

# Wyeth

**WYETH PAKISTAN LIMITED**

Annual Report 2008



## Mission & Vision

### *Mission*

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

### *Vision*

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

We will achieve this by 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

## 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 .....	1
Key Operating and Financial Data of Six Years .....	2
Performance at a Glance .....	3-4
Notice of Annual General Meeting .....	5-6
Directors' Report to Shareholders .....	7-10
Chairman / Chief Executive's Review .....	11-12
Statement of Compliance with the Code of Corporate Governance .....	13-14
Review Report to the Members on Statement of Compliance with Best Practices of the Code of Corporate Governance .....	15
Auditors' Report to the Members .....	16
Balance Sheet .....	17
Profit and Loss Account .....	18
Statement of Changes in Equity .....	19
Cash Flow Statement .....	20
Notes to and Forming Part of the Financial Statements .....	21-50
Six Years at a Glance .....	51
Pattern of Shareholding .....	52
Categories of Shareholders .....	53
Form of Proxy - Sixtieth Annual General Meeting	

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Arshad Rahim Khan  
Mark Larsen  
Baldev Arora  
Edward Michael Henricks  
Gaetan Crucke  
Behram Hasan  
Khwaja Bakhtiar Ahmed

Chairman, Chief Executive & Managing Director  
Alternate : Javed Iqbal  
Alternate : Abdul Naseer  
Alternate : Aliya Yusuf  
Alternate : Dr. Nadim ur Rehman  
Nominee of N.I.T.

### COMPANY SECRETARY

Khwaja Bakhtiar Ahmed

### AUDIT COMMITTEE

Javed Iqbal  
Aliya Yusuf  
Abdul Naseer

Chairman

### EXECUTIVE COMMITTEE

Arshad Rahim Khan  
Khwaja Bakhtiar Ahmed  
Abdul Naseer  
Muhammad Salim Sheikh  
Dr. Nadim ur Rehman  
Mohammad Abdul Majid

Chairman, Chief Executive & Managing Director  
Director Finance & Company Secretary  
Director Technical  
Director Human Resources & Administration  
Director Medical & Regulatory Affairs  
Director Marketing & Sales

### SHARE TRANSFER COMMITTEE

Arshad Rahim Khan  
Khwaja Bakhtiar Ahmed

Chairman, Chief Executive & Managing Director  
Company Secretary

### BANKERS

Citibank, N.A.  
The Royal Bank of Scotland

### AUDITORS

A.F.Ferguson & Co.  
Chartered Accountants

### LEGAL ADVISORS

Orr Dignam & Company  
Syed Qamaruddin Hassan

### SHARE REGISTRAR

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

### HEAD OFFICE / REGISTERED OFFICE

S-33, Hawkes Bay Road, S.I.T.E.,  
G.P.O. Box No.167, Karachi.  
Ph. # 92-21-2354651-61, 92-21-7664203-06 & 111-777-333  
Fax: 92-21-2354681

Website: [www.wyethpakistan.com](http://www.wyethpakistan.com)

**Note:** These accounts are also available on our website.

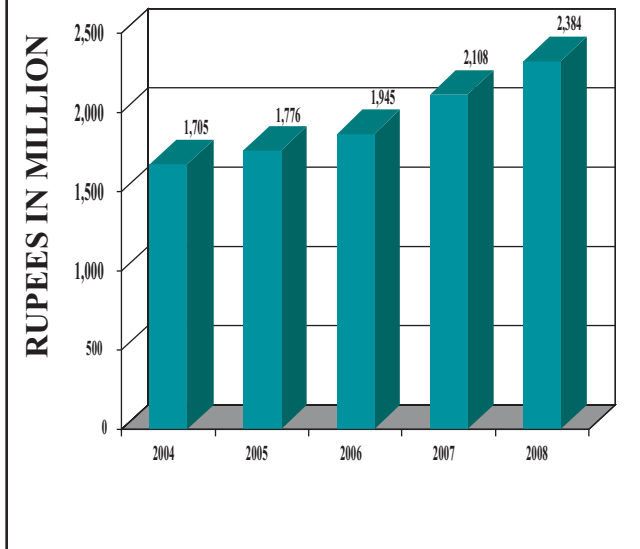
## Key operating and financial data of six years

KEY INDICATORS	2003	2004	2005	2006	2007	2008	
<b>Trading results (Rs in millions)</b>							
Net sales	1,859	1,705	1,776	1,945	2,108	<b>2,384</b>	
Gross profit	746	652	664	756	735	<b>705</b>	
Operating profit	402	296	323	364	325	<b>254</b>	
Profit before tax	432	161	327	389	359	<b>229</b>	
Profit after tax	302	107	227	324	245	<b>144</b>	
<b>Financial position (Rs in millions)</b>							
Shareholders' equity	809	916	1,071	1,263	1,411	<b>1,131</b>	
Property, plant & equipment	159	175	174	180	217	<b>227</b>	
Net current assets	666	734	896	1,077	1,185	<b>901</b>	
<b>Profitability</b>							
Gross profit	%	40.13	38.22	37.40	38.87	34.87	<b>29.57</b>
Operating profit	%	21.59	17.37	18.16	18.71	15.42	<b>10.65</b>
Profit before tax	%	23.21	9.45	18.42	20.00	17.03	<b>9.61</b>
Profit after tax	%	16.22	6.27	12.77	16.66	11.62	<b>6.04</b>
<b>Performance</b>							
Fixed assets turnover	Times	11.69	9.77	10.20	10.81	9.71	<b>10.50</b>
Avg. Inventory holding period	Days	140	173	169	170	156	<b>143</b>
Debtor's turnover	Times	8.12	13.88	22.30	18.95	17.01	<b>12.51</b>
Average collection period	Days	45	26	16	19	21	<b>29</b>
Return on equity	%	37.28	11.68	21.20	25.65	17.36	<b>12.73</b>
Return on capital employed	%	37.19	11.67	21.20	25.65	17.36	<b>12.73</b>
<b>Liquidity</b>							
Current	Times	3.30	3.04	3.45	3.58	3.92	<b>3.43</b>
Quick	Times	1.61	1.54	2.07	2.11	2.53	<b>1.38</b>
<b>Valuation</b>							
Earnings per share (before tax)	Rs	303.57	113.31	230.10	273.29	252.58	<b>161.15</b>
Earnings per share (after tax)	Rs	212.12	75.25	159.48	228.17	172.39	<b>101.50</b>
Breakup value per share	Rs	568.98	644.23	753.71	888.38	992.86	<b>795.47</b>
Dividend per share *	Rs	25.00	50.00	60.00	65.00	130.00	<b>250.00</b>
Dividend payout ratio (after tax) *	%	11.78	66.44	37.62	28.49	75.41	<b>246.31</b>
Price earning ratio	Times	7.54	17.04	12.29	9.41	12.41	<b>25.62</b>
Dividend yield *	%	2.19	3.46	3.70	3.17	6.06	<b>10.55</b>
Market value per share at 31-12	Rs	1,600	1,282	1,960	2,147	2,140	<b>2,600</b>
Market capitalization	Rs(M)	2,275	1,823	2,786	3,052	3,042	<b>3,696</b>

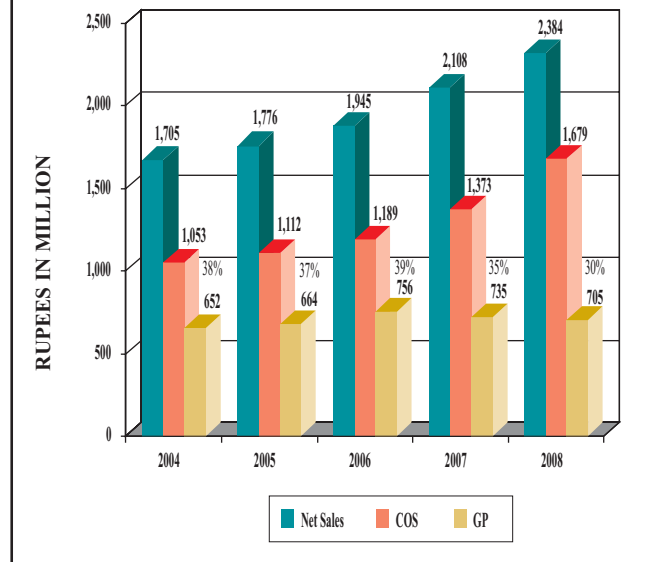
\* It include final dividend declared subsequent to year-end.

