

Wyeth

Leading the way to
a Healthier World

Condensed Interim
Financial Statements for the
three months period ended
February 28, 2017

CORPORATE

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

Ifikhar Soomro
Dr. Farid Khan
Husain Lawai
Moin M. Fudda
Badaruddin F. Vellani
Iqbal Bengali
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

Chairman

SHARE TRANSFER COMMITTEE

Dr. Farid Khan
S. M. Wajeehuddin

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.

1st Floor, 40-C, Block-6
P.E.C.H.S., Karachi - 75400
UAN: 021 111-000-322, Fax 021-34168271

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 1st Quarter ended February 28, 2017. This information has been prepared in accordance with applicable requirements of International Financial Reporting Standards (IAS 34- Interim Financial Reporting) and the provisions of the Companies Ordinance 1984.

The current quarter has shown an improvement in revenue by 8% as compared to the corresponding quarter of last year with some major brands reporting improved sales over the corresponding quarter last year. Gross Profit % has also improved by 1.5% as compared to the corresponding period last year mainly due to favourable sales mix.

As discussed in detail in the Chairman's Review in the Company's Annual Report 2016 regarding the divestment of the Company's plant and some of its non-core brands (reported as discontinuing Operations), and despite having incurred a restructuring cost of Rs. 25 million during the period under review, the company has reported a profit after tax of Rs. 33 million from discontinuing operations which has primarily arisen from price increases on hardship cases under court stay order for some products.

The sale and divestment process of the Anne French brand is at its closing stages. The disposal of the manufacturing facility along with some non-core brands is also progressing at satisfactory pace. The transaction is subject to necessary approvals including shareholders' approval.

With a focus on certain specialized therapeutic areas and leaner operations, we believe that the Company will be in a better position to serve patients and provide reliable returns to its shareholders.

Law and order and business environment continue to improve. The situation with respect to pricing of pharmaceutical products still requires significant progress especially certain aspects of the new Drug Pricing Policy announced by the Drug Regulatory Authority of Pakistan in March 2015 and a satisfactory resolution would help provide certainty to the pharmaceutical industry.

On behalf of the Board, we would like to express our heartfelt gratitude to all our colleagues for their indefatigable dedication to improve the results of the Company.



Dr. Farid Khan
Chief Executive

Karachi: March 28, 2017

ڈائریکٹرز کی جائزہ رپورٹ

ہم 28 فروری، 2017 کو ختم شدہ پہلی سہ ماہی کے لیے کمپنی کے غیر آڈٹ شدہ عبوری مالی حسابات کو پیش کرتے ہوئے خوشی کا اظہار کرتے ہیں۔ یہ معلومات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IAS-34 Interim Financial Reporting) اور کمپنیز آرڈیننس 1984 کے قواعد و ضوابط کے مطابق تیار کی گئی ہیں۔

رواں سہ ماہی میں گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں آمدنی میں 8% فیصد اضافہ دیکھا گیا ہے جس کی وجہ سے بڑے برانڈز کی میٹرز میں گزشتہ سال کی سہ ماہی کے مقابلے میں اضافہ ریکارڈ کیا گیا ہے۔ سیلز کے مثبت نتائج کی وجہ سے گزشتہ سال اسی عرصے کے مقابلے میں مجموعی منافع % بھی 1.5% سے بڑھ گیا ہے۔


جیسا کہ کمپنی کی سالانہ رپورٹ 2016 کے اندر کمپنی کے پلانٹ کو ختم کرنے سے متعلق چیئر مین کی جائزہ رپورٹ میں تفصیل کے ساتھ وضاحت کی گئی ہے اور اس کی کچھ غیر معروف برانڈز (جن کو یہاں Discontinued Operations میں دکھایا گیا ہے)، اور رواں جائزہ کے عرصے کے دوران ڈھانچہ سازی پر خرچ ہونے والی رقم 25 ملین روپے ہے۔ کمپنی نے Discontinued Operations سے 33 ملین کا منافع کمایا ہے جو کہ ہارڈ شپ کیسز (Hardship cases) والی پروڈکٹس پر قیمتوں میں اضافے کے باعث آیا ہے۔ یہ قیمتوں میں اضافہ کورٹ کے حکم امتناعی کی وجہ سے ہے۔

