

Wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Three Months period ended
February 28, 2014

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

Iftikhar Soomro	Chairman
Dr. Farid Khan	Chief Executive
Husain Lawai	
Moin M. Fudda	
Badaruddin F. Vellani	
Syed Zakwan Ahmed	
S. M. Wajeehuddin	

COMPANY SECRETARY

S. M. Wajeehuddin

AUDIT COMMITTEE

Moin M. Fudda	Chairman
Iftikhar Soomro	
Badaruddin F. Vellani	

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Badaruddin F. Vellani	Chairman
Iftikhar Soomro	
Dr. Farid Khan	

EXECUTIVE COMMITTEE

Dr. Farid Khan	Chairman
S. M. Wajeehuddin	
Syed Zakwan Ahmed	

SHARE TRANSFER COMMITTEE

Dr. Farid Khan	Chairman
S. M. Wajeehuddin	
Syed Zakwan Ahmed	

BANKERS

Citibank, N.A.
Standard Chartered Bank (Pakistan) Limited

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

LEGAL ADVISORS

Vellani & Vellani

Orr Dignam & Company

Syed Qamaruddin Hassan

SHARE REGISTRAR

THK Associates (Pvt.) Ltd.

2nd Floor, State Life Building No. 3,

Dr. Ziauddin Ahmad Road, Karachi-75530.

Ph. # 92-213-5689021 - 5686658 & 111-000-322

HEAD OFFICE / REGISTERED OFFICE

S-33, Hawkes Bay Road, S.I.T.E., Karachi.

Ph. # 92-213-2354651 - 61

Fax # 92-213-2354681

Website: www.wyethpakistan.com

Note: These accounts are also available on our website.

DIRECTORS' REVIEW

We are pleased to present the un-audited condensed interim financial information of your Company for the period ended February 28, 2014. This condensed interim financial information has been prepared in accordance with the applicable requirements of Internal Financial Reporting Standards (IAS 34-Interim Financial Reporting) and the Companies Ordinance 1984.

The beginning of 2014 appears to be no different than the last two years in terms of challenges as well as looming uncertainties especially on the law and order front. These challenges have restrictive implications for business when combined with the primitive economic and regulatory environment. In this backdrop, revenue plunged by 6% compared to the same period last year mainly on account of lower export of our anti-TB portfolio, as well as the non-issuance by the relevant Regulatory Authority of the Active Pharmaceutical Ingredient quota for the psychotropic brand Ativan. The reduction in exports along with an 8% increase in cost of sales due to inflation and declining exchange parity of the Pakistan Rupee, is the prime reason for the fall in operating profits of the Company.

We believe this year will be tough for our business and anticipate consistent pressures on operations due mainly to inflation as well as the regulatory regime, besides the deteriorating law and order situation. To bring vibrancy in the economy, regulatory processes also need to be revamped by the Government. The delays in quota approval, besides being a lost opportunity, also do not help the patients we serve. Moreover, an across the board price increase after 13 long years hangs in balance by virtue of becoming subjudice before the courts. Lack of effective Data Exclusivity laws and Intellectual Property Rights enforcement has also been a serious issue for research based pharmaceutical companies like yours.

Subsequent to the period end, some respite has been witnessed on account of strengthening of local currency. This trend, if sustained, may help us in minimizing the impact of inflation and other factors on the bottom line and in bringing about some sense of stability over the economic horizon in general, which is highly needed during these turbulent times. However, we believe that a resolution of these issues discussed above together with improved law and order situation will remain a prerequisite for sustaining a viable pharmaceutical business in the future.

We are highly appreciative of all the efforts of our colleagues throughout Pakistan who help us in our efforts to make a healthier world.



Dr. Farid Khan
Chief Executive

Karachi: **March 27, 2014**

Condensed Interim Balance Sheet As at February 28, 2014

	Note	February 28, 2014 (Unaudited)	November 30, 2013 (Audited) (Restated)
(Rupees in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	208,216	207,974
Long-term loans		6,781	7,194
Long-term deposits		11,943	10,010
Deferred taxation		28,129	28,129
Total non - current assets		255,069	253,307
CURRENT ASSETS			
Spares		20,569	20,349
Stock-in-trade		948,735	900,686
Trade debts		107,184	72,975
Loans and advances		22,206	24,841
Deposits, prepayments and other receivables		74,398	88,040
Interest accrued		1,464	1,720
Taxation-net		54,162	37,482
Cash and bank balances		348,546	307,709
Total current assets		1,577,264	1,453,802
Total assets		1,832,333	1,707,109
SHARE CAPITAL AND RESERVES			
Authorised capital 5,000,000 ordinary shares of Rs. 100 each		500,000	500,000
Issued, subscribed and paid-up capital		142,161	142,161
Reserves		948,582	948,582
Unappropriated profit		131,479	116,488
Total equity		1,222,222	1,207,231
CURRENT LIABILITIES			
Trade and other payables		610,111	499,878
Total equity and liabilities		1,832,333	1,707,109
CONTINGENCIES AND COMMITMENTS			
	6		

