Leading the Way to a Healthier World

Wyeth

2007

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 being accountable for:

- 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.

Mission

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

Code of Conduct

Wyeth Code of Conduct is for all employees. It makes clear our desire to go beyond the letter of the law and to operate according to the high standards of integrity and ethical behaviour set by our Mission and our Values.

Through our commitment to the high standards of integrity and ethical behaviour we shall continue to meet the expectations of our customers, our communities, our stock holders and our colleagues.

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
Mark Larsen	Alternate : Javed Iqbal
Baldev Arora	Alternate : Abdul Naseer
Cecile Guegan	Alternate : Aliya Yousuf
Gaetan Crucke	Alternate : Dr. Nadim ur Rehman
Behram Hassan	Nominee of N . I .T .
Khwaja Bakhtiar Ahmed	

COMPANY SECRETARY
Khwaja Bakhtiar Ahmed

AUDIT COMMITTEE

Javed Iqbal	Chairman
Aliya Yousuf	
Abdul Naseer	

EXECUTIVE COMMITTEE

Arshad Rahim Khan	Chairman, Chief Executive & Managing Director
Khwaja Bakhtiar Ahmed	Director Finance & Company Secretary
Abdul Naseer	Director Technical
Dr. Nadim ur Rehman	Director Medical & Regulatory Affairs
Salim Sheikh	Director Human Resources & Administration

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. Ziauddin Ahmed Road, Karachi- 75530.
Ph. # 5689021,5686658 & 111-000-322

HEAD OFFICE / REGISTERED OFFICE
S-33, Hawkes Bay Road, S.I.T.E.,
G.P.O. BOX No.167, Karachi.
Ph. # 92-21-2354651-61 & 111-777-333
Fax: 92-212354681
Website: www.wyethpakistan.com
Note: These accounts are also available on our website.

Key Operating and Financial Data of Six Years

KEY INDICATORS		2002	2003	2004	2005	2006 (restated)	2007
Trading results (Rs in millions)							
Net sales		1,898	1,859	1,705	1,776	1,945	2,108
Gross profit		694	746	652	664	756	735
Operating profit		335	402	296	323	364	325
Profit before tax		336	432	161	327	389	359
Profit after tax		245	302	107	227	324	245
Financial position (Rs in millions)							
Shareholder's equity		543	809	916	1,071	1,263	1,411
Property, plant & equipment		134	159	175	174	180	217
Net current assets		411	666	734	896	1,077	1,185
Profitability							
Gross profit	%	36.54	40.13	38.22	37.40	38.87	34.87
Operating profit	%	17.66	21.59	17.37	18.16	18.71	15.42
Profit before tax	%	17.69	23.21	9.45	18.42	20.00	17.03
Profit after tax	%	12.89	16.22	6.27	12.77	16.66	11.62
Performance							
Fixed assets turnover	Times	14.17	11.69	9.77	10.20	10.81	9.71
Avg. inventory holding period	Days	131	140	173	169	170	156
Debtor's turnover	Times	8.44	8.12	13.88	22.30	18.95	17.01
Average collection period	Days	43	45	26	16	19	21
Return on equity %	%	45.09	37.28	11.68	21.20	25.65	17.36
Return on capital employed	%	44.87	37.19	11.67	21.20	25.65	17.36
Liquidity							
Current	Times	1.78	3.30	2.93	3.45	3.58	3.93
Quick	Times	1.02	1.61	1.54	2.07	2.11	2.53
Valuation							
Earnings per share (before tax)	Rs	236.13	303.57	113.31	230.10	273.29	252.58
Earnings per share (after tax)	Rs	172.19	212.12	75.25	159.48	228.17	172.39
Breakup value per share	Rs	381.86	568.98	644.23	753.71	888.38	992.86
Dividend per share *	Rs	25.00	25.00	50.00	60.00	65.00	130.00
Dividend payout ratio (after tax) *	%	14.51	11.78	66.44	37.62	28.49	75.41
Price earning ratio	Times	3.95	7.54	17.04	12.29	9.41	12.41
Dividend yield *	%	5.46	2.19	3.46	3.70	3.17	6.06
Market value per share at 31-12	Rs	680	1,600	1,282	1,960	2,147	2,140
Market capitalization	Rs(M)	967	2,275	1,823	2,786	3,052	3,042

***It includes final dividend declared subsequent to year-end.**

Wyeth through the eyes of its Employees

Wyeth values quality, integrity, leadership, respect for people and collaboration. It encourages diversity and teamwork. It is one of the best places to work.

Muhammad Khalifatullah

Wyeth Pakistan is my second home, it has given me the chance to learn professionally in a friendly environment. I look forward to every new day at Wyeth.

Salman Alvi

Wyeth is an equal opportunity employer with multicultural awareness and acceptance. It gives us opportunities to improve our skills and make us able to face challenges. Carrying out our responsibilities in a manner that is ethical and respectful of the environment and communities is a must.

Nazish Ali

It is an environment where people aspire high, think broadly and decisively and execute flawlessly. It's great to be part of Wyeth family.

Muhammad Mansoor Masood

Abundant opportunities to excel through actively identifying new areas for learning; regularly creating and taking advantage of learning opportunities; using newly gained knowledge and skills on the job and learning through application, that is the place that we call Wyeth.

Yasmeen Jaleel

Any Organization today must engage employees by becoming a place where work intersects a meaningful life. Wyeth is a place where employees apply their skills and abilities in a fulfilling way. Wyeth provides equal opportunities to learn & grow with new vistas and horizons. Wyeth attracts, developes and motivates its people.

Sami Ahmed

In my opinion, Wyeth is a team of dedicated talents working in unison; striving to set highest ethical standards while adhering to the values of Quality, Integrity, Respect for people, Leadership & Collaboration.

Dr. Faraz Arif

To me an ideal career is one that is on a continual incline. Not only in sense of "Climbing the Corporate Ladder," but also in sense of learning and improving oneself. Each opportunity that I've been offered in Wyeth has exposed me to something new and different. And each challenge has been made easier for me because of the mentoring structure and the culture that Wyeth has.

The people are first-rate, the products are among the best, and the work environment is great. I feel very fortunate to work for Wyeth.

Dr. Usman Ahmed

Science of Caring

Wyeth nutritions remain unwaveringly committed to its philosophy, best expressed as the science of caring.

Notice of Annual General Meeting

NOTICE is hereby given that the **Fifty Ninth** Annual General Meeting of Wyeth Pakistan Limited will be held on **Thursday, March 27, 2008**, at **2:00 p.m.** at the Registered Office of the company, S-33, Hawkes Bay Road, S.I.T.E., Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Fifty Eighth Annual General Meeting of the company held on April 19, 2007.

2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Reports for the year ended December 31, 2007.

3. To declare a cash dividend.

4. To appoint Auditors for the year ending December 31, 2008 and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. If thought fit to pass, with or without modification, the following proposed Special Resolutions;

   To consider and approve the following amendment in Articles of Association of Wyeth Pakistan Limited in view of the recent amendments in the Companies Ordinance, 1984 :

   The word "four" be replaced with the word "three" in following existing Article No.68:

   "A General Meeting of the company shall be held in accordance with the provisions of Section 158 of the Ordinance once at least in every calendar year within a period of **four** months following the close of its financial year at such time and place as may be determined by the Directors, provided that no greater interval than fifteen months shall be allowed to elapse between two such General Meetings."

By Order of the Board

KHWAJA BAKHTIAR AHMED
Director/Company Secretary

Karachi: **March 6, 2008**

Statement Under Section
160 (1)b of the Companies Ordinance, 1984.

The Shareholders' approval is requested for the amendment in Article 68 of the Articles of Association of the company in order to update the Articles as per the Special Resolution given above.

After passing the above Resolution as mentioned under Special Business, the Article 68 will be read as follows:

Article 68

QUOTE: A General Meeting of the company shall be held in accordance with the provisions of Section 158 of the Ordinance once at least in every calendar year within a period of **three** months following the close of its financial year at such time and place as may be determined by the Directors, provided that no greater interval than fifteen months shall be allowed to elapse between two such General Meetings. UNQUOTE

NOTES :

1. The Share Transfer Books of the company will remain closed from March 27, 2008 to April 04, 2008 (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 March 26, 2008 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 Computerized National Identity Card (CNIC) 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 CNIC 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 to Shareholders

Your Board of Directors are pleased to present the annual report together with the company's audited financial statements for the year ended December 31, 2007.

The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause XIX of the Code of Corporate Governance. We also welcome you to the 59th Annual General Meeting of the company.

Summarized operating results of the company are tabulated below:

	Rupees in million
Profit for the year before taxation	359.0
Taxation	114.0
Profit after taxation	245.0
Un-appropriated profit brought forward	275.4
Profit available for appropriation	520.4
Appropriations	
- Transfer to General Reserve	(230.0)
- Final dividend for the year ended December 31, 2006	(56.8)
- Interim dividend for the year ended December 31, 2007	(42.6)
Un-appropriated profit carried forward	191.0

Your company's turnover grew by 8.3% to Rs 2.108 billion in 2007 as compared to Rs 1.945 billion in 2006. The company's gross profit however declined by 2.8% to Rs 735.2 million as compared to Rs 756.2 million in 2006 mainly due to significant increase in cost of raw materials.

Dividend

The Directors are pleased to propose a Final Cash Dividend of **Rs 100** being **100 %** on a share of Rs 100 each held at the close of the share transfer books as referred in notice of the 59th Annual General Meeting. The Final Cash Dividend is in addition to an interim dividend of Rs 30 being 30 % on a share of Rs 100 each approved at the meeting held on August 31, 2007. The total dividend for the year is **Rs 130** being **130 %** on a share of Rs 100 each.

General Reserve

An appropriation of Rs 230 million (2006: Rs 144 million) has been made from un-appropriated profit for the year 2006 to general reserve in the fist quarter of 2007.

The Board of Directors has also approved the transfer of Rupees **45.743** million to the General Reserve from unappropriated profits for the year ended December 31, 2007 which will be reflected in the First Quarter Accounts of 2008.

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%.

Shareholding Information

The shareholding information as at December 31, 2007 and other related information required by the Code of Corporate Governance are set out on pages **28** to **29**.

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 any trading in the shares of the Company.

Chairman / Chief Executive Review

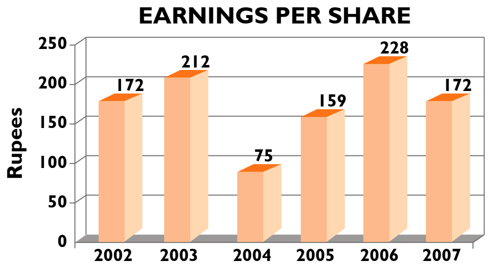
The Chairman / Chief Executive review on pages **16** to **24** deals with:

- Business Overview
- Performance of our Key products
- Future outlook of the Company

The directors of the company endorse the contents of the same.

Earnings per share

Earnings per share after taxation is Rupees172.39 (2006 restated: Rupees 228.17). A graphical presentation of EPS over a six year period is shown.



Development of Human Resource

Training & Development

Employee training and development is a priority at Wyeth. Our employees are sent for training to workshops and seminars arranged by various institutes. The Company also supports its employees in enhancing their job related education on the basis of their potential and job requirements.

Customer Focused Selling Skills Program has been launched and under implementation. Orientation Program are held for newly hired employees. 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 in Pakistan and also abroad in Company's Global Program.

Performance Development & Reward

In-order to motivate and encourage the employees to excel we ensure that employees are appraised fairly and honestly and thoughtful feedback is provided to them.

