

Wyeth®

**Lets build the
future together**

Annual Report 2014

WYETH PAKISTAN LIMITED

Mission, Vision And Values

Mission

Our mission is to apply science and our global resources to improve health and well-being at every stage of life.

Vision

Working together for a healthier world.

Our Commitments

We are committed to:

- ▶ Advance wellness, prevention, treatments and cures.
- ▶ Bring the best scientific minds together to challenge the most feared diseases of our time.
- ▶ Set the standard for quality, safety and value of medicines.
- ▶ Promote curiosity, inclusion and a passion for our work.
- ▶ Be a leading voice for improving everyone's ability to have reliable and affordable health care.
- ▶ Maximize our financial performance so we can meet our commitments to all who rely on us.

Values

- ▶ **Customer Focus:** We are deeply committed to meeting the needs of our customers, and we constantly focus on customer satisfaction.
- ▶ **Community:** We play an active role in making every community in which we operate - a better place to live and work knowing that its ongoing vitality has a direct impact on the long term health of the business.
- ▶ **Respect for People:** We recognize that people are a cornerstone of our success. We value our diversity as a source of strength and are proud of our history of treating employees with respect and dignity.
- ▶ **Performance:** We strive for continuous improvement in our performance, measuring results carefully and ensuring that integrity and respect for people are never compromised.
- ▶ **Collaboration:** We know that to be a successful company we must work together, frequently transcending organizational and geographic boundaries to meet the changing needs of our customers.
- ▶ **Leadership:** We believe that leaders empower those around them by sharing knowledge and rewarding outstanding individual effort. We are dedicated to providing opportunities for leadership at all levels in our organization.
- ▶ **Innovation:** Innovation is the key to improving health and sustaining our growth and profitability.
- ▶ **Quality:** Quality is ingrained in the work of our colleagues and all our values. We are dedicated to the delivery of quality healthcare. Our business practices and processes are designed to achieve quality results that exceed the expectations of all of our stakeholders.
- ▶ **Integrity:** We demand of ourselves and others the highest ethical standards, and our product and processes will be of the highest quality.

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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 & Co.
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 # 92-213-2331045
Website: www.wyethpakistan.com

Note: These accounts are also available on our website.

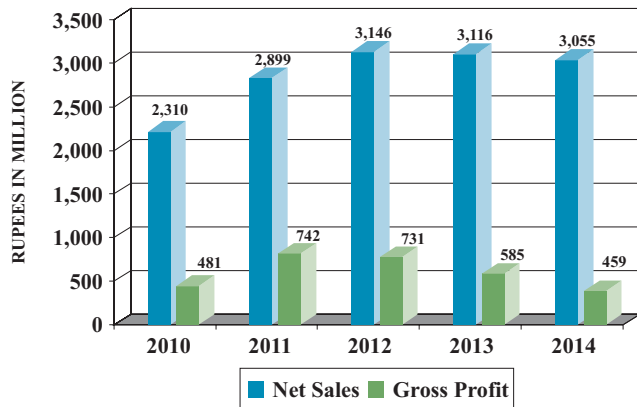
KEY OPERATING AND FINANCIAL DATA OF SIX YEARS

KEY INDICATORS		2009*	2010	2011	2012	2013	2014
					(Restated)	(Restated)	
Operating results (Rs. in millions)							
Net sales		2,306	2,310	2,899	3,146	3,116	3,055
Gross profit		501	481	742	731	585	459
Operating profit / (loss)		(28)	46	274	245	57	(13)
Profit / (loss) before tax		(32)	43	273	244	57	(14)
Profit / (loss) after tax		(87)	26	150	132	17	(85)
Financial position (Rs. in millions)							
Shareholder's equity		982	1,009	1,170	1,315	1,207	1,093
Property, plant & equipment		180	145	135	150	208	264
Net current assets		794	847	1,015	1,153	954	800
Profitability							
Gross profit	%	21.73	20.82	25.60	23.24	18.78	15.02
Operating profit / (loss)	%	(1.21)	1.99	9.45	7.79	1.82	(0.42)
Profit / (loss) before tax	%	(1.39)	1.86	9.42	7.76	1.82	(0.45)
Profit / (loss) after tax	%	(3.77)	1.13	5.17	4.20	0.54	(2.77)
Performance							
Fixed assets turnover	Times	12.81	15.93	21.47	21.00	14.98	11.56
Avg. inventory holding period	Days	157	163	175	177	143	120
Average collection period	Days	41	26	6	9	10	8
Return on equity	%	(8.86)	2.58	12.82	10.04	1.39	(7.73)
Liquidity							
Current	Times	2.71	2.56	2.83	4.11	2.91	2.47
Quick	Times	0.98	1.01	0.56	1.13	1.06	0.94
Valuation							
Earnings / (loss) per share	Rs.	(61.09)	18.61	123.33	134.90	11.82	(59.48)
Book value per share	Rs.	690.95	709.63	823.28	918.29	849.80	769.05
Dividend per share	Rs.	-	10.00	40.00	80.00	20.00	-
Price earning ratio	Times	-	49.11	5.51	6.93	432.65	-

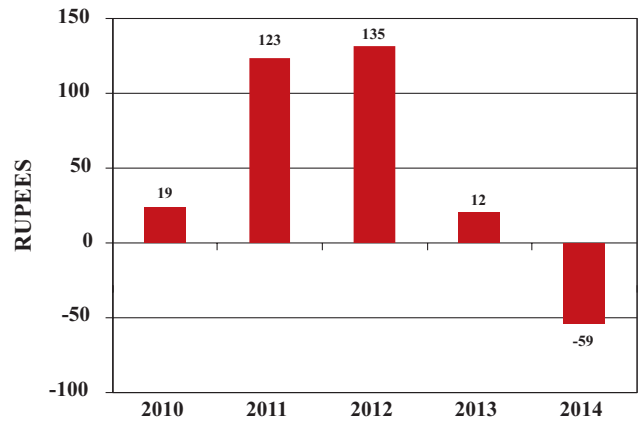
*Profit and Loss Account items reflect eleven months' period.

PERFORMANCE AT A GLANCE

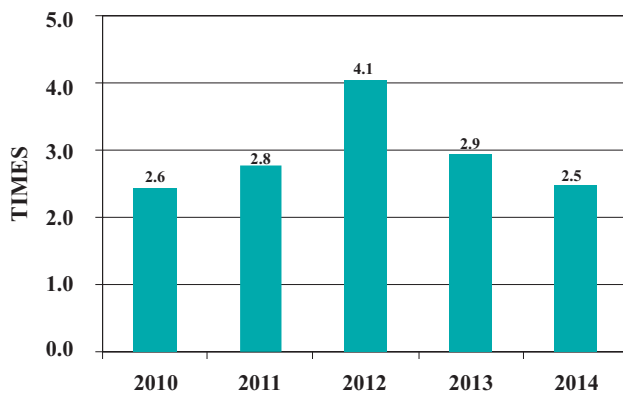
NET SALES & GROSS PROFIT ANALYSIS



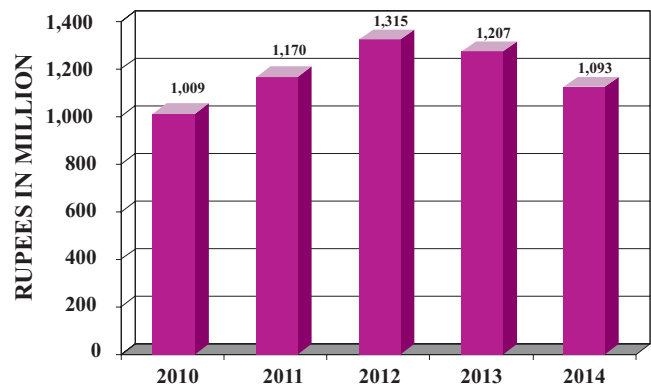
EARNINGS / (LOSS) PER SHARE



CURRENT RATIO



SHAREHOLDERS' EQUITY



Wyeth

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the SIXTY-SIXTH Annual General Meeting of Wyeth Pakistan Limited will be held at the Registered Office of the Company, S-33, Hawkes Bay Road, S.I.T.E., Karachi, at 11:30 a.m. on Wednesday, March 25, 2015 to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements together with the Directors' and Auditors' Reports for the year ended November 30, 2014.
2. To appoint Auditors for the year ending November 30, 2015 and to authorize the Board to fix their remuneration.

By Order of the Board



S. M. WAJEEHUDDIN
Company Secretary

Karachi: **March 02, 2015**

Notes:

1. Reference is made to the Securities and Exchange Commission of Pakistan Notification SRO 831(I) of 2012 dated July 5, 2012. In this connection the individual Members who have not yet submitted photostat copy of their valid CNIC to the Company are once again requested to send their CNIC (copy) with Folio Number mentioned thereon at the earliest to the Company's Share Registrar at THK Associates (Private) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530. Corporate Entities are also requested to provide their National Tax Number (NTN) certificate (copy) with Folio Number mentioned thereon to the Company's Share Registrar (as mentioned above).
2. The Share Transfer Books of the Company will remain closed from March 18, 2015 to March 25, 2015 (both days inclusive).
3. A member entitled to attend and vote at the above meeting shall be entitled to appoint another person, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her. A proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company. The completed proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.
5. Members are requested to promptly communicate to the Company's Registrar, THK Associates (Private) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530, of any change in their addresses.

6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated 26 January 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 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 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.
7. The shareholders holding physical shares are also required to bring their original CNIC and attested copy of CNIC of shareholder(s) of whom he/she/they hold proxy(ies) without which such shareholder(s) shall not be allowed to attend and/or sign the Register of Shareholders/Members at the AGM.
8. Accounts of the Company for the year ended November 30, 2014 are also available on the Company's website: www.wyethpakistan.com

Wyeth

DIRECTORS' REPORT TO SHAREHOLDERS

We are pleased to present your Company's Annual Report for 2014 together with the audited financial statements for the year ended November 30, 2014.

Financial Results

Apart from business, economic and law and order uncertainties that your Company has been facing since last couple of years, this years' results are also impacted by regulatory challenges.

The summarized operating results of your Company for the year ended November 30, 2014 are given below:-

	Rupees in '000
Sales	3,054,725
Gross profit	458,906
Loss before tax	(13,892)
Loss after tax	(84,552)

The loss this year includes a one-time charge of Rs. 92 million on account of restructuring costs.

