

Wyeth

Leading the Way to
a Healthier World

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

WYETH PAKISTAN LIMITED

CONTENTS

Company Information.....	2
Directors' Report	3
Auditors' Report To The Members on Review of Interim Financial Information	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.
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
Telephone: (021) 2426682-6 / 2426711-5
Facsimile: (021) 2415007 / 2427938

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	Note	June 30,	December 31,
			2007	2006
			(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 parts	(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