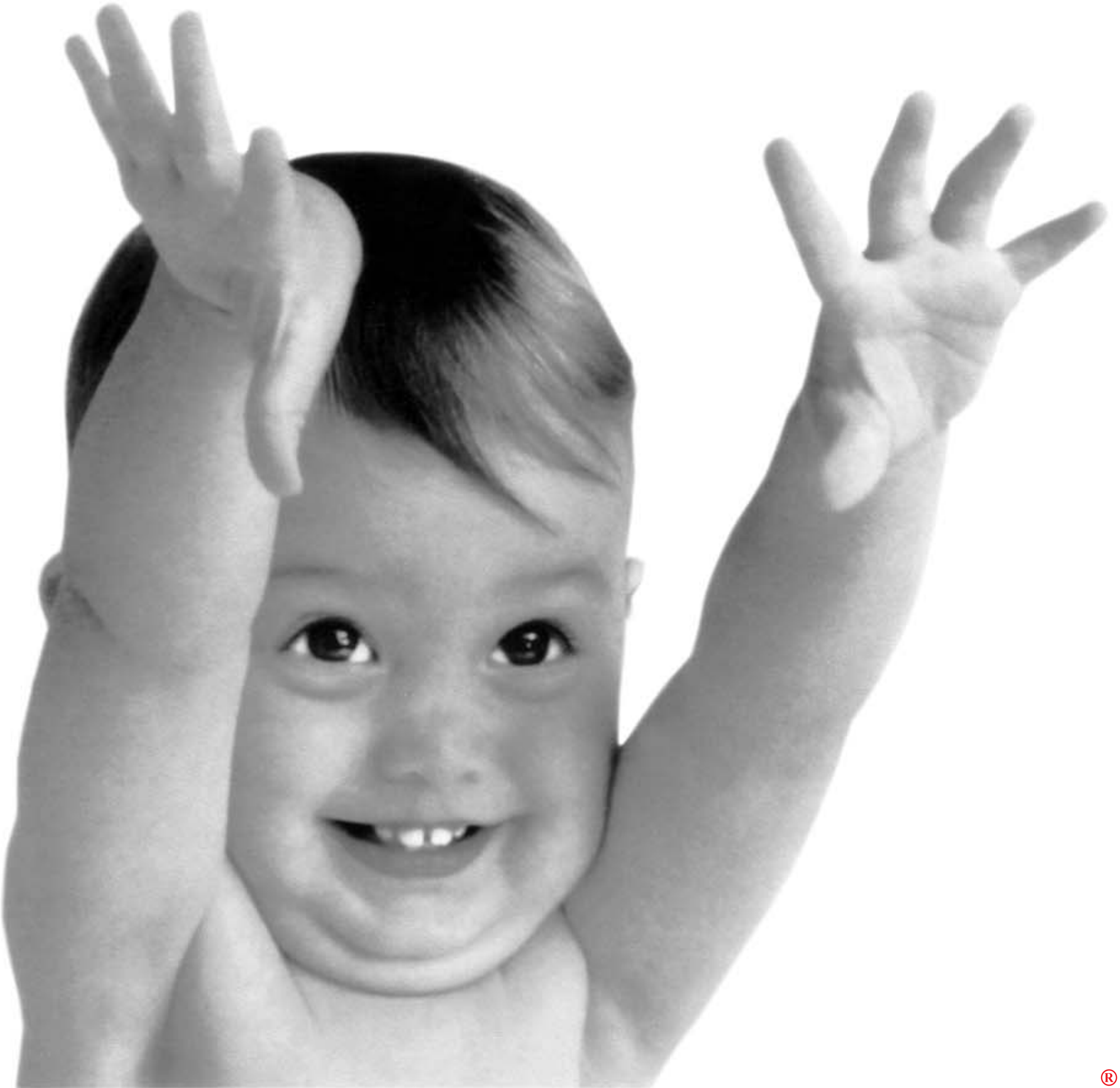
# Wyeth

Leading the way to a **Healthier World**



Wyeth Pakistan Limited P.O. Box No. 167, Karachi-75730 **Wyeth®**


Board of Directors (From Left to Right)
Mr. Behram Hasan, Mr. Javed Iqbal, Ms. Aliya Yusuf, Mr. Arshad Rahim Khan
Mr. Abdul Naseer, Khwaja Bakhtiar Ahmed and Dr. Munawar Ali Uqaili


Board of Directors Meeting held on March 16, 2007
to consider and approve Audited Accounts for the year ended December 31, 2006

# Wyeth

# *Product Launched in 2006*


## Mission & Vision

*Mission*

We bring to the world pharmaceutical and health care products that improve lives and deliver outstanding value to our customers and shareholders.

*Vision*

Our vision is to lead the way to a healthier world. By carrying out this vision at every level of our organization, we will be recognized by our employees, customers and shareholders as the best pharmaceutical company in the world, resulting in value for all.

We will achieve this by:

- Leading the world in innovation through pharmaceutical, biotech and vaccine technologies
- Making trust, quality, integrity and excellence hallmarks of the way we do business
- Attracting, developing and motivating our people
- Continually growing and improving our business,
- Demonstrating efficiency in how we use resources and make decisions

## Values

To achieve our mission and realize our vision, we must live by our values:

*Quality*

We are committed to excellence in the results we achieve and in how we achieve them.

*Integrity*

We do what is right for our Customers, our communities, our shareholders and ourselves.

*Respect for People*

We promote a diverse culture and a commitment to mutually respect our employees, our customers and our communities.

*Leadership*

We value people at every level who lead by example, take pride in what they do and inspire others.

*Collaboration - "Teamwork"*

We value teamwork - working together to achieve common goals is the foundation of our success.

# CONTENTS

# 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 | |

**EXECUTIVE COMMITTEE**

| | |
|---|---|
| Arshad Rahim Khan | Chairman, Chief Executive & Managing Director |
| Khwaja Bakhtiar Ahmed | Director Finance & Company Secretary |
| Dr. Munawar Ali Uqaili | Director Marketing & Sales |
| Abdul Naseer | Director Technical |
| Dr. Nadim ur Rehman | Director Medical & Regulatory Affairs |

**SHARE TRANSFER COMMITTEE**

| | |
|---|---|
| Arshad Rahim Khan | Chairman, Chief Executive & Managing Director |
| Khwaja Bakhtiar Ahmed | Company Secretary |

**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

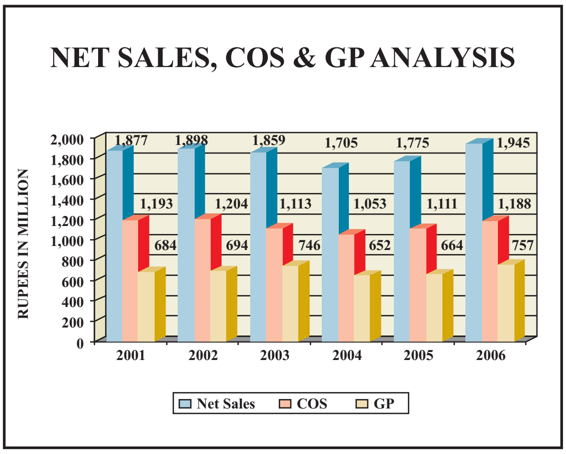
**SHARE REGISTRAR**
THK Associates (Pvt.) Ltd.
Ground Floor, State Life Building # 3,
Dr. Ziaudin Ahmad Road, Karachi-75530.
Ph. # 5689021, 5686658 & 111-000-322

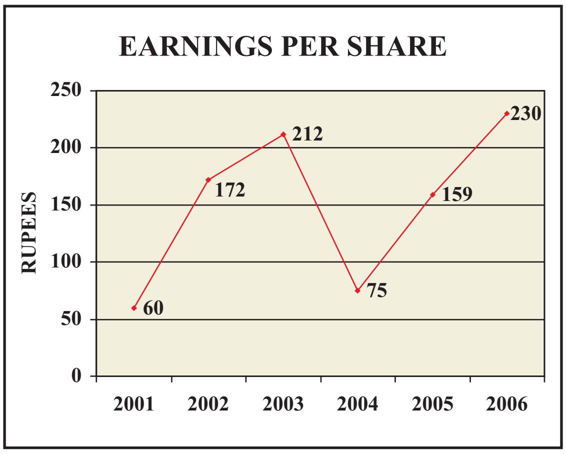
**HEAD OFFICE / REGISTERED OFFICE**
S-33, Hawkes Bay Road, S.I.T.E.,
G.P.O. Box No.167, Karachi.
Ph. # 92-21-2354651-61 & 111-777-333
Fax: 92-21-2354681
Website: **www.wyethpakistan.com**
**Note:** These accounts are also available on our website.

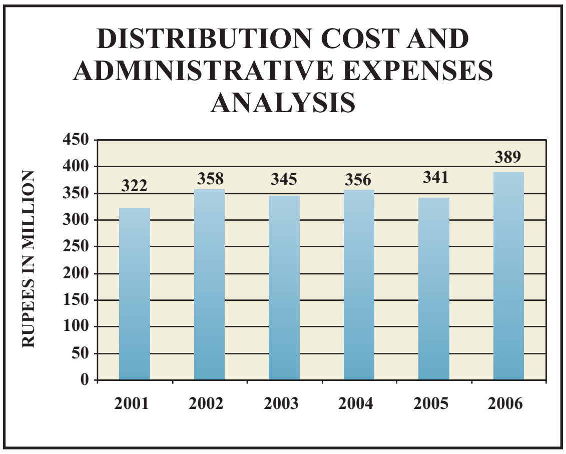
# Key operating and financial data of six years

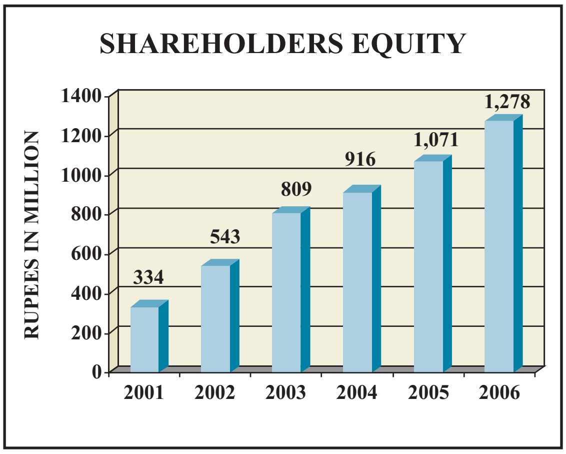
| KEY INDICATORS | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| **Operating results (Rs in millions)** | | | | | | | |
| Net sales | | 1,877 | 1,898 | 1,859 | 1,705 | 1,776 | **1,945** |
| Gross profit | | 684 | 694 | 746 | 652 | 664 | **757** |
| Operating profit | | 361 | 335 | 402 | 296 | 323 | **368** |
| Profit before tax | | 285 | 336 | 432 | 161 | 327 | **392** |
| Profit after tax | | 86 | 245 | 302 | 107 | 227 | **327** |
| **Financial position (Rs in millions)** | | | | | | | |
| Shareholder's equity | | 334 | 543 | 809 | 916 | 1,071 | **1,278** |
| Property, plant & equipment | | 129 | 134 | 159 | 175 | 174 | **180** |
| Net current assets | | 214 | 411 | 666 | 734 | 896 | **1,098** |
| **Profitability** | | | | | | | |
| Gross profit | % | 36.43 | 36.54 | 40.13 | 38.22 | 37.40 | **38.92** |
| Operating profit | % | 19.26 | 17.66 | 21.59 | 17.37 | 18.16 | **18.92** |
| Profit before tax | % | 15.20 | 17.69 | 23.21 | 9.45 | 18.42 | **20.15** |
| Profit after tax | % | 4.55 | 12.89 | 16.22 | 6.27 | 12.77 | **16.81** |
| **Performance** | | | | | | | |
| Fixed assets turnover | Times | 14.54 | 14.17 | 11.69 | 9.77 | 10.20 | **10.81** |
| Avg. Inventory holding period | Days | 147 | 131 | 140 | 173 | 169 | **170** |
| Debtor's turnover | Times | 11.79 | 8.44 | 8.12 | 13.88 | 22.30 | **18.95** |
| Average collection period | Days | 31 | 43 | 45 | 26 | 16 | **19** |
| Return on equity | % | 25.64 | 45.09 | 37.28 | 11.68 | 21.20 | **25.59** |
| Return on capital employed | % | 25.67 | 44.87 | 37.19 | 11.67 | 21.20 | **25.59** |
| **Liquidity** | | | | | | | |
| Current | Times | 1.29 | 1.78 | 3.30 | 2.93 | 3.45 | **3.74** |
| Quick | Times | 0.62 | 1.02 | 1.61 | 1.54 | 2.07 | **2.21** |
| **Valuation** | | | | | | | |
| Earning per share (before tax) | Rs | 200.69 | 236.13 | 303.57 | 113.31 | 230.10 | **275.85** |
| Earning per share (after tax) | Rs | 60.18 | 172.19 | 212.12 | 75.25 | 159.48 | **230.30** |
| Breakup value per share | Rs | 234.67 | 381.86 | 568.98 | 644.23 | 753.71 | **899.01** |
| Dividend per share | Rs | - | 25.00 | 25.00 | 50.00 | 60.00 | **65.00** |
| Dividend payout ratio (after tax) | % | - | 14.51 | 11.78 | 66.44 | 37.62 | **28.22** |
| Price earning ratio | Times | 3.90 | 3.95 | 7.54 | 17.04 | 12.29 | **9.32** |
| Dividend yield | % | - | 5.46 | 2.19 | 3.46 | 3.70 | **3.17** |
| Market value per share at 31-12 | Rs | 235 | 680 | 1,600 | 1,282 | 1,960 | **2,147** |
| Market capitalization | Rs (M) | 334 | 967 | 2,275 | 1,823 | 2,786 | **3,052** |

