

* compared with restated figures except for 2011 & 2012

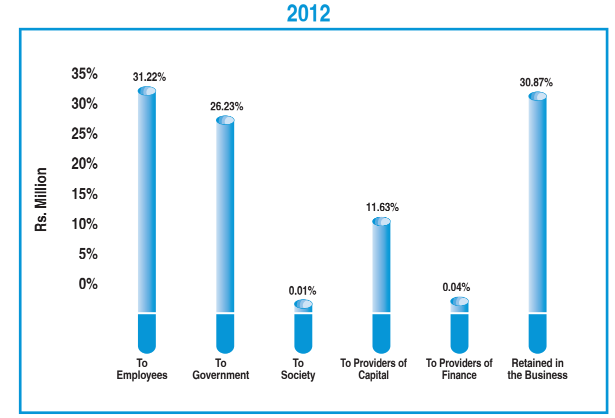
Statement of Value Addition and its Distribution

For The Year Ended December 31, 2012

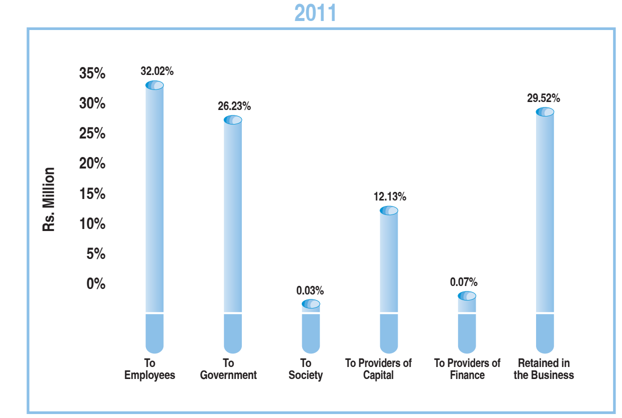
	2012 (Rupees '000)	2012 %	2011 (Rupees '000)	2011 %
Wealth Generated				
Total revenue inclusive of sales tax and other operating income	15,738,391		13,395,579	
Bought-in-materials and services	9,846,145		8,553,274	
	5,892,246	100.00%	4,842,305	100.00%
Wealth Distribution				
To Employees				
Salaries, wages, allowances and staff welfare	1,839,373	31.22%	1,550,589	32.02%
To Government				
Income Tax	953,094	16.17%	763,984	15.78%
Workers' Funds and Central Research Fund	253,835	4.31%	199,996	4.13%
Sales tax and excise duty	338,708	5.75%	306,145	6.32%
	1,545,637	26.23%	1,270,125	26.23%
To Society				
Donations	794	0.01%	1,409	0.03%
To Providers of Capital				
Dividends *	685,302	11.63%	587,402	12.13%
To Providers of Finance				
Finance cost	2,226	0.04%	3,216	0.07%
Retained in the Business				
Depreciation and amortisation	336,764	5.72%	279,900	5.78%
Added to Unappropriated profit	1,482,150	25.15%	1,149,664	23.74%
	1,818,914	30.87%	1,429,564	29.52%
	5,892,246	100.00%	4,842,305	100.00%

* Dividends include final dividend amounting to Rs. 391.601 million proposed by the Board of Directors subsequent to the year end.

2012



2011



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 (the Board). At present the board includes:

Category	Names
Independent Director	* Mr. Shamim Ahmad Khan
Executive Director	Mr. Asif Jooma
Executive Director	Syed Anis Ahmed
Executive Director	** Mr. Anis A. Shah
Non-Executive Director	Mr. Munir A. Shaikh
Non-Executive Director	Mr. Roland W. Kaut
Non-Executive Director	Mr. Kamran Y. Mirza

* The criteria of independence under clause i (b) of the revised Code, shall take effect when the Board is reconstituted on the expiry of its current term which is ending on March 24th 2014.

** Alternate Director to Mr. Thomas C. Freyman.

2. The directors have confirmed that none of them is serving as a director on more than seven 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 loans to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the Board during the year.

5. The Company has adopted a Code of Business Conduct and has ensured that appropriate steps have been taken to disseminate it throughout 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, including appointment and determination of remuneration and terms and conditions of appointment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been 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. In accordance with the criteria specified in clause (xi) of the Code, three directors of the Company are exempt from the requirement of Directors' Training Program and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.

10. The Board approves the appointment, remuneration and terms and conditions of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, as determined by the Chief Executive.

11. The Company maintains an updated list of related parties and all transactions with related parties are placed before the Audit Committee on a quarterly basis. 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.

12. 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.

13. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an Audit Committee. It comprises 3 members, of whom all are non-executive directors including the Chairman of the audit committee and the Chairman of the Committee is an independent director.

17. 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.

18. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and an executive director. The Chairman of the Committee is a non-executive director.

19. 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. Both the firm and the in-house internal audit staff are conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the code of ethics as adopted by the ICAP.

21. 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 auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities was determined and intimated to directors, employees and Stock Exchanges.

23. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.

24. We confirm that all other material principles enshrined in the Code have been complied with.

By order of the Board

Munir A. Shaikh
Chairman

Deloitte.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

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Fax: +92 (0) 21-3454 1314
Web: www.deloitte.com

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 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 system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statements on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transaction 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 undertaken 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 December 31, 2012.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Karachi
February 14, 2013

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
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Fax: +92 (0) 21-3454 1314
Web: www.deloitte.com

Auditors' Report to the Members

We have audited the annexed balance sheet of Abbott Laboratories (Pakistan) Limited (the Company) as at December 31, 2012 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 account 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 account 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 December 31, 2012 and of the profit, total comprehensive income, 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
M. Yousuf Adil Saleem & Co

Engagement Partner:
Nadeem Yousuf Adil

Karachi
February 14, 2013

Member of
Deloitte Touche Tohmatsu Limited

Balance Sheet

As At December 31, 2012

	Note	2012	2011
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		262,308	223,247
- revenue		5,466,083	3,983,933
Total Equity		6,707,394	5,186,183
NON-CURRENT LIABILITY			
Deferred taxation	5	189,557	165,219
CURRENT LIABILITIES			
Trade and other payables	6	2,432,911	2,053,927
Total Liabilities		2,622,468	2,219,146
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		9,329,862	7,405,329

	Note	2012	2011
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	8	2,629,154	2,298,062
- Intangible asset	9	58,835	76,055
Long-term loans and advances	10	44,281	42,676
Long-term deposits	11	3,737	4,096
Long-term prepayments		6,491	8,677
Total Non-current Assets		2,742,498	2,429,566
CURRENT ASSETS			
Stores and spares	12	121,844	76,887
Stock-in-trade	13	2,426,561	2,316,562
Trade debts	14	566,734	411,813
Loans and advances	15	123,308	173,908
Trade deposits and short-term prepayments	16	151,781	151,238
Accrued profit		2,973	1,425
Other receivables	17	80,766	53,138
Taxation recoverable		323,185	337,465
Cash and bank balances	18	2,790,212	1,453,327
Total Current Assets		6,587,364	4,975,763
TOTAL ASSETS		9,329,862	7,405,329

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

Profit and Loss Account

For The Year Ended December 31, 2012

	Note	2012 (Rupees '000)	2011
Sales - net	19	15,216,253	12,946,968
Cost of goods sold and services	20	9,513,425	8,280,490
Gross profit		5,702,828	4,666,478
Selling and distribution expenses	22	2,212,421	1,894,390
Administrative expenses	23	344,494	295,823
		3,145,913	2,476,265
Other operating income	24	183,430	142,466
Other operating charges	25	312,980	240,689
		3,016,363	2,378,042
Finance cost	26	2,226	3,216
Profit before taxation		3,014,137	2,374,826
Taxation - net	27	924,042	730,240
Profit for the year		2,090,095	1,644,586
		(Rupees)	
Earnings per share - basic / diluted	28	21.35	16.80

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income

For The Year Ended December 31, 2012

	Note	2012 (Rupees '000)	2011
Profit for the year		2,090,095	1,644,586
Other comprehensive income for the year			
- Actuarial gains on defined benefit pension plan	21.1.7	106,409	126,224
- Tax on actuarial gains		(29,052)	(33,744)
Other comprehensive income - net of tax		77,357	92,480
Total comprehensive income for the year		2,167,452	1,737,066

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

For The Year Ended December 31, 2012

	Note	2012	2011
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	3,459,663	2,563,135
Income taxes paid		(950,900)	(790,962)
Long-term loans and advances - net		(1,605)	(3,473)
Long-term deposits - net		359	(1,295)
Long-term prepayments - net		2,186	5,471
Net cash inflow from operating activities		2,509,703	1,772,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(670,823)	(714,775)
Acquisition of intangible asset		-	(86,100)
Sale proceeds from disposal of fixed assets		26,600	24,247
Interest income		158,593	132,828
Net cash outflow from investing activities		(485,630)	(643,800)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(2,226)	(3,216)
Dividends paid		(684,962)	(491,620)
Net cash outflow from financing activities		(687,188)	(494,836)
Net increase in cash and cash equivalents		1,336,885	634,240
Cash and cash equivalents at the beginning of the year		1,453,327	819,087
Cash and cash equivalents at the end of the year		2,790,212	1,453,327

