



Abbott Pakistan
Un-Audited Financial Statements for the
First Quarter Ended March 31, 2013



Corporate Information

Board Of Directors

Munir A. Shaikh (Chairman)
Arshad Saeed Husain
(Chief Executive Officer)
Kamran Y. Mirza
Thomas C. Freyman
(Alternate Director Anis A. Shah)
Syed Anis Ahmed
Angelo Kondes
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 and Remuneration Committee

Munir A. Shaikh (Chairman)
Arshad Saeed Husain
Shamim Ahmad Khan
Shahrukh Masood

Share Transfer Committee

Arshad Saeed Husain (Chairman)
Syed Anis Ahmed
Anis A. Shah
(Alternate Director to Thomas C. Freyman)

Banking Committee

Munir A. Shaikh (Chairman)
Arshad Saeed Husain
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

Arshad Saeed Husain
(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)
Shahrukh Masood
(Human Resource Director)
Seema Khan (Regulatory Director)
Dr. Sarmad Maqbool
(Marketing & Strategy Director)
Dr. Raeeef Ahmed (Medical Director)

Directors' Report

The Directors have pleasure in presenting their Report with the accounts of the Company for the first quarter ended March 31, 2013.

FINANCIAL RESULTS

Sales for the quarter increased by 9% as compared to the same quarter last year. Pharmaceutical sales increased by 3%, Nutritional by 26% and other segment sales which comprises of General Health Care, Diagnostic and Diabetes Care grew by 29%. Gross profit to sales ratio was 37% in the current quarter as compared to 38% last year. Selling and distribution expenses increased by 4% mainly due to higher sales volume. Administration expenses increased by 13% compared to the same period last year. Other charges increased mainly due to increase in provision for Workers Profit Participation Fund and Workers Welfare Fund. The flat gross profit led to a nominal increase in profit before tax by 4% while profit after tax to sales ratio was 12% in the current quarter as compared to 13% last year.

FUTURE OUTLOOK

The challenges of increasing energy prices, inflation and devaluation of Pak Rupee will continue to remain a particular concern for the Industry.

We expect new Government to be responsive to the challenges being faced by the Industry.

KARACHI: April 23rd, 2013



Munir A. Shaikh
Chairman

Condensed Interim Balance Sheet

As At March 31, 2013

UNAUDITED
MARCH 31,
2013
AUDITED
DECEMBER 31,
2012
----- (Rupees '000) -----

Note

Non-Current Assets

Fixed Assets

- Property, plant and equipment
- Intangible asset

3

Long-term loans and advances
Long-term deposits
Long-term prepayments

Total Non-Current Assets

Current Assets

Stores and spares
Stock-in-trade
Trade debts
Loans and advances
Trade deposits and short-term prepayments
Accrued profit
Other receivables
Taxation recoverable
Cash and bank balances

Current Liabilities

Trade and other payables
Dividends

Net Current Assets

Total Assets Less Current Liabilities

Non-Current Liability

Deferred taxation

Contingencies and Commitments

NET ASSETS

FINANCED BY:

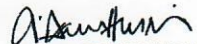
Share Capital and Reserves

Authorised capital
200,000,000 ordinary shares of Rs.10 each

Issued, subscribed and paid-up capital
Reserves - capital
- revenue

SHAREHOLDERS' EQUITY

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN
CHIEF EXECUTIVE

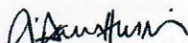

SYED ANIS AHMED
DIRECTOR

Condensed Interim Profit and Loss Account (Unaudited)

