

Abbott Laboratories Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2012

Registration number 329102



Abbott Laboratories Limited
Directors' Report for the Year Ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Directors of the company

The directors who held office during the year were as follows

T Freyman

C Soenderby (resigned 1 January 2013)

M Smith

S Hudson

Principal activity

The principal activity of the company is the marketing of a range of pharmaceutical, nutritional, diagnostic and cardiovascular products in the UK. During 2012 the company's research based pharmaceutical products division was spun off into a new company, AbbVie Limited

Dividends

Interim dividends of £24,610,000 (2011 £2,505,000) were paid during the year. The directors recommend that no further dividends be paid (2011 £nil)

Business review

Fair review of the business

On 23 March 2012 Abbott Laboratories Ltd incorporated a new subsidiary company, AbbVie Ltd. This new company remained in the Abbott Laboratories group of companies from the date of incorporation up to and including 31 December 2012. On 1 July 2012 the company's research based pharmaceutical business was spun off into AbbVie Ltd. The assets and liabilities associated with the research based pharmaceutical business had a Net Book Value of £19,610,000 and the consideration received from AbbVie Ltd was 19,610,000 AbbVie Ltd ordinary shares of £1 each, total nominal value £19,610,000. Therefore, the transaction resulted in no gain/no loss. On 19 July 2012 the company paid a dividend in specie of £19,610,000 to the immediate parent company, Abbott (UK) Holdings Ltd, a wholly owned indirect subsidiary of the ultimate parent company, Abbott Laboratories, made up entirely of the ordinary shares of AbbVie Ltd.

On 1 January 2013 Abbott Laboratories completed the spin off of its research based pharmaceutical business and transferred all the new AbbVie group companies to a new ultimate parent company, AbbVie Incorporated. The company incurred reorganisation costs of £2,004,000 and these costs are included in the profit and loss account.

As shown in the company's profit and loss account on page 7, turnover fell by £140,167,000 being a 26.10% decrease over the prior year. The reduction is due to the company split which took place on 1 July 2012.

The balance sheet on page 8 shows that the company's financial position at the period end is consistent with the prior year.

The group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Abbott Laboratories worldwide group, which includes Abbott Laboratories Limited, is discussed in the group's Annual Report which does not form part of this report.

Abbott Laboratories Limited
Directors' Report for the Year Ended 31 December 2012

..... continued

Principal risks and uncertainties

Competitive price pressures in the UK pharmaceutical and nutritional businesses could result in losing sales to competitors. The company manages this risk by the sale of high quality products and by providing value added services to its customers. Much of the company's business is transacted with the NHS, either directly or indirectly, and all indications are that the market for the company's products will continue for the foreseeable future.

A portion of the company's purchases are denominated in Euro and US Dollars and it is therefore exposed to movements in the exchange against the pound. The company takes out forward exchange contracts to manage this risk.

The company is financed by share capital and a variable rate loan from a UK affiliated company and has no third party debt. The variable rate loan is due for renewal in December 2014. It is therefore exposed to interest rate movements which the directors do not consider to be a significant risk.

The company has considerable financial resources together with long term contracts with a number of customers. As a consequence, the directors believe that the company is well placed to manage its business successfully despite the current uncertain economic outlook.

Charitable donations

During the year the company made charitable donations of £5,000.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. Company policy and practice ensure that there is no discrimination against disabled people regarding training, career development and promotion opportunities.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Research and development

The company continues to invest in research and development. It carries out marketing research for its nutritional products.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disclosure of information to the auditors


Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Abbott Laboratories Limited
Directors' Report for the Year Ended 31 December 2012
..... continued

Approved by the Board on 24 May 2013 and signed on its behalf by


M Smith
Director

Abbott Laboratories Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Abbott Laboratories Limited

We have audited the financial statements of Abbott Laboratories Limited for the year ended 31 December 2012, set out on pages 7 to 23 which comprise the profit and loss account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

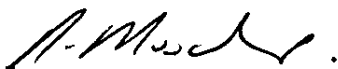
**Independent Auditor's Report to the Members of
Abbott Laboratories Limited**