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity

For The Year Ended December 31, 2012

		Reserves					
		Capital Reserves		Revenue Reserves			
	Share Capital	Reserve arising on merger	Other - (Note 2.23)	General Reserve	Un-appropriated Profit	Total	Total Equity
				(Rupees '000)			
Balance as at January 1, 2011	979,003	46,097	151,070	1,788,422	947,947	2,933,536	3,912,539
Transfer from unappropriated profit to general reserve made subsequent to the thirteen months ended December 31, 2010	-	-	-	650,000	(650,000)	-	-
Total comprehensive income for the year ended December 31, 2011							
Profit for the year	-	-	-	-	1,644,586	1,644,586	1,644,586
Other comprehensive income for the year, net of tax	-	-	-	-	92,480	92,480	92,480
Total comprehensive income for the year	-	-	-	-	1,737,066	1,737,066	1,737,066
Transaction with owners, recorded directly in equity							
Final dividend for the thirteen months ended December 31, 2010 @ Rs. 3 per share	-	-	-	-	(293,701)	(293,701)	(293,701)
Interim dividend for the year ended December 31, 2011 @ Rs 2 per share	-	-	-	-	(195,801)	(195,801)	(195,801)
Capital contribution from Abbott International LLC., USA	-	-	26,080	-	-	26,080	26,080
Balance as at December 31, 2011	979,003	46,097	177,150	2,438,422	1,545,511	4,207,180	5,186,183
Balance as at January 1, 2012	979,003	46,097	177,150	2,438,422	1,545,511	4,207,180	5,186,183
Transfer from unappropriated profit to general reserve made subsequent to the year ended December 31, 2011	-	-	-	1,150,000	(1,150,000)	-	-
Total comprehensive income for the year ended December 31, 2012							
Profit for the year	-	-	-	-	2,090,095	2,090,095	2,090,095
Other comprehensive income for the year, net of tax	-	-	-	-	77,357	77,357	77,357
Total comprehensive income for the year	-	-	-	-	2,167,452	2,167,452	2,167,452
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2011 @ Rs. 4 per share	-	-	-	-	(391,601)	(391,601)	(391,601)
Interim dividend for the year ended December 31, 2012 @ Rs. 3 per share	-	-	-	-	(293,701)	(293,701)	(293,701)
Capital contribution from Abbott International LLC., USA	-	-	39,061	-	-	39,061	39,061
Balance as at December 31, 2012	979,003	46,097	216,211	3,588,422	1,877,661	5,728,391	6,707,394

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

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 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, diabetic care, molecular devices, hospital and consumer products and in providing toll manufacturing services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 certain financial instruments which are measured at fair value.

2.1.3 Adoption of amended standards

During the year, amendments to following standards became effective, however, their application did not have material impact on the financial statements of the Company:

- Amendments to IAS 12 - Income Taxes - Deferred Tax: Recovery of underlying assets
- Amendments to IFRS 7 - Financial Instruments: Disclosures - Transfer of financial assets

2.1.4 Amendments to published standards and new interpretation to existing standard that are not yet effective and have not been early adopted by the Company

The following amendments to published standards and new interpretation to existing standard are effective for accounting periods, beginning on or after the date mentioned against them:

- IFRS 7 - 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after January 1, 2013) - These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 'Financial Instruments: Presentation'. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.
- IAS 1 - 'Presentation of Financial Statements' (effective for annual periods beginning on or after July 1, 2012) - retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.
- IAS 19 - 'Employee Benefits' (effective for annual periods beginning on or after January 1, 2013) - The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company is already recognising actuarial gains and losses in other comprehensive income since last few years, as allowed under this IAS.
- IAS 32 'Financial Instruments: Presentation' - (effective for annual periods beginning on or after January 1, 2014) - These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' - (effective for annual periods beginning on or after January 1, 2013) - This interpretation applies to all types of natural resources that are extracted using a surface mine activity process, and addresses the issues pertaining to the recognition of production stripping cost as an asset, initial measurement of stripping activity at cost and subsequent measurement of stripping activity asset at depreciated or amortised cost based on a systematic basis over the expected useful life of the identified component of ore body.

The above mentioned amendments to published standards and new interpretation to existing standard are either not relevant to the Company's operations or not expected to have significant impact on the Company's financial statements other than increase in disclosure in certain cases.

2.1.5 Other standards issued by IASB but not adopted by Securities and Exchange Commission of Pakistan (SECP)

The IASB has also issued following standards that have not been adopted in Pakistan by the SECP.

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS13 - Fair Value Measurement
- IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

2.1.6 Critical accounting estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

i) Property, plant and equipment (note 2.3 and note 8.1);

ii) Provision for slow moving and obsolete stock-in-trade (note 2.6 and note 13);

iii) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 2.14 and note 21);

iv) Provision for taxation (note 2.9, note 5 and note 27); and

v) Share based compensation (note 2.23 and 30).

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 Pakistani Rupees, which is also the Company's functional 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, which is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Leased

Leased asset comprises of leasehold land which is stated at cost less accumulated amortisation and 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 profit and loss account 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 economic 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 profit and loss account as and when incurred.

(f) Capital work-in-progress

This is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when the assets are available for use.

2.4 Intangible asset

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Intangible asset with finite life is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any. It is amortised on a straight line basis over its estimated useful life.

The amortisation period for intangible assets with finite useful lives is reviewed at each year end and is changed to reflect the useful life expected at respective year end.

2.5 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.

2.6 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.

2.7 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised 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 to 'other operating income' in the profit and loss account.

2.8 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.

2.9 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 tax under 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 that 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset may be utilised.

Deferred tax is determined using tax rates and laws that have been enacted or substantively 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.

2.10 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.

2.11 Trade and other payables

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

2.12 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.

2.13 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 embodying economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are reviewed at each balance sheet date to reflect the current best estimate.

2.14 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund (defined contribution plan) for all permanent employees who have completed six months' service. Equal monthly contributions are made by the Company and its employees at the specified rate. The contribution of the Company is charged to profit and loss account as and when incurred.

Defined benefit plan

The Company operates 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 in other comprehensive income and presented in the statement of comprehensive income.

Staff retirement benefits are payable to employees on completion of the prescribed qualifying period of service under the scheme.

2.15 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.

2.16 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.

2.17 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.

2.18 Revenue recognition

- Local sales are recognised as revenue upon transfer of significant risk and rewards of ownership, which coincides with delivery of goods to customers.
- Export sales are recognised as revenue upon transfer of significant risk and rewards of ownership, which coincides with date of shipment
- Service income is recognised when the related services are rendered.
- Income on investments / deposits is accrued on a time proportionate basis, taking into account the effective interest rates.

2.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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.

2.20 Financial instruments

All 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.

2.21 Offsetting

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.

2.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

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, general healthcare products and in providing toll manufacturing services.

2.23 Share based compensation

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

2012	2011		2012	2011
Number of shares			(Rupees '000)	

3. AUTHORISED CAPITAL

200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000	2,000,000

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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, determined pursuant to merger of Abbott Laboratories (Pakistan) Limited with Knoll Pharmaceutical Limited in accordance with the swap ratio stipulated therein	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
97,900,302	97,900,302		979,003	979,003

As at December 31, 2012, Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding company is Abbott International LLC., USA.

5. DEFERRED TAXATION

	2012	2011
Deferred tax liability arising due to accelerated tax depreciation allowance	241,000	212,076
Deferred tax asset arising in respect of provisions	(51,443)	(46,857)
	189,557	165,219

	Note	2012	2011
		(Rupees '000)	

6. TRADE AND OTHER PAYABLES

	Note	2012	2011
Creditors		66,166	120,402
Accrued liabilities		736,093	662,690
Advances from customers		191,532	147,827
Material on loan		-	1,586
Unclaimed dividends		6,862	6,522
Bills payable	6.1	519,280	280,652
Payable to related parties	6.2	43,979	37,970
Sales tax payable		28,012	28,082
Workers' Profit Participation Fund	6.3	161,876	127,542
Central Research Fund		57,515	27,069
Workers' Welfare Fund		95,510	70,420
Staff pension fund	21.1.1	519,868	531,817
Others		6,218	11,348
		2,432,911	2,053,927

6.1 Bills payable include the following amounts payable to related parties:

Other related parties

	2012	2011
Abbott Pharmaceuticals, Inc. Puerto Rico	-	57,837
Abbott Health Care Puerto Rico	59,320	-
Abbott Diagnostics GmBH	8,683	21,040
Abbott Logistics B.V.	131,364	166,639
Abbott Laboratories (Singapore) PTE Ltd.	27,504	15,858
Abbott Products Operation AG	149,306	-
Abbott International LLC., USA	68,190	6,531
Abbvie Logistics	55,781	-
Abbvie Inc.	2,168	-
	502,316	267,905

