

Wyeth

Leading the Way to
a Healthier World

Financial Statements for the
Nine Months period ended
August 31, 2010

WYETH PAKISTAN LIMITED

CONTENTS

| | |
|--|-------|
| Company Information | 3 |
| Directors' Review | 5 |
| Condensed Interim Balance Sheet..... | 6 |
| Condensed Interim Profit & Loss Account | 7 |
| Condensed Interim Statement of Comprehensive Income | 8 |
| Condensed Interim Cash Flow Statement | 9 |
| Condensed Interim Statement of Changes in Equity..... | 10 |
| Notes to and Forming Part of the Condensed Interim Financial Statements | 11-15 |

COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Bengali Chairman / Chief Executive
Abdul Majeed
Ifikhar Soomro
Badaruddin F. Vellani
S. M. Wajeehuddin
Abdul Naseer
Shahid Aziz Siddiqi (N.I.T)

COMPANY SECRETARY

S. M. Wajeehuddin

AUDIT COMMITTEE

Ifikhar Soomro Chairman
Badaruddin F. Vellani
Abdul Naseer

BANKERS

Citibank, N.A.
Standard Chartered Bank

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

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 & 92-213-7664203-06
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 financial statements of your company for the quarter and nine months ended August 31, 2010.

FINANCIAL RESULTS

Net sales for the quarter have decreased by 15% as compared to the same period last year mainly in view of lower institutional sales, and impact of floods which effected shipments to distributors. However gross margin has improved from 22.2% to 23.2% of sales due to favorable sales mix and reduction in prices of some materials. We are closely monitoring our operating expenses also and have managed to keep them lower by 4% compared to same period last year, positively impacting the margins.

Sales for the nine months have decreased by 12% mainly due to alignment of stocks at distributors' level and lower institutional sales of Anti-TB products. Currency depreciation and lower sales have impacted the gross margin which decreased from 23.3% to 22.4% of sales during the period under review. Reduction in sales, together with the charge for doubtful receivables and some severance payments, is also the main reason for drop in the pre-tax profit for the nine months period ended August 31, 2010.

FUTURE PROSPECT

Future prospects would greatly depend on the Country's social and economic situation that emerges after the recent devastating floods, and also on the government policies especially with regard to price increases and enforcement of IPR laws. Besides, low priced generics, continuous depreciation of Pakistan Rupee, and rising inflation will also continue to impact our business. However, we are making all efforts to increase revenue and exercise strict control over expenses to sustain a viable business operations in future also.

CHANGE IN BOARD OF DIRECTORS

On September 21, 2010 Mr. Maqbool H. H. Rahimtoola resigned as a director of the company and the casual vacancy thus created was filled by the appointment of Mr. Shahid Aziz Siddiqi, effective from September 28, 2010, as a nominee director of N.I.T. While welcoming Mr. Shahid Aziz Siddiqi, the board wishes to place on record its sincere appreciation for the valuable services rendered by Mr. Maqbool H. H. Rahimtoola during his tenure as a director of the company.

The Board of Directors would also like to express their sincere gratitude to the employees and management of the company for their continued, dedicated and untiring efforts.

On behalf of the Board


Director


Director

Date : **September 28, 2010**

CONDENSED INTERIM BALANCE SHEET AS AT AUGUST 31, 2010

| | | August 31, 2010 (Unaudited) | November 30, 2009 (Audited) |
|--|------|-----------------------------------|-----------------------------------|
| | Note | (Rupees in '000) | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 160,623 | 179,681 |
| Long-term loans | | 8,365 | 12,161 |
| Deferred taxation | | 3,513 | - |
| Long-term deposits | | 2,152 | 1,879 |
| | | <u>174,653</u> | <u>193,721</u> |
| CURRENT ASSETS | | | |
| Spares | | 5,126 | 2,921 |
| Stocks in trade | | 734,212 | 800,768 |
| Trade debts | | 61,794 | 277,447 |
| Loans and advances | | 41,635 | 15,744 |
| Deposits and prepayments | | 16,447 | 13,462 |
| Interest accrued | | 1,005 | 6 |
| Other receivables | | 24,330 | 14,890 |
| Taxation-net | | 109,503 | 97,687 |
| Cash and bank balances | | 310,382 | 35,648 |
| | | <u>1,304,434</u> | <u>1,258,573</u> |
| | | <u>1,479,087</u> | <u>1,452,294</u> |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 142,161 | 142,161 |
| Reserves | | 927,010 | 926,940 |
| Unappropriated loss | | (77,564) | (86,838) |
| | | <u>991,607</u> | <u>982,263</u> |
| NON-CURRENT LIABILITY | | | |
| Deferred taxation | | - | 5,238 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 487,480 | 464,793 |
| | | <u>1,479,087</u> | <u>1,452,294</u> |
| CONTINGENCIES AND COMMITMENTS 7 | | | |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Director