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Muschamp (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
London
United Kingdom

24 May 2013

Abbott Laboratories Limited
Profit and Loss Account for the Year Ended 31 December 2012


		2012	2011
	Note	£ 000	£ 000
Turnover	2		
Continuing operations		233,776	227,400
Discontinued operations		<u>162,382</u>	<u>308,925</u>
		396,158	536,325
Cost of sales	3	<u>(284,090)</u>	<u>(388,562)</u>
Gross profit		112,068	147,763
Distribution costs	3	(20,866)	(25,024)
Administrative expenses	3	(82,011)	(104,508)
Operating profit	4		
Continuing operations		<u>13,010</u>	<u>7,519</u>
		13,010	7,519
Discontinued operations		<u>(3,819)</u>	<u>10,712</u>
Operating profit		9,191	18,231
Other interest receivable and similar income	8	1,160	911
Interest payable and similar charges	9	<u>(1,660)</u>	<u>(1,389)</u>
Profit on ordinary activities before taxation		8,691	17,753
Tax on profit on ordinary activities	10	<u>(272)</u>	<u>(7,618)</u>
Profit for the financial year	22	<u>8,419</u>	<u>10,135</u>

The company has no recognised gains or losses for the year other than the results above

Abbott Laboratories Limited
(Registration number: 329102)
Balance Sheet at 31 December 2012

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Intangible fixed assets	13	1,676	1,805
Tangible fixed assets	14	34,800	32,749
Investments	15	59,422	59,422
		<u>95,898</u>	<u>93,976</u>
Current assets			
Stocks	16	5,946	24,604
Debtors	17	145,731	198,533
Debtors - over 1yr		9,339	11,372
Cash at bank and in hand		19,032	12,992
		<u>180,048</u>	<u>247,501</u>
Creditors Amounts falling due within one year	18	(35,707)	(86,746)
Net current assets		<u>144,341</u>	<u>160,755</u>
Total assets less current liabilities		240,239	254,731
Creditors Amounts falling due after more than one year	19	(102,988)	(102,988)
Net assets		<u>137,251</u>	<u>151,743</u>
Capital and reserves			
Called up share capital	20	76,144	76,144
Share premium account	22	21,501	21,501
Other reserves	22	19,358	17,659
Profit and loss account	22	20,248	36,439
Shareholders' funds	23	<u>137,251</u>	<u>151,743</u>

Approved by the Board on 24 May 2013 and signed on its behalf by


M Smith
Director

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

1 Accounting policies

The principal accounting policies are summarised below, all of which have been applied consistently throughout the year and the preceding period

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group

Exemption from preparing group accounts

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for a larger group which are drawn up as full consolidated audited accounts which are filed at Companies House

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review which forms part of the directors' report. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts

Turnover

Turnover represents the invoiced value of goods supplied excluding VAT, after making allowance for discounts and returns. Turnover is recognised when the goods are delivered to the customer

Goodwill

Goodwill arising on the acquisition of a business, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment. Goodwill in respect of the company is included within intangible fixed assets

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

Asset class	Amortisation method and rate
Goodwill	Straight line 5%

Depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Asset class	Depreciation method and rate
Leasehold improvements	Straight line 5 - 10%
Plant and equipment	Straight line 8 - 50%
Motor vehicles	Straight line 20%

Research and development

Research and development costs are charged to the profit and loss account as incurred

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for impairment

Stock

Finished goods stocks are stated at the lower of cost or net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid, or recovered, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in different periods from those in which they are recognised in the accounts. A net deferred tax asset is recognised as recoverable only when, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not discounted.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling at the transaction date. Amounts payable or receivable in foreign currency are translated into sterling at the rates ruling at the balance sheet date, or where appropriate, at the rates of exchange in a related forward exchange contract. Any gains or losses are reported as exchange differences in the profit and loss account.

Leasing

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms or their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital payments outstanding.

Assets held under operating leases are charged on a straight line basis over the term of the lease, even if payments are not made on such a basis.