Diversity

Wyeth is committed to fostering a workplace that supports diversity - where individuals from different backgrounds, experiences and viewpoints are valued. We recognize that to compete effectively in the marketplace, it is essential to acknowledge and draw upon the strengths and differences of all individuals. Wyeth's Diversity Vision requires that we strengthen our organization by successfully integrating the diverse cultures, backgrounds and abilities of our employees. We view diversity as a competitive advantage necessary to:

- Enhance and expand our relationships and our business
- Attract, develop and retain the talent we need to succeed
- Drive increased innovation, creativity and employee engagement
- Further enhance our position as a top-tier pharmaceutical organization

Environment, Health and Safety (EHS)

Environment, health and safety management at Wyeth is about putting the Wyeth values into practice each and every day. Managing EHS is the responsibility of every employee across all functional areas. Our policy and procedures allow us to integrate EHS considerations into strategic planning, operational decisions and day-to-day activities. The way we manage our EHS is core to the way Wyeth conducts its activities. One of Wyeth's top priorities is making sure our employees stay safe every day and that our facilities operate in a manner that is harmonious with the community and gentle on the environment.

The corporate EHS Group has recognized our efforts to achieve 2006 as an accident free year in shape of EHS Trophy.

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. In order to extend this environment, we started building network (hardware & software) infrastructure for our field force staff at different locations in Pakistan to access Wyeth intranet and to be part of our corporate emailing system. This process will be completed in 2008.

Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

a) 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.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements. There has been no departure from IFRS.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key operating and financial data of last six years (including current year) are shown on Page No. **05**.

i) There are certain disputed demands of Income Tax, which have not been accrued or paid. These have been explained in note no. 19.4 to the financial statements under the head of Contingencies and Commitments.

j) The value of investments of pension, gratuity and provident fund were as follows:

Name of Funds	Un-audited 2007	Audited 2006
Pension Fund	Rs 110 million	Rs 103 million
Gratuity Fund	Rs 89 million	Rs 77 million
Provident Fund	Rs 225 million	Rs 162 million

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

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

No. of meetings	1	2	3	4
Date of Meetings	16-03-07	30-04-07	07-08-07	30-10-07
Directors' Name				
Arshad Rahim Khan	p	p	p	p
Khwaja Bakhtiar Ahmed	p	p	p	p
Javed Iqbal	p	A	p	p
Ms. Aliya Yusuf	p	A	p	p
Behram Hasan	p	p	A	p
Abdul Naseer	p	p	p	p
Dr. Munawar Ali Uqaili	p	p	A	p

Directors

Since the last Annual General Meeting following changes took place in the constitution of the company's Board of directors

- On November 30, 2007 Dr. Munawar Ali Uqaili, an alternate Director for Mr. Robert N. Power resigned from the Board
- Subsequent to the year end on January 07, 2008 Mr. Bernard Poussot, a Director resigned from the Board
- On January 09, 2008 Ms. Cecile Guegan appointed as a Director in place of Mr. Bernard Poussot on the Board
- On February 28, 2008 Mr. Robert N. Power resigned from the Board
- On February 29, 2008 Mr. Gaetan Crucke appointed as a Director in place of Mr. Robert N. Power on the Board
- On February 29, 2008 Dr. Nadim ur Rehman joined the Board as an alternate Director for Mr. Gaetan Crucke.

The Board of Directors wish to place on record its appreciation of the services rendered by the outgoing Directors and welcome the new Directors on the Board.

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance which comprises 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. During the year Dr. Muanwar Ali Uqali, a member of Audit committee resigned from the company and Mr. Abdul Naseer was appointed as member of the Audit Committee in his place. The Chairman and a member of Audit Committee wish to place on record their appreciation of services rendered by the outgoing member and welcome the new member on the Audit Committee.

Auditors

M/s A.F. Ferguson & Co., Chartered Accountants were appointed as auditors of the company for the current year in the 58th Annual General Meeting held on April 19, 2007. The present Auditors, M/s A.F. Ferguson & Co., Chartered Accountant 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.

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.

Corporate Governance

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

By Order of the Board

Arshad Rahim Khan
Chief Executive

Khwaja Bakhtiar Ahmed
Director

Karachi: **February 29, 2008**

A Promise of Reassurance

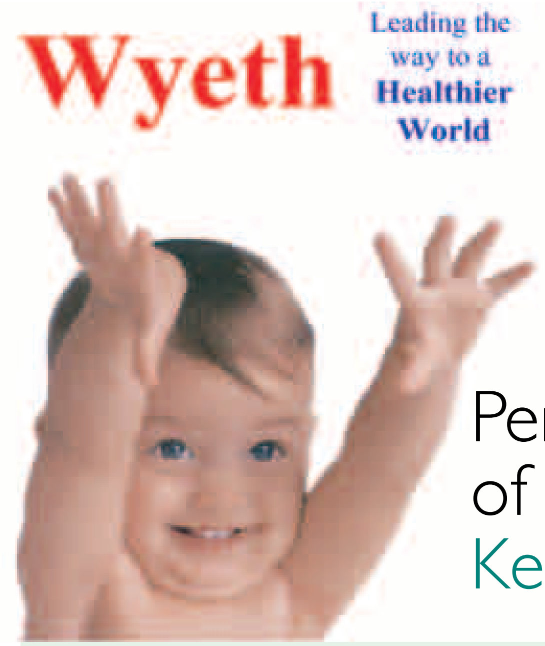
Wyeth is going beyond what today's healthcare industry is demanding and its' providing what consumers deserve.

Chairman / Chief Executive's Review

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2007.

Business Overview

Your company's business progressed smoothly in the reporting year till the month of November 2007. In December 2007, we could not achieve our sales target due to frequently disturbed law and order situation. The in-market sales of the industry were adversely affected and this has also affected us. In addition, our business has been adversely impacted by cost increases of our various active ingredients throughout the year resulted into significant reduction in our gross profit. In view of rising trend of oil prices, all the international suppliers are increasing the prices, which is resulting in increased cost. In spite of the above set back, our product Prevenar was among the top-selling product in Pakistan Pharmaceutical industry in 2007. Our Nutritional business is showing strong growth in the market. Our other major therapeutic class products like Ativan and Efexor in (Central Nerves System), Tazocin (Antibiotic), Mucaine (Antacid), and Lederplex (Vitamin) continue to perform well as compared to 2006.



Performance of Our Key Products

Our main objective is Leading the way to a healthier World.

Our key products performance in 2007 are as follows:

Prevenar

Sales has increased by 55% over 2006. As it was launched in May 2006, the second half sales of 2007 is 19% higher over same period of 2006 sales.

Efexor XR

We achieved a sales of Rs 45.4 M with growth of 17.3% over year 2006.

Tazocin

We achieved a sales of Rs 128.2 M with growth of 11.7% over year 2006.

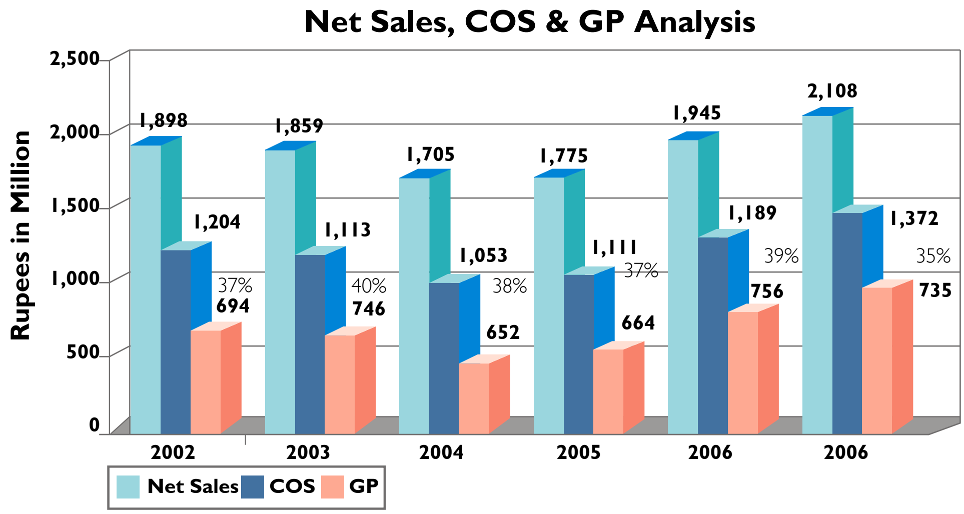
Nutritionals

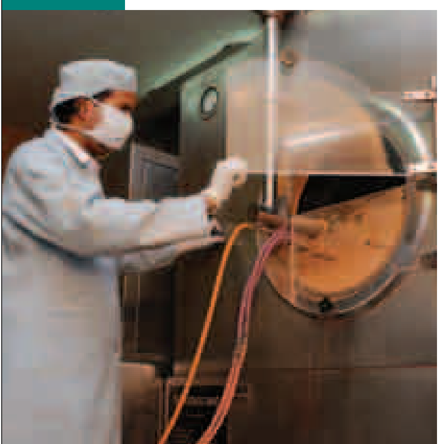
Our nutritional products (S-26 Gold & Promil Gold) launched in 2006 are showing a growth of 40% over last year. The volumes of these products are showing strong growth and are contributing significantly in our profitability.

We have also introduced S-26 Gold fortified with Lutein in 200 gm pack size.

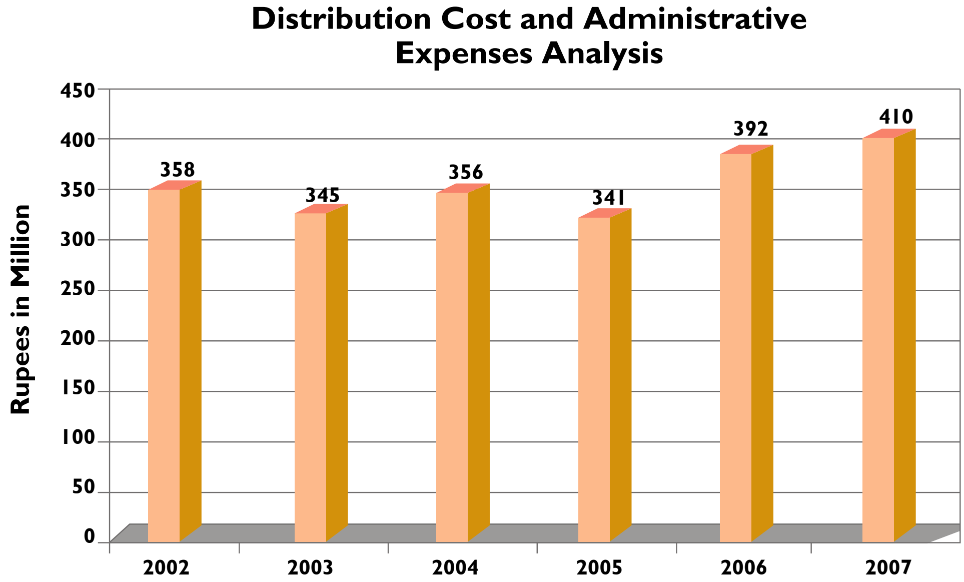
Operating Results

The company's net sales during the year amounted to Rs 2.1 billion showing an increase of 8.3% over last year. The domestic sales contributed a growth 9.5% and export sales declined by 3.8%. The export sales were lower as we were unable to make shipment of order in the last days of December due to disturbed law and order situation. Domestic sales growth mainly consists of volume growth of 7.8% which is contributed by our key products as explained above. We also got price increase on Myrin Family in the beginning of the year after a period of five years. Gross profit as a percentage of net sales declined to 34.9% from 38.9% over last year. This decline is mainly attributable to the increased cost of sales due to rising raw material prices of some of our high sales contributing products and also due to rising cost of input.





