

Wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Nine Months period ended
August 31, 2014

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

Iftikhar Soomro	Chairman
Dr. Farid Khan	Chief Executive
Husain Lawai	
Moin M. Fudda	
Badaruddin F. Vellani	
Syed Zakwan Ahmed	
S. M. Wajeehuddin	

COMPANY SECRETARY

S. M. Wajeehuddin

AUDIT COMMITTEE

Moin M. Fudda	Chairman
Iftikhar Soomro	
Badaruddin F. Vellani	

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Badaruddin F. Vellani	Chairman
Iftikhar Soomro	
Dr. Farid Khan	

EXECUTIVE COMMITTEE

Dr. Farid Khan	Chairman
S. M. Wajeehuddin	
Syed Zakwan Ahmed	

SHARE TRANSFER COMMITTEE

Dr. Farid Khan	Chairman
S. M. Wajeehuddin	
Syed Zakwan Ahmed	

BANKERS

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

Wyeth

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

LEGAL ADVISORS

Vellani & Vellani

Orr Dignam & Company

Syed Qamaruddin Hassan

SHARE REGISTRAR

THK Associates (Pvt.) Ltd.

2nd 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., Karachi.

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Website: www.wyethpakistan.com

Note: These accounts are also available on our website.

DIRECTORS' REVIEW

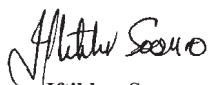
We are pleased to present the un-audited condensed interim financial information of your Company for the period of nine months ending August 31, 2014. This condensed interim financial information has been prepared in accordance with the applicable requirements of Internal Financial Reporting Standards (IAS 34-Interim Financial Reporting) and the Companies Ordinance 1984.

Revenue for the period under review has been at Rupees 2,318 million, similar to that of the comparative period last year. This was achieved despite non availability of a leading product Ativan as the government is not allowing toll manufacture of any psychotropic drugs. Moreover, the Company also faced commercial challenges relating to our consumer brand. This disturbed the product mix which, along with inflation, has spelled an inimical impact on the gross profit; which has been reduced by 8% as a percentage of sales as compared to the same period last year. It should however be noted that during the current quarter, three months' period from June to August, Company's revenue grew by 14% over the same period last year mainly due to improved demand of Anti TB portfolio.

As mentioned in our previous report, the Company is in the process of reviewing its operations with respect to rationalizing costs and improving profitability. In that regard, certain organizational changes have been carried out which have led to redundancies in the Company's sales force. This resulted in payment of severance benefits to such sales force colleagues, which in turn had a one-time impact on the operating results. This restructuring cost was mainly responsible for the loss during the period under review. However it is likely to help the Company improve its bottom line going forward.

The business outlook in general continues to be challenging as Pakistan's economy is still burdened with perennial issues like inflation, inconsistent policies by Government, weak infrastructure and deteriorating law and order situation. On the regulatory front, the pharmaceutical industry is devoid of enforceability with respect to Intellectual Property Rights and effective laws for Data Exclusivity. This apart from discouraging research based ethical pharmaceutical companies, also excludes Pakistan from worldwide research and development opportunities. These problems will continue to impact our business for the remainder of the year also, as these are likely to take some time before being resolved on a permanent basis.

We wish to appreciate and encourage the efforts of our colleagues during these challenging times. We are thankful to them for working together to make our medicines available to more and more patients in Pakistan.



Iftikhar Soomro
Chairman

Karachi: **September 24, 2014**

Condensed Interim Balance Sheet As at August 31, 2014

	Note	August 31, 2014 (Unaudited)	November 30, 2013 (Audited) Restated
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	203,509	207,974
Long-term loans to employees		6,375	7,194
Long-term deposits		11,899	10,010
Deferred taxation		16,418	28,129
Total non - current assets		238,201	253,307
CURRENT ASSETS			
Spares		23,579	20,349
Stock-in-trade		699,598	900,686
Trade debts		80,707	72,975
Loans and advances		21,458	24,841
Deposits, prepayments and other receivables		91,274	88,040
Interest accrued		2,332	1,720
Taxation - net		122,146	37,482
Cash and bank balances		255,291	307,709
Total current assets		1,296,385	1,453,802
Total assets		1,534,586	1,707,109
EQUITY AND LIABILITIES			
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		949,282	948,582
Unappropriated (loss) / profit		(14,494)	116,488
Total equity		1,076,949	1,207,231
CURRENT LIABILITIES			
Trade and other payables		457,637	499,878
Total equity and liabilities		1,534,586	1,707,109
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The annexed notes 1 to 9 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman


Moin M. Fudda
Director

Condensed Interim Profit and Loss Account (Unaudited) For the nine months period ended August 31, 2014

	For the nine months period ended		For the three months period ended	
	August 31, 2014	August 31, 2013 Restated	August 31, 2014	August 31, 2013
----- (Rupees in '000) -----				
Net sales	2,318,430	2,325,360	812,802	712,540
Cost of sales	1,958,621	1,781,313	701,687	574,081
Gross profit	359,809	544,047	111,115	138,459
Selling, marketing and distribution expenses	393,544	304,454	178,868	106,356
Administrative expenses	62,902	69,042	23,655	24,160
	456,446	373,496	202,523	130,516
	(96,637)	170,551	(91,408)	7,943
Other operating income	35,734	16,127	8,232	4,007
Other operating expenses	-	22,311	(1,522)	4,525
	35,734	(6,184)	9,754	(518)
Operating (loss) / profit	(60,903)	164,367	(81,654)	7,425
Finance cost	472	132	353	30
(Loss) / profit before taxation	(61,375)	164,235	(82,007)	7,395
Taxation				
- Current	29,465	74,982	11,547	6,949
- Deferred	11,710	(7,911)	2,656	1,446
	41,175	67,071	14,203	8,395
(Loss) / profit for the period	(102,550)	97,164	(96,210)	(1,000)
----- (Rupees) -----				
(Loss) / earnings per share				
- basic and diluted	(72.14)	68.35	(67.68)	(0.70)

The annexed notes 1 to 9 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman


Moin M. Fudda
Director

Condensed Interim Statement of Comprehensive Income (Unaudited) For the Nine months period ended August 31, 2014

	<u>For the nine months period ended</u>		<u>For the three months period ended</u>	
	<u>August 31, 2014</u>	August 31, 2013 Restated	<u>August 31, 2014</u>	August 31, 2013 Restated
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(102,550)	97,164	(96,210)	(1,000)
Other comprehensive income				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plans	-	(11,268)	-	(3,755)
Related tax effects	-	3,944	-	2,077
	-	(7,324)	-	(1,678)
Total comprehensive income for the period	<u>(102,550)</u>	<u>89,840</u>	<u>(96,210)</u>	<u>(2,678)</u>

The annexed notes 1 to 9 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman


Moin M. Fudda
Director

Condensed Interim Cash Flow Statement (Unaudited) For the nine months period ended August 31, 2014

Note	For the nine months period ended	
	August 31, 2014	August 31, 2013 Restated
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	93,336	202,499
Profit received on deposit accounts	10,191	9,696
Decrease / (increase) in long-term loans	819	(1,654)
Increase in long-term deposits	(1,889)	(200)
Taxes paid	(114,128)	(67,024)
Net cash (outflow) / inflow from operating activities	(11,671)	143,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(20,501)	(41,242)
Proceeds from disposal of property, plant and equipment	8,190	148
Net cash outflow from investing activities	(12,311)	(41,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities - Dividends paid	(28,436)	(113,575)
Net decrease in cash and cash equivalents	(52,418)	(11,352)
Cash and cash equivalents at beginning of the period	307,709	170,907
Cash and cash equivalents at end of the period	255,291	159,555

The annexed notes 1 to 9 form an integral part of the condensed interim financial information.