For The Three Months Ended March 31, 2013

	Jan - Mar 2013	Jan - Mar 2012
	----- (Rupees '000) -----	
Sales - net		
Domestic	3,703,518	3,401,753
Export	131,854	135,726
	<u>3,835,372</u>	<u>3,537,479</u>
Service fee for toll manufacturing	5,538	1,870
	<u>3,840,910</u>	<u>3,539,349</u>
Cost of goods sold and services	2,437,695	2,195,627
Gross profit	<u>1,403,215</u>	<u>1,343,722</u>
Selling and distribution expenses	585,110	562,546
Administrative expenses	87,927	78,063
	<u>730,178</u>	<u>703,113</u>
Other operating income	63,977	45,663
Other operating charges	80,828	62,857
	<u>713,327</u>	<u>685,919</u>
Finance cost	724	419
Profit before taxation	<u>712,603</u>	<u>685,500</u>
Taxation		
- current	267,326	219,097
- deferred	(13,758)	(5,696)
	<u>253,568</u>	<u>213,401</u>
Profit for the period	<u>459,035</u>	<u>472,099</u>
	----- (Rupees) -----	
Earnings per share - basic / diluted	<u>4.69</u>	<u>4.82</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN
CHIEF EXECUTIVE

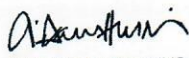

SYED ANIS AHMED
DIRECTOR

Condensed Interim Statement of Comprehensive income (Unaudited)

For The Three Months Ended March 31, 2013

	Jan - Mar 2013	Jan - Mar 2012
	----- (Rupees '000) -----	
Profit for the period	459,035	472,099
Other comprehensive income	-	-
Total comprehensive income for the period	<u>459,035</u>	<u>472,099</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN
CHIEF EXECUTIVE

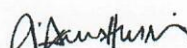

SYED ANIS AHMED
DIRECTOR

Condensed Interim Cash Flow Statement (Unaudited)

For The Three Months Ended March 31, 2013

		Jan - Mar 2013	Jan - Mar 2012
	Note	----- (Rupees '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	258,136	572,402
Income taxes paid		(220,691)	(243,918)
Long-term loans and advances - net		(639)	(513)
Long-term prepayment - net		293	1,366
Net cash inflow from operating activities		37,099	329,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(162,916)	(123,667)
Sale proceeds from disposal of fixed assets		6,621	11,059
Interest income		49,205	32,770
Net cash outflow from investing activities		(107,090)	(79,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(724)	(419)
Dividend paid		(106)	(48)
Net cash outflow from financing activities		(830)	(467)
Net (decrease) / increase in cash and cash equivalents		(70,821)	249,032
Cash and cash equivalents at the beginning of the period		2,790,212	1,453,327
Cash and cash equivalents at the end of the period		2,719,391	1,702,359

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN
CHIEF EXECUTIVE


SYED ANIS AHMED
DIRECTOR

Condensed Interim Statement of Changes in Equity (Unaudited)

For The Three Months Ended March 31, 2013

	Reserves						Total Equity
	Share Capital	Capital Reserves		Revenue Reserves		Total	
		Reserve arising on Merger	Other	General Reserve	Un-appropriated Profit		
	(Rupees '000)						
Balance as at December 31, 2011	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 three months ended March 31, 2012							
Profit for the period	-	-	-	-	472,099	472,099	472,099
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	472,099	472,099	472,099
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2011 @ Rs. 4 per share declared subsequent to the year end	-	-	-	-	(391,601)	(391,601)	(391,601)
Capital contribution from Abbott International LLC, USA	-	-	10,185	-	-	10,185	10,185
Balance as at March 31, 2012	979,003	46,097	187,335	3,588,422	476,009	4,297,863	5,276,866
Balance as at December 31, 2012	979,003	46,097	216,211	3,588,422	1,877,661	5,728,391	6,707,394
Transfer from unappropriated profit to general reserve made subsequent to the year ended December 31, 2012	-	-	-	1,750,000	(1,750,000)	-	-
Total comprehensive income for the three months ended March 31, 2013							
Profit for the period	-	-	-	-	459,035	459,035	459,035
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	459,035	459,035	459,035
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2012 @ Rs. 4 per share declared subsequent to the year end	-	-	-	-	(391,601)	(391,601)	(391,601)
Capital contribution from Abbott International LLC, USA	-	-	10,046	-	-	10,046	10,046
Balance as at March 31, 2013	979,003	46,097	226,257	5,338,422	195,095	5,805,871	6,784,874

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.


