

wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Nine Months period ended
August 31, 2013

WYETH PAKISTAN LIMITED

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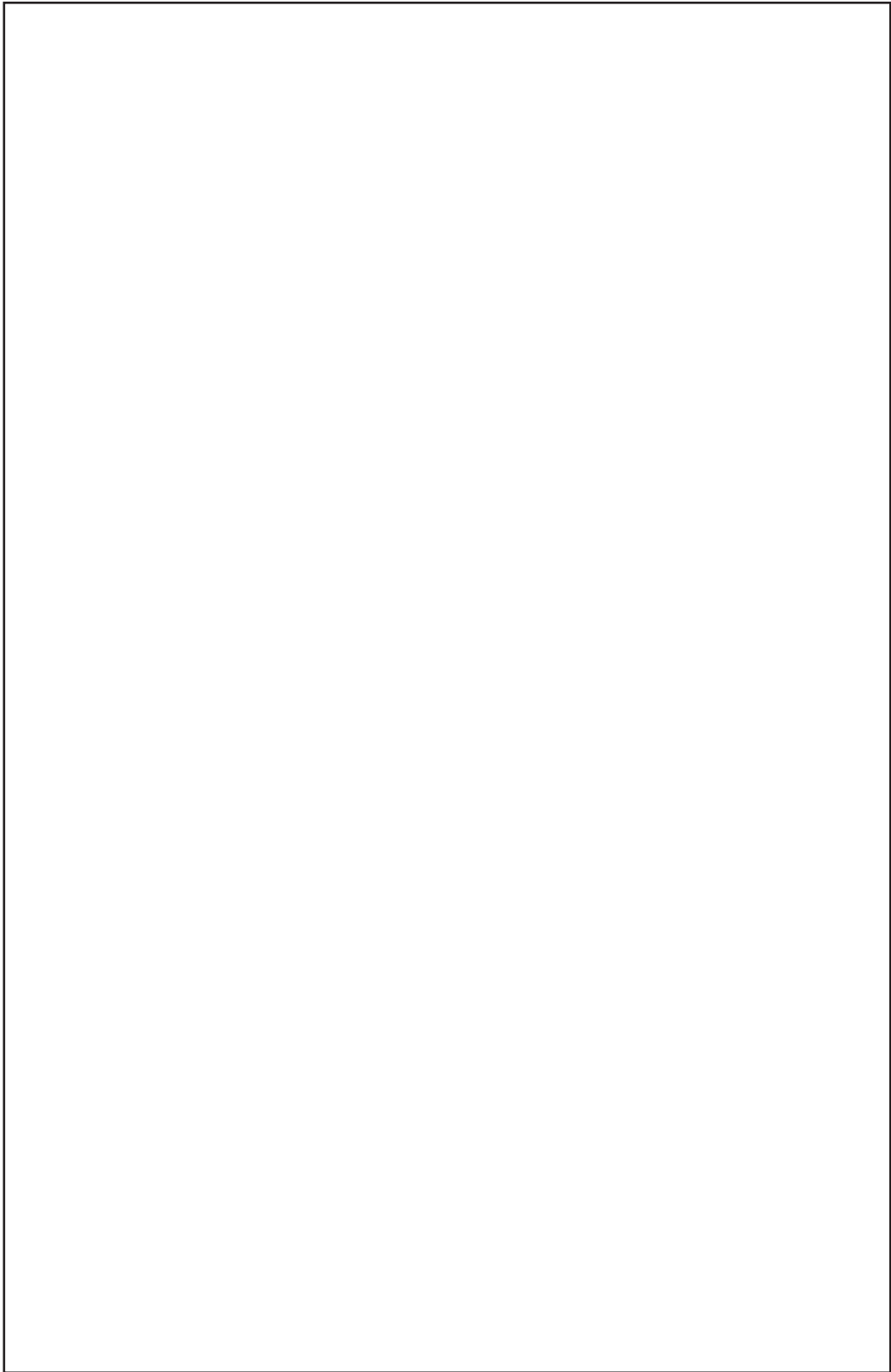
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Company Information

BOARD OF DIRECTORS

Iqbal Bengali	Chairman / Chief Executive
Husain Lawai	
Moin M. Fudda	
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

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 third quarter ended August 31, 2013. This set of 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.

