

Wyeth

Leading the Way to
a Healthier World

Financial Statements for the
Six Months period ended
June 30, 2007

WYETH PAKISTAN LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|-----------------------|---|
| Arshad Rahim Khan | Chairman, Chief Executive & Managing Director |
| Bernard Poussot | Alternate : Aliya Yusuf |
| Robert N. Power | Alternate : Dr. Munawar Ali Uqaili |
| Mark Larsen | Alternate : Javed Iqbal |
| Baldev Arora | Alternate : Abdul Naseer |
| Khwaja Bakhtiar Ahmed | |
| Behram Hasan | Nominee of N.I.T. |

COMPANY SECRETARY

Khwaja Bakhtiar Ahmed

AUDIT COMMITTEE

| | |
|------------------------|----------|
| Javed Iqbal | Chairman |
| Aliya Yusuf | |
| Dr. Munawar Ali Uqaili | |

BANKERS

Citibank, N.A.
ABN-AMRO Bank
Standard Chartered Bank

AUDITORS

A.F.Ferguson & Co.
Chartered Accountants

LEGAL ADVISORS

Orr. Dignam & Company
Syed Qamaruddin Hassan

SHARE REGISTRAR

THK Associates (Pvt.) Ltd.
Ground Floor, State Life Building # 3,
Dr. Ziauddin Ahmad Road, Karachi-75530.
Ph. # 5689021, 5686658 & 111-000-322

HEAD OFFICE / REGISTERED OFFICE

S-33, Hawkes Bay Road, S.I.T.E.,
G.P.O. Box No.167, Karachi.
Ph: 92-21-2354651-61 & 111-777-333
Fax: 92-21-2354681

Website: www.wyethpakistan.com

Note: These accounts are also available on our website.

DIRECTORS' REPORT

We are pleased to present the financial statements of your company for the quarter and six months period ended June 30, 2007. These financial statements have been prepared in accordance with section 245 of the Companies Ordinance, 1984.

The company's sales during the second quarter and six months period were Rs 570.8 million and Rs 1.1 billion respectively showing an increase of 24.1% and 22.7% over the comparative prior periods. Export business achieved a growth of 119.4% and 19.3% during the quarter and six months period respectively over the corresponding prior periods.

Gross profit as a percent of net sales declined to 36.2% and 36.7% for the quarter and six months period respectively from 40.8% and 38.4% during the comparative prior periods. This decline is mainly attributable to the increased cost of sales due to rising raw material prices.

Distribution cost for the quarter has declined due to better control over expenses however, the same has increased for the six months period mainly due to higher promotional activities incurred on all our strategic products. Administrative expenses have increased mainly due to inflation.

Other operating income for the quarter and six months period has increased mainly due to higher interest income on deposits.

Profit before tax has increased by 19% and 20% for the quarter and six months period respectively. However, the profit after tax has decreased. This is mainly due to lower net tax charge during comparative prior period as a result of reversal of prior years provisions.

On behalf of the board of directors, we would like to express our sincere gratitude to the employees and management of the company for their continued, dedicated and untiring efforts following our mission, vision and values to attain Company's objective.



Arshad Rahim Khan
Chief Executive



Khwaja Bakhtiar Ahmed
Director

Date : **August 07, 2007**

A.F. FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road, P.O. Box 4716
Karachi-74000, Pakistan
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed balance sheet of Wyeth Pakistan Limited as at June 30, 2007 and the related condensed profit and loss account, condensed statement of changes in equity and condensed cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the '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. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended June 30, 2007 and 2006 have not been reviewed as we are required to review only the cumulative figures for the six months period ended June 30, 2007.

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 the 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 as of and for the six months period ended June 30, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.