ARSHAD SAEED HUSAIN
CHIEF EXECUTIVE


SYED ANIS AHMED
DIRECTOR

Selected Notes to the Condensed Interim Financial Information (Unaudited)

For The Three Months Ended March 31, 2013

1. THE COMPANY AND ITS OPERATIONS

Abbott Laboratories (Pakistan) Limited (The Company) is a public limited Company incorporated in Pakistan on July 02, 1948, and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges. The address of its registered office is opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi. The Company is principally engaged in the manufacture, import and marketing of research based pharmaceutical, nutritional, diagnostic, 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

Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 – “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2012. This condensed interim financial information is unaudited.

2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2012.

2.3 Accounting estimates and judgments.

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended December 31, 2012.

Selected Notes to the Condensed Interim Financial Information (Unaudited)

	UNAUDITED Jan - Mar 2013	UNAUDITED Jan - Mar 2012
	----- (Rupees '000) -----	
3. PROPERTY, PLANT AND EQUIPMENT [COST OF ADDITIONS / (DELETIONS)]		
Buildings on freehold land	7,882	-
Plant and machinery	31,421	52,480
Vehicles	3,321 (7,208)	23,222 (12,717)
Computers	1,207	261
Demonstration equipments	55,329	15,283
Capital work in progress (CWIP) - net	63,756	32,421
Total additions	<u>162,916</u>	<u>123,667</u>
Total (deletions)	<u>(7,208)</u>	<u>(12,717)</u>

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

4.1.1 The Company has given bank guarantees of Rs. 114.817 million (December 31, 2012: Rs 110.557 million) to the Customs Department, a utility company and other institutions against tenders.

4.1.2 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 the 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.

4.1.3 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 total provision of Rs. 100 million to date in this respect.

4.2 Commitments

4.2.1 Commitments for capital expenditure as at March 31, 2013 aggregated to Rs. 113.743 million (December 31, 2012: Rs. 127.907 million).

Selected Notes to the Condensed Interim Financial Information (Unaudited)

4.2.2 The Company has obtained short term financing facilities from various commercial banks amounting to Rs. 1,375 million (December 31, 2012: Rs. 1,372 million). These facilities can be utilized for letters of credit, guarantees and running finance / short term loans. However, the running finance / short term loan utilization cannot exceed Rs. 310 million (December 31, 2012: Rs. 310 million). The running finance / short term loan carries markup at rates ranging from KIBOR plus 1% to KIBOR plus 2% (December 31, 2012: 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. 507.359 million (December 31, 2012: Rs. 368.054 million).

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

As at March 31, 2013, Abbott Asia Investments Limited, UK held 76,259,454 (December 31, 2012: 76,259,454) shares. The ultimate holding company is Abbott International LLC, USA.

	UNAUDITED Jan - Mar 2013	UNAUDITED Jan - Mar 2012
Note	-----	-----
	(Rupees '000)	
6. CASH GENERATED FROM OPERATIONS		
Profit before taxation	712,603	685,500
Adjustment for:		
Depreciation	90,570	73,093
Amortisation on intangible asset	4,305	4,305
Gain on disposal of fixed assets	(2,898)	(6,403)
Income on investments and deposits	(55,399)	(36,642)
Expense recognised in profit or loss in respect of equity-settled share-based payments	10,046	10,185
Finance cost	724	419
Working capital changes	6.1 (501,815)	(158,055)
	<u>258,136</u>	<u>572,402</u>
6.1 Working capital changes		
(Increase) / decrease in current assets net of provision		
Stores and spares	1,532	1,348
Stock-in-trade	(367,968)	(391,534)
Trade debts	26,761	38,178
Loans and advances	(138,160)	(50,175)
Trade deposits and short-term prepayments	(71,097)	(13,399)
Other receivables	(7,851)	(2,127)
	<u>(556,783)</u>	<u>(417,709)</u>
Increase in current liabilities		
Trade and other payables - net	<u>54,968</u>	<u>259,654</u>
	<u>(501,815)</u>	<u>(158,055)</u>

