

*Otsuka-People Creating New Products
For Better Health Worldwide*

QUARTERLY REPORT

for the nine months ended March 31, 2024



Otsuka

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Mr. Mikio Bando (Chairman) (Alternate: Mr. Muhammad Taufiq Feroz) Mr. Moin ur Rehman (Director and Chief Executive Officer) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Suhari Mukti (Alternate: Mr. Sajid Ali Khan) Mr. Abid Hussain (Independent Director) Mrs. Navin Salim Merchant (Independent Director)		
COMPANY SECRETARY	:	Mr. Rao Sajid Ali Khan		
AUDIT SUB COMMITTEE OF THE BOARD	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member)		
HEAD OF INTERNAL AUDIT:		Mr. Jawaid Noor (Secretary)		
RISK MANAGEMENT COMMITTEE	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Moin ur Rehman (Member) Mr. Sajid Ali Khan (Secretary)		
HUMAN RESOURCES REMUNERATION & NOMINATION SUB-COMMITTEE OF THE BOARD	:	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman (Member) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member) Mr. David Sunil (Secretary)		
AUDITORS (EXTERNAL)	:	Yousuf Adil Chartered Accountants (An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited)		
AUDITORS (INTERNAL)	:	Suriya Nauman Rehan & Co. (Chartered Accountants)		
LEGAL ADVISORS	:	Dr. Moneeba Hamid		
BANKERS	:	Citibank N.A., Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited, Bank Al-Habib Limited The Bank of Punjab, Allied Bank Limited MCB Bank Limited, National Bank of Pakistan		
REGISTERED OFFICE	:	<table> <tr> <td>Head Office: 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, E-mail: secretarialcompliance@otsuka.pk Web site: www.otsuka.pk</td> <td>Factory: Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8, Fax: (0853) 303519</td> </tr> </table>	Head Office: 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, E-mail: secretarialcompliance@otsuka.pk Web site: www.otsuka.pk	Factory: Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8, Fax: (0853) 303519
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SHARE REGISTRAR	:	CDC Share Registrar Services Limited – (CDCSRSL) CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi 74400, Pakistan. Tel: (92-21) 111-111-500, Fax: (92-21) 34326053 Email: info@cdcsrsl.com		

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present your Company's unaudited condensed financial statements of the Company for the nine (9) months ended March 31, 2024.

Board of Directors

The composition of Board of Directors ("the Board") and its sub-committees are as follows:

CATEGORY	NAMES	GENDER
Executive Director	Mr. Moin ur Rehman (CEO)	Male
Non-Executive Directors	Mr. Mikio Bando (Chairman)	
	Mr. Tariq Mehtab Feroz	
	Mr. Koichi Okada	
	Mr. Suhari Mukti	
Independent Directors	Mr. Abid Hussain	Female
	Mrs. Navin Salim Merchant	

Board Sub-Committees

NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Audit Committee	Mr. Abid Hussain (Chairman) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Jawaid Noor (Secretary)
Human Resource, Remuneration & Nomination Committee	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. David Sunil (Secretary)
Risk Management Committee	Mr. Abid Hussain (Chairman) Mr. Koichi Okada Mr. Moin ur Rehman Mr. Sajid Ali Khan (Secretary)

The Board has a formal policy and transparent procedures for the remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. Currently, the two independent directors and a non-working alternate director are getting fixed fees for attending the Board and its committee meetings. The aggregate amount of remuneration paid to each director of the Company during the period is given below:

CATEGORY	NAMES	NATURE OF REMUNERATION	Amount (Rs. In '000)
Executive Director	Mr. Moin ur Rehman (CEO)	Salaries and benefits *	1,039
Non-Executive Directors	Mr. Mikio Bando (Chairman) **	Not applicable	NIL
	Mr. Tariq Mehtab Feroz	Not applicable	NIL
	Mr. Koichi Okada	Not applicable	NIL
	Mr. Suhari Mukti	Not applicable	NIL
Independent Directors	Mr. Abid Hussain	Meeting fees	250
	Mrs. Navin Salim Merchant	Meeting fees	200

* CEO is entitled to full time working salaries and company benefits as recommended by the Board of Directors. The amount mentioned above is only related to his salary of one month and two days. The appointment as the new CEO is effective from February 28, 2024.