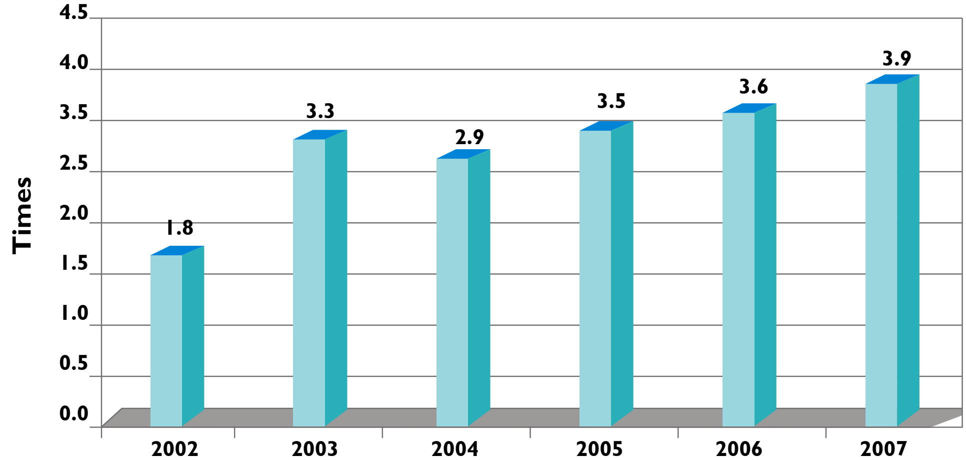
The distribution cost is slightly high due to inflation. Administrative expenses have increased mainly due to inflation and recording of the prior year sales tax liability due to unfavourable decision of the Court.



Other operating income has increased mainly due to higher interest income on deposits. Profit after tax has decreased by 24.4% due to lower net tax charge during comparative prior period as a result of reversal of prior years provisions. Had the impact of this reversal taken out from prior period results, our Profit after tax would have been lower only by 8.5% over last year.

Working capital remained closely monitored by the management and is efficiently managed. Stocks in hand have significantly reduced because of better working capital management. However, receivables have increased mainly because of higher sales and growth in institutional business.

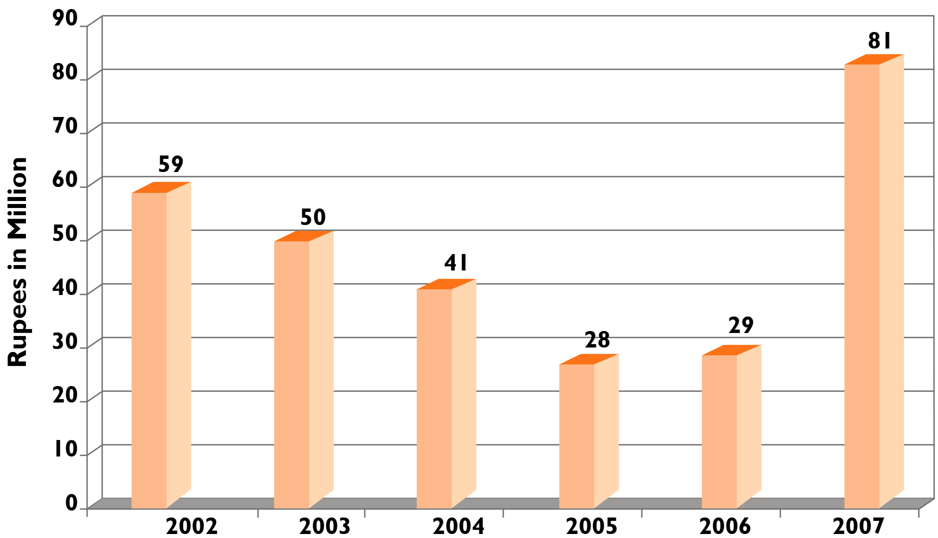
Current Ratio



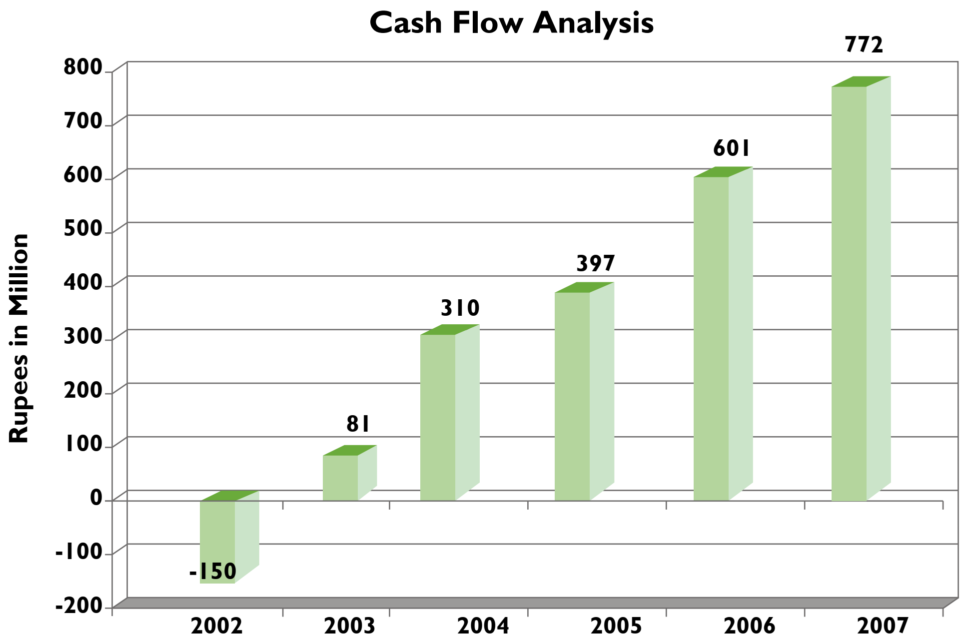
Capital expenditure of Rs 80.8 million (2006: Rs 28.8 million) was made on plant and machinery, quality control equipments and computers etc.

The company is committed to invest in plant, machinery and infrastructure up-gradation to meet its business objectives.

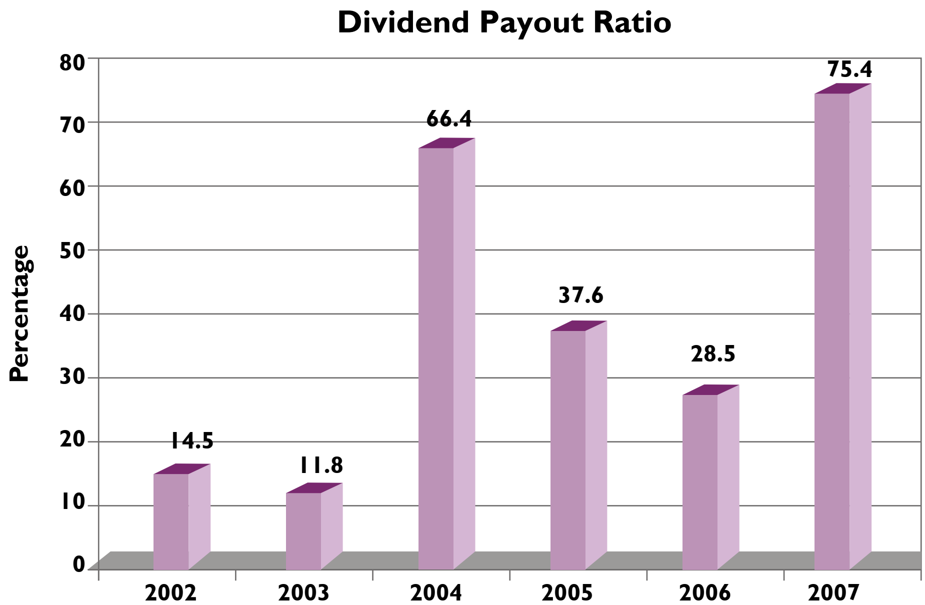
Capital Expenditure



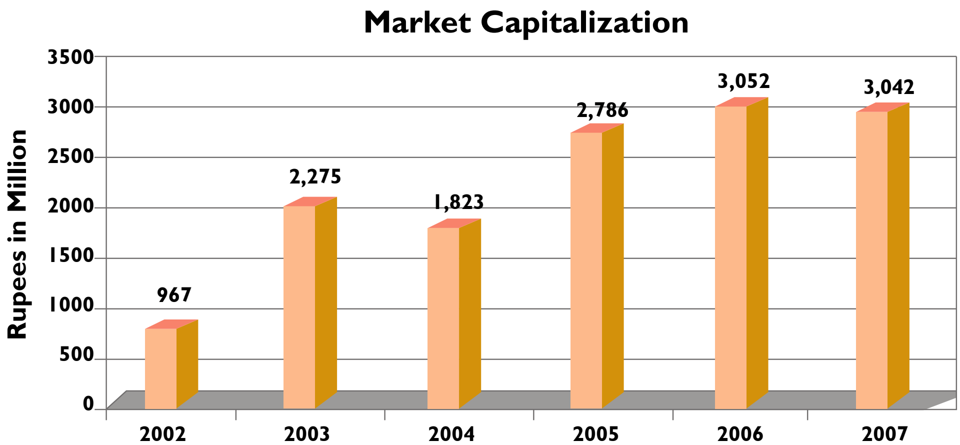
Despite significant capital expenditure during this year, the cash position of the Company improved by Rs 171.9 million over last year.



A good return & payout to shareholders is one of the primary objectives of your Company. The Board of Directors meetings held on August 31, 2007 and February 29, 2008 proposed an interim and final cash dividend of Rs 30 per share and Rs 100 per share, respectively



Over the last few years, payout as well as shareholder value has increased significantly as a result of Company's sustained business success. The Company's market capitalization has increased over the last five years from Rs 0.9 billion to Rs 3.0 billion as at December 31, 2007.



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

Business improvement initiatives undertaken in prior years and the period under review will contribute towards improving operational efficiencies on an ongoing basis.

Future Outlook of the Company

New Launches

Pharmaceuticals

A new product TYGACIL, is expected to be launched in third quarter of 2008. It is indicated for the treatment of complicated skin and soft tissue infections and complicated intra-abdominal infections.

Nutritionals

We will be launching S-26 Gold soft pack in 200 gm and S-26 LF in the first quarter 2008. In addition, new and improved formulations of S-26 Gold and Promil Gold are being launched.

A new product Progress Gold, milk used for children up to Three years is being launched in First Quarter of 2008.

PROGRESS GOLD helps reassure parents that their children are receiving the nutrients they need for optimal mental and physical development. It is a milk-based supplement enriched with 13 vitamins and 11 minerals designed specifically to meet the needs of growing children up to 3 years. Just two 200-ml servings per day provide the nutrients needed to help prevent deficiencies in this vulnerable age group. In addition, PROGRESS GOLD is fortified with Lutein to help protect developing eyes, 2 important fatty acids, arachidonic acid (AA) and docosahexaenoic acid (DHA) and other important nutrients necessary for growing up children.

Existing Products

Prevenar

We will maintain our focus to grow Prevenar as top selling Product.