## PERFORMANCE AT A GLANCE

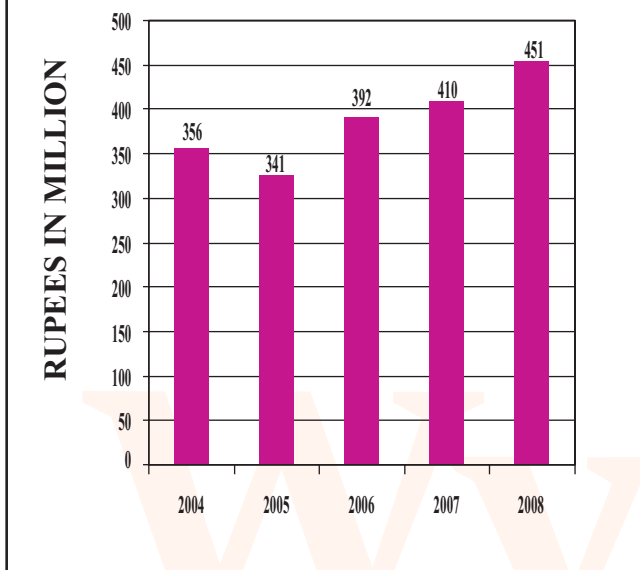
### NET SALES ANALYSIS



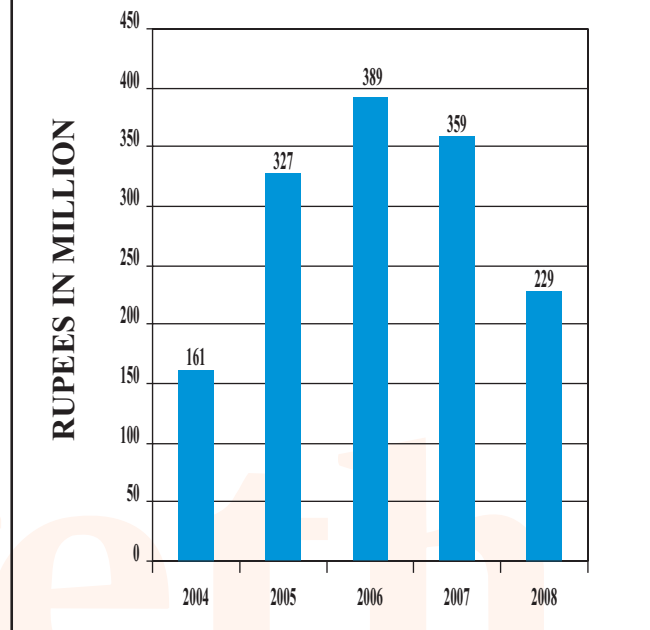
### NET SALES, COS & GP ANALYSIS



### DISTRIBUTION COST AND ADMINISTRATIVE EXPENSES ANALYSIS

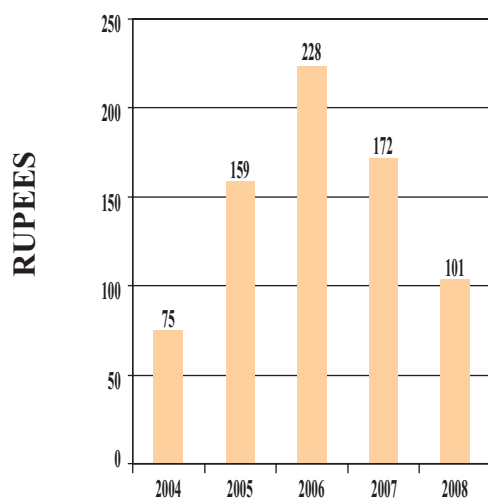


### PROFIT BEFORE TAX ANALYSIS

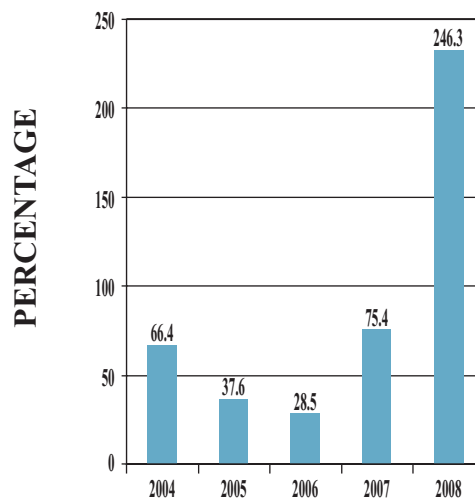


## PERFORMANCE AT A GLANCE

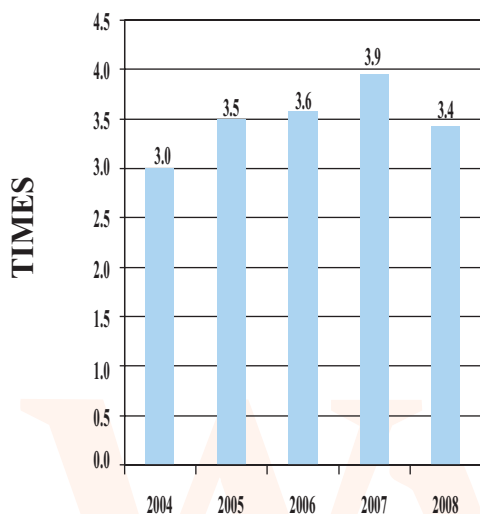
### EARNINGS PER SHARE



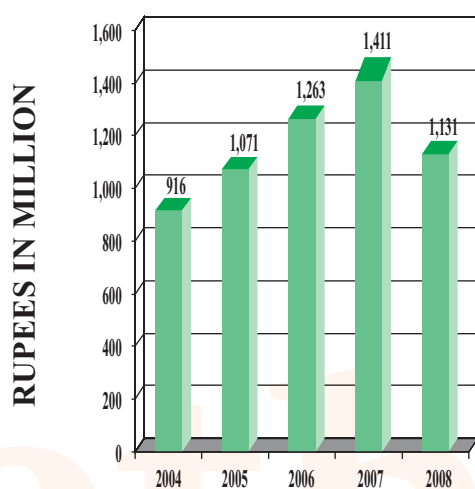
### DIVIDEND PAYOUT RATIO



### CURRENT RATIO



### SHAREHOLDERS' EQUITY





## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Sixtieth** Annual General Meeting of Wyeth Pakistan Limited will be held on **Wednesday, April 29, 2009**, at **10:30 a.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 Ninth Annual General Meeting of the Company held on March 27, 2008 and minutes of Extraordinary General Meeting of the Company held on April 30, 2008.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Reports for the year ended December 31, 2008.
3. To declare a cash dividend.
4. To appoint Auditors for the year ending December 31, 2009 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 Resolution;

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 "**three**" be replaced with the word "**four**" 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 **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".

By Order of the Board



**KHWAJA BAKHTIAR AHMED**  
Director/Company Secretary

Karachi: **April 02, 2009**

## 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 Article 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 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. UNQUOTE**

### NOTES :

1. The Share Transfer Books of the Company will remain closed from April 29, 2009 to May 07, 2009 (both days inclusive). Transfers received by our Shares Registrar, THK Associates (Pvt.) Ltd., Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi-75530 by the close of business on April 28, 2009 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 Shares Registrar, THK Associates (Pvt.) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi - 75530 any change in their addresses.

Wyeth

## 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, 2008.

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 60th Annual General Meeting of the Company.

Summarized operating results of the Company are tabulated below:

	Rupees in million
Profit for the year before taxation	229.1
Taxation	(84.8)
Profit after taxation	144.3
Un-appropriated profit brought forward	191.0
Profit available for appropriation	335.3
Appropriations	
- Transfer from General Reserve - net	139.3
- Final dividend for the year ended December 31, 2007	(142.2)
- Interim dividends for the year ended December 31, 2008	(284.3)
Un-appropriated profit carried forward	48.1

Your Company's turnover grew by 13.1% to Rs 2.384 billion in 2008 as compared to Rs 2.107 billion in 2007. The Company's gross profit however declined by 4% to Rs 704.6 million as compared to Rs 735.2 million in 2007 mainly due to the impact of depreciation of Pak Rupee against foreign currencies. We are glad to inform you that your Company has received price adjustment on some of our products during last quarter of 2008.

### Dividend

The directors are pleased to proposed a Final Cash Dividend of Rs **50** being **50%** on a share of Rs 100 each held at the close of the share transfer books as referred in notice of the 60th Annual General Meeting. The final cash dividend is in addition to **two** interim dividends of Rs 100 each being 100% on a share of Rs 100 each approved at the meetings held on August 28, 2008 and October 30, 2008.

### General Reserve

An appropriation of Rs 45.743 million (2007: Rs 230 million) was made from unappropriated profit for the year 2007 to general reserve, was reflected in the first quarter of 2008 and was approved in the board meeting held on February 29, 2008.

The Board of Directors also approved the transfer of Rs 85 million and Rs 100 million from general reserve to unappropriated profit and were approved in the board meetings held on August 28, 2008 and October 30, 2008 respectively.

The Board of Directors has also approved the transfer of Rs **22.990** million from general reserve to unappropriated profit for the year ended December 31, 2008 which will be reflected in the First Quarter Accounts of 2009.

### 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, 2008 and other related information required by the Code of Corporate Governance are set out on pages **52** to **53**.

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 **11** to **12** deals with:

- ▶ Economy and Market
- ▶ Review of Operating Results
- ▶ 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 Rupees 101.50 (2007: Rupees 172.39).

## **Development of Human Resource**

### **Training & Development**

Employee training and development is a priority at Wyeth. Our employees participate in training, 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.

Orientation Programs 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**

Leadership priorities initiative was launched during the year covering each and every employee based on the theme "Building a company of Leaders- Every Person Every Job". Five leadership competencies were focused upon - Aspire high, Think broadly, Be decisive, Build talent and Execute flawlessly.

### **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)

Wyeth is always putting Wyeth values into practice each and every day. Our policy and procedures allow us to integrate EHS considerations into strategic planning, operational decisions and day to day activities. One of the 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.

## 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 have successfully build network (hardware & software) infrastructure for our field force in 24 district offices at 9 locations in Pakistan to access Wyeth intranet and to be part of our corporate emailing & other systems.

Our some of the executives are also empowered for remote access of Wyeth applications (including ERP system) and corporate emails through secured internet/intranet connectivity.

## Subsequent Events

Subsequent to the balance sheet date, Wyeth USA has entered into a definitive merger agreement with Pfizer Inc. under which Pfizer Inc. will acquire Wyeth USA in a cash and stock transaction, subject to fulfillment of certain conditions. Implementation and completion of this transaction will result in a change in the ultimate control of Wyeth Pakistan Limited.