** Meeting fees of Rs. 50,000 paid to Mr. Taufiq Feroz for attending meeting as an alternate director of Mr. Mikio Bando.

Business Review

The sales for the nine months is recorded at PKR 2.1 billion with a decline of 8.8% over the same period last year. The cost of sales for the nine months have significantly increased in line with rising inflation levels due to which the Company's gross profit has declined from 22.9% to 20.7%. The Company has taken measures to control the operating expenses of the Company which has resulted in decrease of 0.57% in the Selling expenses while the administrative expenses have increased by 4.5%. Other income of the company has significantly increased by 76.9% while other expenses have significantly decreased by 83.9% particularly due to appreciation of local currency which resulted in net exchange gain of Rs. 39.0 m for nine months ended March 31, 2024 on foreign currency loan of parent company. Finance cost has increased by 81.7% due to ever high levels of stocks, and increased investment due to renovation of production lines for GMP requirements. Further on account of slow recovery of receivables from Hospital Supply Corporation (HSC). Resultantly, despite tough economic environment, the Company managed to record an encouraging net profit of Rs. 23.4 million, resulting in earnings per share of Rs. 1.93.

With effect from January 1, 2024, Company has taken over South distribution from its major distributor HSC, and have appointed several distributors in South including UDL Distribution (Private) Limited, at Karachi with positive terms. It is hoped that this change will generate positive results from both profitability and cash flow point of view. Further, the Company has extended its nutraceutical portfolio with launch of new product Alpha berry on February 20, 2024.

The earing per share was positive of Rs. 1.93 as compared to loss of Rs. 5.63 per share same period last year.

Strategic Outlook

Going forward, economic environment is expected to remain challenging and accordingly, we will remain abundantly cautious to the evolving circumstances. However, over the last few weeks, some stability is observed in macroeconomic factors particularly exchange rate parity. This upturn is anticipated to signify a restored business confidence. The Company is expected to remain resolute in preserving its competitive market position on account of dedicated efforts through launching of new value added products as well as by achieving economies of scale through line extensions.

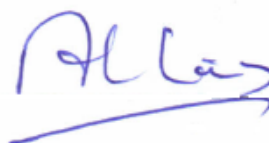
Acknowledgement

We would like to place on record our gratitude to the stakeholders for reposing their utmost trust and confidence in the Company. We would also like to thank our employees for embodying the vision of the Company and making dedicated efforts and in turn enhancing people's access towards quality healthcare products.

On behalf of the Board



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director

Dated: April 25, 2024

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں آپ کی کمپنی کے 31 مارچ 2024 کو ختم ہونے والے نو (9) مہینوں کے لیے کمپنی کے غیر آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی ہو رہی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز ("بورڈ") اور اس کی ذیلی کمیٹیوں کی تشکیل حسب ذیل ہے:

درجہ بندی	نام	جنس
ایگزیکٹو ڈائریکٹر	جناب معین الرحمن صاحب (سی ای او)	مرد
نان ایگزیکٹو ڈائریکٹرز	جناب میکو بانڈو (چیئرمین) جناب طارق مہتاب فیروز جناب کوچی او کاڈا جناب سوہاری مکتی	مرد
آزاد ڈائریکٹرز	جناب عابد حسین مسز نوین سلیم مرچنٹ	مرد خاتون

مسٹر توفیق فیروز مسٹر میکو بانڈو کے متبادل ڈائریکٹر ہیں۔
مسٹر ساجد علی خان مسٹر سوہاری مکتی کے متبادل ڈائریکٹر ہیں۔
بورڈ کمیٹی:

بورڈ کی ذیلی کمیٹیاں	ممبر کا نام
آڈٹ کمیٹی	جناب عابد حسین (چیئرمین) جناب کوچی او کاڈا جناب طارق مہتاب فیروز
ہیومن ریسورسز و معاوضہ اور نامزدگی کمیٹی	مسز نوین سلیم مرچنٹ (چیئرمین) جناب کوچی او کاڈا جناب معین الرحمن صاحب جناب طارق مہتاب فیروز
رسک مینجمنٹ کمیٹی	جناب عابد حسین (چیئرمین) جناب کوچی او کاڈا جناب ساجد علی خان جناب معین الرحمن صاحب