Selected Notes to the Condensed Interim Financial Information (Unaudited)

7. TRANSACTIONS WITH RELATED PARTIES

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

	UNAUDITED Jan - Mar 2013	UNAUDITED Jan - Mar 2012
	----- (Rupees '000) -----	
Other related parties		
Sale of goods	31,593	12,683
Purchase of materials	948,012	428,715
Technical service fee	26,272	25,436
Reimbursements from a related party on account of:		
Selling and distribution expenses	15,783	13,625
Administrative expenses	1,609	2,056
Interest income earned	4,648	3,798
Charge in respect of staff retirement benefit plans:		
Pension fund	27,851	23,932
Provident fund	13,779	11,837
Key management personnel		
Short-term employee benefits	42,861	40,446
Post-employment benefits	4,290	3,823

8. SEGMENT ANALYSIS

8.1 Segment wise operating results for the first quarter:

	UNAUDITED Jan - Mar 2013				UNAUDITED Jan - Mar 2012			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	----- (Rupees '000) -----							
Sales	2,826,857	621,576	493,374	3,941,807	2,754,404	496,678	388,396	3,639,478
Less:								
Sales return and discount	7,924	3,319	731	11,974	16,236	4,998	979	22,213
Sales tax and excise duty	-	56,027	38,434	94,461	-	46,180	33,606	79,786
Sales - net	2,818,933	562,230	454,209	3,835,372	2,738,168	445,500	353,811	3,537,479
Service fee for toll manufacturing	-	-	5,538	5,538	-	-	1,870	1,870
Cost of goods sold and services	2,818,933	562,230	459,747	3,840,910	2,738,168	445,500	355,681	3,539,349
	1,806,722	350,125	280,848	2,437,695	1,742,476	248,308	204,843	2,195,627
Gross profit	1,012,211	212,105	178,899	1,403,215	995,692	197,192	150,838	1,343,722
Selling and distribution expenses	426,409	98,331	60,370	585,110	425,238	71,755	65,553	562,546
Administrative expenses	72,363	12,126	3,438	87,927	64,144	10,892	3,027	78,063
Segment result	513,439	101,648	115,091	730,178	506,310	114,545	82,258	703,113

Selected Notes to the Condensed Interim Financial Information (Unaudited)

8.2 Reconciliation of segment results with profit before taxation

	UNAUDITED Jan - Mar 2013	UNAUDITED Jan - Mar 2012
	------(Rupees '000)-----	
Total segment results	730,178	703,113
Other operating income	63,977	45,663
Other operating charges	80,828	62,857
Finance cost	724	419
Profit before taxation	<u>712,603</u>	<u>685,500</u>

8.3 Geographical information

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


	UNAUDITED Jan - Mar 2013	UNAUDITED Jan - Mar 2012
	------(Rupees '000)-----	
Pakistan	3,709,056	3,403,623
Afghanistan	92,732	105,447
Srilanka	3,694	17,596
Bangladesh	3,835	-
Netherland	31,593	12,683
	<u>3,840,910</u>	<u>3,539,349</u>

8.4 Segment Assets

	UNAUDITED March 31, 2013				AUDITED December 31, 2012			
	Pharmaceutical	Nutritional	Others	Total	Pharmaceutical	Nutritional	Others	Total
	------(Rupees '000)-----							
Segment assets employed	5,138,538	373,281	958,474	6,470,293	4,723,188	254,297	745,981	5,723,466
Unallocated corporate assets				3,369,754				3,606,396
Total reported assets				<u>9,840,047</u>				<u>9,329,862</u>

9. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 23rd April, 2013 by the Board of Directors of the Company.


ARSHAD SAEED HUSAIN
CHIEF EXECUTIVE


SYED ANIS AHMED
DIRECTOR

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

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