

Wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Nine Months period ended
August 31, 2015

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

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

LEGAL ADVISORS

Vellani & Vellani

Orr, Dignam & Co.

Mohammad Mitha

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.

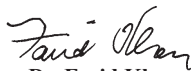
DIRECTORS' REVIEW

We are pleased to present the un-audited condensed interim financial statement of your Company for the nine months ended August 31, 2015. This condensed interim financial statement has been prepared in accordance with the applicable requirements of International Financial Reporting Standards (IAS 34-Interim Financial Reporting) and the Companies Ordinance 1984.

During the period under review there has been a decline in revenue by 13%, as compared to the same period last year. This decline in revenue is mainly due to issues in the supply of some products coupled with the impact of recent restructuring. Reduced sale along with unfavourable sales mix also led to a drop in gross profit. However, your Company was able to compensate the abovementioned impact by reducing its operating expenses by approximately 57%, as compared to the same period last year which included last year's one-time restructuring charge. Resultantly, your Company has managed to earn a profit before tax of Rs.87 million as compared to the loss before tax of Rs.61 million for the comparative period last year.

During the period under review, there have been healthy signs of economic recovery as some of the key economic indicators are improving such as stable exchange rate, low inflation and falling fuel prices. We expect these to catalyse available business opportunities. Similarly, improved law and order situation is constructive and directionally positive. On the regulatory front, there is still a need to address some perennial issues of the pharmaceutical industry. A robust, timely and impartial process for resolution of existing piled up hardship cases is already overdue. While the new drug pricing policy, in general, provides a good policy structure; however, there are some aspects relating to price reduction which have been challenged and are currently pending in the Court. Effective enforcement of Intellectual Property Rights and Data Exclusivity is yet to be seen. Also the recently promulgated Punjab Drugs (Amendment) Ordinance 2015 is a matter of serious concern. The matter is being pursued by the Industry Association with government of Punjab.

On behalf of the Board, we would like to express our earnest gratitude to all our colleagues for their continued dedication and endeavours to improve the health and wellbeing of the patients we serve. Their unflinching energy and passionate efforts continuously bring us closer to our vision of working together for a healthier world.



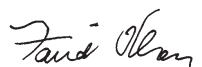
Dr. Farid Khan
Chief Executive

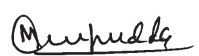
Karachi: **September 18, 2015**

Condensed Interim Balance Sheet As at August 31, 2015

	Note	August 31, 2015 (Unaudited)	November 30, 2014 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	391,632	264,195
Long-term loans to employees		3,433	5,859
Long-term deposits		10,883	10,019
Deferred taxation		13,400	12,901
Total non - current assets		419,348	292,974
CURRENT ASSETS			
Spares		31,852	22,131
Stock-in-trade		746,278	805,259
Trade debts		63,962	56,926
Loans and advances		30,851	25,819
Deposits, prepayments and other receivables		95,789	137,639
Interest accrued		335	2,627
Taxation - net		210,109	145,615
Cash and bank balances		90,518	149,931
Total current assets		1,269,694	1,345,947
Total assets		1,689,042	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 profit		47,185	1,367
Total equity		1,139,113	1,093,295
CURRENT LIABILITIES			
Trade and other payables		549,929	545,626
Total equity and liabilities		1,689,042	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 nine months period ended August 31, 2015**

	For the nine months period ended		For the three months period ended	
	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
----- (Rupees in '000) -----				
Net sales	2,009,703	2,318,430	640,424	812,802
Cost of sales	1,730,718	1,958,621	528,303	701,687
Gross profit	278,985	359,809	112,121	111,115
Selling, marketing and distribution expenses	147,008	393,544	58,517	178,868
Administrative expenses	54,784	62,902	18,128	23,655
	201,792	456,446	76,645	202,523
	77,193	(96,637)	35,476	(91,408)
Other operating income	17,732	35,734	6,857	8,232
Other operating expenses	7,082	-	2,849	(1,522)
	10,650	35,734	4,008	9,754
Operating profit / (loss)	87,843	(60,903)	39,484	(81,654)
Finance cost	694	472	271	353
Profit / (loss) before taxation	87,149	(61,375)	39,213	(82,007)
Taxation				
- Current	38,207	29,465	19,921	11,547
- Prior	3,624	-	-	-
- Deferred	(500)	11,710	(3,644)	2,656
	41,331	41,175	16,277	14,203
Profit / (loss) for the period	45,818	(102,550)	22,936	(96,210)
----- (Rupees) -----				
Earnings / (loss) per share - basic and diluted	32.23	(72.14)	16.13	(67.68)

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


Farid Khan
Dr. Farid Khan
Chief Executive

Moin M. Fudda
Moin M. Fudda
Director

**Condensed Interim Statement
of Comprehensive Income (Unaudited)
For the Nine months period ended August 31, 2015**

	<u>For the nine months period ended</u>		<u>For the three months period ended</u>	
	<u>August 31, 2015</u>	<u>August 31, 2014</u>	<u>August 31, 2015</u>	<u>August 31, 2014</u>
	----- (Rupees in '000) -----			
Profit / (loss) for the period	45,818	(102,550)	22,936	(96,210)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>45,818</u>	<u>(102,550)</u>	<u>22,936</u>	<u>(96,210)</u>