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



Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

**Condensed Interim Profit and Loss Account (Unaudited)
For the three months period ended February 28, 2014**

	For the three months period ended	
	February 28, 2014	February 28, 2013 (Restated)
	(Rupees '000)	
Net sales	670,311	716,341
Cost of sales	549,594	507,100
Gross profit	<u>120,717</u>	<u>209,241</u>
Selling, marketing and distribution expenses	90,190	79,814
Administrative expenses	12,542	17,413
	<u>102,732</u>	<u>97,227</u>
	17,985	112,014
Other operating income	6,713	5,423
Other operating expenses	1,320	9,803
	<u>5,393</u>	<u>(4,380)</u>
Operating profit	<u>23,378</u>	<u>107,634</u>
Finance cost	35	47
Profit before taxation	<u>23,343</u>	<u>107,587</u>
Taxation		
- Current	8,352	37,391
- Deferred	-	(6,642)
	<u>8,352</u>	<u>30,749</u>
Profit for the period	<u><u>14,991</u></u>	<u><u>76,838</u></u>
	(Rupees)	
Earnings per share - basic and diluted	<u>10.55</u>	<u>54.05</u>

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



Dr. Farid Khan
Chief Executive




Moin M. Fudda
Director

**Condensed Interim Statement
of Comprehensive Income (Unaudited)
For the three months period ended February 28, 2014**

	For the three months period ended	
	February 28, 2014	February 28, 2013
	(Rupees '000)	
Profit for the period	14,991	76,838
Other Comprehensive income		
<i>Items arising due to change in accounting policy and not to be reclassified to profit & loss in subsequent periods</i>		
Actuarial loss on defined benefit plans	-	(3,756)
Related tax effects	-	933
	-	(2,823)
Total comprehensive income for the period	14,991	74,015

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



Dr. Farid Khan
Chief Executive


Moin M. Fudda
Director

**Condensed Interim
Cash Flow Statement (Unaudited)
For the three months period ended February 28, 2014**

	For the three months period ended	
Note	February 28, 2014	February 28, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	7 68,639	136,651
Profit received on deposit accounts	6,170	3,676
Decrease in long-term loans	413	298
Increase in long-term deposits	(1,933)	(200)
Taxes paid	(25,032)	(14,426)
Net cash generated from operating activities	48,257	125,999
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities		
- Capital expenditure incurred	(7,420)	(7,072)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net decrease in cash and cash equivalents	40,837	118,927
Cash and cash equivalents at beginning of the period	307,709	170,907
Cash and cash equivalents at end of the period	348,546	289,834

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


Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

Condensed Interim Statement of Changes in Equity (Unaudited) For the three months period ended February 28, 2014

	Share capital Issued, subscribed and paid- up capital	Reserves			Unappropri- ated profit	Total
		General reserve	* Others	Sub total		
(Rupees in '000)						
Balance as at November 30, 2012 as previously reported	142,161	931,753	15,895	947,648	215,638	1,305,447
Effect of retrospective change in accounting policy referred to in Note: 3.1	-	-	-	-	9,069	9,069
Balance as at December 1, 2012 - restated	142,161	931,753	15,895	947,648	224,707	1,314,516
Total comprehensive income for the period						
Profit for the period - restated	-	-	-	-	76,838	76,838
Other comprehensive income - net of tax (restated)	-	-	-	-	(2,823)	(2,823)
	-	-	-	-	74,015	74,015
Balance as at February 28, 2013 - Restated	142,161	931,753	15,895	947,648	298,722	1,388,531
Balance as at November 30, 2013 as previously reported	142,161	931,753	16,829	948,582	135,834	1,226,577
Effect of retrospective change in accounting policy referred to in Note: 3.1	-	-	-	-	(19,346)	(19,346)
Balance as at December 1, 2013 - restated	142,161	931,753	16,829	948,582	116,488	1,207,231
Total comprehensive income for the period						
Profit for the period	-	-	-	-	14,991	14,991
Other comprehensive income - net of tax (restated)	-	-	-	-	-	-
	-	-	-	-	14,991	14,991
Balance as at February 28, 2014	142,161	931,753	16,829	948,582	131,479	1,222,222

* Others represent reserve for share based payment plan.

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


Dr. Farid Khan
Chief Executive


Moin M. Fudda
Director

**Notes to the Condensed Interim
Financial Information (Unaudited)
For the three months period ended February 28, 2014**

1. STATUS AND NATURE OF BUSINESS

Wyeth Pakistan Limited ("the Company") is a public limited company incorporated in 1949 in Pakistan. The Company's registered office is situated at S-33, Hawkes Bay Road, S.I.T.E., Karachi, Pakistan. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in manufacturing and marketing of research based ethical specialties and other pharmaceutical products.

Pfizer Inc. is the ultimate parent of the Company. Wyeth LLC, USA and Wyeth Holding Corporation USA, which are subsidiaries of Pfizer Inc., are the principal shareholder of the Company.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the three months period ended February 28, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information does not include information required for full annual financial statements and should, be read in conjunction with the audited financial statements for the year ended November 30, 2013.