بورڈ پہلے ہی کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار وضع کر چکا ہے۔ فی الحال، دو آزاد ڈائریکٹرز اور ایک نان ایگزیکٹو متبادل ڈائریکٹر بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے مقررہ فیس وصول کر رہے ہیں۔ اس مدت کے دوران کمپنی کے ہر ڈائریکٹر کو ادا کیے گئے معاوضے کی مجموعی رقم ذیل میں دی گئی ہے:

پاکستانی روپے '000	معاوضے کی تفصیلات	نام	عہدے
1,039	تنخواہیں اور مراعات	معین الرحمان (سی ای او)*	ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	میکو یاٹو چیئر مین**	نان ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	طارق متناہ فیروز	
NIL	قابل اطلاق نہیں	کوچی اوکاڈا	
NIL	قابل اطلاق نہیں	سوباری کتنی	
250	مینگ فیس	جناب عابد حسین	آزاد ڈائریکٹر
200	مینگ فیس	مسز نوین سلیم مرچنٹ	

* چیف ایگزیکٹو بورڈ آف ڈائریکٹرز کے ذریعہ تجویز کردہ کل وقتی کام کرنے والی تنخواہوں اور کمپنی کے فوائد کا حقدار ہے۔ مذکورہ رقم ان کی ایک ماہ اور دو دن کی تنخواہ سے متعلق ہے۔ نئے سی ای او کے طور پر تقرری 28 فروری 2024 سے نافذ العمل ہے۔

** 50,000 روپے مینگ فیس مسٹر توفیق فیروز کو مسٹر میکو بندو کے متبادل ڈائریکٹر کے طور پر مینگ فیس میں شرکت کے لیے ادا کی گئی۔

کاروباری جائزہ

نو ماہ کے لیے فروخت گزشتہ سال کی اسی مدت کے مقابلے میں 8.8 فیصد کمی کے ساتھ 2.1 بلین روپے ریکارڈ کی گئی ہے۔ مہنگائی کی بڑھتی ہوئی سطحوں کے مطابق نو مہینوں کے لیے فروخت کی لاگت میں نمایاں اضافہ ہوا ہے جس کی وجہ سے کمپنی کا مجموعی منافع 22.9% سے 20.7% تک گر گیا ہے۔ کمپنی نے کمپنی کے آپریٹنگ اخراجات کو کنٹرول کرنے کے لیے اقدامات کیے ہیں جس کے نتیجے میں فروخت کے اخراجات میں 0.57% کی کمی واقع ہوئی ہے جبکہ انتظامی اخراجات میں 4.5% کا اضافہ ہوا ہے۔ کمپنی کی دیگر آمدنی میں نمایاں طور پر 76.9% کا اضافہ ہوا ہے جبکہ دیگر اخراجات میں نمایاں طور پر 83.9% کی کمی واقع ہوئی ہے خاص طور پر جاپانی کرنسی کے مقابلے میں مقامی کرنسی میں اضافے کی وجہ سے 31 مارچ 2024 کو ختم ہونے والے نو مہینوں کے لیے 39.0 ملین روپے کا خالص زر مبادلہ حاصل ہوا ہے۔ جو پیریٹڈ کمپنی سے غیر ملکی کرنسی کے قرض پر ریکارڈ کیا جا کی ضروریات کے لیے پیداواری لائنوں کی اضافی GMP رہا ہے۔ اسٹاک کی بلند ترین سطحوں کی وجہ سے مالیاتی لاگت میں 81.7% کا اضافہ ہوا ہے، اور بہترین کوششوں کی وجہ سے سرمایہ کاری میں اضافہ ہوا ہے۔ ہسپتال سپلائی کارپوریشن سے وصولیوں کی سست رفتاری کی وجہ سے اور سخت معاشی حالات کے باوجود کمپنی 23.4 ملین روپے کا حوصلہ افزا خالص منافع ریکارڈ کرنے میں کامیاب ہوئی ہے، جس کے نتیجے میں فی حصص کی آمدنی 1.93 روپے ہے۔