Myrin group

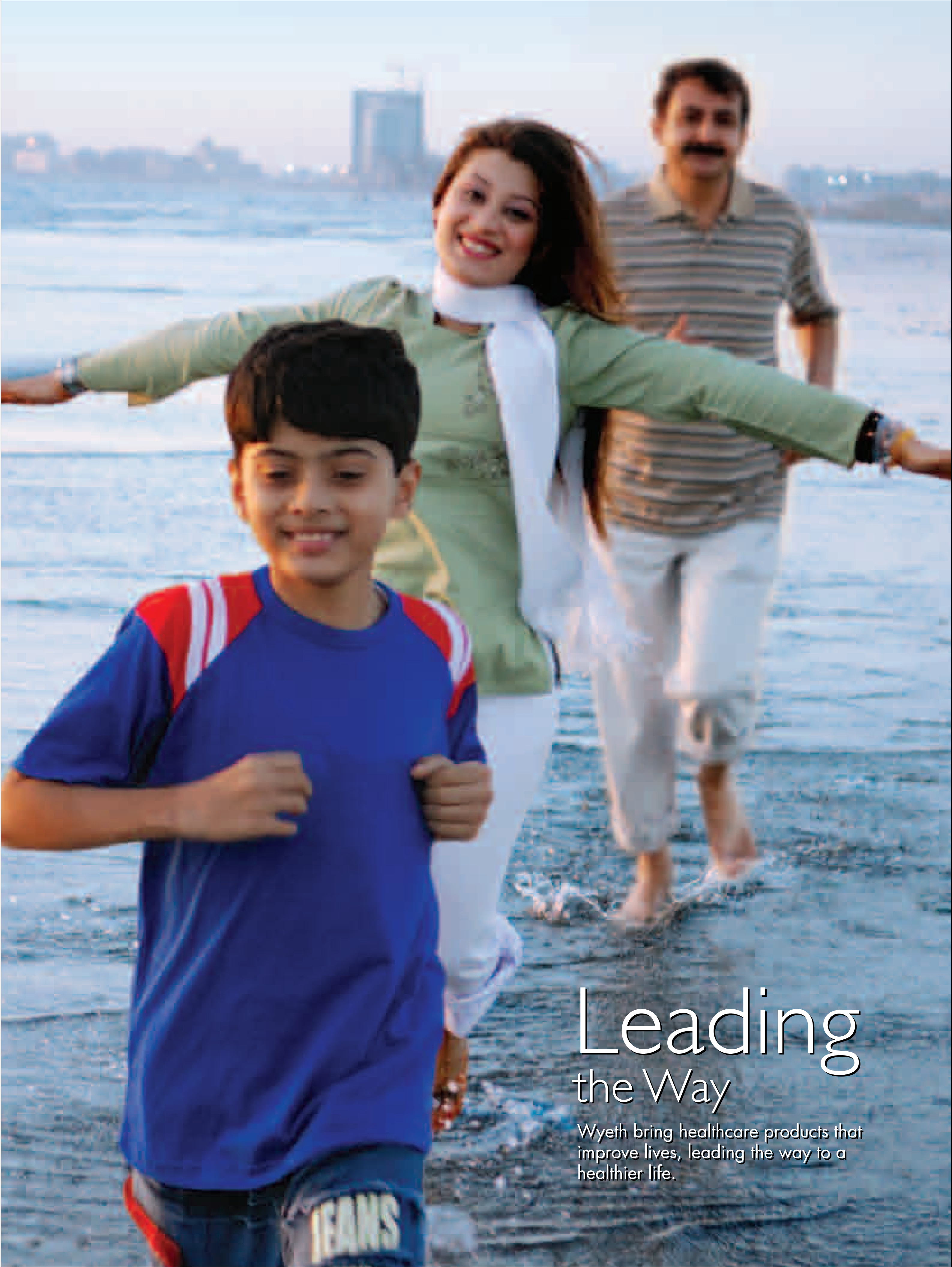
We will maintain focus to grow our Anti-TB business mainly comprising of Myrin group. Our domestic sales of Myrin group for 2007 was Rs 351.6 million with significant share.

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. 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.

Arshad Rahim Khan
Chairman / Chief Executive

Karachi: **February 29, 2008**



Leading
the Way

Wyeth bring healthcare products that improve lives, leading the way to a healthier life.

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. No casual vacancy occurred during the year.

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 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 Accountants 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 the Institute of Chartered Accountants 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 Rahim Khan
Chairman / Chief Executive

Karachi: **February 29, 2008**

Pattern of Shareholding
as of December 31, 2007

No. of Shareholders	Having Shares from	to	Shares Held	Percentage
547	1	100	12,530	0.88
69	101	500	17,112	1.20
11	501	1000	7,893	0.56
15	1001	5000	25,744	1.82
1	15001	20000	17,800	1.25
1	35001	40000	36,620	2.58
1	50001	55000	52,374	3.68
2	225001	115000	226,506	15.93
1	445001	450000	448,560	31.55
1	575001	580000	576,470	40.55
649			**1,421,609**	**100.00**

Categories of Shareholders
as of December 31, 2007

Particulars	Particulars	Shareholding	Percentage
INDIVIDUALS	615	46,453	3.27
INVESTMENT COMPANIES	1	930	0.07
INSURANCE COMPANIES	4	72,409	5.09
JOINT STOCK COMPANIES	2	1,025,030	72.10
FINANCIAL INSTITUTIONS	3	267,753	18.84
OTHERS	19	8,681	0.61
NON-RESIDENT	5	353	0.02
COMPANY TOTAL	**649**	**1,421,609**	**100.00**

Categories of Shareholders
as of December 31, 2007

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	**Public Sector Companies and corporations**	Nil	Nil
5	**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.	17,800	1.2521
	EFU Life Assurance Ltd.	2,000	0.1407
	State Life Insurance Corporation of Pakistan	52,374	3.6841
	First Dawood Investment Bank Ltd.	930	0.0654
	Trustee - Unit Trust Of Pakistan	36,620	2.5760
6	**Shareholders holding ten percent or more voting interest in the Listed Company**		
	Wyeth, U.S.A.	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 spouses and minor children have made no sale purchase of Company's shares during the year ended December 31, 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 control 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, 2007.

A.F. Ferguson & Co

Chartered Accountants
Karachi: **February 29, 2008**

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
Islamabad Office: PIA Building, 49 Blue Area, P.O Box 3021, Islamabad, Pakistan Tel: (92-51) 2273457-60 Fax: (92-51) 2277924

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Auditors' Report to the Members

We have audited the annexed balance sheet of Wyeth Pakistan Limited as at December 31, 2007 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 except for adoption of new accounting policies as more fully explained in note 3.7 and 3.12;

  (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, 2007 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.

AFerguson & Co

Chartered Accountants
Karachi: **February 29, 2008**

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) 6381954
Islamabad Office: PIA Building, 49 Blue Area, P.O.Box 3021, Islamabad, Pakistan Tel: (92-51) 2273457-60 Fax: (92-51) 2277924

Balance Sheet as at December 31, 2007

	Note	2007	2006 (restated)
		(Rupees '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	217,458	179,707
Long-term loans	6	8,613	7,629
Long-term deposits		2,287	1,839
		228,358	189,175
CURRENT ASSETS			
Spares		2,231	1,811
Stocks	7	563,189	610,803
Trade debts	8	138,572	109,399
Loans and advances	9	11,121	11,124
Deposits and prepayments	10	10,054	6,470
Interest accrued		4,673	5,947
Other receivables	11	16,128	37,318
Taxation - net		71,315	111,495
Short-term investments	12	720,000	575,000
Cash and bank balances	13	51,993	25,506
		1,589,276	1,494,873
Non-current assets classified as held for sale	14	7,100	-
		1,824,734	1,684,048
SHARE CAPITAL AND RESERVES			
Share capital	15	142,161	142,161
Reserves		1,078,257	845,290
Unappropriated profit		191,035	275,476
		1,411,453	1,262,927
NON-CURRENT LIABILITIES			
Deferred taxation	16	9,213	3,652
CURRENT LIABILITIES			
Trade and other payables	17	404,068	417,469
CONTINGENCIES AND COMMITMENTS	19		
		1,824,734	1,684,048

The annexed notes 1 to 38 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, 2007

	Note	2007	2006 (restated)
		(Rupees '000)	
Net sales	20	2,107,585	1,945,494
Cost of sales	21	1,372,325	1,189,203
Gross profit		735,260	756,291
Distribution cost	22	310,883	306,298
Administrative expenses	23	99,456	85,959
		410,339	392,257
Operating profit		324,921	364,034
Other operating income	24	72,050	61,422
		396,971	425,456
Other operating expenses	25	37,043	36,095
Finance cost	26	861	845
		37,904	36,940
Profit before taxation		359,067	388,516
Taxation	27		
Current - for the year		98,964	119,180
- for prior years'		9,471	(56,520)
Deferred		5,561	1,490
		113,996	64,150
Profit after taxation		245,071	324,366
		Rupees	Rupees
Basic earnings per share	28	172.39	228.17

The annexed notes 1 to 38 form an integral part of these financial statements.

Arshad Rahim Khan
Chief Executive

Khwaja Bakhtiar Ahmed
Director

Statement of Changes in Equity for the year ended December 31, 2007

	Issued, subscribed and paid up share capital	Reserves: Capital	Reserves: Revenue – General	Reserves: Revenue – Other - note 4	Sub total	Unappropriated profit	Total
	(Rupees '000)						
Balance at December 31, 2005 - as previously reported	142,161	215	699,785	-	700,000	229,326	1,071,487
Effect of adoption of IFRS 2 'Share-based Payment' (note 4)	-	-	-	-	-	(13,379)	(13,379)
Balance at December 31, 2005 - restated	142,161	215	699,785	-	700,000	215,947	1,058,108
Transfer to general reserve		(215)	144,215	-	144,000	(144,000)	-
Final 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)
Share-based payments (note 4)				1,290	1,290	-	1,290
Net profit for the year				-	-	324,366	324,366
Total income for the period							325,656
Balance at December 31, 2006 - restated	142,161	-	844,000	1,290	845,290	275,476	1,262,927
Balance at January 1, 2007 - restated	142,161	-	844,000	1,290	845,290	275,476	1,262,927
Transfer to general reserve			230,000	-	230,000	(230,000)	-
Final dividend for the year ended December 31, 2006 @ 40%				-	-	(56,864)	(56,864)
Interim dividend for the year ended December 31, 2007 @ 30%				-	-	(42,648)	(42,648)
Share-based payments (note 4)				2,967	2,967	-	2,967
Net profit for the year				-	-	245,071	245,071
Total income for the period							248,038
Balance at December 31, 2007	142,161	-	1,074,000	4,257	1,078,257	191,035	1,411,453

The annexed notes 1 to 38 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, 2007

	Note	2007	2006
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	360,269	332,770
Profit received on deposits account		59,725	44,228
Finance lease charges paid		-	(64)
Increase in long-term loans		(984)	(1,370)
Increase in long-term deposits		(448)	(60)
Taxes paid		(68,255)	(26,575)
Net cash inflow from operating activities		350,307	348,929
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(80,867)	(28,860)
Proceeds from disposal of property, plant and equipment		4,319	1,481
Net cash outflow from investing activities		(76,548)	(27,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(102,272)	(117,445)
Liabilities against assets subject to finance leases (net)		-	(1,010)
Net cash outflow from financing activities		(102,272)	(118,455)
Net increase in cash and cash equivalents		171,487	203,095
Cash and cash equivalents at the beginning of the year		600,506	397,411
Cash and cash equivalents at the end of the year	34	771,993	600,506

The annexed notes 1 to 38 form an integral part of these financial statements.

Arshad Rahim Khan
Chief Executive

Khwaja Bakhtiar Ahmed
Director

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 (SECP). The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Ordinance. 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, amendments to published standards and new interpretations becoming effective in 2007:

IAS 1, 'Presentation of Financial Statements – Capital disclosures', introduces new disclosures relating to management of capital employed and does not have any impact on the classification or valuation of the company's financial statements' components (note 35.7).

IFRS 2 'Share-based Payments' sets out recognition, classification and measurement principles and specific disclosure requirements for share-based payment transactions (note 3.12).

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' sets out classification and measurement principles and specific disclosure requirements for non-current assets held by the company for sale (note 3.7).

