

# Wyeth

Working together for  
a Healthier World

Condensed Interim  
Financial Statements for the  
Six Months period ended  
May 31, 2013

**WYETH PAKISTAN LIMITED**

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## **Company Information**

### **BOARD OF DIRECTORS**

Iqbal Bengali	Chairman / Chief Executive
Husain Lawai	
Badaruddin F. Vellani	
Iftikhar Soomro	
Iftikhar Ahmed Jafri	
S. M. Wajeehuddin	

### **COMPANY SECRETARY**

S. M. Wajeehuddin

### **AUDIT COMMITTEE**

Iftikhar Soomro	Chairman
Badaruddin F. Vellani	
Iftikhar Ahmed Jafri	

### **HUMAN RESOURCES AND REMUNERATION COMMITTEE**

Badaruddin F. Vellani	Chairman
Iftikhar Soomro	
Iqbal Bengali	

### **SHARE TRANSFER COMMITTEE**

Iqbal Bengali	Chairman / Chief Executive
S. M. Wajeehuddin	Director Finance & Company Secretary
Iftikhar Ahmed Jafri	Head of Manufacturing

### **BANKERS**

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

## **Company Information**

### **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 un-audited condensed interim financial statements of your Company for the half year ended May 31, 2013. These condensed interim financial statements have been prepared in accordance with the applicable requirements of International Financial Reporting Standards (IAS 34 Interim Financial Reporting) and the Companies Ordinance 1984.

Despite some improvement in the external environment in the second quarter, market off-take remained slow. In this situation your Company's revenues, however, showed a positive trend and for the six months period under review, reached a level at par with the same period last year. Due to improved product mix and some price increases allowed to the Company late last year, gross profit grew by 6% compared to the corresponding period last year. This increase in gross profit along with a 9% decrease in operating expenses mainly due to lower spend on advertising has increased profit before tax by 31% over the same period last year.

The prolonged political uncertainty that was looming for sometime is expected to improve as we move into the post-election period.

We hope that the new government will make a sincere effort to address the unsettled issues affecting the pharmaceutical industry, which include the need for price increases (which have generally not been considered since 2001), enforcement of Intellectual Property Rights, implementation of Data Exclusivity Regulations and operating a fully functional Drug Regulatory Authority. Besides, high inflation and eroding exchange rate parity continues to adversely impact the economics of the pharmaceutical industry. Thus general price increase is essential for the economic viability of the pharmaceutical industry.

Mr. Abdul Majeed took early retirement with effect from July 31, 2013 and as a consequence resigned with effect from June 25, 2013 as Chairman, Chief Executive and as a Director of the Company. Mr. Iqbal Bengali who is already a Director has been appointed by the Board with effect from July 4, 2013 as Chairman and Chief Executive of the Company. The Board wishes to place on record its sincere appreciation for the valuable services rendered by Mr. Abdul Majeed during his tenure as Chairman, Chief Executive and Director of the Company.

As we continue to meet the business and economic challenges day by day, we are privileged to have a team of colleagues whose robust and vigorous efforts help us strive closer to our vision of working together for a healthier world.



**Iqbal Bengali**  
Chairman & Chief Executive

Karachi: **July 26, 2013**



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

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## **Auditors' Report to Members on Review of Interim Financial Information**

### ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Wyeth Pakistan Limited** ("the Company") as at 31 May 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after-referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### ***Others***

The figures for the quarter ended 31 May 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: July 26, 2013