این فرینچ برانڈ کی سیل اور خاتمے کا معاملہ اس کے آخری مراحل میں ہے۔ مینوفیکچرنگ کی سہولت کے ساتھ کچھ غیر معروف برانڈز کو ختم کرنے کے معاملات اطمینان بخش طریقے سے جاری ہیں۔ یہ امور ضروری اجازت ناموں اور شیئر ہولڈرز کی منظوری سے مشروط ہیں۔

دوائیوں کے خاص Therapeutic Areas پر توجہ اور کمپنی کے منوثر آپریشنز کے ساتھ، ہم یقین کرتے ہیں کہ کمپنی مریضوں کی خدمت اور اپنے شیئر ہولڈرز کو قابل بھروسہ منافع جات دینے کی بہتر پوزیشن میں ہوگی۔

امن و امان کی صورت حال اور کاروباری ماحول میں بہتری آرہی ہے۔ فارماسیوٹیکل پروڈکٹس کی قیمتوں کے حوالے سے اب بھی خاص پیش رفت کی ضرورت ہے خاص طور پر مارچ 2015 میں ڈرگ ریگولیٹری اتھارٹی کی جانب سے اعلان کردہ نئی ڈرگ پرائسنگ پالیسی کے خاص نکات پر اطمینان بخش قرارداد سے فارماسیوٹیکل کی صنعت کو استحکام میں مدد مل سکتی ہے۔

بورڈ کی جانب سے، ہم کمپنی کی ترقی کے لیے اپنے تمام ساتھیوں کی انتھک محنت اور جدوجہد پر ان کے دل کی گہرائیوں سے شکر گزار ہیں۔



ڈاکٹر فید خان

چیف ایگزیکٹو

کراچی: 28 مارچ، 2017

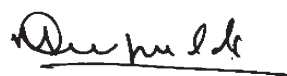
Condensed Interim Balance Sheet As at February 28, 2017

	Note	February 28, 2017 (Unaudited)	November 30, 2016 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	14,219	16,900
Long-term loans to employees		4,063	4,552
Long-term deposits		5,412	5,412
Deferred taxation		23,567	19,359
Total non-current assets		47,261	46,223
CURRENT ASSETS			
Stock-in-trade		950,834	906,617
Trade debts		50,149	34,470
Loans and advances		33,611	37,006
Deposits, prepayments and other receivables		77,566	73,891
Interest accrued		89	399
Taxation - net		236,153	241,791
Cash and bank balances		69,917	10,549
		1,418,319	1,304,723
Assets held for sale	6.2	544,022	618,974
Total current assets		1,962,341	1,923,697
Total assets		2,009,602	1,969,920
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		952,601	952,601
Unappropriated profit		141,514	129,764
Total equity		1,236,276	1,224,526
CURRENT LIABILITIES			
Trade and other payables		773,326	745,394
Total equity and liabilities		2,009,602	1,969,920
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.



Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

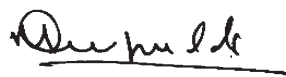
**Condensed Interim Profit and Loss Account (Unaudited)
For the three months period ended February 28, 2017**