Standards, amendments to published accounting standards and interpretations becoming effective in 2007 but not relevant:

There are other new standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2007 but are considered not to be relevant or do not have any significant effect on the company's operations.

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

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2008 or later periods:

IAS 23 (Amendment) 'Borrowing Costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption the option of immediately expensing those borrowing costs will be withdrawn.

IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions' (effective from March 1, 2007). IFRIC 11 explains how to account for share-based payment transactions involving a parent company granting rights to its equity instruments directly to the employees of its subsidiary. The guidance set out in IFRIC 11 has already been applied upon adoption of the accounting policy in respect of share-based equity-settled transactions in these financial statements.

IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective from January 1, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The management is in the process of assessing the impact of its adoption on the company.

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 and liability in respect of share based payments at fair value.

3.2 Property, plant and equipment

Owned

These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, 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 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.

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 5.4 to these financial statements. Depreciation rates and method are reviewed at each balance sheet date.

No depreciation is charged if the asset'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 judgments.

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 stocks is made on management's judgement regarding future use of the stocks.

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. 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.

3.6 Short-term investments

The company has investment in term deposit receipts having original maturity of less than or equal to three months. Short-term investments are stated at amortised cost.

3.7 Non-current assets classified as held for sale

As of December 31, 2007 the company has classified those non-current assets as held for sale whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable. Previously such assets were included as a part of property, plant and equipment under non-current assets.

The company measures its non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

3.8 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.

3.9 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.

3.10 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Returns on bank 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 and are accounted for accordingly.

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.

Employees' compensated absences

Consistent with prior year, the company accounts for liability against employees' compensated absences, in accordance with the actuarial valuation carried out every year.

3.12 Share-based payment plans

3.12.1 Equity-settled share-based payment plans

The company operates the following equity settled share-based payment plans:

- Time-vested share plan: The parent company grants rights of its shares to the eligible employees of the company that vest over a period of three years from the grant date.

- Performance-based share plan: The parent company grants rights of its shares to the eligible employees of the company that vest depending on the company's achievement of targets.

Equity-settled share-based payment plans entitle the eligible employees to acquire the shares of Wyeth USA (the parent company) by exercising the options granted to them subject to fulfillment of vesting conditions. Consequent to adoption of IFRS 2 (as more fully explained in note 4 to these financial statements) the company recognises as expense the services acquired over the vesting period (if any) and the corresponding increase in equity at the fair value of shares of the parent company granted, which are measured at the grant date.

3.12.2 Share appreciation rights (SARs)

SARs entitle the eligible employees to an appreciation in the value of the parent company's shares which shall be equivalent to the difference between the fair value of those shares at the date of grant and the date of exercising of the option. Such rights are vested in equal proportion over a period of three years from grant date. If SARs become favourable, the employee can exercise his right within the maximum period of ten years from grant date and becomes entitled to an amount representing difference between the fair value of the shares of the parent company as of the grant date and exercise date. Consequent to adoption of IFRS 2 (as more fully explained in note 4 to these financial statements) the company recognises as an expense the services acquired over the vesting period and the corresponding liability at the fair value of SARs. The liability is remeasured at each balance sheet date with any changes in fair value recognised in income currently. The fair value of SARs is determined by applying Black-Scholes option-pricing model. Details of the assumptions to the model have been set out in note 31.2.

3.13 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

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.

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.

3.14 Borrowing costs

Borrowing costs are charged to income as and when incurred.

3.15 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. Exchange differences are included in income currently.

3.16 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. 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 of financial assets and liabilities

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

3.17 Dividend and appropriation of profit

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved by the shareholders or board of directors, as the case may be.

3.18 Impairment

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment 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.

3.19 Long-term loans

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 6.2).

3.20 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 recoverable amounts, useful lives and residual values of property, plant and equipment (note 5).

(b) Assumptions and estimations used in writing down items of stock-in-trade to their net realisable values (note 7).

(c) Assumptions and estimations used in determining the fair values of non-current assets classified as held for sale (note 14).

(d) Assumptions and estimations used in recognition of deferred taxation (note 16).

(e) Assumptions and estimations used in recognition of reserve for potential expired stock claims (note 17).

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

(g) Assumptions and estimations used in accounting for share-based payments (note 31).

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. REASON AND EFFECTS OF ADOPTION OF ACCOUNTING POLICY RELATED TO SHARE-BASED PAYMENT PLANS

Consequent to applicability of International Financial Reporting Standard 2 'Share-based Payment' (IFRS 2) with effect from January 1, 2007, the company has recognised share-based payments which includes grants of parent company's share appreciation rights (SARs) and grant of shares of the parent company (Wyeth USA) to the employees of the company. The related accounting policy is set out in note 3.12.

Prior to the adoption of IFRS 2, the company accounted for its share appreciation rights (SARs) by recognising the share appreciation payments as and when they were paid, while the company did not account for equity-settled share-based transactions.

The effects of adoption of this accounting policy have been recognised retrospectively and comparative information has been restated in accordance with the transitional provisions of IFRS 2. As a result the liability existing as at December 31, 2005 and December 31, 2006 in respect of SARs outstanding as at those dates has been determined and accordingly the reserves, trade and other payable and deferred taxation as at January 1, 2005, 2006 and 2007 have been restated. Further, the profits for the years ended December 31, 2005 and December 31, 2006 have also been restated. The effects of restatements to reserves and profits are reflected in the statement of changes in equity.

Had the above accounting policy not been adopted as at December 31, 2007 the trade and other payables and reserves as at December 31, 2007 would have been lower by Rs 9.761 million (2006: Rs 20.309 million) and Rs 7.915 million (2006: higher by Rs 15.120 million) respectively, while deferred taxation as at December 31, 2007 would have been higher by Rs 2.351 million (2006: Rs 5.189 million). In addition to that, profit after tax and earnings per share for the year would have been lower by Rs 4.948 million (2006: higher by Rs 3.031 million) and Rs 3.48 (2006: higher by Rs 2.13) respectively.

5. PROPERTY, PLANT AND EQUIPMENT

		Note	2007	2006
			(Rupees '000)	
5.1	Operating fixed assets	5.2	184,475	178,298
	Capital work in progress	5.3	32,983	1,409
			217,458	179,707

5.2 Operating fixed assets

5.2.1 The following is a statement of operating fixed assets:

	Leasehold land	Factory on leasehold land	Improvements to warehouse	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Sub total	Assets acquired under finance leases (vehicles)	Total
	Owned									
	Rupees in '000									
At January 1, 2006										
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	-	4,114	1,086	16,720	275	2,353	5,325	29,873	-	29,873
*Transfers	-	-	-	-	-	* 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
Net book value of disposals	-	-	-	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
Year ended December 31, 2007										
Opening net book value	258	23,090	1,614	112,826	3,541	18,639	18,330	178,298	-	178,298
Additions	-	4,994	1,244	24,215	2,839	8,863	7,138	49,293	-	49,293
Disposals										
Cost	-	-	-	127	-	7,630	-	7,757	-	7,757
Depreciation	-	-	-	19	-	4,030	-	4,049	-	4,049
	-	-	-	108	-	3,600	-	3,708	-	3,708
Transfers to Non-current assets classified as held for sale										
Cost	-	-	-	20,406	-	-	-	20,406	-	20,406
Depreciation	-	-	-	6,205	-	-	-	6,205	-	6,205
Impairment loss	-	-	-	7,101	-	-	-	7,101	-	7,101
	-	-	-	7,100	-	-	-	7,100	-	7,100
Depreciation charge for the year	-	3,756	223	11,896	1,999	2,316	5,017	25,207	-	25,207
Impairment loss for the year	-	-	-	7,101	-	-	-	7,101	-	7,101
Closing net book value	258	24,328	2,635	110,836	4,381	21,586	20,451	184,475	-	184,475
At December 31, 2007										
Cost	258	54,966	4,590	259,997	14,050	29,458	59,206	422,525	-	422,525
Accumulated depreciation	-	30,638	1,955	149,161	9,669	7,872	38,755	238,050	-	238,050
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
Net book value	258	24,328	2,635	110,836	4,381	21,586	20,451	184,475	-	184,475

5.3 Capital work in progress

	Factory on leasehold land	Improvements to warehouse	Plant, machinery and others	Total
	Rupees in '000			
Balance as at January 1, 2006	-	-	2,422	2,422
Additions	4,114	1,086	23,621	28,821
Transfers	4,114	1,086	24,634	29,834
Balance as at December 31, 2006	-	-	1,409	1,409
Balance as at January 1, 2007	-	-	1,409	1,409
Additions	5,022	1,244	74,601	80,867
Transfers	4,994	1,244	43,055	49,293
Balance as at December 31, 2007	28	-	32,955	32,983

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

	Annual rate of Depreciation (%)
Factory on leasehold land	2.5 to 10
Improvements to warehouse	2.5 & 33
Plant and machinery	10
Furniture and fittings	10
Vehicles	10 to 20
Office equipment	20 to 33

5.5 The depreciation charge for the year has been allocated as under:

	Note	2007	2006
		(Rupees '000)	
Cost of sales	21.1	**16,224**	14,771
Distribution cost	22	**2,012**	409
Administrative expenses	23	**6,971**	7,451
		25,207	22,631

5.6 The operating fixed assets (note 5.2.1) included certain items of plant and machinery and equipment as at December 31, 2006 having cost of Rs 0.602 million, which were no longer in use and were then held for dispoal.

5.7 The operating fixed assets (note 5.2.1) include items costing Rs 131.051 million (2006: Rs 122.968 million) which are fully depreciated as of December 31, 2007 but are still in active use.

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

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of purchaser
	(Rupees '000)						
Plant and machinery							
	127	19	108	127	19	Negotiation	Siemens Pakistan Limited B-72 Estate Avenue S.I.T.E., Karachi.
	127	19	108	127	19		
Vehicles							
	1,238	213	1,025	1,000	(25)	Insurance claim	New Hampshire Insurance Company, Finlay House, 2nd Floor, I.I. Chundrigar Road, Karachi.
	925	646	279	517	238	Tender	Mr. M. Yameen, Amin Motors Opposite New Town Police Station, Ghosia Colony, Karachi.
	749	488	261	207	(54)	Tender	Mr. Athar Shafiq, House# B-30, Sector 11-C1 North Karachi.
	749	488	261	228	(33)	Tender	Mr. Athar Shafiq, House # B-30, Sector 11-C1 North Karachi.
	735	268	467	402	(65)	Tender	Mr. M. Yameen, House # 875/3, Block 3 Federal B Area, Hussainabad Karachi.
	555	332	223	286	63	Tender	Mr. Kamal Ahmed Siddiqui, A-223- Block D North Nazimabad, Karachi.
	555	332	223	268	45	Tender	Mr. Kamal Ahmed Siddiqui, A-223- Block D North Nazimabad, Karachi.
	555	313	242	286	44	Tender	Mr. Kamal Ahmed Siddiqui, A-223- Block D North Nazimabad, Karachi.
	555	313	242	217	(25)	Tender	Mr. M. Yameen, Amin Motors Opposite New Town Police Station, Ghosia Colony, Karachi.
	555	205	350	339	(11)	Tender	Mr. M. Imran Sheikh, Flat # D-5, Lucky Plaza Block 17, Gulshan-e-Iqbal Karachi.
Assets having net book value of less than Rs 50,000	459	432	27	442	415	Tender	
	7,630	4,030	3,600	4,192	592		
2007	7,757	4,049	3,708	4,319	611		
2006	4,534	4,035	499	1,481	982		

6. LONG-TERM LOANS

	Note	2007	2006
		(Rupees '000)	
Long-term loans - considered good, due from employees	6.1 & 6.2	12,505	11,378
Less: Receivable within one year	9	3,892	3,749
		8,613	7,629

6.1 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.