## 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 Federation 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. 2.
- i) There are certain disputed demands of Income Tax, which have not been accrued or paid. These have been explained in the note no. 18.4 to the financial statements on Taxation 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 2008	Audited 2007
Pension Fund	Rs 121 million	Rs 118 million
Gratuity Fund	Rs 86 million	Rs 90 million
Provident Fund	Rs 207 million	Rs 233 million

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

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

No. of meetings	1	2	3	4	5	6
Date of Meetings >>>>>>>	09-01-08	29-02-08	26-03-08	30-04-08	28-08-08	30-10-08
Arshad Rahim Khan	P	P	P	P	P	P
Khwaja Bakhtiar Ahmed	P	P	P	P	P	P
Javed Iqbal	P	A	P	P	P	P
Ms. Aliya Yusuf	P	P	P	P	P	P
Behram Hasan	P	P	P	P	A	P
Abdul Naseer	P	P	A	P	P	P
Dr. Nadim ur Rehman	-	P	P	P	P	A

## Directors

Since the last Annual General Meeting the Directors of the Company were re-elected at the Extraordinary General Meeting held on April 30, 2008 for a term of three years. The directors elected to the Board were Arshad Rahim Khan, Mark Larsen, Baldev Arora, Cecile Guegan, Gaetan Crucke, Behram Hasan and Khwaja Bakhtiar Ahmed. Subsequent to year end 2008 following changes took place in the constitution of the Company's Board of directors:

- ▶ On February 12, 2009 Ms. Cecile Guegan resigned from the board
- ▶ On February 12, 2009 Mr. Edward M. Henricks appointed as a Director in place of Ms. Cecile Guegan on the board
- ▶ On February 12, 2009 Ms. Aliya Yusuf, an alternate Director for Mr. Edward M. Henricks joined the board

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

## Audit Committee


Audit Committee was reconstituted with the same members. 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.

## Auditors

M/s A.F. Ferguson & Co., Chartered Accountants were appointed as auditors of the Company for the current year in the 59th Annual General Meeting held on March 27, 2008. The present Auditors, M/s A.F. Ferguson & Co., Chartered Accountants retire and being eligible offer themselves for reappointment. The Board of Directors on the suggestion of Audit Committee recommended the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as statutory auditors till the conclusion of next AGM.

## Corporate Governance

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

  
**Arshad Rahim Khan**  
 Chief Executive

By Order of the Board

  
**Khwaja Bakhtiar Ahmed**  
 Director

Karachi: **March 27, 2009**

## CHAIRMAN / CHIEF EXECUTIVE'S REVIEW

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2008.

### **Economy and Market**

Pakistan's economy was under pressure in 2008 with deteriorating law and order situation, depleting foreign exchange reserves, significant depreciation of Pak Rupee against foreign currencies (30%) and very high inflation (24%). However Pharmaceutical market continue to show growth.

### **Review of Operating Results**

The company's net sales during the year amounted to Rs 2.4 billion showing an increase of 13.1% over last year. The domestic sales grew by 13.8% while export sales grew by 4.7%. Domestic sales growth mainly consists of volume growth of 11.9% which is contributed mainly by our Anti TB products, Nutritionals and Vaccines. Sales growth was adversely affected by non-availability of our two major products which was due to non-availability of quality raw materials. In spite of such a healthy growth in sales, the gross profit has declined mainly due to high inflation and significant depreciation of Pak Rupees vs. US Dollars.

The distribution cost and administrative expenses are higher mainly due to a one time cost of Rs 28.3 million on program initiated by the company during the year to achieve rationalization.

Other operating income has decreased mainly due to lower interest income on lower deposits. Other operating expenses are higher mainly due to significant exchange loss as a result of depreciation of Rupee against foreign currencies. Profit after tax has decreased due to the reasons explained above.

Working capital remained closely monitored by the management. Stocks in hand have increased due to higher cost of materials and trade debts have increased mainly because of higher sales and growth in institutional business. The current ratio has declined over last year mainly because of significant payment of dividend out of cash and short term investment.

Capital expenditure of Rs 49.3 million was mainly made on plant, machinery and quality control equipment. The company is committed to invest in plant, machinery and infrastructure up-gradation to meet current GMP Standards.

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

The Company remains focused on key brands and introducing following new products for the benefit of patients.

## NEW LAUNCHES

### Tygacil



TYGACIL is indicated for the treatment of infections caused by susceptible strains of the designated microorganisms.

### Premarin



PREMARIN (conjugated estrogens) provides an effective hormone therapy to the women for the treatment of menopausal symptoms.

As Rupee remains under pressure against foreign currencies and rising inflation, it is imperative that Pharmaceutical industry also keeps getting price adjustment by the Government.

## Industrial Relations

We are pleased to acknowledge that the relations with employees remained congenial throughout the year. The management recognizes and records its sincere appreciation to all employees for their continued dedication, commitment and hard work for the growth and prosperity of the company, without which this performance would not have been possible. The Union Agreement covering period from May 2008 to April 2010 was signed on December 3, 2008 in a very cordial atmosphere. Wyeth Pakistan has a very clear mission, vision and values. Our products are of high 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: **March 27, 2009**



## 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 and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the Board). At present the Board includes two independent non-executive Directors. The Company also has one Director representing minority equity interest of Institutional Investor (NIT).
2. All the resident Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred during the period and was duly filled.
5. The Company has a 'Code of Conduct', which has been signed by all executive Directors and management employees of the Company.
6. The Company has adopted a mission, vision and values statement that has been approved by the Board and the overall corporate strategy of the Company reflects the vision and values set out in the statement. Detail of significant policies for material matters are regularly being re-evaluated and material changes in the significant policies will be placed before the Board for the approval.
7. All the powers of the Board have been duly exercised. The decisions on major transactions and the appointments of Chief Executive and Directors have been approved by the Board. The board has also approved the Directors' remuneration.
8. The meetings of the Board were presided over by the Chairman and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board keeps apprised its Directors of their duties and responsibilities, which is an ongoing process.
10. The Board has approved appointment of Chief Financial Officer (CFO) / Company Secretary and Head of Internal Audit.
11. The Directors' report for this year has been prepared in accordance with the requirements of the Code and fully describes the salient matters that are required to be disclosed.

12. CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.
13. The Directors, Chief Executive Officer (CEO) and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding and the spouses of the Directors are not engaged in the business of stock brokerage.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises 3 members, of whom 2 are non-executive Directors. The Chairman of the committee is Non-Executive Director.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Audit committee have been formed and approved by the Board.
17. The Board has set-up an 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 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**  
Chief Executive

Karachi: **March 27, 2009**

Wyeth

## 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 (the Company) to comply with the Listing Regulation No. 37 of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2008.



**Chartered Accountants**

Karachi: **March 27, 2009**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Wyeth Pakistan Limited as at December 31, 2008 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2008 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.



Chartered Accountants  
Karachi: **March 27, 2009**

## BALANCE SHEET AS AT DECEMBER 31, 2008

	Note	2008 (Rupees '000)	2007
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	226,632	217,458
Long-term loans	6	9,342	8,613
Long-term deposits		1,957	2,287
		<u>237,931</u>	<u>228,358</u>
<b>CURRENT ASSETS</b>			
Spares		2,912	2,231
Stock-in-trade	7	756,391	563,189
Trade debts	8	242,804	138,572
Loans and advances	9	15,907	11,121
Deposits and prepayments	10	15,655	10,054
Interest accrued		2,269	4,673
Other receivables	11	17,860	18,580
Taxation-net		79,912	71,315
Short-term investments	12	87,000	720,000
Cash and bank balances	13	50,911	51,993
		<u>1,271,621</u>	<u>1,591,728</u>
Non-current assets classified as held for sale		-	7,100
		<u>1,509,552</u>	<u>1,827,186</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	14	142,161	142,161
Reserves		940,590	1,078,257
Unappropriated profit		48,101	191,035
		<u>1,130,852</u>	<u>1,411,453</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	15	8,065	9,213
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	370,635	406,520
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18	<u>1,509,552</u>	<u>1,827,186</u>

The annexed notes 1 to 39 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, 2008

	Note	2008 (Rupees '000)	2007
Net sales	19	2,383,639	2,107,585
Cost of sales	20	1,678,989	1,372,325
Gross profit		704,650	735,260
Distribution cost	21	328,361	310,883
Administrative expenses	22	122,210	99,456
		450,571	410,339
Operating profit		254,079	324,921
Other operating income	24	66,789	72,050
		320,868	396,971
Other operating expenses	25	90,673	37,043
Finance cost	26	1,106	861
		91,779	37,904
Profit before taxation		229,089	359,067
Taxation	27		
Current-for the year		80,702	98,964
-for prior years'		5,243	9,471
Deferred		(1,148)	5,561
		84,797	113,996
Profit after taxation		144,292	245,071

(Rupees)

Basic earnings per share	28	101.50	172.39
--------------------------	----	--------	--------

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

The annexed notes 1 to 39 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, 2008

	Issued, subscribed and paid up share capital	Reserves			Unappro- priated profit	Total
		General	Others	Sub total		
----- (Rupees '000) -----						
Balance at January 1, 2007	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	-	-	2,967	2,967	-	2,967
Net profit for the year	-	-	-	-	245,071	245,071
Total income for the year	-	-	-	-	-	248,038
<b>Balance at December 31, 2007</b>	<b>142,161</b>	<b>1,074,000</b>	<b>4,257</b>	<b>1,078,257</b>	<b>191,035</b>	<b>1,411,453</b>
<b>Balance at January 1, 2008</b>	<b>142,161</b>	<b>1,074,000</b>	<b>4,257</b>	<b>1,078,257</b>	<b>191,035</b>	<b>1,411,453</b>
Transfer to general reserve	-	45,743	-	45,743	(45,743)	-
Final dividend for the year ended December 31, 2007 @ 100%	-	-	-	-	(142,161)	(142,161)
Transfer from general reserve	-	(85,000)	-	(85,000)	85,000	-
First interim dividend for the year ended December 31, 2008 @ 100%	-	-	-	-	(142,161)	(142,161)
Transfer from general reserve	-	(100,000)	-	(100,000)	100,000	-
Second interim dividend for the year ended December 31, 2008 @ 100%	-	-	-	-	(142,161)	(142,161)
Share-based payments	-	-	4,198	4,198	-	4,198
Utilisation of reserve held for share- based payments	-	-	(2,608)	(2,608)	-	(2,608)
Net profit for the year	-	-	-	-	144,292	144,292
Total income for the year	-	-	-	-	-	145,882
<b>Balance at December 31, 2008</b>	<b>142,161</b>	<b>934,743</b>	<b>5,847</b>	<b>940,590</b>	<b>48,101</b>	<b>1,130,852</b>

The annexed notes 1 to 39 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, 2008

	Note	2008 (Rupees '000)	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operating activities	33	(130,807)	360,269
Profit received on deposits accounts		56,707	59,725
Increase in long-term loans		(729)	(984)
Decrease / (increase) in long-term deposits		330	(448)
Taxes paid		(94,542)	(68,255)
Net cash (outflow) / inflow from operating activities		(169,041)	350,307
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(49,321)	(80,867)
Proceeds from disposal of property, plant and equipment		4,691	4,319
Proceeds from disposal of non-current assets classified as held for sale		4,075	-
Net cash outflow from investing activities		(40,555)	(76,548)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash outflow from financing activities - dividends paid		(424,486)	(102,272)
Net (decrease) / increase in cash and cash equivalents		(634,082)	171,487
Cash and cash equivalents at the beginning of the year		771,993	600,506
Cash and cash equivalents at the end of the year	34	137,911	771,993

The annexed notes 1 to 39 form an integral part of these financial statements.

