

Wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Six Months period ended
May 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 information of your Company for the half year ended May 31, 2015. This 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.

The revenue for the period under review declined by 9% as compared to the same period last year. This decline is mainly due to issues in the supply of one of the products imported by the Company from abroad. This, along with some inflationary impact, reduced gross margin by 4.3% as a percentage of sales for the same period last year. On the other hand, operating expenses reflect a reduction of 50% due to the steps taken to rationalize our cost base and also due to robust expense management carried out during the period under review. This supported the bottom-line and the Company earned a profit before taxation of 3.5% of sales as compared to 1.4% in corresponding period last year.

As mentioned in our report for the First Quarter of 2015, the Company has taken some re-organisation steps with the aim to improve our operating model and we are confident that it will bring good results in future. However, the speed of regulatory approvals specifically relating to hardship and quota controlled products needs to be improved. Moreover, there is strong need for enforcement of Intellectual Property Rights and implementation of Data Exclusivity. While the Government has recently issued a new Drug Pricing Policy, there are some aspects relating to price reduction in the Pricing Policy which have been challenged by the industry before the High Court of Sindh at Karachi. Further, the issue regarding the withdrawal of the 2013 price increase by the Prime Minister of Pakistan is still sub-judice before the Courts. Notwithstanding the above, we believe that in the long run the Pricing Policy, if consistently and timely applied and if certain provision thereof are omitted, will be beneficial both to patients as well as the pharmaceutical industry. This will also provide renewed confidence as well as further opportunities to research-based multinational companies in Pakistan. The Government's struggle with the law and order situation is yet another factor that impedes our ability to fully capitalize on available opportunities. 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 endeavours 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 : **July 23, 2015**



KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi, 75530 Pakistan

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Auditors' Report to Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Wyeth Pakistan Limited** ("the Company") as at May 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after-referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

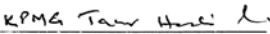
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended May 31, 2015 have not been reviewed and we do not express a conclusion on them.

Date: July 23, 2015

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Condensed Interim Balance Sheet As at May 31, 2015

	Note	May 31, 2015 (Unaudited)	November 30, 2014 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	259,615	264,195
Long-term loans to employees		4,488	5,859
Long-term deposits		11,902	10,019
Deferred taxation		9,757	12,901
Total non - current assets		285,762	292,974
CURRENT ASSETS			
Spares		22,070	22,131
Stock-in-trade		743,879	805,259
Trade debts		88,939	56,926
Loans and advances		19,859	25,819
Deposits, prepayments and other receivables		91,110	137,639
Interest accrued		635	2,627
Taxation - net		203,099	145,615
Cash and bank balances		121,427	149,931
Total current assets		1,291,018	1,345,947
Total assets		1,576,780	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		24,249	1,367
Total equity		1,116,177	1,093,295
CURRENT LIABILITIES			
Trade and other payables		460,603	545,626
Total equity and liabilities		1,576,780	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


Badaruddin F. Vellani
Director

**Condensed Interim Profit and Loss Account (Unaudited)
For the six months period ended May 31, 2015**

	For the six months period ended		For the three months period ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
----- (Rupees in '000) -----				
Net sales	1,369,279	1,505,628	773,043	835,317
Cost of sales	1,202,415	1,256,934	673,794	707,340
Gross profit	166,864	248,694	99,249	127,977
Selling, marketing and distribution expenses	88,491	214,676	41,477	124,486
Administrative expenses	36,656	39,247	17,084	26,705
	125,147	253,923	58,561	151,191
	41,717	(5,229)	40,688	(23,214)
Other income	10,875	27,502	3,451	20,789
Other expenses	4,233	1,522	3,417	202
Finance cost	423	119	235	84
Profit / (loss) before taxation	47,936	20,632	40,487	(2,711)
Taxation				
- Current	18,286	17,918	15,272	9,566
- Prior	3,624	-	3,624	-
- Deferred	3,144	9,054	(3,531)	9,054
	25,054	26,972	15,365	18,620
Profit / (loss) for the period	22,882	(6,340)	25,122	(21,331)
----- (Rupees) -----				
Earnings / (loss) per share - basic and diluted	16.10	(4.46)	17.67	(15.00)

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



Dr. Farid Khan
Chief Executive



Badaruddin F. Vellani
Director

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

	<u>For the six months period ended</u>		<u>For the three months period ended</u>	
	<u>May 31, 2015</u>	<u>May 31, 2014</u>	<u>May 31, 2015</u>	<u>May 31, 2014</u>
	----- (Rupees in '000) -----			
Profit / (loss) for the period	22,882	(6,340)	25,122	(21,331)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>22,882</u>	<u>(6,340)</u>	<u>25,122</u>	<u>(21,331)</u>