Chartered Accountants
Karachi, **August 07, 2007**

**BALANCE SHEET
AS AT JUNE 30, 2007 (UNAUDITED – NOTE 2)**

| | Note | June 30, 2007 | December 31, 2006 |
|--------------------------------------|------|------------------|----------------------|
| (Rupees '000) | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 176,968 | 179,707 |
| Long-term loans | | 9,603 | 7,629 |
| Long-term deposits | | 2,069 | 1,839 |
| | | <u>188,640</u> | <u>189,175</u> |
| CURRENT ASSETS | | | |
| Spares | | 1,896 | 1,811 |
| Stocks | | 511,590 | 610,803 |
| Trade debts | | 137,052 | 109,399 |
| Loans and advances | | 23,776 | 14,124 |
| Deposits and prepayments | | 9,480 | 6,470 |
| Other receivables | | 24,931 | 43,265 |
| Taxation - net | | 66,543 | 111,495 |
| Short - term investment | | 645,000 | 575,000 |
| Cash and bank balances | | 35,801 | 25,506 |
| | | <u>1,456,069</u> | <u>1,497,873</u> |
| | | <u>1,644,709</u> | <u>1,687,048</u> |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 142,161 | 142,161 |
| Reserves | | 1,074,000 | 844,000 |
| Unappropriated profit | | 126,950 | 291,886 |
| | | <u>1,343,111</u> | <u>1,278,047</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred taxation | | 7,332 | 8,841 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 294,266 | 400,160 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 4 | <u>1,644,709</u> | <u>1,687,048</u> |

The annexed notes 1 to 7 form an integral part of these financial statements.


Arshad Rahim Khan
Chief Executive



Khwaja Bakhtiar Ahmed
Director

**PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND
SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED – NOTE 2)**

| | For the quarter ended | | For the six months period ended | |
|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | June 30, 2007 (Rupees '000) | June 30, 2006 (Rupees '000) | June 30, 2007 (Rupees '000) | June 30, 2006 (Rupees '000) |
| Net sales | 570,881 | 459,990 | 1,082,402 | 881,651 |
| Cost of sales | 363,898 | 272,083 | 684,355 | 542,562 |
| Gross profit | 206,983 | 187,907 | 398,047 | 339,089 |
| Distribution cost | 88,329 | 89,691 | 175,399 | 148,469 |
| Administrative expenses | 26,693 | 21,950 | 52,451 | 46,369 |
| | 115,022 | 111,641 | 227,850 | 194,838 |
| Operating profit | 91,961 | 76,266 | 170,197 | 144,251 |
| Other operating income | 18,302 | 14,604 | 34,088 | 24,099 |
| | 110,263 | 90,870 | 204,285 | 168,350 |
| Other operating expenses | 7,999 | 4,882 | 15,818 | 11,344 |
| Finance cost | 302 | 269 | 482 | 551 |
| | 8,301 | 5,151 | 16,300 | 11,895 |
| Profit before taxation | 101,962 | 85,719 | 187,985 | 156,455 |
| Taxation | | | | |
| Current - for the period | 32,559 | 24,689 | 58,229 | 53,639 |
| - for prior years | 9,337 | (54,663) | 9,337 | (54,663) |
| Deferred | (1,345) | 224 | (1,509) | (2,577) |
| | 40,551 | (29,750) | 66,057 | (3,601) |
| Profit after taxation | 61,411 | 115,469 | 121,928 | 160,056 |
| | (Rupees) | | (Rupees) | |
| Basic earnings per share | 43.20 | 81.22 | 85.77 | 112.59 |

Note: The appropriations from profits are set out in the statement of changes in equity.

The annexed notes 1 to 7 form an integral part of these financial statements.