The earnings per share of your Company for the year ended November 30, 2014 is Rupees (59.48) [2013: Rupees 11.82].

Review of Operations and Future Outlook

The Chief Executive's Review at pages 10 to 11 of the Annual Report discusses the operations and future outlook of your Company in more detail.

The Directors of the Company endorse the contents of the Chief Executive's Review.

Dividend

In view of the loss incurred during the year and the future cash flow requirements of the Company, the directors have decided not to declare any dividend for the year 2014.

Holding Company

Wyeth LLC, U.S.A. holds 576,470 (40.55%) shares, and Wyeth Holdings Corporation, U.S.A. (a 100% wholly owned subsidiary of Wyeth LLC,) holds 448,560 (31.55%) shares, in Wyeth Pakistan Limited, thus the total holding of Wyeth in Wyeth Pakistan Limited is 72.10%. Further, as a result of the global acquisition of Wyeth by Pfizer Inc., on October 15, 2009, Pfizer Inc. is the ultimate parent company of Wyeth Pakistan Limited.

Pattern of Shareholding

The shareholding information as at November 30, 2014 and the pattern of shareholding of the Company are set out on pages 57 to 58 of the Annual Report.

Mr. Moin M. Fudda (Director) has purchased 20 shares at the rate of Rs. 4,695 per share and 30 shares at the rate of Rs. 4,700 per share in February 2014. Other Directors, Chief Executive Officer, Chief Financial Officer / Company Secretary have confirmed that neither they nor their spouses and minor children carried out any trading in the shares of the Company during the period under review.

Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- a) The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, comprehensive income, changes in equity and cash flows.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of the financial statements. There has been no departure from IFRS.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data of last six years (including current period) is set out on page no 2.
- i) There are certain disputed demands of Income Tax, which have not been accrued or paid. These have been explained in note 15 to the financial statements on Taxation under the head of Contingencies and Commitments.
- j) The value of investments of pension, gratuity and provident fund were as follows:

Name of Fund	Unaudited 2014	Audited 2013
DB Pension Fund	Rs. 81 million	Rs. 149 million
DC Pension Fund	Rs. 85 million	-
Gratuity Fund	Rs. 88 million	Rs. 105 million
Provident Fund	Rs. 251 million	Rs. 266 million

The value of investments includes accrued interest and the audit of these funds for 2014 is in progress.

- k) During the year eight Board of Directors meetings were held and the attendance of Directors at those meetings is as follows:

Name	No. of Meetings Attended
Mr. Iftikhar Soomro	8
Mr. Iqbal Bengali	1*
Dr. Farid Khan	6**
Mr. Husain Lawai	6
Mr. Moin M. Fudda	8
Mr. Badaruddin F. Vellani	7
Syed Zakwan Ahmed	7**
Mr. S. M. Wajeehuddin	8

*Resigned on February 18, 2014

**Appointed on February 18, 2014

- 1) Two Directors joined the Board during the year, of which one is already certified while the Company is arranging orientation / certification program for the other. Out of seven directors, five are certified / exempt as per the training and certification requirements of the Code.

Related Party Transactions

All related party transactions during the year were approved by the Board and the details of all such transactions were placed before the Audit Committee. The Company maintains a full record of all such transactions, along with the terms and conditions.

Capital Expenditure

Capital expenditure of Rs. 95.056 million was made during the year under review, mainly on plant and machinery, vehicles and office equipment.

Environment, Health and Safety

In recognition of Wyeth Pakistan's long-standing commitment to environment, health, and safety performance, the National Forum of Environment and Health awarded your Company the 11th Environmental Excellence Award during the year.

We are also encouraging managers and supervisors to establish individual plans for resource and energy conservation. We are also advancing consumption of cleaner energy, so that reliance on conventional sources of energy is minimized in order to contribute our efforts in reducing carbon footprint.

Subsequent Events

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

Directors

Since the last Annual General Meeting no change took place in the composition of Board of Directors and following Directors were re-elected at the Election of Directors effective from April 30, 2014 for a three-year term expiring on April 29, 2017:

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

Audit Committee

The terms of reference of the Audit Committee have been determined by the Board of Directors in accordance with the guidelines provided in the Code of Corporate Governance. The Committee held five meetings during the year. Attendance of members in those meetings is as follows:

Name	No. of Meetings Attended
Mr. Iftikhar Soomro	4
Mr. Badaruddin F. Vellani	4
Mr. Moin M. Fudda	5

As a result of the Election of Directors, the Audit Committee was reconstituted effective April 30, 2014.

The current Audit Committee consists of three members, Mr. Moin M. Fudda (Chairman), Mr. Iftikhar Soomro and Mr. Badaruddin F. Vellani.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee held one meeting during the year. Attendance of members in the meeting is as follows:

Name	No. of Meetings Attended
Mr. Badaruddin F. Vellani	1
Mr. Iftikhar Soomro	1
Dr. Farid Khan	1

As a result of Election of Directors, the Human Resources and Remuneration Committee was reconstituted effective April 30, 2014.

The current Human Resources and Remuneration Committee consists of three members, Mr. Badaruddin F. Vellani (Chairman), Mr. Iftikhar Soomro and Dr. Farid Khan.

Auditors

The present Auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the financial year ending November 30, 2015 till the conclusion of next AGM at a remuneration to be determined by the Board of Directors.

Corporate Governance

A statement of compliance with the Code of Corporate Governance is attached with this report.

By Order of the Board


Iftikhar Soomro
 Chairman

Karachi: February 20, 2015

CHIEF EXECUTIVE'S REVIEW

I am pleased to present the Annual Report 2014 of Wyeth Pakistan Limited for the year ended November 30, 2014.

Operating Results

As we apprised you during our interim reviews, we are in the midst of a very difficult phase. Our current year's sales have been wedged by some grave business and regulatory challenges, due to which the achievements for 2014 have not been as expected. Our leading brand Ativan could not be made available to patients during the year as Government is not allowing toll manufacture of psychotropic drugs. We have also been facing tolling problems with certain other brands and lower demand in our consumer portfolio as compared to the last year. As a result, revenues are lower by two percent against last year's level. The revenue reduction also impacted the margins and gross profit to sales ratio went down by 3% as compared to last year; inflation and product mix also contributing towards this downward trend.

We have been responsive to these challenges and have tried to mitigate their impact through rationalisation of expenditures. There has been a reduction of 8% in overall operating expenses for the year under review as a result of lowered advertising spend on low yielding brands and some gain from actuarial valuation of terminal benefits. This significant reduction is after accounting for restructuring costs discussed in our earlier reports that arose after we reviewed and streamlined our operations.

All these difficult decisions taken by your management restricted operating loss before tax for the year to approximately PKR Fourteen Million which includes the impact of restructuring costs.

Future Outlook

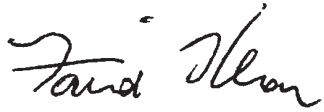
As we steered through the year the operating environment is becoming more and more challenging but we still see hope on the horizon. Factors such as the recent stable exchange parity, lowered fuel cost and reduced inflation outlook ought to give some relief to businesses including the pharmaceutical industry.

Also the sincere effort by the Government to introduce a pricing policy is another ray of hope. However, some elements of the draft policy which is presently under consideration appear to be moot and need to be resolved. We expect that a fair pricing mechanism will be adopted for regular price increases of pharmaceutical products.

At the same time there is also a dire need for speeding up the regulatory process. The pharmaceutical industry is already lamenting the snail-speed at which existing registration applications and hardship cases are processed and, a virtually non-existent Intellectual Property Rights regime only compounds these miseries. Amid all these fears we hope a fair and equitable approach will be adopted by the Government to resolve these important issues. The recent appointment of the Chief Executive Officer for the Drug Regulatory Authority of Pakistan is another positive step and we are optimistic that the entire past backlog would be reduced by swift progress in the future.

Colleagues

We are pleased to acknowledge the dedication and commitment of our colleagues in creating a culture of owning the business during these turbulent times in line with our vision to work together for a healthier world.



Dr. Farid Khan
Chief Executive

Karachi: **February 20, 2015**

Wyeth

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 Regulation No. 35 of Listing Regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited 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). As at November 30, 2014 the Board included:

Categories	Names
Independent Director	Mr. Moin M. Fudda
Non-Executive Directors	Mr. Iftikhar Soomro
	Mr. Hussain Lawai
	Mr. Badaruddin F Vellani
Executive Directors	Dr. Farid Khan-CEO
	Syed Zakwan Ahmed
	Mr. S.M.Wajeehuddin


Since November 30, 2014 there has been no change in the Board of Directors of the Company.

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Code.

- 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 loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- 4 Casual vacancies occurring in the Board on December 18, 2013 and February 18, 2014 were filled up by the Directors within 90 days.
- 5 The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6 The Board 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 employment of the Chief Executive Officer (CEO) and 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 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 except in case of an emergency meeting where it was waived.

- 9 Two of the directors attended the certification under directors' training program last year. During the current year, none of the directors could attend the training program. The Board encourages the directors to attend the training program. Out of seven directors, four are certified/exempt as per the training and certification requirement of the code.
- 10 The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11 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.
- 12 The financial statements were duly endorsed by the CEO and CFO before approval of the Board.
- 13 The Directors, CEO and executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 14 The Company has complied with all the corporate and financial reporting requirements of the Code.
- 15 The Board has formed an Audit Committee. It comprises three members, of whom one is an executive director and the chairman of the audit committee is an independent director.
- 16 The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the audit committee have been formed and advised to the committee for compliance.
- 17 The Board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom one is an executive director and the chairman of the committee is a non-executive director.
- 18 The Board set up an effective internal audit function which is headed by a suitably qualified and experienced person for the purpose, who is conversant with the policies and procedures of the Company. Further, effective from December 01, 2014 the Board has outsourced internal audit function to Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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 code of ethics as adopted by the ICAP.
- 20 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 the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, relevant employees and stock exchanges.
- 22 Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
- 23 We confirm that all other material principles enshrined in the Code have been complied with. Further, the Company is in the process of formulating a mechanism for evaluation of its Board's performance.

For and on behalf of the Board of Directors


Dr. Farid Khan
Chief Executive

Karachi: February 20, 2015



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of **Wyeth Pakistan Limited** ("the Company") for the year ended November 30, 2014 to comply with the requirements of Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended November 30, 2014.