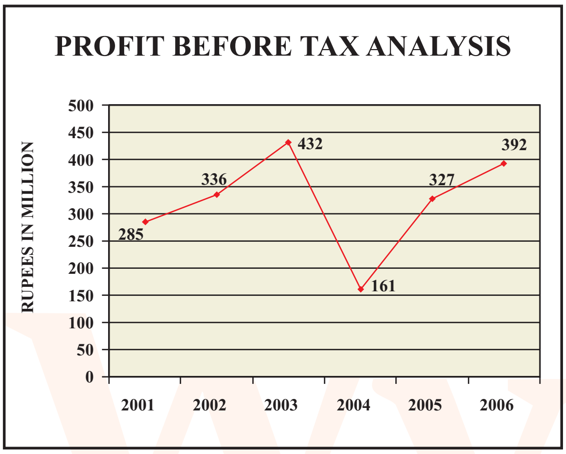
# PERFORMANCE AT A GLANCE

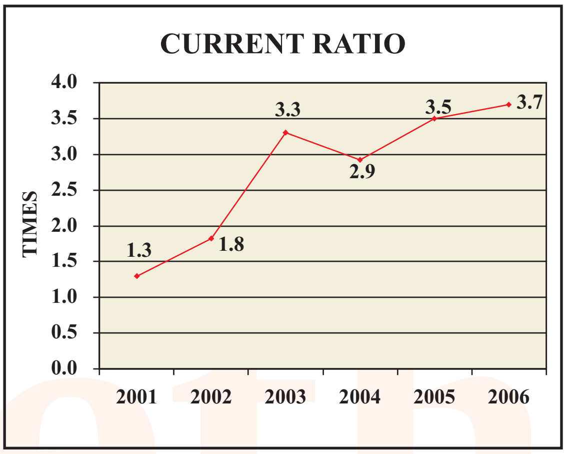


# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Fifty Eighth** Annual General Meeting of Wyeth Pakistan Limited will be held on Thursday, April 19, 2007 at 10.30 a.m. at the Registered Office of the Company, S-33, Hawkes Bay Road, SITE, Karachi, to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of the Fifty Seventh Annual General Meeting of the Company held on April 18, 2006.

2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Reports for the year ended December 31, 2006.

3. To consider and approve the payment of Final Cash Dividend @ Forty percent (40%), that is, Rs 40 per ordinary share of Rs 100 each for the year ended December 31, 2006, as recommended by the Board of Directors of the Company. The Final Cash Dividend is in addition to Interim Dividend @ Twenty-Five percent (25%), that is, Rs 25 per ordinary share of Rs 100 each declared in board meeting held on October 30, 2006 making it total of Sixty-Five percent (65%), that is, Rs 65 per ordinary share of Rs 100 each for the year 2006.

4. To appoint Auditors for the year ending December 31, 2007 and to authorize Board of Directors to fix their remuneration.

By Order of the Board

**KHWAJA BAKHTIAR AHMED**
Director/Company Secretary

Karachi: **March 22, 2007**

**NOTES :**

1. The Share Transfer Books of the Company will remain closed from April 13, 2007 to April 19, 2007 (both days inclusive). Transfers received by our Shares Registrar, THK Associates (Pvt.) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi-75530 by the close of business on April 12, 2007 will be considered in time for entitlement of final dividend.

2. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. The completed Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

3. Account holders and sub-account holders and/or the persons whose securities are in group account and holding book entry securities of the Company in Central Depository System of Central Depository Company of Pakistan Limited (CDC), who wish to attend the Annual General Meeting are requested to please bring original I.D. Card with copy thereof duly attested or the original passport and account number in CDC for verification. In case of proxy, he/she must also produce attested copy of his/her NIC or original passport at the time of meeting.

4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

5. Members are requested to promptly communicate to the Company's Registrar any change in their addresses.

# DIRECTORS' REPORT

Your Board of Directors is pleased to bring you the results of a successful year for Wyeth Pakistan. We also welcome you to the 58th Annual General Meeting of the Company.

**Business Overview**

Your company's business progressed smoothly in the reporting year. As per our plan, we have successfully launched a new product **Prevenar** – a vaccine indicated for the prevention of pneumococal disease in infants and children. The vaccine is approved for active immunization of infants and toddlers as early as 6 weeks of age for protection against invasive and non-invasive pneumococal by Streptococcus Pneumoniae. The market response and sales of this product is encouraging. Our major therapeutic class Anti-TB products, Efexor (Anti-depressant) and Tazocin (Antibiotic) continue to perform well while performance of other products also improved as compared to 2005. In addition, the market continues to evolve and during 2006 National Pharmaceutical companies increased their market share while Anti TB medicines provided free of cost by GDF (Global Drug Facility) are depleting in the market and as a result our in market sales are improving. During the year Supreme Court's suo moto action once again brought pharma prices under debate.

**Operating Results**

Yours company's net domestic sales and export sales for the year increased by **9.4** % and **10.9%** over 2005 which is all volume growth. 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 **Prevenar**. However, the administrative expenses have reduced due to strict control. The other income has increased mainly due to higher interest income on deposits. We were able to record a growth in profit after tax of **44.4%** due to successful settlement of disputed tax issues for some of the past years. Working capital remained closely monitored by the management and is efficiently managed.

Your company's management is continuously focused in taking steps to improve performance in spite of various business difficulties.

**Dividend**

The Directors are pleased to announce the Final Cash Dividend of Rs **40** being **40**% on a share of Rs 100 each held at the close of the share transfer books as referred in notice of the **58th** Annual General Meeting. The Final Cash Dividend is in addition to Interim Dividend of Rs **25** being **25%** on a share of Rs 100 each approved at their meeting held on October 30, 2006. The total dividend for the year is Rs **65** being **65%** on a share of Rs 100 each.

**General Reserve**

An appropriation of Rs **144 million** (2005: Rs 34 million) has been made from un-appropriated profit for the year 2005 to general reserve in the second quarter of 2006.

The Board of Directors has also approved the transfer of sum of Rs **230 million** to General Reserve from un-appropriated profit for the year ended December 31, 2006 which will be reflected in First Quarter Accounts of 2007.

**Earnings per share**

Earnings per share after taxation is Rupees **230.30** (2005:Rupees 159.48).

**Future Strategies**

The Company remains committed to invest in new products, focus on key brands and introducing new therapies for the benefit of patients.

We have achieved launch of **Prevenar** in May 2006. The volumes of this product are growing and will continue to contribute significantly in our profitability in coming years. We are expecting higher sales of Prevenar in the year 2007 by increasing public awareness through programs and highlighting complications of infectious pneumococal disease (IPD).

Business improvement initiatives undertaken in prior years and the period under review will contribute towards improving operational efficiencies on an ongoing basis. The management of your company remains committed for further investment in improved manufacturing and infrastructure.

It is also necessary on part of the Government to develop a progressive market oriented regulatory framework without which the planning and forecasting for new investments will be impaired and the ongoing success of this very significant industry cannot be assured.

**Visitors to Pakistan**

**Mr. Mark Larsen**, President Asia/Pacific & Nutritionals, Ms. Cecile Guegan, Vice President Finance and CFO, Asia Pacific and Mr. Baldev Arora, Vice President South East Asia and Indian Sub-continent visited Pakistan in 2nd and 3rd week of October 2006. The visitors were very impressed with the Economic outlook of Pakistan, the quality standards of our plant and progress Wyeth Pakistan has made in recent years.

**Parent Companies**

Wyeth incorporated in the state of Delaware, U.S.A. holds 576,470 (40.55%) shares and Wyeth Holdings Corporation, New Jersey, U.S.A. (100% owned company of Wyeth) holds 448,560 (31.55%) shares thus the total holding is 72.10%.

**Directors**

Since the last Annual General Meeting, no change took place in the constitution of the Company's Board.

**Audit Committee**

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance which compromises of three members, of whom two are non-executive directors including the chairman of the committee. The terms of reference of the Audit Committee have been determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations and advised to the Committee for compliance. The Committee held four meetings during the year.

**Auditors**

M/s A.F. Ferguson & Co., Chartered Accountants were appointed as Auditors of the Company for the current year in the 57th Annual General Meeting held on April 18, 2006. The present Auditors, M/s A.F. Ferguson & Co., Chartered Accountants retire and being eligible offer themselves for reappointment. The Board of Directors on the suggestion of Audit Committee recommended the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as statutory auditors till the conclusion of next Annual General Meeting.

**Information Technology**

We have an environment that has a robust infrastructure in terms of secured devices and connectivity with Internet and Intranet of our parent organization. This provides us ability to utilize our global solutions for our advantage.

**Development of Human Resource**

**Training & Development**

Employee training and development is a priority at Wyeth and is very important. Our employees are sent for training on the basis of their potential and need.

Customer Focused Selling Skills Program is launched and implemented for the Selling Field Staff. Newly hired employees are also trained and refresher-training workshops are conducted for existing employees. On the job and field coaching is provided to employees to help them do their jobs efficiently and effectively.

**Leadership Development**

Potential employees are also sent for Leadership Training programs in reputed training institutions.

**Performance Development & Reward**

In order to motivate and encourage the employees for even better performance in future we ensure that employees are appraised fairly and honestly, and thoughtful feedback is provided to them.

All achievements are highlighted and celebrated in annual conference and success stories are published in the quarterly in-house staff magazine.

**Industrial Relations**

We are pleased to acknowledge that the relations with employees remained congenial throughout the year. The management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work for the growth and prosperity of the company, without which this performance would not have been possible. The proposed Union Agreement 2006 – 2008 was reviewed during the year and new agreement covering period from May 2006 to April 2008 was signed in a very cordial atmosphere. Wyeth Pakistan has a very clear mission, vision and values. Our products are of highest quality and our people are dedicated and hardworking. Once again, we expect the same zeal and continued commitment in years to come.

**Environment**

Wyeth Pakistan has been registered in "Self Monitoring And Reporting Tool" initiated by Pakistan Environmental Protection Agency (EPA) through "Ministry of Environment", ISLAMABAD. By introducing this computerized system, Government of Pakistan is placing a high level of trust in the industry to examine and evaluate environmental performance on its own, and to make the information on environmental parameters available to EPA. This will not only enable EPA to assess state of environment in the industrial sector, but will also provide an opportunity to the industry to develop plans for improvement on environmental performance.

Wyeth Pakistan is continuously working to ensure compliance with relevant laws of National Environment Quality Standards (NEQS) of waste water through already installed Waste Water Treatment Plant.

**Subsequent Events**

No material changes or commitments affecting financial position of the Company have taken place between the end of the financial year and the date of this report.