Arshad Rahim Khan
Chief Executive


Khwaja Bakhtiar Ahmed
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED – NOTE 2)**

| | Issued subscribed and paid up Share capital | Reserves----- | | | Unappropriated profit | Total |
|---|--|-------------------------------------|--------------------|------------------|--------------------------|------------------|
| | | Capital reserve (Tax holiday) | General reserve | Sub Total | | |
| (Rupees '000) | | | | | | |
| Balance at January 1, 2006 | 142,161 | 215 | 699,785 | 700,000 | 229,326 | 1,071,487 |
| Transfer to general reserve | - | - | 144,000 | 144,000 | (144,000) | - |
| Dividend for the year ended December 31, 2005 @ 60% | - | - | - | - | (85,297) | (85,297) |
| Net profit for the six months period ended June 30, 2006 | - | - | - | - | 160,056 | 160,056 |
| Balance at June 30, 2006 | <u>142,161</u> | <u>215</u> | <u>843,785</u> | <u>844,000</u> | <u>160,085</u> | <u>1,146,246</u> |
| Balance at January 1, 2007 | 142,161 | - | 844,000 | 844,000 | 291,886 | 1,278,047 |
| Transfer to general reserve | - | - | 230,000 | 230,000 | (230,000) | - |
| Dividend for the year ended December 31, 2006 @ 40% | - | - | - | - | (56,864) | (56,864) |
| Net profit for the six months period ended June 30, 2007 | - | - | - | - | 121,928 | 121,928 |
| Balance at June 30, 2007 | <u>142,161</u> | <u>-</u> | <u>1,074,000</u> | <u>1,074,000</u> | <u>126,950</u> | <u>1,343,111</u> |

The annexed notes 1 to 7 form an integral part of these financial statements.



Arshad Rahim Khan
Chief Executive


Khwaja Bakhtiar Ahmed
Director

CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED – NOTE 2)

| | Note | June 30, 2007 | June 30, 2006 |
|--|------|------------------|------------------|
| (Rupees '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 5 | 148,837 | 171,235 |
| Profit received on deposit account | | 28,537 | 21,226 |
| Finance lease charges paid | | - | (50) |
| Increase in long-term loans | | (1,974) | (3,178) |
| Increase in long-term deposits | | (230) | - |
| Taxes paid | | (22,614) | (13,130) |
| Net cash inflow from operating activities | | 152,556 | 176,103 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (12,799) | (8,928) |
| Proceeds from disposal of property, plant and equipment | | 127 | 362 |
| Net cash outflow from investing activities | | (12,672) | (8,566) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (59,589) | (84,716) |
| Liabilities against assets subject to finance leases (net) | | - | (645) |
| Net cash outflow from financing activities | | (59,589) | (85,361) |
| Net increase in cash and cash equivalents | | 80,295 | 82,176 |
| Cash and cash equivalents at the beginning of the period | | 600,506 | 397,411 |
| Cash and cash equivalents at the end of the period | | 680,801 | 479,587 |

The annexed notes 1 to 7 form an integral part of these financial statements.


Arshad Rahim Khan
Chief Executive


Khwaja Bakhtiar Ahmed
Director

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED – NOTE 2)**

1. STATUS AND NATURE OF BUSINESS

Wyeth Pakistan Limited (the company) is a public limited company incorporated in 1949 in Pakistan. The address of its registered office is S-33, Hawkes Bay Road S.I.T.E., Karachi, Pakistan. The company is listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and marketing of research based ethical specialties and other pharmaceutical products.

2. BASIS OF PREPARATION

- 2.1 These condensed financial statements i.e. 'the interim financial information' of the company for the six months period ended June 30, 2007, have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.

These financial statements comprise of the balance sheet as at June 30, 2007 and the profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended June 30, 2007, which have been subjected to a review but not audited. The financial statements also include the profit and loss account for the quarter ended June 30, 2007.

The comparative balance sheet presented in these financial statements as at December 31, 2006 has been extracted from the audited financial statements of the company for the year ended December 31, 2006 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the six months period ended June 30, 2006 and were subjected to a review but not audited. The comparative profit and loss account for the quarter ended June 30, 2006 is also included in these financial statements.