Further, we highlight below the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance which are being in the process of compliance:



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Paragraph reference

Description

- | | |
|----|--|
| 9 | None of the directors have acquired certification under Directors' training program during the current year. The Board encourage the directors to attend the training program. |
| 23 | The Company is in the process of formulating a mechanism for evaluation of its Board's own performance. |

Date: **20 February 2015**
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Wyeth Pakistan Limited ("the Company") as at November 30, 2014 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 except for the change in accounting policy as disclosed in note 2.6 to the accompanying financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the 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 November 30, 2014 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the 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.

Date: **20 February 2015**

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

BALANCE SHEET AS AT NOVEMBER 30, 2014

	Note	2014	2013 (Restated)	December 1, 2012 (Restated)
(Rupees in '000)				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	264,195	207,974	149,789
Long-term loans to employees	5	5,859	7,194	4,802
Long-term deposits		10,019	10,010	6,819
Deferred taxation	12	12,901	28,129	219
Total non - current assets		292,974	253,307	161,629
CURRENT ASSETS				
Spares		22,131	20,349	15,952
Stock-in-trade	6	805,259	900,686	1,086,244
Trade debts	7	56,926	72,975	103,341
Loans and advances	8	25,819	24,841	31,495
Deposits, prepayments and other receivables	9	137,639	88,040	76,759
Interest accrued		2,627	1,720	655
Taxation - net		145,615	37,482	38,142
Cash and bank balances	10	149,931	307,709	170,907
Total current assets		1,345,947	1,453,802	1,523,495
Total assets		1,638,921	1,707,109	1,685,124
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Issued, subscribed and paid-up capital	11	142,161	142,161	142,161
Reserves		949,767	948,582	947,648
Unappropriated profit		1,367	116,488	224,707
Total equity		1,093,295	1,207,231	1,314,516
CURRENT LIABILITIES				
Trade and other payables	13	545,626	499,878	370,608
Total equity and liabilities		1,638,921	1,707,109	1,685,124
CONTINGENCIES AND COMMITMENTS 15				

The annexed notes 1 to 36 form an integral part of these financial statements.


Dr. Farid Khan
Chief Executive


Iftikhar Soomro
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED NOVEMBER 30, 2014

	Note	2014	2013 (Restated)
(Rupees in '000)			
Net sales	16	3,054,725	3,115,717
Cost of sales	17	2,595,819	2,530,654
Gross profit		458,906	585,063
Selling, marketing and distribution expenses	18	445,651	418,173
Administrative expenses	19	68,838	121,471
		514,489	539,644
		(55,583)	45,419
Other operating income	21	43,587	29,692
Other operating expenses	22	1,557	18,459
		42,030	11,233
Operating (loss) / profit		(13,553)	56,652
Finance cost	23	339	208
(Loss) / profit before taxation		(13,892)	56,444
Taxation	24	70,660	39,643
(Loss) / profit for the year		(84,552)	16,801
(Rupees)			
(Loss) / earnings per share - basic and diluted	25	(59.48)	11.82

The annexed notes 1 to 36 form an integral part of these financial statements.

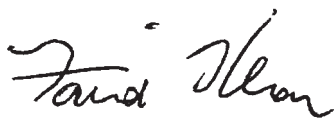

Dr. Farid Khan
Chief Executive


Iftikhar Soomro
Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED NOVEMBER 30, 2014

	2014	2013 (Restated)
	(Rupees in '000)	
(Loss) / profit for the year	(84,552)	16,801
Other comprehensive income		
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit liability	(2,862)	(15,025)
Deferred tax charge	725	3,734
	(2,137)	(11,291)
Total comprehensive income for the year	<u>(86,689)</u>	<u>5,510</u>

The annexed notes 1 to 36 form an integral part of these financial statements.


Dr. Farid Khan
Chief Executive



Iftikhar Soomro
Chairman

Wyeth

CASH FLOW STATEMENT FOR THE YEAR ENDED NOVEMBER 30, 2014

	Note	2014	2013 (Restated)
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	92,774	391,681
Decrease / (increase) in long-term loans to employees		1,335	(2,392)
Increase in long-term deposits		(9)	(3,191)
Taxes paid		(162,840)	(63,159)
Net cash (outflow) / inflow from operating activities		(68,740)	322,939
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(95,056)	(86,459)
Profit received on bank deposits		20,255	12,385
Proceeds from disposal of property, plant and equipment		14,128	1,086
Net cash outflow from investing activities		(60,673)	(72,988)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflow from financing activities - dividends paid		(28,365)	(113,149)
Net (decrease) / increase in cash and cash equivalents		(157,778)	136,802
Cash and cash equivalents at beginning of the year		307,709	170,907
Cash and cash equivalents at end of the year	10	149,931	307,709

The annexed notes 1 to 36 form an integral part of these financial statements.


Dr. Farid Khan
Chief Executive



Iftikhar Soomro
Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED NOVEMBER 30, 2014

	Share capital		Reserves		Unappropriated profit	Total
	Issued, subscribed and paid-up capital	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 with respect to accounting for actuarial gains and losses referred in note 2.6.2	-	-	-	-	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 year						
Profit for the year - (restated)	-	-	-	-	16,801	16,801
Remeasurement of defined benefit liability - net of tax	-	-	-	-	(11,291)	(11,291)
	-	-	-	-	5,510	5,510
Transactions with owners recognised directly in equity						
Final dividend for the year ended November 30, 2012 at Rs. 80 per share	-	-	-	-	(113,729)	(113,729)
Share-based payments (note 28.3)	-	-	934	934	-	934
	-	-	934	934	(113,729)	(112,795)
Balance as at November 30, 2013 - (restated)	142,161	931,753	16,829	948,582	116,488	1,207,231
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(84,552)	(84,552)
Remeasurement of defined benefit liability - net of tax	-	-	-	-	(2,137)	(2,137)
	-	-	-	-	(86,689)	(86,689)
Transactions with owners recognised directly in equity						
Final dividend for the year ended November 30, 2013 at Rs. 20 per share	-	-	-	-	(28,432)	(28,432)
Share-based payments - (note 28.3)	-	-	1,185	1,185	-	1,185
	-	-	1,185	1,185	(28,432)	(27,247)
Balance as at November 30, 2014	142,161	931,753	18,014	949,767	1,367	1,093,295

* Others represent reserve for share based payment plan.

The annexed notes 1 to 36 form an integral part of these financial statements.


Dr. Farid Khan
Chief Executive


Iftikhar Soomro
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 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 shareholders of the Company.

2. BASIS OF PREPARATION

2.1 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 the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 period of revision.

In particular, information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- (a) Property, plant and equipment (note 3.1)
- (b) Stock-in-trade (note 3.2)
- (c) Trade debts (note 3.3)
- (d) Taxation (note 3.9)
- (e) Staff retirement benefits (note 3.7)

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning after December 1, 2014:

- Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after July 1, 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments have no effect on the Company's financial statements.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 1, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments have no impact on Company’s financial statements.
- IFRS 10 ‘Consolidated Financial Statements’ – (effective for annual periods beginning on or after January 1, 2015) replaces the part of IAS 27 ‘Consolidated and Separate Financial Statements’. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called ‘Separate Financial Statements’ and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 1, 2016. The adoption of this standard would have no impact on Company’s financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 1, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 1, 2016. The adoption of this standard would have no impact on Company's financial statements.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after January 1, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard would have no impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after January 1, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard would have no impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after January 1, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments have no impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 1, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Amendments to IFRS 10 and IAS 28] (effective for annual periods beginning on or after January 1, 2016). The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual periods beginning on or after July 1, 2014). The new cycle of improvements contain amendments to the following standards:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
 - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
 - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
 - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 1, 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
 - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

2.6 Change in accounting policy

2.6.1 Presentation of items of other comprehensive income

As a result of amendments to IAS 1 - 'Presentation of Financial Statements', the Company has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss in future from those that would never be. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Company.

2.6.2 Employee Benefits

During the current period (with effect from December 01, 2013), the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized 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 as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in the profit and loss as soon as the change in the benefit plan is made. Previously, only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortised to profit and loss account over the vesting period.

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 been applied. The effects of the above change in accounting policy on the financial statements are as follows:

	November 30, 2013			November 30, 2012		
	As previously reported	Impact due to change in policy	As restated	As previously reported	Impact due to change in policy	As restated
----- (Rupees in '000) -----						
Effect on balance sheet						
Trade and other payables	474,135	25,743	499,878	382,676	(12,068)	370,608
Deferred taxation	21,732	6,397	28,129	3,218	(2,999)	219
Unappropriated profit	135,834	(19,346)	116,488	215,638	9,069	224,707

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
Impact on profit and loss account		
(Increase) / decrease in profit before tax due to recognition of past service cost immediately	(31,256)	22,786
Taxation - deferred	7,923	(5,662)
	<u>(23,333)</u>	<u>17,124</u>
Impact on other comprehensive income		
Recognition of actuarial losses	2,862	15,025
Deferred tax charge	(725)	(3,734)
	<u>2,137</u>	<u>11,291</u>
The effect of loss per share due to restatement is as follows:		
Loss per share - basic and diluted		<u>12.04</u>

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work-in-progress which is stated at cost. Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged in the year of acquisition. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity, and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to income applying the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values, depreciation rates and method are reviewed at each balance sheet date and adjusted if the impact is significant.

Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged in the month of disposal. The rates of depreciation are stated in note 4.3 to the financial statements.

Gains and losses on disposal

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected to be realised from its use or disposal. Gains or losses on disposal of an item of property, plant and equipment are recognised in the profit and loss account.

Capital work in progress

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.2 Stock-in-trade

Stock in trade are valued at the lower of cost and net realisable value. Cost is determined using first-in first-out method.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and cost necessary to make the sale.

Provision is made for slow moving and obsolete items wherever necessary and is recognised in profit and loss account.

3.3 Trade debts

Trade debts are initially measured at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade debts is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts are written off when considered irrecoverable.

3.4 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand, with banks in deposit accounts and term deposit receipts with original maturity period of three months or less.

3.5 Provisions

Provisions are recognised when, the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.6 Revenue recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Return on short-term deposits is accounted for on an accrual basis using the effective interest rate method.

3.7 Staff retirement benefits

3.7.1 Defined benefit schemes

The Company operates the following defined benefit schemes:

- An approved funded pension scheme for management staff. Pension is payable for life and thereafter to surviving spouses and / or dependent children; and
- An approved funded gratuity scheme for all its permanent employees.