  
**Arshad Rahim Khan**  
 Chief Executive

  
**Khwaja Bakhtiar Ahmed**  
 Director



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended December 31, 2008

### 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 specialities 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 accounting standards and interpretations becoming effective in 2008:**

IFRIC 14, IAS 19 - 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. 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 requirements. The amendment does not have significant effect on the company's financial statements.

#### **Standards, amendments to published accounting standards and interpretations becoming effective in 2008 but not relevant:**

There are other new standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2008 but are considered not to be relevant or do not have any significant effect on 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, 2009 or later periods.

IFRS 2 (Amendment), 'Share-based payment' (effective from January 1, 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Adoption of the amendment is not expected to have significant effect on the company's financial statements.

IFRS 7, 'Financial instruments: Disclosures' (effective from January 1, 2009 in case of the company) introduces new disclosures relating to financial instruments. However, it will not have any impact on the classification and valuation of the company's financial instruments.

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the above standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009).

- ▶ The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.
- ▶ The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.
- ▶ The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The adoption of this amendment will only impact the presentation of the financial statements.
- ▶ IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). As per the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Adoption of the amendment is not expected to have significant effect on the company's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or do not have any significant effect to the company's operations and are therefore not detailed in these financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Accounting convention

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

##### 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. During the current year, the company has revised its estimate of residual values and useful lives. The effect of such change in useful lives and residual values is disclosed in note 4 to these financial statements.

Consistent with prior years, depreciation on additions is charged from the month in which the asset is put to use while no depreciation is charged in the month of disposal. The rates of depreciation are stated in note 5.4 to the 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are included in income currently.

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

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

### 3.3 Spares

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

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

### 3.4 Stock-in-trade

These have been valued as follows:

Finished goods, raw and packing materials and work-in-process : Lower of cost, determined on 'first in first out' basis and net realisable value (NRV).

In respect of finished goods and work-in-process, cost includes direct material, direct labour and appropriate production overheads.

Physician's samples : At cost, determined on 'first in first out' basis.

Stock-in-transit : At invoice value plus other charges incurred thereon.

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

The company measures its non-current assets classified as held for sale at the lower of carrying amount and fair values less cost 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 and cheques 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 obligation 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 an 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 exceeds 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

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 achievements of target.

Equity-settled share-based payment plans entitle the eligible employees to acquire the shares of Wyeth USA (the parent company) when the vesting conditions for the granted equity instruments are fulfilled. 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 the 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 the grant date. If SARs become favorable, the employee can exercise his right within the maximum period of ten years from the 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. 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 for the year. 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

Consistent with prior years, provision for current taxation is the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any and tax on presumptive basis.

### 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 Presumptive Tax Regime (PTR).

Consistent with prior years, deferred tax liabilities are recognised for all taxable temporary differences. 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, 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 Dividends 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 4 and 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 recognition of deferred taxation (notes 15).
- (d) Assumptions and estimations used in recognition of reserve for potential expired stock claims (note 16).
- (e) Assumptions and estimations used in accounting for defined benefit plans (note 30).
- (f) 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. EFFECT OF REVISION IN USEFUL LIVES AND RESIDUAL VALUES

With effect from February 2008, the management of the company has reassessed its estimate in respect of useful lives of computer equipment included in 'office equipment' and has accordingly revised their useful lives from 3 to 4 years. Further, with effect from January 1, 2008, the management has also reassessed the residual values of its items of 'property, plant and equipment' and accordingly assigned nil residual value to all items of 'property, plant and equipment' other than vehicles. For vehicles 30% of the original cost has been assigned as their residual value. Previously such residual values were based on management's best estimate on a case to case basis.

Had the above accounting estimates not been revised, the profit after tax for the year ended December 31, 2008, carrying value of property, plant and equipment and deferred tax liability as at that date would have been higher by Rs 1.650 million, Rs 2.247 million and Rs 0.597 million, respectively. The revision in the useful lives and residual values has been accounted for as a change in estimate in these financial statements.

	Note	2008	2007	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>				
(Rupees '000)				
5.1	The following is a breakup of property, plant and equipment:			
	Operating fixed assets	5.2	224,402	184,475
	Capital work in progress	5.3	2,230	32,983
			<u>226,632</u>	<u>217,458</u>



## 5.2 Operating fixed assets

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	Total
-----Rupees in '000-----								
<b>At January 1, 2007</b>								
Cost	258	49,972	3,346	256,315	11,211	28,225	52,068	401,395
Accumulated depreciation	-	26,882	1,732	143,489	7,670	9,586	33,738	223,097
Net book value	258	23,090	1,614	112,826	3,541	18,639	18,330	178,298
<b>Year ended December 31, 2007</b>								
Opening net book value	258	23,090	1,614	112,826	3,541	18,639	18,330	178,298
Additions	-	4,994	1,244	24,215	2,839	8,863	7,138	49,293
<b>Disposals</b>								
Cost	-	-	-	127	-	7,630	-	7,757
Accumulated depreciation	-	-	-	19	-	4,030	-	4,049
	-	-	-	108	-	3,600	-	3,708
<b>Transfers to Non-current assets classified as held for sale</b>								
Cost	-	-	-	20,406	-	-	-	20,406
Accumulated depreciation	-	-	-	6,205	-	-	-	6,205
Impairment loss	-	-	-	7,101	-	-	-	7,101
	-	-	-	7,100	-	-	-	7,100
Depreciation charge for the year	-	3,756	223	11,896	1,999	2,316	5,017	25,207
Impairment loss for the year	-	-	-	7,101	-	-	-	7,101
Closing net book value	258	24,328	2,635	110,836	4,381	21,586	20,451	184,475
<b>At December 31, 2007</b>								
Cost	258	54,966	4,590	259,997	14,050	29,458	59,206	422,525
Accumulated depreciation	-	30,638	1,955	149,161	9,669	7,872	38,755	238,050
Net book value	258	24,328	2,635	110,836	4,381	21,586	20,451	184,475
<b>Year ended December 31, 2008</b>								
Opening net book value	258	24,328	2,635	110,836	4,381	21,586	20,451	184,475
Additions	-	21,811	587	23,081	1,072	26,948	6,575	80,074
<b>Disposals</b>								
Cost	-	-	-	5,982	-	5,746	125	11,853
Accumulated depreciation	-	-	-	5,982	-	1,880	125	7,987
	-	-	-	-	-	3,866	-	3,866
<b>Write offs</b>								
Cost	-	4,735	-	14,430	944	90	6,125	26,324
Accumulated depreciation	-	4,472	-	12,606	944	70	5,907	23,999
	-	263	-	1,824	-	20	218	2,325
Depreciation charge for the year	-	5,953	570	17,032	780	5,324	4,297	33,956
Closing net book value	258	39,923	2,652	115,061	4,673	39,324	22,511	224,402
<b>At December 31, 2008</b>								
Cost	258	72,042	5,177	262,666	14,178	50,570	59,531	464,422
Accumulated depreciation	-	32,119	2,525	147,605	9,505	11,246	37,020	240,020
Net book value	258	39,923	2,652	115,061	4,673	39,324	22,511	224,402

## 5.3 Capital work in progress

	Factory on leasehold land	Improve- ments to warehouse	Plant machinery and others	Total
	----- (Rupees '000) -----			
Balance as at January 1, 2007	-	-	1,409	1,409
Additions	21,396	1,244	58,227	80,867
Transfers	4,994	1,244	43,055	49,293
Balance as at December 31, 2007	<u>16,402</u>	<u>-</u>	<u>16,581</u>	<u>32,983</u>
Balance as at January 1, 2008	<b>16,402</b>	<b>-</b>	<b>16,581</b>	<b>32,983</b>
Additions	<b>5,409</b>	<b>587</b>	<b>43,325</b>	<b>49,321</b>
Transfers	<b>21,811</b>	<b>587</b>	<b>57,676</b>	<b>80,074</b>
Balance as at December 31, 2008	<u>-</u>	<u>-</u>	<u>2,230</u>	<u>2,230</u>

	Annual rate of depreciation (%)
5.4 Depreciation on operating fixed assets is charged at the following rates:	
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 (note 4)	20 to 25

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

	Note	2008	2007
		(Rupees '000)	
Cost of sales	20.1	24,795	16,224
Distribution cost	21	3,358	2,012
Administrative expenses	22	5,803	6,971
		<u>33,956</u>	<u>25,207</u>

5.6 The operating fixed assets (note 5.2) include items costing Rs 111.523 million (2007: Rs 131.051 million) which are fully depreciated as of December 31, 2008 but are still in active use.