While the economic conditions as well as law and order situation continue to be challenging, your Company managed to maintain revenues for the nine months period under review almost at the same level as that of the corresponding period last year. However, gross profit ratio to sales for the nine month period under review reflected a minor decline of half percent over the same period in 2012 due to increasing pressures on cost mainly from increases in prices of raw materials and deterioration of exchange parity of the Pakistan Rupee versus other major currencies. This drop in the gross margin impacted the bottom line also as profit before tax reported a 9% decline compared to the corresponding period last year, despite the fact that operating expenses for the nine months under review were maintained at par with the same period last year.

The year on year inflation and continuing depreciation of the Pakistan Rupee has taken a toll on Pakistan's economy, the adverse impact of which is not easy to overcome by any business, specially pharmaceuticals. This makes the case for a general price increase, which was last granted more than ten years back, all the more necessary. The industry now expects the government to take imminent steps to address this critical hardship as well as resolve its other long awaited issues of enforcement of Intellectual Property Rights and Data Exclusivity.

We are pleased to welcome Mr. Moin M. Fudda who has been appointed by the Board with effect from September 18, 2013 as a director of the Company in place of Mr. Abdul Majeed. Mr. Fudda is a very well known personality in business circles and we are confident that the Company will greatly benefit from his experience and business insights.

Amid these difficult times, we sincerely appreciate the indefatigable and untiring efforts of our colleagues to help make this world a healthier place.



Iqbal Bengali
Chairman & Chief Executive

Karachi: **September 25, 2013**

Condensed Interim Balance Sheet As at August 31, 2013

	Note	August 31, 2013 (Unaudited)	November 30, 2012 (Audited)
(Rupees in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	170,161	149,789
Long-term loans		6,456	4,802
Long-term deposits		7,019	6,819
Deferred taxation		5,466	3,218
Total non - current assets		189,102	164,628
CURRENT ASSETS			
Spares		20,791	15,952
Stock-in-trade		1,173,644	1,086,244
Trade debts		18,061	103,341
Loans and advances		39,306	31,495
Deposits, prepayments and other receivables		66,148	76,759
Interest accrued		627	655
Taxation - net		30,185	38,142
Cash and bank balances		159,555	170,907
Total current assets		1,508,317	1,523,495
Total assets		1,697,419	1,688,123
SHARE CAPITAL AND RESERVES			
Authorised capital			
5,000,000 ordinary shares of Rs. 100 each		500,000	500,000
Issued, subscribed and paid-up capital		142,161	142,161
Reserves		947,761	947,648
Unappropriated profit		216,197	215,638
Total equity		1,306,119	1,305,447
CURRENT LIABILITIES			
Trade and other payables		391,300	382,676
Total equity and liabilities		1,697,419	1,688,123
CONTINGENCIES AND COMMITMENTS	6		

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



Iqbal Bengali
Chief Executive




S. M. Wajeehuddin
Director

Condensed Interim Profit and Loss Account (Unaudited) For the nine months period ended August 31, 2013

Note	For the nine months period ended		For the three months period ended	
	August 31, 2013	August 31, 2012 Restated	August 31, 2013	August 31, 2012 Restated
----- (Rupees in '000) -----				
Continuing operations				
Net sales	2,325,360	2,345,612	712,540	744,482
Cost of sales	1,769,376	1,772,907	574,081	564,990
Gross profit	555,984	572,705	138,459	179,492
Selling, marketing and distribution expenses	297,692	290,646	106,356	83,101
Administrative expenses	64,955	69,050	24,160	22,349
	362,647	359,696	130,516	105,450
	193,337	213,009	7,943	74,042
Other operating income	16,127	26,449	4,007	16,124
Other operating expenses	22,311	32,126	4,525	19,897
	(6,184)	(5,677)	(518)	(3,773)
Operating profit	187,153	207,332	7,425	70,269
Finance cost	132	833	30	746
Profit before taxation	187,021	206,499	7,395	69,523
Taxation				
- Current	74,982	81,929	6,949	42,880
- Deferred	(2,249)	(2,524)	1,446	34
	72,733	79,405	8,395	42,914
Profit / (loss) after tax from continuing operations	114,288	127,094	(1,000)	26,609
Discontinued operations				
Loss for the period from discontinued operations (net of tax) 8	-	(5,386)	-	(5,336)
Profit / (loss) for the period	114,288	121,708	(1,000)	21,273
----- (Rupees) -----				
Earnings / (loss) per share - basic and diluted				
- From continuing operations	80.39	89.40	(0.70)	18.72
- From discontinued operations	-	(3.79)	-	(3.75)