یکم جنوری 2024 سے، کمپنی نے اپنے ایک بڑے ڈسٹری بیوٹر ہسپتال سپلائی کارپوریشن سے ساؤتھ ڈسٹری بیوٹن کو واپس لے لیا ہے، اور کراچی میں UDL ڈسٹری بیوٹن (پرائیویٹ) لمیٹڈ سمیت ساؤتھ میں متعدد ڈسٹری بیوٹرز کو مثبت شرائط کے ساتھ تعینات کیا ہے۔ امید ہے کہ یہ تبدیلی منافع اور نقد بہاؤ دونوں نقطہ نظر سے مثبت نتائج پیدا کرے گی۔ مزید برآں، کمپنی نے 20 فروری 2024 کو نئی مصنوعات الفا بیوری کے آغاز کے ساتھ اپنے نیوٹر اسیوٹیکل پورٹ فولیو میں بھی توسیع کی ہے۔

اسٹریٹجک نقطہ نظر

آگے بڑھتے ہوئے، اقتصادی ماحول کے چیلنجز رہنے کی توقع ہے اور اس کے مطابق، ہم بدلتے ہوئے حالات سے کافی حد تک محتاط رہیں گے۔ تاہم، پچھلے چند ہفتوں کے دوران، میکرو اکنامک عوامل میں خاص طور پر شرح مبادلہ میں کچھ استحکام دیکھا گیا ہے۔ اس اضافے سے کاروباری اعتماد بحال ہونے کی توقع ہے کمپنی سے توقع کی جاتی ہے کہ وہ نئی ویلیو ایڈڈ مصنوعات کے اجراء کے ساتھ ساتھ لائن ایکسٹینشن کے ذریعے اعلیٰ مارجن فروخت اور منافع حاصل کر کے اضافی مثبت کوششیں کر کے اپنی مسابقتی مارکیٹ کی پوزیشن کو برقرار رکھنے میں پرعزم رہے گی۔

اعتراف

ہم اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہیں گے کہ انہوں نے کمپنی پر مکمل اعتماد اور یقین کا اظہار کیا۔ ہم اپنے ملازمین کا بھی شکریہ ادا کرنا چاہیں گے کہ انہوں نے کمپنی کے وژن کو عملی جامہ پہنانے اور سرشار کوششیں کیں اور اس کے نتیجے میں صحت کی معیاری مصنوعات تک لوگوں کی رسائی کو بڑھایا۔

بتاریخ: 25 اپریل 2024

بورڈ کی جانب سے



معین الرحمان

چیف ایگزیکٹو آفیسر



عابد حسین
ڈائریکٹر

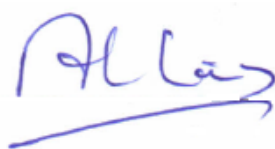
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	(Un-audited) March 31, 2024	(Audited) June 30, 2023	
Note	-----Rupees in '000-----		
ASSETS			
Non-current assets			
Property, plant and equipment	4	440,316	413,481
Intangible assets		833	1,092
Long-term loans		5,986	7,426
Long-term deposits		3,691	3,691
Deferred tax asset	5	124,138	115,636
		574,964	541,326
Current assets			
Stores and spares		46,134	50,315
Stock-in-trade		1,267,963	1,063,968
Trade debts		237,841	379,677
Loans and advances		69,665	65,379
Trade deposits, short-term prepayments and other receivables		23,677	23,283
Sales Tax Refundable		47,172	90,263
Taxation - net		71,335	54,315
Short-term investment		14,610	14,610
Bank balances		20,551	5,828
		1,798,948	1,747,638
Total assets		<u>2,373,912</u>	<u>2,288,964</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	121,000	121,000
Revenue reserves		581,785	576,523
Total shareholder's equity		<u>702,785</u>	<u>697,523</u>
LIABILITIES			
Non-current liabilities			
Lease liability		6,721	6,792
Current liabilities			
Trade and other payables		660,581	609,556
Short-term loan from a related party	7	459,050	498,075
Current portion of lease liability		408	1,268
Unclaimed Dividends		1,765	1,765
Unpaid Dividends		12,512	-
Short-term running finance	8	499,687	451,183
Mark-up accrued		30,403	22,802
		1,664,406	1,584,649
Total equity and liabilities		<u>2,373,912</u>	<u>2,288,964</u>
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

