

Wyeth

Working together for
a Healthier World

Condensed Interim
Financial Statements for the
Six Months period ended
May 31, 2016

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. - Conventional Bank
Standard Chartered Bank (Pakistan) Limited - Conventional Bank

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

Note: These accounts are also available on our website.

DIRECTORS' REVIEW

We are pleased to present the un-audited condensed interim financial information of the Company for the half year ended May 31, 2016. The information has been prepared in accordance with the provisions of the Companies Ordinance 1984.

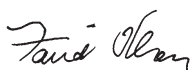
We started the current quarter on a positive note by making available the product Ativan for sale after a lapse of two years. The availability and sale of Ativan has helped to partially compensate for lower sales of Anti TB products which were affected by supply chain issues concerning one of their excipients. However, notwithstanding the foregoing, sales have overall declined by 4% in comparison to same period last year. This decline in sales, together with an unfavorable sales mix and exchange rate depreciation of the Pakistan Rupee mainly versus USD has squeezed our gross profit by 4% as a percentage of sales. The Company has also incurred a restructuring cost of Rs. 22 million which is the main reason for the increase in operating expenses and resulting loss before tax of Rs. 24 million. However, without the impact of restructuring cost, the loss would have been nominal.

As stated earlier in our 1st Quarter Review for the year ending November 30, 2016, the external environment is improving, including the recent announcement of the new Drug Pricing Policy by the Drug Regulatory Authority of Pakistan. While the Company, as well as others in the industry, has contested certain clauses of the new Drug Pricing Policy in the courts, we are of the view that the new Policy provides a reasonable framework for future price increases. We believe that a satisfactory resolution of the contested aspects of the new Policy between the Pharmaceutical Industry and the Government will also improve the business environment and lead to further improved margins for the Company.

It is expected that the recent restructuring and shift in focus on promoting our core brands have and should continue to increase the operational efficiency of the Company. As a result of these initiatives together with the availability of Anti TB products and Ativan, profit margins should improve going forward.

We would also like to update that the process for divestiture of Anne French, approved by the board of directors in their meeting held on 22 June 2016, has been started and progressing at a satisfactory pace.

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 performance of the Company.



Dr. Farid Khan
Chief Executive

July 21, 2016

ڈائریکٹرز کا جائزہ

ہمیں ۳۱ مئی ۲۰۱۶ کے ششماہی کے اختتام پر کمپنی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات کو پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ معلومات کمپنیز آرڈیننس ۱۹۸۴ کی دفعات کے مطابق تیار کی گئی ہیں۔

ہم نے اپنی حالیہ سہ ماہی کا آغاز ایک مثبت قدم سے کیا اور دو سال کے وقفہ کے بعد اپنی پروڈکٹ ایٹیوان (Ativan) کی فروخت کے لئے اس کی دستیابی سے کیا۔ ایٹیوان (Ativan) کی دستیابی اور فروخت نے ٹی بی سے بچاؤ کی پروڈکٹس کی کم فروخت کی تلافی کی جو کہ ان کے ایک excipient کی سپلائی کے مسائل کی وجہ سے پیش آئی تھی۔ اگرچہ پچھلے سال اسی دورانیہ سے موازنہ کیا جائے تو اس سال ۴% فروخت کم ہوئی ہے۔ فروخت میں تنزلی، پاکستانی کرنسی کی فرسودگی اور ناسازگار سیلز مکس کے باہم مل جانے سے ہمارے مجموعی منافع شرح کو ۴% تک کم کرنے کا باعث ہے۔ کمپنی نے تنظیم نو کے اوپر ۲۲ ملین روپے خرچ کیے جو کہ آپریٹنگ کے اخراجات میں اضافہ اور قبل از ٹیکس ۲۴ ملین کے خسارے کی بنیادی وجہ ہے۔ تاہم تنظیم نو کے اوپر لاگت کا اثر نکال دیا جائے تو نقصان برائے نام رہ جاتا ہے۔ جیسا کہ ۳۰ نومبر ۲۰۱۶ کے سال کے پہلے سہ ماہی کے جائزہ میں بیان ہوا ہے، بیرونی ماحول بہتر ہو رہا ہے جس میں پاکستان ریگولیٹری اتھارٹی کی طرف سے حالیہ قیمتوں کی ڈرگ پالیسی کا اعلان بھی شامل ہے۔ جب کہ کمپنی اور اس صنعت سے وابستہ دوسرے اداروں میں قیمتوں کی ڈرگ پالیسی کی کچھ شقوں کو عدالت میں چیلنج کیا ہے۔ ہم دیکھ رہے ہیں کہ نئی پالیسی مستقبل میں قیمتوں میں اضافہ میں قابل ذکر فریم ورک مہیا کرتی ہے۔ ہمیں یقین ہے کہ گورنمنٹ اور فرما سیویٹیکل انڈسٹری کے درمیان ان شقوں کا کوئی تسلی بخش حل نکل آئے گا جو کہ کاروبار کے ماحول میں بہتری اور اس سے مستقبل میں کمپنی کے منافع کی شرح میں بہتری آئے گی۔

