

Wyeth

Leading the Way to
a Healthier World

Accounts for the
Three Months period ended
February 29, 2012

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

Abdul Majeed Chairman & Chief Executive
Husain Lawai
Badaruddin F. Vellani
Iftekhar Soomro
Iqbal Bengali
Iftekhar Ahmed Jafri
S. M. Wajeehuddin

COMPANY SECRETARY

S. M. Wajeehuddin

AUDIT COMMITTEE

Iftekhar Soomro Chairman
Badaruddin F. Vellani
Iftekhar Ahmed Jafri

BANKERS

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

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Vellani & Vellani
Orr Dignam & Company
Syed Qamaruddin Hassan

SHARE REGISTRAR

THK Associates (Pvt.) Ltd.
Ground 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.,
G.P.O. Box No. 167, Karachi.
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Note: These accounts are also available on our website.

DIRECTORS' REVIEW

We are pleased to present the un-audited condensed interim financial information of your Company for the three months period ended February 29, 2012. This condensed interim financial information has been prepared in accordance with the applicable requirements of International Financial Reporting Standards (IAS 34 - Interim Financial Reporting) and the Companies Ordinance 1984.

FINANCIAL RESULTS

Sales and gross profit for the quarter remained almost at the same level, as compared to the same quarter last year, primarily due to lower export orders, challenges in institutional business and a somewhat sluggish market. However, there has been a growth of 15% in operating profit due to reduced selling, marketing and distribution expenses, which were higher last year on account of new launches. Further, other operating expenses are higher mainly on account of exchange losses due to the depreciation of Pakistan rupee during the period under review.

Growth in operating profit also resulted in profit before and after taxation increasing by 15% and 22% respectively, as compared to comparable period in the previous year.

FUTURE PROSPECT

As the market becomes more competitive day by day due to the influx and proliferation of generics, the business environment is also adversely impacted by the economics of our country, mainly high level of inflation, depreciating rupee exchange parity and frequent unscheduled closure of markets. These issues along with weak intellectual property rights enforcement remain the prime challenges for research based pharmaceutical companies, which remain committed to bringing breakthrough and cutting edge medicines to patients in Pakistan.

On the regulatory front, the much awaited Drug Regulatory Agency has been formed, and we expect that it will bring an end to the regulatory stalemate in terms of registration and pricing of products. We, on our part, will continue to engage with the Government in the interest of more business conducive policies and its effective enforcement, resulting in a healthy business environment which, together with our internal strengths, is likely to help us deliver results aligned with our objectives.

We appreciate the untiring efforts of our colleagues, who drive us closer to our mission of improving the lives of our customers and delivering outstanding value to our shareholders.



Abdul Majeed
Chairman & Chief Executive

Karachi: March 28, 2012

**CONDENSED INTERIM BALANCE SHEET
As at February 29, 2012**

	Note	February 29, 2012 (Unaudited)	November 30, 2011 (Audited)
(Rupees '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	129,310	134,964
Long-term loans		5,523	6,776
Long-term deposits		3,156	3,156
Deferred taxation		6,389	9,956
Total non - current assets		144,378	154,852
CURRENT ASSETS			
Spares		14,517	14,482
Stock-in-trade		1,410,440	1,246,265
Trade debts		58,365	44,300
Loans and advances		18,877	39,910
Deposits and prepayments		12,740	11,786
Interest accrued		405	255
Other receivables		42,660	26,761
Taxation-net		105,685	115,806
Cash and bank balances		120,574	69,797
Total current assets		1,784,263	1,569,362
Total assets		1,928,641	1,724,214
SHARE CAPITAL AND RESERVES			
Share capital		142,161	142,161
Reserves		847,498	847,498
Unappropriated profit		220,728	180,725
Total equity		1,210,387	1,170,384
CURRENT LIABILITIES			
Trade and other payables		718,254	553,830
Total equity and liabilities		1,928,641	1,724,214
CONTINGENCIES AND COMMITMENTS 7			

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.



