

Wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Three Months period ended
February 28, 2015

CORPORATE

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

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

Chairman
Chief Executive

COMPANY SECRETARY

S. M. Wajeehuddin

AUDIT COMMITTEE

Moin M. Fudda
Iftikhar Soomro
Badaruddin F. Vellani

Chairman

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Badaruddin F. Vellani
Iftikhar Soomro
Dr. Farid Khan

Chairman

EXECUTIVE COMMITTEE

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

Chairman

SHARE TRANSFER COMMITTEE

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

Chairman

BANKERS

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

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Vellani & Vellani
Orr, Dignam & Co.
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.
Ph. # 92-213-2354651-61
Fax # 92-213-2331045

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 quarter ended February 28, 2015. 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.

As intimated to you last year, the Company is undergoing a critical phase and your management has taken some bold steps. However due to this reorganization, the revenue for the period under review declined by 11% as compared to the same period for last year. Other factors contributing towards this decline in sales are some product shortages driven by supply issues, capacity constraints with our toll manufacturers and realignment of our portfolios. Also, high competition for some products resulted in lower institutional prices. This along with some inflationary impact reduced the gross margin by 7% as a percentage of sales for the same period last year. On the other hand, operating expenses reflect a reduction of 35% due to the steps taken to rationalize our cost base and also due to robust expense management carried out during the quarter under review. This supported the bottom-line and the Company earned a profit before taxation of 1% of sales as compared to 3% in corresponding quarter last year. However, this converted into net loss on account of deferred tax charge and presumptive tax regime.

We continue to make vigorous efforts to increase our sales and keep our operations efficient by managing our operating expenses.

As we strive to improve our operating model during these turbulent times, we still foresee environmental, regulatory and business challenges during the rest of the year. The speed of regulatory approvals specifically tolling and quota controlled products requires the urgent attention of the Government. Also, there is a dire need to review the enforcement of Intellectual Property Rights and Data Exclusivity regime. We hope these issues would also be taken care of in a manner similar to that of pricing of pharmaceutical products. We believe in the longer run the new drug pricing policy, if consistently applied, would be in the benefit of both patients as well as the pharmaceutical industry. This would provide renewed confidence as well as opportunities to research based multinational organizations in Pakistan. The Government's struggle with the law and order situation is yet another factor that impedes us to capitalize the available opportunities fully. Amid all this, we have made significant progress as we look back and anticipate improvement in business outlook.

On behalf of the Board, we would like to express our heartfelt gratitude to all our colleagues for their continued dedication and endeavors to improve the health and wellbeing of the patients we serve; thereby bringing us closer to our vision of working together for a healthier world.



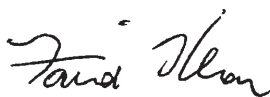
Dr. Farid Khan
Chief Executive


Karachi: March 27, 2015

Condensed Interim Balance Sheet As at February 28, 2015

	Note	February 28, 2015 (Unaudited)	November 30, 2014 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	267,558	264,195
Long-term loans to employees		4,548	5,859
Long-term deposits		11,845	10,019
Deferred taxation		6,227	12,901
Total non - current assets		290,178	292,974
CURRENT ASSETS			
Spares		22,031	22,131
Stock-in-trade		856,421	805,259
Trade debts		59,274	56,926
Loans and advances		10,445	25,819
Deposits, prepayments and other receivables		85,987	137,639
Interest accrued		622	2,627
Taxation - net		179,143	145,615
Cash and bank balances		60,156	149,931
Total current assets		1,274,079	1,345,947
Total assets		1,564,257	1,638,921
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		949,767	949,767
Unappropriated (loss) / profit		(873)	1,367
Total equity		1,091,055	1,093,295
CURRENT LIABILITIES			
Trade and other payables		473,202	545,626
Total equity and liabilities		1,564,257	1,638,921
CONTINGENCIES AND COMMITMENTS			
	6		

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



Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

**Condensed Interim Profit and Loss Account (Unaudited)
For the three months period ended February 28, 2015**

	For the three months period ended	
	February 28, 2015	February 28, 2014
		(Restated)
	(Rupees in '000)	
Net sales	596,236	670,311
Cost of sales	528,621	549,594
Gross profit	<u>67,615</u>	<u>120,717</u>
Selling, marketing and distribution expenses	47,014	87,780
Administrative expenses	19,572	14,952
	<u>66,586</u>	<u>102,732</u>
	1,029	17,985
Other operating income	7,424	6,713
Other operating expenses	816	1,320
	<u>6,608</u>	<u>5,393</u>
Operating profit	7,637	23,378
Finance cost	188	35
Profit before taxation	<u>7,449</u>	<u>23,343</u>
Taxation		
- Current	3,014	8,352
- Deferred	6,675	-
	<u>9,689</u>	<u>8,352</u>
(Loss) / profit for the period	<u><u>(2,240)</u></u>	<u><u>14,991</u></u>
	----- (Rupees) -----	
(Loss) / earnings per share - basic and diluted	<u><u>(1.58)</u></u>	<u><u>10.55</u></u>

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

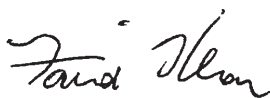

Dr. Farid Khan
Chief Executive


Moin M. Fudda
Director

**Condensed Interim Statement
of Comprehensive Income (Unaudited)
For the three months period ended February 28, 2015**

	For the three months period ended	
	February 28, 2015	February 28, 2014
	(Rupees in '000)	
(Loss) / profit for the period	(2,240)	14,991
Other comprehensive income	-	-
Total comprehensive income for the period	(2,240)	14,991