	Note	2012	2011
		(Rupees '000)	
6.2 Payable to related parties represents the following amounts payable to:			
Other related parties			
Abbott Australasia Pty Limited		244	210
Abbott Laboratories Int'l		78	-
Abbott International LLC., USA		32,248	26,946
Abbott Mearo		515	270
Abbott Laboratories (Singapore) PTE Ltd.		3,229	-
Abbott Manufacturing (Singapore) PTE Ltd.		493	-
Abbott Laboratories Ireland Ltd.		592	-
Abbott Labs (Malaysia) SDN BHD		734	-
Abbott Laboratories GmbH		4,565	-
Abbott China		-	388
Abbott Pharmaceuticals, Inc. Puerto Rico		-	8,895
Abbott Laboratories S.A.		-	1,064
Abbott Laboratories Philippines		211	196
Abbott Gmbh & Co KG		2	1
Abbvie Inc.		1,068	-
		43,979	37,970
6.3 Workers' Profit Participation Fund			
Balance at the beginning of the year		127,542	3,526
Allocation for the year	25	161,876	127,542
		289,418	131,068
Less: Amount paid to the fund		127,542	3,526
		161,876	127,542

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The Company has given bank guarantees of Rs. 110.557 million (2011: Rs. 96.064 million) to the Customs Department, a utility company and other institutions against tenders.

7.1.2 The returns of total income for four tax years (Tax Years 2005 - 2008) were selected for audit by the tax authority. The Taxation Officer disallowed certain expenses claimed by the Company against which the Company filed appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) allowed certain expenses, however, maintained majority of the disallowances resulting in tax demand of Rs. 239.695 million. The Company has now filed the appeals before he Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication.

Management is of the view that the position of the Company is sound and eventual outcome is expected to be in Company's favour. Therefore, no provision has been made in the financial statements.

7.1.3 The Company has filed a reference application before the High Court of Sindh for assessment years 1997-98, 1999-00 to 2002-03 in respect of certain disallowances resulting in a tax demand of Rs. 154.500 million, which is pending adjudication.

Management is of the view that the position of the Company is sound and eventual outcome is expected to be in Company's favour. However, being prudent, management has made a provision of Rs. 80 million in the financial statements.

7.2 Commitments

7.2.1 Commitments for capital expenditure aggregated approximately Rs. 127.907 million (2011: Rs. 23.501 million).

7.2.2 The Company has obtained short-term financing facilities from various commercial banks amounting to Rs. 1,372 million (2011: Rs. 1,349 million). These facilities can be utilised for letters of credit, guarantees and running finance / short-term loans. However, the running finance / short-term loan utilisation cannot exceed Rs. 310 million (2011: Rs. 310 million). The running finance / short-term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (2011: KIBOR plus 1% to KIBOR plus 2%) 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 at the balance sheet date. Commitments in respect of letters of credit as at balance sheet date aggregated to Rs. 368.054 million (2011: Rs. 234.371 million).

	Note	2012	2011
		(Rupees '000)	
8. FIXED ASSETS			
Property, plant and equipment			
Operating fixed assets	8.1	2,287,971	1,877,749
Capital work-in-progress	8.5	341,183	420,313
		2,629,154	2,298,062

Notes to the Financial Statements

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 equipments- note 8.2	Total
	(Rupees '000)									
At December 31, 2010										
Cost	20,679	2,718	324,617	66,683	2,060,320	249,570	66,391	181,303	496,903	3,469,184
Accumulated depreciation / amortisation	-	747	172,789	61,509	1,180,998	75,342	43,980	160,667	288,510	1,984,542
Net book value	20,679	1,971	151,828	5,174	879,322	174,228	22,411	20,636	208,393	1,484,642
Year ended December 31, 2011										
Opening net book value	20,679	1,971	151,828	5,174	879,322	174,228	22,411	20,636	208,393	1,484,642
Additions / transfers	-	-	-	-	372,518	83,590	32,368	18,401	180,539	687,416
Disposals / write offs										
Cost	-	-	-	-	87,682	46,869	1,934	12,601	19,766	168,852
Depreciation	-	-	-	-	82,888	27,336	1,934	12,474	19,766	144,398
	-	-	-	-	4,794	19,533	-	127	-	24,454
Depreciation / amortisation charge for the year	-	29	7,392	1,279	120,709	38,394	10,153	11,458	80,441	269,855
Closing net book value	20,679	1,942	144,436	3,895	1,126,337	199,891	44,626	27,452	308,491	1,877,749
At December 31, 2011										
Cost	20,679	2,718	324,617	66,683	2,345,156	286,291	96,825	187,103	657,676	3,987,748
Accumulated depreciation / amortisation	-	776	180,181	62,788	1,218,819	86,400	52,199	159,651	349,185	2,109,999
Net book value	20,679	1,942	144,436	3,895	1,126,337	199,891	44,626	27,452	308,491	1,877,749
Year ended December 31, 2012										
Opening net book value	20,679	1,942	144,436	3,895	1,126,337	199,891	44,626	27,452	308,491	1,877,749
Additions / transfers	-	-	28,412	-	454,855	82,386	5,265	28,911	150,124	749,953
Disposals / write offs										
Cost	-	-	734	-	38,495	42,960	-	47,234	25,216	154,639
Depreciation	-	-	734	-	33,981	27,287	-	47,234	25,216	134,452
	-	-	-	-	4,514	15,673	-	-	-	20,187
Depreciation / amortisation charge for the year	-	29	7,991	985	136,590	44,254	11,706	14,336	103,653	319,544
Closing net book value	20,679	1,913	164,857	2,910	1,440,088	222,350	38,185	42,027	354,962	2,287,971
At December 31, 2012										
Cost	20,679	2,718	352,295	66,683	2,761,516	325,717	102,090	168,780	782,584	4,583,062
Accumulated depreciation / amortisation	-	805	187,438	63,773	1,321,428	103,367	63,905	126,753	427,622	2,295,091
Net book value	20,679	1,913	164,857	2,910	1,440,088	222,350	38,185	42,027	354,962	2,287,971
Annual rate of depreciation / amortisation										
2011	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	12.5-33	
2012	-	1.06	2-10	5-10	5-20	20-25	10-33	20-33	12.5-33	

8.2 Demonstration equipments of the Company are in the possession of various hospitals and clinics.

	Note	2012	2011
		(Rupees '000)	

8.3 **The depreciation charge for the year has been allocated as follows:**

	Note	2012	2011
Cost of goods sold and services	20	148,900	131,970
Selling and distribution expenses	22	147,401	118,497
Administrative expenses	23	23,243	19,388
		319,544	269,855

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	Particular of purchaser	
	(Rupees '000)						
Vehicles							
	1,239	372	867	867	Negotiation	Aurangzeb Khan	Ex-Employee
	312	250	62	326	Open Market Auction	Islam Sarwar	House No. 78, BI-6, PECHS, Karachi
	1,416	1,133	283	1,430	Open Market Auction	Atif Javed	No. 6 Commercial Complex, HCP Stadium Cantt, Karachi
	1,416	1,133	283	1,440	Open Market Auction	Atif Javed	No. 6 Commercial Complex, HCP Stadium Cantt, Karachi
	1,389	295	1,094	1,375	Insurance Claim	EFU	EFU House, M.A. Jinnah Road, Karachi
	1,047	726	321	419	Negotiation	Annus Raza	Employee
	1,329	498	831	930	Negotiation	Iffat Asim	Ex-Employee
	1,057	846	211	915	Open Market Auction	Muzammil & Co.	House No. 77 Landhi, Karachi
	1,048	839	209	955	Open Market Auction	Muzammil & Co.	House No. 77 Landhi, Karachi
	1,048	839	209	955	Open Market Auction	Muzammil & Co.	House No. 77 Landhi, Karachi
	1,416	1,133	283	1,447	Open Market Auction	Muhammad Yamin	Shop No. 17 Bahadrabad, Karachi
	7,000	4,200	2,800	2,800	Negotiation	Asif Jooma	Employee / CEO
	999	600	399	400	Negotiation	Saad Siddiqui	Employee
	1,022	777	245	1,000	Open Market Auction	Yadgar Auto	Gizri Clifton, Karachi
	312	250	62	315	Open Market Auction	Muhammad Abid	House No. 129 Area 5C 1 Landhi, Karachi
	1,329	565	764	930	Negotiation	Margrate Mendes	Ex-Employee
	936	711	225	374	Negotiation	Abid Ijaz	Employee
	999	637	362	400	Negotiation	Muhammad Ali	Employee
	1,010	606	404	404	Negotiation	Furkhanda Naz	Employee
	789	631	158	581	Open Market Auction	Shaikh Abdullah	House No. 9, Area 37-B, Landhi No. 1, Karachi
	1,050	630	420	420	Negotiation	Haider Abbas	Employee
	879	703	176	950	Negotiation	Mansoor Ali	Employee
	967	774	193	715	Negotiation	Syed Arshad Ali	Employee
	1,103	662	441	441	Negotiation	Syed Ali Salman	Employee
	779	467	312	312	Negotiation	Babar	Employee
	779	467	312	312	Negotiation	Meher Elahi	Employee
	1,319	791	528	528	Nagotiation	Samia Nasar	Employee
	1,319	791	528	528	Negotiation	Altaf Hameed	Employee
	1,119	671	448	447	Negotiation	Javed Bukhari	Employee
	1,119	895	224	831	Open Market Auction	Zahid Qadri	House No. R-536, 15-A/4, Buffer zone, Karachi
	4,677	2,806	1,871	1,871	Negotiation	Syed Anis Ahmed	Employee / Director
	737	589	148	724	Open Market Auction	M. Imran & M. Younus	F.B. Area, Karachi
Plant and machinery							
	6,102	5,684	418	-	-	Write-off	
	4,603	4,371	232	-	-	Write-off	
	2,069	1,916	153	-	-	Write-off	
	21,329	19,602	1,727	-	-	Write-off	
	4,381	2,397	1,984	258	-	Zahir Shah	Landhi, Karachi