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, a Swiss cooperative

## Condensed Interim Balance Sheet As at May 31, 2013

	Note	May 31, 2013 (Unaudited)	November 30, 2012 (Audited)
<b>(Rupees in '000)</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	176,490	149,789
Long-term loans		4,101	4,802
Long-term deposits		7,019	6,819
Deferred taxation		6,913	3,218
<b>Total non-current assets</b>		<b>194,523</b>	<b>164,628</b>
<b>CURRENT ASSETS</b>			
Spares		19,920	15,952
Stock-in-trade		1,333,497	1,086,244
Trade debts		86,591	103,341
Loans and advances		19,774	31,495
Deposits, prepayments and other receivables		72,134	76,759
Interest accrued		620	655
Taxation - net		21,328	38,142
Cash and bank balances		90,984	170,907
<b>Total current assets</b>		<b>1,644,848</b>	<b>1,523,495</b>
<b>Total assets</b>		<b>1,839,371</b>	<b>1,688,123</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 5,000,000 ordinary shares of Rs. 100 each		500,000	500,000
Issued, subscribed and paid-up capital		142,161	142,161
Reserves		947,723	947,648
Unappropriated profit		217,197	215,638
<b>Total equity</b>		<b>1,307,081</b>	<b>1,305,447</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		532,290	382,676
<b>Total equity and liabilities</b>		<b>1,839,371</b>	<b>1,688,123</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		

The annexed notes 1 to 10 form an integral part of the condensed interim financial information.



**Iqbal Bnagali**  
Chief Executive




**S. M. Wajeehuddin**  
Director

**Condensed Interim Profit and Loss Account (Unaudited)  
For the six months period ended May 31, 2013**

Note	For the six months period ended		For the three months period ended	
	May 31, 2013	May 31, 2012 Restated	May 31, 2013	May 31, 2012 Restated
----- (Rupees in '000) -----				
<b>Continuing operations</b>				
Net sales	1,612,820	1,601,130	896,479	871,546
Cost of sales	1,195,295	1,207,917	688,195	658,236
Gross profit	417,525	393,213	208,284	213,310
Selling, marketing and distribution expenses	191,336	207,545	111,522	127,126
Administrative expenses	40,795	46,701	23,382	24,503
	232,131	254,246	134,904	151,629
	185,394	138,967	73,380	61,681
Other operating income	12,120	10,325	6,697	4,390
Other operating expenses	17,786	12,229	7,983	737
	(5,666)	(1,904)	(1,286)	3,653
Operating profit	179,728	137,063	72,094	65,334
Finance cost	102	87	55	50
Profit before taxation	179,626	136,976	72,039	65,284
Taxation				
- Current	68,033	39,049	30,642	11,072
- Deferred	(3,695)	(2,558)	2,947	(6,125)
	64,338	36,491	33,589	4,947
Profit after tax from continuing operations	115,288	100,485	38,450	60,337
<b>Discontinued operations</b>				
(Loss) / profit for the period from discontinued operations (net of tax) 8	-	(50)	-	95
<b>Profit for the period</b>	<b>115,288</b>	<b>100,435</b>	<b>38,450</b>	<b>60,432</b>
----- (Rupees) -----				
Earnings / (loss) per share - basic and diluted				
- From continuing operations	81.10	70.68	27.05	42.44
- From discontinued operations	-	(0.03)	-	0.07

The annexed notes 1 to 10 form an integral part of the condensed interim financial information.

  
**Iqbal Bnagali**  
Chief Executive


  
**S. M. Wajeehuddin**  
Director



**Condensed Interim Statement  
of Comprehensive Income (Unaudited)  
For the six months period ended May 31, 2013**

	<u>For the six months period ended</u>		<u>For the three months period ended</u>	
	<u>May 31, 2013</u>	<u>May 31, 2012</u>	<u>May 31, 2013</u>	<u>May 31, 2012</u>
	----- (Rupees in '000) -----			
Profit for the period	<b>115,288</b>	100,435	<b>38,450</b>	60,432
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>115,288</u></b>	<u>100,435</u>	<b><u>38,450</u></b>	<u>60,432</u>

The annexed notes 1 to 10 form an integral part of the condensed interim financial information.

  
**Iqbal Bnagali**  
Chief Executive

  
**S. M. Wajeehuddin**  
Director

**Condensed Interim  
Cash Flow Statement (Unaudited)  
For the six months period ended May 31, 2013**

	Note	For the six months period ended	
		May 31, 2013	May 31, 2012
<b>(Rupees in '000)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	7	117,182	32,903
Profit received on deposit accounts		8,162	1,789
Decrease in long-term loans		701	1,194
Increase in long-term deposits		(200)	-
Taxes paid		(51,219)	(34,173)
Net cash generated from operating activities		<b>74,626</b>	1,713
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(40,974)	(7,920)
Proceeds from disposal of property, plant and equipment		-	3,688
Net cash used in investing activities		<b>(40,974)</b>	(4,232)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short term borrowing		-	50,000
Dividend paid		(113,575)	(56,864)
Net cash used in financing activities		<b>(113,575)</b>	(6,864)
Net decrease in cash and cash equivalents		<b>(79,923)</b>	(9,383)
Cash and cash equivalents at beginning of the period		<b>170,907</b>	69,797
Cash and cash equivalents at end of the period		<b>90,984</b>	60,414

The annexed notes 1 to 10 form an integral part of the condensed interim financial information.