Pensions

The company operates a defined benefit pension scheme for all permanent employees under which contributions by employees and the company are held by a separately administered trustee company. Actuarial valuations are carried out at three year intervals. The amount charged to the profit and loss account in respect of current pension costs is based on the most recent actuarial valuation.

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

Share-based payment

The company has applied the requirements of FRS20 "Share-based payments". The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The company also provides employees with the ability to purchase the ultimate parent company's ordinary shares at the current market value via a deduction from gross pay. The company operates a matching arrangement under which additional shares are purchased and held for the employee. The company records an expense of the actual cost of matching shares purchased.

2 Turnover

An analysis of turnover by geographical location is given below

	2012 £ 000	2011 £ 000
Sales - UK	<u>396,158</u>	<u>536,325</u>

3 Cost of sales and operating expenses

	2012 £ 000	2011 £ 000
Cost of sales		
Continuing operations	161,197	158,139
Discontinued operations	<u>122,893</u>	<u>230,423</u>
	<u>284,090</u>	<u>388,562</u>
Distribution costs		
Continuing operations	14,902	14,462
Discontinued operations	<u>5,964</u>	<u>10,562</u>
	<u>20,866</u>	<u>25,024</u>
Administrative expenses		
Continuing operations	44,666	47,280
Discontinued operations	<u>37,345</u>	<u>57,228</u>
	<u>82,011</u>	<u>104,508</u>

Further disclosure on discontinued operations can be found in the Directors' Report

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

4 Operating profit

Operating profit is stated after charging/(crediting)

	2012 £ 000	2011 £ 000
Operating leases - plant and machinery	2,123	2,591
Operating leases - other assets	3,308	3,008
Loss on sale of tangible fixed assets	88	1,101
Amortisation	129	129
Research and development	2,444	6,746
Auditor's remuneration	134	146
Depreciation of tangible fixed assets	<u>9,434</u>	<u>8,086</u>

5 Auditor's remuneration

	2012 £ 000	2011 £ 000
Audit of the financial statements	76	76
Other fees to auditors		
Other services	<u>58</u>	<u>70</u>
	<u>134</u>	<u>146</u>

6 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2012 No	2011 No.
Administration and support	782	984
Distribution	<u>28</u>	<u>30</u>
	<u>810</u>	<u>1,014</u>

The aggregate payroll costs were as follows

	2012 £ 000	2011 £ 000
Wages and salaries	61,344	70,209
Social security costs	5,508	5,729
Staff pensions	<u>9,998</u>	<u>18,616</u>
	<u>76,850</u>	<u>94,554</u>

The company made an additional contribution to the pension fund in the year of £nil (2011 £6,400,000)

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

7 Directors' remuneration

The directors' remuneration for the year and prior period was as follows

	2012 £ 000	2011 £ 000
Remuneration	<u>1,032</u>	<u>1,257</u>

During the year and prior period the number of directors who were receiving benefits and share incentives was as follows

	2012 No.	2011 No.
Accruing benefits under defined benefit pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director

	2012 £ 000	2011 £ 000
Remuneration	457	750
Defined benefit accrued pension entitlement at the end of the period	-	-
Defined benefit accrued lump sum at the end of the period	<u>-</u>	<u>-</u>

8 Other interest receivable and similar income

	2012 £ 000	2011 £ 000
Bank interest receivable	43	15
Interest on loans to group undertakings	<u>1,117</u>	<u>896</u>
	<u>1,160</u>	<u>911</u>

9 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Interest on bank borrowings	84	-
Interest on loans from group undertakings	<u>1,576</u>	<u>1,389</u>
	<u>1,660</u>	<u>1,389</u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

10 Taxation

Tax on profit on ordinary activities

	2012 £ 000	2011 £ 000
Current tax		
Corporation tax charge	-	2,719
Adjustments in respect of previous years	(1,761)	(631)
UK Corporation tax	(1,761)	2,088
Deferred tax		
Origination and reversal of timing differences	4,327	3,990
Deferred tax adjustment relating to previous years	(2,294)	1,540
Total deferred tax	2,033	5,530
Total tax on profit on ordinary activities	272	7,618