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



Iqbal Bengali
Chief Executive


S. M. Wajeehuddin
Director

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

	<u>For the nine months period ended</u>		<u>For the three months period ended</u>	
	<u>August 31, 2013</u>	<u>August 31, 2012</u>	<u>August 31, 2013</u>	<u>August 31, 2012</u>
	----- (Rupees in '000) -----			
Profit / (loss) for the period	114,288	121,708	(1,000)	21,273
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>114,288</u>	<u>121,708</u>	<u>(1,000)</u>	<u>21,273</u>

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



Iqbal Bengali
Chief Executive


S. M. Wajeehuddin
Director

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

	Note	For the nine months period ended	
		August 31, 2013	August 31, 2012
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	202,499	200,916
Profit received on deposit accounts		9,696	1,915
(Increase) / decrease in long-term loans		(1,654)	575
Increase in long-term deposits		(200)	-
Taxes paid		(67,024)	(50,862)
Net cash generated from operating activities		143,317	152,544
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(41,242)	(18,366)
Proceeds from disposal of property, plant and equipment		148	6,756
Net cash used in investing activities		(41,094)	(11,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities - Dividend paid		(113,575)	(56,864)
Net (decrease) / increase in cash and cash equivalents		(11,352)	84,070
Cash and cash equivalents at beginning of the period		170,907	69,797
Cash and cash equivalents at end of the period		159,555	153,867

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


Iqbal Bengali
Chief Executive


S. M. Wajeehuddin
Director

Condensed Interim Statement of Changes in Equity (Unaudited) For the nine months period ended August 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 nine months period ended August 31, 2012	-	-	-	-	121,708	121,708
Transactions with owners recognised directly in equity						
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 August 31, 2012	<u>142,161</u>	<u>931,753</u>	<u>15,989</u>	<u>947,742</u>	<u>145,569</u>	<u>1,235,472</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 nine months period ended August 31, 2013	-	-	-	-	114,288	114,288
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	-	-	113	113	-	113
			113	113	(113,729)	(113,616)
Transfer to general reserve	-	-	-	-	-	-
Balance as at August 31, 2013	<u>142,161</u>	<u>931,753</u>	<u>16,008</u>	<u>947,761</u>	<u>216,197</u>	<u>1,306,119</u>

* Others represent reserve for share based payment plan.

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



Iqbal Bengali
Chief Executive



S. M. Wajeehuddin
Director

**Notes to the Condensed Interim
Financial Information (Unaudited)
For the nine months period ended August 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 nine months period ended August 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. PROPERTY, PLANT AND EQUIPMENT	<u>August 31, 2013</u>	<u>November 30, 2012</u>
	(Rupees in '000)	
Operating property, plant and equipment - at net book value	146,314	134,850
Capital work in progress - at cost	23,847	14,939
	<u>170,161</u>	<u>149,789</u>
5.1 Operating property, plant and equipment includes following additions, disposals and impairment during the period:		
Plant and machinery	24,969	2,071
Vehicles	3,827	20,207
Office equipment	3,538	8,754
	<u>32,334</u>	<u>31,032</u>
Disposal of vehicles [having a net book value of Nil (2012: Rs. 0.891 million)].	<u>590</u>	<u>13,889</u>
Write off of assets [having a net book value of Rs. 0.358 million (2012: Rs. Nil)].	<u>12,388</u>	<u>-</u>
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
There is no change in the status of contingencies as disclosed under notes 15.1 to 15.4 of the annual financial statements of the Company for the year ended November 30, 2012. The matter relating to Securities & Exchange Commission of Pakistan, where they had sought certain information from the company has been closed. Also, as disclosed in the half yearly financial statements, the complaint filed with Sindh Drugs Court was also dismissed on April 10, 2013, for want of Jurisdiction.		
6.2 Commitments		
Commitments for capital expenditure	<u>5,747</u>	<u>5,563</u>
Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees	<u>5,129</u>	<u>5,129</u>
Outstanding letter of credit	<u>20,002</u>	<u>80,917</u>