Director

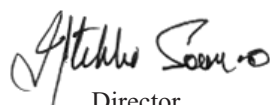
STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore these financial statements have been signed by two directors of the company as required under the section 241(2) of the Companies Ordinance, 1984.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED AUGUST 31, 2010

| | For the nine months period ended | | For the third quarter ended | |
|--------------------------------|----------------------------------|--------------------|-----------------------------|--------------------|
| | August 31, 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 |
| | (Rupees in '000) | | (Rupees in '000) | |
| Net sales | 1,718,813 | 1,962,524 | 512,891 | 603,765 |
| Cost of sales | 1,333,953 | 1,505,619 | 393,983 | 469,966 |
| Gross profit | 384,860 | 456,905 | 118,908 | 133,799 |
| Distribution cost | 252,283 | 258,218 | 91,054 | 84,093 |
| Administrative expenses | 100,773 | 88,432 | 20,796 | 32,781 |
| | 353,056 | 346,650 | 111,850 | 116,874 |
| Operating profit | 31,804 | 110,255 | 7,058 | 16,925 |
| Other operating income | 11,213 | 14,768 | 6,019 | 1,953 |
| | 43,017 | 125,023 | 13,077 | 18,878 |
| Other operating expenses | 4,881 | 20,365 | 1,353 | 7,363 |
| Finance cost | 2,780 | 2,725 | 185 | 1,244 |
| | 7,661 | 23,090 | 1,538 | 8,607 |
| Profit before taxation | 35,356 | 101,933 | 11,539 | 10,271 |
| Taxation | | | | |
| Current - for the period | 32,209 | 78,548 | (3,111) | 39,936 |
| - for prior years | - | 5,243 | - | - |
| Deferred | (6,127) | (7,104) | (1,734) | (5,502) |
| | 26,082 | 76,687 | (4,845) | 34,434 |
| Profit / (loss) after taxation | 9,274 | 25,246 | 16,384 | (24,163) |
| Earnings / (loss) per share | Rupees | Rupees | Rupees | Rupees |
| - basic and diluted | 6.52 | 17.76 | 11.52 | (17.00) |

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

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Director



Director

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore these financial statements have been signed by two directors of the company as required under the section 241(2) of the Companies Ordinance, 1984.

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED AUGUST 31, 2010**

| | For the nine months period ended | |
|----------------------------|-------------------------------------|--------------------|
| | August 31, 2010 | August 31, 2009 |
| | (Rupees in '000) | |
| Profit after taxation | 9,274 | 25,246 |
| Other comprehensive income | - | - |
| Total comprehensive income | <u>9,274</u> | <u>25,246</u> |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Director


Director

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore these financial statements have been signed by two directors of the company as required under the section 241(2) of the Companies Ordinance, 1984.

**CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED AUGUST 31, 2010**

| | Note | August 31, 2010 | August 31, 2009 |
|--|------|--------------------|--------------------|
| (Rupees in '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operating activities | 8 | 319,268 | (26,090) |
| Profit received on deposits accounts | | 3,070 | 7,366 |
| Decrease / (increase) in long-term loans | | 3,796 | (474) |
| (Increase) / decrease in long-term deposits | | (273) | 78 |
| Taxes paid | | (46,650) | (65,574) |
| Net cash generated from / (used in) operating activities | | <u>279,211</u> | <u>(84,694)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | | (4,384) | (30,595) |
| Proceeds from sale of property, plant and equipment | | - | 7,808 |
| Net cash used in investing activities | | <u>(4,384)</u> | <u>(22,787)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net cash used in financing activities-dividends paid | | (93) | (212,991) |
| Net increase / (decrease) in cash and cash equivalents | | <u>274,734</u> | <u>(320,472)</u> |
| Cash and cash equivalents at the beginning of the period | | <u>35,648</u> | <u>282,207</u> |
| Cash and cash equivalents at the end of the period | | <u>310,382</u> | <u>(38,265)</u> |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Director