8.5 Capital work-in-progress

	Plant and machinery	Vehicles	Others	Total
	(Rupees '000)			
At December 31, 2010	313,052	10,908	68,994	392,954
Additions	431,103	93,824	189,848	714,775
Transferred to operating fixed assets	(372,518)	(83,590)	(231,308)	(687,416)
At December 31, 2011	371,637	21,142	27,534	420,313
Additions	360,421	61,945	99,070	521,436
Transferred to operating fixed assets	(408,636)	(82,386)	(109,544)	(600,566)
At December 31, 2012	323,422	701	17,060	341,183

9. INTANGIBLE ASSET

Intangible asset include rights acquired from Highnoon Laboratories Limited against transfer of technical, marketing and sales know-how and assignment of other necessary rights and requisites for marketing and selling ex-Solvay products in Pakistan, following a global acquisition of Solvay Pharmaceuticals by Abbott International, the ultimate holding company.

	Note	2012	2011
		(Rupees '000)	
Cost			
Opening balance		86,100	-
Additions		-	86,100
Balance as at December 31,		86,100	86,100
Accumulated amortisation			
Opening balance		10,045	-
Amortisation charge	22	17,220	10,045
Balance as at December 31,		27,265	10,045
Net book value			
Cost		86,100	86,100
Accumulated amortisation		(27,265)	(10,045)
Balance as at December 31,		58,835	76,055
		Years	
Useful life		5	5

	Note	2012	2011
		(Rupees '000)	
10. LONG-TERM LOANS AND ADVANCES - considered good			
Long-term loans			
Due from:			
- Executives	10.1	11,046	4,837
- Employees		57,411	61,561
	10.2	68,457	66,398
Less: recoverable within one year			
- Executives		4,955	1,948
- Employees		22,252	24,448
	15	27,207	26,396
		41,250	40,002
Long-term advances			
- Employees		3,031	2,674
		44,281	42,676

10.1 Reconciliation of carrying amount of long-term loans to executives:

	2012	2011
Opening balance	4,837	1,944
Disbursements	3,504	2,370
Transfer of balances of employee cadre to executive cadre	9,287	3,122
Less: Repayments	6,582	2,599
Closing balance	11,046	4,837

10.2 Loans given to executives and employees are in accordance with the Company 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 refrigerators, 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.

10.3 The maximum aggregate amount of loans due from the executives at the end of any month during the year were Rs. 12.993 million (2011: Rs. 5.728 million).

	Note	2012	2011
		(Rupees '000)	
11 LONG-TERM DEPOSITS			
Deposits		3,737	5,214
Provision for doubtful deposits	11.1	-	(1,118)
		3,737	4,096

		Note	2012	2011
			(Rupees '000)	
11.1	**Reconciliation of provision for doubtful deposits**			
	Opening provision		1,118	1,118
	Write off for the year		(1,118)	-
	Closing provision		-	1,118
12	**STORES AND SPARES**			
	Stores		71,567	48,850
	Spares [including spares-in-transit Rs. 19.144 million (2011: Rs. 2.691 million)]		83,385	59,787
			154,952	108,637
	Less: Provision for slow moving and obsolete items	12.1	33,108	31,750
			121,844	76,887
12.1	**Reconciliation of provision for slow moving and obsolete items**			
	Opening provision		31,750	29,576
	Charge for the year		1,358	2,174
	Closing provision		33,108	31,750
13	**STOCK-IN-TRADE**			
	Raw and packing materials [including stock-in-transit of Rs. 190.041 million (2011: Rs. 130.673 million)]		1,457,062	1,362,504
	Work-in-process	20	143,020	191,222
	Finished goods [including stock-in-transit of Rs. 126.591 million (2011: Rs. 122.281 million)]	20	962,058	893,671
			2,562,140	2,447,397
	Less: Provision for slow moving and obsolete items	13.2	135,579	130,835
			2,426,561	2,316,562

13.1 Stock-in-trade includes items costing Rs. 160.187 million (2011: Rs. 95.728 million) valued at net realisable value of Rs. 153.354 million (2011: Rs. 85.728 million) resulting in a write down of Rs. 6.833 million (2011: 10.000 million).

		Note	2012	2011
			(Rupees '000)	
13.2	**Reconciliation of provision for slow moving and obsolete items**			
	Opening provision		130,835	107,948
	Charge for the year		47,453	39,874
	Write off during the year		(42,709)	(16,987)
	Closing provision		135,579	130,835
14	**TRADE DEBTS**			
	Considered good:			
	Secured		189,969	148,641
	Unsecured			
	- Due from other related party	14.1	11,764	3,840
	- Others		365,001	259,332
			566,734	411,813
	Considered doubtful:			
	Unsecured		29,701	13,525
			596,435	425,338
	Less: Provision for doubtful debts	14.2	29,701	13,525
			566,734	411,813
14.1	**Due from other related party**			
	Abbott Logistics B.V.		11,764	3,840
14.2	**Reconciliation of provision for doubtful debts**			
	Opening provision		13,525	14,393
	Charge for the year	25	16,176	59
	Write off during the year		-	(927)
	Closing provision		29,701	13,525
15	**LOANS AND ADVANCES - considered good**			
	Current portion of long-term loans	10	27,207	26,396
	Advance to:			
	- Executives		3,997	1,708
	- Employees		1,245	374
			5,242	2,082
	- Suppliers		90,859	145,430
			96,101	147,512
			123,308	173,908

15.1 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. 2.501 million, Rs. 1.547 million and Rs. 13.119 million (2011: Rs. 2.192 million, Rs. 0.191 million and Rs. 8.740 million) respectively.

	Note	2012 (Rupees '000)	2011 (Rupees '000)
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Considered good			
Trade deposits		42,460	36,787
Prepayments [including sample inventory Rs. 46.911 million (2011: Rs. 46.343 million)]		109,321	114,451
		151,781	151,238
Considered doubtful			
Trade deposits		2,161	2,161
		153,942	153,399
Less: Provision for doubtful trade deposits		2,161	2,161
		151,781	151,238
17. OTHER RECEIVABLES			
Considered good			
Due from related parties	17.1	42,942	20,149
Material on loan		15,146	14,479
Insurance claim receivable		12,048	3,955
Service fee for toll manufacturing		163	163
Others		10,467	14,392
		80,766	53,138
Considered doubtful		2,209	2,057
		82,975	55,195
Less: Provision for doubtful other receivables	17.2	2,209	2,057
		80,766	53,138

	Note	2012 (Rupees '000)	2011 (Rupees '000)
17.1 Due from related parties			
Abbott International		938	3,158
Abbott Laboratories (Singapore) PTE Ltd.		23,934	10,719
Abbott International LLC., USA		338	4,134
Abbott Laboratories Philippines		243	852
Abbott Laboratories Indonesia		62	992
Abbott Products Operation AG		13,512	-
Abbott Laboratories Mexico		-	113
Abbott Laboratories Malaysia		-	181
Abbvie Inc.		3,915	-
		42,942	20,149
17.2 Reconciliation of provision for doubtful other receivables			
Opening provision		2,057	1,876
Charge for the year	25	152	181
Closing provision		2,209	2,057
18 CASH AND BANK BALANCES			
With banks			
Savings accounts:			
- Local currency	18.1	296,721	195,839
- Foreign currency		150,398	116,935
		447,119	312,774
Deposit accounts			
- Local currency	18.2	2,300,000	1,100,000
Current accounts:			
- Local currency		6,341	11,140
		2,753,460	1,423,914
In hand			
- Foreign currency		1,368	1,712
- Local currency		2,043	1,466
Cheques and drafts in hand and in transit		33,341	26,235
		2,790,212	1,453,327