5.7 The following operating fixed assets were disposed of during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss)/ gain	Mode of disposal	Particulars of purchaser
	----- (Rupees '000) -----						
Vehicles	1,169	616	553	725	172	Tender	M. Tariq Ajmeri 877-2 Azizabad, F.B. Area, Karachi
	1,169	523	646	675	29	Tender	M. Tariq Ajmeri 877-2 Azizabad, F.B. Area, Karachi
	849	234	615	621	6	Negotiation	Mr. S. M. Zafar - Ex-employee 461 - Omar Block, Allama Iqbal Town, Lahore
	560	83	477	436	(41)	Negotiation	Mr. Intezar Ahmed - Ex-employee Flat # 108, Block A-2, Madina Blessing, Block 10-A, Gulshan-e-Iqbal, Karachi.
	560	78	482	436	(46)	Negotiation	Mr. Asim K Ghauri - Ex-employee Flat # 3, Al-Ahad Apartment, Plot 35/C, 21st Commercial Street Phase II, Defence, Karachi
	879	242	637	703	66	Negotiation	Mr. Muhammad Jaleel - Ex-employee A-124, Block 9, Dastagir Society, F.B. Area, Karachi
	560	104	456	448	(8)	Negotiation	Mr. Muhammad Akhtar - Ex-employee Fareed Apartment, Flat # 15, Phase I, Block 7 F.B. Area, Karachi
Aggregate of assets having net book value of less than Rs 50,000	6,107	6,107	-	647	647	Tender	
2008	<u>11,853</u>	<u>7,987</u>	<u>3,866</u>	<u>4,691</u>	<u>825</u>		
2007	<u>7,757</u>	<u>4,049</u>	<u>3,708</u>	<u>4,319</u>	<u>611</u>		

Note **2008** **2007**  
(Rupees '000)

## 6. LONG-TERM LOANS - considered good

Long-term loans to employees	6.1 & 6.2	<b>13,468</b>	12,505
Less: Receivable within one year	9	<b>4,126</b>	3,892
		<b>9,342</b>	<b>8,613</b>

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. Other 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.

	Note	2008	2007
(Rupees '000)			
<b>7. STOCK-IN-TRADE</b>			
Raw and packing materials	7.1	370,798	262,580
Work-in-process	7.1	40,150	30,460
Finished goods			
- At cost	7.2	288,240	209,517
- At net realisable value [Cost Rs 2.055 million (2007: Rs 1.738 million)]		1,653	1,502
Stock-in-transit		70,629	72,002
		<u>771,470</u>	<u>576,061</u>
Less: Provision for slow moving and obsolete stocks		15,079	12,872
		<u>756,391</u>	<u>563,189</u>

7.1 Raw and packing materials and work-in-process include Rs 69.078 million (2007: Rs 37.379 million) and Rs 6.272 million (2007: Rs 1.374 million) respectively held with Macter International (Private) Limited, Spencer Pharma (Private) Limited and Reko Pharmacal (Private) Limited for toll manufacturing purposes.

7.2 Includes physician's samples of Rs 2.219 million (2007: Rs 4.689 million).

	Note	2008	2007
(Rupees '000)			
<b>8. TRADE DEBTS</b>			
Considered good-unsecured			
From related parties	8.1	42,447	9,517
Others		200,357	129,055
		<u>242,804</u>	<u>138,572</u>
Considered doubtful		4,530	4,530
		<u>247,334</u>	<u>143,102</u>
Less: Provision for doubtful debts		4,530	4,530
		<u>242,804</u>	<u>138,572</u>

8.1 This represents amount due from Wyeth Philippines, Inc.

	Note	2008	2007
(Rupees '000)			
<b>9. LOANS AND ADVANCES - considered good</b>			
Current portion of long-term loans to employees	6	4,126	3,892
Advances-unsecured			
- Suppliers		8,960	3,347
- For expenses	9.1	1,696	1,265
- Employees		931	2,297
- Others		194	320
		<u>11,781</u>	<u>7,229</u>
		<u>15,907</u>	<u>11,121</u>

- 9.1 This includes amounts due from Executives amounting to Rs 0.213 million (2007: Rs 0.346 million).
- 9.2 The maximum aggregate amounts of advances due at the end of any month during the year are as follows:

	Note	2008 (Rupees '000)	2007
Chief executive		639	208
Executives		2,572	903
<b>10. DEPOSITS AND PREPAYMENTS</b>			
Deposits		14,856	9,196
Prepayments		799	858
		15,655	10,054
<b>11. OTHER RECEIVABLES</b>			
Margin deposits for guarantees and letters of credit		2,843	7,013
Insurance claims receivable		-	6
Balances with statutory authorities for customs and excise duty		999	999
Sales tax refundable	11.1	5,271	4,301
Due from a related party	11.2	6,825	5,250
Receivable from pension fund		362	-
Others		1,560	1,011
		17,860	18,580

- 11.1 This includes Rs 3.214 million representing sales tax paid on pharmaceutical products in the year 2002 which is refundable to the company.
- 11.2 This represents an amount outstanding as at December 31, 2008 (2007: Rs 3.887 million) from Wyeth Ayerst Pharmaceutical, on account of expenses incurred on its behalf.

	Note	2008 (Rupees '000)	2007
<b>12. SHORT-TERM INVESTMENTS</b>			
Term deposit receipts	12.1	87,000	720,000

- 12.1 These are short-term highly liquid investments, having maturity of less than or equal to three months from the date of original issue. Markup on these investments ranges from 9.80% to 11.65% (2007: 7.00 % to 9.10 %) per annum.

	Note	2008	2007
(Rupees '000)			
<b>13. CASH AND BANK BALANCES</b>			
With banks			
- In deposit accounts	13.1	26,430	51,699
- In current accounts		1,625	-
In hand			
- Cheques		22,599	-
- Cash		257	294
		<u>50,911</u>	<u>51,993</u>

13.1 These carry mark-up rates ranging from 2.5% to 5% (2007: 2% to 2.75%) per annum.

	Note	2008	2007
(Rupees '000)			
<b>14. SHARE CAPITAL</b>			
<b>Authorised capital</b>			
5,000,000 ordinary shares of Rs 100 each		<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and paid-up capital</b>			
<b>2008</b>	<b>2007</b>	<b>Ordinary shares of Rs 100 each</b>	
<b>(Number of shares)</b>			
386,711	386,711	Shares fully paid in cash	38,671
477,493	477,493	Shares issued as fully paid for consideration other than cash - note 14.2	47,749
557,405	557,405	Shares issued as fully paid bonus shares	55,741
<u>1,421,609</u>	<u>1,421,609</u>	<u>142,161</u>	<u>142,161</u>

14.1 Wyeth, USA and Wyeth Holdings Corporation, USA held 576,470 (2007: 576,470) and 448,560 (2007: 448,560) shares of Rs 100 each respectively as on December 31, 2008. The ultimate parent company is Wyeth, USA.

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

	Note	2008	2007
(Rupees '000)			
<b>15. DEFERRED TAXATION</b>			
Accelerated tax depreciation		22,565	20,745
Provision for slow moving and obsolete stocks		(4,008)	(3,301)
Provision for doubtful debts		(1,204)	(1,162)
Provision for potential expired stock		(4,333)	(4,718)
Liability against share appreciation rights		(2,707)	(2,351)
Share based remuneration reserve		(2,248)	-
		<u>8,065</u>	<u>9,213</u>
<b>16. TRADE AND OTHER PAYABLES</b>			
Creditors	16.1	231,931	279,241
Accrued liabilities	16.2	52,726	51,456
Liability against share appreciation rights		10,182	9,203
Advances from customers		177	169
Accumulated compensated absences		30,658	29,471
Workers' welfare fund		7,120	7,471
Central research fund	25	2,291	3,627
Workers' profit participation fund	16.3	12,306	1,171
Sales tax payable		1,034	2,452
Unclaimed dividend		3,572	1,575
Provision for potentially expired stocks		16,300	18,400
Contribution payable to Employees Old Age Benefits Institution		20	16
Others		2,318	2,268
		<u>370,635</u>	<u>406,520</u>
16.1 Creditors include the following amounts due to related parties:			
Wyeth Medica Ireland		11,328	21,478
Wyeth Ayerst International		2,687	5,203
Wyeth Nutritionals Ireland		8,337	7,705
Wyeth Ayerst Lederle, Inc.		16,502	63,997
Cyanamid Int'l. Corp. Ltd. Switzerland		664	517
Wyeth Nutritional Singapore (PTE) Ltd.		23,443	62,728
Wyeth Manufacturing Singapore (PTE) Ltd.		5,348	4,679
John Wyeth and Brothers		57,520	-
Wyeth USA		55	-
Wyeth (Malaysia) Sdn. Bhd		972	-
Sozhou Lederle Pharmaceutical		154	-
		<u>127,010</u>	<u>166,307</u>
16.2 This amount include Rs 2.608 million payable to Wyeth USA in respect of equity settled share based transactions.			

	Note	2008	2007
(Rupees '000)			
16.3 Workers' profit participation fund			
Balance at January 1		1,171	990
Allocation for the year	25	12,306	19,171
		13,477	20,161
Interest on funds utilised in the company's business	26	137	74
		13,614	20,235
Less: Payments made during the year		1,308	19,064
Balance at December 31		12,306	1,171

## 17. SHORT-TERM RUNNING FINANCE

17.1 The company has available a running finance facility amounting to Rs 384.900 million (2007: Rs 384.900 million) from a commercial bank under mark-up arrangement. The facility carries mark-up at KIBOR plus 2%. The facility is available for a maximum period of 12 months 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 not availed as at December 31, 2008.

17.2 The company has obtained another finance facility amounting to Rs 50 million (2007: Rs 50 million) from a commercial bank under mark-up arrangement. The facility carries mark-up at the rate of 14.75% per annum. The facility will expire in July 2009 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, 2008.

