

Wyeth

Leading the way to
a Healthier World

Condensed Interim
Financial Statements for the
three months period ended
February 28, 2018

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

Iftikhar Soomro	Chairman
S. M. Wajeehuddin	Chief Executive
Husain Lawai	
M.Z. Moin Mohajir	
Badaruddin F. Vellani	
Iqbal Bengali	
Syed Zakwan Ahmed	

COMPANY SECRETARY

Tafazzul Khan

CHIEF FINANCIAL OFFICER

Kashif Shafi

AUDIT COMMITTEE

M.Z. Moin Mohajir	Chairman
Iftikhar Soomro	
Badaruddin F. Vellani	

HUMAN RESOURCES AND REMUNERATION COMMITTEE

M.Z. Moin Mohajir	Chairman
Badaruddin F. Vellani	
Iftikhar Soomro	
S. M. Wajeehuddin	

EXECUTIVE COMMITTEE

S. M. Wajeehuddin	Chairman
Syed Zakwan Ahmed	

SHARE TRANSFER COMMITTEE

S. M. Wajeehuddin	Chairman
M.Z. Moin Mohajir	
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.
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

Room No. 002 & 003, PGS Admin Block,
First Floor, B-2, S.I.T.E., Karachi.
Ph. # 92-21-32570621-5
Fax # 92-21-32331045-32577023
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 1st Quarter ended February 28, 2018. The condensed interim financial information has been prepared in accordance with applicable requirements of International Financial Reporting Standards (IAS 34- Interim Financial Reporting) and the Companies Act 2017.

As we have now moved on to leaner operations and focused on specialized products, the current quarter has shown improvement in revenue by 39% as compared to the corresponding quarter of last year. Most of the brands reported improved sales, with higher institutional sales of Anti TB products being the major factor. Gross Profit has improved by 3.3% as compared to the corresponding period last year mainly due to favorable sales mix, which is the main reason for higher profits in current quarter. Operating expenses are also lower, contributing the improved profits this year as there was a restructuring cost of Rs.25 million in the corresponding period last year.

Going forward also efforts will continue to maintain the growth trend both in the top line and bottom line. However recent massive drop in the exchange parity of Pakistan Rupee is a serious cause of concern which can only be managed through a rationalized pricing regime. We are hopeful that issues relating to the pricing regime will also be resolved expeditiously.

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.



S. M. Wajeehuddin
Chief Executive

Karachi: March 28, 2018

ڈائریکٹران کا جائزہ

ہم آپ کی کمپنی کی پہلی سہ ماہی 28 فروری 2018 کی غیر محاسب شدہ اختصاری عبوری مالیاتی معلومات پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔ اختصاری عبوری مالیاتی معلومات مالیاتی رپورٹنگ کے عالمی معیارات (IAS-34) - عبوری مالیاتی رپورٹنگ) اوکٹینیز ایکٹ 2017 کی لاگو ضروریات کے مطابق تیار کی گئی ہیں۔

کم کاروباری افعال اور خصوصی مصنوعات پر ہماری توجہ مرکوز ہونے سے موجودہ سہ ماہی کی آمدنی میں گزشتہ سال کی اسی سہ ماہی کی نسبت 39 فیصد اضافہ ہوا۔ زیادہ تر برانڈز کی فروخت میں بہتری آئی، جس میں اینٹی ٹی بی مصنوعات کی اداروں کو فروخت میں اضافہ اہم عنصر رہا۔ خام منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں 3.3 فیصد بہتری آئی جس کی اہم وجہ مصنوعات کا بہتر Sales Mix ہے، جو کہ موجودہ سہ ماہی کے اعلیٰ منافع کی بنیادی وجہ ہے۔ گزشتہ سال کے مقابلے میں اخراجات میں کمی ہوئی جو کہ بہتر منافع کا باعث بنا ہے۔ اخراجات میں کمی کی وجہ یہ ہے کہ پچھلے سال Re-Structuring کے 25 ملین خرچہ میں شامل تھے۔

آگے کی جانب بڑھتے ہوئے ہماری جدوجہد یہ ہوگی کہ فروخت اور منافع دونوں سطحوں پر نمو کے رجحان کو مسلسل برقرار رکھا جائے۔ تاہم پاکستانی روپے کی قدر میں حالیہ بے تحاشہ کمی شدید باعث تشویش ہے جس کا مقابلہ صرف معقول طرز پر دوائیوں کی قیمتوں کے تعین سے دور کیا جاسکتا ہے۔ ہمیں بھرپور امید ہے کہ دوائیوں کی قیمتوں کے تعین کے مسائل جلد ہی حل ہو جائیں گے۔

بورڈ کی جانب سے ہم اپنے تمام ساتھیوں کی مسلسل انتھک محنت اور جدوجہد کے دلی طور پر مشکور ہیں جس کی وجہ سے کمپنی کے نتائج میں بہتری آئی۔