Iftikhar Soomro
 Chairman


Moin M. Fudda
 Director


Condensed Interim Statement of Changes in Equity (Unaudited) For the nine months period ended August 31, 2014

	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit/ (loss)	Total
		General reserve	* Others	Sub total		
(Rupees in '000)						
Balance as at November 30, 2012 as previously reported	142,161	931,753	15,895	947,648	215,638	1,305,447
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	-	-	-	-	9,069	9,069
Balance as at December 1, 2012 - (restated)	142,161	931,753	15,895	947,648	224,707	1,314,516
Total comprehensive income for the period						
Profit for the period - (restated)	-	-	-	-	97,164	97,164
Remeasurements of defined benefit liability - net of tax (restated)	-	-	-	-	(7,324)	(7,324)
	-	-	-	-	89,840	89,840
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)
Balance as at August 31, 2013 - Restated	142,161	931,753	16,008	947,761	200,818	1,290,740
Balance as at November 30, 2013 as previously reported	142,161	931,753	16,829	948,582	135,834	1,226,577
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	-	-	-	-	(19,346)	(19,346)
Balance as at December 1, 2013 - restated	142,161	931,753	16,829	948,582	116,488	1,207,231
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(102,550)	(102,550)
Remeasurements of defined benefit liability - net of tax	-	-	-	-	-	-
	-	-	-	-	(102,550)	(102,550)
Transactions with owners recognised directly in equity						
Final dividend for the year ended November 30, 2013 at Rs. 20 per share	-	-	-	-	(28,432)	(28,432)
Share-based payments	-	-	700	700	-	700
	-	-	700	700	(28,432)	(27,732)
Balance as at August 31, 2014	142,161	931,753	17,529	949,282	(14,494)	1,076,949

* Others represent reserve for share based payment plan.

The annexed notes 1 to 9 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman


Moin M. Fudda
Director



**Notes to the Condensed Interim
Financial Information (Unaudited)
For the nine months period ended August 31, 2014**

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.

Pfizer Inc. is the ultimate parent of the Company. Wyeth LLC, USA and Wyeth Holding Corporation USA, which are subsidiaries of Pfizer Inc., are 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, 2014 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, 2013.

The 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2013, except for the change in accounting policy mentioned in note 3.1 below:

3.1 Change in accounting policy - Employee Benefits (Defined Benefit Plan)

During the current period (with effect from December 01, 2013), the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in the profit and loss as soon as the change in the benefit plan is made. Previously, only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortised to profit and loss account over the vesting period.

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This change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", as if the revised standard has always applied. Since the effects of actuarial valuation are not estimated to be material, the actuarial valuation is carried out at end of the year and actuarial gains and losses are accounted for in annual financial statements.

The effects of the above change in accounting policy on the condensed interim financial information are as follows:

	November 30, 2013			November 30, 2012		
	As previously reported	Impact due to change in policy	As Restated	As previously reported	Impact due to change in policy	As Restated
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Effect on balance sheet						
Trade and other payables	474,135	25,743	499,878	382,676	(12,068)	370,608
Deferred taxation	21,732	6,397	28,129	3,218	(2,999)	219
Unappropriated profit	135,834	(19,346)	116,488	215,638	9,069	224,707

Impact on profit and loss account

	Nine months period ended	
	August 31, 2014	August 31, 2013
	(Rupees in '000)	
Decrease in profit before tax due to recognition of past service cost immediately	-	22,786
Taxation - Deferred	-	(5,662)
	-	17,124
Impact on other comprehensive income		
Recognition of actuarial losses	-	11,268
Deferred tax charge	-	(3,944)
	-	7,324
The effect of earning per share due to restatement is as follows:		
Loss per share - basic and diluted	-	(12.05)

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4. ACCOUNTING ESTIMATES, JUDGMENTS 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 to the financial statements as at and for the year ended November 30, 2013. 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, 2013.