یہ توقع کی جاتی ہے کہ حالیہ تنظیم نو اور ہمارے بنیادی برانڈز کی فروغ پر مرکز توجہ کی تبدیلی کمپنی کے آپریشن میں بہتری کے اضافہ کو جاری رکھے گی۔ ان اقدامات کے پیش نظر اور ٹی بی پروڈکٹس اور ایٹیوان (Ativan) کی دستیابی کی صورت میں کمپنی کے منافع میں بہتری آئے گی۔

ہم Anne French کے divestiture کے Process کا اپ ڈیٹ دینا پسند کریں گے جو بورڈ آف ڈائریکٹرز کی منعقدہ حالیہ میٹنگ ۲۲ جون ۲۰۱۶ میں منظور ہوا ہے اور یہ کام شروع ہو چکا ہے اور تسلی بخش رفتار سے جاری ہے۔ کمپنی کی کارکردگی میں بہتری کیلئے ہم اپنے ساتھیوں کی مسلسل لگن اور انتھک کوششوں کے لیے بورڈ کی جانب سے اپنے تمام ساتھیوں کے لئے دلی تشکر کا اظہار کرتے ہیں۔

Fauz Olwan

ڈاکٹر فرید خان

چیف ایگزیکٹو

21 جولائی 2016



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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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, 2016 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, 2016 have not been reviewed and we do not express a conclusion on them.

Date: July 21, 2016

Karachi

KPMG Taseer Hadi & Co.

**KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum**

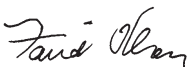
KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Condensed Interim Balance Sheet As at May 31, 2016

	Note	May 31, 2016 (Unaudited)	November 30, 2015 (Audited)
(Rupees in '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	367,799	382,239
Long-term loans to employees		6,346	2,969
Long-term deposits		11,128	10,883
Deferred taxation		9,448	7,048
Total non - current assets		394,721	403,139
CURRENT ASSETS			
Spares		34,777	32,386
Stock-in-trade		725,496	646,967
Trade debts		4,426	19,133
Loans and advances		56,473	46,576
Deposits, prepayments and other receivables		96,400	89,550
Interest accrued		372	1,075
Taxation - net		259,064	222,825
Cash and bank balances		94,571	230,124
Total current assets		1,271,579	1,288,636
Total assets		1,666,300	1,691,775
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		951,885	951,179
Accumulated (loss) / unappropriated profit		(23,796)	47,422
Total equity		1,070,250	1,140,762
CURRENT LIABILITIES			
Trade and other payables		596,050	551,013
Total equity and liabilities		1,666,300	1,691,775
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes 1 to 11 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman



Dr. Farid Khan
Chief Executive

**Condensed Interim Profit and Loss Account (Unaudited)
For the six months period ended May 31, 2016**

Note	For the six months period ended		For the three months period ended	
	May 31, 2016	May 31, 2015	May 31, 2016	May 31, 2015
----- (Rupees in '000) -----				
Net sales	1,312,928	1,369,279	690,143	773,043
Cost of sales	(1,204,902)	(1,202,415)	(624,428)	(673,794)
Gross profit	108,026	166,864	65,715	99,249
Selling, marketing and distribution expenses	(89,190)	(88,491)	(48,560)	(41,477)
Administrative expenses	(55,906)	(36,656)	(38,940)	(17,084)
	(145,096)	(125,147)	(87,500)	(58,561)
	(37,070)	41,717	(21,785)	40,688
Other income	14,193	10,875	8,123	3,451
Other expenses	(477)	(4,233)	(309)	(3,417)
Finance cost - bank charges	(717)	(423)	(524)	(235)
	12,999	6,219	7,290	(201)
(Loss) / profit before taxation	(24,071)	47,936	(14,495)	40,487
Taxation				
- Current	21,115	18,286	16,222	15,272
- Prior	-	3,624	-	3,624
- Deferred	(2,400)	3,144	649	(3,531)
	18,715	25,054	16,871	15,365
(Loss) / Profit for the period	(42,786)	22,882	(31,366)	25,122
----- (Rupees) -----				
(Loss) / earnings per share - basic and diluted	(30.10)	16.10	(22.06)	17.67

The annexed notes 1 to 11 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman



Dr. Farid Khan
Chief Executive

**Condensed Interim Statement
of Comprehensive Income (Unaudited)
For the six months period ended May 31, 2016**

	<u>For the six months period ended</u>		<u>For the three months period ended</u>	
	<u>May 31, 2016</u>	<u>May 31, 2015</u>	<u>May 31, 2016</u>	<u>May 31, 2015</u>
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(42,786)	22,882	(31,366)	25,122
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>(42,786)</u>	<u>22,882</u>	<u>(31,366)</u>	<u>25,122</u>

The annexed notes 1 to 11 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman

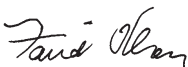

Dr. Farid Khan
Chief Executive

**Condensed Interim
Cash Flow Statement (Unaudited)
For the six months period ended May 31, 2016**

	Note	For the six months period ended	
		May 31, 2016	May 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Cash (used in) / generated from operations	8	(45,804)	60,118
Profit received on deposit accounts		3,291	4,954
(Increase) / decrease in long-term loans to employees		(3,377)	1,371
Increase in long-term deposits		(245)	(1,883)
Taxes paid		(57,354)	(79,394)
Net cash outflow from operating activities		(103,489)	(14,834)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(6,848)	(15,211)
Proceeds from disposal of property, plant and equipment		3,255	1,553
Net cash outflow from investing activities		(3,593)	(13,658)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities - Dividends paid		(28,471)	(12)
Net decrease in cash and cash equivalents		(135,553)	(28,504)
Cash and cash equivalents at beginning of the period		230,124	149,931
Cash and cash equivalents at end of the period		<u>94,571</u>	<u>121,427</u>

The annexed notes 1 to 11 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman


Dr. Farid Khan
Chief Executive


Condensed Interim Statement of Changes in Equity (Unaudited) For the six months period ended May 31, 2016

	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, 2014	142,161	931,753	18,014	949,767	1,367	1,093,295
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>
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	-	-	-	-	(42,786)	(42,786)
Transactions with owners recognised directly in equity						
Final dividend for the year ended November 30, 2015 at Rs. 20 per share	-	-	-	-	(28,432)	(28,432)
Share-based payments	-	-	706	706	-	706
	-	-	706	706	(28,432)	(27,726)
Balance as at May 31, 2016	<u>142,161</u>	<u>931,753</u>	<u>20,132</u>	<u>951,885</u>	<u>(23,796)</u>	<u>1,070,250</u>

* Others represent reserve for share based payment plan.

The annexed notes 1 to 11 form an integral part of the condensed interim financial information.


Iftikhar Soomro
Chairman


Dr. Farid Khan
Chief Executive

**Notes to the Condensed Interim
Financial Information (Unaudited)
For the six months period ended May 31, 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 six months period ended May 31, 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 except as stated otherwise.