  
**Iqbal Bnagali**  
Chief Executive


  
**S. M. Wajeehuddin**  
Director

## Condensed Interim Statement of Changes in Equity (Unaudited) For the six months period ended May 31, 2013

	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit	Total
		General reserve	*Others	Sub total		
.....(Rupees in '000).....						
Balance as at November 30, 2011	142,161	831,753	15,745	847,498	180,725	1,170,384
Total comprehensive income for the six months period ended May 31, 2012	-	-	-	-	100,435	100,435
<b>Transactions with owners recognised directly in equity</b>						
Final dividend for the year ended November 30, 2011 at Rs. 40 per share	-	-	-	-	(56,864)	(56,864)
Share-based payments	-	-	244	244	-	244
			244	244	(56,864)	(56,620)
Transfer to general reserve	-	100,000	-	100,000	(100,000)	-
Balance as at May 31, 2012	<u>142,161</u>	<u>931,753</u>	<u>15,989</u>	<u>947,742</u>	<u>124,296</u>	<u>1,214,199</u>
Balance as at November 30, 2012	142,161	931,753	15,895	947,648	215,638	1,305,447
Total comprehensive income for the six months period ended May 31, 2013	-	-	-	-	115,288	115,288
<b>Transactions with owners recognised directly in equity</b>						
Final dividend for the year ended November 30, 2012 at Rs. 80 per share	-	-	-	-	(113,729)	(113,729)
Share-based payments	-	-	75	75	-	75
			75	75	(113,729)	(113,654)
Transfer to general reserve	-	-	-	-	-	-
Balance as at May 31, 2013	<u>142,161</u>	<u>931,753</u>	<u>15,970</u>	<u>947,723</u>	<u>217,197</u>	<u>1,307,081</u>

\* Others represent reserve for share based payment plan.

The annexed notes 1 to 10 form an integral part of the condensed interim financial information.

  
**Iqbal Bnagali**  
Chief Executive

  
**S. M. Wajeehuddin**  
Director

**Notes to the Condensed Interim  
Financial Information (Unaudited)  
For the six months period ended May 31, 2013**

**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.

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 of the Company for the six months period ended May 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The condensed interim financial information does not include information required for full annual financial statements and should, be read in conjunction with the audited financial statements for the year ended November 30, 2012.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of the 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, 2012.

**4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of the 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 the 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 in preparation of the financial statements for the year ended November 30, 2012. 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, 2012.

5. <b>PROPERTY, PLANT AND EQUIPMENT</b>	<u>May 31, 2013</u>	<u>November 30, 2012</u>
<b>(Rupees in '000)</b>		
Operating property, plant and equipment - at net book value	<b>152,911</b>	134,850
Capital work in progress - at cost	<b>23,579</b>	14,939
	<u><b>176,490</b></u>	<u>149,789</u>
<b>5.1</b> Operating property, plant and equipment includes following additions, disposals and impairment during the period:		
Plant and machinery	<b>24,969</b>	2,071
Vehicles	<b>3,827</b>	20,207
Office equipment	<b>3,538</b>	8,754
	<u><b>32,334</b></u>	<u>31,032</u>
Disposal of vehicles [having a net book value of Nil (2012: Rs. 0.891 million)].	<u>-</u>	<u>13,889</u>
Write off of assets [having a net book value of Rs. 0.358 million (2012: Rs. Nil)].	<u><b>12,388</b></u>	<u>-</u>
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		
There is no change in the status of contingencies as disclosed under notes 15.1 to 15.5 of the annual financial statements of the Company for the year ended November 30, 2012, except that the complaint filed with Sindh Drug Court as referred to in note 15.5 was dismissed on April 10, 2013, for want of jurisdiction.		
<b>6.2 Commitments</b>		
Commitments for capital expenditure	<u><b>8,856</b></u>	<u>5,563</u>
Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees	<u><b>5,129</b></u>	<u>5,129</u>
Outstanding letter of credit	<u><b>25,207</b></u>	<u>80,917</u>