**Code of Corporate Governance – Statement of Directors' Responsibilities**

The Securities and Exchange Commission of Pakistan (SECP) has introduced in March 2002, Code of Corporate Governance to enhance the transparency and credibility in the corporate sector for Listed Companies. In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

The financial statements prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

a) Proper books of accounts of the Company have been maintained.
b) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

c) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
d) The system of internal control is sound in design and has been effectively implemented and monitored.
e) There are no significant doubts upon the company's ability to continue as a going concern.
f) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
g) Key operating and financial data of last six years (including current year) are shown on Page No. **2** and Page No. **42**.
h) There are certain disputed demands of Income Tax, which have not been accrued or paid. These have been explained in the note no. **19.4** on Taxation under the head of Contingencies and Commitments.
i) The value of investments of pension, gratuity and provident fund were as follows:

| Name of Funds | Un-audited 2006 | Audited 2005 |
|---|---|---|
| **Pension Fund** | **Rs 103 million** | Rs 98 million |
| **Gratuity Fund** | **Rs 77 million** | Rs 84 million |
| **Provident Fund** | **Rs 162 million** | Rs 198 million |

The value of investments includes accrued interest and the audit of these funds for the year is in progress.

j) During the year six board meetings were held and following were present (P) and absent (A) at the meeting.

| No. of meetings | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Date of Meetings | 03-01-06 | 20-03-06 | 27-04-06 | 24-08-06 | 30-10-06 | 29-12-06 |
| Directors' Name | | | | | | |
| Arshad Rahim Khan | P | P | P | P | P | P |
| Khwaja Bakhtiar Ahmed | P | P | P | P | P | P |
| Javed Iqbal | P | P | P | P | A | P |
| Dr. Munawar Ali Uqaili | P | P | P | P | P | A |
| Aliya Yusuf | P | P | P | P | A | P |
| Behram Hasan | P | P | A | P | P | P |
| Abdul Naseer | P | P | P | P | P | P |

k) The Chief Executive Officer, Chief Financial Officer/ Company Secretary and all Directors have confirmed, that neither they nor their spouses and minor children carried out trading in the shares of the Company.

**Corporate Governance**
A statement of compliance with the Code of Corporate Governance is attached.

**Pattern of Share Holding**
The pattern of shareholding is given on page **43** of this report.

By Order of the Board

**Arshad Rahim Khan**
Chief Executive

**Khwaja Bakhtiar Ahmed**
Director

Karachi: **March 16, 2007**

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the Board). At present the Board includes two independent non-executive Directors. The Company also has one Director representing minority equity interest of Institutional Investor (NIT).

2. All the resident Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy occurred during the year was duly filled.

5. The Company has a “Code of Conduct” which has been signed by all executive Directors and management employees of the Company.

6. The Company has adopted a mission, vision and values statement that has been approved by the Board and the overall corporate strategy of the Company reflects the vision and values set out in the statement. Detail of significant policies for material matters are regularly being re-evaluated and material changes in the significant policies will be placed before the Board for the approval.

7. All the powers of the Board have been duly exercised. The decisions on major transactions and the appointments of Chief Executive and Directors have been approved by the Board. The board has also approved the Directors’ remuneration.

8. The meetings of the Board were presided over by the Chairman and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board keeps apprised its Directors of their duties and responsibilities, which is an ongoing process.

10. The Board has approved appointment of Chief Financial Officer (CFO) / Company Secretary and Head of Internal Audit.

11. The Directors’ report for this year has been prepared in accordance with the requirements of the Code and fully describes the salient matters that are required to be disclosed.

12. CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.

13. The Directors, Chief Executive Officer (CEO) and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding and the spouses of the Directors are not engaged in the business of stock brokerage.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises 3 members, of whom 2 are non-executive Directors. The Chairman of the committee is non-executive Director.

16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Audit committee have been formed and approved by the Board.

17. The Board has set-up an effective internal audit function.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountant of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountant of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. All other material principles contained in the Code have been complied with.

Arshad R. Khan

**ARSHAD RAHIM KHAN**
Chief Executive

Karachi: **March 16, 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


## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Wyeth Pakistan Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2006.

**Chartered Accountants**

Karachi: **March 16, 2007**


Lahore Office: 505-509, 5th Floor, Alfalah Building, P.O. Box 39, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan Tel: (92-42) 6301796-7/ 6307127-30 Fax: (92-42) 6361954
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Facsimile : (021) 2415007 / 2427938

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Wyeth Pakistan Limited as at December 31, 2006 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984:

(b) in our opinion-

    (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

    (ii) the expenditure incurred during the year was for the purpose of the company's business; and

    (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2006 and of the profit, its changes in equity and cash flows for the year then ended; and

(d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

AFFerguson & Co

**Chartered Accountants**
Karachi: **March 16, 2007**

Lahore Office: 505-509, 5th Floor, Alfalah Building, P.O. Box 39, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan Tel: (92-42) 6301796-7/ 6307127-30 Fax: (92-42) 6361954
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# BALANCE SHEET
# AS AT DECEMBER 31, 2006

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 4 | 179,707 | 174,000 |
| Long-term loans | 5 | 7,629 | 6,259 |
| Long-term deposits | | 1,839 | 1,779 |
| | | 189,175 | 182,038 |
| **CURRENT ASSETS** | | | |
| Spares | | 1,811 | 1,935 |
| Stocks | 6 | 610,803 | 498,684 |
| Trade debts | 7 | 109,399 | 95,915 |
| Loans and advances | 8 | 14,124 | 79,491 |
| Deposits and prepayments | 9 | 6,470 | 9,475 |
| Other receivables | 10 | 43,265 | 31,059 |
| Taxation - net | | 111,495 | 147,580 |
| Short-term investment | 11 | 575,000 | 330,000 |
| Cash and bank balances | 12 | 25,506 | 67,411 |
| | | 1,497,873 | 1,261,550 |
| | | 1,687,048 | 1,443,588 |
| **SHARE CAPITAL AND RESERVES** | | | |
| Share capital | 13 | 142,161 | 142,161 |
| Reserves | 14 | 844,000 | 700,000 |
| Unappropriated profit | | 291,886 | 229,326 |
| | | 1,278,047 | 1,071,487 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred taxation | 15 | 8,841 | 6,753 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 400,160 | 364,338 |
| Current maturity of liabilities against assets subject to finance leases | 17 | - | 1,010 |
| | | 400,160 | 365,348 |
| **CONTINGENCIES AND COMMITMENTS** | 19 | | |
| | | 1,687,048 | 1,443,588 |

The annexed notes 1 to 37 form an integral part of these financial statements.

**Arshad Rahim Khan**
Chief Executive

**Khwaja Bakhtiar Ahmed**
Director

# PROFIT AND LOSS ACCOUNT
# FOR THE YEAR ENDED DECEMBER 31, 2006

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| Net sales | 20 | 1,945,494 | 1,775,514 |
| Cost of sales | 21 | 1,188,389 | 1,111,472 |
| Gross profit | | 757,105 | 664,042 |
| Distribution cost | 22 | 305,081 | 250,292 |
| Administrative expenses | 23 | 84,361 | 91,154 |
| | | 389,442 | 341,446 |
| Operating profit | | 367,663 | 322,596 |
| Other operating income | 24 | 61,422 | 39,439 |
| | | 429,085 | 362,035 |
| Other operating expenses | 25 | 36,095 | 33,315 |
| Finance cost | 26 | 845 | 1,611 |
| | | 36,940 | 34,926 |
| Profit before taxation | | 392,145 | 327,109 |
| Taxation | 27 | | |
| Current - for the year | | 119,180 | 95,474 |
| - for prior years' | | (56,520) | (2,035) |
| Deferred | | 2,088 | 6,945 |
| | | 64,748 | 100,384 |
| Profit after taxation | | 327,397 | 226,725 |
| | | Rupees | Rupees |
| Basic earnings per share | 28 | 230.30 | 159.48 |

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

The annexed notes 1 to 37 form an integral part of these financial statements.

| | |
|---|---|
| **Arshad Rahim Khan** | **Khwaja Bakhtiar Ahmed** |
| Chief Executive | Director |

# STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED DECEMBER 31, 2006

| | Issued, subcribed and paid up share capital | Capital reserve (Tax holiday) | General reserve | Sub total | Unappro-priated profit | Total |
|---|---|---|---|---|---|---|
| | | ---------- Reserves --------- | | | | |
| | ------------------------- (Rupees '000) ------------------------- | | | | | |
| Balance at January 1, 2005 | 142,161 | 215 | 665,785 | 666,000 | 107,681 | 915,842 |
| Transfer to general reserve | - | - | 34,000 | 34,000 | (34,000) | - |
| Dividend for the year ended December 31, 2004 @ 50% | - | - | - | - | (71,080) | (71,080) |
| Net profit for the year | - | - | - | - | 226,725 | 226,725 |
| Balance at December 31, 2005 | 142,161 | 215 | 699,785 | 700,000 | 229,326 | 1,071,487 |
| Balance at January 1, 2006 | 142,161 | 215 | 699,785 | 700,000 | 229,326 | 1,071,487 |
| Transfer to general reserve | - | (215) | 144,215 | 144,000 | (144,000) | - |
| Dividend for the year ended December 31, 2005 @ 60% | - | - | - | - | (85,297) | (85,297) |
| Interim dividend for the year ended December 31, 2006 @ 25% | - | - | - | - | (35,540) | (35,540) |
| Net profit for the year | - | - | - | - | 327,397 | 327,397 |
| Balance at December 31, 2006 | 142,161 | - | 844,000 | 844,000 | 291,886 | 1,278,047 |

The annexed notes 1 to 37 form an integral part of these financial statements.

**Arshad Rahim Khan**
Chief Executive

**Khwaja Bakhtiar Ahmed**
Director

# CASH FLOW STATEMENT
# FOR THE YEAR ENDED DECEMBER 31, 2006

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 32 | 332,770 | 232,135 |
| Mark-up on running finances paid | | - | (4) |
| Profit received on deposit accounts | | 44,228 | 8,227 |
| Finance lease charges paid | | (64) | (251) |
| Increase in long-term loans | | (1,370) | (671) |
| (Increase) / decrease in long-term deposits | | (60) | 80 |
| Taxes paid | | (26,575) | (58,086) |
| Net cash inflow from operating activities | | 348,929 | 181,430 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | (28,860) | (27,755) |
| Proceeds from disposal of property, plant and equipment | | 1,481 | 6,332 |
| Net cash outflow from investing activities | | (27,379) | (21,423) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | | (117,445) | (71,022) |
| Liabilities against assets subject to finance leases (net) | | (1,010) | (1,573) |
| Net cash outflow from financing activities | | (118,455) | (72,595) |
| Net increase in cash and cash equivalents | | 203,095 | 87,412 |
| Cash and cash equivalents at the beginning of the year | | 397,411 | 309,999 |
| Cash and cash equivalents at the end of the year | 33 | 600,506 | 397,411 |

The annexed notes 1 to 37 form an integral part of these financial statements.

Arshad R. Khan

**Arshad Rahim Khan**
Chief Executive

**Khwaja Bakhtiar Ahmed**
Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended December 31, 2006

### 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

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance) and the directives issued by the Securities and Exchange Commission of Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards as are notified under the provisions of the Companies Ordinance, 1984. However the requirements of the Ordinance or directives issued by the SECP have been followed in case where their requirements are not consistent with the requirements of the approved accounting standards.

**Standards, interpretations and amendments to published accounting standards, as adopted in Pakistan, that are not yet effective:**

Amendments to existing IAS 1 Presentation of Financial Statements Capital Disclosures applicable to the company have been published which are mandatory for the company's accounting periods beginning from January 1, 2007.

Adoption of the above amendments may only impact the extent of disclosure presented in the financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the recognition of certain employee retirement benefits at present value.

#### 3.2 Property, plant and equipment

**Owned**

These assets are stated at cost less accumulated depreciation except for leasehold land and capital work-in-progress which are stated at cost. Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged in the year when acquired.

**Leased**

The company recognises finance leases as assets and liabilities in the balance sheet at amounts equal to the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease. Initial direct costs incurred are included as part of the cost of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**Other policies relating to property, plant and equipment**

Depreciation with respect to owned and leased assets is charged to income applying the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

Consistent with prior years useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions is charged from the month in which the asset is put to use while depreciation on assets disposed of is charged till the month of disposal at the rates stated in note 4.4 to these financial statements. Depreciation rates and method are reviewed at each balance sheet date.