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 except for additional disclosures required by Circular 14 of 2016 issued by Securities and Exchange Commission of Pakistan relating to All Shares Islamic Index Screening (refer note 7 and note 10).

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.

	May 31, 2016	November 30, 2015
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	224,101	239,961
Capital work in progress - at cost	143,698	142,278
	367,799	382,239

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

	Six months period ended	
	May 31, 2016	May 31, 2015
	(Rupees in '000)	
Additions:		
Plant and machinery	-	5,764
Vehicles	5,428	1,628
Office equipment	-	6,071
	5,428	13,463
Disposal of vehicles [having a net book value of Rs. 1.853 million (2015: Rs. 0.991 million)]	6,372	2,751
Write off of assets [having a net book value of Rs. Nil (2015: Rs. Nil)]	1,893	1,700

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the status of contingencies as disclosed under note 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. 12.64 million (2015: Rs. 11.29 million)

6.2 Commitments

	May 31, 2016	November 30, 2015
	(Rupees in '000)	
Commitments for capital expenditure	3,472	4,515
Guarantees and indemnity bonds for imported raw materials and other guarantees	7,430	7,452
Outstanding letters of credit	128,692	8,033

7. OTHER INCOME

		Six months period ended	
	Note	May 31, 2016	May 31, 2015
		(Rupees in '000)	
Profit on saving accounts and term deposits	7.1	2,588	2,962
Gain on disposal of property, plant and equipment		1,402	562
Scrap sales		4,615	5,550
Liabilities no longer payable written back		3,784	-
Export rebate claims & recovery of export freights		1,804	1,801
		14,193	10,875

7.1 Profit on saving accounts and term deposits are earned under mark-up arrangements with conventional banks.

	Note	Six months period ended	
		May 31, 2016	May 31, 2015
(Rupees in '000)			
8. CASH (USED IN) / GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(24,071)	47,936
Adjustments for non-cash charges and other items:			
Net increase in reserve for equity-settled share-based payment plans		706	-
Depreciation		19,434	18,800
Provision for / (reversal of) slow moving and obsolete stock - net		12,781	(3,756)
Gain on disposal of property, plant and equipment		(1,402)	(562)
Profit on deposit accounts		(2,587)	(2,962)
Working capital changes	8.1	(50,665)	662
		<u>(45,804)</u>	<u>60,118</u>
8.1 Working capital changes			
(Increase) / decrease in current assets:			
Spares		(2,391)	61
Stock-in-trade		(91,310)	65,136
Trade debts		14,707	(32,013)
Loans and advances		(9,897)	5,960
Deposits, prepayments and other receivables		(6,850)	46,529
		<u>(95,741)</u>	<u>85,673</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		45,076	(85,011)
		<u>(50,665)</u>	<u>662</u>
9. 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, 2016	May 31, 2015
	(Rupees in '000)	
Transactions for the period		
Sale of goods to associated companies	42,713	126,216
Transfer of inventory to associated companies	43	3,056
Goods purchased from associated companies	317,578	137,981
Transfer of inventory from associated companies	386	-
Services to associated companies	6,545	3,418
Promotional expenses / other expenses	-	2,254
Dividend to parent company	20,501	-
Contribution to the retirement benefit scheme	20,805	13,583
Legal and professional charges	363	374

	May 31, 2016	November 30, 2015
	(Rupees in '000)	
Balance receivable from / payable to associated companies		
Trade receivables in respect of sale of goods to associated companies	4,398	19,127
Trade payable in respect of purchase / transfer of goods from associated companies	193,228	113,927
Other receivables from associated companies	7,261	4,780

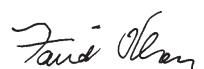
10. ALL SHARES ISLAMIC INDEX SCREENING

All loans and advances, deposits and loans to employees do not carry any mark-up. The bank balances include balances amounting to Rs. 94.2 million with conventional banks under mark-up arrangements.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on July 21, 2016.


Iftikhar Soomro
Chairman


Dr. Farid Khan
Chief Executive