

# Wyeth

Leading the Way to  
a Healthier World

Accounts for the  
Three Months period ended  
February 28, 2011

**WYETH PAKISTAN LIMITED**

**CONTENTS**

Company Information .....2

Directors' Review .....3

Condensed Interim Balance Sheet.....4

Condensed Interim Profit & Loss Account .....5

Condensed Interim Statement of Comprehensive Income ..6

Condensed Interim Cash Flow Statement .....7

Condensed Interim Statement of Changes in Equity.....8

Notes to and Forming Part of the  
Condensed Interim Financial Information .....9-13



## Company Information

### BOARD OF DIRECTORS

Iqbal Bengali Chairman, Chief Executive & Managing Director  
Shahid Aziz Siddiqi  
Badaruddin F. Vellani  
Ifikhar Soomro  
Abdul Majeed  
Ifikar Ahmed Jafri  
S. M. Wajeeluddin

### COMPANY SECRETARY

S. M. Wajeeluddin

### AUDIT COMMITTEE

Ifikhar Soomro Chairman  
Badaruddin F. Vellani  
Ifikar Ahmed Jafri

### BANKERS

Citibank, N.A.  
Standard Chartered Bank

### AUDITORS

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

### LEGAL ADVISORS

Vellani & Vellani  
Orr Dignam & Company  
Syed Qamaruddin Hassan

### SHARE REGISTRAR

**THK Associates (Pvt.) Ltd.**  
Ground Floor, State Life Building # 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.,  
G.P.O. Box No. 167, Karachi.  
Ph. # 92-213-2354651-61  
Fax: 92-213-2354681

Website: [www.wyethpakistan.com](http://www.wyethpakistan.com)

**Note:** These accounts are also available on our website.



**DIRECTORS' REVIEW**

We are pleased to present the condensed interim results of your Company for the quarter ended February 28, 2011.

**OPERATING RESULTS**

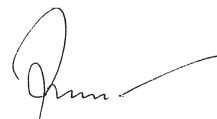
Your Company has done well during the period under review. Sales for the quarter have increased by 35% as compared to the same period last year. In the absence of any price adjustment, the increase is purely on account of volume, mainly attributable to Anti-TB, vaccine, and vitamin products. Low sales base in the same period last year, and alignment/rationalization of stock levels at distributors also contributed towards this high growth. Higher sales volume and negotiated reduction in the prices of some of the raw materials have resulted in improvement in gross margin which is the main reason for increased bottom line also. Though operating expenses are higher mainly due to the investments incurred in connection with the marketing and promotional activities on certain existing and new products recently launched, profit before tax has increased by almost 40% due to the factors mentioned above.

**FUTURE PROSPECT**

Though the Company's performance has improved during the quarter, sustaining this growth for the remainder of the year would be difficult as it is attributable to couple of one time factors also, discussed above. Future performance also greatly depends on country's economic and political situation and government policies towards the pharmaceutical industries, especially with regard to price increases and enforcement of Intellectual Property Rights laws. However we are making all efforts to keep the momentum going and maintain our performance aligned with market conditions.

The Board of Directors would like to express their sincere gratitude to the employees and management of the Company for their continued, dedicated, and untiring efforts without which such an improvement in the operating results would not have been possible.

Karachi : **March 29, 2011**



**Iqbal Bengali**  
Chairman & Chief Executive

## CONDENSED INTERIM BALANCE SHEET As at February 28, 2011

		February 28, 2011 (Unaudited)	November 30, 2010 (Audited)
	Note	(Rupees '000)	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	142,974	144,887
Long-term loans to employees		4,935	8,203
Long-term deposits		2,180	2,180
Deferred taxation		12,460	6,431
<b>Total non - current assets</b>		<b>162,549</b>	<b>161,701</b>
<b>CURRENT ASSETS</b>			
Spares		14,362	14,411
Stock-in-trade		715,499	828,388
Trade debts		55,434	50,431
Loans and advances		26,404	58,407
Trade deposits and prepayments		11,023	13,472
Interest accrued		3,127	3,746
Other receivables		29,115	31,277
Taxation-net		143,560	149,149
Cash and bank balances		396,709	241,928
<b>Total current assets</b>		<b>1,395,233</b>	<b>1,391,209</b>
<b>Total assets</b>		<b>1,557,782</b>	<b>1,552,910</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		142,161	142,161
Reserves		847,067	927,041
Unappropriated gain / (loss)		52,451	(60,379)
<b>Total equity</b>		<b>1,041,679</b>	<b>1,008,823</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		516,103	544,087
<b>Total equity and liabilities</b>		<b>1,557,782</b>	<b>1,552,910</b>
<b>CONTINGENCIES AND COMMITMENTS</b> 7			

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



**Iqbal Bengali**  
Chief Executive



**S. M. Wajeehuddin**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
For the three months period ended February 28, 2011**