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

7. STOCKS

	Note	2007	2006
		(Rupees '000)	
Raw and packing materials	7.1	262,580	312,915
Work-in-process	7.1	30,460	23,486
Finished goods			
- At cost	7.2	209,517	187,180
- At fair value less cost to sell [Cost Rs 1.738 million (2006: Rs 1.582 million)]		1,502	1,458
Stock-in-transit		72,002	99,739
		576,061	624,778
Less: Provision for slow moving and obsolete stocks		12,872	13,975
		563,189	610,803

7.1 'Raw and Packing Materials' and 'Work-in-Process' include Rs 37.379 million (2006: Rs 40.956 million) and Rs 1.374 million (2006: Rs 3.952 million) respectively held with toll manufacturers. Toll manufacturers include Macter International (Private) Limited, Spencer Pharma (Private) Limited and Reko Pharmacal (Private) Limited.

7.2 Includes physician's samples of Rs 4.689 million (2006: Rs 4.556 million).

8. TRADE DEBTS

	Note	2007	2006
		(Rupees '000)	
Considered good – unsecured			
From related parties	8.1	9,517	33,322
Others		129,055	76,077
		138,572	109,399
Considered doubtful		4,530	6,790
		143,102	116,189
Less: Provision for doubtful debts		4,530	6,790
		138,572	109,399

8.1 This represents amount due from Wyeth Philippines, Inc.

9. LOANS AND ADVANCES

	Note	2007	2006
		(Rupees '000)	
Current portion of long-term loans - considered good, due from employees	6	3,892	3,749
Advances - unsecured, considered good			
Suppliers		3,347	3,166
For expenses	9.1 & 9.2	1,265	1,614
Employees		2,297	2,551
Others		320	44
		7,229	7,375
		11,121	11,124

9.1 This includes amounts due from:

Executives	346	173

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

Chief Executive	208	593
Executives	903	789

10. DEPOSITS AND PREPAYMENTS

Deposits	9,196	5,738
Prepayments	858	732
	10,054	6,470

11. OTHER RECEIVABLES

	Note	2007	2006
Margin deposits for guarantees and letters of credit		7,013	28,522
Insurance claims receivable		6	39
Balances with statutory authorities for customs and excise duty		999	999
Sales tax (net)		1,849	5,633
Others	11.1	6,261	2,125
		16,128	37,318

11.1 This includes Rs 3.887 million (2006: 1.847 million) and Rs 1.363 million (2006: nil) outstanding as at December 31, 2007 from Wyeth Ayerst International Inc. and Wyeth (Malaysia) Sdn. Bhd respectively on account of expense incurred on behalf of these entities.

12. SHORT-TERM INVESTMENTS

	Note	2007	2006
		(Rupees '000)	
Term deposit receipts	12.1	720,000	575,000

12.1 Short-term investments comprise term deposit receipts. These are short-term highly liquid investments. These investments have maturity of less than or equal to three months from the date of original issue. Markup on these investments ranges from 7.0% to 9.10% (2006: 7.15% to 10%).

13. CASH AND BANK BALANCES

	Note	2007	2006
		(Rupees '000)	
With banks			
In current accounts		-	4
In deposit accounts	35.2	51,699	25,315
Cash in hand		294	187
		51,993	25,506

14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Plant and machinery	14.1	7,100	-

14.1 As of December 31, 2007, the company is committed to a plan to sell certain items of its plant and machinery and an active programme to locate the buyer and complete the plan had been initiated as at that date. The expected completion date of the transaction is September 30, 2008. These assets are measured at the lower of carrying amount and fair value less cost to sell and have been reclassified as non-current assets held for sale.

15. SHARE CAPITAL

	2007	2006
	(Rupees '000)	
Authorised		
5,000,000 ordinary shares of Rs 100 each	500,000	500,000

Issued, subscribed and paid-up capital

2007	2006	Ordinary shares of Rs 100 each		
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 15.2	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

15.1 Wyeth, USA and Wyeth Holdings Corporation, USA held 576,470 (2006: 576,470) and 448,560 (2006: 448,560) shares of Rs 100 each respectively as on December 31, 2007. The ultimate parent company is Wyeth, USA.

15.2 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.

16. DEFERRED TAXATION

	Note	2007	2006 (restated)
		(Rupees '000)	
Accelerated tax depreciation		20,745	20,697
Provision for slow moving and obsolete stocks		(3,301)	(3,702)
Provision for doubtful debts		(1,162)	(1,798)
Reserve for potential expired stock claims		(4,718)	(6,356)
Liability against share appreciation rights		(2,351)	(5,189)
		9,213	3,652

17. TRADE AND OTHER PAYABLES

	Note	2007	2006
Creditors	17.1	279,241	282,131
Accrued liabilities		51,456	44,766
Liability against share appreciation rights		9,203	20,309
Advances from customers		169	739
Payable to Gratuity Fund	30.2	-	140
Accumulated compensated absences		29,471	26,098
Workers' welfare fund		7,471	8,404
Contribution payable to Employees Old Age Benefits Institution		16	14
Workers' profit participation fund	17.2	1,171	990
Central research fund	25	3,627	3,921
Unclaimed dividend		1,575	4,335
Reserve for potential expired stock claims		18,400	24,000
Others		2,268	1,622
		404,068	417,469

17.1 Creditors include the following amounts due to related parties:

	Note	2007	2006
		(Rupees '000)	
Wyeth Medica Ireland		21,478	12,417
Wyeth Ayerst International Inc.		5,203	3,517
Wyeth Nutritionals Ireland		7,705	10,395
Wyeth Ayerst Lederle Inc.		63,997	42,594
Cynamid International Corporation Limited		517	52,634
Wyeth Nutritional (Singapore) Pte Limited		62,728	23,274
Wyeth Regional Manufacturing (Singapore) Pte Limited		4,679	-
		166,307	144,831

17.2 Workers' profit participation fund

	Note	2007	2006
Balance at January 1		990	2,456
Allocation for the year	25	19,171	21,064
		20,161	23,520
Interest on funds utilised in the company's business	26	74	65
		20,235	23,585
Less: Payments made during the year		19,064	22,595
Balance at December 31		1,171	990

18. SHORT-TERM RUNNING FINANCE

18.1 The company has obtained a running finance facility amounting to Rs 384.900 million (2006: Rs 384.900 million) from a commercial bank under mark-up arrangement. The facility carries mark-up at KIBOR plus 2%. The facility will expire in March 2008 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, 2007.

18.2 The company has obtained another finance facility amounting to Rs 50 million (2006: 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 2008 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, 2007.

18.3 The facilities for opening letters of credit as at December 31, 2007 amount to Rs 389.665 million (2006: Rs 387.300 million) of which the amount remaining unutilised at the year end was Rs 329.474 million (2006: Rs 343.692 million).

19. CONTINGENCIES AND COMMITMENTS

19.1 Certain ex-employees of the company have filed claims aggregating Rs 247.572 million (2006: 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 (2006: 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 was a defendant in a case before the court of law in respect of sales tax liability amounting to Rs 6.582 million (2006: Rs 6.582 million). Most of the issues have been decided in favour of the company. A provision of Rs 4.015 million has been made by the company representing principal amount of sales tax involved. The company has requested formation of an Alternate Dispute Resolution Committee requesting waiver of sales tax liability on sale of fixed assets or alternatively waiver of additional tax thereon amounting to Rs 3.590 million. The company is reasonably confident that it will not be required to pay additional tax and therefore no provision has been made in this respect in these financial statements.

19.4 The income tax assessments of the company have been finalised upto and including the year ended December 31, 2006. While finalising the assessments of the company, the tax authorities have made arbitrary additions and disallowances to taxable income in various tax assessments upto the year ended December 31, 2001 which have resulted in tax demand of Rs 166.861 million (2006: 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 the business.

Although the company has filed appeals with various appellate authorities in respect of the above, however, a provision of Rs 88.294 million (2006: 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.

		2007	2006
		(Rupees '000)	
19.5	Commitments for capital expenditure	1,011	-
19.6	Guarantees, post-dated cheques and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees	13,511	14,734
19.7	Outstanding letters of credits	38,549	25,461

20. NET SALES

		2007	2006
Sales	- Domestic	2,005,672	1,842,389
	- Export	164,520	171,092
		2,170,192	2,013,481
Less:	Discounts and commission	34,868	30,254
	Returns	3,909	3,486
	(Provision written back) / Provision for expired stocks	(280)	10,090
	Sales tax	24,110	24,157
		62,607	67,987
		2,107,585	1,945,494

20.1 Sales tax is paid on taxable supplies.

21. COST OF SALES

	Note	2007	2006 (restated)
		(Rupees '000)	
Opening stock of finished goods		188,638	75,232
Cost of goods manufactured	21.1	1,152,731	1,018,401
Purchase of finished goods		252,826	298,569
Closing stock of finished goods		(211,019)	(188,638)
Physician samples charged to advertising and sales promotion		(10,851)	(14,361)
	21.2	1,372,325	1,189,203

21.1 Cost of goods manufactured

	Note	2007	2006 (restated)
		(Rupees '000)	
Opening stock of raw and packing materials		312,915	267,447
Purchases of raw and packing materials		847,717	834,897
Closing stock of raw and packing materials		(262,580)	(312,915)
Raw and packing materials consumed		898,052	789,429
Stores and spare parts consumed		4,140	3,929
Salaries, wages and other benefits	23.1	113,102	101,702
Fuel and power		20,642	18,056
Rent, rates and taxes		1,930	1,122
Insurance		758	883
Repairs and maintenance		17,451	16,650
Production and other supplies		17,165	9,709
Technical quality and IT support services fee		12,953	3,358
Postage, communication and stationery		2,269	1,553
Depreciation	5.5	16,224	14,771
Travelling and vehicles running expenses		6,112	4,061
(Provision written back) / Provision for slow moving and obsolete stocks		(1,103)	4,672
Outside manufacturing charges		48,790	43,924
Computer software		897	615
Others		323	182
		261,653	225,187
		1,159,705	1,014,616
Opening stock of work-in-process		23,486	27,271
Closing stock of work-in-process		(30,460)	(23,486)
Cost of goods manufactured		1,152,731	1,018,401

		2007	2006
21.2	Cost of sales included amounts written off during the year in respect of finished goods	236	124

22. DISTRIBUTION COST

	Note	2007	2006
Salaries, wages and other benefits	23.1	75,124	70,492
Fuel and power		1,220	907
Rent, rates and taxes		1,763	1,015
Insurance		1,152	1,583
Repairs and maintenance		2,332	1,627
Dues and subscription		4,751	2,580
Transportation		22,729	18,003
Travelling and living		46,968	45,101
Postage, communication and stationery		2,237	3,261
Depreciation	5.5	2,012	409
Training and development		1,715	6,216
Advertising and sales promotion		146,769	151,921
Shipping and packing cartons consumed		946	718
Others		1,165	2,465
		310,883	306,298

23. ADMINISTRATIVE EXPENSES

	Note	2007	2006 (restated)
		(Rupees '000)	
Salaries, wages and other benefits	23.1	55,580	48,040
Fuel and power		3,080	2,619
Rent, rates and taxes		208	207
Insurance		1,449	1,295
Repairs and maintenance		3,383	2,590
Dues and subscriptions		603	576
Travelling and living		7,854	8,354
Postage, communication and stationery		6,053	5,934
Legal and professional charges		3,288	2,807
Auditors' remuneration	23.2	2,458	2,378
Depreciation	5.5	6,971	7,451
Training and development		293	67
Computer software		891	1,509
Sales tax		4,015	-
Others		3,330	2,132
		99,456	85,959

