

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

Report & Accounts

**For the quarter ended
September 30, 2021**



Otsuka

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

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COMPANY INFORMATION

| | | | |
|--|---|--|--|
| BOARD OF DIRECTORS | : | Mr. Mikio Bando Mr. Hanif Sattar Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Suhari Mukti Mr. Noor Muhammad Mrs. Navin Salim Merchant | (Chairman) (Alternate: Mr. Muhammad Taufiq Feroz) (Director and Chief Executive Officer) (Alternate: Mr. Sajid Ali Khan) (Independent Director) (Independent Director) |
| COMPANY SECRETARY | : | Mr. Muhammad Amin Bashir | |
| AUDIT SUB COMMITTEE OF THE BOARD | : | Mr. Noor Muhammad Mr. Koichi Okada Mr. Mehtabuddin Feroz | (Chairman) (Member) (Member) |
| HEAD OF INTERNAL AUDIT: | : | Mr. Jawaid Noor | (Secretary) |
| HUMAN RESOURCES REMUNERATION & NOMINATION SUB COMMITTEE OF THE BOARD | : | Mr. Noor Muhammad Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Hanif Sattar | (Chairman) (Member) (Member) (Secretary) |
| AUDITORS (EXTERNAL) | : | Yousuf Adil Chartered Accountants | (Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited) |
| AUDITORS (INTERNAL) | : | Saud Tariq & Co. (Chartered Accountants) | |
| LEGAL ADVISORS | : | Dr. Moneeba Hamid | (Advocate) |
| BANKERS | : | Citibank N.A., Bank Alfalah Limited Habib Metropolitan Bank Limited The Bank of Punjab Habib Bank Limited Allied Bank Limited MCB Bank Limited National Bank of Pakistan | |
| REGISTERED OFFICE | : | 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, Fax: 34549857 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 | |
| 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

The Directors are pleased to present accounts of Otsuka Pakistan Limited (the Company) for the first quarter ended September 30, 2021.

Board of Directors

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

| CATEGORY | NAMES | GENDER |
|-------------------------|----------------------------|--------|
| Executive Director | Mr. Hanif Sattar (CEO) | Male |
| Non-Executive Directors | Mr. Mikio Bando (Chairman) | |
| | Mr. Mehtabuddin Feroz | |
| | Mr. Koichi Okada | |
| | Mr. Suhari Mukti | |
| Independent Directors | Mr. Noor Muhammad | Female |
| | Mrs. Navin Salim Merchant | |

Board Sub-Committees

| NAME OF BOARD SUB-COMMITTEE | NAME OF MEMBER |
|--|---|
| Audit Committee | Mr. Noor Muhammad (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz |
| Human Resource Remuneration and Nomination Committee | Mr. Noor Muhammad (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Hanif Sattar |
| Risk Management Committee | Delegated to Senior Executive Management |

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 2017. The Non-Executive Directors are only entitled to receive fixed fees in lieu of remuneration for attending the Board Meetings.

Business Review

The positive results trend has continued for the first quarter of the fiscal year 2021-22 where sales have increased by 19% and gross profit margin has improved due to better product mix and cost

controls. Selling and Administration expenses for the quarter have also witnessed an increase of 13% and 7% respectively.

Other income has increased by 63% and other expenses have increased by 200% due to exchange loss of Rs. 35 million as compared to exchange loss of Rs. 8 million in the same quarter last year. The financial cost of the company has significantly reduced by 78% with improved cash flows of the Company, which had reduced the running finance requirements of the Company.

The earning per share of the company is Rs. 6.14 per share as compared to an earning of Rs. 3.56 in the same period of the last year.

Future Outlook

Pakistan economy is passing through a very tough time with increase in global oil prices and freight cost, rampant inflation, incessant escalation in current account deficit, depreciation of Pak Rupee and many other unstable macroeconomic indicators due to which we foresee considerable cost increases for our products both locally manufactured as well as imported. The Central Bank had already taken few steps to curb the imports and has increased the bank interest rate by 25 basis points. However, if these adverse indicators will continue then our profitability will have negative impact in future. Therefore, we emphasize that government should take appropriate measures to stabilize the economy to protect the interest of businessmen.

