

**Wyeth**

Working together for  
a Healthier World

Condensed Interim  
Financial Statements for the  
three months period ended  
February 29, 2016

CORPORATE

**WYETH PAKISTAN LIMITED**

**CONTENTS**

Company Information .....	3
Directors' Review .....	4-5
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 the Condensed Interim Financial Information.....	11-15



## Company Information

### BOARD OF DIRECTORS

Ifikhar 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  
Ifikhar Soomro  
Badaruddin F. Vellani

Chairman

### HUMAN RESOURCES AND REMUNERATION COMMITTEE

Badaruddin F. Vellani  
Ifikhar 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.  
Mohammad Mitha

### SHARE REGISTRAR

**THK Associates (Pvt.) Ltd.**  
2nd Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmad Road, Karachi-75530.  
Ph. # 92-21-35689021-35686658 & 111-000-322

### HEAD OFFICE / REGISTERED OFFICE

S-33, Hawkes Bay Road, S.I.T.E., Karachi.  
Ph. # 92-21-32354651-61  
Fax # 92-21-32331045

Website: [www.wyethpakistan.com](http://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 29, 2016. This condensed interim financial information has been prepared in accordance with the applicable requirements of the Companies Ordinance 1984.

The revenue for the period under review has increased by 4.4% as compared to corresponding period last year, however, gross margin as a percentage to sales has decreased by 4.5% which is mainly due to restructuring cost of Rs. 21.6 million and exchange loss due to depreciation of the Pakistan Rupee against US Dollar. The restructuring has been carried out to keep the plant operations cost effective. Control over operating expenses continues to remain our focus. In view of this, operating expenses have been reduced by 13.5% as compared to corresponding period last year. Although the Company has reported a loss before tax of Rs. 9.6 million, however, without the impact of restructuring cost, the Company would have made profit before tax of Rs. 12 million this quarter.

Also, as mentioned in our Annual Report 2015, the external environment continues to improve, including the enforcement of the Drug Pricing Policy which is a positive step taken by the Government, barring some contentious provisions in the Policy which have been contested by some companies in the court of law. We expect the government to take timely corrective measures to address these grievances of the industry also in a fair and transparent manner.

We believe that all our restructuring efforts made in the recent past along with a shift of focus on promoting our core brands have increased operational efficiency of our organization. As a result of these initiatives and subject to timely implementation of the Drug Pricing Policy and continued improvement in the external environment, we would expect continued revenue growth in the future.

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 results of the Company.



**Dr. Farid Khan**  
Chief Executive

Karachi March 28, 2016

## ڈائریکٹرز کا جائزہ

ہم مسرت کے ساتھ 29 فروری 2016ء کو ختم ہونے والی سہ ماہی کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کر رہے ہیں۔ یہ عبوری مالیاتی گوشوارے کمپنیز آرڈیننس 1984ء کے تحت تیار کئے گئے ہیں۔ زیر جائزہ مدت کے لیے آمدنی، گزشتہ سال کی اسی مدت کے مقابلے میں 4.4 فیصد زیادہ ہے۔ البتہ مجموعی منافع بہت قابل فروخت کی شرح میں 4.5 فیصد کمی ہوئی ہے جس کی بنیادی وجہ 21.6 ملین روپے تنظیم نو کے اخراجات اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی فرسودگی کی وجہ سے مبادلے میں کمی ہے۔ کمپنی میں تنظیم نو کے اخراجات پلانٹ کی کاروائیوں کو موثر لاگت میں چلائے جانے کے لیے کئے گئے۔ آپریٹنگ اخراجات پر قابو پانا ہماری اولین ترجیح ہے۔ اسی بات کے پیش نظر آپریٹنگ اخراجات میں پچھلے سال کی اسی مدت کے مقابلے میں 13.5 فیصد کمی ہوئی۔ اگرچہ کمپنی کو ٹیکس ادائیگی سے پہلے 9.6 ملین روپے کا نقصان ہوا، اس میں سے اگر تنظیم نو کے اخراجات نکال لیے جائیں تو کمپنی کو ٹیکس ادائیگی سے پہلے اس سہ ماہی میں 12 ملین روپے کا منافع ہوتا۔

جیسا کہ ہماری سالانہ رپورٹ 2015 میں ذکر ہوا، بیرونی ماحول ہماری کاروبار کے لیے مثبت ہوتا جا رہا ہے خاص طور پر ادویات کی قیمت کا تعین کرنے کی پالیسی کا نفاذ جو کہ حکومت کی جانب سے ایک مثبت اقدام ہے حالانکہ اس پالیسی میں کچھ متنازعہ دفعات ہیں جن کو کچھ کمپنیز نے عدالت میں چیلنج کیا ہوا ہے۔ ہم توقع رکھتے ہیں کہ حکومت ایک منصفانہ اور شفاف انداز میں ان شکایات کو حل کرنے کے لیے اصلاحی اقدامات بروئے کار لائے گی۔