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



Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

**Condensed Interim
Cash Flow Statement (Unaudited)
For the three months period ended February 28, 2015**

	For the three months period ended	
Note	<u>February 28, 2015</u>	<u>February 28, 2014</u>
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations	7 (44,664)	68,639
Profit received on deposit accounts	3,969	6,170
Decrease in long-term loans to employees	1,311	413
Increase in long-term deposits	(1,826)	(1,933)
Taxes paid	(36,543)	(25,032)
Net cash (outflow) / inflow from operating activities	(77,753)	48,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(13,563)	(7,420)
Proceeds from disposal of property, plant and equipment	1,553	-
Net cash outflow from investing activities	(12,010)	(7,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities - Dividends paid	(12)	-
Net (decrease) / increase in cash and cash equivalents	(89,775)	40,837
Cash and cash equivalents at beginning of the period	<u>149,931</u>	<u>307,709</u>
Cash and cash equivalents at end of the period	<u>60,156</u>	<u>348,546</u>

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


Dr. Farid Khan
Chief Executive

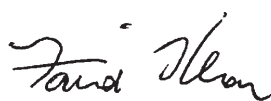

Moin M. Fudda
Director

Condensed Interim Statement of Changes in Equity (Unaudited) For the three months period ended February 28, 2015

	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit / (loss)	Total
		General reserve	*Others	Sub total		
.....(Rupees in '000).....						
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						
Profit for the period	-	-	-	-	14,991	14,991
Balance as at February 28, 2014	<u>142,161</u>	<u>931,753</u>	<u>16,829</u>	<u>948,582</u>	<u>131,479</u>	<u>1,222,222</u>
Balance as at December 1, 2014	142,161	931,753	18,014	949,767	1,367	1,093,295
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(2,240)	(2,240)
Balance as at February 28, 2015	<u>142,161</u>	<u>931,753</u>	<u>18,014</u>	<u>949,767</u>	<u>(873)</u>	<u>1,091,055</u>

* Others represent reserve for share based payment plan.

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


Dr. Farid Khan
Chief Executive


Moin M. Fudda
Director

**Notes to the Condensed Interim
Financial Information (Unaudited)
For the three months period ended February 28, 2015**

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 three months period ended February 28, 2015 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, 2014.

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, 2014.

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 to the financial statements as at and for the year ended November 30, 2014. 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, 2014.

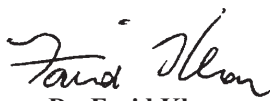
5. PROPERTY, PLANT AND EQUIPMENT	February 28, 2015	November 30, 2014
	(Rupees in '000)	
Operating property, plant and equipment - at net book value	243,767	246,575
Capital work in progress - at cost	23,791	17,620
	267,558	264,195
5.1 Operating property, plant and equipment includes following additions, disposals and write off during the period:		
Plant and machinery	5,764	93,132
Vehicles	1,628	11,495
Office equipment	-	10,904
	7,392	115,531
Disposal of vehicles [having a net book value of Rs. 0.991 million (2014: Rs. 6.910 million)]	2,751	29,324
Write off of assets [having a net book value of Rs. Nil (2014: Rs. Nil)]	1,700	736
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
There is no change in the status of contingencies as disclosed under notes 15 of the annual financial statements of the Company for the year ended November 30, 2014 except under note 15.5 for sales tax on toll manufacturing charges which has been estimated to amount to Rs. 9.49 million (2014: Rs. 7.94 million).		
6.2 Commitments		
Commitments for capital expenditure	4,515	4,515
Guarantees and indemnity bonds for imported raw materials and other guarantees	7,167	4,860
Outstanding letters of credit	231,845	212,670

	Note	Three months period ended	
		February 28, 2015	February 28, 2014
(Rupees in '000)			
7. CASH (USED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		7,449	23,343
Adjustments for non-cash charges and other items:			
Depreciation		9,209	7,178
(Reversal of) / provision for slow moving and obsolete stock - net		(11,529)	4,432
Gain on disposal of property, plant and equipment		(562)	-
Profit on deposit accounts		(1,964)	(5,914)
Working capital changes	7.1	(47,267)	39,600
		<u>(44,664)</u>	<u>68,639</u>
7.1 Working capital changes			
(Increase) / decrease in current assets:			
Spares		100	(220)
Stock-in-trade		(39,633)	(52,481)
Trade debts		(2,348)	(34,209)
Loans and advances		15,374	2,635
Deposits, prepayments and other receivables		51,652	13,642
		<u>25,145</u>	<u>(70,633)</u>
(Decrease) / increase in current liabilities:			
Trade and other payables		(72,412)	110,233
		<u>(47,267)</u>	<u>39,600</u>
8. TRANSACTIONS WITH RELATED PARTIES			
<p>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:</p>			

Transactions for the period	Three months period ended	
	February 28, 2015	February 28, 2014
	(Rupees in '000)	
Sale of goods to associated companies / transfer of inventory to associated companies	57,575	50,582
Goods purchased / transfer of inventory from associated companies	89,601	158,264
Services from associated undertakings	491	24,131
Contribution to retirement benefit funds	9,196	2,938
Remuneration of key management personnel	-	1,460
Legal and professional charges	93	86
	February 28, 2015	November 30, 2014
	(Rupees in '000)	
Balance receivable from / payable to associated companies		
Trade receivables in respect of sale of goods to associated companies	55,821	41,790
Trade payable in respect of purchase / transfer of goods from associated companies	71,811	121,362
Other receivables from associated companies	2,041	18,274

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on March 27, 2015.


Dr. Farid Khan
 Chief Executive


Moin M. Fudda
 Director