18.1 These savings accounts carry markup rate of 6.00% (2011: 5.00%).

18.2 These deposit accounts carry markup rate of 8.00% (2011: 10.80% to 11.50%)

	Note	2012	2011
		(Rupees '000)	
19 SALES - NET			
Local	14,918,129	12,674,777	
Export - to related parties	32	79,183	56,959
Export - to others		605,997	598,650
		685,180	655,609
		15,603,309	13,330,386
Service fee for toll manufacturing		21,804	-
Less:			
Sales returns and discounts		70,152	77,273
Sales tax and excise duty		338,708	306,145
		408,860	383,418
		15,216,253	12,946,968

	Note	2012	2011
		(Rupees '000)	
20 COST OF GOODS SOLD AND SERVICES			
Opening work-in-process		191,222	95,785
Raw and packing materials consumed		5,444,243	5,021,580
		5,635,465	5,117,365
Manufacturing expenses:			
Salaries, wages, allowances and staff welfare	20.1	964,384	872,303
Stores and spares consumed		69,912	94,562
Fuel and power		233,418	186,725
Depreciation	8.3	148,900	131,970
Repairs and maintenance		86,154	105,261
Technical service fee	32	111,213	99,686
Insurance		10,166	7,392
Printing and stationery		4,094	4,408
Travelling and entertainment		7,983	6,501
Rent, rates and taxes		2,515	2,105
Laboratory testing supplies		17,268	21,117
Computer expenses		22,602	24,015
Postage, telephone and telegram		10,224	10,496
Others	20.2	90,978	100,008
		1,779,811	1,666,549
		7,415,276	6,783,914
Closing work-in-process	13	(143,020)	(191,222)
Cost of goods manufactured and services		7,272,256	6,592,692
Finished goods			
Opening stock		893,671	862,932
Purchases		2,309,556	1,718,537
		10,475,483	9,174,161
Closing stock	13	(962,058)	(893,671)
		9,513,425	8,280,490

20.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 120.217 million - note 21.3 (2011: net charge of Rs. 119.889 million) in respect of staff retirement benefits.

	Note	2012	2011
		(Rupees '000)	
20.2 Details of other expenses			
Other fees and purchased services		33,615	41,341
Recruitment and training expenses		1,860	1,554
Membership and subscription		300	320
Conference expenses		722	23
Miscellaneous expenses		54,481	56,770
		90,978	100,008

21 STAFF RETIREMENT BENEFITS

21.1 Defined benefit scheme

As mentioned in note 2.14, the Company operates a funded pension scheme for all its permanent employees. Contributions are made to the scheme based on actuarial recommendations. The actuarial valuation was carried out as at December 31, 2012 using the Projected Unit Credit Method.

	Note	2012	2011
		(Rupees '000)	
21.1.1 Amounts recognised in the balance sheet:			
Present value of the defined benefit obligation	21.1.2	2,598,502	2,297,069
Less: Fair value of the plan assets	21.1.3	2,078,634	1,765,252
Deficit	6	519,868	531,817
21.1.2 Movement in the present value of the defined benefit obligation:			
Obligation at beginning of the year		2,297,069	2,088,619
Current service cost		120,345	106,604
Interest cost		291,940	289,584
Benefits paid		(105,998)	(116,791)
Actuarial gain		(4,854)	(70,947)
Obligation at end of the year		2,598,502	2,297,069

	Note	2012	2011
		(Rupees '000)	
21.1.3 Movement in the fair value of plan assets:			
Fair value at beginning of the year		1,765,252	1,536,039
Expected return on plan assets		207,655	193,131
Company contributions	32	110,170	97,596
Benefits paid		(105,998)	(116,791)
Actuarial gain		101,555	55,277
Fair value at end of the year		2,078,634	1,765,252
21.1.4 Movement in liability:			
Staff pension fund at beginning of the year		531,817	552,580
Charge for the year	21.1.6	204,630	203,057
Actuarial gain recognised in other comprehensive income	21.1.7	(106,409)	(126,224)
Company contributions		(110,170)	(97,596)
Staff pension fund at end of the year		519,868	531,817
21.1.5 Plan assets are comprised as follows:			
Debt		1,294,421	637,750
Equity		739,005	550,621
Bank balances		45,208	576,881
		2,078,634	1,765,252
21.1.6 Amount recognised in profit and loss:			
Current service cost		120,345	106,604
Interest cost		291,940	289,584
Expected return on plan assets		(207,655)	(193,131)
	21.3	204,630	203,057

		Note	2012	2011
			(Rupees '000)	
21.1.7	**Amount recognised in other comprehensive income:**			
	Actuarial gains		106,409	126,224
21.1.8	**Actual return on plan assets**		309,210	248,408
			(Percent per annum)	
21.1.9	**Principal actuarial assumptions used were as follows:**			
	Discount rate		11.50	13.00
	Expected return on plan assets		11.50	13.00
	Future salary increases		9.50	10.75
	Future pension increases		3.25	4.75

21.1.10 Pension plan assets include the Company's ordinary shares with a fair value of Rs. 99.600 million (2011: Rs. 43.700 million).

21.1.11 The expected return on plan assets was taken as 11.50%, which is representative of yields on long-term Government Bonds and term deposits with banks.

21.1.12 Expected contributions to the plan for the year ending December 31, 2013 is Rs. 194 million.

21.1.13 **Five year data on the deficit of the plan is as follows:**

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2009	November 30, 2008
			(Rupees '000)		
Present value of defined benefit obligation	2,598,502	2,297,069	2,088,619	1,741,442	1,505,257
Fair value of plan assets	2,078,634	1,765,252	1,536,039	1,316,127	931,597
Deficit	519,868	531,817	552,580	425,315	573,660

21.1.14 **Five year data on experience adjustments is as follows:**

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2009	November 30, 2008
			(Percentage)		
Experience adjustments on plan liabilities - (gain) / loss	1	(3)	4	(1)	6
Experience adjustments on plan assets- gain / (loss)	5	3	2	20	(65)

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

21.2 **Defined contribution scheme**

An amount of Rs. 52.611 million (2011: Rs. 46.172 million) has been charged during the year in respect of the contributory provident fund maintained by the Company.

		Note	2012	2011
			(Rupees '000)	
21.3	**Staff retirement benefit cost recognised in the profit and loss account:**			
	Pension cost	21.1.6	204,630	203,057
	Less: Reimbursement from related party	32	(3,339)	(3,931)
	Provident fund contribution	32	52,611	46,172
	E.O.B.I.		6,767	6,049
			260,669	251,347
	Allocated as:			
	Cost of goods sold and services	20.1	120,217	119,889
	Selling and distribution expenses	22.1	105,458	98,913
	Administrative expenses	23.1	34,994	32,545
			260,669	251,347

	Note	2012 (Rupees '000)	2011
22. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages, allowances and staff welfare	22.1	742,446	614,163
Rent, rates and taxes		31,843	30,591
Repairs and maintenance		12,947	16,440
Royalty		21,326	19,510
Insurance		7,454	7,614
Depreciation	8.3	147,401	118,497
Amortisation of intangible asset	9	17,220	10,045
Legal, professional and other services		24,906	20,094
Postage, telephone and telegram		21,050	15,903
Printing and stationery		11,043	8,930
Travelling, conveyance and entertainment		296,879	219,056
Advertising, samples and sales promotion		570,615	486,474
Forwarding expenses		189,359	187,877
Electricity		9,245	11,436
Computer expenses		17,568	20,533
Training and development expenses		15,002	15,920
Packing and miscellaneous supplies		17,904	18,848
Distributors commission		70,007	85,113
Others	22.2	52,981	45,579
		2,277,196	1,952,623
Less: Reimbursement from related party	32	64,775	58,233
		2,212,421	1,894,390

22.1 Salaries, wages, allowances and staff welfare include a net charge of Rs. 105.458 million - note 21.3 (2011: net charge of Rs. 98.913 million) in respect of staff retirement benefits.

22.2 Details of other expenses

	2012	2011
Other fees and purchased services	24,025	19,321
Security expenses	6,804	7,062
Membership and subscription	302	127
Air conditioning expenses	9,783	8,410
Housekeeping expenses	3,215	2,925
Water charges	283	213
Purchased gas	246	339
Miscellaneous expenses	8,323	7,182
	52,981	45,579

	Note	2012 (Rupees '000)	2011
23. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances and staff welfare	23.1	238,952	190,347
Rent, rates and taxes		11,745	10,433
Repairs and maintenance		4,565	6,720
Insurance		2,268	1,983
Depreciation	8.3	23,243	19,388
Legal, professional and other services		8,986	6,981
Postage, telephone and telegram		6,854	6,356
Printing and stationery		1,946	1,800
Travelling, conveyance and entertainment		14,136	16,690
Electricity		6,300	5,124
Computer expenses		13,179	15,525
Training and development expenses		720	1,491
Miscellaneous office supplies		2,075	1,731
Others	23.2	18,281	19,150
		353,250	303,719
Less: Reimbursement from related party	32	8,756	7,896
		344,494	295,823

23.1 Salaries, wages, allowances and staff welfare includes a net charge of Rs. 34.994 million - note 21.3 (2011: net charge of Rs. 32.545 million) in respect of staff retirement benefits.

