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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 nine months period ended September 30, 2007. These financial statements have been prepared in accordance with section 245 of the Companies Ordinance, 1984.

The company's sales during the third quarter and nine months period amounted to Rs **558.2** million and Rs **1.6** billion respectively showing an increase of **3.2%** and **15.3%** over the comparative prior periods. The quarter sales growth is lower due to decline in export sales. Export business achieved a growth of **5.8%** during nine months period as compared to same period last year.

Gross profit as a percentage of net sales declined to **35.1%** and **36.2%** for the quarter and nine months period respectively from **40.6%** and **39.2%** during the comparative prior periods. This decline is mainly attributable to the increased cost of sales due to rising raw material prices of some of our high contribution margin products and also due to rising cost of input. The distribution cost has increased mainly due to higher promotional activities during first nine months as most of the year's budget was spent in the earlier part, mainly on the disease awareness related to our newly launched product Prevenar. Administrative expenses have increased mainly due to inflation and recording the prior year sales tax liability in view of adverse decision of the Court.

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

Profit before tax is slightly higher by **1%** for the nine months period as compared to corresponding period of last year. Profit after tax has decreased by **21.6%** due to lower net tax charge during comparative prior period as a result of reversal of prior years provisions. Had the impact of this reversal taken out from prior period results, our profit after tax is higher by **1%** over corresponding period of last year.

Stocks in hand have significantly reduced because of better working capital management. However receivables have increased mainly because of higher sales growth. 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 objectives.



Arshad Rahim Khan
Chief Executive




Khwaja Bakhtiar Ahmed
Director

Date : **October 30, 2007**

**BALANCE SHEET
AS AT SEPTEMBER 30, 2007 (UNAUDITED - NOTE 2)**

	Note	Unaudited Sep. 30, 2007	Audited Dec. 31, 2006
(Rupees '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	3	179,650	179,707
Long-term loans		10,149	7,629
Long-term deposits		2,286	1,839
		<u>192,085</u>	<u>189,175</u>
CURRENT ASSETS			
Spares		2,231	1,811
Stocks		514,702	610,803
Trade debts		172,617	109,399
Loans and advances		17,644	14,124
Deposits and prepayments		9,336	6,470
Other receivables		32,020	43,265
Taxation - net		58,068	111,495
Short - term investment		710,000	575,000
Cash and bank balances		45,814	25,506
		<u>1,562,432</u>	<u>1,497,873</u>
		<u>1,754,517</u>	<u>1,687,048</u>
SHARE CAPITAL AND RESERVES			
Share capital		142,161	142,161
Reserves		1,074,000	844,000
Unappropriated profit		154,386	291,886
		<u>1,370,547</u>	<u>1,278,047</u>
NON-CURRENT LIABILITIES			
Deferred taxation		7,724	8,841
CURRENT LIABILITIES			
Trade and other payables		376,246	400,160
CONTINGENCIES AND COMMITMENTS			
	4	-	-
		<u>1,754,517</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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2007 (UNAUDITED - NOTE 2)**

	For the quarter ended		For the nine months period ended	
	Sep. 30, 2007	Sep. 30, 2006	Sep. 30, 2007	Sep. 30, 2006
	(Rupees '000)		(Rupees '000)	
Net sales	558,283	541,063	1,640,685	1,422,714
Cost of sales	362,261	321,257	1,046,616	863,819
Gross profit	196,022	219,806	594,069	558,895
Distribution cost	79,406	75,305	254,805	223,774
Administrative expenses	32,141	21,200	84,592	67,569
	111,547	96,505	339,397	291,343
Operating profit	84,475	123,301	254,672	267,552
Other operating income	17,665	15,526	51,753	39,625
	102,140	138,827	306,425	307,177
Other operating expenses	7,913	14,410	23,731	25,754
Finance cost	43	145	525	696
	7,956	14,555	24,256	26,450
Profit before taxation	94,184	124,272	282,169	280,727
Taxation				
Current - for the period	23,572	39,063	81,802	92,702
- for prior years'	134	-	9,471	(54,663)
Deferred	392	491	(1,117)	(2,086)
	24,098	39,554	90,156	35,953
Profit after taxation	70,086	84,718	192,013	244,774
	Rupees	Rupees	Rupees	Rupees
Basic earnings per share	49.30	59.59	135.07	172.18

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 NINE MONTHS PERIOD ENDED
SEPTEMBER 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)
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>
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%	-	-	-	-	(56,865)	(56,865)
Interim dividend for the year ending December 31, 2007 @ 30%	-	-	-	-	(42,648)	(42,648)
Profit for the nine months period ended September 30, 2007	-	-	-	-	192,013	192,013
Balance as at September 30, 2007	<u>142,161</u>	<u>-</u>	<u>1,074,000</u>	<u>1,074,000</u>	<u>154,386</u>	<u>1,370,547</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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2007 (UNAUDITED - NOTE 2)**