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)

The differences are reconciled below

	2012 £ 000	2011 £ 000
Profit on ordinary activities before taxation	8,691	17,753
Corporation tax at standard rate	2,129	4,705
Capital allowances in excess of depreciation	332	6
Other timing differences	(4,910)	(3,996)
Expenses not deductible for tax purposes	(1,161)	2,004
Adjustment in respect of prior years	(1,761)	(631)
Losses carried forward	2,085	-
Group relief surrendered from other group companies	1,525	-
Total current tax	(1,761)	2,088

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

11 Share-based payments

Share options

The company's ultimate parent company maintains an equity-settled share-based payment arrangement under which certain employees of the ultimate parent company's subsidiaries are awarded grants of share options. Options are granted at an exercise price equal to the market value of the shares at the date of grant. The options vest over three years beginning one year from the date of grant and have a maximum contractual term of ten years. Share options are forfeited if the employee leaves the company for reasons other than retirement, death or disability.

	2012		2011	
	Number of share options	Weighted average exercise price US \$	Number of share options	Weighted average exercise price US\$
Outstanding at the beginning of the period	683,111	48.55	734,338	48.36
Granted during the period	38,893	56.91	41,600	46.32
Forfeited during the period	(42,056)	53.83	(21,536)	53.36
Exercised during the period	(326,423)	48.65	(71,291)	43.33
Outstanding at the end of the period	353,525	49.65	683,111	48.55
Exercisable at the end of the period	282,117	48.86	631,945	48.62

The options outstanding at 31 December 2012 had a weighted average exercise price of US\$49.65 and a weighted average remaining contractual life of 4.36 years. In 2012 options were granted on 17 February and 18 September (2011: 18 February). The aggregate of the estimated fair values of options granted on this date was US\$671,000 (2011: US\$671,000). The inputs to the Black-Scholes Option Pricing Model are as follows:

	2012 US\$	2011 US\$
Weighted average share price	62.76	51.07
Weighted average exercise price	56.91	46.32
Expected volatility	21%	21%
Expected life	6 years	6 years
Risk-free rate	1.2%	2.7%
Expected dividend yield	3.6%	4.1%

Expected volatility is based on implied volatilities from traded options and historical volatility of share price over the expected life of the option.

The company has recognised total expenses of £183,000 (2011: £888,000) in relation to share options. As the company is not required to make any payment to the ultimate parent company in relation to the cost of share options, the equity of the company has been increased by a capital contribution equal to the calculated value of share options.

Restricted stock units

The company's ultimate parent company maintains an equity-settled share-based payment arrangement under which certain employees of the ultimate parent company's subsidiaries are awarded grants of restricted stock units. Restricted stock units vest over three years beginning one year from the date of grant. Restricted stock units are forfeited if the employee leaves the company before the awards vest.

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... *continued*

	2012		2011	
	Number of RSU's	Weighted average grant price (US\$)	Number of RSU's	Weighted average grant price (RSU's)
Outstanding at the beginning of the period	196,955	49 58	149,333	53 76
Granted during the period	111,755	56 38	124,120	46 44
Forfeited during the period	(13,241)	62 88	(18,706)	51 35
Vested during the period	(86,418)	57 29	(57,792)	47 13
Outstanding at the end of the period	209,051	52 90	196,955	49 58

The company has recognised total expense of £3,677,000 in relation to restricted stock units (2010 £3,408,000)
As the company has not been required to make any payment to the ultimate parent company in relation to the cost of restricted stock units, the equity of the company has been increased by a capital contribution equal to the calculated value of restricted stock units

Employee share scheme

The company operates a Share Incentive Plan for all employees. Employees purchase shares in the ultimate parent company at market value by means of a deduction from gross salary. The company matches the employee purchase at a ratio of 1:1 subject to a limit of 1.75% of pensionable salary or £125 per month. Under this scheme the employees purchased 9,809 ordinary shares (2011 18,947) at a weighted average price of £39.33 (2011 £32.57). The company purchased 6,956 (2011 13,708) at a weighted average price of £39.31 (2011 £31.59).