As of December 31, 2006 the company has reassessed the residual values of its plant and machinery and vehicles and accordingly their depreciable amounts have been revised. This revision has been accounted for as a change in accounting estimate in these financial statements in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error".

The impact of this change in the accounting estimate on the current year's and on future years' results is not material.

Consistent with prior years no depreciation is charged if the assets's residual value exceeds its carrying amount.

Gains or losses on disposal of property, plant and equipment are included in income currently.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

**3.3 Spares**

Spares are valued at cost using average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon. Provision, if any, for obsolete items is based on management's judgements.

Stores and loose tools are charged to income as and when purchased as their inventory is generally not significant.

### 3.4 Stocks

These have been valued as follows:

| | | |
|---|---|---|
| Finished goods, raw and packing materials and work-in-process | : | Lower of cost, determined on a first-in-first-out basis and net realisable value (NRV). |
| | : | In respect of finished goods and work-in-process, cost includes direct material, direct labour and appropriate production overheads. |
| Physician's samples | : | At cost, determined on first-in-first-out basis. |
| Stock-in-transit | : | At invoice value plus other charges incurred thereon. |

Provision for slow moving and obsolete stock is made on management's judgement regarding future use of the inventory.

NRV signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the costs necessary to be incurred to make the sale.

### 3.5 Trade debts

Trade debts are stated at original invoice amount less provision for doubtful debts and less reserve for potential expired stock claims. Provision for doubtful debts is based on management's assessment of customers' outstandings and credit worthiness. Known bad debts, if any, are written off as and when identified.

Reserve for potential expired stock claims is based on previous trend of claims made by the customers on return of expired inventory.

### 3.6 Short-term investments

The company has investment in term deposit receipts having original maturity of less than three months. Consistent with prior years short-term investments are stated at amortised cost.

### 3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, current and deposit account balances with banks and short-term investments having maturity of less than three months from the date of original issue.

### 3.8 Provisions

Provisions are recognised when, the company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

**3.9 Liability for employees' compensated absences**

Effective January 1, 2006 the company accounts for liability against employee's compensated absences on the basis of actuarial valuation carried out as on January 1, 2006. Previously such liability was estimated on the basis of company's own best estimate. Such change has been accounted for as change in accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Had such change in estimate not been made the profit for the year would have been higher by Rs 3.360 million and balance of trade and other payables would have been lower by Rs 3.360 million.

**3.10 Revenue recognition**

Sales are recorded on despatch of goods to customers.

Returns on deposits and investments are recognised on accrual basis.

**3.11 Staff retirement benefits**

Defined benefit schemes

The company operates the following defined benefit schemes:

- An approved and funded pension scheme for management staff. Pension is payable for life and thereafter to surviving spouses and / or dependent children; and

- An approved and funded gratuity scheme for all its permanent employees.

The contributions to the above schemes are made as per the actuarial valuations carried out every year using the Projected Unit Credit Method.

Actuarial gains and losses are recognised if the net cumulative unrecognised actuarial gains and losses at the end of the previous year exceeded the greater of:

i) 10% of the present value of the defined benefit obligations; and
ii) 10% of the fair value of plan assets.

Actuarial gains and losses are expected to spread over the average remaining working lives of employees.

Defined contributory provident fund

The company also operates an approved defined contributory provident fund for all eligible employees who have completed the minimum qualifying period of service. Equal contributions are made to the fund by the company and the employees.

**3.12 Taxation**

**Current**

Provision for current taxation is based on applicable taxable income for the year at the current rate of taxation and tax on presumptive basis or minimum tax at the rate of 0.5% of turnover, whichever is higher.

**Deferred**

Consistent with prior years deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases after adjusting for the impact of Final Tax Regime (FTR).

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

Consistent with prior years the carrying amount of deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**3.13 Borrowing costs**

Borrowing costs are charged to income as and when incurred.

**3.14 Foreign currency transactions**

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date.

**3.15 Financial instruments**

Financial assets and liabilities

Financial assets are trade debts, loans and advances, deposits, other receivables, short-term investments and cash and bank balances. Significant financial liabilities are trade and other payables and liabilities against assets subject to finance leases. Consistent with prior years financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Off setting

Financial assets and liabilities are offset when the company has a legally enforceable right to offset the recognized amounts and intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

**3.16 Dividends**

Dividend is recognised as a liability in the period in which it is declared. Consistent with prior years appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are approved by the shareholders.

**3.17 Impairment**

Consistent with prior years the company assesses at each balance sheet date whether there is any indication that property, plant and equipment and intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amount, assets are written down to the recoverable amount and the difference is recognised in income currently.

**3.18 Long-term loans**

Consitent with prior years long-term loans are initially recognised at cost inclusive of transaction costs and are subsequently measured at amortised cost less provision for impairment losses (note 5.2).

**3.19 Critical accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Assumptions and estimations used in determining the residual values of property, plant and equipment (note 4).

(b) Assumptions and estimations used in writing down items of stock-in-trade to their net realisable values (note 6).

(c) Assumptions and estimations used in recognition of provision for potential expired stock claims (note 16).

(d) Assumptions and estimations used in accounting for defined benefit plans (note 30).

(e) Assumptions and estimations used in recognition of deferred taxation (notes 15).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

| **4.** | **PROPERTY, PLANT AND EQUIPMENT** | **Note** | **2006** | **2005** |
|---|---|---|---|---|
| | | | **(Rupees '000)** | |
| 4.1 | Operating fixed assets | 4.2 | 178,298 | 171,578 |
| | Capital work in progress | 4.3 | 1,409 | 2,422 |
| | | | 179,707 | 174,000 |

Wyeth

## 4.2 Operating fixed assets

### 4.2.1 The following is a statement of operating fixed assets:

| | Leasehold land | Building on leasehold land | | Plant and machinery | Furniture and fittings | Vehicles | Office equipment | Sub total | Assets acquired under finance leases (vehicles) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Factory | Warehouse | | | | | | | |
| | ----- | ----- | ----- | ----- | ----- | Owned | ----- | ----- | | |
| | ----- | ----- | ----- | ----- | ----- | Rupees in '000 | ----- | ----- | ----- | ----- |
| **At January 1, 2005** | | | | | | | | | | |
| Cost | 258 | 48,234 | 2,335 | 234,937 | 15,612 | 22,124 | 50,129 | 373,629 | 8,962 | 382,591 |
| Accumulated depreciation | - | 22,449 | 1,649 | 139,603 | 10,412 | 10,827 | 36,979 | 221,919 | 5,158 | 227,077 |
| Net book value | 258 | 25,785 | 686 | 95,334 | 5,200 | 11,297 | 13,150 | 151,710 | 3,804 | 155,514 |
| **Year ended December 31, 2005** | | | | | | | | | | |
| Opening net book value | 258 | 25,785 | 686 | 95,334 | 5,200 | 11,297 | 13,150 | 151,710 | 3,804 | 155,514 |
| Additions/ *transfers | - | 940 | - | 26,029 | 523 | 5,560 | 11,311 | 44,363 | - | 44,363 |
| | - | - | - | - | - | * 3,037 | - | 3,037 | - | 3,037 |
| Depreciation on *transfers | - | - | - | - | - | * (2,810) | - | (2,810) | - | (2,810) |
| **Disposals** | | | | | | | | | | |
| Cost | - | - | - | 100 | - | 8,387 | 138 | 8,625 | - | 8,625 |
| Depreciation | - | - | - | 53 | - | 7,460 | 138 | 7,651 | - | 7,651 |
| Net book value of disposals | - | - | - | 47 | - | 927 | - | 974 | - | 974 |
| **Write offs** | | | | | | | | | | |
| Cost | - | 3,316 | 75 | 18,822 | 5,199 | 279 | 14,559 | 42,250 | - | 42,250 |
| Depreciation | - | 1,694 | 27 | 15,972 | 4,839 | 279 | 13,126 | 35,937 | - | 35,937 |
| | - | 1,622 | 48 | 2,850 | 360 | - | 1,433 | 6,313 | - | 6,313 |
| **Transfers** | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | - | * (3,037) | * (3,037) |
| Depreciation | - | - | - | - | - | - | - | - | * 2,810 | * 2,810 |
| | - | - | - | - | - | - | - | - | (227) | (227) |
| Depreciation charge for the year | - | 1,804 | 56 | 10,651 | 1,067 | 494 | 5,748 | 19,820 | 1,192 | 21,012 |
| Closing net book value | 258 | 23,299 | 582 | 107,815 | 4,296 | 15,663 | 17,280 | 169,193 | 2,385 | 171,578 |
| **At December 31, 2005** | | | | | | | | | | |
| Cost | 258 | 45,858 | 2,260 | 242,044 | 10,936 | 22,055 | 46,743 | 370,154 | 5,925 | 376,079 |
| Accumulated depreciation | - | 22,559 | 1,678 | 134,229 | 6,640 | 6,392 | 29,463 | 200,961 | 3,540 | 204,501 |
| Net book value | 258 | 23,299 | 582 | 107,815 | 4,296 | 15,663 | 17,280 | 169,193 | 2,385 | 171,578 |
| **Year ended December 31, 2006** | | | | | | | | | | |
| Opening net book value | 258 | 23,299 | 582 | 107,815 | 4,296 | 15,663 | 17,280 | 169,193 | 2,385 | 171,578 |
| Additions / *transfers | - | 4,114 | 1,086 | 16,720 | 275 | 2,353 | 5,325 | 29,873 | - | 29,873 |
| | - | - | - | - | - | * 5,925 | - | 5,925 | - | * 5,925 |
| Depreciation on *transfers | - | - | - | - | - | * (3,540) | - | (3,540) | - | * (3,540) |
| **Disposals** | | | | | | | | | | |
| Cost | - | - | - | 2,426 | - | 2,108 | - | 4,534 | - | 4,534 |
| Depreciation | - | - | - | 2,020 | - | 2,015 | - | 4,035 | - | 4,035 |
| | - | - | - | 406 | - | 93 | - | 499 | - | 499 |
| **Write offs** | | | | | | | | | | |
| Cost | - | - | - | 23 | - | - | - | 23 | - | 23 |
| Depreciation | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | 23 | - | - | - | 23 | - | 23 |
| **Transfers** | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | - | * (5,925) | * (5,925) |
| Depreciation | - | - | - | - | - | - | - | - | * 3,540 | * 3,540 |
| | - | - | - | - | - | - | - | - | (2,385) | (2,385) |
| Depreciation charge for the year | - | 4,323 | 54 | 11,280 | 1,030 | 1,669 | 4,275 | 22,631 | - | 22,631 |
| Closing net book value | 258 | 23,090 | 1,614 | 112,826 | 3,541 | 18,639 | 18,330 | 178,298 | - | 178,298 |
| **At December 31, 2006** | | | | | | | | | | |
| Cost | 258 | 49,972 | 3,346 | 256,315 | 11,211 | 28,225 | 52,068 | 401,395 | - | 401,395 |
| Accumulated depreciation | - | 26,882 | 1,732 | 143,489 | 7,670 | 9,586 | 33,738 | 223,097 | - | 223,097 |
| Net book value | 258 | 23,090 | 1,614 | 112,826 | 3,541 | 18,639 | 18,330 | 178,298 | - | 178,298 |

4.3 Capital work in progress

| | Building on leasehold land | Plant machinery and others | Total |
|---|---|---|---|
| | (Rupees '000) | | |
| Balance as at January 1, 2005 | - | 19,030 | 19,030 |
| Additions | - | 14,690 | 14,690 |
| | - | 33,720 | 33,720 |
| Transfers | - | 31,298 | 31,298 |
| Balance as at December 31, 2005 | - | 2,422 | 2,422 |
| Balance as at January 1, 2006 | - | 2,422 | 2,422 |
| Additions | 5,200 | 23,621 | 28,821 |
| Transfers | 5,200 | 24,634 | 29,834 |
| Balance as at December 31, 2006 | - | 1,409 | 1,409 |

4.4 Depreciation on operating fixed assets is charged at the following rates:

| | Annual rate of depreciation (%) |
|---|---|
| Building on leasehold land | |
| - Factory | 2.5 to 10 |
| - Warehouse | 2.5 |
| Plant and machinery | 10 |
| Furniture and fittings | 10 to 33 |
| Vehicles | 20 |
| Office equipment | 20 |

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| 4.5 The depreciation charge for the year has been allocated as under: | | | |
| Cost of sales | 21.1 | 14,771 | 13,790 |
| Distribution cost | 22 | 409 | 1,647 |
| Administrative expenses | 23 | 7,451 | 5,575 |
| | | 22,631 | 21,012 |

4.6 The operating fixed assets (note 4.2.1) include certain items of plant and machinery and equipment costing Rs 0.602 million (2005: Rs 2.157 million), which are no longer in use and are now held for disposal. The management is confident that the realisable values of these items are more than their net book values.