23.2 Details of other expenses

	2012	2011
Other fees and purchased services	2,783	5,053
Security expenses	1,587	1,593
Membership and subscription	4,916	3,508
Air conditioning expenses	5,048	4,921
Housekeeping expenses	2,266	2,214
Water charges	197	152
Miscellaneous expenses	1,484	1,709
	18,281	19,150

	Note	2012	2011
		(Rupees '000)	
24. OTHER OPERATING INCOME			
Gain on disposal of fixed assets		6,413	-
Interest income	24.1	160,141	133,548
Scrap sales		10,105	3,078
Others		6,771	5,840
		183,430	142,466

24.1 Interest income include an amount of Rs. 16.607 million (2011: Rs. 12.443 million) on account of interest income earned from Abbott Labs PTE Ltd., Singapore, a related party at the rate of 10% (2011: 15.6%) of half of the written down value of assets deployed by the Company on their behalf in the Company's diagnostic division in Pakistan.

	Note	2012	2011
25 OTHER OPERATING CHARGES			
Workers' Profit Participation Fund	6.3	161,876	127,542
Auditors' remuneration	25.1	1,691	2,183
Loss on disposal of fixed assets		-	207
Donations	25.2	794	1,409
Workers' Welfare Fund		61,513	48,466
Central Research fund		30,446	23,988
Provision for doubtful other receivables	17.2	152	181
Provision for doubtful trade debts	14.2	16,176	59
Exchange loss		40,332	36,654
		312,980	240,689

	2012	2011
25.1 Auditors' remuneration		
Statutory audit fee	1,350	1,350
Special certifications	265	750
Out of pocket expenses	76	83
	1,691	2,183

25.2 Donations include following amount paid to a donee in which the Company's Chief Executive has interest:

Payee	Relationship	2012 (Rupees '000)	2011
Overseas Investors Chamber of Commerce & Industries (OICCI)	Asif Jooma, Chief Executive of the Company-president/member of OICCI Managing Committee	-	100

	2012	2011
26. FINANCE COST		
Bank charges	2,226	3,216
27. TAXATION - net		
Current		
- Current year	826,895	653,597
- Prior year	72,809	26,606
	899,704	680,203
Deferred	24,338	50,037
	924,042	730,240

	2012	2011
27.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	3,014,137	2,374,826
Tax rate	35%	35%
Tax on accounting profit	1,054,948	831,189
Tax for prior years	72,809	26,606
Tax effect of:		
- Expenses that are not deductible in determining taxable profit	13,949	9,621
- Applying lower tax rates to certain income	(169,531)	(140,023)
- BMR rebate	(45,485)	-
- 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)	(2,648)	2,847
	924,042	730,240

		Note	2012	2011
			(Rupees '000)	
28.	**EARNINGS PER SHARE - BASIC / DILUTED**			
	Profit for the year		2,090,095	1,644,586
			Number of shares	
	Weighted average number of ordinary shares in issue during the year		97,900,302	97,900,302
			(Rupees)	
	Earnings per share		21.35	16.80

28.1 There is no dilutive effect on the basic earnings per share of the Company.

		Note	2012	2011
			(Rupees '000)	
29.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		3,014,137	2,374,826
	Adjustment for:			
	Depreciation	8.3	319,544	269,855
	Amortisation on intangible asset	9	17,220	10,045
	(Gain) / Loss on disposal of property, plant and equipment	24 & 25	(6,413)	207
	Interest income	24	(160,141)	(133,548)
	Expenses recognised in profit or loss in respect of equity-settled share-based compensation		39,061	26,080
	Pension retirement benefit		94,460	105,461
	Finance cost	26	2,226	3,216
	Working capital changes	29.1	139,569	(93,007)
			3,459,663	2,563,135

		2012	2011
29.1	**Working capital changes**		
	(Increase) / decrease in current assets net of provision		
	Stores and spares	(44,957)	(4,457)
	Stock-in-trade	(109,999)	(246,929)
	Trade debts	(154,921)	(148,546)
	Loans and advances	50,600	(43,040)
	Trade deposits and short-term prepayments	(543)	(17,068)
	Other receivables	(27,628)	26,577
		(287,448)	(433,463)
	Increase in current liabilities		
	Trade and other payables - net	427,017	340,456
		139,569	(93,007)

30. SHARE BASED COMPENSATION

Share-based compensation plans

As at December 31, 2012, the Company's equity settled share-based compensation plan includes restricted stock units plan.

Under the plan, the Company employees, eligible as per policy are awarded restricted stock units of Abbott International LLC., USA (the "Parent company"). The plan entitles eligible employees shares of the parent company which are vested equally over next three years, subject to certain vesting conditions.

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

The fair value of restricted stock units plan is measured at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2011	2010	2009
Volatility	21.00%	22.00%	22.00%
Dividend yield	4.10%	3.20%	3.00%
Risk free interest rate	2.70%	2.90%	2.70%

A summary of units outstanding is given below:

	2012		2011	
	Average exercise Price per stock unit (USD)	Stock units	Average exercise Price per stock unit (USD)	Stock units
At January 1,	49.05	7,097	48.18	6,778
Granted	55.25	10,655	46.67	7,300
Exercised / cancelled	52.31	8,158	45.72	6,981
At December 31,	53.15	9,594	49.05	7,097

Stock units outstanding at the end of the year have the following expiry date and exercise prices:

	2012		2011	
	Stock Units	Exercise Price (USD)	Stock Units	Exercise Price (USD)
Year of vesting				
2012	-	-	4,294	50.09
2013	6,091	51.98	2,611	47.53
2014	3,288	55.12	192	46.59
2015	215	56.26	-	-
	9,594	53.15	7,097	49.05

Notes to the Financial Statements

31. 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.

32. 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	2012	2011
		(Rupees '000)	
Other related parties			
Sales of goods	19	79,183	56,959
Purchase of materials		2,623,855	2,154,880
Technical service fee	20	111,213	99,686
Reimbursements from a related party on account of:			
Selling and distribution expenses	22	64,775	58,233
Administrative expenses	23	8,756	7,896
Pension Fund	21.3	3,339	3,931
Interest income earned	24.1	16,607	12,443
Contributions paid in respect of staff retirement benefit plans			
Pension Fund	21.1.3	110,170	97,596
Provident Fund	21.3	52,611	46,172
Key management personnel			
Short-term employee benefits		129,573	114,444
Post-employment benefits		17,439	14,835

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

32.2 Outstanding balances in respect of related party sales and purchases, reimbursement and staff retirement benefits are included in notes 6, 14, 17 and 21.

32.3 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 10 and note 15.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2012			2011		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
Short-term employee benefits						
Managerial remuneration	33,593	30,487	446,215	27,069	27,042	297,605
Leave passage / encashment	1,761	2,609	44,630	1,391	1,415	18,824
Medical expenses	18	363	18,441	34	264	12,288
Rent / utility / maintenance / furnishing -	178	727	-	197	615	
	35,372	33,637	510,013	28,494	28,918	329,332
Retirement benefits	4,540	4,533	68,995	3,782	3,681	46,879
	39,912	38,170	579,008	32,276	32,599	376,211
Number of persons	1	*2	265	1	*2	165

* Include 1 alternate Director

33.1 In addition, Rs. 39.061 million (2011: Rs. 26.080 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 notes 2.23 and 30.

33.2 Managerial remuneration includes Rs. 90.090 million (2011: Rs. 62.150 million) charged in the profit and loss account in respect of bonus to chief executive, directors and certain executives of the Company.

33.3 Director and certain other executives are provided with free use of Company maintained cars, club membership and telephone facilities as per terms of employment.

33.4 The aggregate amount charged in these financial statements for fees to non-executive directors is Rs. 0.780 million (2011: Rs. 0.675 million).

