

Wyeth



Accounts for the Nine Months Ended September 30, 2006

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.

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 report the third quarter and nine months consolidated results of 2006.

The net sales for the third quarter and cumulative nine months period have increased by **18%** and **7%** respectively. These results are without any price increase.

As compared to last year, cost of sales as a percent of net sales is lower due to better product mix. Distribution cost has increased mainly due to investment in new product. However, the administrative expenses have reduced due to strict control. The other income for the quarter and cumulative nine months period has increased mainly due to higher interest income on deposits. The year to-date profit before tax increased by **10%** and profit after tax increased by **39%**. The year to-date profit is increased due to reversal of tax provision and certain tax adjustments pertaining to prior years.

We are pleased to acknowledge that the relations with the employees remained congenial throughout the period and appreciate their untiring efforts and continuous dedication following our mission, vision and values to attain company's objectives.



Arshad Rahim Khan
Chief Executive




Khwaja Bakhtiar Ahmed
Director

Date : **October 30, 2006**

**BALANCE SHEET
AS AT SEPTEMBER 30, 2006 (UNAUDITED - NOTE 2)**

	Note	Unaudited Sep. 30, 2006	Audited Dec. 31, 2005
(Rupees '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	3	171,910	174,000
Long-term loans		9,233	6,259
Long-term deposits		1,779	1,779
		<u>182,922</u>	<u>182,038</u>
CURRENT ASSETS			
Spares		1,874	1,935
Stocks		500,076	498,684
Trade debts		61,866	71,915
Loans and advances		42,520	79,671
Deposits and prepayments		7,106	9,295
Other receivables		34,833	31,059
Taxation - net		134,183	147,580
Cash and bank balances		584,814	397,411
		<u>1,367,272</u>	<u>1,237,550</u>
		<u>1,550,194</u>	<u>1,419,588</u>
SHARE CAPITAL AND RESERVES			
Share capital		142,161	142,161
Reserves		844,000	700,000
Unappropriated profit		244,803	229,326
		<u>1,230,964</u>	<u>1,071,487</u>
NON-CURRENT LIABILITIES			
Deferred taxation		4,667	6,753
CURRENT LIABILITIES			
Trade and other payables		314,462	340,338
Current maturity of liabilities against assets subject to finance leases		101	1,010
		314,563	341,348
CONTINGENCIES AND COMMITMENTS			
	4	-	-
		<u>1,550,194</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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2006 (UNAUDITED - NOTE 2)**

	For the quarter ended		For the nine months period ended	
	Sep. 30, 2006	Sep. 30, 2005	Sep. 30, 2006	Sep. 30, 2005
	(Rupees '000)		(Rupees '000)	
Net sales	541,063	457,078	1,422,714	1,329,488
Cost of sales	321,257	288,205	863,819	830,070
Gross profit	219,806	168,873	558,895	499,418
Distribution cost	75,305	57,677	223,774	175,271
Administrative expenses	21,200	26,728	67,569	70,663
	96,505	84,405	291,343	245,934
Operating profit	123,301	84,468	267,552	253,484
Other operating income	15,526	9,338	39,625	22,781
	138,827	93,806	307,177	276,265
Finance costs	145	418	696	1,288
Other operating expenses	14,410	7,116	25,754	20,528
	14,555	7,534	26,450	21,816
Profit before taxation	124,272	86,272	280,727	254,449
Taxation				
Current - for the period	39,063	29,399	92,702	79,703
- for prior years'	-	-	(54,663)	(1,301)
Deferred	491	(1,647)	(2,086)	87
	39,554	27,752	35,953	78,489
Profit after taxation	84,718	58,520	244,774	175,960
Earnings per share - basic and diluted	(Rupees) 59.59	(Rupees) 41.16	(Rupees) 172.18	(Rupees) 123.78

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 NINE MONTHS PERIOD ENDED
SEPTEMBER 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
Profit for the nine months period ended September 30, 2005	-	-	-	-	175,960	175,960
Dividend for the year ended December 31, 2004	-	-	-	-	(71,080)	(71,080)
Transfer to general reserve	-	-	34,000	34,000	(34,000)	-
Balance as at September 30, 2005	<u>142,161</u>	<u>215</u>	<u>699,785</u>	<u>700,000</u>	<u>178,561</u>	<u>1,020,722</u>
Increase in unappropriated profit attributable to:						
- the parent company					51,107	
- other equity holders					<u>19,773</u>	
					<u>70,880</u>	
Balance at January 1, 2006	142,161	215	699,785	700,000	229,326	1,071,487
Dividend for the year ended December 31, 2005	-	-	-	-	(85,297)	(85,297)
Transfer to general reserve	-	-	144,000	144,000	(144,000)	-
Profit for the nine months period ended September 30, 2006	-	-	-	-	244,774	244,774
Balance as at September 30, 2006	<u>142,161</u>	<u>215</u>	<u>843,785</u>	<u>844,000</u>	<u>244,803</u>	<u>1,230,964</u>
Increase in unappropriated profit attributable to:						
- the parent company					11,159	
- other equity holders					<u>4,318</u>	
					<u>15,477</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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2006 (UNAUDITED - NOTE 2)**