- 2.2 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended December 31, 2006.

| 3 PROPERTY, PLANT AND EQUIPMENT | | June 30, 2007 | December 31, 2006 |
|--|-------------|--------------------------|------------------------------|
| | Note | (Rupees '000) | |
| Operating fixed assets | 3.1 | 168,714 | 178,298 |
| Capital work in progress | | 8,254 | 1,409 |
| | | <u>176,968</u> | <u>179,707</u> |

3.1 Operating fixed assets

| | Six months period ended June 30, 2007 | Six months period ended June 30, 2006 |
|--|---|---|
| | (Rupees '000) | |
| Additions | 5,954 | 6,657 |
| Disposals [having a net book value of Rs 0.108 million (2006: Rs 0.406 million)] | 127 | 2,426 |
| Write off [having a net book value of Rs Nil (2006: Rs 0.024 million)] | - | 24 |

4. CONTINGENCIES AND COMMITMENTS

- 4.1 The status of the contingencies which were reported in the notes 19.1, 19.2 and 19.4 to the financial statements for the year ended December 31, 2006 have remained unchanged.
- 4.2 The company is contesting a case in the court of law in respect of sales tax liability of Rs 6.806 million (December 31, 2006: Rs 6.582 million). The company is reasonably confident that the case will be decided in its favour and therefore no provision has been made in this respect.

| | June 30, 2007 | December 31, 2006 |
|---|------------------|----------------------|
| | (Rupees '000) | |
| 4.3 Commitments for capital expenditure | 29,151 | - |
| 4.4 Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees | 14,156 | 14,734 |

5. CASH GENERATED FROM OPERATIONS

| | Note | Six months period ended June 30, 2007 | Six months period ended June 30, 2006 |
|--|------|---|---|
| (Rupees '000) | | | |
| Profit before taxation | | 187,985 | 156,455 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 15,430 | 14,490 |
| (Provision written back) / Provision for slow moving and obsolete stock | | (1,539) | 5,391 |
| (Gain) / loss on disposal of property, plant and equipment | | (19) | 44 |
| Write off of fixed assets | | - | 24 |
| Finance lease charges | | - | 50 |
| Profit on | | | |
| - deposit accounts | | (26,806) | (14,419) |
| - loan to the Provident Fund | | - | (1,459) |
| Working capital changes | 5.1 | (26,214) | 10,659 |
| | | (39,148) | 14,780 |
| | | 148,837 | 171,235 |

5.1 Working capital changes

| | Six months period ended June 30, 2007 | Six months period ended June 30, 2006 |
|--|---|---|
| (Rupees '000) | | |
| Decrease / (increase) in current assets: | | |
| Spare | (85) | 61 |
| Stocks | 100,752 | (29,405) |
| Trade debts | (27,653) | 34,842 |
| Loans and advances | (9,652) | 28,992 |
| Deposits and prepayments | (3,010) | (163) |
| Other receivables | 16,603 | 5,847 |
| | 76,955 | 40,174 |
| Decrease in current liabilities: | | |
| Trade and other payables | (103,169) | (29,515) |
| | (26,214) | 10,659 |


6 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the parent company (Wyeth, 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. Significant balances and transactions with related parties are as follows:

| | Six months period ended June 30, 2007 | Six months period ended June 30, 2006 |
|--|---|---|
| | (Rupees '000) | |
| Sales to associated undertakings | 67,370 | 61,265 |
| Purchases from associated undertakings | 64,578 | 106,014 |
| Services from associated undertakings | 7,339 | - |
| Dividend to associated undertakings | 41,001 | 61,502 |
| Contribution to the pension fund | - | 231 |
| Contribution to the gratuity fund | 2,186 | 842 |
| Contribution to the provident fund | 3,052 | 2,739 |
| Receivable from the pension fund | 550 | - |
| Profit charged on loan to the provident fund | - | 1,459 |
| Remuneration of key management personnel | 15,971 | 13,015 |

7 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **August 07, 2007** by the board of directors of the company.


Arshad Rahim Khan
 Chief Executive


Khwaja Bakhtiar Ahmed
 Director