34. SEGMENT WISE OPERATING RESULTS

	2012				2011			
	Pharma-ceutical	Nutritional	Others	Total	Pharma-ceutical	Nutritional	Other	Total
	(Rupees '000)							
Sales	11,673,819	2,221,693	1,707,797	15,603,309	10,122,143	1,841,335	1,366,908	13,330,386
Service fee for toll manufacturing	9,539	-	12,265	21,804	-	-	-	-
Less: Sales return and discounts	53,595	10,141	6,416	70,152	56,965	10,216	10,092	77,273
Less: Sales tax and excise duty	-	205,817	132,891	338,708	-	171,136	135,009	306,145
Sales - net	11,629,763	2,005,735	1,580,755	15,216,253	10,065,178	1,659,983	1,221,807	12,946,968
Cost of goods sold and services	7,376,422	1,203,260	933,743	9,513,425	6,505,903	1,002,736	771,851	8,280,490
Gross profit	4,253,341	802,475	647,012	5,702,828	3,559,275	657,247	449,956	4,666,478
Selling and distribution expenses	1,636,674	301,045	274,702	2,212,421	1,419,212	238,453	236,725	1,894,390
Administrative expenses	298,284	31,459	14,751	344,494	255,550	27,320	12,953	295,823
Segment result	2,318,383	469,971	357,559	3,145,913	1,884,513	391,474	200,278	2,476,265
Unallocated corporate expenses / income								
Other operating income				183,430				142,466
Other operating charges				312,980				240,689
Profit before finance cost and taxation				3,016,363				2,378,042
Finance cost				2,226				3,216
Profit before taxation				3,014,137				2,374,826
Taxation				924,042				730,240
				2,090,095				1,644,586
Other Information								
Segment assets employed	4,723,188	254,297	745,981	5,723,466	4,585,342	236,799	528,876	5,351,017
Unallocated corporate assets				3,606,396				2,054,312
Total assets				9,329,862				7,405,329
Segment liabilities	1,163,455	137,619	102,758	1,403,832	848,014	102,081	59,505	1,009,600
Unallocated corporate liabilities				1,218,636				1,209,546
Total liabilities				2,622,468				2,219,146
Capital expenditure during the year	491,847	13,195	165,781	670,823	544,318	3,562	166,895	714,775
Unallocated corporate capital expenditure				-				-
Total capital expenditure				670,823				714,775
Depreciation / amortisation	225,405	8,354	103,005	336,764	192,972	7,577	79,351	279,900
Unallocated depreciation / amortisation				-				-
Total depreciation / amortisation				336,764				279,900

34.1 Geographical information

Sales to external customers, net of return, discounts, sales tax and excise duty

	2012	2011
	(Rupees '000)	
Pakistan	14,531,073	12,291,359
Afghanistan	518,295	489,841
Srilanka	84,135	105,566
Netherland	79,183	56,959
Banagladesh	3,567	3,243
	15,216,253	12,946,968

34.2 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.

35 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 program focuses on minimising potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team 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 minimise the potential adverse effects of financial market on the Company's performance are as follows:

35.1 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.

	2012	2011
	(Rupees '000)	
The maximum exposure to credit risk at the reporting date is as follows:		
Loans and advances	76,730	71,154
Deposits	46,197	40,883
Trade debts	566,734	411,813
Accrued profit	2,973	1,425
Other receivables	65,620	38,659
Balance with banks	2,753,460	1,423,914
	3,511,714	1,987,848

The Company is not significantly 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.

As at December 31, 2012, trade debts of Rs. 153.553 million (2011: Rs. 140.905 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of trade debts past due but not impaired is as follows:

	2012	2011
61-90 days	25,212	32,171
91-180 days	39,109	47,109
181-360 days	58,560	35,116
Over 360 days	30,672	26,509
	153,553	140,905

The impaired trade debts and the basis of impairment are disclosed in notes 14 to 2.7 respectively.

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

Name of Bank	Rating Agency	Ratings Short-term	Ratings Long-term	Date of Rating	2012 (Rupees '000)	2011 (Rupees '000)
Deutsche Bank AG	S&P	A-1*	A+	Dec 2011	2,864	1,615
MCB Bank Limited	PACRA	A1+	AA+	June 2012	43	638
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	June 2012	640,900	299,748
HSBC Bank Middle East	Moody's	P-1	A1	Dec 2011	6	16
The Bank of Tokyo-Mitsubishi UFJ Limited	S&P	A-1	A+	July 2012	953,160	700,112
Citibank N.A.	Moody's	P-1	A1	June 2012	200,703	8,753
National Bank of Pakistan	JCR-VIS	A-1+	AAA	June 2012	2,479	2,275
Faysal Bank Limited	PACRA	A1+	AA	June 2012	71	67
Barclays Bank PLC	S&P	A-1	A+	June 2012	953,234	410,690

* Rating Outlook Negative

35.2 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 December 31, 2012, the Company's financial liabilities of Rs. 1,378.598 million (2011: Rs. 1,119.584 million) are all current and due in next financial year.

35.3 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 given below:

35.3.1 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:

	2012 Rupees	2012 US Dollars	2011 Rupees	2011 Us Dollars
	('000)			
Cash and cash equivalents	151,766	1,561	118,647	1,310
Due from related parties	54,706	563	23,989	265
Bills payable	(519,280)	(5,340)	(280,652)	(2,957)
Payable to related parties	(43,979)	(452)	(37,970)	(419)
	(356,787)	(3,668)	(175,986)	(1,801)

The following significant exchange rates were applied during the year

	Balance sheet date rate 2012	Balance sheet date rate 2011	Average rate 2012	Average rate 2011
	(Rupees)			
US Dollars	97.25	90.60	93.72	86.45

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. 24.741 million (2011: Rs. 12.187 million). This analysis assumed that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

35.3.2 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 saving and deposit accounts with banks.

	2012	2011
	(Rupees '000)	
Fixed rate instruments		
Financial assets	2,747,119	1,412,774

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.

35.4 Fair value of financial assets and liabilities

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

36. 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.

37. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In their meeting held on February 14, 2013, the Board of Directors of the Company have proposed a final cash dividend for the year ended December 31, 2012 of Rs. 4.0 per share (2011: cash dividend of Rs. 4.0 per share). This is in addition to interim cash dividend of Rs. 3.0 per share (2011: Rs. 2.0 per share). The total dividend declared for the year and dividend per share have been summarised below:

	2012	2011
	(Rupees '000)	
Cash dividend	685,302	587,402
	(Rupees)	
Cash dividend per share	7.00	6.00

In addition, the Board has proposed a transfer of Rs. 1,750.000 million from Unappropriated Profit to General Reserve (2011: Rs. 1,150.000 million).

The Financial statements for the year ended December 31, 2012 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 December 31, 2013.

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 14, 2013 by the Board of Directors of the Company.

Chief Executive

Director

Pattern of Shareholding

As At December 31, 2012

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares
1	100	777	29,291
101	500	606	163,146
501	1,000	270	209,429
1,001	5,000	515	1,071,636
5,001	10,000	85	600,555
10,001	15,000	23	284,989
15,001	20,000	8	136,144
20,001	25,000	10	232,734
25,001	30,000	3	82,775
30,001	35,000	2	63,051
35,001	40,000	3	109,174
45,001	50,000	2	91,895
55,001	60,000	2	115,400
60,001	65,000	1	64,050
75,001	80,000	1	80,000
85,001	90,000	1	85,600
140,001	145,000	1	140,627
210,001	215,000	1	211,103
235,001	240,000	1	236,766
340,001	345,000	1	342,535
395,001	400,000	1	396,869
405,001	410,000	1	410,000
415,001	420,000	1	418,120
435,001	440,000	1	438,689
440,001	445,000	1	442,105
455,001	460,000	1	458,834
490,001	495,000	1	490,926
500,001	505,000	1	502,289
600,001	605,000	1	603,822
605,001	610,000	1	607,628
695,001	700,000	2	1,396,764
725,001	730,000	1	729,237
745,001	750,000	1	746,093
780,001	785,000	1	780,150
830,001	835,000	3	2,500,624
1,135,001	1,140,000	1	1,137,977
1,240,001	1,245,000	1	1,242,596
1,315,001	1,320,000	1	1,316,692
2,670,001	2,675,000	1	2,670,538
76,000,001	76,300,000	1	76,259,449
	TOTAL	2,336	97,900,302

Categories of Shareholders

As At December 31, 2012

S. No.	Shareholder's Category	No. of Shareholders	No. of Shares	%
1	Associated Companies, Undertaking and Related Parties	3	77,189,064	78.84
2	Mutual Funds	8	4,748,594	4.85
3	Directors and their spouse(s) and minor children	7	37,243	0.04
4	Executives	30	23,043	0.02
5	Public Sector Companies and Corporations	1	830,624	0.85
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	14	1,765,591	1.80
7	Others	40	2,556,744	2.61
8	Individuals	2,233	10,749,399	10.99
	TOTAL	2,336	97,900,302	100.00

List of Associated Companies, Undertaking and Related Parties

S. No.	Folio	Name		Holding
1	4502	M/S. ABBOTT ASIA INVESTMENT LIMITED		76,259,449
2	03277-7217	TRUSTEES OF ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	490,926	
3	03277-2083	TRUSTEES OF ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	438,689	
		TOTAL		77,189,064