On behalf of the Board



Mehtabuddin Feroz
Director

Karachi

Dated: October 27, 2021



Hanif Sattar
Chief Executive Office

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے اوٹسوکا پاکستان لمیٹڈ (کمپنی) کے اکاؤنٹ بڑی خوشی سے پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز:

بورڈ آف ڈائریکٹرز ("بورڈ") کی تشکیل درج ذیل ہے:

| درجہ بندی | نام | جنس |
|-----------------------|--|--------------|
| ایگزیکٹو ڈائریکٹر | جناب حنیف ستار (سی ای او) | مرد |
| نان ایگزیکٹو ڈائریکٹر | جناب میکو بانڈو (چیئرمین) جناب مہتاب الدین فیروز جناب کوچی او کاڈا جناب سوہاری مکتی | مرد |
| آزاد ڈائریکٹر | جناب نور محمد مسز نوین سلیم مرچنٹ | مرد خاتون |

بورڈ کمیٹی:

| بورڈ کی ذیلی کمیٹی کا نام | ممبر کا نام |
|--------------------------------|--|
| آڈٹ کمیٹی | جناب نور محمد (چیئرمین) جناب کوچی او کاڈا جناب مہتاب الدین فیروز |
| ہیومن ریسورسز اور معاوضہ کمیٹی | جناب نور محمد (چیئرمین) جناب کوچی او کاڈا جناب مہتاب الدین فیروز جناب حنیف ستار |

بورڈز کے پاس کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لئے باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے۔ غیر ایگزیکٹو ڈائریکٹرز بورڈ اجلاسوں میں شرکت کے معاوضے کے بدلے صرف مقررہ فیس وصول کرنے کے حقدار ہیں۔

کاروباری جائزہ:

مثبت نتائج کا رجحان مالی سال 2021-22 کی پہلی سہ ماہی میں جاری ہے جہاں فروخت میں 19% کا اضافہ ہوا ہے اور بہتر پروڈکٹ مکس اور لاگت کے کنٹرول کی وجہ سے مجموعی منافع کے مارجن میں بہتری آئی ہے۔ سہ ماہی کے لیے فروخت اور انتظامی اخراجات میں بھی بالترتیب 13% اور 7% کا اضافہ دیکھا گیا ہے۔

دیگر آمدنی میں 63% کا اضافہ ہوا ہے اور دیگر اخراجات میں 200% کا اضافہ ہوا ہے جس کی وجہ روپے کے زر مبادلہ میں نقصان ہونا ہے۔ 35 ملین روپے کے زر مبادلہ کے نقصان کے مقابلے میں گزشتہ سال اسی سہ ماہی میں 8 ملین۔ کمپنی کے بہتر نقد بہاؤ کے ساتھ کمپنی کی ریننگ فنانس میں نمایاں طور پر 78% کی کمی واقع ہوئی ہے، جس نے کمپنی کی مالیاتی ضروریات کو کم کر دیا تھا۔

کمپنی کے حصص کی آمدنی 6 روپے 14 پیسے فی کس ہے جو پچھلے سال کے اسی عرصے میں 3 روپے 56 پیسے فی حصص تھی۔

مستقبل کا نقطہ نظر:

عالمی سطح پر تیل کی قیمتوں میں اضافے اور مال برداری کی لاگت، بے تحاشا مہنگائی، کرنٹ اکاؤنٹ خسارے میں مسلسل اضافہ، پاکستانی روپے کی قدر میں کمی اور دیگر بہت سے غیر مستحکم معاشی اشاریوں کے ساتھ پاکستانی معیشت انتہائی مشکل وقت سے گزر رہی ہے جس کی وجہ سے ہم اپنی مقامی طور پر تیار کردہ مصنوعات کے ساتھ درآمدی مصنوعات کی لاگت میں خاطر خواہ اضافے کا اندازہ لگا رہے ہیں۔ مرکزی بینک نے درآمدات کو روکنے کے لیے پہلے ہی چند اقدامات کیے تھے اور بینک کی شرح سود میں 25 بیس پوائنٹس کا اضافہ کیا ہے۔ تاہم، اگر یہ منفی اشارے جاری رہے تو مستقبل میں ہمارے منافع پر منفی اثرات مرتب ہوں گے۔ اس لیے ہم اس بات پر زور دیتے ہیں کہ حکومت تاجروں کے مفادات کے تحفظ کے لیے معیشت کو مستحکم کرنے کے لیے مناسب اقدامات کرے۔