	August 31, 2014	November 30, 2013
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	194,694	169,879
Capital work in progress - at cost	8,815	38,095
	<u>203,509</u>	<u>207,974</u>

5.1 Operating property, plant and equipment includes following additions, disposals and impairment during the period:

	Nine months period ended August 31, 2014	November 30, 2013
	(Rupees in '000)	
Plant and machinery	35,893	30,269
Vehicles	11,495	11,442
Office equipment	2,393	21,592
	<u>49,781</u>	<u>63,303</u>
Disposal of vehicles [having a net book value of Rs. 2.311 million (2013: Rs. 0.665 million)]	<u>19,375</u>	<u>1,529</u>
Write off of assets [having a net book value of Rs. Nil (2013: Rs. 0.358 million)]	<u>-</u>	<u>12,388</u>

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6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the status of contingencies as disclosed under notes 15.1, 15.2 and 15.4 of the annual financial statements of the Company for the year ended November 30, 2013 except that the case filed by one of the ex-employee for reinstatement and payment of back benefits, has been decided by Sindh Labour Appellate Tribunal in his favour. The Company has filed an appeal before the Sindh High Court, and based on the discussions with the lawyer, the Company is of the opinion that the ultimate decision will be in Company's favour. Accordingly, no provision has been made in these financial statements in this respect.

The income tax authorities have made arbitrary additions and disallowances to taxable income for assessment years 1997-98 to 2002-03, tax years 2003 to 2005, and 2012, which have resulted in an aggregate tax demand of Rs. 354.9 million (2013: Rs. 231.9 million). Although the Company has filed appeals with various appellate authorities, a provision of Rs. 189.9 million (2013 : Rs. 125.5 million) is being carried against the above demands on grounds of prudence. In consultation with the tax advisors, management is confident that ultimate decision of appeals will be in the Company's favour.

6.2 Commitments

	August 31, 2014	November 30, 2013
	(Rupees in '000)	
Commitments for capital expenditure	55,211	6,053
Guarantees and indemnity bonds for imported raw materials and other guarantees	4,860	5,026
Outstanding letters of credit	266,943	28,497

	Nine months period ended	
Note	August 31, 2014	August 31, 2013
	(Rupees in '000)	
		Restated

7. CASH (USED IN) / GENERATED FROM OPERATIONS

(Loss) / profit before taxation	(61,375)	164,235
Adjustments for non-cash charges and other items:		
Net increase in reserve for equity-settled share-based payment plans	700	113
Depreciation	22,655	20,514
(Reversal) / provision for slow moving and obsolete stock - net	(19,355)	9,523
Gain on disposal of property, plant and equipment	(5,879)	(148)
Reversal of provision for doubtful debts	-	(111)
Impairment of assets	-	358
Profit on deposit accounts	(10,803)	(9,668)
Working capital changes	167,393	17,683
	7.1	
	93,336	202,499

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	Nine months period ended	
	August 31, 2014	August 31, 2013
	(Rupees in '000)	
7.1 Working capital changes		Restated
(Increase) / decrease in current assets:		
Spares	(3,230)	(4,839)
Stock-in-trade	220,443	(96,925)
Trade debts	(7,732)	85,391
Loans and advances	3,383	(7,811)
Deposits, prepayments and other receivables	(3,234)	10,611
	<u>209,630</u>	<u>(13,573)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	(42,237)	31,256
	<u>167,393</u>	<u>17,683</u>

8. 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 are as follows:

	Nine months period ended	
	August 31, 2014	August 31, 2013
	(Rupees in '000)	
Transactions for the period		
Sale of goods to associated companies / transfer of inventory to associated companies	<u>133,454</u>	<u>119,838</u>
Goods purchased / transfer of inventory from associated companies	<u>345,894</u>	<u>440,294</u>
Services from associated undertakings	<u>77,421</u>	<u>81,953</u>
Dividend to the parent company	<u>20,501</u>	<u>82,002</u>
Contribution to retirement benefit funds	<u>25,424</u>	<u>7,721</u>
Remuneration of key management personnel	<u>1,460</u>	<u>5,192</u>
Legal and professional charges	<u>526</u>	<u>1,178</u>

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	August 31, 2014	November 30, 2013
(Rupees in '000)		
Balance receivable from / payable to associated companies		
Trade receivables in respect of sale of goods to associated companies	63,840	53,452
Trade payable in respect of purchase / transfer of goods from associated companies	35,053	71,926
Other receivables from associated companies	6,935	11,629

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on September 24, 2014.


Iftikhar Soomro
Chairman


Moin M. Fudda
Director