ایس ایم وجیہ الدین
چیف ایگزیکٹو

کراچی: 28 مارچ، 2018

Condensed Interim Balance Sheet As at February 28, 2018

	Note	February 28, 2018 (Unaudited)	November 30, 2017 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,242	6,650
Long-term loans to employees		2,267	1,366
Long-term deposits		4,917	4,917
Total non-current assets		13,426	12,933
CURRENT ASSETS			
Stock-in-trade		762,997	623,612
Trade debts		185,158	34,711
Loans and advances		132,110	132,747
Deposits, prepayments and other receivables		494,772	397,881
Interest accrued		8,133	2,881
Taxation - net		8,280	-
Cash and bank balances		1,418,333	1,367,165
Total current assets		3,009,783	2,558,997
Total assets		3,023,209	2,571,930
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		142,161	142,161
Reserves		953,842	953,842
Unappropriated profit		638,630	615,656
Total equity		1,734,633	1,711,659
CURRENT LIABILITIES			
Trade and other payables		1,284,689	838,820
Unclaimed Dividend		3,887	3,947
Taxation - net		-	17,504
Total Current Liabilities		1,288,576	860,271
Total equity and liabilities		3,023,209	2,571,930
CONTINGENCIES AND COMMITMENTS			
	6		

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


S. M. Wajeehuddin
Chief Executive



M. Z. Moin Mohajir
Director


Kashif Shafi
Chief Financial Officer


**Condensed Interim Profit and Loss Account (Unaudited)
For the three months period ended February 28, 2018**

	Note	For the three months period ended	
		February 28, 2018	February 28, 2017
(Rupees in '000)			
CONTINUING OPERATIONS			
Gross Sales		473,006	320,930
Trade Discount & Commission		63,732	26,252
Net Sales		409,274	294,678
Cost of sales		327,636	245,732
Gross profit		81,638	48,946
Selling, marketing and distribution expenses		25,600	30,885
Administrative expenses		14,312	38,405
		39,912	69,290
		41,726	(20,344)
Other income	7	18,005	2,730
Other expenses		10,939	-
		7,066	2,730
Operating profit / (loss)		48,792	(17,614)
Finance cost		180	180
Profit / (loss) before taxation		48,612	(17,794)
Taxation			
- current		25,638	8,159
- deferred		-	(4,209)
		25,638	3,950
Profit / (loss) from continuing operations		22,974	(21,744)
DISCONTINUED OPERATION			
Profit from discontinued operation - net of tax	8	-	33,494
Profit for the period		22,974	11,750
----- (Rupees) -----			
Earning per share - basic and diluted		16.16	8.26
Profit / (loss) per share - basic and diluted - continuing operations		16.16	(15.30)

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


S. M. Wajeehuddin
Chief Executive



M. Z. Moin Mohajir
Director


Kashif Shafi
Chief Financial Officer

**Condensed Interim Statement
of Comprehensive Income (Unaudited)
For the Three months period ended February 28, 2018**

	For the three months period ended	
	February 28, 2018	February 28, 2017
	(Rupees in '000)	
Profit for the period	22,974	11,750
Other comprehensive income	-	-
Total comprehensive income for the period	22,974	11,750

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


S. M. Wajeehuddin
Chief Executive



M. Z. Moin Mohajir
Director


Kashif Shafi
Chief Financial Officer

Condensed Interim Cash Flow Statement (Unaudited) For the three months period ended February 28, 2018

		For the three months period ended	
		February 28, 2018	February 28, 2017
Note		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
	9	91,635	75,292
Cash generated from operations		(51,422)	(16,875)
Taxes paid		40,213	58,417
Net cash inflow from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
		(1,250)	(371)
Capital expenditure incurred		12,265	824
Profit received on deposit accounts		-	498
Proceeds from disposal of property, plant and equipment		11,015	951
Net cash inflow from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
		(60)	-
Net cash used in financing activities - Dividends paid		51,168	59,368
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		1,367,165	10,549
Cash and cash equivalents at end of the period		1,418,333	69,917

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


S. M. Wajeehuddin
Chief Executive


M. Z. Moin Mohajir
Director



Kashif Shafi
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited) For the three months period ended February 28, 2018


	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit	Total
		General reserve	*Others	Sub total		
.....(Rupees in '000).....						
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>
Balance as at December 1, 2017	142,161	931,753	22,089	953,842	615,656	1,711,659
Total comprehensive income for the period						
Profit for the period	-	-	-	-	22,974	22,974
Balance as at February 28, 2018	<u>142,161</u>	<u>931,753</u>	<u>22,089</u>	<u>953,842</u>	<u>638,630</u>	<u>1,734,633</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.


S. M. Wajeehuddin
Chief Executive


M. Z. Moin Mohajir
Director


Kashif Shafi
Chief Financial Officer

**Notes to the Condensed Interim
Financial Information (Unaudited)
For the three months period ended February 28, 2018**

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 Room No. 002 and 003, PGS Admin Block B - 2, 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, 2018 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 Act 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.

Companies Act 2017 has been enacted on May 30, 2017 and in terms of Securities and Exchange Commission of Pakistan circular 23 dated October 4, 2017 is being followed and is applicable for those financial statements which closes after December 31, 2017.

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, 2017.

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, 2017 except for additional disclosures required under Companies Act 2017.

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, 2017. 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, 2017.