بورڈ کی جانب سے



حذیف ستار

چیف ایگزیکٹو آفیسر



مہتاب الدین فیروز

ڈائریکٹر

کراچی

تاریخ: 27 اکتوبر، 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

| | Note | (Unaudited) September 30, 2021 -----Rupees in '000----- | (Audited) June 30, 2021 |
|--|------|--|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 277,903 | 297,002 |
| Intangibles | | 1,303 | 1,496 |
| Long-term loans - considered good | | 7,041 | 7,583 |
| Long-term deposits | | 1,387 | 1,337 |
| Deferred tax asset - net | 5 | 81,829 | 107,785 |
| | | 369,463 | 415,203 |
| Current assets | | | |
| Stores and spares | | 45,655 | 45,943 |
| Stock-in-trade - net | | 731,068 | 582,233 |
| Trade debts - unsecured - net | | 238,345 | 291,385 |
| Loans and advances - considered good | | 65,479 | 38,911 |
| Trade deposits, short-term prepayments & other receivables | | 20,014 | 23,180 |
| Taxation - net | | 64,974 | 44,072 |
| Bank balances | 6 | 68,002 | 44,504 |
| | | 1,233,537 | 1,070,228 |
| Total assets | | 1,603,000 | 1,485,431 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | | |
| Authorised share capital | | | |
| 20,000,000 (June 30, 2021: 20,000,000) ordinary shares of Rs 10 each | | 200,000 | 200,000 |
| Issued, subscribed and paid-up share capital | | | |
| 12,100,000 (June 30, 2021: 12,100,000) ordinary shares of Rs 10 each | | 121,000 | 121,000 |
| Revenue reserves | | 454,237 | 379,977 |
| Shareholders' equity | | 575,237 | 500,977 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term finance | | 10,487 | 16,542 |
| Deferred Government grant | | 102 | 307 |
| | | 10,589 | 16,849 |
| Current liabilities | | | |
| Short-term loan from a related party - unsecured | 7 | 381,425 | 356,550 |
| Current portion of long-term finance | | 38,547 | 31,903 |
| Current portion of deferred Government grant | | 1,410 | 1,794 |
| Accrued Mark-up | | 1,023 | 655 |
| Trade and other payables | | 591,583 | 573,517 |
| Unclaimed Dividend | | 3,186 | 3,186 |
| | | 1,017,174 | 967,605 |
| Total equity and liabilities | | 1,603,000 | 1,485,431 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

| | Note | Quarter ended September 30, | |
|---|------|--------------------------------|----------------|
| | | 2021 | 2020 |
| | | ----- Rupees in '000 ----- | |
| Net sales | 9 | 725,938 | 611,156 |
| Cost of sales | | (472,588) | (426,108) |
| Gross profit | | 253,350 | 185,048 |
| Selling and distribution expenses | | (77,726) | (68,815) |
| Administrative and general expenses | | (27,632) | (25,869) |
| | | 147,992 | 90,364 |
| Other income | 10 | 10,213 | 6,516 |
| | | 158,205 | 96,880 |
| Other expenses | 11 | (46,245) | (15,423) |
| Operating income | | 111,960 | 81,457 |
| Finance cost | | (1,628) | (7,360) |
| Profit for the period before taxation | | 110,332 | 74,097 |
| Taxation - net | | (36,072) | (31,029) |
| Profit for the period after taxation | | 74,260 | 43,068 |
| | | ----- Rupees ----- | |
| Earnings per share - basic and diluted | | 6.14 | 3.56 |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

| | Quarter ended September 30, | |
|--|--------------------------------|---------------|
| | 2021 | 2020 |
| | ----- Rupees in '000 ----- | |
| Profit for the period after taxation | 74,260 | 43,068 |
| Other comprehensive 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 for the period | 74,260 | 43,068 |

