

Wyeth

Leading the way to
a Healthier World

Condensed Interim
Financial Statements for the
three months period ended
February 28, 2019

CORPORATE

WYETH PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

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

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 quarter ended February 28, 2019. 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.

Sales are lower by 23%, as compared to the corresponding quarter last year mainly because of delay in some institutional supplies. Gross profit as a percentage to sales has increased by 3% due to favorable sales mix and cost efficiencies; however lower sales resulted in diluting the absolute value of gross profit which impacted the operating profit also. The increase in operating expenses is mainly due to investment on promotion of main brands like Myrin and Enbrel. Net profit has increased by 66% over same quarter last year mainly due to higher other income and also lower tax charge.

Business in general is facing challenges due to devaluation of Pakistan Rupee which has resulted in higher cost. However, the pricing policy of pharmaceutical products is a step in the right direction which should provide a reasonable framework for prices increases in future. With the pricing regime and stable exchange rate, we are hopeful of an improved operating performance going forward.

On behalf of the Board, we would like to acknowledge the continued dedication of our colleagues to achieve better results for the Company.



Iftikhar Soomro
Chairman



S. M. Wajeeluddin
Chief Executive

Karachi: March 28, 2019


ڈائریکٹران کا جائزہ


ہم آپ کی کمپنی کے غیر آڈٹ شدہ اختصاری عبوری مالیاتی گوشوارے برائے سہ ماہی مدت ختمہ 28 فروری 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔ اختصاری عبوری مالیاتی گوشوارے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IAS-34) عبوری مالیاتی رپورٹنگ (اوکیٹیجز ایکٹ 2017) کی رائج ضروریات کے مطابق تیار کئے گئے ہیں۔

گزشتہ سال کی اسی سہ ماہی کی بہ نسبت موجودہ سہ ماہی میں فروخت میں 23 فیصد کمی ہوئی جس کی بنیادی وجہ کچھ اداروں کی فراہمی میں تاخیر تھی۔ پلٹا فروخت خام منافع کی شرح فیصد میں 3 فیصد اضافہ ہوا جس کی وجہ بہتر مصنوعات کے مرکب اور لاگتوں میں مستعد انداز میں کمی ہے تاہم فروخت کم ہونے کی وجہ سے خام منافع کی حتمی قدر کم رہی جس نے کاروباری منافع کی شرح پر اثرات ڈالے۔ کاروباری اخراجات میں اضافہ کی اہم وجہ بنیادی برانڈز جیسے مائیرین اور اینبرل کی اشتہاری مہم میں سرمایہ کاری کے اخراجات تھے۔ خالص منافع میں گزشتہ سال کی اسی سہ ماہی کی بہ نسبت 66 فیصد اضافہ ہوا جس کی بنیادی وجہ دیگر آمدنی اور ٹیکس کی لاگت میں کمی تھی۔

پاکستانی روپے کی قدر میں کمی کے نتیجے میں لاگتوں میں ہونے والے اضافہ کی وجہ سے عمومی طور پر کاروبار کو چیلنج کا سامنا ہے۔ تاہم دو اساسی مصنوعات کی قیمت کے تعین کی پالیسی درست سمت میں ایک قدم ہے جس سے مستقبل میں قیمتوں میں اضافے کے لئے موزوں فریم ورک میسر آئے گا۔ قیمتوں کے تعین کے نظام اور زر مبادلہ کے مستحکم نرخ کے ساتھ ہم پر امید ہیں کہ مستقبل میں بہتری آئے گی۔

بورڈ کی جانب سے کمپنی کے بہتر نتائج کے حصول کے لئے ہم اپنے تمام ساتھیوں کے مخلصانہ تعاون کو تسلیم کرتے ہیں۔