	Note	Sep. 30, 2006	Sep. 30, 2005
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	320,943	267,968
Mark-up on running finance paid		-	(4)
Finance lease charges paid		(61)	(208)
Increase in long-term loans		(2,974)	(28,406)
Decrease in long-term deposits		-	79
Taxes paid		(24,641)	(50,523)
Net cash inflow from operating activities		293,267	188,906
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(20,339)	(22,688)
Proceeds from disposal of property, plant and equipment		362	5,662
Net cash outflow from investing activities		(19,977)	(17,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(84,978)	(71,013)
Liabilities against assets subject to finance leases (net)		(909)	(1,198)
Net cash outflow from financing activities		(85,887)	(72,211)
Net increase in cash and cash equivalents		187,403	99,669
Cash and cash equivalents at the beginning of the period		397,411	309,999
Cash and cash equivalents at the end of the period		584,814	409,668

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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2006 (UNAUDITED - NOTE 2)**

1. STATUS AND NATURE OF BUSINESS

Wyeth Pakistan Limited (the company) is a public 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 PRESENTATION

- 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 September 30, 2006 and the profit and loss account, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2006. The financial statements also include the profit and loss account for the quarter ended September 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 nine months period ended September 30, 2005 are not audited. The Comparative profit and loss account for the quarter ended September 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

	Note	Unaudited Sep. 30, 2006	Audited Dec. 31, 2005
(Rupees '000)			
Operating fixed assets	3.1	168,493	171,578
Capital work in progress		3,417	2,422
		171,910	174,000

3.1 Operating fixed assets

	Nine months period ended Sep. 30, 2006	Nine months period ended Sep. 30, 2005
	(Rupees '000)	
Additions	19,344	23,289
Disposals [having a net book value of Rs 0.429 million (2005: Rs 0.974 million)]	2,426	7,853
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 debts at September 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 remaining to be executed at September 30, 2006 amounted to Rs **4.587** million (December 31, 2005: Rs 2.084 million).

Letters of credit and bank guarantees at September 30, 2006 amounted to Rs **82.295** million (December 31, 2005: Rs 60.135 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 due to the following:

- 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.
- 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 allegedly paid excessive amount on import of raw materials.

Although the company has filed appeals with various appellate authorities, it has, as matter of prudence, made 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	Nine Months period ended Sep. 30, 2006	Nine Months period ended Sep. 30, 2005
(Rupees '000)			
Profit before taxation		280,727	254,449
Adjustments for non-cash charges and other items:			
Depreciation		21,999	20,169
Provision for slow moving and obsolete stock (Write back of) / provision for potential expired stock claims		2,420	(320)
		(2,063)	6,669
Write back of provision for doubtful debts		(1,805)	-
Loss / (profit) on disposal of property, plant and equipment		44	(4,713)
Fixed assets written off		24	-
Finance lease charges		61	208
Working capital changes	6.1	19,536	(8,494)
		320,943	267,968
6.1 Working capital changes			
Decrease / (increase) in current assets:			
Spares		61	36
Stocks		(3,812)	138,704
Trade debts		13,917	14,201
Loans and advances		37,151	(78,903)
Deposits and prepayments		2,189	(2,377)
Other receivables		(3,774)	(21,270)
		45,732	50,391
Decrease in current liabilities:			
Trade and other payables		(26,196)	(58,885)
		19,536	(8,494)

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:


	Nine months period ended Sep. 30, 2006	Nine months period ended Sep. 30, 2005
	(Rupees '000)	
Sales to associated undertakings	111,291	87,089
Purchases from associated undertakings	179,266	98,882
Dividend to associated undertakings	61,502	51,252
Contribution to the pension fund	347	791
Contribution to the gratuity fund	1,277	2,962
Contribution to the provident fund	4,170	4,129
Loan to gratuity fund	-	30,000
Loan to provident fund	-	80,000
Profit charged on loan to the provident fund	1,459	2,521
Remuneration of key management personnel	17,806	17,283

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **October 30, 2006** by the board of directors of the company.

9. CORRESPONDING FIGURES

Corresponding figures have been restated for the purpose of comparison, wherever necessary.


Arshad Rahim Khan
 Chief Executive


Khwaja Bakhtiar Ahmed
 Director