Benefits under such schemes are payable on completion of prescribed qualifying period of service. Contributions are made by the Company to these funds on the basis of actuarial valuations carried out annually by a qualified actuary using projected unit credit method. All actuarial gains and losses are recognised immediately in other comprehensive income and all expenses related to defined benefits plans are recognised in profit and loss account.

3.7.2 Defined contribution plan

The Company also operates following defined contribution plans:

- An approved funded contributory provident fund for all eligible employees. Equal monthly contributions are made both by the Company and the employee.
- An approved funded defined contribution pension scheme (DC Pension Scheme) to:
 - All employees joining on or after April 1, 2013;
 - All employees who opted for DC Pension Scheme in place of DB Pension Scheme on July 1, 2014. The benefits of such employees were transferred from DB Pension Scheme to DC Pension Scheme based on actuarial recommendations.

3.7.3 Employees' compensated absences

The Company accounts for liability against employees' compensated absences in the period in which these are earned upto the balance sheet date.

3.8 Share-based payments

The Company participates in a time-vested share based rewards plan operated by Pfizer Inc., (the ultimate parent company) whereby, Pfizer Inc. grants rights of its shares to the eligible employees of the Company.

The primary share-based awards and their general terms and conditions are as follows:

- Stock options, which, when vested, entitle the holder to purchase a specified number of shares of Pfizer common stock at a price per share equal to the market price of Pfizer Inc., share on the date of grant.
- Restricted stock units (RSUs), which, when vested, entitle the holder to receive a specified number of shares of Pfizer Inc., including shares resulting from dividend equivalents paid on such RSUs.
- The cost of award is charged to profit and loss account over the vesting period and credited to equity as a contribution from the parent.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Borrowings cost

Borrowing costs are recognised as an expense in the period in which these are incurred using effective interest rate method except where such cost are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

3.11 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into

Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

3.12 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which is the fair value of the consideration given or received respectively. These are subsequently measured at fair value or amortised cost, as the case may be.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the financial asset are transferred. Financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset.

3.13 Dividends and appropriation of profit

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.14 Impairment

The carrying amounts of the Company's non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

3.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	November 30, 2014 (Rupees in '000)	November 30, 2013
Operating property, plant and equipment	4.1	246,575	169,879
Capital work in progress	4.2	17,620	38,095
		<u>264,195</u>	<u>207,974</u>

4.1 Operating property, plant and equipment

	Leasehold land	Factory building on leasehold land	Improvements to warehouse	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Total
Rupees in '000								
At November 30, 2012								
Cost	258	46,855	9,621	222,677	24,354	52,222	71,315	427,302
Accumulated depreciation	93	29,796	7,579	168,606	20,962	29,736	35,680	292,452
Net book value	165	17,059	2,042	54,071	3,392	22,486	35,635	134,850
Year ended November 30, 2013								
Opening net book value	165	17,059	2,042	54,071	3,392	22,486	35,635	134,850
Additions	-	-	-	30,269	-	11,442	21,592	63,303
Disposals								
Cost	-	-	-	-	-	1,529	-	1,529
Accumulated depreciation	-	-	-	-	-	864	-	864
	-	-	-	-	-	665	-	665
Write-off of Assets								
Cost	-	11,308	-	-	1,080	-	-	12,388
Accumulated depreciation	-	10,950	-	-	1,080	-	-	12,030
	-	358	-	-	-	-	-	358
Depreciation	3	1,038	377	11,297	617	8,675	5,244	27,251
Closing net book value	162	15,663	1,665	73,043	2,775	24,588	51,983	169,879
At November 30, 2013								
Cost	258	35,547	9,621	252,946	23,274	62,135	92,907	476,688
Accumulated depreciation	96	19,884	7,956	179,903	20,499	37,547	40,924	306,809
Net book value	162	15,663	1,665	73,043	2,775	24,588	51,983	169,879
Year ended November 30, 2014								
Opening net book value	162	15,663	1,665	73,043	2,775	24,588	51,983	169,879
Additions	-	-	-	93,132	-	11,495	10,904	115,531
Disposals								
Cost	-	-	-	-	-	29,324	-	29,324
Accumulated depreciation	-	-	-	-	-	22,414	-	22,414
	-	-	-	-	-	6,910	-	6,910
Write-off of Assets								
Cost	-	-	736	-	-	-	-	736
Accumulated depreciation	-	-	736	-	-	-	-	736
	-	-	-	-	-	-	-	-
Depreciation	3	1,029	318	13,401	593	9,898	6,683	31,925
Closing net book value	159	14,634	1,347	152,774	2,182	19,275	56,204	246,575
At November 30, 2014								
Cost	258	35,547	8,885	346,078	23,274	44,306	103,811	562,159
Accumulated depreciation	99	20,913	7,538	193,304	21,092	25,031	47,607	315,584
Net book value	159	14,634	1,347	152,774	2,182	19,275	56,204	246,575

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
4.2 Capital work in progress		
Factory Building	100	-
Plant and machinery	17,520	22,345
Office equipment	-	15,750
	<u>17,620</u>	<u>38,095</u>

4.3 Depreciation on operating property, plant and equipment is charged at the following rates:

	Annual rate of depreciation (%)
Leasehold land	1
Factory building on leasehold land	3
Improvements to warehouse	3
Plant and machinery	8
Furniture and fittings	8
Vehicles	25
Office equipment	8 to 33.33

4.4 The depreciation charge for the year has been allocated as under:

	Note	November 30, 2014	November 30, 2013
		(Rupees in '000)	
Cost of sales	17.1	23,580	19,721
Selling, marketing and distribution expenses	18	6,669	5,662
Administrative expenses	19	1,676	1,868
		<u>31,925</u>	<u>27,251</u>

4.5 The operating property, plant and equipment (note 4.1) include items costing Rs. 181.620 million (2013: Rs. 180.428 million) which are fully depreciated as of November 30, 2014 but are still in active use.

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4.6 The following operating property, plant and equipment were disposed / written off during the year:

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain	Mode of disposal	Particulars
------(Rupees in '000)-----							
Suzuki Cultus	662	662	-	166	166	Policy	Dr. Wafa Shabbir
Toyota Corolla	1,389	1,389	-	347	347	Policy	Mr. Ghulam Sarwar
Toyota Corolla	1,389	1,389	-	347	347	Policy	Mr. Masood Alam
Suzuki Cultus	924	654	270	476	206	Policy	Mr. Mukhtar Ahmad
Toyota Altis	2,023	843	1,180	1,369	189	Policy	Mr. Ehetesham ul Haq
Suzuki Cultus	905	905	-	226	226	Policy	Mr. Asim Sarfaraz
Honda City	1,314	1,314	-	329	329	Policy	Mr. Tafazzul Khan
Daihatsu Cuore	938	508	430	577	147	Policy	Mr. Zafar H Khan
Daihatsu Cuore	938	489	449	589	140	Policy	Mr. Saqib Nadeem
Daihatsu Cuore	938	489	449	589	140	Policy	Mr. Khalil A Sheikh
Daihatsu Cuore	938	489	449	588	139	Policy	Mr. Asrar Bukhari
Daihatsu Cuore	938	489	449	588	139	Policy	Mr. Shahbaz Niazi
Daihatsu Cuore	938	489	449	588	139	Policy	Mr. Zia ul Arfeen
Suzuki Cultus	990	413	577	670	93	Policy	Mr. Zulfiqar Ali
Suzuki Cultus	1,010	379	631	702	71	Policy	Mr. Idrees Hamdani
Suzuki Cultus	1,005	333	672	717	45	Policy	Mr. Shahid H Khokhar
Toyota Corolla	1,608	703	905	1,550	645	Insurance	Insurance claim
Mercedes Benz	10,477	10,477	-	3,710	3,710	Tender	M/s. Zeppelin Communionation
Improvements to warehouse	736	736	-	-	-	Write off	
2014	30,060	23,150	6,910	14,128	7,218		
2013	13,917	12,894	1,023	1,086	63		

5. LONG-TERM LOANS TO EMPLOYEES - considered good

	Note	November 30, 2014	November 30, 2013
(Rupees in '000)			
Loans to Employees	5.1 & 5.2	11,159	10,293
Less: Receivable within one year	8	5,300	3,099
		<u>5,859</u>	<u>7,194</u>

5.1 This includes loans to executives, the details of which are as follows:

Opening balance	4,649	3,347
Loans disbursed during the year	4,775	2,567
Loans recovered during the year	(3,867)	(1,265)
Closing balance	<u>5,557</u>	<u>4,649</u>

5.2 These represent interest free loans to executives and other employees for purchase of motor cars, motor cycles, home appliances and for house building in accordance with the Company's policy and are recoverable in two to six years in monthly instalments. Vehicles purchased under this scheme are registered in the name of the Company.

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
5.3 Outstanding for period:		
- less than three years but over one year	2,552	2,643
- more than three years	3,307	4,551
	<u>5,859</u>	<u>7,194</u>

5.4 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 6.279 million (2013: Rs. 4.596 million).

	Note	November 30, 2014	November 30, 2013
		(Rupees in '000)	
6. STOCK-IN-TRADE			
Raw and packing materials	6.1 & 6.2	401,283	574,994
Work-in-process	6.1	81,436	117,630
Finished goods	6.1 & 6.3	295,742	234,630
Stock-in-transit		62,487	44,700
		<u>840,948</u>	<u>971,954</u>
Less: Provision for slow moving and obsolete stock-in-trade	6.4	35,689	71,268
		<u>805,259</u>	<u>900,686</u>

6.1 Raw and packing materials, work-in-process and finished goods include Rs. 79.512 million (2013: Rs. 120.936 million), Rs. 1.586 million (2013: Rs. 2.262 million) and Rs. 11.731 million (2013: Rs. 22.725 million) respectively held with third parties for outside manufacturing purposes.

6.2 Raw and packing materials amounting to Rs. 0.870 million (2013: Rs. Nil) are held with a related party given as a loan.

6.3 Finished goods includes items costing Rs. 15.189 million (2013: Rs. 11.028 million) which are valued at net realisable value of Rs. 12.211 million (2013: 9.929 million).

6.4 During the year, provision of Rs. 19.071 million (2013: Rs. 53.061 million) has been recognised and stocks valued at Rs. 54.649 million (2013: Rs. 14.471 million) have been written off from provision.