ایس ایم وجیہ الدین
چیف ایگزیکٹو



افتخار سومرو
چیرمین

کراچی: 28 مارچ 2019


**Condensed Interim Statement of Financial Position (Unaudited)
As at February 28, 2019**

	Note	February 28, 2019 (Unaudited)	November 30, 2018 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	14,658	13,485
Long-term loans to employees		13,033	11,794
Long-term deposits		1,095	1,095
Total non-current assets		28,786	26,374
CURRENT ASSETS			
Stock-in-trade		150,628	254,484
Trade debts		3,870	17,405
Loans and advances		70,439	85,498
Deposits, prepayments and other receivables		288,158	299,544
Interest accrued		9,763	7,598
Taxation - net		103,703	92,272
Cash and bank balances		1,096,007	907,654
Total current assets		1,722,568	1,664,455
Total assets		1,751,354	1,690,829
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		529,418	529,006
Unappropriated profit		634,978	596,852
Total equity		1,306,557	1,268,019
CURRENT LIABILITIES			
Trade and other payables		434,083	412,051
Unclaimed dividend		10,714	10,759
Total current liabilities		444,797	422,810
Total equity and liabilities		1,751,354	1,690,829
CONTINGENCIES AND COMMITMENTS			
	6		

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


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, 2019**

	Note	For the three months period ended	
		February 28, 2019	February 28, 2018
(Rupees in '000)			
Net sales		315,285	409,274
Cost of sales		(241,427)	(327,636)
Gross profit		73,858	81,638
Selling, marketing and distribution expenses		(38,191)	(25,600)
Administrative expenses		(9,292)	(14,312)
		(47,483)	(39,912)
		26,375	41,726
Other income	7	24,513	18,005
Other expenses		(528)	(10,939)
Finance cost		(64)	(180)
		23,921	6,886
Profit before taxation		50,296	48,612
Taxation		(12,170)	(25,638)
Profit for the period		38,126	22,974
----- (Rupees) -----			
Earnings per share - basic and diluted		26.82	16.16

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


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, 2019**

	For the three months period ended	
	February 28, 2019	February 28, 2018
	(Rupees in '000)	
Profit for the period	38,126	22,974
Other comprehensive income	-	-
Total comprehensive income for the period	38,126	22,974

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


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, 2019

	Note	For the three months period ended	
		February 28, 2019	February 28, 2018
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	194,509	91,635
Taxes paid		(23,601)	(51,422)
Net cash inflow from operating activities		170,908	40,213
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(2,600)	(1,250)
Profit received on deposit accounts		17,873	12,265
Proceeds from disposal of property, plant and equipment and brands		2,217	-
Net cash inflow from investing activities		17,490	11,015
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities - Dividends paid		(45)	(60)
Net increase in cash and cash equivalents		188,353	51,168
Cash and cash equivalents at beginning of the period		907,654	1,367,165
Cash and cash equivalents at end of the period		1,096,007	1,418,333

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


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, 2019

	Issued, subscribed and paid- up capital	Reserves			Unappropriated profit / (loss)	Total
		General reserve	*Others	Sub total		
.....(Rupees in '000).....						
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>
Balance as at December 1, 2018	142,161	505,270	23,736	529,006	596,852	1,268,019
Total comprehensive income for the period						
Profit for the period	-	-	-	-	38,126	38,126
Share-based payments	-	-	412	412	-	412
Balance as at February 28, 2019	<u>142,161</u>	<u>505,270</u>	<u>24,148</u>	<u>529,418</u>	<u>634,978</u>	<u>1,306,557</u>

* Others represent reserve for share based payment plan.

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


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, 2019**

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 & 003, PGS Admin Block, First Floor, B- 2, S.I.T.E., Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange and is engaged in 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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended November 30, 2018 except for the changes in accounting policy as stated in note 3.1 below.

3.1 Changes in accounting policy

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers became applicable from 1 July 2018.

IFRS 15: Revenue from Contracts with Customers supersedes IAS 11: Construction Contracts, IAS 18: Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the period ended February 29, 2019.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of the condensed interim financial statements 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 statements, 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, 2018 except for those related to IFRS 15 as explained in note 3.1.

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, 2018.

	February 28, 2019 (Unaudited)	November 30, 2018 (Audited)
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment - at net book value	<u><u>14,658</u></u>	<u><u>13,485</u></u>

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

	Three months period ended	
	February 28, 2019	February 28, 2018
	(Rupees in '000)	
Additions:		
Vehicles	<u><u>2,600</u></u>	<u><u>-</u></u>
Disposal of vehicles - sale proceeds [having a net book value of Nil (2018: Nil)]	<u><u>2,217</u></u>	<u><u>-</u></u>

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, 2018 except for note 16.1.2 to be deleted, as the cases were disposed off without any adverse order against the Company in Feb, 2019.