4.7 The operating fixed assets (note 4.2.1) include items costing Rs 122.968 million (2005: Rs 113.798 million) which are fully depreciated as of December 31, 2006 but are still in active use.

4.8 The following fixed assets were disposed of during the year:

| | Cost | Accumulated depreciation | Book value | Sale proceeds | (Loss)/ gain | Mode of disposal | Particulars of purchaser |
|---|---|---|---|---|---|---|---|
| | ---------------------(Rupees '000)--------------------- | | | | | | |
| **Plant and machinery** | | | | | | | |
| | 150 | 74 | 76 | 35 | (41) | Tender | Herbion Pakistan (Private) Ltd Korangi Industrial Area Karachi |
| | 90 | 31 | 59 | 15 | (44) | Tender | Herbion Pakistan (Private) Ltd Korangi Industrial Area Karachi |
| | 75 | 19 | 56 | 17 | (39) | Tender | SAMI Pharmaceutical F-95, Off Hub River Road S.I.T.E., Karachi |
| | 75 | 19 | 56 | 17 | (39) | Tender | SAMI Pharmaceutical F-95, Off Hub River Road S.I.T.E., Karachi |
| | 190 | 140 | 50 | 5 | (45) | Tender | M/s Hakeem Agencies 75- National Chamber Aram Bagh Road, Karachi |
| Aggregate of assets having net book value of less than Rs 50,000 | 1,846 | 1,737 | 109 | 273 | 164 | Tender | |
| | 2,426 | 2,020 | 406 | 362 | (44) | | |
| **Vehicles** | | | | | | | |
| | 799 | 706 | 93 | 222 | 129 | Tender | Mr Syed Muhammad Aleem A-795, Sector 11-B North Karachi |
| Aggregate of assets having net book value of less than Rs 50,000 | 1,309 | 1,309 | - | 897 | 897 | Tender | |
| | 2,108 | 2,015 | 93 | 1,119 | 1,026 | | |
| **2006** | 4,534 | 4,035 | 499 | 1,481 | 982 | | |
| **2005** | 8,625 | 7,651 | 974 | 6,332 | 5,358 | | |

## 5. LONG - TERM LOANS

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| Long-term loans - considered good, due from employees | 5.1 | 11,378 | 9,790 |
| Less: Receivable within one year | 8 | 3,749 | 3,531 |
| | | 7,629 | 6,259 |

5.1 These represent interest free loans to employees for purchase of motor cars, motor cycles, home appliances and for house building in accordance with the company's policy and are recoverable in two to six years in monthly installments. Vehicles purchased under this scheme are registered in the name of the company and the title is transferred when the loan is fully repaid. The remaining loans are secured against employees' retirement benefits.

5.2 Long-term loans are being carried at cost because the effect of carrying these balances at amortised cost would not have been material.

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **6. STOCKS** | | | |
| Raw and packing materials | 6.1 | 312,915 | 267,447 |
| Work-in-process | 6.1 | 23,486 | 27,271 |
| Finished goods | | | |
| - At cost | 6.2 | 187,180 | 71,948 |
| - At fair value less costs to sell | | | |
| [Cost Rs 1.582 million (2005: Rs 3.374 million)] | | 1,458 | 3,284 |
| Stock-in-transit | | 99,739 | 138,037 |
| | | 624,778 | 507,987 |
| Less: Provision for slow moving and obsolete stocks | | 13,975 | 9,303 |
| | | 610,803 | 498,684 |

6.1 'Raw & Packing Materials' and 'Work-in-Process' include Rs **40.956** million (2005: Rs 50.129 million) and Rs **3.952** million (2005: Rs 3.342 million) respectively held with toll manufacturers. Toll manufacturers include Macter International (Private) Limited, Spencer Pharma (Private) Limited and Reko Pharmacal (Private) Limited.

6.2 Includes physician's samples of Rs **4.556** million (2005: Rs 3.142 million).

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **7. TRADE DEBTS** | | | |
| Considered good - unsecured | | | |
| From related parties | 7.1 | 33,322 | 22,104 |
| Others | | 76,077 | 73,811 |
| | | 109,399 | 95,915 |
| Considered doubtful | | 6,790 | 9,232 |
| | | 116,189 | 105,147 |
| Less: Provision for doubtful debts | | 6,790 | 9,232 |
| | | 109,399 | 95,915 |

7.1 This represents amount due from Wyeth Philippines, Inc.

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **8. LOANS AND ADVANCES** | | | |
| Current portion of long-term loans - considered good, due from employees | 5 | 3,749 | 3,531 |
| Loans - unsecured, considered good | | | |
| Provident Fund | 8.1 | - | 40,738 |
| Gratuity Fund | 8.1 & 30.1 | - | 27,354 |
| | | - | 68,092 |
| Advances - unsecured, considered good | | | |
| Suppliers | | 3,166 | 2,811 |
| For expenses | 8.2 & 8.3 | 4,614 | 3,977 |
| Employees | | 2,551 | 995 |
| Others | | 44 | 85 |
| | | 10,375 | 7,868 |
| | | 14,124 | 79,491 |

8.1 These represent loans given during last year to the Provident Fund and the Gratuity Fund. These loans were given to the Funds to meet the cash requirements for settlement of employees under Voluntary Separation Scheme announced by the company. These loans have been repaid during the year. Profit was charged at the rate ranging from **7.6% to 8.25%** (2005: 4.25% to 7.6%) per annum on the loan to the Provident Fund whereas the loan advanced to the Gratuity Fund was interest free.

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| 8.2 This includes amounts due from: | | | |
| Executives | | 173 | 157 |

8.3 The maximum aggregate amounts of advances due at the end of any month during the year are as follows:

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| Chief executive | | 593 | 680 |
| Director | | - | 218 |
| Executives | | 789 | 534 |
| **9. DEPOSITS AND PREPAYMENTS** | | | |
| Deposits | | 5,738 | 6,398 |
| Prepayments | | 732 | 3,077 |
| | | 6,470 | 9,475 |
| **10. OTHER RECEIVABLES** | | | |
| Margin deposits for guarantees and letters of credit | | 28,522 | 12,896 |
| Insurance claims receivable | | 39 | 877 |
| Balances with statutory authorities for customs and excise duty | | 999 | 999 |
| Sales tax (net) | | 5,633 | 5,491 |
| Profit receivable on | | | |
| - deposit accounts | | 5,947 | 5,770 |
| - loan to the Provident Fund | 8.1 | - | 3,573 |
| Others | | 2,125 | 1,453 |
| | | 43,265 | 31,059 |
| **11. SHORT-TERM INVESTMENT** | | | |
| Term deposit receipts | | 575,000 | 330,000 |

11.1 Short-term investment comprise term deposits receipts. These are short-term highly liquid investments. These investments have maturity of less than three months from the date of original issue. Markup on these investments ranges from **7.15% to 10%** (2005: 6.30% to 7.80%).

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |

## 12. CASH AND BANK BALANCES

| | Note | 2006 | 2005 |
|---|---|---|---|
| With banks | | | |
| In current accounts | | 4 | 3 |
| In deposit accounts | 34.2 | 25,315 | 67,117 |
| Cash in hand | | 187 | 291 |
| | | 25,506 | 67,411 |

## 13. SHARE CAPITAL

Authorised

| | 2006 | 2005 |
|---|---|---|
| 5,000,000 ordinary shares of Rs 100 each | 500,000 | 500,000 |

Issued, subscribed and paid-up capital

| 2006 | 2005 | Ordinary shares of Rs 100 each | 2006 | 2005 |
|---|---|---|---|---|
| 386,711 | 386,711 | Shares fully paid in cash | 38,671 | 38,671 |
| 477,493 | 477,493 | Shares issued as fully paid for consideration other than cash - note 13.2 | 47,749 | 47,749 |
| 557,405 | 557,405 | Shares issued as fully paid bonus shares | 55,741 | 55,741 |
| 1,421,609 | 1,421,609 | | 142,161 | 142,161 |

13.1 Wyeth, USA and Wyeth Holdings Corporation, USA held **576,470** (2005: 576,470) and **448,560** (2005: 448,560) shares of Rs 100 each respectively as on December 31, 2006. The ultimate parent company is Wyeth, USA.

13.2 These shares include 473,529 shares issued under the scheme of arrangement for amalgamation of Wyeth Laboratories (Pakistan) Limited and Cynamid (Pakistan) Limited in the year 1996.

## 14. RESERVES

| | Revenue reserves | Capital reserve | 2006 | 2005 |
|---|---|---|---|---|
| | -------------------- (Rupees '000) ------------------ | | | |
| Balance at beginning of the year | 699,785 | 215 | 700,000 | 666,000 |
| Transferred from profit and loss account | 144,000 | - | 144,000 | 34,000 |
| Transferred to revenue resereves | 215 | (215) | - | - |
| Balance at end of the year | 844,000 | - | 844,000 | 700,000 |

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **15. DEFERRED TAXATION** | | | |
| Accelerated tax depreciation | | 20,697 | 18,550 |
| Provision for slow moving and obsolete stocks | | (3,702) | (2,622) |
| Provision for doubtful debts | | (1,798) | (2,602) |
| Reserve for potential expired stock claims | | (6,356) | (6,765) |
| Others | | - | 192 |
| | | 8,841 | 6,753 |
| **16. TRADE AND OTHER PAYABLES** | | | |
| Creditors | 16.1 | 282,131 | 230,358 |
| Accrued liabilities | | 47,766 | 74,222 |
| Advances from customers | | 739 | 3,043 |
| Payable to Gratuity Fund | 30.2 | 140 | - |
| Accumulated compensated absences | | 26,098 | 20,370 |
| Workers' welfare fund | | 8,404 | 5,396 |
| Contribution payable to Employees Old Age Benefits Institution | | 14 | 11 |
| Workers' profits participation fund | 16.2 | 990 | 2,456 |
| Central research fund | 25 | 3,921 | 3,271 |
| Unclaimed dividend | | 4,335 | 943 |
| Reserve for potential expired stock claims | | 24,000 | 24,000 |
| Others | | 1,622 | 268 |
| | | 400,160 | 364,338 |
| 16.1 Creditors include the following amounts due to related parties: | | | |
| Wyeth Medica Ireland | | 12,417 | 24,463 |
| Wyeth Ayerst International | | 3,517 | 12,018 |
| Wyeth Nutritionals Ireland | | 10,395 | 26,107 |
| Wyeth Ayerst Lederle, Inc. | | 42,594 | 40,848 |
| Cynamid Int'l. Corp. Ltd. Switzerland | | 52,634 | - |
| Wyeth Nutritional Singapore (PTE) Ltd. | | 23,274 | 22,447 |
| Wyeth Ayerst Pharmaceuticals | | - | 949 |
| | | 144,831 | 126,832 |
| 16.2 Workers' profits participation fund | | | |
| Balance at January 1 | | 2,456 | 3,497 |
| Allocation for the year | 25 | 21,064 | 17,531 |
| | | 23,520 | 21,028 |
| Interest on funds utilised in the company's business | 26 | 65 | 58 |
| | | 23,585 | 21,086 |
| Less: Payments made during the year | | 22,595 | 18,630 |
| Balance at December 31 | | 990 | 2,456 |

## 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The company had entered into leasing arrangements with various leasing companies for acquisition of vehicles. The total lease rentals due under the various lease agreements have been paid during the year (outstanding as at December 31, 2005: Rs 1.010 million). Finance charge for these leases ranged from 11.9 to 15.4 percent per annum.

| | 2006 | 2005 |
|---|---|---|
| | (Rupees '000) | |
| The movement in the finance lease liability is as follows: | | |
| Balance at January 1 | 1,010 | 2,583 |
| Less: Payments made during the year | 1,010 | 1,616 |
| Adjustments | - | (43) |
| | 1,010 | 1,573 |
| | - | 1,010 |
| Less: Current portion of liabilities | - | 1,010 |
| Balance at December 31 | - | - |

17.1 The future minimum lease payments and their present value, to which the company was committed under lease agreements, are as follows:

| Year | As at December 31, 2006 | | | As at December 31, 2005 | | |
|---|---|---|---|---|---|---|
| | Future lease rentals | Future financial charges | Present value | Future lease rentals | Future financial charges | Present value |
| | (Rupees '000) | | | | | |
| 2006 | - | - | - | 1,074 | 64 | 1,010 |
| | - | - | - | 1,074 | 64 | 1,010 |

## 18. SHORT-TERM RUNNING FINANCE

18.1 The company has obtained a running finance facility amounting to Rs **384.900** million (2005: Rs 384.900 million) from a commercial bank under mark-up arrangement. The facility carries mark-up at the rate of 10% per annum. The facility will expire in March 2007 and is renewable subject to payment of repurchase price by the specified dates. The arrangement is secured by way of letter of comfort from the parent company. The facility was unutilised as at December 31, 2006.