Director

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore these financial statements have been signed by two directors of the company as required under the section 241(2) of the Companies Ordinance, 1984.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED AUGUST 31, 2010

| | Share capital | Reserves | | | Unappropriated profit | Total |
|--|--|----------------|---------------|----------------|-----------------------|------------------|
| | Issued, subscribed and paid-up capital | General | Other | Sub total | | |
| | (Rupees in ' 000) | | | | | |
| Balance as at November 30, 2008 | 142,161 | 934,743 | 5,847 | 940,590 | 29,127 | 1,111,878 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 25,246 | 25,246 |
| Other comprehensive income for the period | - | - | - | - | 25,246 | 25,246 |
| Transactions with owners | | | | | | |
| Dividend for the year ended December 31, 2008 | - | - | - | - | (71,080) | (71,080) |
| Share-based payments | - | - | 1,901 | 1,901 | - | 1,901 |
| Utilization of reserve held for share-based payments | - | - | (3,262) | (3,262) | - | (3,262) |
| | - | - | (1,361) | (1,361) | (71,080) | (72,441) |
| Others | | | | | | |
| Transfer from general reserve | - | (22,990) | - | (22,990) | 22,990 | - |
| Balance as at August 31, 2009 | <u>142,161</u> | <u>911,753</u> | <u>4,486</u> | <u>916,239</u> | <u>6,283</u> | <u>1,064,683</u> |
| Balance as at November 30, 2009 | 142,161 | 911,753 | 15,187 | 926,940 | (86,838) | 982,263 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 9,274 | 9,274 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| | - | - | - | - | 9,274 | 9,274 |
| Transactions with owners | | | | | | |
| Share-based payments | - | - | 70 | 70 | - | 70 |
| Utilization of reserve held for share-based payments | - | - | - | - | - | - |
| | - | - | 70 | 70 | - | 70 |
| Others | | | | | | |
| Transfer from general reserve | - | - | - | - | - | - |
| Balance as at August 31, 2010 | <u>142,161</u> | <u>911,753</u> | <u>15,257</u> | <u>927,010</u> | <u>(77,564)</u> | <u>991,607</u> |

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Director


Director

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore these financial statements have been signed by two directors of the company as required under the section 241(2) of the Companies Ordinance, 1984.

**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED AUGUST 31, 2010****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 USA. Accordingly, Pfizer Inc. has become the ultimate parent of the Company. However, Wyeth USA continues to be the principal shareholder of the Company.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months period ended August 31, 2010 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 eleven months period ended November 30, 2009.

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 eleven months period ended November 30, 2009.

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.

Except as described below, 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 were the same as those applied to the preceding published financial statements as at and for the eleven months period ended November 30, 2009.

The Company has revised the estimate of useful lives of all the items of property, plant and equipment with effect from March 1, 2010. Had the above estimate not been revised, the profit after tax for the period ended August 31, 2010, and carrying value of property, plant and equipment as at that date would have been lower by Rs 0.738 million.

| | Note | August 31, 2010 | November 30, 2009 |
|---|------|-------------------------|----------------------|
| 5. PROPERTY, PLANT AND EQUIPMENT | | (Rupees in '000) | |
| Operating fixed assets | 5.1 | 160,623 | 179,681 |
| 5.1 Operating fixed assets include following additions during the period: | | | |
| Building | | - | 12,632 |
| Plant and machinery | | 3,028 | 6,370 |
| Motor vehicles | | - | 6,993 |
| Office equipment, furniture and fittings | | 536 | - |
| Computers | | 820 | 1,837 |
| | | 4,384 | 27,832 |
| Disposals [having a net book value of Rs Nil (2009: Rs 5.006 million)] | | - | 26,277 |

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 92.7% and 7.3% (August 31, 2009: 92.1% and 7.9%) of total revenue of the Company respectively.
- 6.2 93.4% (August 31, 2009: 92.4%) of total sales of the Company relates to customers in Pakistan.
- 6.3 All non-current assets of the Company as at August 31, 2010 are located in Pakistan.
- 6.4 Sales to four major customers of the Company is around 54.7% during the period ended August 31, 2010 (August 31, 2009: 53.7%).