17.3 The facilities for opening letters of credit as at December 31, 2008 amounting to Rs 338.000 million (2007: Rs 389.665 million) of which the amount remaining unutilised at the year end was Rs 216.222 million (2007: Rs 329.474 million).

## 18. CONTINGENCIES AND COMMITMENTS

18.1 Certain ex-employees of the company have filed claims aggregating Rs 247.572 million (2007: 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 confident that the ultimate decision of the subject suits will be in favour of the company. Accordingly, no provision has been made in these financial statements in respect of these claims.

18.2 Three ex-distributors have filed claims against the company aggregating Rs 134.929 million (2007: Rs 140.361 million) for recovery of damages. Based on the opinion of its legal counsel, the management is confident that the cases will be decided in the company's favour and therefore no provision has been made in this respect.

18.3 The company's request for waiver of sales tax liability on sale of fixed assets or alternatively waiver of additional tax thereon amounting to Rs 4.263 million is under consideration of the Alternate Dispute Resolution Committee. The management is confident that the company will not be required to pay additional tax and therefore a provision has not been made in this respect in these financial statements. Without prejudice to its claim and as a matter of abundant caution, a provision of Rs 4.015 million (2007: Rs 4.015 million) has been recognised by the company in respect of the principal amount of sales tax involved.



18.4 The income tax assessments of the company have been finalised upto and including the accounting year ended December 31, 2007. While finalising the assessments of the company, the tax authorities have made arbitrary additions and disallowances to taxable incomes of various tax assessments upto the accounting year ended December 31, 2002 which have resulted in a tax demand of Rs 229.328 million (2007: Rs 166.861 million). The tax demand has arisen mainly due to the following reasons:

- 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.
- The assessing officer has disallowed the credit for adjustment of tax refunds and adjustment of compensation on delayed refunds.

Further, during the current year the appeals filed with the Income Tax Appellate Tribunal (ITAT) relating to the assessment years 1998-99 to 2000-01 (accounting year ended December 31, 1997 to 1999) were set-aside by the ITAT. The aforementioned tax demand of Rs 229.328 million includes tax demands aggregating Rs 46.830 million in respect of these assessment years.

Although the company has filed appeals with various appellate authorities in respect of the above, however, a provision of Rs 88.294 million (2007: Rs 88.294 million) is being carried against the above demands on grounds of prudence. The management is confident that the ultimate decision of the appeals will be in the company's favour.

	<b>2008</b>	<b>2007</b>
	<b>(Rupees '000)</b>	
18.5 Commitments for capital expenditure	<u>1,038</u>	<u>1,011</u>
18.6 Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees	<u>14,559</u>	<u>13,511</u>
18.7 Outstanding letter of credit	<u>53,239</u>	<u>38,549</u>
<b>19. NET SALES</b>		
Sales -Domestic	<u>2,318,685</u>	2,027,093
-Export	<u>172,287</u>	164,520
	<u>2,490,972</u>	2,191,613
Less: Discounts and commission	<u>48,648</u>	34,868
Returns	<u>2,942</u>	3,909
Provision for expired stocks / (provision written back)	<u>2,022</u>	(280)
Sales tax	<u>28,209</u>	24,110
Federal excise duty and special excise duty	<u>25,512</u>	21,421
	<u>107,333</u>	84,028
	<u>2,383,639</u>	<u>2,107,585</u>

	Note	2008	2007
		(Rupees '000)	
<b>20. COST OF SALES</b>			
Opening stock of finished goods		211,019	188,638
Cost of goods manufactured	20.1	1,212,527	1,152,731
Purchases of finished goods		553,498	252,826
Closing stock of finished goods		(289,893)	(211,019)
Physician samples charged to advertising and sales promotion		(8,162)	(10,851)
		<u>1,678,989</u>	<u>1,372,325</u>
20.1 Cost of goods manufactured			
Opening stock of raw and packing materials		262,580	312,915
Purchases of raw and packing materials		1,047,702	847,717
Closing stock of raw and packing materials		(370,798)	(262,580)
Raw and packing materials consumed		<u>939,484</u>	<u>898,052</u>
Salaries, wages and other benefits	22.1 & 23	131,008	113,102
Depreciation	5.5	24,795	16,224
Fuel and power		19,970	20,642
Rent, rates and taxes		2,434	1,930
Repairs and maintenance		17,543	17,451
Production and other supplies		15,528	17,165
Technical quality and IT support services fee		19,374	12,953
Spare parts consumed		1,860	4,140
Travelling and vehicles running expenses		5,952	6,112
Provision / (Reversal of provision) for slow moving and obsolete stocks		2,207	(1,103)
Outside manufacturing charges		37,728	48,790
Postage, communication and stationery		2,270	2,269
Insurance		1,138	758
Computer software		520	897
Others		406	323
		<u>282,733</u>	<u>261,653</u>
		<u>1,222,217</u>	<u>1,159,705</u>
Opening stock of work-in-process		30,460	23,486
Closing stock of work-in-process		(40,150)	(30,460)
Cost of goods manufactured		<u>1,212,527</u>	<u>1,152,731</u>
20.2 Cost of sales includes amounts written down to their net realisable values during the year in respect of finished goods	7	<u>402</u>	<u>236</u>

	Note	2008	2007
(Rupees '000)			
<b>21. DISTRIBUTION COST</b>			
Salaries, wages and other benefits	22.1 & 23	91,261	75,124
Fuel and power		1,547	1,220
Rent, rates and taxes		2,423	1,763
Insurance		1,663	1,152
Repairs and maintenance		1,683	2,332
Dues and subscription		4,635	4,751
Transportation		23,298	22,729
Travelling and living		42,836	46,968
Postage, communication and stationery		2,540	2,237
Depreciation	5.5	3,358	2,012
Training and development		1,862	1,715
Advertising and sales promotion		149,364	146,769
Shipping and packing cartons consumed		796	946
Others		1,095	1,165
		<u>328,361</u>	<u>310,883</u>
<b>22. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	22.1 & 23	76,923	55,580
Fuel and power		2,755	3,080
Rent, rates and taxes		255	208
Insurance		1,981	1,449
Repairs and maintenance		4,322	3,383
Dues and subscription		1,164	603
Travelling and living		9,981	7,854
Postage, communication and stationery		8,633	6,053
Legal and professional charges		2,378	3,288
Auditors' remuneration	22.2	2,500	2,458
Depreciation	5.5	5,803	6,971
Training and development		85	293
Computer software		758	891
Sales tax		-	4,015
Others		4,672	3,330
		<u>122,210</u>	<u>99,456</u>

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

	----- 2008 -----				----- 2007 -----			
	Cost of sales	Distri- bution cost	Admin- istrative expenses	Total	Cost of sales	Distri- bution cost	Admin- istrative expenses	Total
----- (Rupees '000) -----								
Defined benefit pension fund	(473)	(706)	(259)	(1,438)	(525)	(995)	(216)	(1,736)
Defined benefit gratuity fund	1,843	1,527	1,214	4,584	1,808	1,491	1,072	4,371
Defined contributory provident fund	2,982	2,183	1,529	6,694	2,639	2,134	1,343	6,116
Accumulated compensated absences	2,785	1,904	1,335	6,024	2,525	1,847	1,287	5,659
Share-based payments	1,661	1,043	2,933	5,637	(1,218)	(2,660)	(2,429)	(6,307)
	<u>8,798</u>	<u>5,951</u>	<u>6,752</u>	<u>21,501</u>	<u>5,229</u>	<u>1,817</u>	<u>1,057</u>	<u>8,103</u>

	2008	2007
	(Rupees '000)	
22.2 Auditors' remuneration		
Audit fee-annual	578	500
Fee for half yearly review	224	200
Audit of employees' funds and fee for special certification	229	165
Tax services	1,319	1,443
Out of pocket expenses	150	150
	<u>2,500</u>	<u>2,458</u>

## 23. VOLUNTARY SEPARATION SCHEME

During the year ended December 31, 2008, certain employees of the company have availed the company's Voluntary Separation Scheme (VSS). VSS is a programme initiated by the company during the year to achieve rationalisation and corporate restructuring. The aggregate cost of Rs 30.899 million incurred during the year on account of VSS has been allocated as follows:

	Note	2008	2007
		(Rupees '000)	
Cost of sales		2,575	-
Distribution expenses		13,780	-
Administrative expenses		14,544	-
		<u>30,899</u>	<u>-</u>

## 24. OTHER OPERATING INCOME

Gain on disposal of property, plant and equipment	5.7	825	611
Scrap sales		3,419	3,172
Profit on deposit accounts		54,303	58,451
Export rebate claims		1,461	2,280
Liabilities no longer payable written back		530	-
Recovery of export freight		4,893	7,536
Bad debts recovered		1,358	-
		<u>66,789</u>	<u>72,050</u>

## 25. OTHER OPERATING EXPENSES

Workers' profits participation fund	16.3	12,306	19,171
Workers' welfare fund		4,582	5,098
Central research fund	16	2,291	3,627
Non-current assets classified as held for sale, written off		3,025	-
Property, plant and equipment written off	5.2	2,325	-
Impairment loss		-	7,101
Net exchange loss		66,144	2,046
		<u>90,673</u>	<u>37,043</u>

	Note	2008	2007
		(Rupees '000)	
<b>26. FINANCE COST</b>			
Interest on workers' profit participation fund	16.3	137	74
Bank charges		969	787
		<u>1,106</u>	<u>861</u>
<b>27. TAXATION</b>			
Relationship between tax expense and accounting profit			
Profit before taxation		<u>229,089</u>	<u>359,067</u>
Tax at the applicable rate of 35% (2007: 35%)		80,181	125,673
Tax effect of items that are disallowed in determining taxable income		155	(4,943)
Tax effect on income under presumptive tax regime		(786)	(16,199)
Tax effect of others items		4	(6)
		<u>79,554</u>	<u>104,525</u>
Tax charge for prior years		5,243	9,471
		<u>84,797</u>	<u>113,996</u>
<b>28. BASIC EARNINGS PER SHARE</b>			
Profit after taxation		<u>144,292</u>	<u>245,071</u>
<b>Number of shares</b>			
Average number of ordinary shares outstanding during the year	28.1	<u>1,421,609</u>	<u>1,421,609</u>
<b>Rupees</b>			
Basis earnings per share		<u>101.50</u>	<u>172.39</u>