	Note	Sep. 30, 2007	Sep. 30, 2006
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	5	274,637	289,653
Profit received on deposit account		44,170	31,290
Finance lease charges paid		-	(61)
Increase in long-term loans		(2,520)	(2,974)
Increase in long-term deposits		(447)	-
Taxes paid		(37,845)	(24,642)
Net cash inflow from operating activities		277,995	293,266
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(23,439)	(20,339)
Proceeds from disposal of property, plant and equipment		993	362
Net cash outflow from investing activities		(22,446)	(19,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(100,241)	(84,978)
Liabilities against assets subject to finance leases (net)		-	(909)
Net cash outflow from financing activities		(100,241)	(85,887)
Net increase in cash and cash equivalents		155,308	187,402
Cash and cash equivalents at the beginning of the period		600,506	397,411
Cash and cash equivalents at the end of the period		755,814	584,813

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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2007 (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 condensed financial statements i.e.'the interim financial information' of the company for the nine months period ended September 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 September 30, 2007 and the profit and loss account, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2007. The financial statements also include the profit and loss account for the quarter ended September 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 nine months period ended September 30, 2006. The comparative profit and loss account for the quarter ended September 30, 2006 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, 2006.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited Sep. 30, 2007	Audited Dec. 31, 2006
(Rupees '000)			
Operating fixed assets	3.1	169,555	178,298
Capital work in progress		10,095	1,409
		179,650	179,707

3.1 Operating fixed assets

	Nine months period ended Sep. 30, 2007	Nine months period ended Sep. 30, 2006
	(Rupees '000)	
Additions	14,752	6,657
Disposals [having a net book value of Rs 0.819 million (2006: Rs 0.406 million)]	1,861	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 and 19.2 to the financial statements for the year ended December 31, 2006 have remained unchanged.

4.2 The income tax assessments of the company have been finalised upto and including the year ended December 31, 2005. 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 166.861 million. The tax demand has arisen mainly due to the following:

- 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.
- 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.

Although the company has filed appeals with various appellate authorities, however a provision of Rs 88.294 million is being carried against the above demands on ground of prudence. The management is confident that the ultimate decision of the appeals will be in the company's favour.

	Unaudited Sep. 30, 2007	Audited Dec. 31, 2006
	(Rupees '000)	
4.3 Commitments for capital expenditure	38,803	-
4.4 Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees	14,078	14,734

5. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	Nine Months period ended Sep. 30, 2007	Nine Months period ended Sep. 30, 2006
(Rupees '000)			
Profit before taxation		282,169	280,727
Adjustments for non-cash charges and other items:			
Depreciation		22,676	22,000
(Provision written back) / Provision for slow moving and obsolete stock		(4,800)	2,420
Written back of provision for doubtful debts		-	(1,805)
Write off of fixed assets		-	24
(Gain) / loss on disposal of property, plant and equipment		(174)	44
Finance lease charges		-	61
Profit on			
- deposit accounts		(42,357)	(25,284)
- loan to the Provident Fund		-	(1,459)
Working capital changes	5.1	17,123	12,925
		274,637	289,653
5.1 Working capital changes		274,637	289,653
(Increase) / decrease in current assets:			
Spares		(419)	61
Stocks		100,901	(3,812)
Trade debts		(63,219)	13,917
Loans and advances		(3,520)	37,151
Deposits and prepayments		(2,866)	2,188
Other receivables		9,432	(8,320)
		40,309	41,185
(Decrease) / increase in current liabilities:			
Trade and other payables		(23,186)	(28,260)
		17,123	12,925
		17,123	12,925


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:

	Nine months period ended Sep. 30, 2007	Nine months period ended Sep. 30, 2006
	(Rupees '000)	
Sales to associated undertakings	119,140	111,291
Purchases from associated undertakings	134,866	179,266
Services from associated undertakings	10,445	-
Dividend to associated undertakings	64,577	61,502
Contribution to the pension fund	-	347
Contribution to the gratuity fund	3,278	1,277
Contribution to the provident fund	4,596	4,170
Receivable from the pension fund	1,374	-
Profit charged on loan to the provident fund	-	1,459
Remuneration of key management personnel	19,583	17,806

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **October 30, 2007** by the board of directors of the company.


Arshad Rahim Khan
 Chief Executive


Khwaja Bakhtiar Ahmed
 Director