18.2 The company has obtained another finance facility amounting to Rs **50** million (2005: Rs 50 million) from a commercial bank under mark-up arrangement. The facility carries mark-up at the rate of 8% per annum. The facility will expire in July 2007 and is renewable subject to payment of repurchase price by the specified dates. The arrangement is secured by way of letter of comfort from the parent company. The facility was unutilised as at December 31, 2006.

18.3 The facilities for opening letters of credit as at December 31, 2006 amount to Rs **387.300** million (2005: Rs 346.609 million) of which the amount remaining unutilised at the year end was Rs **343.692** million (2005: Rs 299.678 million).

## 19. CONTINGENCIES AND COMMITMENTS

19.1 Certain ex-employees of the company have filed claims aggregating Rs 247.572 million (2005: Rs 247.572 million) against the company. The company is contesting the claims in the courts and based on the opinion of legal counsel, the management is reasonably confident that the ultimate decision of the subject suits will be in favour of the company. No provision has been made in these financial statements in respect of these claims.

19.2 Four ex-distributors have filed claims against the company amounting to Rs 140.361 million for recovery of damages. The company is reasonably confident that the cases will be decided in company's favour and therefore no provision has been made in this respect.

19.3 The company is contesting a case in the court of law in respect of sales tax liability of Rs 6.582 million. The company is reasonably confident that the cases will be decided in company's favour and therefore no provision has been made in this respect.

19.4 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 169.677 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 of a provision of Rs 91.110 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.

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| 19.5 Commitments for capital expenditure | | - | 2,084 |
| 19.6 Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees | | 14,734 | 21,166 |

## 20. NET SALES

| | Note | 2006 | 2005 |
|---|---|---|---|
| Sales - Domestic | | 1,842,389 | 1,731,707 |
| - Export | | 171,092 | 154,194 |
| | | 2,013,481 | 1,885,901 |
| Less: Discounts and commission | | 30,254 | 59,217 |
| Returns and provision for expired stocks | | 13,576 | 29,506 |
| Sales tax | 20.1 | 24,157 | 21,664 |
| | | 67,987 | 110,387 |
| | | 1,945,494 | 1,775,514 |

20.1 Sales tax is paid on taxable supplies.

## 21. COST OF SALES

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| Opening stock of finished goods | | 75,232 | 181,482 |
| Cost of goods manufactured | 21.1 | 1,017,587 | 883,638 |
| Purchase of finished goods | | 298,569 | 134,994 |
| Closing stock of finished goods | | (188,638) | (75,232) |
| Physician samples charged to advertising and sales promotion | | (14,361) | (13,410) |
| | | 1,188,389 | 1,111,472 |

### 21.1 Cost of goods manufactured

| | Note | 2006 | 2005 |
|---|---|---|---|
| Opening stock of raw and packing materials | | 267,447 | 242,513 |
| Purchases of raw and packing materials | | 834,897 | 716,812 |
| Closing stock of raw and packing materials | | (312,915) | (267,447) |
| Raw and packing materials consumed | | 789,429 | 691,878 |
| Stores and spare parts consumed | | 3,929 | 4,255 |
| Salaries, wages and other benefits | 23.1 | 100,888 | 87,804 |
| Fuel and power | | 18,056 | 14,232 |
| Rent, rates and taxes | | 1,122 | 1,155 |
| Insurance | | 883 | 849 |
| Repairs and maintenance | | 16,650 | 9,888 |
| Production and other supplies | | 13,067 | 8,377 |
| Postage, communication and stationery | | 1,553 | 1,482 |
| Depreciation | 4.5 | 14,771 | 13,790 |
| Travelling and vehicles running expenses | | 4,061 | 4,112 |
| Provision for slow moving and obsolete stocks | | 4,672 | - |
| Outside manufacturing charges | | 43,924 | 43,632 |
| Computer software | | 615 | 276 |
| Others | | 182 | 966 |
| | | 224,373 | 190,818 |
| | | 1,013,802 | 882,696 |
| Opening stock of work-in-process | | 27,271 | 28,213 |
| Closing stock of work-in-process | | (23,486) | (27,271) |
| Cost of goods manufactured | | 1,017,587 | 883,638 |

## 22. DISTRIBUTION COST

| | Note | 2006 | 2005 |
|---|---|---|---|
| Salaries, wages and other benefits | 23.1 | 69,275 | 74,731 |
| Fuel and power | | 907 | 867 |
| Rent, rates and taxes | | 1,015 | 1,015 |
| Insurance | | 1,583 | 1,519 |
| Repairs and maintenance | | 1,627 | 602 |
| Dues and subscription | | 2,580 | 7,875 |
| Transportation | | 18,003 | 16,446 |
| Travelling and living | | 45,101 | 36,488 |
| Postage, communication and stationery | | 3,261 | 1,667 |
| Depreciation | 4.5 | 409 | 1,647 |
| Training and development | | 6,216 | 6,619 |
| Advertising and sales promotion | | 151,921 | 87,370 |
| Shipping and packing cartons consumed | | 718 | 12,873 |
| Others | | 2,465 | 573 |
| | | 305,081 | 250,292 |

| | | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |

## 23. ADMINISTRATIVE EXPENSES

| | Note | 2006 | 2005 |
|---|---|---|---|
| Salaries, wages and other benefits | 23.1 | 46,442 | 51,020 |
| Fuel and power | | 2,619 | 2,275 |
| Rent, rates and taxes | | 207 | 207 |
| Insurance | | 1,295 | 1,555 |
| Repairs and maintenance | | 2,590 | 2,191 |
| Dues and subscriptions | | 576 | 826 |
| Travelling and living | | 8,354 | 8,110 |
| Postage, communication and stationery | | 5,934 | 6,494 |
| Provision for doubtful debts | | - | 2,302 |
| Legal and professional charges | | 2,807 | 3,402 |
| Auditors' remuneration | 23.2 | 2,378 | 2,201 |
| Depreciation | 4.5 | 7,451 | 5,575 |
| Training and development | | 67 | 186 |
| Donations | 23.3 | - | 2,109 |
| Computer software | | 1,509 | 565 |
| Others | | 2,132 | 2,136 |
| | | 84,361 | 91,154 |

23.1 Salaries, wages and other benefits include the following in respect of employee benefits:

| | 2006 | | | | 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost of sales | Distribution cost | Administrative expenses | Total | Cost of sales | Distribution cost | Administrative expenses | Total |
| | (Rupees '000) | | | | | | | |
| Defined benefit pension fund | - | - | (463) | (463) | 236 | 458 | 294 | 988 |
| Defined benefit gratuity fund | 640 | 647 | 398 | 1,685 | 1,382 | 1,547 | 990 | 3,919 |
| Defined contributory provident fund | 2,395 | 1,960 | 1,193 | 5,548 | 2,097 | 2,151 | 1,239 | 5,487 |
| Accumulated compensated absences | 3,910 | 2,360 | 1,658 | 7,928 | 1,983 | 1,193 | 950 | 4,126 |
| | 6,945 | 4,967 | 2,786 | 14,698 | 5,698 | 5,349 | 3,473 | 14,520 |

| | 2006 | 2005 |
|---|---|---|
| | (Rupees '000) | |

23.2 Auditors' remuneration

| | 2006 | 2005 |
|---|---|---|
| Audit fee - annual | 435 | 400 |
| Fee for half yearly review | 180 | 165 |
| Audit of employees' funds and fee for special certification | 156 | 158 |
| Tax services | 1,467 | 1,353 |
| Out of pocket expenses | 140 | 125 |
| | 2,378 | 2,201 |

23.3 No directors and their spouses were interested in the donees.

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| **24. OTHER OPERATING INCOME** | | | |
| Gain on disposal of property, plant and equipment | 4.8 | 982 | 5,358 |
| Scrap sales | | 2,704 | 1,922 |
| Profit on | | | |
| - deposit accounts | | 39,373 | 13,997 |
| - loan to the Provident Fund | 8.1 | 1,459 | 3,573 |
| Export rebate claims | | 4,181 | 4,606 |
| Refund of late delivery charges | | 247 | 1,165 |
| Liabilities no longer payable written back | | 2,406 | 1,385 |
| Recovery of export freight | | 7,628 | 7,433 |
| Reversal of provision against bad debts | | 2,442 | - |
| | | 61,422 | 39,439 |
| **25. OTHER OPERATING EXPENSES** | | | |
| Workers' profit participation fund | 16.2 | 21,064 | 17,531 |
| Workers' welfare fund | | 8,003 | 5,921 |
| Central research fund | 16 | 3,921 | 3,271 |
| Fixed assets written off | 4.2.1 | 23 | 6,313 |
| Net exchange loss | | 3,084 | 279 |
| | | 36,095 | 33,315 |
| **26. FINANCE COST** | | | |
| Finance lease charges | | 64 | 251 |
| Interest on workers' profit participation fund | 16.2 | 65 | 58 |
| Bank charges | | 716 | 1,302 |
| | | 845 | 1,611 |
| **27. TAXATION** | | | |
| Relationship between tax expense and accounting profit | | | |
| Profit before taxation | | 392,145 | 327,109 |
| Tax at the applicable rate of 35% (2005: 35%) | | 137,251 | 114,488 |
| Reversal of tax provision made in prior years | | (56,520) | (2,035) |
| Tax effect of expenses that are not allowable in determining taxable income | | (4,038) | 2,800 |
| Tax effect on income under presumptive tax regime | | (11,239) | (14,400) |
| Tax effect of reversal of opening taxable temporary difference | | (192) | - |
| Tax effect of others items | | (514) | (469) |
| | | 64,748 | 100,384 |

## 28. BASIC EARNINGS PER SHARE

| | 2006 | 2005 |
|---|---|---|
| | (Rupees '000) | |
| Profit after taxation | 327,397 | 226,725 |
| | Number | |
| Average number of ordinary shares | 1,421,609 | 1,421,609 |
| | Rupees | |
| Basic earnings per share | 230.30 | 159.48 |

28.1 There are no dilutive potential ordinary shares outstanding as at December 31, 2006.

## 29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration including certain benefits, to the chief executive, director and executives of the company are as follows :

| | 2006 | | | 2005 | | |
|---|---|---|---|---|---|---|
| | Chief executive | Director | Executives | Chief executive | Director | Executives |
| | (Rupees '000) | | | | | |
| Managerial remuneration | 6,997 | 3,385 | 18,905 | 4,475 | 2,708 | 17,110 |
| Bonus | - | 568 | 3,834 | - | 521 | 3,363 |
| Utilities | 376 | 93 | 967 | 348 | 84 | 833 |
| Medical expenses | 65 | 100 | 697 | 52 | 111 | 541 |
| Retirement benefits | 356 | 207 | 1,184 | 497 | 286 | 1,573 |
| | 7,794 | 4,353 | 25,587 | 5,372 | 3,710 | 23,420 |
| Number of persons | 1 | 1 | 15 | 1 | 1 | 14 |

In addition to the above, the chief executive, a director and some of the executives are provided with company owned and maintained cars and their residential telephone bills are also paid by the company.