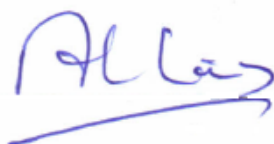
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024**

Note	Nine Month ended March 31,		Quarter ended March 31,	
	2024	2023	2024	2023
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Net sales	2,140,072	2,347,599	566,398	752,693
Cost of sales	(1,698,042)	(1,810,502)	(463,316)	(570,984)
Gross profit	442,030	537,097	103,082	181,709
Selling and distribution expenses	(264,987)	(266,517)	(94,282)	(92,738)
Administrative and general expenses	(98,528)	(94,242)	(34,882)	(30,533)
Other income	111,395	62,975	48,874	3,869
Other expenses	(39,778)	(246,657)	(1,861)	(101,716)
Operating income / (loss)	150,132	(7,344)	20,931	(39,409)
Finance cost	(85,634)	(47,131)	(30,938)	(19,667)
Profit / (Loss) for the period before taxation	64,498	(54,475)	(10,007)	(59,076)
Taxation - net	(41,086)	(13,663)	(4,575)	(2,831)
Profit / (Loss) for the period after taxation	23,412	(68,138)	(14,582)	(61,907)
----- Rupees -----				
Earnings/(Loss) per share - basic and diluted	1.93	(5.63)	(1.21)	(5.12)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

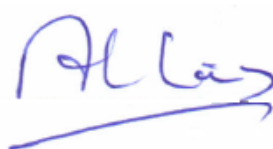
**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024**

	Nine Month ended March 31,		Quarter ended March 31,	
	2024	2023	2024	2023
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Profit / (Loss) for the period after taxation	23,412	(68,138)	(14,582)	(61,907)
Other comprehensive income / (loss):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plan	-	-	-	-
Deferred tax on remeasurements of defined benefit plan	-	-	-	-
	-	-	-	-
Total comprehensive income / (loss) for the period	<u>23,412</u>	<u>(68,138)</u>	<u>(14,582)</u>	<u>(61,907)</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

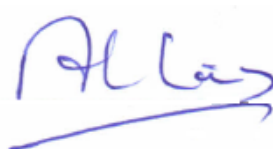
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

Note	Nine Month ended Mar-31	
	2024	2023
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	64,498	(54,475)
Adjustment for non-cash charges and other items:		
Depreciation & Amortisation	81,562	72,788
Gain on disposal of Fixed Asset - net	(13,619)	(17,936)
Provision against slow moving and obsolete stock-in-trade	8,320	201
Reversal of provision against Orthopedic Knee Implants	-	(19,542)
Workers' profits participant fund	4,040	302
Workers' welfare fund	2,261	785
Central research fund	816	417
Unrealized exchange (gain) / loss - net	(39,025)	157,000
(Reversal of provision) / provision for stents held with hospitals - net	(3,352)	18,856
Provision against expected credit losses on trade debtors	19,589	27,464
Finance cost	85,634	47,131
Operating Surplus before working capital changes	210,724	232,991
(Increase) / decrease in current assets		
Stores and spares	4,181	(18,512)
Stock-in-trade	(208,963)	(82,433)
Trade debts - unsecured	123,257	(225,739)
Loans and advances	(4,286)	34,917
Sales Tax Refundable	43,091	7,568
Trade deposits, short-term prepayments and other receivables	(394)	(21,684)
	(43,114)	(305,883)
Increase/ (decrease) in current liabilities		
Trade and other payables	43,688	(65,937)
Cash generated from / (used in) operations	211,298	(138,829)
Interest paid	(78,033)	(29,186)
Taxes paid	(66,609)	(68,257)
Increase in long-term deposits	-	(1,356)
Decrease in long-term loans	1,440	605
Net cash generated from / (used in) operations	68,096	(237,023)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(111,702)	(125,762)
Proceeds from disposal of operating fixed assets	17,682	30,140
Net cash used in investing activities	(94,020)	(95,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(5,638)	(17,974)
Lease Rentals Paid	(2,219)	(1,169)
Repayment for long term finance	-	(25,273)
Net cash used in financing activities	(7,857)	(44,416)
Net decrease in cash and cash equivalents	(33,781)	(377,061)
Cash and cash equivalents at the beginning of the period	(445,355)	(42,851)
Cash and cash equivalents at the end of the period	(479,136)	(419,912)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