ہمیں اس بات کا یقین ہے کہ حالیہ ماضی میں کی گئی ہماری تنظیم نو کی کاوشوں اور ہمارے بنیادی برانڈز کو فروغ دینے پر توجہ ہماری کمپنی کی آپریشنل کارکردگی میں اضافہ کرے گی۔ ان تمام اقدامات اور حکومت کی طرف سے قیمت کے تعین کرنے کی پالیسی کے بروقت نفاذ اور بیرونی ماحول میں بہتری کی روشنی میں امید ہے کہ مستقبل قریب میں آمدنی میں اضافہ ہوگا۔

آخر میں ہم بورڈ کی طرف سے اپنے تمام ٹیم ممبرز کی محنت اور کاوشوں کا اعتراف کرنا چاہتے ہیں جنہوں نے کمپنی کے لیے یہ نتائج حاصل کرنے کے لئے جانفشانی سے محنت کی۔



ڈاکٹر فرید خان

چیف ایگزیکٹو

کراچی، 28 مارچ 2016ء


## Condensed Interim Balance Sheet As at February 29, 2016

	Note	February 29, 2016 (Unaudited)	November 30, 2015 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	375,637	382,239
Long-term loans to employees		3,413	2,969
Long-term deposits		10,883	10,883
Deferred taxation		10,096	7,048
<b>Total non - current assets</b>		<b>400,029</b>	<b>403,139</b>
<b>CURRENT ASSETS</b>			
Spares		35,706	32,386
Stock-in-trade		653,492	646,967
Trade debts		72,551	19,133
Loans and advances		30,799	46,576
Deposits, prepayments and other receivables		90,559	89,550
Interest accrued		415	1,075
Taxation - net		242,858	222,825
Cash and bank balances		96,820	230,124
<b>Total current assets</b>		<b>1,223,200</b>	<b>1,288,636</b>
<b>Total assets</b>		<b>1,623,229</b>	<b>1,691,775</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		951,179	951,179
Unappropriated profit		36,002	47,422
<b>Total equity</b>		<b>1,129,342</b>	<b>1,140,762</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		493,887	551,013
<b>Total equity and liabilities</b>		<b>1,623,229</b>	<b>1,691,775</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 29, 2016**

	For the three months period ended	
	February 29, 2016	February 28, 2015
	(Rupees in '000)	
Net sales	622,785	596,236
Cost of sales	580,474	528,621
Gross profit	42,311	67,615
Selling, marketing and distribution expenses	40,630	47,014
Administrative expenses	16,966	19,572
	57,596	66,586
	(15,285)	1,029
Other operating income	6,070	7,424
Other operating expenses	168	816
	5,902	6,608
Operating (loss) / profit	(9,383)	7,637
Finance cost	193	188
(Loss) / profit before taxation	(9,576)	7,449
Taxation		
- Current	4,893	3,014
- Deferred	(3,049)	6,675
	1,844	9,689
<b>Loss for the period</b>	<b>(11,420)</b>	<b>(2,240)</b>
	----- (Rupees) -----	
Loss per share - basic and diluted	(8.03)	(1.58)

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



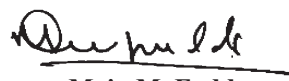
**Condensed Interim Statement  
of Comprehensive Income (Unaudited)  
For the three months period ended February 29, 2016**

	For the three months period ended	
	February 29, 2016	February 28, 2015
	(Rupees in '000)	
Loss for the period	(11,420)	(2,240)
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>(11,420)</b>	<b>(2,240)</b>

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

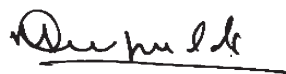
**Condensed Interim  
Cash Flow Statement (Unaudited)  
For the three months period ended February 29, 2016**

	<b>For the three months period ended</b>	
Note	<u>February 29, 2016</u>	<u>February 28, 2015</u>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	7 (107,578)	(44,664)
Profit received on deposit accounts	2,504	3,969
(Increase) / decrease in long-term loans	(444)	1,311
Increase in long-term deposits	-	(1,826)
Taxes paid	(24,925)	(36,543)
Net cash outflow from operating activities	<u>(130,443)</u>	<u>(77,753)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(3,255)	(13,563)
Proceeds from disposal of property, plant and equipment	394	1,553
Net cash outflow from investing activities	<u>(2,861)</u>	<u>(12,010)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities - Dividends paid	-	(12)
Net decrease in cash and cash equivalents	<u>(133,304)</u>	<u>(89,775)</u>
Cash and cash equivalents at beginning of the period	<u>230,124</u>	149,931
Cash and cash equivalents at end of the period	<u>96,820</u>	<u>60,156</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 29, 2016