7. TRADE DEBTS - unsecured

	Note	November 30, 2014	November 30, 2013
		(Rupees in '000)	
- Related party	7.1	41,790	53,452
- Others		15,136	19,523
		<u>56,926</u>	<u>72,975</u>
Considered doubtful		12,662	12,662
		<u>69,588</u>	<u>85,637</u>
Less: Provision for doubtful debts		12,662	12,662
		<u>56,926</u>	<u>72,975</u>

7.1 This represents amount due from Pfizer Inc. Philippines which was not past due as at November 30, 2014.

8. LOANS AND ADVANCES - considered good	Note	November 30, 2014	November 30, 2013
(Rupees in '000)			
Current portion of long-term loans to employees	5	5,300	3,099
Advances			
- Suppliers		18,171	17,695
- Employees	8.1 & 8.2	2,348	4,047
		<u>20,519</u>	<u>21,742</u>
		<u>25,819</u>	<u>24,841</u>

8.1 This includes amounts due from executives amounting to Rs. 1.138 million (2013: Rs 2.255 million).

8.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 2.262 million (2013: Rs. 2.584 million).

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	November 30, 2014	November 30, 2013
(Rupees in '000)			
Trade deposits		32,397	28,997
Prepayments		5,427	4,539
Margin deposits for guarantees and letters of credit		24,128	24,094
Balances with statutory authorities for customs and excise duty		999	999
Sales tax refundable	9.1	4,301	4,301
Receivable from related parties		18,274	11,629
Receivable from pension fund	27.2	21,825	-
Export rebate claim		5,385	7,804
Workers' Profit Participation Fund	13.3	-	5,677
Insurance claim receivable		24,903	-
		<u>137,639</u>	<u>88,040</u>

9.1 This includes Rs. 3.214 million representing sales tax paid on pharmaceutical products in the year 2002 which is refundable to the Company.

10. CASH AND BANK BALANCES

	Note	November 30, 2014	November 30, 2013
(Rupees in '000)			
Cash in hand		244	234
With banks			
- Term deposit receipts	10.1	100,000	250,000
- In saving accounts	10.2	49,687	57,475
		<u>149,931</u>	<u>307,709</u>

10.1 This represents term deposits placed with banks carrying mark-up at 9.03% (2013: 7.8% to 8.20%) per annum, with a tenure of 3 months.

10.2 These carry mark-up at the rate of 7% (2013: 6%) per annum.

11. SHARE CAPITAL		November 30, 2014	November 30, 2013
Authorised capital		(Rupees in '000)	
5,000,000 ordinary shares of Rs. 100 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital		November 30, 2014	November 30, 2013
November 30, 2014	November 30, 2013	(Rupees in '000)	
(Number of shares)			
		Ordinary shares of Rs. 100 each	
386,711	386,711	Shares fully paid in cash	38,671
477,493	477,493	Shares issued as fully paid for consideration other than cash - note 11.2	47,749
557,405	557,405	Shares issued as fully paid bonus shares	55,741
<u>1,421,609</u>	<u>1,421,609</u>	<u>142,161</u>	<u>142,161</u>

11.1 Wyeth LLC, USA and Wyeth Holdings Corporation, USA held 576,470 (2013: 576,470) and 448,560 (2013: 448,560) shares of Rs. 100 each respectively as on November 30, 2014. On October 15, 2009 Pfizer Inc. has acquired Wyeth LLC, USA and has become the ultimate parent of the Company.

11.2 These shares include 473,529 shares issued under the scheme of arrangement for amalgamation of Wyeth Laboratories (Pakistan) Limited and Cyanamid (Pakistan) Limited in the year 1996.

12. DEFERRED TAXATION		November 30, 2014	November 30, 2013 (Restated)
		(Rupees in '000)	
Deferred (credits) / debits arising in respect of:			
Accelerated tax depreciation		(20,116)	(13,797)
Provision for gratuity and pension		14,581	19,619
Provision for slow moving and obsolete stocks		9,046	17,984
Provision for doubtful debts		3,210	3,131
Provision for sales return		497	351
Others		5,683	841
		<u>12,901</u>	<u>28,129</u>

12.1 Movement in deferred taxation

	Net balance at December 1, 2012	Recognised in profit or loss	Recognised in OCI	Net balance at November 30, 2013	Recognised in profit or loss	Recognised in OCI	Net balance at November 30, 2014
	----- Restated -----						
	----- (Rupees in '000) -----						
Accelerated tax depreciation	(11,075)	(2,722)	-	(13,797)	(6,319)	-	(20,116)
Provision for gratuity and pension	(611)	16,496	3,734	19,619	(5,763)	725	14,581
Provision for slow moving and obsolete stocks	7,983	10,001	-	17,984	(8,938)	-	9,046
Provision for doubtful debts	3,122	9	-	3,131	79	-	3,210
Provision for sales return	388	(37)	-	351	146	-	497
Others	412	429	-	841	4,842	-	5,683
	<u>219</u>	<u>24,176</u>	<u>3,734</u>	<u>28,129</u>	<u>(15,953)</u>	<u>725</u>	<u>12,901</u>

13. TRADE AND OTHER PAYABLES

	Note	November 30, 2014	November 30, 2013 (Restated)	December 1, 2012 (Restated)
(Rupees in '000)				
Creditors	13.1	243,873	182,674	113,140
Accrued liabilities		175,096	201,505	182,927
Advances from customers		19,143	11,695	9,196
Accumulated compensated absences		19,336	14,057	25,770
Payable to provident fund		-	56	2,113
Payable to gratuity and pension funds	27.2	79,348	79,214	(2,293)
Workers' Welfare Fund	13.2	-	2,906	11,121
Central Research Fund		-	1,026	3,542
Workers' Profit Participation Fund	13.3	-	-	18,060
Sales tax payable		3,353	1,610	2,575
Unclaimed dividend		3,514	3,447	2,867
Provision for sales return		1,963	1,688	1,590
		545,626	499,878	370,608

13.1 Creditors include Rs. 121.362 million (2013: Rs. 71.926 million) to associated undertakings.

13.2 Workers' Welfare Fund

	November 30, 2014	November 30, 2013
(Rupees in '000)		
Opening balance	2,906	11,121
Allocation for the year	-	2,906
	2,906	14,027
Less: adjusted / payments made during the year	(2,906)	(11,121)
Closing balance	-	2,906

13.3 Workers' Profit Participation Fund

Opening balance (receivable) / payable	(5,677)	18,060
Allocation for the year	-	4,323
	(5,677)	22,383
Received / (paid) during the year	5,677	(28,060)
Closing balance (receivable) / payable	-	(5,677)

14. SHORT-TERM FINANCE FACILITY

The facilities for opening letters of credit and guarantees as at November 30, 2014 amounted to Rs. 760.3 million (2013: Rs. 796.7 million) and Rs. 481.7 million (2013: Rs. 481.7 million) of which unutilised balances at the year end amounted to Rs. 547.7 million and Rs. 476.8 million respectively.

15. CONTINGENCIES AND COMMITMENTS

15.1 Certain ex-employees of the Company have filed claims aggregating to Rs. 253.683 million (2013: Rs. 247.572 million) against the Company. The Company is contesting the claims in the courts and the management is confident that the ultimate decision of the subject claims will be in favour of the Company. Accordingly, no provision has been made in these financial statements in respect of these claims.

15.2 One ex-distributor has filed claims against the Company aggregating to Rs. 75.1 million (2013: Rs. 75.1 million) for recovery of damages. The management is confident that the case will be decided in the Company's favour and therefore no provision has been made in this respect.

15.3 The Company has filed income tax returns under section 120 of the Income Tax Ordinance up to and including the tax year 2014. However, the income tax authorities have made arbitrary additions and disallowances to taxable income in assessment years 1997-98 to 2002-03 and for tax years 2003 to 2005 and 2013 which have resulted in an aggregate tax liability of Rs. 244.015 million (2013: Rs. 231.962 million). The tax liability has arisen mainly due to the following reasons:

- The assessing officer has made additions to the income based on the contention that the Company has allegedly paid excessive amount on import of raw materials.
- The assessing officer charged tax on purchases related to agriculture business of the Company under presumptive tax regime by treating all purchases as commercial imports.
- The assessing officer also charged tax on gain on sale of the Company's agriculture business and has also arbitrarily disallowed certain expenses attributed to that segment of the business.
- The assessing officer has disallowed the credit for adjustment of tax refunds and adjustment of compensation on delayed refunds.

Although the Company has filed appeals with various appellate authorities in respect of the above, however, a provision of Rs. 137.614 million (2013: Rs. 125.562 million) is being carried against the above demands on grounds of prudence. In consultation with their tax advisors, the management is confident that the ultimate decision of the appeals will be in the Company's favour.

15.4 The Assistant Collector, Sales Tax and Federal Excise has issued an order requiring the Company to pay Federal Excise Duty (FED) along with penalty and default surcharge amounting to approximately Rs. 1 million in respect of technical services availed by the Company.

The Company filed an appeal against this order. The Commissioner Inland Revenue Appeals (CIRA) passed an order in favour of the Company. However, the Tax Department filed an appeal before the Tribunal, and the case has been remanded back to the department for de novo consideration. The matter is pending since then.

15.5 Effective from July 1, 2013, Sindh Revenue Board has levied Sindh Sales Tax at the rate of 16 percent on toll manufacturing activities under Sindh Sales Tax on Services Act, 2011 treating such activity as a 'service'. No sales tax was payable under the Federal law on toll manufacturing charges paid by the Company owing to the fact that the Company is engaged in manufacturing of pharmaceutical products which are exempt from Federal Sales Tax.

In view of above, the Company has filed a constitutional petition before the Honorable Sindh High Court contending that toll manufacturing is a process and not a service, therefore comes under the legislative authority of the Federal Government, hence, Sindh Sales Tax is not chargeable on toll manufacturing charges billed to the Company. The High Court has issued a stay order and restrained Sindh Revenue Board from collection of sales tax on toll manufacturing charges till the time aforesaid petition is decided by the Court. Based on the discussion with the legal counsel, the management of the Company is confident that the eventual outcome of the petition would be in favour, hence, no provision is made in the accounts for sales tax on toll manufacturing charges which has been estimated to amount to Rs. 7.94 million (2013: Rs. 2.79 million).