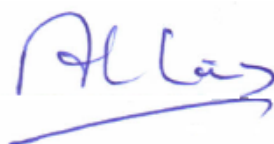
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Sub-total	
----- Rupees in '000 -----					
Balance as at June 30, 2022 (Audited)	121,000	341,980	250,014	591,994	712,994
Final dividend for the year ended June 30, 2022 @ 1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Transfer to general reserve	-	150,000	(150,000)	-	-
Total comprehensive income / (loss) for the period ended March 31, 2023	-	-	(68,138)	(68,138)	(68,138)
Balance as at March 31, 2023 (Un-audited)	<u>121,000</u>	<u>491,980</u>	<u>13,726</u>	<u>505,706</u>	<u>626,706</u>
Balance as at June 30, 2023 (Audited)	121,000	491,980	84,543	576,523	697,523
Final dividend for the year ended June 30, 2023 @ 1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Total comprehensive income / (loss) for the period ended March 31, 2024	-	-	23,412	23,412	23,412
Balance as at March 31, 2024 (Un-audited)	<u>121,000</u>	<u>491,980</u>	<u>89,805</u>	<u>581,785</u>	<u>702,785</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024**

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Otsuka Pakistan Limited (the Company) was incorporated in Pakistan in the month of February 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing, marketing and distribution of intravenous infusions and trading in pharmaceutical products, nutritional foods and medical equipment. The Company is an indirect subsidiary of Otsuka Pharmaceutical Company Limited, Japan.

The geographical location and address of the Company's business units, including mill / plants, is as under:

Registered Office in Karachi	Purpose	Hub	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	F/4-9, H.I.T.E., Hub, Balochistan, Hub Industrial And Trading Estates, Hub, Las Bela, Balochistan	Factory

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS - 34) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS-34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the latest annual financial statements of the Company. These condensed interim financial statements are unaudited.

The comparatives in the condensed interim statement of financial position as at March 31, 2024 have been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas, the comparatives in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements of the Company for the half year ended March 31, 2023.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that obligations in respect of certain staff retirement benefits are carried at present value of defined benefit obligation less fair value of plan assets.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees which is the functional and presentation currency of the Company.

3. MATERIAL ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS

3.1 Material accounting policy information

- 3.1.1 The material accounting policy information and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2023.

3.1.2 Adoption of certain standards, interpretations and amendments

There are certain standards, interpretations on accounting and reporting standards as applicable in Pakistan and amendments to certain existing standards which have been published and are mandatory for the accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant impact on the accounting policies of the Company and therefore not disclosed in these condensed interim financial statements.

3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2023.

3.3 Fair value of financial asset and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 Estimates and Judgements

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2023.

	Note	(Un-audited) March 31, 2024	(Audited) June 30, 2023
4 PROPERTY, PLANT AND EQUIPMENT		-----Rupees in '000-----	
Operating fixed assets		345,172	210,814
Capital work-in-progress	4.2	95,144	202,667
		440,316	413,481

4.1 The following additions to and disposals of operating fixed assets have been made during the period:

	(Un-audited) Nine Months ended March 31, 2024		(Un-audited) Nine Months ended March 31, 2023	
	Addition / transfer - at cost	Disposal - at net book value	Addition / transfer - at cost	Disposal - at net book value
	----- (Rupees '000) -----		----- (Rupees '000) -----	
Operating fixed assets				
Right of use assets	23,760	-	5,401	-
Building on leasehold land	17,021	-	-	-
Plant and machinery	138,904	-	12,950	3,272
Furniture, fixtures and equipment	18,366	-	2,529	-
Vehicles	21,174	4,063	7,557	8,932
Total	219,225	4,063	28,437	12,204