		For the six months period ended	
		May 31, 2013	May 31, 2012
		(Rupees in '000)	
<b>7.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation	179,626	138,134
	Adjustments for non-cash charges and other items:		
	Net increase in reserve for equity-settled share -based payment plans	75	244
	Depreciation	13,915	13,923
	Net provision for slow moving and obsolete stock	17,178	7,966
	Reversal of / provision for doubtful debts	(120)	377
	Gain on disposal of property, plant and equipment	-	(3,323)
	Impairment of assets	358	-
	Profit on deposit accounts	(8,127)	(2,040)
	Working capital changes 7.1	(85,723)	(122,378)
		<u>117,182</u>	<u>32,903</u>
<b>7.1</b>	<b>Working capital changes</b>		
	(Increase) / decrease in current assets:		
	Spares	(3,968)	1,196
	Stock-in-trade	(264,431)	(164,296)
	Trade debts	16,870	(44,819)
	Loans and advances	11,721	(80,012)
	Deposits, prepayments and other receivables	4,625	1,101
		<u>(235,183)</u>	<u>(286,830)</u>
	Increase in current liabilities:		
	Trade and other payables	149,460	164,452
		<u>(85,723)</u>	<u>(122,378)</u>

**8. DISCONTINUED OPERATIONS**

In April 2012, Pfizer Inc., USA, the Company's ultimate parent company, entered into an agreement to divest its Nutrition business globally to Nestle S.A. This sale includes the Nutrition business carried on in Pakistan by the Company. As a consequence of this agreement the Company has disposed of all its Nutrition business to Nestle Pakistan Limited on November 30, 2012 and has presented its Nutrition business as discontinued operations in the annual financial statements for the year ended November 30, 2012.

	For the six months period ended		For the three months period ended	
	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012
	----- (Rupees in '000) -----			
Net sales	-	61,745	-	37,977
Cost of sales	-	42,252	-	25,629
Gross profit	-	19,493	-	12,348
Selling, marketing and distribution expenses	-	16,448	-	10,761
Administrative expenses	-	1,801	-	1,078
	-	18,249	-	11,839
	-	1,244	-	509
Other operating income	-	-	-	-
Other operating expenses	-	86	-	35
	-	(86)	-	(35)
Operating profit	-	1,158	-	474
Profit before taxation	-	1,158	-	474
Taxation				
- Current	-	1,208	-	379
- Deferred	-	-	-	-
	-	1,208	-	379
(Loss) / profit after tax	-	(50)	-	95

Following is the breakup of cash flows from discontinued operations:

Operating cash outflows	-	(25,460)	-	-
Investing cash flows	-	-	-	-
Financing cash flows	-	-	-	-
Net cash outflows	-	(25,460)	-	-


### 9. TRANSACTIONS WITH RELATED PARTIES

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

	For the six months period ended	
	May 31, 2013	May 31, 2012
<b>Transactions for the period</b>	<b>(Rupees in '000)</b>	
Sale of goods to associated companies / transfer of goods to associated companies	118,934	132,433
Goods purchased / transfer of goods from associated companies	375,789	415,496
Services from associated undertakings	46,512	44,760
Loan from an associated company	-	50,000
Dividend to the parent company	82,002	41,001
Contribution to retirement benefit funds	4,782	3,853
Remuneration of key management personnel	4,002	2,652
	<b>May 31, 2013</b>	<b>November 30, 2012</b>
	<b>(Rupees in '000)</b>	
<b>Balance receivable from / payable to associated companies</b>		
Trade receivable in respect of sale of goods to associated companies	67,733	85,326
Trade payable in respect of purchase / transfer of goods from associated companies	149,070	58,707
Other receivables from associated companies	2,798	2,726

### 10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on July 26, 2013.

  
**Iqbal Bnagali**  
 Chief Executive

  
**S. M. Wajeehuddin**  
 Director