15.6 Commitments

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
15.6.1 Commitments for capital expenditure	<u>4,515</u>	<u>6,053</u>
15.6.2 Guarantees and indemnity bonds for imported raw materials and other guarantees	<u>4,860</u>	<u>5,026</u>
15.6.3 Outstanding letter of credit-facility	<u>212,670</u>	<u>28,497</u>
16. NET SALES		
Sales - Domestic	3,182,444	3,310,872
Sales - Export	<u>235,745</u>	<u>214,244</u>
	<u>3,418,189</u>	<u>3,525,116</u>
Less: Discounts and commission	340,170	376,677
Returns	7,083	9,921
Sales tax	<u>16,211</u>	<u>22,801</u>
	<u>363,464</u>	<u>409,399</u>
	<u>3,054,725</u>	<u>3,115,717</u>

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	Note	November 30, 2014	November 30, 2013 (Restated)
17. COST OF SALES		(Rupees in '000)	
Opening stock of finished goods		234,630	249,062
Cost of goods manufactured	17.1	2,130,330	1,979,611
Purchases of finished goods		537,271	553,792
Closing stock of finished goods		(295,742)	(234,630)
Physician samples charged to advertising and sales promotion		(10,670)	(17,181)
		<u>2,595,819</u>	<u>2,530,654</u>
17.1 Cost of goods manufactured			
Opening stock of raw and packing materials		574,994	754,935
Purchase of raw and packing materials		1,309,851	1,233,520
Closing stock of raw and packing materials		(401,283)	(574,994)
Raw and packing materials consumed		<u>1,483,562</u>	<u>1,413,461</u>
Salaries, wages and other benefits	17.2 & 20	290,127	280,230
Depreciation	4.4	23,580	19,721
Fuel and power		112,986	61,258
Rent, rates and taxes		7,196	5,640
Repairs and maintenance		57,654	81,785
Production and other supplies		36,462	39,529
Spare parts consumed		9,454	8,465
Travelling and vehicles running expenses		12,779	7,288
Provision for slow moving and obsolete stock-in-trade	6.4	19,071	53,061
Outside manufacturing charges		37,556	61,797
Postage, communication and stationery		874	816
Insurance		2,226	3,081
Others		609	660
		<u>610,574</u>	<u>623,331</u>
		<u>2,094,136</u>	<u>2,036,792</u>
Opening work-in-process		117,630	60,449
Closing work-in-process		(81,436)	(117,630)
Cost of goods manufactured		<u>2,130,330</u>	<u>1,979,611</u>

17.2 Salaries, wages and other benefits include a net charge of Rs. 3.601 million (2013: Rs. 39.174 million) in respect of staff retirement benefits.

18. SELLING, MARKETING AND DISTRIBUTION EXPENSES

	Note	November 30, 2014	November 30, 2013 (Restated)
(Rupees in '000)			
Salaries, wages and other benefits	18.1 & 20	237,596	158,937
Fuel and power		11,519	9,571
Rent, rates and taxes		4,115	4,757
Insurance		1,587	951
Repairs and maintenance		3,985	799
Transportation		47,479	50,419
Travelling and entertainment		33,272	31,005
Postage, communication and stationery		3,550	1,159
Depreciation	4.4	6,669	5,662
Advertising and sales promotion		94,456	153,743
Others		1,423	1,170
		445,651	418,173

18.1 Salaries, wages and other benefits include a reversal of Rs. 3.817 million (2013: charge of Rs. 25.380 million) in respect of staff retirement benefits.

	Note	November 30, 2014	November 30, 2013 (Restated)
(Rupees in '000)			
19. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	19.1	52,578	95,934
Fuel and power		1,469	1,645
Rent, rates and taxes		476	844
Insurance		654	773
Travelling and entertainment		3,711	5,966
Postage, communication and stationery		1,997	406
Reversal of provision for doubtful debts		-	(120)
Legal and professional charges		3,281	11,684
Auditors' remuneration	19.2	1,220	1,081
Depreciation	4.4	1,676	1,868
Others		1,776	1,390
		68,838	121,471

19.1 Salaries, wages and other benefits include a reversal of Rs. 0.694 million (2013: charge of Rs. 13.321 million) in respect of staff retirement benefits.

	November 30, 2014	November 30, 2013
19.2 Auditors' remuneration	(Rupees in '000)	
Audit fee - annual	700	635
Fee for half yearly review	250	235
Other certifications	130	130
Out of pocket expenses	140	81
	<u>1,220</u>	<u>1,081</u>

20. VOLUNTARY SEPARATION SCHEME

VSS programme is in place for the past few years to achieve rationalisation and corporate restructuring of the Company. The following amounts have been included in 'salaries, wages and other benefits' in this respect:

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
Cost of sales	-	2,823
Selling, marketing and distribution expenses	92,000	7,940
	<u>92,000</u>	<u>10,763</u>

21. OTHER OPERATING INCOME

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
<i>Income from financial assets</i>		
Profit on saving accounts and term deposits	21,162	13,450
<i>Income from non-financial assets</i>		
Gain on disposal of property, plant and equipment 4.6	7,218	63
Scrap sales	11,760	8,870
Export rebate claims & recovery of export freight	3,447	7,309
	<u>43,587</u>	<u>29,692</u>

22. OTHER OPERATING EXPENSES

Workers' Profit Participation Fund	-	4,323
Workers' Welfare Fund	-	2,906
Central Research Fund	-	873
Net exchange loss	1,557	10,357
	<u>1,557</u>	<u>18,459</u>

23. FINANCE COST

Bank charges	339	208
--------------	-----	-----

24. TAXATION

Current	42,654	63,819
Prior years	12,053	-
Deferred	15,953	(24,176)
	<u>70,660</u>	<u>39,643</u>

	November 30, 2014	November 30, 2013
24.1 Reconciliation of effective tax rate	(Rupees in '000)	
(Loss) / profit before taxation	<u>(13,892)</u>	<u>56,444</u>
Tax at the applicable rate of 33% (2013: 34%)	<u>(4,584)</u>	19,191
Effect of income taxable under presumptive tax regime	<u>29,515</u>	18,156
Minimum turnover tax charge	<u>22,452</u>	-
Tax credit of Section 65 (B) of the Income Tax Ordinance, 2001 recognised	<u>(9,313)</u>	(3,027)
Prior years' charge	<u>12,053</u>	-
Deferred tax not recognised on taxable loss	<u>22,888</u>	-
Tax effect of other items	<u>(2,351)</u>	5,323
	<u><u>70,660</u></u>	<u><u>39,643</u></u>

	Note	November 30, 2014	November 30, 2013
25. EARNINGS PER SHARE - Basic and Diluted		(Rupees in '000)	
(Loss) / profit after taxation		<u>(84,552)</u>	<u>16,801</u>
		(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	25.1	<u>1,421,609</u>	<u>1,421,609</u>
		(Rupees)	
(Loss) / earnings per share - basic and diluted		<u>(59.48)</u>	<u>11.82</u>

25.1 There are no dilutive potential ordinary shares outstanding as at November 30, 2014 and November 30, 2013.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

	November 30, 2014			November 30, 2013		
	*Chief Executive	*Directors	Executives	*Chief Executive	*Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	-	-	127,096	-	-	112,739
Bonus	-	-	11,428	-	-	10,081
Medical expenses	-	-	6,215	-	-	3,126
Retirement benefits	-	-	(1,120)	-	-	38,717
Directors meeting fees	-	1,240	-	-	550	-
	<u>-</u>	<u>1,240</u>	<u>143,619</u>	<u>-</u>	<u>550</u>	<u>164,663</u>
Number of persons	<u>1</u>	<u>6</u>	<u>117</u>	<u>1</u>	<u>6</u>	<u>104</u>

* Rs. 9.352 million (2013: Rs. 35.584 million) and Rs. 4.611 million (2013: Rs. 6.452 million) have been charged in 'salaries, wages and other benefits' on account of allocation of cost of services provided by Chief Executive and a Director respectively of associated company.

26.1 In addition to the above, some of the executives are provided with Company owned and maintained cars.

26.2 Further, benefits available to executives recognised by the Company in the expenses during the year on account of share-based payment plan aggregate to Rs. 1.185 million (2013: Rs. 0.934 million).

26.3 Number of Employees	November 30, 2014	November 30, 2013
Total number of employees as of the balance sheet date	195	231
Average number of employees during the year	220	238

27. DEFINED BENEFIT PLANS

As mentioned in note 3.7, the Company operates approved funded pension and gratuity schemes. The latest actuarial valuations of the schemes were carried out as at November 30, 2014. Projected Unit Credit Method using the following significant assumptions was used for these valuations:

Significant actuarial assumptions	November 30, 2014	November 30, 2013
<i>Financial assumptions</i>		
Discount rate	11.75% per annum	13.25% per annum
Expected rate of increase in salary	11.00% per annum	11.00% per annum
Pension increase	4.0% per annum	7.75% per annum
Minimum wage increase	7.25% per annum	4.75% per annum
<i>Demographic assumptions</i>		
Mortality rates (for death in service)	EFU(61-66)	EFU(61-66)

27.1 The disclosures made in notes 27.2 to 27.6 and 27.9 are based on the information included in the actuarial valuation as of November 30, 2014 and November 30, 2013.