	(Un-audited) March 31, 2024	(Audited) June 30, 2023
4.2 Capital work-in-progress	-----Rupees in '000-----	
Stores and spares held for capital expenditure	20,226	4,188
Others	74,918	198,479
	95,144	202,667
5 DEFERRED TAX ASSET		
Deferred tax asset	124,138	115,636

6 SHARE CAPITAL

March 31, 2024 (Number of shares in '000')	June 30, 2023 (Number of shares)	Authorised capital:	March 31, 2024 ----- (Rupees in '000) -----	June 30, 2023 ----- (Rupees in '000) -----
<u>20,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
March 31, 2024 (Number of shares)	June 30, 2023 (Number of shares)	Issued, subscribed and paid-up capital	March 31, 2024 ----- (Rupees in '000) -----	June 30, 2023 ----- (Rupees in '000) -----
<u>12,100,000</u>	<u>12,100,000</u>	Ordinary shares of Rs. 10 each	<u>121,000</u>	<u>121,000</u>

7 SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED

In foreign currency

Loan from Otsuka Pharmaceutical Factory, Inc.

7.1

459,050 498,075

7.1 This represents foreign currency denominated loan obtained in two tranches of JPY 125 million each, drawn down February 26, 2015 and April 27, 2015, repayable on or before February 25, 2016 & April 26, 2016 respectively. These were roll forwarded annually multiple times and are now repayable on or before February 25, 2025 and April 26, 2025 respectively.

Mark-up is being charged on the outstanding amount at TIBOR + 0.10% (June 30, 2023: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.

8 SHORT-TERM RUNNING FINANCE - SECURED

From banking companies

Short-term running finances utilised under mark-up arrangements 8.1

Note

(Un-audited) (Audited)
March 31, June 30,
2024 2023
-----Rupees in '000-----

8.1

499,687 451,183

7.1 Particulars of short-term running finance - secured

Bank	Limit in as at March 31, 2024 -----Rupees in '000-----	Limit in as at June 30, 2023 -----Rupees in '000-----	Mark- up rate	Security	Frequency of mark-up payment	Facility expiry date	(Unaudited) March 31, 2024 -----Rupees in '000-----	(Audited) June 30, 2023 -----Rupees in '000-----
Citi Bank N.A Karachi branch	900,000*	900,000*	1 months KIBOR + 0.5% p.a.	(a) SECP Registered Joint Pari- passu Charge on Fixed Assets (b) SECP Registered Joint Pari- passu Charge on Current Assets	Quarterly	February 28, 2025	499,687	451,183
	<u>900,000</u>	<u>900,000</u>					<u>499,687</u>	<u>451,183</u>

9 CONTINGENCIES AND COMMITMENTS

9.1 Commitments in respect of:

Letters of credit
Letters of guarantee

114,103 111,526
60,630 32,802

9.2 There has been no significant change in contingencies disclosed in notes 24.2, 24.3, 24.4 & 24.5 to the annual audited financial statements of the Company for the year ended June 30, 2023.

Note

(Un-audited) (Un-audited)
March 31, March 31,
2024 2023
-----Rupees in '000-----

10 NET SALES

Sales (net of returns of Rs.46.17 million; March 31, 2023: Rs. 3.25 million)

10.1

2,396,071 2,618,969

Less: sales tax

(51,608) (24,233)

Less: discounts

2,344,463 2,594,736

(204,391) (247,137)

2,140,072 2,347,599

10.1 The sales is segregated on the basis of product type and geographical location as disclosed in note 13.

11. TRANSACTIONS WITH RELATED PARTIES

Related parties include Otsuka Pharmaceutical Company Limited the holding company, associated companies / undertakings (namely Otsuka Pharmaceutical Factory Incorporation, Japan, Thai Otsuka Pharmaceutical Company Limited, Thailand, P.T. Otsuka Indonesia, Otsuka Pharmaceutical Company, Shanghai Micro port Medical (Group) Company Limited, etc.), staff retirement funds and the key management personnel, entities under common directorship namely Hospital Supply Corporation, Danish Enterprises, Qubittech.