Abdul Majeed
Chief Executive



S. M. Wajeehuddin
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
For the three months period ended February 29, 2012 (Unaudited)

	For the three months period ended	
	February 29, 2012	February 28, 2011
	(Rupees '000)	
Net sales	753,352	752,962
Cost of sales	566,304	561,414
Gross profit	187,048	191,548
Selling, marketing and distribution expenses	86,106	108,437
Administrative expenses	22,921	22,024
	109,027	130,461
	78,021	61,087
Other operating income	5,935	9,246
Other operating expenses	11,543	7,450
	(5,608)	1,796
Operating profit	72,413	62,883
Finance cost	37	139
Profit before taxation	72,376	62,744
Taxation		
Current-for the year	28,806	35,943
Deferred	3,567	(6,029)
	32,373	29,914
Profit after taxation	40,003	32,830
	(Rupees)	
Earnings per share - basic and diluted	28.14	23.09

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.


Abdul Majeed
Chief Executive


S. M. Wajeehuddin
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three months period ended February 29, 2012 (Unaudited)**

	For the three months period ended	
	February 29, 2012	February 28, 2011
	(Rupees '000)	
Profit after taxation	40,003	32,830
Other comprehensive income	-	-
Total comprehensive income	<u>40,003</u>	<u>32,830</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.



Abdul Majeed
Chief Executive



S. M. Wajeehuddin
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
For the three months period ended February 29, 2012 (Unaudited)**

	Note	For the three months period ended	
		February 29, 2012	February 28, 2011
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	66,332	179,379
Profit received on deposit accounts		649	7,444
Decrease in long-term loans		1,253	3,268
Taxes paid		(18,685)	(30,354)
Net cash inflow from operating activities		<u>49,549</u>	<u>159,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,649)	(4,951)
Proceeds from disposal of property, plant and equipment		2,877	-
Net cash inflow / (outflow) from investing activities		<u>1,228</u>	<u>(4,951)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflow from financing activities - dividends paid		-	(5)
Net increase in cash and cash equivalents		<u>50,777</u>	<u>154,781</u>
Cash and cash equivalents at beginning of the period		<u>69,797</u>	<u>241,928</u>
Cash and cash equivalents at end of the period		<u><u>120,574</u></u>	<u><u>396,709</u></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.



Abdul Majeed
Chief Executive



S. M. Wajeehuddin
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months period ended February 29, 2012 (Unaudited)**

	Share capital	Reserves			Unappropriated profit / (accumulated loss)	Total
	Issued subscribed and paid up capital	General reserve	*Others	Sub total		
.....(Rupees '000).....						
Balance as at November 30, 2010	142,161	911,753	15,288	927,041	(60,379)	1,008,823
Total comprehensive income for the period						
Profit for the three months period ended February 28, 2011	-	-	-	-	32,830	32,830
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	32,830	32,830
Transactions with owners						
Share-based payments	-	-	26	26	-	26
Others						
Transfer from general reserve	-	(80,000)	-	(80,000)	80,000	-
Balance as at February 28, 2011	<u>142,161</u>	<u>831,753</u>	<u>15,314</u>	<u>847,067</u>	<u>52,451</u>	<u>1,041,679</u>
Balance as at November 30, 2011	142,161	831,753	15,745	847,498	180,725	1,170,384
Total comprehensive income for the period						
Profit for the three months period ended February 29, 2012	-	-	-	-	40,003	40,003
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	40,003	40,003
Balance as at February 29, 2012	<u>142,161</u>	<u>831,753</u>	<u>15,745</u>	<u>847,498</u>	<u>220,728</u>	<u>1,210,387</u>

* Others represent reserve for share based payment plan.

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.


Abdul Majeed
Chief Executive


S. M. Wajeeluddin
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three months period ended February 29, 2012 (Unaudited)

1. STATUS AND NATURE OF BUSINESS

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.

Wyeth LLC, USA is the principal shareholder of the Company, however, the ultimate parent company is Pfizer Inc.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include information reported for full annual financial statements and should, therefore, be read in conjunction with the audited financial statements for the year ended November 30, 2011.

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

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Company for the year ended November 30, 2011.

3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended November 30, 2011. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended November 30, 2011.