28.1 There are no dilutive potential ordinary shares outstanding as at December 31, 2008 and 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 :

	2008			2007		
	Chief executive	Director	Executives	Chief executive	Director	Executives
	(Rupees '000)					
Managerial remuneration	9,036	4,659	44,800	7,357	3,710	24,074
Bonus	544	681	5,913	-	625	5,066
Utilities	471	119	1,386	421	123	1,261
Medical expenses	110	353	2,413	95	124	2,222
Retirement benefits	536	315	1,837	399	228	1,520
	<u>10,697</u>	<u>6,127</u>	<u>56,349</u>	<u>8,272</u>	<u>4,810</u>	<u>34,143</u>
Number of persons	<u>1</u>	<u>1</u>	<u>21</u>	<u>1</u>	<u>1</u>	<u>19</u>

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 impacts 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 plan aggregate to Rs 1.975 million [2007: Rs (1.545) million], Rs 0.443 million [2007: Rs (0.655) million] and Rs 1.415 million [2007: Rs (3.066) million] respectively.

29.1 Aggregate amount charged in these financial statements for fees to three (3) non-executive directors was Rs 0.150 million (2007: 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, 2008. Projected Unit Credit method using the following significant assumptions was used for these valuations:

	2008	2007
	(Rupees '000)	
Discount rate	15% per annum	10% per annum
Expected rate of return on plan assets	15% per annum	10% per annum
Expected rate of increase in salary	15% per annum	10% per annum

30.1 The disclosures made in notes 30.2 to 30.7 and 30.10 are based on the information included in the actuarial valuation as of December 31, 2008.

## 30.2 Balance sheet reconciliation

	2008		2007	
	Gratuity	Pension	Gratuity	Pension
	----- (Rupees '000) -----			
Present value of defined benefit obligation	91,847	72,558	85,962	87,221
Fair value of plan assets	86,921	120,460	89,069	119,579
Funded status	4,926	(47,902)	(3,107)	(32,358)
Unrecognised net actuarial (loss) / gain	(4,926)	47,540	3,107	32,358
Recognised asset	-	(362)	-	-

## 30.3 Movement in the fair value of plan assets

Fair value as at January 1	89,069	119,579	77,716	111,718
Expected return on plan assets	8,944	11,671	7,859	10,876
Actuarial (losses) / gains	(3,037)	(2,166)	1,704	3,316
Contribution paid / (received) by the company	4,584	(1,076)	4,511	(2,199)
Benefits paid	(12,639)	(7,548)	(2,721)	(4,132)
Fair value as at December 31	86,921	120,460	89,069	119,579

## 30.4 Movement in defined benefit obligation

Obligation as at January 1	85,962	87,221	76,607	79,973
Service cost	4,885	3,031	4,476	2,655
Interest cost	8,643	8,659	7,754	7,921
Actuarial losses / (gains)	4,996	(18,805)	(154)	804
Benefits paid	(12,639)	(7,548)	(2,721)	(4,132)
Obligations as at December 31	91,847	72,558	85,962	87,221

## 30.5 Expenses

Current service cost	4,885	3,031	4,476	2,655
Interest cost	8,643	8,659	7,754	7,921
Expected return on plan assets	(8,944)	(11,671)	(7,859)	(10,876)
Recognition of actuarial gain	-	(1,457)	-	(1,436)
Expenses	4,584	(1,438)	4,371	(1,736)
Actual return on plan assets	5,907	9,505	9,563	14,192

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

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

	2008	2007	2006	2005	2004
	----- (Rupees '000) -----				
As at December 31					
Present value of defined benefit obligation	164,405	173,183	156,580	144,318	142,583
Fair value of plan assets	207,381	208,648	189,434	197,198	166,564
Surplus	(42,976)	(35,465)	(32,854)	(52,880)	(23,981)

	2008	2007
	(Rupees '000)	
30.8 Plan assets comprise the following :		
Debt instruments	190,078	199,479
Bank balances, term deposits and other (net)	17,303	9,169
	<u>207,381</u>	<u>208,648</u>

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 benefits plans for the year ending December 31, 2009 is Rs (0.137) 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 company contributed Rs 6.694 million (2007 : Rs 6.116 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:

	----- 2008 -----			----- 2007 -----		
	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	2,190	530	31,486	1,320	370	29,657
Granted during the year	820	192	3,860	870	160	3,900
Forfeited during the year	(240)	-	(8,831)	-	-	-
Exercised during the year	(700)	(212)	(1,322)	-	-	(2,071)
Outstanding as at December 31	<u>2,070</u>	<u>510</u>	<u>25,193</u>	<u>2,190</u>	<u>530</u>	<u>31,486</u>
Exercisable as at December 31	<u>1,097</u>	<u>510</u>	<u>20,553</u>	<u>1,100</u>	<u>530</u>	<u>26,495</u>



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	2008 (Rupees '000)	2007
Expected volatility of share price	31.2.1	28.64%	19.90%
Risk-free interest rate	31.2.2	3.31%	4.60%
Weighted Average time to expiry	31.2.3	3.42 years	2.9 years

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 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 time to expiry of SARs is the life that the company expects when the options will be exercised and has been estimated on the basis of past trend.

31.2.4 The weighted average exercise price of vested SARs and weighted average intrinsic value of SARs exercised during the year was \$46.95 (2007: \$51.32) and Rs 347.5 (2007: Rs 884.6) respectively.

31.2.5 The weighted average fair value of SARs as on December 31, 2008 was \$6.26 (2007: \$5.64).

31.3 Weighted average remaining contractual life of outstanding SARs is 6.66 years.

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

	2008 (Rupees '000)	2007
Expense arising from equity-settled share-based payment plans	4,198	2,967
Expense arising from increase in fair value of liability against SARs	979	(11,106)
Expense arising due to SARs exercised during the year	460	1,832
	<u>5,637</u>	<u>(6,307)</u>
31.5 Closing balance of liability against SARs	10,182	9,203
The total intrinsic value of vested SARs as at December 31	101	2,390

## 32. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate 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	2008 (Rupees '000)	2007
<b>Sale of goods and reimbursement of expenses</b>		32.1		
Wyeth Philippines, Inc.	Associate		139,390	131,374
Wyeth Ayerst International Inc.	Associate		1,716	2,000
Wyeth (Malaysia) Sdn. Bhd	Associate		83	1,348
			<u>141,189</u>	<u>134,722</u>
<b>Goods purchased and services received from associated undertakings</b>		32.2		
Wyeth Medica Ireland	Associate		47,195	38,560
John Wyeth & Brother Ltd.	Associate		175,720	26,408
Cyanamid International Corporation Limited	Associate		-	1,049
Wyeth Nutritionals (Singapore) Pte Ltd.	Associate		130,892	73,560
Wyeth Nutritionals Ireland	Associate		16,948	7,705
Wyeth (Malaysia) Sdn. Bhd	Associate		1,757	-
Wyeth Ayerst Lederle Inc.	Associate		88,437	72,807
Wyeth Regional Manufacturing (Singapore) Pte Limited	Associate		19,374	12,953
Wyeth Ayerst International Inc.	Associate		1,380	1,124
			<u>481,703</u>	<u>234,166</u>
Dividend to parent company			307,509	71,752
Contribution to the Gratuity Fund			4,584	4,511
Contribution to the Provident Fund			6,694	6,116
Repayment of loan by Pension Fund			-	2,199
Receivable from Pension fund			362	-
Remuneration of key management personnel		32.3	29,160	23,363

32.1 Out of this, Rs 49.272 million (2007 : Rs 14.767 million) is outstanding as at December 31, 2008 from an associated undertaking.

32.2 Out of this, Rs 129.618 million (2007: Rs 166.307 million) is payable as at December 31, 2008 to associated undertakings.

32.3 Remuneration of key management personnel is as follows:

	2008			2007		
	Chief executive	Others	Total	Chief executive	Others	Total
	(Rupees '000)					
Short-term employee benefits	10,161	17,597	27,758	7,873	14,506	22,379
Retirement benefits	536	866	1,402	399	585	984
	<u>10,697</u>	<u>18,463</u>	<u>29,160</u>	<u>8,272</u>	<u>15,091</u>	<u>23,363</u>
Number of persons	<u>1</u>	<u>7</u>	<u>8</u>	<u>1</u>	<u>5</u>	<u>6</u>

	Note	2008	2007
		(Rupees '000)	
<b>33. CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES</b>			
Profit before taxation		229,089	359,067
Adjustments for non-cash charges and other items:			
Net increase in reserve for equity-settled share-based payment plans		1,590	2,967
Depreciation		33,956	25,207
Provision for / (provision written back against) slow moving and obsolete stock		2,207	(1,103)
Provision against doubtful debts written back		-	(2,260)
Provision for potential expired stock claims		(2,100)	(5,600)
Non current assets classified as held for sale written off		3,025	-
Fixed assets written off		2,325	-
Impairment loss		-	7,101
Gain on disposal of property, plant and equipment		(825)	(611)
Profit on deposit accounts		(54,303)	(58,451)
Working capital changes	33.1	(345,771)	33,952
		<u>(130,807)</u>	<u>360,269</u>
<b>33.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Spares		(681)	(420)
Stock-in-trade		(195,409)	48,717
Trade debts		(104,232)	(26,913)
Loans and advances		(4,786)	3
Deposits and prepayments		(5,601)	(3,584)
Other receivables		720	20,387
		<u>(309,989)</u>	<u>38,190</u>
Decrease in current liabilities:			
Trade and other payables		(35,782)	(4,238)
		<u>(345,771)</u>	<u>33,952</u>
<b>34. CASH AND CASH EQUIVALENTS</b>			
This comprises of:			
Short-term investments		87,000	720,000
Cash and bank balances		50,911	51,993
		<u>137,911</u>	<u>771,993</u>