The annexed notes 1 to 18 form an integral part of this condensed interim financial



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

| | Issued, subscribed and paid-up capital | Revenue reserves | | | Total |
|---|---|--------------------|-----------------------|----------------|----------------|
| | | General reserve | Accumulated losses | Sub-total | |
| | Rupees in '000 | | | | |
| Balance as at June 30, 2020 (audited) | 121,000 | 341,980 | (346,193) | (4,213) | 116,787 |
| Total comprehensive income for the period ended Sep 30, 2020 | - | - | 43,068 | 43,068 | 43,068 |
| Balance as at Sep 30, 2020 | <u>121,000</u> | <u>341,980</u> | <u>(303,125)</u> | <u>38,855</u> | <u>159,855</u> |
| Balance as at June 30, 2021 (audited) | 121,000 | 341,980 | 37,997 | 379,977 | 500,977 |
| Total comprehensive income for the period ended Sep 30, 2021 | - | - | 74,260 | 74,260 | 74,260 |
| Balance as at Sep 30, 2021 | <u>121,000</u> | <u>341,980</u> | <u>112,257</u> | <u>454,237</u> | <u>575,237</u> |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

| Note | Quarter ended September 30, | |
|--|--------------------------------|------------------|
| | 2021 | 2020 |
| | ----- Rupees in '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period before taxation | 110,332 | 74,097 |
| Adjustment for non-cash charges and other items: | | |
| Depreciation & Amortisation | 11.1 24,865 | 24,101 |
| Gain on disposal of Fixed Asset - net | (1,418) | (800) |
| Workers' Profits Participant Fund | 11 5,999 | 3,939 |
| Workers' Welfare Fund | 11 2,278 | - |
| Central Research Fund | 11 1,146 | 744 |
| Unrealized Exchange loss - net | 24,875 | 8,136 |
| Mark-up on finance | 1,628 | 7,360 |
| Operating Surplus before working capital changes | 169,705 | 117,577 |
| (Increase) / decrease in current assets | | |
| Stores and spares | 288 | 5,741 |
| Stock-in-trade | (148,835) | (47,979) |
| Trade debts - unsecured | 53,040 | 85,915 |
| Loans and advances | (26,568) | 36,305 |
| Trade deposits, short-term prepayments & other receivables | 3,166 | (12,753) |
| | (118,909) | 67,229 |
| Increase/ (Decrease) in current liabilities | | |
| Trade and other payables | 8,727 | (77,324) |
| Cash generated from operations | 59,523 | 107,482 |
| Interest paid | (1,260) | (14,905) |
| Taxes paid | (31,018) | (21,793) |
| Increase in long-term deposits | (50) | 0 |
| (Increase)/Decrease in long-term loans | 542 | (371) |
| Net cash generated from operations | 27,737 | 70,413 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (6,091) | (11,102) |
| Proceeds from disposal of property, plant and equipment | 1,852 | 1,099 |
| Net cash used in investing activities | (4,239) | (10,003) |
| Net decrease in cash and cash equivalents | 23,498 | 60,410 |
| Cash and cash equivalents at the beginning of the period | 44,504 | (407,029) |
| Cash and cash equivalents at the end of the period | 68,002 | (346,619) |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

1. THE COMPANY AND ITS OPERATIONS

1.1 Otsuka Pakistan Limited (the Company) was incorporated in Pakistan 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 registered office of the Company is situated at 30-B, S.M.C.H. Society, Karachi in the province of Sindh, Pakistan. 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:

| 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;
- 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, 2021. 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 last financial statements of the Company. This condensed interim financial information is unaudited. However, a review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

The comparatives in the condensed interim statement of financial position presented in the condensed interim financial information as at September 30, 2021 have been extracted from the audited financial statements of the Company for the year ended June 30, 2021, whereas, the comparatives in the condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Company for the Quarter ended Sep 30, 2020.

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. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS

3.1 Significant accounting policies

3.1.1 The significant accounting policies 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, 2021.

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, 2021. 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, 2021.