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

	2007				2006 (restated)			
	Cost of sales	Distribution cost	Administrative expenses	Total	Cost of sales	Distribution cost	Administrative expenses	Total
	(Rupees '000)							
Defined benefit pension fund	(525)	(995)	(216)	(1,736)	-	-	(463)	(463)
Defined benefit gratuity fund	1,808	1,491	1,072	4,371	640	647	398	1,685
Defined contributory provident fund	2,639	2,134	1,343	6,116	2,395	1,960	1,193	5,548
Accumulated compen-sated absences	2,525	1,847	1,287	5,659	3,910	2,360	1,658	7,928
Share-based payments	(1,218)	(2,660)	(2,429)	(6,307)	814	3,123	4,340	8,277
	5,229	1,817	1,057	8,103	7,759	8,090	7,126	22,975

23.2 Auditors' remuneration

	Note	2007	2006
		(Rupees '000)	
Audit fee – annual		500	435
Fee for half yearly review		200	180
Audit of employees' funds and fee for special certification		165	156
Tax services		1,443	1,467
Out of pocket expenses		150	140
		2,458	2,378

24. OTHER OPERATING INCOME

	Note	2007	2006
		(Rupees '000)	
Gain on disposal of property, plant and equipment	5.8	611	982
Scrap sales		3,172	2,704
Profit on			
- deposit accounts		58,451	39,373
- loan to the Provident Fund		-	1,459
Export rebate claims		2,280	4,181
Refund of late delivery charges		-	247
Liabilities no longer payable written back		-	2,406
Recovery of export freight		7,536	7,628
Reversal of provision against bad debts		-	2,442
		72,050	61,422

25. OTHER OPERATING EXPENSES

	Note	2007	2006
Workers' profit participation fund	17.2	19,171	21,064
Workers' welfare fund		5,098	8,003
Central research fund	17	3,627	3,921
Fixed assets written off	5.2.1	-	23
Impairment loss	5.2.1	7,101	-
Net exchange loss		2,046	3,084
		37,043	36,095

26. FINANCE COST

	Note	2007	2006
Finance lease charges		-	64
Interest on workers' profit participation fund	17.2	74	65
Bank charges		787	716
		861	845

27. TAXATION

	2007	2006 (restated)
	(Rupees '000)	
Relationship between tax expense and accounting profit		
Profit before taxation	359,067	388,516
Tax at the applicable rate of 35% (2006: 35%)	125,673	135,981
Tax charge / (reversal) for prior years	9,471	(56,520)
Tax effect of expenses that are not allowable in determining taxable income	(4,943)	(3,366)
Tax effect on income under presumptive tax regime	(16,199)	(11,239)
Tax effect of reversal of opening taxable temporary difference	-	(192)
Tax effect of other items	(6)	(514)
	113,996	64,150

28. BASIC EARNINGS PER SHARE

	Note	2007	2006 (restated)
		(Rupees '000)	
Profit after taxation		245,071	324,366
		Number	
Average number of ordinary shares	28.1	1,421,609	1,421,609
		Rupees	(restated)
Basic earnings per share		172.39	228.17

28.1 There are no dilutive potential ordinary shares outstanding as at December 31, 2007.

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:

	2007			2006 (restated)		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees '000)					
Managerial remuneration	7,357	3,710	24,074	4,918	3,000	17,523
Bonus	-	625	5,066	-	568	3,834
Utilities	421	123	1,261	376	93	967
Medical expenses	95	124	2,222	65	100	697
Retirement benefits	399	228	1,520	356	207	1,184
	8,272	4,810	34,143	5,715	3,968	24,205
Number of persons	1	1	19	1	1	15

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.

Further, the impact of benefits available to the chief executive, director and executives recognised by the company in the expenses during the year on account of share-based payment plans aggregate Rs (1.545) million (2006: Rs 2.326 million), Rs (0.655) million (2006: Rs 0.790 million) and Rs (3.006) million (2006: Rs 4.152 million) respectively.

29.1 Aggregate amount charged in these financial statements for fees to three (3) non-executive directors was Rs 0.120 million (2006: 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, 2007. Projected Unit Credit method using the following significant assumptions was used for these valuations:

	2007	2006
Discount rate	10% per annum	10 %per annum
Expected rate of return on plan assets	10% per annum	10% per annum
Expected rate of increase in salary	10% per annum	10% per annum

30.1 The disclosures made in note 30.2 to 30.7 are based on the information included in actuarial valuation as of December 31, 2007.

30.2 Balance sheet reconciliation

	2007		2006	
	Gratuity	Pension	Gratuity	Pension
	(Rupees '000)			
Present value of defined benefit obligation	85,962	87,221	76,607	79,973
Fair value of plan assets	89,069	119,579	77,716	111,718
Funded status	(3,107)	(32,358)	(1,109)	(31,745)
Unrecognised net actuarial gain	3,107	32,358	1,249	31,282
Recognised liability / (asset)	-	-	140	(463)

30.3 Movement in the fair value of plan assets

Fair value as at January 1	77,716	111,718	92,599	104,599
Expected return on plan assets	7,859	10,876	8,306	9,208
Actuarial gains / (losses)	1,704	3,316	4,012	2,037
Company's contribution	4,511	(2,199)	(25,809)	-
Benefits paid	(2,721)	(4,132)	(1,392)	(4,126)
Fair value as at December 31	89,069	119,579	77,716	111,718

30.4 Movement in defined benefit obligation

Obligation as at January 1	76,607	79,973	64,574	79,744
Service cost	4,476	2,655	4,099	2,662
Interest cost	7,754	7,921	5,892	7,111
Actuarial (gains) / losses	(154)	804	3,434	(5,418)
Benefits paid	(2,721)	(4,132)	(1,392)	(4,126)
Obligation as at December 31	85,962	87,221	76,607	79,973

30.5 Expenses

Current service cost	4,476	2,655	4,099	2,662
Interest cost	7,754	7,921	5,892	7,111
Expected return on plan assets	(7,859)	(10,876)	(8,306)	(9,208)
Recognition of actuarial (gain) / loss	-	(1,436)	-	(1,028)
Expenses	4,371	(1,736)	1,685	(463)
Actual return on plan assets	9,563	14,192	12,336	11,258

30.6 Principal actuarial assumptions used are disclosed in note 3.11.

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:

	2007	2006	2005	2004	2003
	(Rupees '000)				
As at December 31					
Present value of defined benefit obligation	173,183	156,580	144,318	142,583	191,727
Fair value of plan assets	208,648	189,434	197,198	166,564	182,548
(Surplus) / Deficit	(35,465)	(32,854)	(52,880)	(23,981)	9,179

30.8 Plan assets comprise the following:

	Note	2007	2006
		(Rupees '000)	
Debt instruments		199,479	150,814
Bank balances, term deposits and others (net)		9,169	38,620
		208,648	189,434

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, 2008 is Rs 3.151 million.

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

30.12 During the year the company contributed Rs 6.116 million (2006: Rs 5.548 million) to the provident fund.

31. SHARE-BASED PAYMENT PLANS

As mentioned in note 3.12, the company operates equity-settled share-based payment plans and a plan to provide employees with share appreciation rights (SARs).

31.1 Details of the share-based payment plans are as follows:

	2007			2006		
	Time vested shares	Performance based shares	SARs (note 31.2)	Time vested shares	Performance based shares	SARs (note 31.2)
	Number of shares					
Outstanding as at January 1	1,320	370	29,657	605	190	33,961
Granted during the year	870	160	3,900	850	180	3,970
Forfeited during the year	-	-	-	(135)	-	(667)
Exercised during the year	-	-	(2,071)	-	-	(7,607)
Outstanding as at December 31	2,190	530	31,486	1,320	370	29,657
Exercisable as at December 31	1,100	530	26,495	467	370	24,530

31.2 As mentioned in note 3.12.2, the fair value of liability against SARs is determined by applying Black-Scholes option-pricing model. The model incorporates the following assumptions:

	Note	2007	2006
Expected volatility of share price	31.2.1	19.9%	24.3%
Risk-free interest rate	31.2.2	4.60%	5.0%
Weighted Average outstanding life of vested SARs		2.9 years	2.9 years
Weighted Average exercise price of vested SARs		$ 51.32	$ 47.23
Fair value of SARs		$ 5.64	$ 13.58
Weighted average intrinsic value of SARs exercised		Rs 884.60	Rs 611.07

31.2.1 Expected volatility of share price of Wyeth USA (the parent company) was determined using both implied and historical volatility rates.

31.2.2 The risk free interest rates were derived from the U.S. Treasury yield curve in effect on the date of grant for instruments with a remaining term similar to the expected life of SARs.

31.2.3 Weighted average outstanding life of vested SARs is the life that the company expects when the options shall be exercised and has been estimated on the basis of past trend.

31.3 The total expenses recognised for the year arising from share-based payment transactions are as follows:

	Note	2007	2006
		(Rupees '000)	
Expense arising from equity-settled share-based payment plans		2,967	1,290
Expense arising from increase in fair value of liability against SARs		(11,106)	2,339
Expense arising due to SARs exercised during the year		1,832	4,648
		(6,307)	8,277

		2007	2006
31.4	Closing balance of liability against SARs	9,203	20,309
	The total intrinsic value of vested SARs as at December 31	2,390	6,986

32. 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	2007	2006 (restated)
			(Rupees '000)	
Sale of goods and reimbursement of expenses		32.1		
Wyeth Philippines, Inc.	Associate		131,374	144,206
Wyeth Ayerst (Thailand) Limited	Associate		-	517
Wyeth Ayerst International Inc.	Associate		2,000	2,886
Wyeth (Malaysia) Sdn. Bhd	Associate		1,348	-
			134,722	147,609

Nature of transaction	Relationship with the company	Note	2007	2006 (restated)
			(Rupees '000)	
Goods purchased and services received from associated undertakings		32.2		
Wyeth Medica Ireland	Associate		38,560	20,542
John Wyeth & Brother Limited	Associate		26,408	-
Cynamid International Corporation Limited	Associate		1,049	87,496
Wyeth Nutritional (Singapore) Pte Limited	Associate		73,560	62,956
Wyeth Nutritionals Ireland	Associate		7,705	10,440
Wyeth Ayerst Lederle Inc.	Associate		72,807	65,506
Wyeth Regional Manufacturing (Singapore) Pte Limited	Associate		12,953	-
Wyeth Ayerst International Inc.	Associate		1,124	4,445
			234,166	251,385
Dividend to parent company			71,752	87,128
Contribution to the Gratuity Fund			4,511	-
Repayment of loan by the Gratuity Fund			-	25,809
Contribution to the Provident Fund			6,116	5,548
Repayment of loan by Pension Fund			2,199	-
Profit charged on loan to the Provident Fund			-	1,459
Remuneration of key management personnel		32.3	23,363	16,439

32.1 This includes Rs 14.767 million (2006: Rs 35.169 million) outstanding as at December 31, 2007 from associated undertakings.

32.2 This includes Rs 166.307 million (2006: Rs 144.831 million) payable as at December 31, 2007 to associated undertakings.

32.3 Remuneration of key management personnel is as follows:

	2007			2006		
	Chief Executive	Others	Total	Chief Executive	Others	Total
				(restated)		
	(Rupees '000)					
Short-term employee benefits	7,873	14,506	22,379	5,359	10,194	15,553
Retirement benefits	399	585	984	356	530	886
	8,272	15,091	23,363	5,715	10,724	16,439
Number of persons	1	5	6	1	4	5

Further, the impact of benefits available to the chief executive and others recognised by the company in the expenses during the year on account of share-based payment plans aggregate Rs (1.545) million (2006: Rs 2.326 million) and Rs (1.678) million (2006: Rs 2.871 million) respectively.