	Note	For the three months period ended	
		February 28, 2017	February 29, 2016 (Restated)
(Rupees in '000)			
CONTINUING OPERATIONS			
Net sales		294,678	271,860
Cost of sales		245,732	230,905
Gross profit		48,946	40,955
Selling, marketing and distribution expenses		30,885	33,119
Administrative expenses		38,405	30,957
		69,290	64,076
		(20,344)	(23,121)
Other income	8	2,730	3,762
Other expenses		-	168
		2,730	3,594
Operating loss		(17,614)	(19,527)
Finance cost		180	84
Loss before taxation		(17,794)	(19,611)
Taxation			
- current		8,159	1,782
- deferred		(4,209)	(3,049)
		3,950	(1,267)
Loss from continuing operations		(21,744)	(18,344)
DISCONTINUED OPERATION			
Profit from discontinued operation - net of tax	9	33,494	6,924
Profit / (loss) for the period		11,750	(11,420)
----- (Rupees) -----			
Earnings / (loss) per share - basic and diluted		8.26	(8.03)
Loss per share - basic and diluted - continuing operations		(15.30)	(12.90)

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.



Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

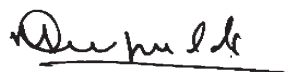
**Condensed Interim Statement
of Comprehensive Income (Unaudited)
For the Three months period ended February 28, 2017**

	For the three months period ended	
	February 28, 2017	February 29, 2016
	(Rupees in '000)	
Profit / (loss) for the period	11,750	(11,420)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	11,750	(11,420)

The annexed notes 1 to 12 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, 2017**

		For the three months period ended	
Note	February 28, 2017	February 29, 2016	
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	10	75,292	(108,022)
Taxes paid		(16,875)	(24,925)
Net cash inflow / (outflow) from operating activities		58,417	(132,947)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(371)	(3,255)
Profit received on deposit accounts		824	2,504
Proceeds from disposal of property, plant and equipment		498	394
Net cash inflow / (outflow) from investing activities		951	(357)
Net increase / (decrease) in cash and cash equivalents		59,368	(133,304)
Cash and cash equivalents at beginning of the period		10,549	230,124
Cash and cash equivalents at end of the period		69,917	96,820

The annexed notes 1 to 12 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, 2017**

	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit / (loss)	Total
		General reserve	*Others	Sub total		
.....(Rupees in '000).....						
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>
Balance as at December 1, 2016	142,161	931,753	20,848	952,601	129,764	1,224,526
Total comprehensive income for the period						
Profit for the period	-	-	-	-	11,750	11,750
Balance as at February 28, 2017	<u>142,161</u>	<u>931,753</u>	<u>20,848</u>	<u>952,601</u>	<u>141,514</u>	<u>1,236,276</u>

* Others represent reserve for share based payment plan.

The annexed notes 1 to 12 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, 2017**

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 Pakistan Stock Exchange and is engaged in manufacturing, import, marketing, distribution and sale 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 28, 2017 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, 2016.

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, 2016.

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, 2016. 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, 2016.

	February 28, 2017 (Unaudited)	November 30, 2016 (Audited)
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	14,079	16,760
Capital work in progress - at cost	140	140
	14,219	16,900

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

	For the three months period ended	
	February 28, 2017	February 29, 2016
	(Rupees in '000)	
Additions:		
Vehicles	-	1,628
Disposal of vehicles [having a net book value of Rs. 0.24 million (2016: Rs. 0.06 million)]	1,034	950

6. ASSETS HELD FOR SALE

6.1 During previous year, the Company initiated the process of selling the manufacturing facility located at Hawkesbay Road, S.I.T.E., Karachi along with transfer of certain non-core products ("the Asset Sale Transaction"). In this regard the Board of Directors had authorized the management to finalize the consideration and other terms of the Asset Sale Transaction, including the definitive transaction agreement(s) with ICI Pakistan Limited, who has shown interest in pursuing the Asset Sale Transaction with the Company.

As a result of above, the assets related to above transactions have been classified as assets held for sale. The comparative profit and loss account has been restated to show the discontinued operation separately from continuing operations.

