

CONTENTS

Company Information.....	2
Directors' Report	3
Auditors' Review Report To The Members.....	4
Balance Sheet	5
Profit & Loss Account.....	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to and Forming Part of the Financial Statements.....	9-12

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.

LEGAL ADVISORS

Orr, Dignam & Company
Syed Qamaruddin Hassan

SHARE REGISTRAR

THK Associates (Pvt.) Ltd.
Ground Floor,
State Life Building No. 3,
Dr. Ziauddin Ahmed 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

Your Directors are pleased to report the second quarter and half yearly results of 2006.

The overall net sales for the six months period has increased by **1%** as compared to same period of last year. These results are without any price increase. The Government of Pakistan has not granted any price increase over last four years. In view of this, attaining volume growth is quite difficult and challenging. As per our plan, we have made a successful launch of **Prevenar**, a vaccine for children. The initial response of this product is encouraging.

The net profit before tax for half year ended has decreased by **7%**. The reduction in net profit before taxes is mainly due to investment in new product. However, the administrative expenses have increased due to inflation. The other income for the quarter and six months period has increased mainly due to higher interest income on deposits. The profit after tax has increased by **36%**, this is mainly due to reversal of additional tax provision and certain tax adjustments pertaining to prior years.

We appreciate the untiring efforts and continuous dedication of our employees, following our mission, vision and values to attain company's objectives.



Arshad Rahim Khan
Chief Executive




Khwaja Bakhtiar Ahmed
Director

Date : **August 24, 2006**

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
Telephones : (021) 2426682-6 / 2426711-5
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REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Wyeth Pakistan Limited as at June 30, 2006 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'financial statements'), for the six months period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended June 30, 2005 and 2006 have not been reviewed as we are required to review only the cumulative figures for the six months period ended June 30, 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.




Chartered Accountants
Karachi

Date : August 24, 2006

**BALANCE SHEET
AS AT JUNE 30, 2006 (UNAUDITED – NOTE 2)**

	Note	June 30, 2006	December 31, 2005
(Rupees '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	3	168,008	174,000
Long-term loans		9,437	6,259
Long-term deposits		1,779	1,779
		<u>179,224</u>	<u>182,038</u>
CURRENT ASSETS			
Spares		1,874	1,935
Stocks		522,698	498,684
Trade debts		37,725	71,915
Loans and advances		50,679	79,671
Deposits and prepayments		9,458	9,295
Other receivables		19,864	31,059
Taxation - net		161,734	147,580
Cash and bank balances		479,587	397,411
		<u>1,283,619</u>	<u>1,237,550</u>
		<u>1,462,843</u>	<u>1,419,588</u>
SHARE CAPITAL AND RESERVES			
Share capital		142,161	142,161
Reserves		844,000	700,000
Unappropriated profit		160,085	229,326
		<u>1,146,246</u>	<u>1,071,487</u>
NON-CURRENT LIABILITIES			
Deferred taxation		4,176	6,753
CURRENT LIABILITES			
Trade and other payables		312,056	340,338
Current maturity of liabilities against assets subject to finance leases		365	1,010
		<u>312,421</u>	<u>341,348</u>
CONTINGENCIES AND COMMITMENTS	4	<u>1,462,843</u>	<u>1,419,588</u>

The annexed notes 1 to 9 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, 2006 (UNAUDITED – NOTE 2)**

	For the quarter ended		For the six months period ended	
	June 30, 2006 (Rupees '000)	June 30, 2005 (Rupees '000)	June 30, 2006 (Rupees '000)	June 30, 2005 (Rupees '000)
Net sales	459,990	482,258	881,651	872,410
Cost of sales	272,083	290,862	542,562	541,865
Gross profit	187,907	191,396	339,089	330,545
Distribution cost	89,691	61,570	148,469	117,594
Administrative expenses	21,950	21,713	46,369	43,935
	111,641	83,283	194,838	161,529
Operating profit	76,266	108,113	144,251	169,016
Other operating income	14,604	8,704	24,099	13,443
	90,870	116,817	168,350	182,459
Finance costs	269	415	551	870
Other operating expenses	4,882	8,779	11,344	13,412
	5,151	9,194	11,895	14,282
Profit before taxation	85,719	107,623	156,455	168,177
Taxation				
Current - for the period	24,689	33,859	53,639	50,304
- for prior years'	(54,663)	(1,301)	(54,663)	(1,301)
Deferred	224	1,452	(2,577)	1,734
	(29,750)	34,010	(3,601)	50,737
Profit after taxation	115,469	73,613	160,056	117,440
Profit after taxation attributable to:				
- the parent company	83,257	53,078	115,406	84,678
- other equity holders	32,212	20,535	44,650	32,762
	115,469	73,613	160,056	117,440
	(Rupees)		(Rupees)	
Earnings per share - basic and diluted	81.22	51.78	112.59	82.61

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

The annexed notes 1 to 9 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, 2006 (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, 2005	142,161	215	665,785	666,000	107,681	915,842
Net profit for the six months period ended June 30, 2005	-	-	-	-	117,440	117,440
Dividend for the year ended December 31, 2004	-	-	-	-	(71,080)	(71,080)
Transfer to general reserve	-	-	34,000	34,000	(34,000)	-
Balance at June 30, 2005	<u>142,161</u>	<u>215</u>	<u>699,785</u>	<u>700,000</u>	<u>120,041</u>	<u>962,202</u>
Increase in unappropriated profit is attributable to:						
- the parent company					8,912	
- other equity holders					<u>3,448</u>	
					<u>12,360</u>	
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	-	-	-	-	(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>
Decrease in unappropriated profit attributable to:						
- the parent company					49,925	
- other equity holders					<u>19,316</u>	
					<u>69,241</u>	