33. CASH GENERATED FROM OPERATIONS

	Note	2007	2006 (restated)
		(Rupees '000)	
Profit before taxation		359,067	388,516
Adjustments for non-cash charges and other items:			
Expenses arising from equity-settled share-based payment plans		2,967	1,290
Depreciation		25,207	22,631
(Provision written back) / provision for slow moving and obsolete stocks		(1,103)	4,672
Provision against doubtful debts written back		-	(2,442)
Reserve for potential expired stock claims		(5,600)	-
Fixed assets written off		-	23
Impairment loss		7,101	-
Gain on disposal of property, plant and equipment		(611)	(982)
Finance lease charges		-	64
Profit on			
- deposit accounts		(58,451)	(39,373)
- loan to the Provident Fund		-	(1,459)
Working capital changes	33.1	31,692	(40,170)
		360,269	332,770

33.1 Working capital changes

	2007	2006
(Increase)/decrease in current assets:		
Spares	(420)	124
Stocks	48,717	(116,791)
Trade debts	(29,173)	(11,042)
Loans and advances	3	68,367
Deposits and prepayments	(3,584)	3,005
Other receivables	21,190	(15,602)
	36,733	(71,939)
(Decrease)/increase in current liabilities:		
Trade and other payables	(5,041)	31,769
	31,692	(40,170)

34. CASH AND CASH EQUIVALENTS

	Note	2007	2006
		(Rupees '000)	
This comprises of:			
Short-term investments		720,000	575,000
Cash and bank balances		51,993	25,506
		771,993	600,506

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Interest rate risk exposure

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

	2007							2006
	Mark-up bearing			Non-interest bearing				
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total	Total
	(Rupees '000)							
Financial assets								
Loans	-	-	-	3,892	8,613	12,505	12,505	11,378
Deposits	-	-	-	9,196	2,287	11,483	11,483	7,577
Trade debts	-	-	-	138,572	-	138,572	138,572	109,399
Interest accrued	-	-	-	4,673	-	4,673	4,673	5,947
Other receivables	-	-	-	13,280	-	13,280	13,280	30,686
Short-term investments	720,000	-	720,000	-	-	-	720,000	575,000
Cash and bank balances	51,699	-	51,699	294	-	294	51,993	25,506
2007	771,699	-	771,699	169,907	10,900	180,807	952,506	765,493
2006	600,315	-	600,315	155,710	9,468	165,178	765,493	
Financial liabilities								
Trade and other payables	-	-	-	334,540	-	334,540	334,540	332,854
2007	-	-	-	334,540	-	334,540	334,540	332,854
2006	-	-	-	332,854	-	332,854	332,854	

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

	2007	2006
Short-term investments	7.0% to 9.10%	7.15% to 10%
Bank deposits	2.0% to 2.75%	1.5% to 2.75%

	2007	2006
	(Rupees '000)	
35.3 Off-balance sheet items		
Letters of credit	**38,549**	25,461
Letters of guarantee	**13,511**	14,734

35.4 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.

35.5 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.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

35.6 Liquidity risk

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

35.7 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The capital structure of the company comprises of shareholders' equity as shown in the balance sheet under 'Share Capital and Reserves'. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The company monitors its capital structure keeping in view future investment requirements, expectation of the shareholders and external restriction on issue of share capital. The shareholders' equity of the company as of December 31, 2007 and 2006 were as follows:

	2007	2006 (restated)
	(Rupees '000)	
Shareholders' equity	1,411,453	1,262,927

35.8 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.

36. DIVIDEND AND OTHER APPROPRIATIONS

36.1 The board of directors declared interim dividend during the year ended December 31, 2007 of Rs 30 per share, amounting to Rs 42.648 million (2006: Rs 35.540 million) in their meeting held on August 31, 2007. Further, during the year the board of directors also approved transfer of an amount of Rs 230 million (2006: Rs 144 million) from unappropriated profit to general reserves

36.2 The board of directors have proposed dividend for the year ended December 31, 2007 of Rs **100** per share, amounting to Rs **142.161** million at their meeting on February 29, 2008 subject to the approval of members at the annual general meeting to be held on March 27, 2008. In addition, the board of directors has also approved transfer to general reserve amounting to Rs **45.743** million. These financial statements do not reflect the dividend and transfer to general reserve as these have been proposed and approved respectively subsequent to the balance sheet date.

37. CORRESPONDING FIGURES

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

- An amount of Rs 5.947 million included in 'profit receivable on deposit accounts' and classified under 'other receivables' upto last year has been reclassified as 'interest accrued'.

- An amount of Rs 3.000 million included in 'advances for expenses' and classified under 'loans and advances' upto last year has been offset in 'accrued liabilities' within 'trade and other payables' (note 17).

- An amount of Rs 12.953 million (2006: Rs 3.358 million) included in 'Production and other supplies' upto last year has been reclassified as 'Technical quality and IT support services fee' in 'Cost of sales' (note 21).

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **February 29, 2008** by the board of directors of the company.

Arshad Rahim Khan
Chief Executive

Khwaja Bakhtiar Ahmed
Director

Six Years at a Glance from 2002 to 2007

	2002	2003	2004	2005	2006 (restated)	2007
	(Rupees '000)					
Sales	1,897,671	1,859,037	1,705,256	1,775,514	1,945,494	**2,107,585**
Cost of sales	1,204,111	1,112,969	1,053,427	1,111,472	1,189,203	**1,372,325**
Gross profit	693,560	746,068	651,829	664,042	756,291	**735,260**
Distribution and administrative expenses	358,370	344,547	355,622	341,446	392,257	**410,339**
Operating profit	335,190	401,521	296,207	322,596	364,034	**324,921**
Other operating income	82,472	70,491	46,199	39,439	61,422	**72,050**
Other operating expenses including finance costs & voluntary separation scheme	81,976	40,441	181,319	34,926	36,940	**37,904**
Profit before taxation	335,686	431,571	161,087	327,109	388,516	**359,067**
Taxation	90,902	130,018	54,112	100,384	64,150	**113,996**
Profit after taxation	244,784	301,553	106,975	226,725	324,366	**245,071**
Shareholders' equity	542,854	808,867	915,842	1,071,487	1,262,927	**1,411,453**
Property, plant and equipment	133,911	159,014	174,544	174,000	179,707	**217,458**
Current assets	937,847	924,096	1,095,469	1,261,550	1,494,873	**1,589,276**
Non-current assets classified as held for sale	-	-	-	-	-	**7,100**
Current liabilities	526,421	279,618	360,771	365,348	417,469	**404,068**
Current ratio (no. of times)	1.78	3.30	3.04	3.45	3.58	**3.93**
Deferred liabilities	-	-	-	6,753	3,652	**9,213**
Dividend per share percentage	25%	25%	50%	60%	65%	**130%**
Number of employees as at December 31,	569	558	409	354	355	**357**

Proxy Form 59th Annual General Meeting

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 Ninth** Annual General Meeting of the company to be held on **Thursday, March 27, 2008 at 2:00 p.m.** and at any adjournment thereof.

As witness my/our hand this______________ **day of** ______________________ **2008 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 CNIC 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.

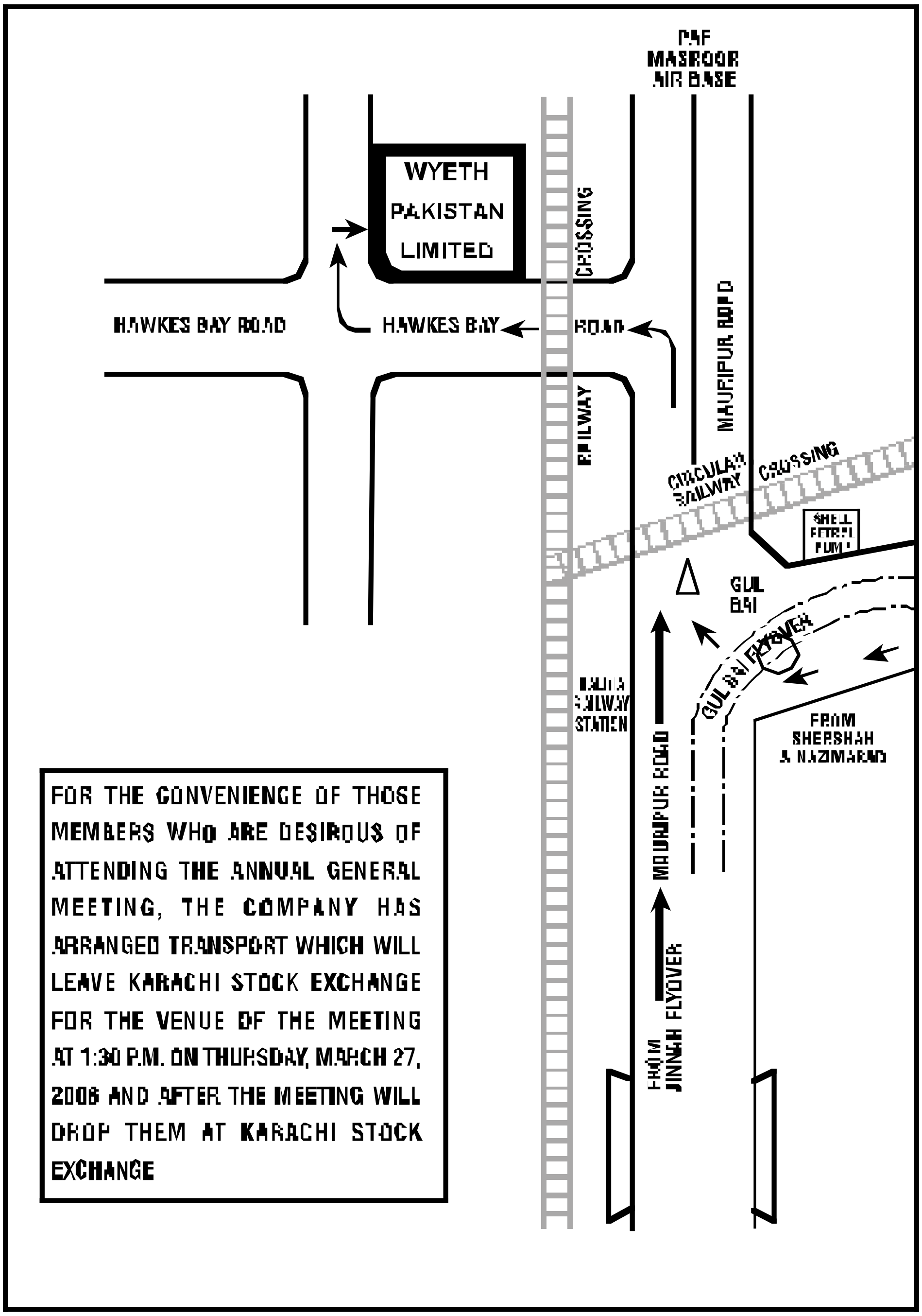
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation it's common seal should be affixed to the instrument.

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 Computerized National Identity Card (CNIC), Account and Participant's CNIC numbers. The Proxy shall produce his original CNIC at the time of the meeting. Representative of corporate members should bring the usual documents for such purpose.

**TRANSPORT ARRANGEMENT TO ATTEND THE 59TH ANNUAL GENERAL MEETING
OF WYETH PAKISTAN LIMITED
ON THURSDAY, MARCH 27, 2008
AT 2:00 P.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 1:30 P.M. ON THURSDAY, MARCH 27, 2008 AND AFTER THE MEETING WILL DROP THEM AT KARACHI STOCK EXCHANGE

Wyeth

Wyeth Pakistan Limited
S-33, Hawkes Bay Road, S.I.T.E.,
G.P.O. Box No. 167, Karachi.