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, 2021.

| | Note | (Unaudited) Sep 30, 2021 | (Audited) June 30, 2021 |
|--|------|--------------------------------|-------------------------------|
| | | -----Rupees in '000----- | |
| 4 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | | 255,974 | 275,096 |
| Capital work-in-progress | 4.2 | 21,929 | 21,906 |
| | | <u>277,903</u> | <u>297,002</u> |

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

| ----- Quarter ended September 30, 2021 ----- | | | | | | |
|--|-------------------------------------|------------------------|--|----------|-------------|----------|
| | Building on leasehold land | Plant and machinery | Furniture, fixtures and equipment | Vehicles | Fork Lifter | Total |
| | ----- Rupees in '000 ----- | | | | | |
| Additions | - | 5,401 | 667 | - | - | 6,068 |
| Disposals/Write-offs | | | | | | |
| Cost | 1,728 | 12,909 | 5,934 | 2,158 | 131 | 22,860 |
| Accumulated depreciation | (1,728) | (12,908) | (5,933) | (1,726) | (131) | (22,426) |
| | - | 1 | 1 | 432 | - | 434 |
| ----- Quarter ended September 30, 2020 ----- | | | | | | |
| | Building on leasehold land | Plant and machinery | Furniture, fixtures and equipment | Vehicles | Fork Lifter | Total |
| | ----- Rupees in '000 ----- | | | | | |
| Additions | - | 5,955 | 301 | 4,846 | - | 11,102 |
| Disposals: | | | | | | |
| Cost | - | - | (404) | (1,497) | - | (1,901) |
| Accumulated depreciation | - | - | 404 | 1,197 | - | 1,601 |
| | - | - | - | (299) | - | (299) |

| | Note | (Unaudited) Sep 30, 2021 | (Audited) June 30, 2021 |
|--|-------|--------------------------------|-------------------------------|
| -----Rupees in '000----- | | | |
| 4.2 Capital work-in-progress | | | |
| Stores and spares held for capital expenditure | | 3,523 | 3,844 |
| Others | 4.2.1 | 18,406 | 18,062 |
| | | <u>21,929</u> | <u>21,906</u> |

4.2.1 This includes cost of survival project related to Nutraceutical unit amounting to Rs. 17.987 million (June 30, 2021: Rs. 17.987).

| | Note | (Unaudited) Sep 30, 2021 | (Audited) June 30, 2021 |
|-----------------------------------|------|--------------------------------|-------------------------------|
| -----Rupees in '000----- | | | |
| 5 DEFERRED TAX ASSET - NET | | | |
| Deferred tax asset - net | | <u>81,829</u> | <u>107,785</u> |

This represents deferred tax recorded on unabsorbed depreciation and excess of Alternative Corporate Tax (ACT) paid over Corporate Tax amounting to Rs. 60.851 million and Rs. 10.447 million respectively.

6 BANK BALANCES

This include term deposit receipts (TDRs) of Rs. 25 million (June 30, 2021: NIL) placed with the commercial bank in Pakistan. This carry mark-up @ 6.78% per annum and maturing on October 01, 2021.

| | Note | (Unaudited) Sep 30, 2021 | (Audited) June 30, 2021 |
|---|------|--------------------------------|-------------------------------|
| -----Rupees in '000----- | | | |
| 7 SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED | | | |
| In foreign currency | | | |
| Loan from Otsuka Pharmaceutical Factory, Inc. | 7.1 | <u>381,425</u> | <u>356,550</u> |

7.1 This represents foreign currency denominated loan. The outstanding loan of two installment of JPY 125 million each drawn on April 27, 2015 and July 27, 2015, repayable on or before April 26, 2016 and July 26, 2016 respectively. These were rolled forward annually multiple times and are now repayable on or before February 25, 2022 and April 26, 2022 respectively.

Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2021: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.

| | Note | (Unaudited) Sep 30, 2021 | (Audited) June 30, 2021 |
|---|------|--------------------------------|-------------------------------|
| -----Rupees in '000----- | | | |
| 8 CONTINGENCIES AND COMMITMENTS | | | |
| 8.1 Commitments in respect of: | | | |
| Capital expenditure contracted for but not incurred | | 11,277 | - |
| Letters of credit | | 82,330 | 81,262 |
| Letters of guarantee | | <u>61,205</u> | <u>61,205</u> |

8.2 There has been no significant change in contingencies disclosed in notes 22.2, 22.3, 22.4 and 22.5 to the annual audited financial statements of the Company for the year ended June 30, 2021.

8.3 There were no other contingencies and commitments outstanding as on September 30, 2021.

| | Note | (Unaudited) Sep 30, 2021 -----Rupees in '000----- | (Unaudited) Sep 30, 2020 -----Rupees in '000----- |
|---|------|--|--|
| 9 NET SALES | | | |
| Sales (net of returns of Nil; Sep 30, 2020: Nil) | 9.1 | 803,685 | 683,375 |
| Less: sales tax | | (241) | (6,451) |
| | | 803,444 | 676,924 |
| Less: discounts | | (77,506) | (65,769) |
| | | <u>725,938</u> | <u>611,156</u> |
| 10 OTHER INCOME | | | |
| Income from financial assets and financial liabilities | | | |
| Liabilities no longer required written back | | 10 | - |
| Late payment charges from Hospital Supply Corporation - related party | | 1,393 | 2,294 |
| Income from Term Deposit Receipts (TDRs) | | 505 | - |
| | | <u>1,908</u> | <u>2,294</u> |
| Income from assets other than financial assets | | | |
| Gain on disposal of fixed assets - net | | 1,418 | 800 |
| Scrap sales | | 4,459 | 3,153 |
| Others | | 2,428 | 269 |
| | | <u>8,305</u> | <u>4,222</u> |
| | | <u>10,213</u> | <u>6,516</u> |
| 11 OTHER EXPENSES | | | |
| Exchange loss - net | 11.1 | 35,304 | 8,136 |
| Auditors' remuneration | | 600 | 600 |
| Donations | 11.2 | 50 | 985 |
| Workers' Welfare Fund | | 2,278 | - |
| Workers' Profits Participation Fund | | 5,999 | 3,939 |
| Central Research Fund | | 1,146 | 744 |
| Bank charges and commission | | 33 | 262 |
| Others | | 835 | 757 |
| | | <u>46,245</u> | <u>15,423</u> |

11.1 It includes the Rs. 24.865 million unrealized exchange loss on the foreign currency denominated loan from the related party.

11.2 Recipients of donations do not include any donee in whom Chief Executive Officer, directors or their spouse had any interest.

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:

| | (Unaudited) Sep 30, 2021 ----Rupees in '000---- | (Unaudited) Sep 30, 2020 ----Rupees in '000---- |
|--|--|--|
| Bank balances | 43,002 | 5,001 |
| Short-term running finance utilised under mark-up arrangements | - | (351,620) |
| Short term investment | 25,000 | - |
| | <u>68,002</u> | <u>(346,619)</u> |

13. 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.), entities under common directorship [namely Hospital Supply Corporation, Danish Enterprises, Syed Ejazuddin & Co.] staff retirement funds and the key management personnel. Details of the transactions with the related parties and the balances with them as at period end other than those which have been disclosed else where are as follows:

| Name of related party | Relationship with the Company | Nature of account balance | (Unaudited) Sep 2021 | (Unaudited) Sep 2020 |
|--|--------------------------------------|--|----------------------|----------------------|
| ----- Rupees in '000 ----- | | | | |
| Otsuka Pharmaceutical Factory Inc. | Ultimate Parent | Purchase of raw material | 1,152 | - |
| | | Markup expense | 627 | 976 |
| | | Short term Loan revalued | 24,875 | 2,813 |
| Otsuka Pharmaceutical Co, Ltd. | Parent Company | Purchase of finished goods | 29,875 | 43,765 |
| | | Reimbursement of PV Cost | 7,732 | - |
| Hospital Supply Corporation | Common Directorship | Sale of finished goods | 348,306 | 333,149 |
| | | Late payment surcharge on receivables | 1,393 | 2,306 |
| | | Sales Discount | 50,950 | 46,024 |
| | | Sales Return | 13 | - |
| Microport Medical (Shanghai) Co., Ltd. | Associated undertaking | Purchase of Stents/EP Devices | 25,674 | 8,082 |
| Thai Otsuka Pharmaceutical Co. Ltd. | Associated undertaking | Purchase of Aminoleban | 34,935 | - |
| PT. Otsuka Indonesia | Associated Undertaking | Purchase of Proten & used machines | - | 5,281 |
| Shanghai Microport EPMED Tech Co. Ltd. | Associated Undertaking | Purchase of devices | 5,806 | - |
| Danish Enterprises | Brother to CEO | Purchase of packing material | - | 966 |
| Otsuka staff provident fund | Provident fund | Contribution during the period to the | 3,409 | 3,141 |
| Otsuka staff gratuity fund | Gratuity fund | Contribution during the period to the fund | 4,096 | - |
| Key Management Personnel | Key Management Personnel | Remuneration paid | 16,042 | 13,675 |
| Mehtabuddin Feroze | Director | Consultancy charges | 825 | 750 |
| Director | Independent & Non-Executive Director | Meeting fees | 100 | 100 |

| Name of related party | Relationship with the Company | Nature of account balance | (Unaudited) Sep 2021 | (Audited) June 30, 2021 |
|---|-------------------------------|---|----------------------------|-------------------------------|
| ----- Rupees in '000 ----- | | | | |
| Otsuka Pharmaceutical Factory Inc. | Ultimate Parent | Markup accrued on short term loan | 627 | - |
| | | Payable against purchases | 1,152 | - |
| | | Short term loan payable | 381,425 | 356,550 |
| | | Dividend payable | 541 | 541 |
| Otsuka Pharmaceutical Co, Ltd. | Parent company | Payable against purchases | 30,364 | 29,635 |
| | | Advance against reimbursement of PV | 5,069 | 1,140 |
| | | Dividend payable | 1,021 | 1,021 |
| Hospital Supply Corporation | Common Directorship | Receivable against sale of goods | 166,725 | 203,788 |
| PT. Otsuka Indonesia | Associated undertaking | Dividend payable | 209 | 209 |
| Thai Otsuka Pharmaceutical Co. Ltd. | Associated undertaking | Payable against purchase of finished goods | 35,103 | 12,289 |
| Shanghai Microport Med. (Group) Co., Ltd. | Associated undertaking | Payable against purchase of stents | 28,146 | 19,302 |
| Shanghai Microport EPMed | Associated undertaking | Payable against purchase of medical devices | 8,940 | 6,937 |
| Shareholders | Shareholders | Payable to shareholders | 363 | 363 |
| Key Management Personnel | Key Management Personnel | Advance from key management personnel | 512 | 512 |
| Otsuka staff gratuity fund | Gratuity fund | Payable to gratuity fund | 2,483 | 4,096 |
| Otsuka staff provident fund | Provident fund | Payable to provident fund | 3,305 | 3,250 |

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. Sales to related parties represent sales made to Hospital Supply Corporation which is the sole distributor of the Company's products in the southern region. 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 and working directors to be its key management personnel.

14 SEGMENT INFORMATION

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

14.2 Sales from Intravenous Solutions represent 88.29 percent while sales from others represent 11.71 percent (September 30, 2020: 86.03 percent and 13.97 percent) respectively of the total sales of the Company.

| | (Unaudited) Sep 30, 2021 | (Unaudited) Sep 30, 2020 |
|--|--------------------------------|--------------------------------|
| | ----- In percent ----- | |
| 14.3 The geographic segmentation of sales is as follows: | | |
| Pakistan | 99% | 94% |
| Outside Pakistan (Exports) | 1% | 6% |

14.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the Southern region was around 40.96 percent during the quarter ended September 30, 2021 (September 30, 2020: 59.04 percent).

14.5 All non-current assets of the Company as at September 30, 2021 are located in Pakistan.

15 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.

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on **October 27, 2021** by the Board of Directors of the Company.

17 GENERAL

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

18 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director










Sajid Ali Khan
Chief Financial Officer










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