	For the three months period ended	
	February 28, 2011	February 28, 2010
	(Rupees '000)	
Net sales	752,962	559,024
Cost of sales	561,414	432,020
Gross profit	191,548	127,004
Selling, marketing and distribution expenses	108,437	54,306
Administrative expenses	22,024	25,352
	130,461	79,658
Operating profit	61,087	47,346
Other operating income	9,246	2,937
	70,333	50,283
Other operating expenses	7,450	3,024
Finance cost	139	2,341
	7,589	5,365
Profit before taxation	62,744	44,918
Taxation		
Current - for the period	35,943	23,988
Deferred	(6,029)	704
	29,914	24,692
Profit after taxation	32,830	20,226
	Rupees	Rupees
Earnings per share - basic and diluted	23.09	14.23

Note: The appropriations from profits are set out in the statement of changes in equity.

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



**Iqbal Bengali**  
Chief Executive




**S. M. Wajeehuddin**  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
For the three months period ended February 28, 2011**

	For the three months period ended	
	February 28, 2011	February 28, 2010
	(Rupees '000)	
Profit after taxation	32,830	20,226
Other comprehensive income	-	-
Total comprehensive income	<u>32,830</u>	<u>20,226</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



**Iqbal Bengali**  
Chief Executive



**S. M. Wajeehuddin**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**For the three months period ended February 28, 2011**

	Note	For the three months period ended	
		February 28, 2011	February 28, 2010
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operating activities	8	179,379	(10,807)
Profit received on deposits accounts		7,444	26
Decrease in long-term loans to employees		3,268	2,441
Taxes paid		(30,354)	(13,784)
Net cash generated from / (used in) operating activities		159,737	(22,124)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(4,951)	(4,384)
Net cash used in investing activities		(4,951)	(4,384)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash used in financing activities-dividends paid		(5)	(71)
Net increase / (decrease) in cash and cash equivalents		154,781	(26,579)
Cash and cash equivalents at the beginning of the period		241,928	35,648
Cash and cash equivalents at the end of the period		396,709	9,069

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



**Iqbal Bengali**  
Chief Executive




**S. M. Wajeehuddin**  
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
For the three months period ended February 28, 2011

	Share capital	RESERVES			(Accumulated loss) / Unappropriated profit	Total
		General reserve	Others	Sub total		
.....(Rupees '000).....						
<b>Balance as at November 30, 2009</b>	142,161	911,753	15,187	926,940	(86,838)	982,263
<b>Total comprehensive income for the period</b>						
Profit for the three months period ended February 28, 2010	-	-	-	-	20,226	20,226
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	20,226	20,226
<b>Balance as at February 28, 2010</b>	142,161	911,753	15,187	926,940	(66,612)	1,002,489
<b>Balance as at November 30, 2010</b>	142,161	911,753	15,288	927,041	(60,379)	1,008,823
<b>Total comprehensive income for the period</b>						
Profit for the three months period ended February 28, 2011	-	-	-	-	32,830	32,830
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	32,830	32,830
<b>Transactions with owners</b>						
Share-based payments	-	-	26	26	-	26
	-	-	26	26	-	26
<b>Others</b>						
Transfer from general reserve	-	(80,000)	-	(80,000)	80,000	-
	-	(80,000)	-	(80,000)	80,000	-
<b>Balance as at February 28, 2011</b>	142,161	831,753	15,314	847,067	52,451	1,041,679

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

  
**Iqbal Bengali**  
Chief Executive

  
**S. M. Wajeehuddin**  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
For the three months period ended February 28, 2011****1. LEGAL STATUS AND OPERATIONS**

Wyeth Pakistan Limited (the Company) is a public limited Company incorporated in 1949 in Pakistan. The address of its registered office is S-33, Hawkes Bay Road, S.I.T.E., Karachi, Pakistan. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and marketing of research based ethical specialties and other pharmaceutical products.

With effect from October 15, 2009 Pfizer Inc. has acquired Wyeth LLC, USA. Accordingly, Pfizer Inc. has become the ultimate parent of the Company. However, Wyeth LLC, USA continues to be the principal shareholder of the Company.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the three months period ended February 28, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended November 30, 2010.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended November 30, 2010.

**4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and 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. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation were the same as those applied to the preceding published financial statements as at and for the year ended November 30, 2010.

## 5. PROPERTY, PLANT AND EQUIPMENT

	February 28, 2011	November 30, 2010
	(Rupees '000)	
Operating fixed assets	137,864	144,728
Capital work in progress	5,110	159
	<u>142,974</u>	<u>144,887</u>
<b>5.1 Operating fixed assets include following additions during the period:</b>		
Plant and machinery	-	3,465
Office equipment, furniture and fittings	-	1,355
	<u>-</u>	<u>4,820</u>
Disposals [having a net book value of Nil (2010: Rs 0.512 million)]	-	830
	<u>-</u>	<u>830</u>

## 6. OPERATING SEGMENTS

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

- 6.1 Sales from pharmaceutical products and others represent 94.2% and 5.8% (February 28, 2010: 91.2% and 8.8%) of total revenue of the Company respectively.
- 6.2 93.3% (February 28, 2010: 93.8%) of total sales of the Company relates to customers in Pakistan.
- 6.3 All non-current assets of the Company as at February 28, 2011 are located in Pakistan.
- 6.4 Sales to four major customers (distributors) of the Company is around 54.7% during the period ended February 28, 2011 (February 28, 2010: 62.2% ).