	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit / (loss)	Total
		General reserve	*Others	Sub total		
.....(Rupees in '000).....						
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>
Balance as at December 1, 2015	142,161	931,753	19,426	951,179	47,422	1,140,762
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(11,420)	(11,420)
Balance as at February 29, 2016	<u>142,161</u>	<u>931,753</u>	<u>19,426</u>	<u>951,179</u>	<u>36,002</u>	<u>1,129,342</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 29, 2016**

**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 ( now Pakistan Stock Exchange ) 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 shareholders of the Company.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the three months period ended February 29, 2016 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, 2015.

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, 2015.

**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, 2015. 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, 2015.

<b>5. PROPERTY, PLANT AND EQUIPMENT</b>	<b>February 29, 2016</b>	<b>November 30, 2015</b>
	<b>(Rupees in '000)</b>	
Operating property, plant and equipment - at net book value	<b>231,732</b>	239,961
Capital work in progress - at cost	<b>143,905</b>	142,278
	<b>375,637</b>	382,239

<b>5.1</b>	<b>February 29, 2016</b>	<b>February 28, 2015</b>
Operating property, plant and equipment includes following additions, disposals and write off during the period:	<b>(Rupees in '000)</b>	
Plant and machinery	-	5,764
Vehicles	<b>1,628</b>	1,628
	<b>1,628</b>	7,392
Disposal of vehicles [having a net book value of Rs. 0.06 million (2015: Rs. 0.991 million)]	<b>950</b>	2,751
Write off of assets [having a net book value of Rs. Nil (2014: Rs. Nil)]	-	1,700

## **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, 2015 except under note 15.5 for sales tax on toll manufacturing charges which has been estimated to amount to Rs. 12.53 million (2015: Rs. 11.29 million)

<b>6.2 Commitments</b>	<b>February 29, 2016</b>	<b>November 30, 2015</b>
	<b>(Rupees in '000)</b>	
Commitments for capital expenditure	<b>2,984</b>	4,515
Guarantees and indemnity bonds for imported raw materials and other guarantees	<b>7,430</b>	7,452
Outstanding letters of credit	<b>48,741</b>	8,033

	Note	Three months period ended	
		February 29, 2016	February 28, 2015
(Rupees in '000)			
<b>7. CASH (USED IN) / GENERATED FROM OPERATIONS</b>			
(Loss) / profit before taxation		(9,576)	7,449
Adjustments for non-cash charges and other items:			
Depreciation		9,801	9,209
Provision for / (reversal of) slow moving and obsolete stock - net		7,087	(11,529)
Gain on disposal of property, plant and equipment		(335)	(562)
Profit on deposit accounts		(1,844)	(1,964)
Working capital changes	7.1	(112,711)	(47,267)
		<u>(107,578)</u>	<u>(44,664)</u>
<b>7.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Spares		(3,321)	100
Stock-in-trade		(13,613)	(39,633)
Trade debts		(53,419)	(2,348)
Loans and advances		15,777	15,374
Deposits, prepayments and other receivables		(1,009)	51,652
		<u>(55,585)</u>	<u>25,145</u>
Decrease in current liabilities:			
Trade and other payables		(57,126)	(72,412)
		<u>(112,711)</u>	<u>(47,267)</u>
<b>8. TRANSACTIONS WITH RELATED PARTIES</b>			

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:

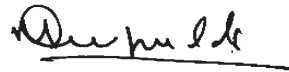
	Three months period ended	
	February 29, 2016	February 28, 2015
<b>Transactions for the period</b>	<b>(Rupees in '000)</b>	
Sale of goods to associated companies	38,334	55,309
Transfer of inventory to associated companies	43	2,266
Goods purchased from associated companies	60,010	89,601
Transfer of inventory from associated companies	362	-
Services to associated companies	533	491
Contribution to the retirement benefit scheme	16,436	9,196
Legal and professional charges	72	93
	<b>February 29, 2016</b>	<b>November 30, 2015</b>
	<b>(Rupees in '000)</b>	
<b>Balance receivable from / payable to associated companies</b>		
Trade receivables in respect of sale of goods to associated companies	57,320	19,127
Trade payable in respect of purchase / transfer of goods from associated companies	96,686	113,927
Other receivables from associated companies	4,739	4,780

**9. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on March 28, 2016.



**Dr. Farid Khan**  
Chief Executive



**Moin M. Fudda**  
Director