Details of the transactions with the related parties and the balances with them as at period end other than those which have been disclosed elsewhere are as follows:

Name of related party	Relationship with the Company	Nature of transaction	(Un-audited)	(Un-audited)
			March 31, 2024	March 31, 2023
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	33,287	-
		Markup expense on short-term Loan	2,440	2,258
Otsuka Pharmaceutical Co, Ltd.	Parent company	Purchases	133,314	115,089
Hospital Supply Corporation	Common Directorship	Sale of finished goods	706,943	1,209,034
		Late payment surcharge on receivables	19,604	7,655
		Other sales discounts / claims	109,481	176,215
		Sales Return	42,525	78
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	52,391	66,354
PT. Otsuka Indonesia	Associated undertaking	Purchases	14,227	31,353
Shanghai Microport EP MED Tech Co. Limited	Associated undertaking	Purchases	33,075	8,307
Danish Enterprises	Others	Purchases	2,129	9,363
Qubit tech	Others	Purchases	2,335	839
Otsuka staff provident fund	Employees provident fund	Contribution during the period to the fund	11,300	10,944
Otsuka staff gratuity fund	Staff retirement benefit fund	Contribution during the period to the fund	5,429	6,459
Key Management Personnel	Key management personnel	Remuneration paid	51,851	57,747
Mehtabuddin Feroz	Director	Consultancy charges	1,344	2,880
Director	Director	Meeting Fees	500	300

Name of related party	Relationship with the Company	Nature of transaction	(Un-audited)	(Audited)
			March 31, 2024	June 30, 2023
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan payable	459,050	498,970
		Payable against purchases	24,268	16,246
		Markup accrued on short term loan	457	-
Otsuka Pharmaceutical Co,	Parent company	Payable against purchase of finished goods	64,189	68,706
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	-	312,542
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchase of finished goods	18,421	-
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchase of stents	-	172
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchase of medical devices	23,989	7,327
Shareholders	Shareholders	Payable to shareholders	363	363
Key Management Personnel	Key management personnel	Advance from key management personnel	1,124	1,124
Otsuka staff gratuity fund	Staff retirement benefit fund	Payable to /(Receivable) from staff retirement benefit fund	2,978	(5,927)
Otsuka staff provident fund	Employees provident fund	Payable to employees provident fund	3,860	3,988

The Company enters into transactions with related parties for the sale of its products, purchase of raw materials, finished goods and spare parts for rendering of certain services. In addition, the Company has also entered into financing arrangement with the group company. The Company allows discount to the distributor on trade price based on the agreed terms. Purchases from related parties primarily represent purchase of raw materials and finished goods from Otsuka group companies.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their management team, including the Chief Executive Officer to be its key management personnel.

After the demise of Mr.Mehtabuddin Feroz, Hospital Supply Corporation was no longer a related party of the Company.

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed interim cash flow statement comprise the following items included in the condensed interim balance sheet:

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
	----Rupees in '000----	
Bank balances	20,551	1,782
Short-term running finance - secured	(499,687)	(421,694)
	<u>(479,136)</u>	<u>(419,912)</u>

13 SEGMENT INFORMATION

13.1 This condensed interim financial information has been prepared on the basis of a single reportable segment.

13.2 Sales from Intravenous Solutions represent 83.88 percent while sales from others represent 16.12 percent (March 31, 2023: 82.62 percent and 17.38 percent) respectively of the total sales of the Company.

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
	----- In percent -----	
13.3 The geographic segmentation of sales is as follows:		
Pakistan	100.00%	100.00%
Outside Pakistan (Exports)	0.00%	0.00%

13.4 All non-current assets of the Company as at March 31, 2024 are located in Pakistan.

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in this condensed interim financial information during the current period.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **April 25, 2024** by the Board of Directors of the Company.,

16 GENERAL

Figures in this condensed interim financial information have been rounded off to the nearest thousand rupees unless otherwise stated.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director










Sajid Ali Khan
Chief Financial Officer










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