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



Dr. Farid Khan
Chief Executive

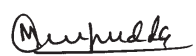

Moin M. Fudda
Director

**Condensed Interim
Cash Flow Statement (Unaudited)
For the nine months period ended August 31, 2015**

	Note	For the nine months period ended	
		August 31, 2015	August 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Cash generated from operations	7	194,075	93,336
Profit received on deposit accounts		6,716	10,191
Decrease in long-term loans		2,426	819
Increase in long-term deposits		(864)	(1,889)
Taxes paid		(106,324)	(114,128)
Net cash outflow from operating activities		96,029	(11,671)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(156,979)	(20,501)
Proceeds from disposal of property, plant and equipment		1,553	8,190
Net cash outflow from investing activities		(155,426)	(12,311)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities - Dividends paid		(16)	(28,436)
Net decrease in cash and cash equivalents		(59,413)	(52,418)
Cash and cash equivalents at beginning of the period		149,931	307,709
Cash and cash equivalents at end of the period		90,518	255,291

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 nine months period ended August 31, 2015

	Issued, subscribed and paid- up capital	Reserves			Unappro- priated 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						
Loss for the period	-	-	-	-	(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	-	-	700	-	(28,432)	(28,432)
Share-based payments	-	-	700	700	(28,432)	(27,732)
Balance as at August 31, 2014	<u>142,161</u>	<u>931,753</u>	<u>17,529</u>	<u>949,282</u>	<u>(14,494)</u>	<u>1,076,949</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						
Profit for the period	-	-	-	-	45,818	45,818
Balance as at August 31, 2015	<u>142,161</u>	<u>931,753</u>	<u>18,014</u>	<u>949,767</u>	<u>47,185</u>	<u>1,139,113</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 nine months period ended August 31, 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 nine months period ended August 31, 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.

	August 31, 2015	November 30, 2014
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	240,241	246,575
Capital work in progress - at cost	151,391	17,620
	391,632	264,195

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

	Nine months period ended August 31, 2015	November 30, 2014
	(Rupees in '000)	
Plant and machinery	14,341	93,132
Vehicles	1,628	11,495
Office equipment	7,239	10,904
	23,208	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 15.1 to 15.5 of the annual financial statements of the Company for the year ended November 30, 2014. The amount of sales tax on toll manufacturing charges referred to in note 15.5 for the period from 1 July 2013 to 31 August 2015 has been estimated to amount to Rs. 11.03 million (1 July 2013 to 30 November 2014: Rs. 7.94 million).

6.2 Commitments

	<u>August 31, 2015</u>	<u>November 30, 2014</u>
	(Rupees in '000)	
Commitments for capital expenditure	4,515	4,515
Guarantees and indemnity bonds for imported raw materials and other guarantees	7,452	4,860
Outstanding letters of credit	14,668	212,670

	<u>Nine months period ended</u>	
Note	<u>August 31, 2015</u>	<u>August 31, 2014</u>
	(Rupees in '000)	

7. CASH (USED IN) / GENERATED FROM OPERATIONS

Pofit before taxation	87,149	(61,375)
Adjustments for non-cash charges and other items:		
Net increase in reserve for equity-settled share-based payment plans	-	700
Depreciation	28,551	22,655
Provision for / (Reversal of) slow moving and obsolete stock - net	7,622	(19,355)
Gain on disposal of property, plant and equipment	(562)	(5,879)
Profit on deposit accounts	(4,424)	(10,803)
Working capital changes	75,739	167,393
	<u>194,075</u>	<u>93,336</u>

	Nine months period ended	
	August 31, 2015	August 31, 2014
	(Rupees in '000)	
7.1 Working capital changes		
(Increase) / decrease in current assets:		
Spares	(9,721)	(3,230)
Stock-in-trade	51,359	220,443
Trade debts	(7,036)	(7,732)
Loans and advances	(5,032)	3,383
Deposits, prepayments and other receivables	41,850	(3,234)
	<u>71,420</u>	<u>209,630</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	4,319	(42,237)
	<u>75,739</u>	<u>167,393</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, 2015	August 31, 2014
	(Rupees in '000)	
Transactions for the period		
Sale of goods to associated companies	158,603	131,850
Transfer of inventory to associated companies	4,034	1,604
Goods purchased from associated companies	263,239	279,665
Transfer of inventory from associated companies	1,055	66,229
Services from associated undertakings	-	77,421
Services to associated undertakings	7,035	-
Promotional / other expenses	2,254	4,839
Dividend to the parent company	-	20,501
Contribution to retirement benefit funds	21,344	25,424
Remuneration of key management personnel	-	1,460
Legal and professional charges	956	526


August 31, 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	49,097	41,790
Trade payable in respect of purchase / transfer of goods from associated companies	111,602	121,362
Other receivables from associated companies	11,141	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 September 18, 2015.


Dr. Farid Khan
Chief Executive


Moin M. Fudda
Director