## 7. CONTINGENCIES AND COMMITMENTS

- 7.1 Certain ex-employees of the Company have filed claims aggregating Rs 247.572 million (2010: Rs 247.572 million) against the Company. The Company is contesting these claims in the courts and management is confident that the ultimate decision of the subject suit will be in favour of the Company. Accordingly, no provision has been made in these financial statements in respect of these claims.
- 7.2 Two ex-distributors have filed claims against the Company aggregating to Rs 84.929 million (2010: Rs 84.929 million) for recovery of damages. The management is confident that the cases will be decided in the Company's favour and therefore no provision has been made in this respect.

7.3 The Company has filed income tax returns under section 120 of the Income Tax Ordinance up to and including the tax year 2010. However, the income tax authorities have made arbitrary additions and disallowances to taxable income in respect of previous years, from assessment years 1997-98 to 2002-03 and for tax years 2003 to 2005 and 2008, which have resulted in an aggregate tax demand of Rs 231.962 million (2010: Rs 231.962 million). The tax demand 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 88.294 million (2010: Rs 88.294 million) is being carried against the above demands on grounds of prudence. The management is confident that the ultimate decision of the appeals will be in the Company's favour.

7.4 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 for technical services.

The Company has subsequently filed an appeal before Commissioner Inland Revenue Appeals (CIRA) against the order. The CIRA has passed the order in favour of the Company, however, Tax department has filed an appeal before the Tribunal against the order of the CIRA, which is still pending. The management, in consultation with their tax advisors, is confident that the ultimate decision of the appeal will be in its favor.

	February 28, 2011	November 30, 2010
<b>Commitments</b>	<b>(Rupees '000)</b>	
7.5 Commitments for capital expenditure	<u>541</u>	<u>1,341</u>
7.6 Guarantees issued to Collector of Customs against duty on imported raw materials and other guarantees	<u>166</u>	<u>166</u>
7.7 Outstanding letter of credit	<u>118,661</u>	<u>38,189</u>

		For the three months period ended	
		February 28, 2011	February 28, 2010
		(Rupees '000)	
<b>8.</b>	<b>CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		
	Profit before taxation	62,744	44,918
	Adjustments for non-cash charges and other items:		
	Net increase in reserve for equity-settled share-based payment plans	26	-
	Depreciation	6,864	7,776
	Provision for / (provision written back of) slow moving and obsolete stock	27,618	(1,639)
	Profit on deposit accounts	(6,825)	(20)
	Working capital changes	88,952	(61,842)
		<u>179,379</u>	<u>(10,807)</u>
<b>8.1</b>	<b>Working capital changes</b>		
	(Increase) / decrease in current assets:		
	Spares	49	(15)
	Stocks-in-trade	85,271	7,663
	Trade debts	(5,003)	75,807
	Loans and advances	32,003	(591)
	Trade deposits and prepayments	2,449	(4,261)
	Other receivables	2,162	(1,852)
		<u>116,931</u>	<u>76,751</u>
	Increase / (decrease) in current liabilities:		
	Trade and other payables	(27,979)	(138,593)
		<u>88,952</u>	<u>(61,842)</u>

## 9 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 in the financial statements are as follows:

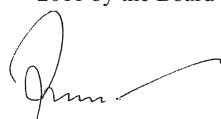
	For the three months period ended	
	February 28, 2011	February 28, 2010
Note	(Rupees '000)	
Sale of goods to associated undertakings	<u>37,691</u>	<u>27,361</u>
Goods purchased from associated undertakings	<u>92,510</u>	<u>79,516</u>
Services received from associated undertakings	<u>7,673</u>	<u>19,200</u>
Contribution to terminal benefits	<u>3,188</u>	<u>4,778</u>
Remuneration of key management personnel	<u>1,223</u>	<u>5,833</u>
	<b>February 28, 2011</b>	<b>November 30, 2010</b>
	<b>(Rupees '000)</b>	
Receivable from terminal benefits - net	<u>1,143</u>	<u>1,162</u>

## 10. SUBSEQUENT EVENT

The shareholders of the company have approved on March 28, 2011 final cash dividend @ Rs 10 per share amounting to Rs 14.216 million for the year ended November 30, 2010. These condensed interim financial statements do not reflect the final cash dividend as this has been approved subsequent to the balance sheet date.

## 11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on March 29, 2011 by the Board of Directors of the Company.



**Iqbal Bengali**  
Chief Executive



**S. M. Wajeeluddin**  
Director