This condensed interim financial information is presented in Pakistan Rupee which is the functional currency of the Company and rounded off to the nearest thousand rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Company for the year ended November 30, 2013, except for the change in accounting policy mentioned in note 3.1 below.

3.1 Change in accounting policy - Staff Retirement benefits

During the current period (with effect from December 01, 2013), the Company adopted revised IAS 19 "Employee Benefits" (amended 2011) and changed its basis for recognition of actuarial gains and losses and past service cost for its approved funded pension and gratuity schemes.

The revised IAS 19 require actuarial gains and losses to be recognised immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees. Moreover, any past service cost is now recognised immediately in the profit and loss account as soon as the change in benefit plans are made. Previously, the non-vested portion of past service cost was amortised over the expected average lives of the employees.

3.2 Effects of change in accounting policy

This change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", as if the revised standard has always applied. Since the effects of actuarial valuation are not estimated to be material, the actuarial valuation is carried out at end of the year and actuarial gains and losses are accounted for in annual financial statements.

The effects of retrospective application of change in accounting policy are as follows:

	February 28, 2014 (Rupees in '000)			November 30, 2013 (Rupees in '000)		
	As previously reported	Increase / (decrease)	As Restated	As previously reported	Increase / (decrease)	As Restated
Effect on Balance Sheet						
Trade and other payables	584,368	25,743	610,111	474,135	25,743	499,878
Deferred tax asset	21,732	6,397	28,129	21,732	6,397	28,129
Unappropriated profit	150,825	(19,346)	131,479	135,834	(19,346)	116,488

Effect on other comprehensive income

	For the three months period ended	
	February 28, 2014	February 28, 2013
	(Rupees in '000)	
Actuarial loss on defined benefit plan	-	(3,756)
Recognized deferred tax	-	933
Effect on total comprehensive income	-	(2,823)
Effect on profit & loss		
Profit & loss	-	-
Effect on basic and diluted earnings per share	-	-

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended November 30, 2013. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended November 30, 2013.

	February 28, 2014	November 30, 2013
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	168,166	169,879
Capital work in progress - at cost	40,050	38,095
	208,216	207,974
5.1 Operating property, plant and equipment includes following additions, disposals and write off during the period:		
Plant and machinery	-	30,269
Vehicles	3,072	11,442
Office equipment	2,393	21,592
	5,465	63,303
Disposal of vehicles [having a net book value of Nil (2013: Rs 0.665 million)].	-	1,529
Write off of assets [having a net book value of Rs Nil (2013: Rs 0.358 million)].	-	12,388
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
There is no change in the status of contingencies as disclosed under notes 15 of the annual financial statements of the Company for the year ended November 30, 2013.		
6.2 Commitments		
Commitments for capital expenditure	5,653	6,053
Guarantees and indemnity bonds for imported raw materials and other guarantees	4,860	5,026
Outstanding letter of credit - facility	125,143	28,497

	Note	February 28, 2014	February 28, 2013
(Rupees in '000)			
7. CASH GENERATED FROM OPERATIONS			
Profit before taxation		23,343	107,587
Adjustments for non-cash charges and other items:			
Depreciation		7,178	7,007
Net provision for slow moving and obsolete stock		4,432	10,987
Profit on deposit accounts		(5,914)	(3,561)
Working capital changes	7.1	39,600	14,631
		<u>68,639</u>	<u>136,651</u>
7.1 Working capital changes			
(Increase) / decrease in current assets:			
Spares		(220)	(528)
Stock-in-trade		(52,481)	(12,085)
Trade debts		(34,209)	(40,229)
Loans and advances		2,635	10,660
Deposits, prepayments and other receivables		13,642	14,286
		<u>(70,633)</u>	<u>(27,896)</u>
Increase in current liabilities:			
Trade and other payables		110,233	42,527
		<u>39,600</u>	<u>14,631</u>


8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate parent company (Pfizer Inc., USA), related group companies (associated companies), staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The Company in the normal course of business carries out transactions with various related parties at arm's length. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere are as follows:

	For the three months period ended	
	February 28, 2014	February 28, 2013
	(Rupees in '000)	
Transactions for the period		
Sale of goods to associated companies / transfer of inventory to associated companies	50,582	85,356
Goods purchased / transfer of inventory from associated companies	158,264	137,590
Services from associated undertakings	24,131	21,642
Contribution to retirement benefit funds	2,938	2,154
Remuneration of key management personnel	1,460	1,845
Legal and Professional Charges	86	506
	February 28, 2014	November 30, 2013
	(Rupees in '000)	
Balance receivable from / payable to associated companies		
Trade and other receivables in respect of goods and services	96,405	65,081
Trade and other payables in respect of goods and services	133,482	71,926

9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information was authorised for issue in the Board of Directors meeting held on March 27, 2014.


Dr. Farid Khan
Chief Executive


Moin M. Fudda
Director