List of Mutual Funds

S. No.	Folio	Name	Holding
1	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	4,825
2	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	1,316,692
3	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	729,237
4	12534-28	MCBFSL - TRUSTEE UIRSF - EQUITY SUB FUND	13,322
5	12526-29	MCBFSL - TRUSTEE URSF - EQUITY SUB FUND	13,000
6	4171	N.B.P. TRUSTEE DEPARTMENT	880
7	2405	NATIONAL BANK OF PAKISTAN (TRUSTEE)	100
8	02154-27	NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENT NI(U)T FUND	2,670,538
		TOTAL	4,748,594

Categories of Shareholders

As At December 31, 2012

List of Directors and their spouse(s) and minor children

S. No.	Folio	Name	Holding
1	03277-144	MR. KAMRAN Y. MIRZA	36,098
2	4579	MR. ASIF JOOMA	1
3	4487	MR. MUNIR A. SHAIKH	1
4	4663	MR. ROLAND W. KAUT	1
5	4113	MR. THOMAS C. FREYMAN	1
6	06122-5280	MR. SHAMIM AHMAD KHAN	1,140
7	4607	SYED ANIS AHMED	1
		TOTAL	37,243

List of Executives

S. No.	Folio	Name	Holding
1	2114	MOHAMMAD ASHFAQ	1,269
2	2135	SHABBIR S NAJMEE	1,269
3	2144	MARIA D'SOUZA	1,610
4	2238	NASEEM AKHTAR	3,840
5	2243	AMJAD ALI	1,269
6	2270	RIAZ UL HASAN	112
7	2389	NOOR UL AMIN	2,552
8	03277-58176	MUHAMMED SHAKEEL HAROON	28
9	2257	MOHAMMAD SHAMSUDDIN	1,610
10	3299	MOHAMMAD SAEED	2,018
11	3924	HUSSAIN ADAM	23
12	4022	AFTAB AHMED SOOMRO	866
13	4072	MUHAMMAD YOUSUF	548
14	4478	AZHAR KHAN	518
15	4595	SHAHNAZ SHAHZAD	96
16	4677	MOHAMMAD YOUSUF	792
17	4676	SHAHEEN SHOUKAT	793
18	4617	ALTAF HUSSAIN	500
19	4616	MOHIUDDIN ANSARI	200
20	4620	MOHAMMAD SHARIF	300
21	4592	MUNEEZ FATIMA	206
22	4567	SAMINA PARVEEN	642
23	4566	MOHAMMAD JILLANI	100
24	4538	MOHAMMAD HAMEEDULLAH	200
25	4535	M NAJEEBUDDIN QURESHI	300
26	4528	AFSHAN MUSHIR	200
27	4527	SHAHNAZ SHAHZAD	414
28	4526	SAIRA SAEED	200
29	4465	SHAHEEN PERVEEN	295
30	4463	YASMIN HAIDER	273
		TOTAL	23,043

Categories of Shareholders

As At December 31, 2012

Public Sector Companies and Corporations

S. No.	Folio	Name	Holding
1	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	830,624
		TOTAL	830,624

Shareholders Holding 5% or more Voting Rights in the Listed Company

S. No.	Folio	Name	Holding
1	4502	M/S. ABBOTT ASIA INVESTMENT	76,259,449
		TOTAL	76,259,449

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds

S. No.	Folio	Name	Holding
1	03277-7520	FIRST HABIB MODARABA	1,000
2	11353-22	NATIONAL INVESTMENT TRUST LIMITED	64,050
3	11320-25	B.R.R. GUARDIAN MODARABA	46,276
4	04127-28	MCB BANK LIMITED - TREASURY	85,600
5	03889-44	NATIONAL BANK OF PAKISTAN	462
6	03889-28	NATIONAL BANK OF PAKISTAN	236,766
7	03798-52	THE BANK OF KHYBER	86
8	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	1,242,596
9	03277-10526	HABIB INSURANCE CO. LIMITED	80,000
10	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	1,000
11	00083-36	IDBP (ICP UNIT)	3,205
12	3137	UNITED INSURANCE CO OF PAK LTD	2
13	3031	M/S. GOLDEN ARROW SELECTED STOCK	48
14	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	4,500
		TOTAL	1,765,591

Notice of Annual General Meeting

NOTICE is hereby given that the 64th Annual General Meeting of the Company will be held on Tuesday, 23rd April, 2013, at 10:30 a.m. in the ICAP Auditorium, Chartered Accountants Avenue, Clifton, 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 December 31st, 2012.
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 14th day of February 2013

Notes:

1. The Share Transfer books of the Company will remain closed from Monday 15th April , 2013 to Monday 22nd April, 2013 (both days inclusive). Transfer received in order by our Shares Registrar, FAMCO Associates (Pvt) Limited, State Life Building No 1-A, 1st Floor, I.I. Chundrigar Road, Karachi-74000 at the close of business on Saturday, 13th April, 2013 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 computerised 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.

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 Computerized 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

Tentative dates for announcement of financial results for the Financial Year 2013:

1st quarter ending March 31, 2013	3rd week of April, 2013
2nd quarter ending June 30, 2013	2nd week of August, 2013
3rd quarter ending September 30, 2013	3rd week of October, 2013
Year ending December 31, 2013	2nd week of February, 2014

Actual dates for announcement of financial results for the Financial Year 2012:

1st quarter ended March 31, 2012	April 23, 2012
2nd quarter ended June 30, 2012	August 13, 2012
3rd quarter ended September 30, 2012	October 18, 2012
Year ended December 31, 2012	February 14, 2013

Glossary

Annual General Meeting (AGM)
Annual General Meeting of shareholders of the Company

ATIR
Appellate Tribunal Inland Revenue

CEO
Chief Executive Officer

CFO
Chief Financial Officer

Company
Abbott Laboratories (Pakistan) Limited

Companies Ordinance
Companies Ordinance, 1984

CSR
Corporate Social Responsibility

Earnings per share (EPS)
Calculated by dividing the profit after interest, tax by the weighted average number of Ordinary Shares in issue

FBR
Federal Board of Revenue

GOP
Government of Pakistan

HS&E
Health, Safety and Environment

FTR
Final Tax Regime

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

ITO
Income Tax Ordinance, 2001

CIR(A)
Commissioner Inland Revenue (Appeals)

KIBOR
Karachi Inter Bank Offer Rate

KPI
Key Performance Indicator

SECP
Securities and Exchange Commission of Pakistan

WPPF
Workers' Profit Participation Fund

WWF
Workers' Welfare Fund

EOBI
Employees' Old Age Benefits Institution

SRO
Statutory Regulatory Order

OICCI
Overseas Investors Chamber of Commerce and Industry

IFAC
International Federation of Accountants

Concept & Design: DESIGNMATTERS

Contact Details

Karachi

Registered Office

Opp. Radio Pakistan
Transmission Centre,
Hyderabad Road, Landhi,
P.O. Box. 7229, Karachi.
Tel: (92-21) 111-ABBOTT (111-222-688)
Fax: (92-21) 35001903

City Office

8th Floor, Faysal House
St-02, Shahrah-e-Faisal, Karachi.
Tel: (92-21) 32799018, 32799019
Fax: (92-21) 32800244

Distribution Office

Multan

Hassan Abad Gate # 2
Near Pak Arab Fertilizers
Khanewal Road
Multan, 60650
Tel: (92-61) 4551818, (92-61) 4556145
Fax: (92-61) 4551817

Lahore

16-Km Shah Pur Kanjran Multan Road
Lahore, 53700
Tel: (92-42) 37512188, (92-42) 37512199
Fax: (92-42) 37511171

Islamabad

Plot # 136
Street # 9, I-10/3
Industrial Area
Islamabad, 44800
Tel: (92-51) 34445020, (92-51) 34447464, (92-51) 34448278
Fax: (92-51) 34449868

Website

www.abbott.com.pk

ABBOT LABORATORIES (PAKISTAN) LIMITED
P.O. Box 7229, Landhi KARACHI-74400

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. ______________ and Sub Account No. ______________

hereby appoint ______________________________

(Name)

of ______________________________

or falling him ______________________________

(Name)

as my / our proxy to vote for me/us and on my/our behalf at the 64th Annual General Meeting of the Company to be held on Tuesday, April 23rd, 2013 at 10:30 a.m. and at any adjournment thereof.

As witnessed given under my/our hand(s) ______ day of ______ 2013 ______

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 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 this meeting, shall be furnished along with 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 CNIC 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 from to the Company and the same shall be produced in original at the meeting to authenticate the identity.

Abbott
A Promise for Life

AFFIX
CORRECT
POSTAGE

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

ABBOTT LABORATORIES (PAKISTAN) LIMITED

Registered Office
Opposite Radio Pakistan
Transmission Centre, Hyderabad Road,
Landhi, P.O. Box 7229 - Karachi
Phone :111 ABBOTT (111-222-688)
Fax: (92-21) 35001903

City Office
8th Floor, Faysal House,
St-02, Shahrah-e-Faisal, Karachi
Phone : (92-21) 32799018, 32799019
Fax: (92-21) 32800244
URL: www.abbott.com.pk

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