6.2 The fair value less cost to sell of the assets classified as held for sale is higher than the carrying amount, hence no impairment loss has been recognised. The carrying amount of these assets is as follows:

	Note	February 28, 2017 (Unaudited)	November 30, 2016 (Audited)
(Rupees in '000)			
Operating property, plant and equipment		191,161	191,161
Capital work-in-progress		147,116	146,745
Long-term deposits		5,717	5,717
Stores and spares		36,088	35,006
Stock-in-trade	6.3	163,940	240,345
		<u>544,022</u>	<u>618,974</u>

6.3 Stock-in-trade includes finished goods costing Rs. 16.121 million (2016: Rs. 20.955 million) which are valued at net realisable value of Rs. 14.119 million (2016: 18.842 million).

6.4 There is no income or expense included in other comprehensive income relating to this disposal group.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no change in the status of contingencies as disclosed under note 16 of the annual financial statements of the Company for the year ended November 30, 2016.

	February 28, 2017 (Unaudited)	November 30, 2016 (Audited)
(Rupees in '000)		
7.2 Commitments		
Commitments for capital expenditure	227	360
Guarantees and indemnity bonds for imported raw materials and other guarantees	6,061	5,403
Outstanding letters of credit	3,568	55,288

	February 28, 2017	February 29, 2016 (Restated)
(Rupees in '000)		
8 OTHER INCOME		
Profit on saving accounts and term deposits	514	1,844
<i>Income from non-financial assets</i>		
Gain on disposal of property, plant and equipment - net	261	335
Exchange gain	1,955	-
Liabilities no longer payable written back	-	1,583
	<u>2,730</u>	<u>3,762</u>

9. DISCONTINUED OPERATION

The revenues and related expenses of discontinued operations are as follows;

	Note	Three months period ended	
		February 28, 2017	February 29, 2016
Results of discontinued operation		(Rupees in '000)	
Net sales		288,286	350,925
Expenses		240,437	340,890
Results from operating activities		47,849	10,035
Taxation		14,355	3,111
Profit from discontinued operation- net of tax		33,494	6,924
Earning per share- basic and diluted		23.56	4.87
9.1 Cash flows from discontinued operation			
Net cash generated from operating activities		132,405	7,845
10. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit / (loss) before taxation		30,055	(9,576)
Adjustments for non-cash charges and other items:			
Depreciation		2,442	9,801
Provision for slow moving and obsolete stock - net		14,023	7,087
Gain on disposal of property, plant and equipment		(261)	(335)
Profit on deposit accounts		(514)	(1,844)
Working capital changes	10.1	29,547	(113,155)
		75,292	(108,022)
10.1 Working capital changes			
Decrease / (increase) in current assets:			
Spares		(1,082)	(3,321)
Stock-in-trade		18,167	(13,613)
Trade debts		(15,679)	(53,419)
Loans and advances		3,395	15,777
Deposits, prepayments and other receivables		(3,675)	(1,009)
Long term loans to employees		489	(444)
		1,615	(56,029)
Decrease / (increase) in current liabilities:			
Trade and other payables		27,932	(57,126)
		29,547	(113,155)

11. 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:

	Three months period ended	
	February 28, 2017	February 29, 2016
Transactions for the period	(Rupees in '000)	
Sale of goods to associated companies	49,946	38,334
Transfer of inventory to associated companies	-	43
Goods purchased from associated companies	173,126	60,010
Transfer of inventory from associated companies	-	362
Services to associated companies	6,258	533
Contribution to the retirement benefit scheme	7,388	16,436
Legal and professional charges	91	72

Balance receivable from / payable to associated companies

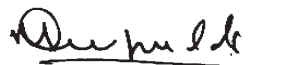
	February 28, 2017 (Unaudited)	November 30, 2016 (Audited)
	(Rupees in '000)	
Trade receivables in respect of sale of goods to associated companies	50,149	34,470
Trade payable in respect of purchase / transfer of goods from associated companies	367,076	312,292
Other receivables from associated companies	7,238	8,987

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on March 28, 2017.



Dr. Farid Khan
Chief Executive



Moin M. Fudda
Director