	February 28, 2018 (Unaudited)	November 30, 2017 (Audited)
(Rupees in '000)		
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	4,992	6,650
Capital work in progress - at cost	1,250	-
	6,242	6,650

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

	For the three months period ended	
	February 28, 2018	February 28, 2017
(Rupees in '000)		
Disposal of vehicles [having a net book value of Rs. Nil (2017: Rs. 0.24 million)]	-	1,034

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the status of contingencies as disclosed under notes 16 of the annual financial statements of the Company for the year ended November 30, 2017.

	February 28, 2018 (Unaudited)	November 30, 2017 (Audited)
(Rupees in '000)		
6.2 Commitments		
Commitments for capital expenditure	5,060	7,196
Guarantees and indemnity bonds for imported raw materials and other guarantees	12,310	1,343
Outstanding letters of credit	9,091	27,543

	For the three months period ended	
	February 28, 2018	February 28, 2017
7. OTHER OPERATING INCOME	(Rupees in '000)	
Profit on saving accounts and term deposits	17,517	514
<i>Income from non-financial assets</i>		
Gain on disposal of property, plant and equipment - net	-	261
Exchange gain	-	1,955
Liabilities no longer payable written back	488	-
	18,005	2,730

8. DISCONTINUED OPERATION

The company had disposed of its plant along with some non-core brands during 2017. Those operations have been shown as discontinued operations.

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

	For the three months period ended	
	February 28, 2018	February 28, 2017
	(Rupees in '000)	
Results of discontinued operation		
Net sales	-	288,286
Expenses	-	240,437
Results from operating activities	-	47,849
Taxation	-	14,355
Profit from discontinued operation - net of tax	-	33,494
Earning per share - basic and diluted	-	23.56
8.1 Cash flows from discontinued operation		
Net cash generated from operating activities	-	132,405

	Note	Three months period ended	
		February 28, 2018	February 28, 2017
(Rupees in '000)			
9. CASH GENERATED FROM OPERATIONS			
Profit before taxation		48,612	30,055
Adjustments for non-cash charges and other items:			
Depreciation		1,658	2,442
Provision for slow moving and obsolete stock - net		9,785	14,023
Gain on disposal of property, plant and equipment		-	(261)
Profit on deposit accounts		(17,517)	(514)
Working capital changes	9.1	49,097	29,547
		<u>91,635</u>	<u>75,292</u>
9.1 Working capital changes			
(Increase) / decrease in current assets:			
Spares		-	(1,082)
Stock-in-trade		(149,169)	18,167
Trade debts		(150,447)	(15,679)
Loans and advances		637	3,395
Deposits, prepayments and other receivables		(96,891)	(3,675)
Long term loans to employees		(901)	489
		<u>(396,771)</u>	<u>1,615</u>
Increase in current liabilities:			
Trade and other payables		445,868	27,932
		<u>49,097</u>	<u>29,547</u>

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate parent company (Pfizer Inc., USA), related group companies, staff retirement benefits plans, 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, 2018	February 28, 2017
Transactions for the period	(Rupees in '000)	
Sale of goods to associated companies	-	49,946
Goods purchased from associated companies	262,272	173,126
Services from associated companies	-	7,278
Services to associated companies	19,879	13,536
Contribution to the retirement benefit scheme	2,421	7,388
Legal and professional charges	-	91

	February 28, 2018	November 30, 2017
	(Unaudited)	(Audited)
Balance receivable from / payable to associated companies	(Rupees in '000)	
Trade payable in respect of purchase / transfer of goods from associated companies	240,506	63,020
Other receivables from associated companies	13,815	18,459

11. FINANCIAL ASSETS AND LIABILITIES


	February 28, 2018			Total
	Carrying Amount			
	Loans and receivables	Other financial assets	Financial liabilities	
----- (Rupees in '000) -----				
Financial assets not measured at fair value				
Long-term loans to employees	2,267	-	-	2,267
Trade debts	185,158	-	-	185,158
Loans and advances	66,907	-	-	66,907
Other receivables	462,619	-	-	462,619
Interest accrued	8,133	-	-	8,133
Cash and bank balances	-	1,418,333	-	1,418,333
Financial liabilities not measured at fair value				
Trade and other payables	-	-	1,226,317	1,226,317
Unclaimed dividend	-	-	3,887	3,887

	November 30, 2017			
	Carrying Amount			
	Loans and receivables	Other financial assets	Financial liabilities	Total
	----- (Rupees in '000) -----			
Financial assets not measured at fair value				
Long-term loans to employees	1,366	-	-	1,366
Trade debts	34,711	-	-	34,711
Loans and advances	65,367	-	-	65,367
Other receivables	393,197	-	-	393,197
Interest accrued	2,881	-	-	2,881
Cash and bank balances	-	1,367,165	-	1,367,165
Financial liabilities not measured at fair value				
Trade and other payables	-	-	678,284	678,284
Unclaimed dividend	-	-	3,947	3,947

These financial assets and liabilities are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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, 2018.


S. M. Wajeehuddin
Chief Executive


M. Z. Moin Mohajir
Director


Kashif Shafi
Chief Financial Officer