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



Dr. Farid Khan
Chief Executive



Badaruddin F. Vellani
Director

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

		For the six months period ended	
	Note	May 31, 2015	May 31, 2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	7	60,118	(14,992)
Profit received on deposit accounts		4,954	11,437
Decrease / (increase) in long-term loans		1,371	(211)
Increase in long-term deposits		(1,883)	(755)
Taxes paid		(79,394)	(71,122)
Net cash outflow from operating activities		(14,834)	(75,643)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(15,211)	(14,491)
Proceeds from disposal of property, plant and equipment		1,553	4,481
Net cash outflow from investing activities		(13,658)	(10,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities - Dividends paid		(12)	(28,436)
Net decrease in cash and cash equivalents		(28,504)	(114,089)
Cash and cash equivalents at beginning of the period		149,931	307,709
Cash and cash equivalents at end of the period		121,427	193,620

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


Dr. Farid Khan
Chief Executive



Badaruddin F. Vellani
Director


Condensed Interim Statement of Changes in Equity (Unaudited) For the six months period ended May 31, 2015

	Issued, subscribed and paid- up capital	Reserves			Unappro- priated profit	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	-	-	-	-	(6,340)	(6,340)
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	-	-	467	467	-	467
	-	-	467	467	(28,432)	(27,965)
Balance as at May 31, 2014	<u>142,161</u>	<u>931,753</u>	<u>17,296</u>	<u>949,049</u>	<u>81,716</u>	<u>1,172,926</u>
Balance as at December 1, 2014	<u>142,161</u>	<u>931,753</u>	<u>18,014</u>	<u>949,767</u>	<u>1,367</u>	<u>1,093,295</u>
Total comprehensive income for the period						
Profit for the period	-	-	-	-	22,882	22,882
Balance as at May 31, 2015	<u>142,161</u>	<u>931,753</u>	<u>18,014</u>	<u>949,767</u>	<u>24,249</u>	<u>1,116,177</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


Badaruddin F. Vellani
Director

**Notes to the Condensed Interim
Financial Information (Unaudited)
For the six months period ended May 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 six months period ended May 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.

	May 31, 2015	November 30, 2014
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	240,247	246,575
Capital work in progress - at cost	19,368	17,620
	259,615	264,195

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

	May 31, 2015	November 30, 2014
	(Rupees in '000)	
Additions:		
Plant and machinery	5,764	93,132
Vehicles	1,628	11,495
Office equipment	6,071	10,904
	13,463	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 May 2015 has been estimated to amount to Rs. 10.53 million (1 July 2013 to 30 November 2014: Rs. 7.94 million).

	<u>May 31,</u> <u>2015</u>	<u>November 30,</u> <u>2014</u>
	(Rupees in '000)	
6.2 Commitments		
Commitments for capital expenditure	<u>4,730</u>	<u>4,515</u>
Guarantees and indemnity bonds for imported raw materials and other guarantees	<u>7,452</u>	<u>4,860</u>
Outstanding letters of credit	<u>138,973</u>	<u>212,670</u>
	Six months period ended	
	<u>May 31,</u> <u>2015</u>	<u>May 31,</u> <u>2014</u>
	(Rupees in '000)	
7. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	47,936	20,632
Adjustments for non-cash charges and other items:		
Net increase in reserve for equity-settled share-based payment plans	-	467
Depreciation	18,800	14,679
Reversal of slow moving and obsolete stock - net	(3,756)	(21,204)
Gain on disposal of property, plant and equipment	(562)	(2,169)
Reversal of provision for doubtful debts	-	-
Impairment of assets	-	-
Profit on deposit accounts	(2,962)	(10,803)
Working capital changes	662	(16,594)
	<u>60,118</u>	<u>(14,992)</u>
7.1 Working capital changes		
Decrease / (increase) in current assets:		
Spares	61	(4,689)
Stock-in-trade	65,136	54,429
Trade debts	(32,013)	(31,659)
Loans and advances	5,960	2,027
Deposits, prepayments and other receivables	46,529	13,684
	<u>85,673</u>	<u>33,792</u>
Decrease in current liabilities:		
Trade and other payables	(85,011)	(50,386)
	<u>662</u>	<u>(16,594)</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:


	Six months period ended	
	May 31, 2015	May 31, 2014
	(Rupees in '000)	
Transactions for the period		
Sale of goods to associated companies	126,216	103,285
Transfer of inventory to associated companies	3,056	1,604
Goods purchased from associated companies	137,981	279,665
Transfer of inventory from associated companies	-	383
Services from associated undertakings	-	52,686
Services to associated undertakings	3,418	-
Promotional / other expenses	2,254	2,801
Dividend to the parent company	-	20,501
Contribution to retirement benefit funds	13,583	17,407
Remuneration of key management personnel	-	1,460
Legal and professional charges	374	366

	<u>May 31, 2015</u>	<u>November 30, 2014</u>
	(Rupees in '000)	
Balance receivable from / payable to associated companies		
Trade receivables in respect of sale of goods to associated companies	<u>71,307</u>	<u>41,790</u>
Trade payable in respect of purchase / transfer of goods from associated companies	<u>56,562</u>	<u>121,362</u>
Other receivables from associated companies	<u>4,318</u>	<u>18,274</u>

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on July 23, 2015.


Dr. Farid Khan
Chief Executive


Badaruddin F. Vellani
Director