7. CONTINGENCIES AND COMMITMENTS

- 7.1 Certain ex-employees of the Company have filed claims aggregating Rs 247.572 million (2009: Rs 247.572 million) against the Company in prior years. The Company is contesting these claims in the courts and based on the opinion of legal counsel, the management is confident that the ultimate decision of the subject cases 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 in prior years aggregating Rs 84.929 million (2009: Rs 84.929 million) for recovery of damages. Based on the opinion of legal counsel, 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 income tax assessments of the Company have been finalised upto and including the accounting year ended December 31, 2008. While finalising the assessments of the Company, the tax authorities have made arbitrary additions and disallowances to taxable incomes of various tax assessments upto the accounting year ended December 31, 2003 which have resulted in a tax demand of Rs 228.708 million (2009: Rs 199.026 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 (2009: 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. Based on the advice of its tax consultants, the management is confident that the ultimate decision of the appeal will be in its favour.

| | August 31, 2010 | November 30, 2009 |
|---|-------------------------|----------------------|
| Commitments | (Rupees in '000) | |
| 7.5 Commitments for capital expenditure | <u>3,100</u> | <u>5,297</u> |
| 7.6 Guarantees issued to Collector of Customs against duty on imported raw materials and other guarantees | <u>5,031</u> | <u>9,569</u> |
| 7.7 Outstanding letter of credit | <u>88,040</u> | <u>75,008</u> |

8. CASH GENERATED FROM / (USED IN)
OPERATING ACTIVITIES

| | Note | For the nine months period ended | |
|---|------|-------------------------------------|--------------------|
| | | August 31, 2010 | August 31, 2009 |
| (Rupees in '000) | | | |
| Profit before taxation | | 35,356 | 101,933 |
| Adjustments for non-cash charges and other items: | | | |
| Net increase/ (decrease) in reserve for equity-settled share-based payment plans | | 70 | (1,361) |
| Depreciation | | 23,441 | 25,919 |
| Provision made for obsolete stock | | 1,183 | 6,495 |
| Provision for doubtful debts | | 22,968 | - |
| Decrease in provision for potential expired stock claims | | (263) | (2,100) |
| Gain on sale of property, plant and equipment | | - | (2,802) |
| Profit on deposit accounts | | (4,069) | (3,940) |
| Working capital changes | 8.1 | 240,582 | (150,234) |
| | | <u>319,268</u> | <u>(26,090)</u> |
| 8.1 Working capital changes | | | |
| (Increase) / decrease in current assets: | | | |
| Spares | | (2,205) | (131) |
| Stocks in trade | | 65,373 | (148,937) |
| Trade debts | | 192,685 | (61,177) |
| Loans and advances | | (25,891) | (4,030) |
| Deposits and prepayments | | (2,985) | (3,926) |
| Other receivables | | (9,440) | 9,826 |
| | | <u>217,537</u> | <u>(208,375)</u> |
| (Decrease) / increase in current liabilities: | | | |
| Trade and other payables | | 23,045 | 58,141 |
| | | <u>240,582</u> | <u>(150,234)</u> |

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate parent company (Pfizer Inc, USA), related group companies, staff retirement benefits funds, 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. Significant balances and transactions with related parties are as follows:

| | Note | For the nine months period ended | |
|--|------|----------------------------------|-----------------|
| | | August 31, 2010 | August 31, 2009 |
| (Rupees in '000) | | | |
| Sale of goods to associated undertakings | | 92,122 | 115,302 |
| Goods purchased from associated undertakings | | 219,092 | 435,964 |
| Services received from associated undertakings | 9.1 | 60,786 | 19,453 |
| Contribution to retirement funds | | 9,093 | 4,075 |
| Remuneration of key management personnel | | 55,770 | 27,935 |

9.1 This amount includes Rs 40.082 million against services obtained from Pfizer Pakistan Limited.

10. GENERAL

10.1 These condensed interim financial statements were authorized for issue on **September 28, 2010** by the Board of Directors of the Company.

10.2 As the Chief Executive is for the time being not in Pakistan, therefore these financial statements have been signed by two directors of the company as required under the section 241(2) of the Companies Ordinance, 1984.


Director


Director