	February 28, 2019 (Unaudited)	November 30, 2018 (Audited)
6.2 Commitments	(Rupees in '000)	
Commitments for capital expenditure	<u>2,049</u>	<u>4,796</u>

7 OTHER INCOME

	February 28, 2019	February 28, 2018
	(Rupees in '000)	
Profit on saving accounts and term deposits	20,038	17,517
<i>Income from non-financial assets</i>		
Gain on disposal of property, plant and equipment	2,217	-
Exchange gain	2,258	-
Liabilities no longer payable written back	-	488
	<u>24,513</u>	<u>18,005</u>

8. CASH GENERATED FROM OPERATIONS

	Three months period ended	
Note	February 28, 2019	February 28, 2018
	(Rupees in '000)	
Profit for the period	50,296	48,612
Adjustments for non-cash charges and other items:		
Net increase in reserve for equity-settled share-based payment plans	412	-
Depreciation	1,427	1,658
(Reversal of) / provision for slow moving and obsolete stock - net	(2,072)	9,785
Write off of stock	(41,210)	-
Gain on disposal of property, plant and equipment and brands	(2,217)	-
Reversal of provision for doubtful debts	-	-
Profit on deposit accounts	(20,038)	(17,517)
Working capital changes	207,911	49,097
	<u>194,509</u>	<u>91,635</u>

8.1

Note	Three months period ended	
	February 28, 2019	February 28, 2018
	(Rupees in '000)	
8.1 Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	147,138	(149,169)
Trade debts	13,535	(150,447)
Loans and advances	15,059	637
Deposits, prepayments and other receivables	11,386	(96,891)
Long term loans to employees	(1,239)	(901)
	<u>185,879</u>	<u>(396,771)</u>
Decrease in current liabilities:		
Trade and other payables	22,032	445,868
	<u>207,911</u>	<u>49,097</u>

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate parent company (Pfizer Inc., USA), related group companies, staff retirement benefits plans, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

Transactions for the period	Three months period ended	
	February 28, 2019	February 28, 2018
	(Rupees in '000)	
Goods purchased from associated companies	139,538	262,272
Services to associated companies	3,775	25,361
Services from associated companies*	1,788	5,481
Contribution to the retirement benefit scheme	2,509	2,421
Legal and professional charges to associated undertaking	58	-

* This amount includes allocation of remuneration of key management personnel of Rs. 0.795 million (2018: 0.676 million)

Balance receivable from / payable to associated companies

	February 28, 2019 (Unaudited)	November 30, 2018 (Audited)
	(Rupees in '000)	
Trade payable in respect of goods from associated companies	101,035	66,706
Other receivables from associated companies	17,327	18,733
Receivable from retirement benefit scheme	250	337
Loan receivable from retirement benefit scheme	60,000	60,000
Payable to retirement benefit scheme	101,369	97,650


10. FINANCIAL ASSETS AND LIABILITIES

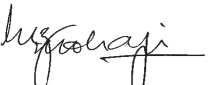
	February 28, 2019			
	Carrying Amount			
	Loans and receivables	Other financial assets	Financial liabilities	Total
	----- (Rupees in '000) -----			
Financial assets not measured at fair value				
Long-term loans to employees	18,140	-	-	18,140
Long term deposits	1,095	-	-	1,095
Trade debts	3,870	-	-	3,870
Loans and advances	63,136	-	-	63,136
Deposits and other receivables	285,634	-	-	285,634
Interest accrued	9,763	-	-	9,763
Cash and bank balances	-	1,096,007	-	1,096,007
As at 28 February 2019	381,638	1,096,007	-	1,477,645
As at 30 November 2018	400,029	907,654	-	1,307,683
Financial liabilities not measured at fair value				
Trade and other payables	-	-	365,101	365,101
Unclaimed Dividends	-	-	10,714	10,714
As at 28 February 2019	-	-	375,815	375,815
As at 30 November 2018	-	-	365,776	365,776


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

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on March 28, 2019.


S. M. Wajeehuddin
Chief Executive


M. Z. Moin Mohajir
Director


Kashif Shafi
Chief Financial Officer