The annexed notes 1 to 9 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, 2006 (UNAUDITED – NOTE 2)

	Note	June 30, 2006	June 30, 2005
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	192,461	155,747
Mark-up on running finance paid		-	(4)
Finance lease charges paid		(50)	(152)
Increase in long-term loans		(3,178)	(29,902)
Decrease in long-term deposits		-	40
Taxes paid		(13,130)	(41,043)
Net cash inflow from operating activities		176,103	84,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,928)	(14,740)
Proceeds from disposal of property, plant and equipment		362	4,382
Net cash outflow from investing activities		(8,566)	(10,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(84,716)	(70,889)
Liabilities against assets subject to finance leases (net)		(645)	(833)
Net cash outflow from financing activities		(85,361)	(71,722)
Net increase in cash and cash equivalents		82,176	2,606
Cash and cash equivalents at the beginning of the period		397,411	309,999
Cash and cash equivalents at the end of the period		479,587	312,605

The annexed notes 1 to 9 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, 2006 (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 financial statements 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.

The financial statements comprise of the balance sheet as at June 30, 2006 and the profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended June 30, 2006, 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, 2006.

The comparative balance sheet presented in these financial statements as at December 31, 2005 has been extracted from the audited financial statements of the company for the year ended December 31, 2005 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, 2005 and were subjected to a review but not audited. The comparative profit and loss account for the quarter ended June 30, 2005 is also included in the 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, 2005.

3. PROPERTY, PLANT AND EQUIPMENT

		<u>June 30, 2006</u>	<u>December 31, 2005</u>
	Note	(Rupees '000)	
Operating fixed assets	3.1	163,315	171,578
Capital work in progress		4,693	2,422
		<u>168,008</u>	<u>174,000</u>

3.1 Operating fixed assets

	Six months period ended June 30, 2006	Six months period ended June 30, 2005
	(Rupees '000)	
Additions	6,657	14,266
Disposals [having a net book value of Rs 0.406 million (2005: Rs 0.767 million)]	2,426	5,648
Write off [having a net book value of Rs 0.024 million (2005: Rs nil)]	24	1,166

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingent liabilities

Claims against the company not acknowledged as debt at June 30, 2006 amounted to Rs **253.929** million (December 31, 2005: Rs 253.705 million).

4.2 Commitments

Aggregate amount for capital expenditure contracted for, but remain to be executed at June 30, 2006 amounted to Rs **11.582** million (December 31, 2005: Rs 2.084 million).

Letters of credit and bank guarantees at June 30, 2006 amounted to Rs **37.884** million (December 31, 2005: Rs 63.140 million).

5. TAXATION

The income tax assessments of the company have been finalised upto and including the year ended December 31, 2004. While finalising the assessments of the company, the tax authorities have made arbitrary additions and disallowances to taxable income in various tax assessments upto the year ended December 31, 2001 which have resulted in tax demand of Rs **169.677** million. The tax demand has arisen mainly due to the following:

- The assessing officer also charged tax on gain on sale of the company's agriculture business and has also arbitrarily disallowed certain expenses attributed to that segment of this business.
- The assessing officer has made additions to the income based on the contention that the company has allegedly paid excessive amount on import of raw materials.
- The assessing officer charged tax on purchases related to agriculture business of the company under presumptive tax regime by treating all purchases as commercial imports.

Although the company has filed appeals with various appellate authorities, it is, as a matter of prudence, carrying a provision of Rs **91.110** million against the above demands. The management is confident that the ultimate decision of the appeals will be in the company's favour.

6. CASH GENERATED FROM OPERATIONS

	Note	Six months period ended June 30, 2006	Six months period ended June 30, 2005
(Rupees '000)			
Profit before taxation		156,455	168,177
Adjustments for non-cash charges and other items:			
Depreciation		14,490	13,180
Provision for slow moving and obsolete stocks		5,391	55
Reserve for potential expired stock claims written back		(652)	(1,944)
Loss/(gain) on disposal of property, plant and equipment		44	(3,615)
Fixed assets written off		24	-
Finance lease charges		50	152
Working capital changes	6.1	16,659	(20,258)
		<u>36,006</u>	<u>(12,430)</u>
		<u>192,461</u>	<u>155,747</u>
6.1 Working capital changes			
Decrease\ (increase) in current assets:			
Spares		61	(480)
Stocks		(29,405)	190,548
Trade debts		34,842	(12,260)
Loans and advances		28,992	(73,996)
Deposits and prepayments		(163)	(3,777)
Other receivables		11,195	1,496
		<u>45,522</u>	<u>101,531</u>
Decrease in current liabilities:			
Trade and other payables		(28,863)	(121,789)
		<u>16,659</u>	<u>(20,258)</u>

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Wyeth, USA (the ultimate parent company), Wyeth Holdings Corporation, 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, 2006	Six months period ended June 30, 2005
	(Rupees '000)	
Sales to associated undertakings	61,265	54,533
Purchases from associated undertakings	106,014	45,466
Dividend to associated undertakings	61,502	51,252
Contribution to the pension fund	231	594
Contribution to the gratuity fund	842	2,005
Contribution to the provident fund	2,739	2,793
Loan to the gratuity fund	-	30,000
Loan to the provident fund	-	80,000
Profit charged on loan to the provident fund	1,459	1,445
Remuneration of key management personnel	13,015	11,543

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 24, 2006 by the board of directors of the company.

9. CORRESPONDING FIGURES

Corresponding figures of letters of credit and bank guarantee has been restated for the purpose of comparison and better presentation.



Arshad Rahim Khan
Chief Executive



Khwaja Bakhtiar Ahmed
Director