## 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:

	2008			2007			Total	Total
	Interest bearing		Non-interest bearing	Interest bearing		Non-interest bearing		
Financial assets	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total	Total
	(Rupees '000)							
Loans and advances	-	-	-	4,126	9,342	13,468	13,468	12,505
Deposits	-	-	-	14,856	1,957	16,813	16,813	11,483
Trade debts	-	-	-	242,804	-	242,804	242,804	138,572
Interest accrued	-	-	-	2,269	-	2,269	2,269	4,673
Other receivables	-	-	-	11,228	-	11,228	11,228	13,280
Short-term investments	87,000	-	87,000	-	-	-	87,000	720,000
Cash and bank balances	26,430	-	26,430	24,481	-	24,481	50,911	51,993
2008	<u>113,430</u>	<u>-</u>	<u>113,430</u>	<u>299,764</u>	<u>11,299</u>	<u>311,063</u>	<u>424,493</u>	<u>952,506</u>
2007	<u>771,699</u>	<u>-</u>	<u>771,699</u>	<u>169,907</u>	<u>10,900</u>	<u>180,807</u>	<u>952,506</u>	
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	331,407	-	331,407	331,407	373,230
	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,407</u>	<u>-</u>	<u>331,407</u>	<u>331,407</u>	<u>373,230</u>
2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,230</u>	<u>-</u>	<u>373,230</u>	<u>373,230</u>	

Mark-up rates applicable on financial assets and financial liabilities are disclosed in the respective notes.

	2008	2007
	(Rupees '000)	
35.2 Off-balance sheet items		
Letters of credit	<u>53,239</u>	<u>38,549</u>
Letters of guarantee	<u>14,559</u>	<u>13,511</u>

### 35.3 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if the counterparty fails to perform as contracted. Out of the total financial assets of Rs 424.493 million (2007: Rs 952.506 million), the financial assets which are subject to credit risk are Rs 424.236 million (2007: Rs 952.212 million). 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.

## 35.4 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 company is exposed to foreign currency risk in respect of financial assets of Rs 55.970 million (2007: Rs 25.899 million) and financial liabilities of Rs 132.204 million (2007: Rs 205.948 million). The company's foreign exchange risk exposure is restricted to bank balances, receivable from export customers and payable to foreign vendors.

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

## 35.5 Liquidity risk

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

## 35.6 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, 2008 and 2007 were as follows:

	<b>2008</b>	<b>2007</b>
	<b>(Rupees '000)</b>	
Shareholders' equity	<u><b>1,130,852</b></u>	<u><b>1,411,453</b></u>

## 35.7 Fair value of financial instruments

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

## 36. DIVIDEND AND OTHER APPROPRIATIONS

36.1 The board of directors has declared two interim cash dividends during the year ended December 31, 2008, each of Rs 100 per share, amounting to Rs 284.322 million (2007: Rs 42.648 million) at their meetings held on August 28, 2008 and October 30, 2008. Further, during the year the board of directors has also approved transfer of an amount of Rs 45.743 million (2007: Rs 230 million) from unappropriated profit to general reserve in their meeting held on February 29, 2008 and transfer of amounts of Rs 85 million and Rs 100 million from general reserve to unappropriated profit in their meetings held on August 28, 2008 and October 30, 2008 respectively.

36.2 The board of directors have proposed a final cash dividend for the year ended December 31, 2008 of Rs 50 per share, amounting to Rs 71.080 million at their meeting held on **March 27, 2009** subject to the approval of members at the annual general meeting to be held on **April 29, 2009**. In addition, the board of directors have also approved transfer of Rs 22.990 million from general reserve to unappropriated profit. These financial statements do not reflect the final cash dividend and this transfer from general reserve to unappropriated profit as these have been proposed and approved respectively subsequent to the balance sheet date.

### 37. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, Wyeth USA has entered into a definitive merger agreement with Pfizer Inc. under which Pfizer Inc. will acquire Wyeth USA in a cash and stock transaction, subject to fulfillment of certain conditions. Implementation and completion of this transaction will result in a change in the ultimate control of Wyeth Pakistan Limited.

### 38. CORRESPONDING FIGURES

For the purposes of comparison and better presentation following reclassifications have been made:

- An amount of Rs 2.452 million of sales tax payable net of 'sales tax-net' and classified under 'other receivables' upto last year has been reclassified as sales tax payable within 'trade and other payables'.
- An amount of Rs 16.374 million classified as additions to plant, machinery and others included in 'capital work in progress' upto last year has been reclassified as additions to factory on leasehold land within 'capital work in progress'.
- An amount of Rs 21.421 million representing 'Federal and special excise duty' which was previously net off against 'Sales-Domestic' in note 19 has now been presented separately in that note for better presentation.

### 39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **March 27, 2009** by the board of directors of the company.



**Arshad Rahim Khan**  
Chief Executive



**Khwaja Bakhtiar Ahmed**  
Director

Wyeth

## SIX YEARS AT A GLANCE from 2003 to 2008

(Rupees '000)

	2003	2004	2005	2006	2007	2008
Sales	1,859,037	1,705,256	1,775,514	1,945,494	2,107,585	2,383,639
Cost of sales	1,112,969	1,053,427	1,111,472	1,189,203	1,372,325	1,678,989
Gross profit	746,068	651,829	664,042	756,291	735,260	704,650
Distribution and administrative expenses	344,547	355,622	341,446	392,257	410,339	450,571
Operating profit	401,521	296,207	322,596	364,034	324,921	254,079
Other operating income	70,491	46,199	39,439	61,422	72,050	66,789
Other operating expenses including finance costs & voluntary separation scheme	40,441	181,319	34,926	36,940	37,904	91,779
Profit before taxation	431,571	161,087	327,109	388,516	359,067	229,089
Taxation	130,018	54,112	100,384	64,150	113,996	84,797
Profit after taxation	301,553	106,975	226,725	324,366	245,071	144,292
Shareholders' equity	808,867	915,842	1,071,487	1,262,927	1,411,453	1,130,852
Property, plant and equipment	159,014	174,544	174,000	179,707	217,458	226,632
Current assets	924,096	1,095,469	1,261,550	1,494,873	1,591,728	1,271,621
Non-current assets classified as held for sale	-	-	-	-	7,100	-
Current liabilities	279,618	360,771	365,348	417,469	406,520	370,635
Current ratio (no. of times)	3.30	3.04	3.45	3.58	3.92	3.43
Deferred liabilities	-	-	6,753	3,652	9,213	8,065
Dividend per share percentage	25%	50%	60%	65%	130%	250%
Number of employees as at December 31,	558	409	354	355	357	344

## PATTERN OF SHAREHOLDING as of December 31, 2008

NO. OF SHAREHOLDERS	HAVING SHARES FROM	TO	SHARES HELD	PERCENTAGE
527	1	100	12,123	0.85
66	101	500	15,439	1.09
13	501	1000	9,063	0.64
15	1001	5000	26,734	1.88
1	15001	20000	17,720	1.25
1	35001	40000	36,620	2.58
1	50001	55000	52,374	3.68
2	110001	115000	226,506	15.93
1	445001	450000	448,560	31.55
1	575001	580000	576,470	40.55
<u>628</u>			<u>1,421,609</u>	<u>100.00</u>

## CATEGORIES OF SHAREHOLDERS as of December 31, 2008

PARTICULARS	SHAREHOLDERS	SHAREHOLDING	PERCENTAGE
INDIVIDUALS	591	46,108	3.25
INVESTMENT COMPANIES	1	930	0.07
INSURANCE COMPANIES	4	72,329	5.09
JOINT STOCK COMPANIES	2	1,025,030	72.10
FINANCIAL INSTITUTIONS	6	268,124	18.86
OTHERS	18	8,733	0.61
NON-RESIDENT	6	355	0.02
COMPANY TOTAL	<u>628</u>	<u>1,421,609</u>	<u>100.00</u>



## CATEGORIES OF SHAREHOLDERS as of December 31, 2008

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

Category No.	Categories of Shareholders	Number of shares held	Percentage
1	<b>Associated companies, undertakings and related parties</b>	Nil	Nil
2	<b>NIT</b>		
	National Bank of Pakistan (Trustee Department)	231,133	16.2585
3	<b>Directors, Chief Executive and their spouses and minor children</b>		
	Khwaja Bakhtiar Ahmed	20	0.0014
4	<b>Public Sectors Companies and corporations</b>	Nil	Nil
5	<b>Banks, Developments Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</b>		
	New Jubilee Insurance Co. Ltd.	235	0.0165
	EFU General Insurance Co. Ltd.	17,720	1.2465
	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
	Bank Al Falah Limited	371	0.0261
	Trustee - JS Growth Fund	36,620	2.5760
6	<b>Shareholders holding ten percent or more voting interest in the Listed Company</b>		
	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 spouse and minor children have made no sale purchase of Company's shares during the year ended December 31, 2008.

## FORM OF PROXY Sixtieth 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 Sixtieth Annual  
General Meeting of the Company to be held on Wednesday, April 29, 2009 at 10:30 a.m. and at any  
adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2009 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 its 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 60TH ANNUAL GENERAL MEETING  
OF WYETH PAKISTAN LIMITED  
ON WEDNESDAY, APRIL 29, 2009  
AT 10:30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY,  
S-33, HAWKES BAY ROAD, S.I.T.E., KARACHI.**

**LOCATION PLAN**