29.1 Aggregate amount charged in these financial statements for fees to three (3) non-executive directors was Rs **0.120** million (2005: Rs 0.120 million).

## 30. DEFINED BENEFIT PLANS

As mentioned in note 3.11, the company operates approved funded pension and gratuity schemes. The latest actuarial valuations of the schemes were carried out as at December 31, 2006. Projected Unit Credit method using the following significant assumptions was used for these valuations:

| | 2006 | 2005 |
|---|---|---|
| Discount rate | 10% per annum | 9% per annum |
| Expected rate of return on plan assets | 10% per annum | 9% per annum |
| Expected rate of increase in salary | 10% per annum | 9% per annum |

30.1 The disclosures made in note 30.2 to 30.6 are based on the information included in actuarial valuation as of December 31, 2006.

30.2 Balance sheet reconciliation

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Gratuity | Pension | Gratuity | Pension |
| | (Rupees '000) | | | |
| Present value of defined benefit obligation | 76,607 | 79,973 | 64,574 | 79,744 |
| Fair value of plan assets | 77,716 | 111,718 | 92,599 | 104,599 |
| Funded Status | (1,109) | (31,745) | (28,025) | (24,855) |
| Unrecognised net actuarial gain / (loss) | 1,249 | 31,282 | 671 | 24,855 |
| Recognised (asset) / Liability | 140 | (463) | (27,354) | - |

30.3 Movement in the fair value of plan assets

| | 2006 Gratuity | 2006 Pension | 2005 Gratuity | 2005 Pension |
|---|---|---|---|---|
| Fair value as at January 1 | 92,599 | 104,599 | 67,215 | 99,349 |
| Expected return on plan assets | 8,306 | 9,208 | 5,401 | 7,865 |
| Actuarial gains / (losses) | 4,012 | 2,037 | 1,312 | 1,257 |
| Company contribution | (25,809) | - | 32,266 | 1,210 |
| Benefits paid | (1,392) | (4,126) | (13,595) | (5,082) |
| Fair value as at December 31 | 77,716 | 111,718 | 92,599 | 104,599 |

30.4 Movement in defined benefit obligation

| | 2006 Gratuity | 2006 Pension | 2005 Gratuity | 2005 Pension |
|---|---|---|---|---|
| Obligation as at January 1 | 64,574 | 79,744 | 62,988 | 79,595 |
| Service cost | 4,099 | 2,662 | 4,244 | 3,197 |
| Interest cost | 5,892 | 7,111 | 5,076 | 6,373 |
| Actuarial (gains) / losses | 3,434 | (5,418) | 5,861 | (4,339) |
| Benefits paid | (1,392) | (4,126) | (13,595) | (5,082) |
| Obligation as at December 31 | 76,607 | 79,973 | 64,574 | 79,744 |

30.5 Expenses

| | 2006 Gratuity | 2006 Pension | 2005 Gratuity | 2005 Pension |
|---|---|---|---|---|
| Current service cost | 4,099 | 2,662 | 4,244 | 3,197 |
| Interest cost | 5,892 | 7,111 | 5,076 | 6,373 |
| Expected return on plan assets | (8,306) | (9,208) | (5,401) | (7,865) |
| Recognition of actuarial (gain) / loss | - | (1,028) | - | (717) |
| Expenses | 1,685 | (463) | 3,919 | 988 |
| Actual return on plan assets | 12,336 | 11,258 | 11,485 | 9,528 |

30.6 Principal actuarial assumptions used are disclosed in note 3.11 to these financial statements.

30.7 Amounts for the current period and previous four annual periods of the fair value of plan assets, present value of defined benefit obligation and surplus arising thereon is as follows:

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| | (Rupees '000) | | | | |
| As at December 31 | | | | | |
| Present value of defined benefit obligation | 156,580 | 144,318 | 142,583 | 191,727 | 165,764 |
| Fair value of plan assets | 189,434 | 197,198 | 166,564 | 182,548 | 116,500 |
| (Surplus) / Deficit | (32,854) | (52,880) | (23,981) | 9,179 | 49,264 |

| | 2006 | 2005 |
|---|---|---|
| | (Rupees '000) | |

30.8 Plan assets comprise the following:

| | 2006 | 2005 |
|---|---|---|
| Debt instruments | 150,814 | 195,939 |
| Bank balances, term deposits and others (net) | 38,620 | 1,259 |
| | 189,434 | 197,198 |

30.9 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

30.10 Expected contribution to post-employment benefit plans for the year ending December 31, 2007 is Rs 2.635 million.

30.11 The actuary conducts separate valuations for claculating contribution rates and the company contributes to the pension and gratuity funds according to the acturay's advice. Expense of the defined benefit plans is calculated by the actuary.

30.12 During the year the company contributed Rs **5.548** million (2005: 5.487 million) to the provident fund.

## 31. 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:

| Nature of transaction | Relationship with the company | Note | 2006 | 2005 |
|---|---|---|---|---|
| | | | (Rupees '000) | |
| **Sales to associated undertakings** | | 31.1 | | |
| Wyeth Philippine INC | Associate | | 144,206 | 128,687 |
| Wyeth Singapore Pte Limited | Associate | | - | 1,032 |
| Wyeth Ayerst (Thailand) Limited | Associate | | 517 | 3,220 |
| | | | 144,723 | 132,939 |
| **Purchases from associated undertakings** | | 31.2 | | |
| Wyeth Medica Ireland | Associate | | 20,542 | 24,413 |
| Wyeth Ayerst International Inc. | Associate | | - | 17,953 |
| Cyanamid International Corporation Limited | Associate | | 87,496 | - |
| Wyeth Nutritional Singapore Pte Limited | Associate | | 62,956 | 36,150 |
| Wyeth Nutritionals Ireland | Associate | | 10,440 | 32,936 |
| Wyeth Ayerst Lederle Inc | Associate | | 65,506 | 47,569 |
| | | | 246,940 | 159,021 |

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| Dividend to parent | | 87,128 | 51,251 |
| Contribution to the Pension Fund | | - | 1,210 |
| Contribution to the Gratuity Fund | | - | 4,912 |
| Repayment of loan by the Gratuity Fund | | 25,809 | - |
| Contribution to the Provident Fund | | 5,548 | 5,487 |
| Loan to the Provident Fund | 8.1 | - | 40,738 |
| Loan to the Gratuity Fund | 8.1 | - | 27,354 |
| Profit charged on loan to the Provident Fund | | 1,459 | 3,573 |
| Remuneration of key management personnel | | 19,900 | 18,704 |

31.1 This includes Rs **33.322** million (2005: Rs 22.104 million) outstanding as at December 31, 2006 from associated undertaking.

31.2 This includes Rs **144.831** million (2005: Rs 126.832 million) payable as at December 31, 2006 to associated undertakings.

31.3 Remuneration of key management personnel is as follows:

| | 2006 | | | 2005 | | |
|---|---|---|---|---|---|---|
| | Chief executive | Others | Total | Chief executive | Others | Total |
| | (Rupees '000) | | | | | |
| Short-term employee benefits | 7,438 | 11,576 | 19,014 | 4,875 | 12,438 | 17,313 |
| Retirement benefits | 356 | 530 | 886 | 497 | 894 | 1,391 |
| | 7,794 | 12,106 | 19,900 | 5,372 | 13,332 | 18,704 |
| Number of persons | 1 | 4 | 5 | 1 | 6 | 7 |

## 32. CASH GENERATED FROM OPERATIONS

| | Note | 2006 | 2005 |
|---|---|---|---|
| | | (Rupees '000) | |
| Profit before taxation | | 392,145 | 327,109 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 22,631 | 21,012 |
| Provision for slow moving and obsolete stocks | | 4,672 | - |
| (Provision written back) / provision for doubtful debts | | (2,442) | 2,302 |
| Reserve for potential expired stock claims | | - | 4,000 |
| Fixed assets written off | | 23 | 6,313 |
| Gain on disposal of property, plant and equipment | | (982) | (5,358) |
| Finance lease charges | | 64 | 251 |
| Profit on | | | |
| - deposit accounts | | (39,373) | (13,997) |
| - loan to the Provident Fund | | (1,459) | (3,573) |
| Working capital changes | 32.1 | (42,509) | (105,924) |
| | | 332,770 | 232,135 |

| | 2006 | 2005 |
|---|---|---|
| | (Rupees '000) | |
| **32.1 Working capital changes** | | |
| (Increase)/decrease in current assets: | | |
| Spares | 124 | (20) |
| Stocks | (116,791) | 29,226 |
| Trade debts | (11,042) | (34,887) |
| Loans and advances | 65,367 | (70,185) |
| Deposits and prepayments | 3,005 | (3,229) |
| Other receivables | (15,602) | (7,886) |
| | (74,939) | (86,981) |
| (Decrease)/increase in current liabilities: | | |
| Trade and other payables | 32,430 | (18,943) |
| | (42,509) | (105,924) |

## 33. CASH AND CASH EQUIVALENTS

This comprises of:

| | 2006 | 2005 |
|---|---|---|
| Short-term investment | 575,000 | 330,000 |
| Cash and bank balances | 25,506 | 67,411 |
| | 600,506 | 397,411 |

## 34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Interest rate risk exposure

The information relating to the company's exposure to interest rate risk based on maturity dates is as follows:

| | 2006 | | | | | | | 2005 |
|---|---|---|---|---|---|---|---|---|
| | Interest bearing | | | Non-interest bearing | | | | |
| | Maturity upto one year | Maturity after one year | Total | Maturity upto one year | Maturity after one year | Total | Total | Total |
| | (Rupees '000) | | | | | | | |
| **Financial assets** | | | | | | | | |
| Loans and advances | - | - | - | 3,749 | 7,629 | 11,378 | 11,378 | 78,147 |
| Deposits | - | - | - | 5,738 | 1,839 | 7,577 | 7,577 | 8,177 |
| Trade debts | - | - | - | 109,399 | - | 109,399 | 109,399 | 71,915 |
| Other receivables | - | - | - | 36,633 | - | 36,633 | 36,633 | 27,569 |
| Short-term investment | 575,000 | - | 575,000 | - | - | - | 575,000 | 330,000 |
| Cash and bank balances | 25,315 | - | 25,315 | 191 | - | 191 | 25,506 | 67,411 |
| | 600,315 | - | 600,315 | 155,710 | 9,468 | 165,178 | 765,493 | 583,219 |
| **Financial liabilities** | | | | | | | | |
| Liabilities against assets subject to finance leases | - | - | - | - | - | - | - | 1,010 |
| Trade and other payables | - | - | - | 335,854 | - | 335,854 | 335,854 | 305,791 |
| | - | - | - | 335,854 | - | 335,854 | 335,854 | 306,801 |

34.2 The effective interest/mark-up rates as at December 31, for financial instruments are as follows:

| | 2006 | 2005 |
|---|---|---|
| Short-term investment | 7.15% to 10% | 6.30% to 7.80% |
| Bank deposits | 1.5% to 2.75% | 0.25% to 2.5% |

| | 2006 | 2005 |
|---|---|---|
| | (Rupees '000) | |
| 34.3 Off-balance sheet items | | |
| Letters of credit | 25,461 | 38,969 |
| Letters of guarantee | 14,734 | 21,166 |

34.4 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if the counterparty fails completely to perform as contracted. Financial instruments that potentially subject the company to concentration of credit risk are trade debts. The company's products are sold to distributors and Government organisations. The company continuously assesses the credit worthiness of its customers. Due to the large number and diversity of the company's customer base, concentration of credit risk with respect to trade debts is limited.

The company invests its available cash and cash equivalents with banks.

34.5 Foreign exchange risk management

Foreign currency risk arises mainly when receivables and payables exist due to transactions entered in foreign currencies. The company's foreign currency risk relates to buying and selling in currencies other than Pak Rupees.

34.6 Liquidity risk

The company implies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines.

34.7 Fair value of financial instruments

The major portion of the company's financial instruments are short term in nature and would be settled in the near future. The fair values of these instruments are not materially different from their carrying values.