	Note	For the nine months period ended	
		August 31, 2013	August 31, 2012
(Rupees in '000)			
7. CASH GENERATED FROM OPERATIONS			
Profit before taxation		187,021	202,586
Adjustments for non-cash charges and other items:			
Net increase in reserve for equity-settled share -based payment plans		113	244
Depreciation		20,514	20,764
Net provision for slow moving and obsolete stock		9,523	15,857
Reversal of provision of doubtful debts		(111)	-
Gain on disposal of property, plant and equipment		(148)	(5,950)
Impairment of assets		358	-
Profit on deposit accounts		(9,668)	(2,040)
Working capital changes	7.1	(5,103)	(30,545)
		<u>202,499</u>	<u>200,916</u>
7.1 Working capital changes			
(Increase) / decrease in current assets:			
Spares		(4,839)	(432)
Stock-in-trade		(96,925)	(161,198)
Trade debts		85,391	(15,990)
Loans and advances		(7,811)	(43,620)
Deposits, prepayments and other receivables		10,611	(12,500)
		<u>(13,573)</u>	<u>(233,740)</u>
Increase in current liabilities:			
Trade and other payables		8,470	203,195
		<u>(5,103)</u>	<u>(30,545)</u>
8. DISCONTINUED OPERATIONS			
<p>As a consequence of the agreement between Pfizer Inc. and Nestle S.A., the Company had disposed all its Nutrition business to Nestle Pakistan Limited on November 30, 2012 and had presented its Nutrition business as discontinued operations in the financial statements for the year ended November 30, 2012.</p>			

	For the nine months period ended		For the three months period ended	
	August 31, 2013	August 31, 2012	August 31, 2013	August 31, 2012
	----- (Rupees in '000) -----			
Net sales	-	92,923	-	31,178
Cost of sales	-	63,922	-	21,670
Gross profit	-	29,001	-	9,508
Selling, marketing and distribution expenses	-	30,814	-	14,366
Administrative expenses	-	2,100	-	299
	-	32,914	-	14,665
	-	(3,913)	-	(5,157)
Other operating income	-	-	-	-
Other operating expenses	-	-	-	(86)
	-	-	-	86
Operating loss	-	(3,913)	-	(5,071)
Loss before taxation	-	(3,913)	-	(5,071)
Taxation				
- Current	-	1,473	-	265
- Deferred	-	-	-	-
	-	1,473	-	265
Loss after tax	-	(5,386)	-	(5,336)

Following is the breakup of cash flows from discontinued operations:

Operating cash outflows	-	(10,566)
Investing cash flows	-	-
Financing cash flows	-	-
Net cash outflows	-	(10,566)


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 nine months period ended	
	August 31, 2013	August 31, 2012
	(Rupees in '000)	
Transactions for the period		
Sale of goods to associated companies / transfer of inventory to associated companies	119,838	154,792
Goods purchased / transfer of inventory from associated companies	440,294	520,277
Services from associated undertakings	83,131	64,617
Repayment of loan and interest to associated company	-	50,696
Dividend to the parent company	82,002	41,001
Contribution to retirement benefit funds	7,721	5,827
Remuneration of key management personnel	5,192	3,405
	August 31, 2013	November 30, 2012
	(Rupees in '000)	
Balance receivable from / payable to associated companies		
Trade and other receivables in respect of goods and services	-	88,052
Trade and other payables in respect of goods and services	26,060	58,707

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on September 25, 2013.


Iqbal Bengali
Chief Executive


S. M. Wajeehuddin
Director