27.2 Balance sheet reconciliation

	November 30, 2014			November 30, 2013			December 1, 2012		
	Gratuity	Pension	Total	Gratuity	Pension (Restated)	Total	Gratuity	Pension (Restated)	Total
-----Rupees in '000-----									
Present value of defined benefit obligation	166,921	59,250	226,171	156,945	183,322	340,267	112,161	146,643	258,804
Fair value of plan assets	(87,573)	(81,075)	(168,648)	(107,661)	(153,392)	(261,053)	(109,891)	(151,206)	(261,097)
Funded status	79,348	(21,825)	57,523	49,284	29,930	79,214	2,270	(4,563)	(2,293)

	November 30, 2014			November 30, 2013		
	Gratuity	Pension	Total	Gratuity	Pension	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
27.3 Movement in present value of defined benefit obligation						
Present value of defined benefit obligation at beginning of the year	156,945	183,322	340,267	112,161	146,643	258,804
Current service cost	6,325	3,848	10,173	3,484	3,477	6,961
Interest cost	18,071	17,192	35,263	12,613	16,500	29,113
Past service cost	-	(31,256)	(31,256)	31,847	31,649	63,496
Remeasurement of obligation	26,702	(18,201)	8,501	12,268	(9,128)	3,140
Transferred to Defined Contribution Scheme - (Note 3.7.2)	-	(87,362)	(87,362)	-	-	-
Benefits paid	(41,122)	(8,293)	(49,415)	(15,428)	(5,819)	(21,247)
Present value of defined benefit obligation at end of the year	<u>166,921</u>	<u>59,250</u>	<u>226,171</u>	<u>156,945</u>	<u>183,322</u>	<u>340,267</u>
27.4 Movement in the fair value of plan assets						
Fair value of plan assets at beginning of the year	107,661	153,392	261,053	109,891	151,206	261,097
Expected return on plan assets	12,115	15,118	27,233	12,296	17,025	29,321
Remeasurement of plan assets	2,419	3,220	5,639	(2,865)	(9,020)	(11,885)
Transferred to Defined Contribution Scheme - (Note 3.7.2)	-	(87,362)	(87,362)	-	-	-
Actual contributions by employer	6,500	5,000	11,500	3,767	-	3,767
Benefits paid	(41,122)	(8,293)	(49,415)	(15,428)	(5,819)	(21,247)
Fair value of plan assets at end of the year	<u>87,573</u>	<u>81,075</u>	<u>168,648</u>	<u>107,661</u>	<u>153,392</u>	<u>261,053</u>
27.5 Components of Defined benefit cost						
Charge for the year to be recognised in profit and loss						
Current service cost	6,325	3,848	10,173	3,484	3,477	6,961
Interest cost	18,071	17,192	35,263	12,613	16,500	29,113
Expected return on plan assets	(12,115)	(15,118)	(27,233)	(12,296)	(17,025)	(29,321)
Past service cost	-	(31,256)	(31,256)	31,847	31,649	63,496
	<u>12,281</u>	<u>(25,334)</u>	<u>(13,053)</u>	<u>35,648</u>	<u>34,601</u>	<u>70,249</u>
Defined benefit cost recognised in Other Comprehensive Income (OCI)						
Loss on obligation	26,702	(18,201)	8,501	12,268	(9,128)	3,140
Loss on plan asset	(2,419)	(3,220)	(5,639)	2,865	9,020	11,885
Net loss / (gain)	<u>24,283</u>	<u>(21,421)</u>	<u>2,862</u>	<u>15,133</u>	<u>(108)</u>	<u>15,025</u>

	November 30, 2014			November 30, 2013		
	Gratuity	Pension	Total	Gratuity	Pension	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
27.6 Movement in amounts (receivable from) / payable to defined benefit plan						
Balance at beginning of the year	49,284	29,930	79,214	2,270	(4,563)	(2,293)
Charge / (reversal) for the year	12,281	(25,334)	(13,053)	35,648	34,601	70,249
Contributions during the year	(6,500)	(5,000)	(11,500)	(3,767)	-	(3,767)
Total remeasurements recognised in OCI	24,283	(21,421)	2,862	15,133	(108)	15,025
Balance at end of the year	79,348	(21,825)	57,523	49,284	29,930	79,214
27.7 Remeasurements during the year						
<i>Actuarial (gain) / loss on obligation</i>						
(Gain) / loss due to change in financial assumptions	20,207	(11,273)	8,934	473	-	473
(Gain) due to change in demographic assumptions	-	-	-	-	(3,197)	(3,197)
(Gain) / loss due to change in experience adjustments	6,495	(6,928)	(433)	11,795	(5,930)	5,865
Total actuarial loss / (gain) on obligation	26,702	(18,201)	8,501	12,268	(9,127)	3,141
<i>Actuarial (gain) / loss on plan assets</i>						
(Gain) / loss on plan assets	(2,419)	(3,220)	(5,639)	2,865	9,019	11,884
Total remeasurement loss / (gain) for the year	24,283	(21,421)	2,862	15,133	(108)	15,025
27.8 Major categories / composition of plan assets are as follows:						
Government bonds	70,129	81,182	151,311	-	50,652	50,652
Bank deposits	17,803	3,010	20,813	109,816	102,740	212,556
Benefits due	(359)	-	(359)	(2,155)	-	(2,155)
Due to DC pension	-	(3,117)	(3,117)	-	-	-
	87,573	81,075	168,648	107,661	153,392	261,053

27.9 Amounts for the current year and previous four annual periods of the fair value of plan assets, present value of defined benefit obligation and surplus arising thereon is as follows:

As at 30 November	2014	2013	2012	2011	2010
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	226,171	340,267	258,804	237,426	219,696
Fair value of plan assets	(168,648)	(261,053)	(261,097)	(258,624)	(238,071)
Deficit / (surplus)	57,523	79,214	(2,293)	(21,198)	(18,375)

27.10 Components of defined benefit cost for the next year

	Gratuity	Pension	Total
	(Rupees in '000)		
Current service cost	6,747	94	6,841
Net interest cost / (income)	8,188	(2,565)	5,623
	<u>14,935</u>	<u>(2,471)</u>	<u>12,464</u>

27.11 Maturity profile of the defined benefit obligation

2015	4,709	6,584	11,293
2016	17,980	6,732	24,712
2017	11,440	6,866	18,306
2018	14,250	6,986	21,236
2019	17,094	7,088	24,182
2020 - 2024	111,910	36,140	148,050

27.12 Sensitivity analysis on significant actuarial assumptions: Actuarial Liability

Discount rate +1%	(17,801)
Discount rate -1%	20,543
Long term salary increases +1%	16,376
Long term salary increases -1%	(14,397)
Pension increase +1%	4,452
Pension increase -1%	(3,970)
Minimum wage increase +1%	(80)
Minimum wage increase -1%	80

27.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

27.14 The Company expects to contribute Rs. 100.153 million in next year towards gratuity fund.

27.15 During the year Company contributed Rs. 11.592 million (2013: Rs. 10.611 million) to the provident fund.

27.16 Provident fund

	November 30, 2014 (Unaudited)	December 31, 2013 (Audited)
	(Rupees in '000)	
Net assets of the fund	<u>242,264</u>	<u>284,011</u>
Cost of investments made (actual investment made)	<u>240,000</u>	<u>254,290</u>
Cost of investment / net assets of the fund	<u>99%</u>	<u>90%</u>
Fair value of investments	<u>239,682</u>	<u>263,530</u>

Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	November 30, 2014 (Unaudited)		December 31, 2013 (Audited)	
	Investments (Rupees in '000)	% of investment as size of the fund	Investments (Rupees in '000)	% of investment as size of the fund
Fair value				
Defence Saving Certificates	10,000	4%	14,762	5%
Pakistan Investment Bonds	214,682	89%	50,652	18%
Term Deposit Receipts	15,000	6%	195,204	69%
National Investment Trust units	-	0%	2,912	1%
	<u>239,682</u>	<u>99%</u>	<u>263,530</u>	<u>93%</u>

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

28. SHARE-BASED REWARD PLANS

28.1 Details of the share-based reward plans are as follows:

	November 30, 2014		November 30, 2013	
	Stock Options	RSU's	Stock Options	RSU's
	----- (Number of shares) -----			
Outstanding as at December 1	5,186	903	4,246	897
Granted during the year	1,381	276	1,810	362
Forfeited during the year	(710)	(117)	(630)	(129)
Dividend Equivalent Units	-	28	-	28
Exercised during the year	(1,266)	(349)	(240)	(255)
Outstanding as at November 30	<u>4,591</u>	<u>741</u>	<u>5,186</u>	<u>903</u>

28.2 The weighted average exercise price of stock options are as follows:

	November 30, 2014		November 30, 2013	
	Stock Options	RSU's	Stock Options	RSU's
	----- (in US\$) -----			
Outstanding as at December 1	<u>24.43</u>	<u>22.54</u>	<u>24.30</u>	<u>19.63</u>
Granted during the year	<u>32.23</u>	<u>32.23</u>	<u>27.37</u>	<u>27.37</u>
Outstanding as at November 30	<u>24.34</u>	<u>27.27</u>	<u>24.43</u>	<u>22.54</u>

28.3 The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black scholes model, with the following inputs:

	November 30, 2014	November 30, 2013
Fair value of share options and assumptions		
Share price	\$32.23	\$27.37
Expected volatility (weighted average volatility)	19.76%	19.68%
Option life (expected weighted average life)	6.5 years	6.5 years
Expected dividends	\$4.40	\$3.13

Expected volatility of share price of Pfizer Inc., USA, (the ultimate parent company) was determined using both implied and historical volatility rates.

The total expense recognised for the year arising from share-based payment transactions is Rs. 1,184,763 (2013: Rs. 933,738).

29. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate parent company (Pfizer Inc., USA), related group 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. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere are as follows:

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
Transactions for the year		
Sale of goods to associated undertaking / transfer of inventory to associated undertakings	175,998	174,276
Goods purchased / transfer of inventory from associated undertakings	509,904	549,346
Services from associated companies	144,601	147,634
Promotional expenses	18,729	8,178
Dividend to parent company	20,500	82,002
Contribution to the retirement benefit scheme	31,051	10,611
Remuneration of key management personnel	1,460	6,382
Legal and professional charges	695	1,868

	Note	November 30, 2014	November 30, 2013 (Restated)
30. CASH GENERATED FROM OPERATIONS		(Rupees in '000)	
(Loss) / profit before taxation		(13,892)	56,444
Adjustments for non-cash charges and other items:			
Net increase in reserve for share-based payment plans		1,185	934
Actuarial losses recognized in other comprehensive income		(2,862)	(15,025)
Depreciation		31,925	27,251
Provision for slow moving and obsolete stock		19,071	53,061
Reversal of provision for doubtful debts		-	(120)
Gain on disposal of property, plant and equipment		(7,218)	(63)
Profit on bank deposits		(21,162)	(13,450)
Working capital changes	30.1	85,727	282,649
		92,774	391,681

30.1 Working capital changes

(Increase) / decrease in current assets:			
Spares		(1,782)	(4,397)
Stocks-in-trade		76,356	132,497
Trade debts		16,049	30,486
Loans and advances		(978)	6,654
Deposits, prepayments and other receivables		(49,599)	(11,281)
		40,046	153,959
Increase in current liabilities:			
Trade and other payables		45,681	128,690
		85,727	282,649

31. OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

31.1 The sales percentage by geographic region is as follows:

	November 30, 2014	November 30, 2013
	(Percentage)	
Pakistan	92.4%	93.9%
Other Asian countries	7.6%	6.1%
	100%	100%

31.2 All non-current assets of the Company as at November 30, 2014 are located in Pakistan.

31.3 Sales to four major customers of the Company is around 49.24% during the year ended November 30, 2014 (2013: 46.46%).

32. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Risk management systems are reviewed regularly by the Board to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

32.1 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limit are applied to its customers. The management also continuously monitors the credit exposure towards the customers. Outstanding customer balances are regularly reviewed. Some customers are also secured, where possible by way of inland letters of credit, security deposit and bank guarantees.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is given below:

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
Long-term loans to employees	5,859	7,194
Long-term deposits	10,019	10,010
Trade debts	69,588	85,637
Loans and advances	25,819	24,841
Interest accrued	2,627	1,720
Trade deposits and other receivables	132,212	83,501
Bank balances	149,687	307,475
	<u>395,811</u>	<u>520,378</u>

32.1.1 Credit risk is mitigated as the Company have an advance cash receipt model for all its domestic distributors.

Accordingly, the Company believes that it is not exposed to any major concentration of credit risk in respect of trade debtors.

32.1.2 The bank balances represents low credit risk as they are placed with reputed banks with strong credit ratings.

32.1.3 The aging of trade debtors at the balance sheet date is as follows:

	November 30, 2014	November 30, 2013
	(Rupees in '000)	
Not past due	56,926	72,975
Past due and impaired	12,662	12,662
	69,588	85,637

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the balance sheet date to maturity date.

	November 30, 2014				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years
	----- (Rupees in '000) -----				
Financial liabilities					
Creditors	243,873	243,873	(243,873)	-	-
Accrued liabilities	175,096	175,096	(175,096)	-	-
Accumulated compensated absences	19,336	19,336	(19,336)	-	-
Payable to provident fund	-	-	-	-	-
Payable to gratuity and pension funds	79,348	79,348	(79,348)	-	-
Unclaimed dividend	3,514	3,514	(3,514)	-	-
	521,167	521,167	(521,167)	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

	November 30, 2013				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years
Financial liabilities	----- (Rupees in '000) -----				
Creditors	182,674	182,674	(182,674)	-	-
Accrued liabilities	201,505	201,505	(201,505)	-	-
Accumulated compensated absences	14,057	14,057	(14,057)	-	-
Payable to provident fund	56	56	(56)	-	-
Payable to gratuity and pension funds	79,214	79,214	(79,214)	-	-
Unclaimed dividend	3,447	3,447	(3,447)	-	-
	<u>480,953</u>	<u>480,953</u>	<u>(480,953)</u>	-	-

32.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of foreign currency risk, interest rate risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within an acceptable range.

32.3.1 Foreign Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies.

Following is the gross balance sheet exposure classified into foreign currency:

	Amount in USD	
	November 30, 2014	November 30, 2013
Trade debts	558,831	672,407
Other receivables	179,083	107,161
Bank balances	158,943	158,943
Creditors	1,249,637	542,759
Gross balance sheet exposure	<u>(352,780)</u>	<u>395,752</u>

The average rate for US Dollars during the year was USD 1 = Rs. 101.49 (2013: USD 1 = Rs. 100.56) and the rate at year end was USD 1 = Rs.101.885 (2013: USD 1 = Rs. 108.51).

32.3.2 Sensitivity analysis

At reporting date, if the Pak Rupee had strengthened / weakened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs. 3.59 million (2013: Rs. 4.29 million).

32.3.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market interest rate. As at November 30, 2014 Rs. 149.68 million (2013: Rs. 307.47 million) interest bearing financial assets are on fixed interest rates, hence management believes that the Company is not materially exposed to interest rate changes.

32.4 Fair value of financial assets and liabilities

The major portion of the Company's financial instruments are short term in nature and would be settled in the near future. The fair values of these instruments are not materially different from their carrying values.

33. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to support the sustained development of its business.

The current capital structure of the Company is equity based with minimal or no financing through borrowings.

34. PLANT CAPACITY AND ANNUAL PRODUCTION

The capacity and production of the Company's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

35. GENERAL

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

36. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 20, 2015 by the Board of Directors of the Company.



Dr. Farid Khan
Chief Executive



Iftikhar Soomro
Chairman

SIX YEARS AT A GLANCE from 2009 to 2014

(Rupees in '000)

	2009*	2010	2011	2012 (Restated)	2013 (Restated)	2014
Sales	2,306,323	2,310,191	2,899,363	3,145,950	3,115,717	3,054,725
Cost of sales	1,805,262	1,829,653	2,157,447	2,414,714	2,530,654	2,595,819
Gross profit	501,061	480,538	741,916	731,236	585,063	458,906
Selling, marketing, distribution and administrative expenses	500,154	448,152	474,763	477,186	539,644	514,489
Other operating income / (expenses) - net	(28,748)	13,857	6,562	(8,941)	11,233	42,030
Operating profit / (loss)	(27,841)	46,243	273,715	245,109	56,652	(13,553)
Finance cost	3,752	3,014	870	877	208	339
Profit/ (loss) before taxation	(31,593)	43,229	272,845	244,232	56,444	(13,892)
Taxation	55,256	16,770	122,453	111,951	39,643	70,660
Profit/ (loss) after taxation	(86,849)	26,459	150,392	132,281	16,801	(84,552)
Shareholders' equity	982,263	1,008,823	1,170,384	1,314,516	1,207,231	1,093,295
Property, plant and equipment	179,681	144,887	134,964	149,789	207,974	264,195
Current assets	1,258,573	1,391,209	1,569,362	1,523,495	1,453,802	1,345,947
Current liabilities	464,793	544,087	553,830	370,608	499,878	545,626
Current ratio	2.71	2.56	2.83	4.11	2.91	2.47
Dividend	-	10%	40%	80%	20%	-
Number of employees as at November 30	341	304	279	249	231	195

* Profit and Loss Account items reflect eleven months' period.

PATTERN OF SHAREHOLDING AS AT NOVEMBER 30, 2014

NO. OF SHAREHOLDERS	HAVING SHARES FROM	TO	SHARES HELD	PERCENTAGE
553	1	100	12,253	0.87
70	101	500	17,250	1.21
6	501	1000	6,259	0.44
11	1001	5000	22,163	1.56
1	5001	10000	6,577	0.46
1	10001	15000	10,201	0.72
1	15001	20000	16,000	1.13
1	30001	35000	34,680	2.44
1	45001	50000	49,460	3.48
1	50001	55000	52,374	3.68
1	55001	60000	57,788	4.06
1	110001	115000	111,574	7.85
1	445001	450000	448,560	31.55
1	575001	580000	576,470	40.55
650			1,421,609	100.00

CATEGORIES OF SHAREHOLDERS AS AT NOVEMBER 30, 2014

PARTICULARS	SHAREHOLDERS	SHAREHOLDING	PERCENTAGE
Associated companies	2	1,025,030	72.10
NIT	2	114,574	8.06
Directors, Chief Executive and their spouses and minor children	7	179	0.01
Banks, DFI & NBFIs	2	66,054	4.65
Insurance companies	2	68,374	4.81
Modarbas and Mutual Funds	3	87,340	6.14
Residents Individuals	614	44,972	3.17
Non - resident Individuals	8	532	0.04
Others	10	14,554	1.02
COMPANY TOTAL	650	1,421,609	100.00

CATEGORIES OF SHAREHOLDERS AS AT NOVEMBER 30, 2014

Information under clause xvi (j) of the Code of Corporate Governance

Category No.	Categories of Shareholders	Number of shares held	Percentage
1	Associated companies, undertakings and related parties		
	Wyeth LLC, U.S.A	576,470	40.5505
	Wyeth Holdings Corporation, U.S.A.	448,560	31.5530
2	NIT		
	National Bank of Pakistan (Trustee Department)	114,574	8.0595
3	Directors, Chief Executive and their spouses and minor children		
	Badaruddin F. Vellani	100	0.0070
	Ifthikhar Soomro	2	0.0001
	Moin M. Fudda	52	0.0037
	Dr. Farid Khan	1	0.0001
	S. M. Wajeehuddin	2	0.0001
	Syed Zakwan Ahmed	1	0.0001
	Husain Lawai	21	0.0015
4	Public Sectors Companies and corporations	Nil	Nil
	Banks, Developments Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds		
5	National Bank of Pakistan	59,477	4.1838
	State Life Insurance Corporation of Pakistan	52,374	3.6841
	EFU General Insurance Co. Ltd.	16,000	1.1255
	Trustee National Bank of Pakistan Employees Pension Fund	10,201	0.7176
	The Bank of Khyber	6,577	0.4626
	Trustees Muhammad Amin Wakf Estate	2,990	0.2103
	CDC - Trustee PICIC Investment Fund	34,680	2.4395
	CDC - Trustee PICIC Growth Fund	49,460	3.4792
CDC - Trustee PICIC Stock Fund	3,200	0.2251	
6	Shareholders holding five percent or more voting interest in the Listed Company		
	Wyeth LLC, U.S.A	576,470	40.5505
	Wyeth Holdings Corporation, U.S.A.	448,560	31.5530
	National Bank of Pakistan (Trustee Department)	114,574	8.0595

FORM OF PROXY Sixty Sixth Annual General Meeting

I, We _____ of _____
_____ (full address) being a member of **Wyeth Pakistan Limited**
hereby appoint _____
of _____ (full address) or failing him
_____ of _____ (full
address) as my / our Proxy to attend and vote for me / us and on my / our behalf at the Sixty Sixth
Annual General Meeting of the Company to be held on Wednesday, March 25, 2015 at 11:30 a.m.
and any adjournment thereof.

As witness my/our hand this _____ day of _____ 2015 signed
by _____ in presence of _____

Please affix
Revenue
Stamp of
Rs 5.00

Signature and address of Witness

Signature of Member

Folio No. / CDC Account and
Participant's CNIC Number

Number of Shares held

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must be a member of the Company.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation its common seal should be affixed to the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney if any under which it is signed or a notarilly certified copy thereof, should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
4. In case of Proxy for any individual beneficial owner of CDC, entitled to attend and vote at this meeting, it is necessary to deposit the attested copies of beneficial owner's Computerized National Identity Card (CNIC), Account and Participant's CNIC numbers. The Proxy shall produce his original CNIC at the time of the meeting. Representative of corporate members should bring the usual documents for such purpose.

**TRANSPORT ARRANGEMENT TO ATTEND THE 66TH ANNUAL GENERAL MEETING
OF WYETH PAKISTAN LIMITED
ON WEDNESDAY, MARCH 25, 2015
AT 11:30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY,
S-33, HAWKES BAY ROAD, S.I.T.E., KARACHI.**

LOCATION PLAN