	February 29, 2012	November 30, 2011
	(Rupees '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	127,106	132,874
Capital work in progress	2,204	2,090
	<u>129,310</u>	<u>134,964</u>
5.1 Operating fixed assets include following additions during the period / year :		
Factory building to leasehold land	-	1,409
Plant and machinery	-	8,993
Vehicles	1,535	5,003
Office equipment, furniture and fittings	-	455
	<u>1,535</u>	<u>15,860</u>
Disposal of vehicles [having a net book value of Rs. 0.365 thousand (2011: Rs Nil)].	<u>3,313</u>	<u>1,419</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 96.8% and 3.2% (February 28, 2011: 94.2% and 5.8%) of total revenue of the Company respectively.

6.2 The sales percentage by geographic region is as follows:

	February 29, 2012	February 28, 2011
	(Rupees '000)	
Pakistan	94.5%	93.3%
Other Asian countries	5.5%	6.7%
	<u>100.0%</u>	<u>100.0%</u>

6.3 All non-current assets of the Company as at February 29, 2012 are located in Pakistan.

6.4 Sales to four major customers (distributors) of the Company is around 56.7% during the three months period ended February 29, 2012 (February 28, 2011: 54.7%).

7. CONTINGENCIES AND COMMITMENTS

7.1 Certain ex-employees of the Company have filed claims aggregating to Rs. 247.572 million (2011: 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 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 (2011: 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 2011. 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 (2011: 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. 125.562 million (2011: 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.

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 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 has now filed an appeal before the Tribunal, which is still pending. The management, in consultation with their tax advisors, is confident that the ultimate decision of the appeal will be in favor of the Company.

	February 29, 2012	November 30, 2011
	(Rupees '000)	
Commitments		
7.5 Commitments for capital expenditure	<u>709</u>	<u>157</u>
7.6 Guarantees and indemnity bonds 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>145,292</u>	<u>136,894</u>
	February 29, 2012	February 28, 2011
	(Rupees '000)	
8. CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		
Profit before taxation	72,376	62,744
Adjustments for non-cash charges and other items:		
Depreciation	6,938	6,864
Provision for slow moving and obsolete stock	6,912	27,618
Gain on disposal of property, plant and equipment	(2,512)	-
Profit on deposit accounts	(799)	(6,825)
Working capital changes	8.1 <u>(16,583)</u>	<u>88,978</u>
	<u>66,332</u>	<u>179,379</u>
8.1 Working capital changes		
(Increase) / decrease in current assets:		
Spares	(35)	49
Stock-in-trade	(171,087)	85,271
Trade debts	(14,065)	(5,003)
Loans and advances	21,033	32,003
Deposits and prepayments	(954)	2,449
Other receivables	<u>(15,899)</u>	<u>2,162</u>
	<u>(181,007)</u>	116,931
Increase / (decrease) in current liabilities:		
Trade and other payables	<u>164,424</u>	<u>(27,953)</u>
	<u>(16,583)</u>	<u>88,978</u>

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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:

	February 29, 2012	February 28, 2011
	(Rupees '000)	
Nature of transaction		
Sale of goods to associated undertaking / transfer of inventory to associated undertakings	57,876	37,691
Goods purchased / transfer of inventory from associated undertakings	241,276	92,510
Services from associated companies	25,526	7,670
Contribution to Retirement benefit funds	1,899	1,828
Remuneration of key management personnel	1,473	1,223

	February 29, 2012	November 30, 2011
	(Rupees '000)	
Payable to Retirement benefit funds	5,829	4,470

10. SUBSEQUENT EVENTS AND APPROPRIATION

The shareholders of the company have, on March 27, 2012, approved final cash dividend at Rs. 40 per share amounting to Rupees 56.864 million for the year ended November 30, 2011. On March 28, 2012, the board of directors approved a transfer of Rupees 100 million from unappropriated profit to general reserve. This condensed interim financial information does not reflect the final cash dividend and this transfer from unappropriated profit to general reserve as these have been approved subsequent to the balance sheet date.

11. CORRESPONDING FIGURES

Corresponding figures in the condensed interim balance sheet and condensed interim statement of changes in equity comprise of balances as per the audited financial statements for the year ended November 30, 2011. Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement comprise of balances of comparable period as per the un-audited condensed interim financial information for the three months period ended February 28, 2011.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on March 28, 2012 by the Board of Directors of the Company.



Abdul Majeed
Chief Executive



S. M. Wajeehuddin
Director