## 35. DIVIDEND AND OTHER APPROPRIATIONS

35.1 The board of directors declared interim cash dividend during the year ended December 31, 2006 of Rs **25** per share, amounting to Rs **35.540** million (2005: Rs Nil) at their meeting held on October 30, 2006. Further, during the year the board of directors also approved transfer of an amount of Rs **144** million from unappropriated profit accumulated as at December 31, 2005 to general reserves in their meeting held on April 27, 2006.

35.2 The board of directors have proposed a final cash dividend for the year ended December 31, 2006 of Rs **40** per share, amounting to Rs **56.864** million at their meeting on March 16, 2007 subject to the approval of members at the annual general meeting to be held on April 19, 2007. In addition, the board of directors have also approved transfer to general reserve amounting to Rs **230** million. These financial statements do not reflect the final cash dividend and this transfer to general reserve as these have been proposed and approved respectively subsequent to the balance sheet date.

**36. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **March 16, 2007** by the board of directors of the company.

**37. CORRESPONDING FIGURES**

Following reclassifications have been made for the purposes of comparison and better presentation:

- An amount of Rs 0.180 million included in 'others' and classified under 'loans and advances' upto last year has now been included in 'deposits and prepayments' (note 9);

- An amount of Rs 0.276 million included in 'others' has been reclassified as 'computer software' within 'cost of goods manufactured' (note 21.1);

- An amount of Rs 0.531 million included in 'others' has been reclassified as 'travelling and living' within 'distribution cost' (note 22);

- An amount of Rs 0.565 million included in 'others' has been reclassified as 'computer software' within 'administrative expenses' (note 23);

- Tax effect of export rebate and exchange gain on exports has been merged with 'tax effect on income under presumptive tax regime' within note 27;

- Short-term investments (note 11) of Rs 330 million which were included in 'cash and bank balances' upto last year (note 12) have now been separately classified in the balance sheet; and

- Reserve for potential expired stock claims (note 16) of Rs 24 million which was shown as a deduction from 'trade debts' upto last year (note 7) has now been included in 'trade and other payables'.

Arshad R. Khan

**Arshad Rahim Khan**
Chief Executive

**Khwaja Bakhtiar Ahmed**
Director

# SIX YEARS AT A GLANCE
## from 2001 to 2006

(Rupees '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|
| Sales | 1,876,558 | 1,897,671 | 1,859,037 | 1,705,256 | 1,775,514 | 1,945,494 |
| Cost of sales | 1,192,858 | 1,204,111 | 1,112,969 | 1,053,427 | 1,111,472 | 1,188,389 |
| Gross profit | 683,700 | 693,560 | 746,068 | 651,829 | 664,042 | 757,105 |
| Distribution and administrative expenses | 322,222 | 358,370 | 344,547 | 355,622 | 341,446 | 389,442 |
| Operating profit | 361,478 | 335,190 | 401,521 | 296,207 | 322,596 | 367,663 |
| Other operating income | 46,698 | 82,472 | 70,491 | 46,199 | 39,439 | 61,422 |
| Other operating expense including finance cost & voluntary separation scheme | 122,866 | 81,976 | 40,441 | 181,319 | 34,926 | 36,940 |
| Profit before taxation | 285,310 | 335,686 | 431,571 | 161,087 | 327,109 | 392,145 |
| Taxation | 199,753 | 90,902 | 130,018 | 54,112 | 100,384 | 64,748 |
| Profit after taxation | 85,557 | 244,784 | 301,553 | 106,975 | 226,725 | 327,397 |
| Shareholders' equity | 333,610 | 542,854 | 808,867 | 915,842 | 1,071,487 | 1,278,047 |
| Plant, property and equipment | 129,063 | 133,911 | 159,014 | 174,544 | 174,000 | 179,707 |
| Current assets | 962,128 | 937,847 | 924,096 | 1,115,469 | 1,261,550 | 1,497,873 |
| Current liabilities | 747,539 | 526,421 | 279,618 | 380,771 | 365,348 | 400,160 |
| Current ratio (no. of times) | 1.29 | 1.78 | 3.30 | 2.93 | 3.45 | 3.74 |
| Deferred liabilities | - | - | - | - | 6,753 | 8,841 |
| Dividend per share percentage | NIL | 25% | 25% | 50% | 60% | 65% |
| Number of employees as at December 31, | 590 | 569 | 558 | 409 | 354 | 355 |

## PATTERN OF SHAREHOLDING
### as of December 31, 2006

| NO. OF SHAREHOLDERS | HAVING SHARES FROM | TO | SHARES HELD | PERCENTAGE |
|---|---|---|---|---|
| 533 | 1 | 100 | 11,882 | 0.85 |
| 73 | 101 | 500 | 17,000 | 1.20 |
| 12 | 501 | 1000 | 8,273 | 0.58 |
| 14 | 1001 | 5000 | 25,484 | 1.79 |
| 1 | 5001 | 10000 | 7,220 | 0.51 |
| 1 | 10001 | 15000 | 11,260 | 0.79 |
| 1 | 35001 | 40000 | 36,580 | 2.57 |
| 1 | 50001 | 55000 | 52,374 | 3.68 |
| 1 | 225001 | 230000 | 226,506 | 15.93 |
| 1 | 445001 | 450000 | 448,560 | 31.55 |
| 1 | 575001 | 580000 | 576,470 | 40.55 |
| 639 | | | 1,421,609 | 100.00 |

## CATEGORIES OF SHAREHOLDERS
### as of December 31, 2006

| PARTICULARS | SHAREHOLDERS | SHAREHOLDING | PERCENTAGE |
|---|---|---|---|
| INDIVIDUALS | 614 | 48,158 | 3.39 |
| INVESTMENT COMPANIES | 1 | 930 | 0.07 |
| INSURANCE COMPANIES | 5 | 73,089 | 5.14 |
| JOINT STOCK COMPANIES | 2 | 1,025,030 | 72.10 |
| FINANCIAL INSTITUTIONS | 4 | 267,713 | 18.83 |
| OTHERS | 11 | 6,397 | 0.45 |
| NON-RESIDENT | 2 | 292 | 0.02 |
| COMPANY TOTAL | 639 | 1,421,609 | 100.00 |

# CATEGORIES OF SHAREHOLDERS
## as of December 31, 2006

**Information under clause xix (i) of the Code of Corporate Governance**

| Category No. | Categories of Shareholders | Number of shares held | Percentage |
|---|---|---|---|
| 1 | **Associated companies, undertakings and related parties** | Nil | Nil |
| 2 | **NIT** | | |
| | National Bank of Pakistan (Trustee Department) | 231,133 | 16.2585 |
| 3 | **Directors, Chief Executive and their spouses and minor children** | | |
| | Khwaja Bakhtiar Ahmed | 20 | 0.0014 |
| 4 | **Executives** | | |
| | Niloufer Shroff | 29 | 0.0020 |
| 5 | **Public Sectors Companies and corporations** | Nil | Nil |
| 6 | **Banks, Developments Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds** | | |
| | New Jubilee Insurance Co. Ltd. | 235 | 0.0165 |
| | EFU General Insurance Co. Ltd. | 18,480 | 1.2999 |
| | EFU Life Assurance Ltd. | 2,000 | 0.1406 |
| | State Life Insurance Corporation of Pakistan | 52,374 | 3.6841 |
| | First Dawood Investment Bank Ltd. | 930 | 0.0654 |
| | Trustee - Unit Trust of Pakistan | 36,580 | 2.5731 |
| 7 | **Shareholders holding ten percent or more voting interest in the Listed Compnay** | | |
| | Wyeth | 576,470 | 40.5505 |
| | Wyeth Holdings Corporation, U.S.A. | 448,560 | 31.5530 |
| | National Bank of Pakistan (Trustee Department) | 231,133 | 16.2585 |

**The Chief Executive, Directors, CFO, their spouse and minor children have made no sale purchase of Company's shares during the year ended December 31, 2006.**

Wyeth

# FORM OF PROXY

I, We ______________________________ of ______________

______________________ (full address) being a member of **Wyeth Pakistan Limited**

hereby appoint ______________________________________________

of ______________________________ (full address) or failing him

________________________ of ________________________ (full address) as my/our Proxy to attend and vote for me/us and on my/our behalf at the Fifty Eight Annual General Meeting of the Company to be held on Thursday, April 19, 2007 at 10:30 a.m. and at any adjournment thereof.

**As witness my/our hand this** ______________ **day of** ____________ **2007 signed**

**by** ________________________ **in presence of** ______________

______________________________________________________

Please affix Revenue Stamp of Rs 5.00

Signature and address of Witness

Signature of Member

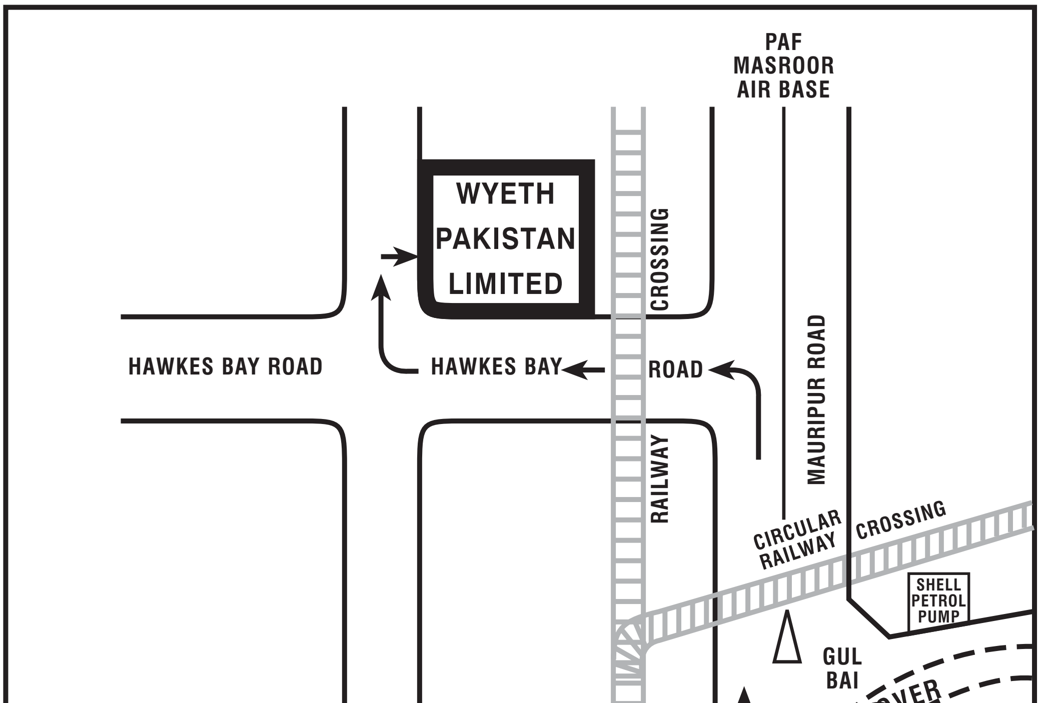
Folio No. / CDC Account and
Participant's ID Number

Number of Shares held

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation it's common seal should be affixed to the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney if any under which it is signed or a notarilly certified copy thereof, should be deposited at the Registered Office of the Company not less that 48 hours before the time for holding the meeting.
4. In case of Proxy for any individual beneficial owner of CDC, entitled to attend and vote at this meeting it is necessary to deposit the attested copies of beneficial owner's national identity card, Account and Participant's ID numbers. The Proxy shall produce his original national identity card at the time of the meeting. Representative of corporate members should bring the usual documents for such purpose.

**TRANSPORT ARRANGEMENT TO ATTEND THE 58TH ANNUAL GENERAL MEETING
OF WYETH PAKISTAN LIMITED
ON THURSDAY, APRIL 19, 2007
AT 10:30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY,
S-33, HAWKES BAY ROAD, S.I.T.E., KARACHI.**

# LOCATION PLAN




FOR THE CONVENIENCE OF THOSE MEMBERS WHO ARE DESIROUS OF ATTENDING THE ANNUAL GENERAL MEETING, THE COMPANY HAS ARRANGED TRANSPORT WHICH WILL LEAVE KARACHI STOCK EXCHANGE FOR THE VENUE OF THE MEETING AT 10:00 A.M. ON THURSDAY, APRIL 19, 2007 AND AFTER THE MEETING WILL DROP THEM AT KARACHI STOCK EXCHANGE.