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

12 Pension schemes

Abbott Laboratories Pension Fund (1966)

The company participates in the Abbott Laboratories Pension Fund. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group.

The company is unable to identify its share of the underlying assets of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Normal contributions for the period were £9,998,000 (2011: £12,216,000) being 22% of pensionable earnings in the current and prior period. In December 2011 the company made an additional contribution of £6,400,000.

FRS17 disclosures

The figures below have been based on the full actuarial valuation of the Abbott Laboratories Pension fund as at 28 February 2009 updated to 31 December 2012 by a qualified actuary and showed that the market value of the assets was £391,673,000 and that the actuarial value of these assets represents 98% of the benefits that had accrued to members. As the company accounts for the scheme as if it were a defined contribution scheme, the figures below relate to the entire assets and liabilities of the scheme, are illustrative only and do not affect the 31 December balance sheet.

	2012		2011		2010	
	Long term expected rate of return	Value £m	Long term expected rate of return	Value £m	Long term expected rate of return	Value £m
Equities	8.6%	304,886	8.7%	313,468	7.2%	251,630
Other	2.2%	86,787	4.8%	212,608	4.8%	200,943
Total market value of assets		391,673		526,076		452,573
Present value of scheme liabilities		(377,490)		(539,047)		(421,677)
Related deferred tax		(3,404)		3,113		(8,342)
Surplus/(deficit)		10,779		(9,858)		22,554

The figures shown above were calculated on the basis of the following assumptions:

	2012	2011	2010
Discount rate	4.5%	4.8%	5.4%
Rate of increase of salaries	4.5%	4.7%	4.8%
Rate of increase in deferred pensions	2.3%	2.4%	3.5%
Rate of increase of pensions in payment	3.1%	3.2%	3.5%
Inflation assumption	3.3%	3.4%	3.5%

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... *continued*

13 Intangible fixed assets

	Goodwill £ 000	Total £ 000
Cost		
At 1 January 2012	2,579	2,579
At 31 December 2012	2,579	2,579
Amortisation		
At 1 January 2012	774	774
Charge for the year	129	129
At 31 December 2012	903	903
Net book value		
At 31 December 2012	1,676	1,676
At 31 December 2011	1,805	1,805

14 Tangible fixed assets

	Leasehold improve- ments £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Constru- ction in Progress £ 000	Total £ 000
Cost or valuation					
At 1 January 2012	2,333	78,832	24	2,775	83,964
Additions	1,806	11,271	-	(536)	12,541
Disposals	(575)	(13,179)	(24)	-	(13,778)
At 31 December 2012	3,564	76,924	-	2,239	82,727
Depreciation					
At 1 January 2012	835	50,360	20	-	51,215
Charge for the year	215	9,218	1	-	9,434
Eliminated on disposals	(573)	(12,128)	(21)	-	(12,722)
At 31 December 2012	477	47,450	-	-	47,927
Net book value					
At 31 December 2012	3,087	29,474	-	2,239	34,800
At 31 December 2011	1,498	28,472	4	2,775	32,749

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

15 Investments held as fixed assets

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
Cost	
At 1 January 2012	59,422
At 31 December 2012	59,422
Net book value	
At 31 December 2012	59,422

Details of undertakings

	Principal Activity	Share class	Holding
Abbott Diabetes Care Ltd	Healthcare	Ordinary	100%
Murex Biotech Ltd	Healthcare	Ordinary	100%
Abbott Laboratories Trustee Company Ltd	Pension Trustee	Ordinary	100%

Abbott Laboratories Trustee Company Ltd is a dormant company that acts as trustee for the Abbott Laboratories Pension Fund (1966)

	2012 £ 000	2011 £ 000
Shares in group undertakings and participating interests	59,422	59,422

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

16 Stocks

	2012 £ 000	2011 £ 000
Finished goods	<u>5,946</u>	<u>24,604</u>

There is no material difference between the balance sheet value of stocks and their replacement value

17 Debtors

	2012 £ 000	2011 £ 000
Trade debtors	23,593	86,114
Amounts owed by group undertakings	112,898	106,649
Other debtors	7,870	3,463
Deferred tax	9,339	11,372
Prepayments and accrued income	<u>1,370</u>	<u>2,307</u>
	<u>155,070</u>	<u>209,905</u>

Debtors includes £9,339,000 (2011 - £11,372,000) receivable after more than one year

This can be analysed as follows

	2012 £ 000	2011 £ 000
Deferred Tax	<u>9,339</u>	<u>11,372</u>
	<u>9,339</u>	<u>11,372</u>

Deferred tax

The movement in the deferred tax asset in the year is as follows

	£ 000
At 1 January 2012	11,372
Deferred tax charged to the profit and loss account	<u>(2,033)</u>
At 31 December 2012	<u>9,339</u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... *continued*

Analysis of deferred tax

	2012 £ 000	2011 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	332	836
Other timing differences	9,007	10,536
	<u>9,339</u>	<u>11,372</u>

The movement in "Other timing differences" relates primarily to tax losses carried forward and the additional pension contributions made in the periods 2010 and 2011. As required by HMRC pension spreading rules, tax relief is available over a four year period.

18 Creditors: Amounts falling due within one year

	2012 £ 000	2011 £ 000
Trade creditors	1,986	3,555
Amounts owed to group undertakings	17,271	36,930
Other taxes and social security	2,852	18,583
Accruals and deferred income	13,598	27,678
	<u>35,707</u>	<u>86,746</u>

19 Creditors: Amounts falling due after more than one year

	2012 £ 000	2011 £ 000
Amounts owed to group undertakings	<u>102,988</u>	<u>102,988</u>

The loan is repayable in December 2014 and interest during the year was calculated at 1.4450%.

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

20 Share capital

Allotted, called up and fully paid

	31 December 2012 £000	31 December 2011 £000
76,144,141 ordinary shares of £1 each	<u>76,144</u>	<u>76,144</u>

21 Dividends

	2012 £ 000	2011 £ 000
Dividends paid		
Current year interim dividend paid	<u>24,610</u>	<u>2,505</u>

The interim dividend paid was £0 32 per ordinary share (2011 £0 03)

22 Reserves

	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2012	21,501	17,659	36,439	75,599
Profit for the year	-	-	8,419	8,419
Dividends	-	-	(24,610)	(24,610)
Other reserve movements	-	1,699	-	1,699
At 31 December 2012	<u>21,501</u>	<u>19,358</u>	<u>20,248</u>	<u>61,107</u>

23 Reconciliation of movement in shareholders' funds

	2012 £ 000	2011 £ 000
Profit attributable to the members of the company	8,419	10,135
FRS20 capital contribution for the year	1,699	3,426
Dividends	<u>(24,610)</u>	<u>(2,505)</u>
Net (reduction)/addition to shareholders' funds	(14,492)	11,056
Shareholders' funds at 1 January	<u>151,743</u>	<u>140,687</u>
Shareholders' funds at 31 December	<u>137,251</u>	<u>151,743</u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2012
..... continued

24 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £497,000 (2011 - £584,000)

Operating lease commitments

As at 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £ 000	2011 £ 000
Land and buildings		
Within one year	-	613
Within two and five years	101	112
Over five years	3,075	2,778
	<u>3,176</u>	<u>3,503</u>

25 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group

During the period from incorporation to the end of the financial period, Abbvie Limited was a wholly owned indirect subsidiary of the ultimate parent company Abbott Laboratories

26 Control

The company is controlled by the immediate parent company, Abbott (UK) Holdings Limited. The smallest and largest group into which the results of Abbott Laboratories Limited are consolidated is the ultimate parent company, Abbott Laboratories, incorporated in the State of Illinois, USA. The consolidated accounts are available to the public and may be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park, IL 60064-6400, USA.

27 Post balance sheet events

On 1 January 2013 Abbott Laboratories completed the spin off of its research based pharmaceutical business and the AbbVie group companies ceased to be part of the Abbott group. The results of the continuing business of Abbott Laboratories Ltd are shown on the face of the Profit and Loss account and in note 3 to the accounts.