

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

Quarterly Report
For the nine months ended
March 31, 2022



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. Hanif Sattar (Director and Chief Executive Officer) Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Suhari Mukti (Alternate: Mr. Sajid Ali Khan) Mr. Abid Hussain (Independent Director) Mrs. Navin Salim Merchant (Independent Director)
COMPANY SECRETARY :	Mr. Muhammad Amin Bashir
AUDIT SUB COMMITTEE OF THE BOARD :	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Mehtabuddin Feroz (Member)
HEAD OF INTERNAL AUDIT:	Mr. Jawaid Noor (Secretary)
RISK MANAGEMENT COMMITTEE :	Senior Executive Committee Members
HUMAN RESOURCES, REMUNERATION AND NOMINATION SUB-COMMITTEES OF THE BOARD :	Mrs. Navin Salim Merchant (Chairperson) Mr. Koichi Okada (Member) Mr. Mehtabuddin Feroz (Member) Mr. Hanif Sattar (Member)
AUDITORS (EXTERNAL) :	Yousuf Adil (Chartered Accountants) Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited
AUDITORS (INTERNAL) :	Saud Tariq & Co. (Chartered Accountants)
LEGAL ADVISOR :	Dr. Moneeba Hamid
BANKERS :	Citibank N.A., Bank Alfalah Limited The Bank of Punjab Habib Metropolitan Bank 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 the Company for the nine months ended March 31, 2022.

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. Abid Hussain	Female
	Mrs. Navin Salim Merchant	

** Mr. Taufiq Feroz is the alternate director of Mr. Mikio Bando.

**Mr. Sajid Ali khan is the alternate director of Mr. Suhari Mukti.

Board Sub-Committees

NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Audit Committee	Mr. Abid Hussain (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz
Human Resource, Remuneration Committee & Nomination Committee	Mrs. Navin Salim Merchant (Chairperson) Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Hanif Sattar
Risk Management Committee	Delegated to Executive Management Committee

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. Currently, the two independent directors and a non-working alternate director are getting fixed fees for attending the board meetings.

Business Review

During the 3rd quarter ended March 31, 2022, sales have shown a growth of 20% as compared to the corresponding quarter of 2021. The cost of sales for the quarter has also increased by 15%.

The Company has achieved a gross profit margin of 34% as compared to 32% during same period last year mainly due to the increase in sales of clinical nutrition products and therapeutic drugs. Besides that, the Company has continued the policy of the strict cost control measures.

Selling expenses have increased in line with the increase in sales by 22% due to increase in promotional activities. Administrative expenses have also increased by 11.3% due to the higher inflation rate in the country. Other income of the company has gone down by 75% while the other expenses have gone up by 51% particularly due to the net exchange loss of Rs. 49 million as compared to the net exchange gain of Rs. 74 million during the same period last year. The finance cost of the Company has gone down by 74% with an effective implementation of the liquidity management policies and timely recoveries from the customers.

The Company has closed these nine months ended with an earning per share of Rs. 16.86 against Rs. 15.97 during the same period last year.

Future Outlook

In near future, we foresee liquidity crisis due to the zero rating of the finished pharmaceutical products and imposition of sales tax on pharmaceutical inputs. Due to this reason, sales tax paid at the import/purchase stage shall be lying with tax authorities for a longer period. Beside this, the sales tax refund procedure has not been clearly defined and implemented yet.

Further, the abrupt change in the government set-up followed by the increase in the bank discount rate by 225 basis points and the undetermined depreciation of Pak-Rupee during the ongoing month have raised uncertainty about the future direction of the Pakistan Economy. However, the directors are confident about the good performance of the Company. The distribution of profits shall be dependent upon the future profitability and cash flows of the Company.

On behalf of the Board



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director

Karachi

Dated: April 28, 2022

اس وجہ سے، درآمد اور مقامی طور پر خریداری کے مرحلے پر ادا کیا جانے والا سیلز ٹیکس طویل مدت تک ٹیکس حکام کے پاس پڑا رہے گا۔ اس کے علاوہ، سیلز ٹیکس کی واپسی کا طریقہ کار ابھی تک واضح طور پر متعین اور نافذ نہیں کیا گیا ہے۔ مزید یہ کہ حکومتی سیٹ اپ میں اچانک تبدیلی جس کے بعد بینک ڈسکاؤنٹ ریٹ میں 225 بیسس پوائنٹس کا اضافہ ہوا اور رواں ماہ کے دوران پاک روپے کی غیر متعین قدر میں کمی نے پاکستان کی معیشت کی مستقبل کی سمت کے بارے میں غیر یقینی صورتحال کو بڑھا دیا ہے۔ تاہم، ڈائریکٹرز کمپنی کی اچھی کارکردگی کے بارے میں پراعتماد ہیں۔ منافع کی تقسیم کا انحصار کمپنی کے مستقبل کے منافع اور کیش فلو پر ہوگا۔

بورڈ کی جانب سے



حذیف ستار

چیف ایگزیکٹو آفیسر



مہتاب الدین فیروز

ڈائریکٹر

کراچی

بتاریخ: 28 اپریل 2022

بورڈ کے پاس کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے۔ فی الحال، دو آزاد ڈائریکٹرز اور ایک غیر ایگزیکٹو متبادل ڈائریکٹر بورڈ کے اجلاسوں میں شرکت کے لیے مقررہ فیس وصول کر رہے ہیں۔

کاروباری جائزہ

31 مارچ 2022 کو ختم ہونے والی تیسری سہ ماہی کے دوران، فروخت میں 2021 کی اسی سہ ماہی کے مقابلے میں 20% کا اضافہ ہوا ہے۔ اس سہ ماہی کے لیے فروخت کی لاگت میں بھی 15% کا اضافہ ہوا ہے۔

کمپنی نے گزشتہ سال کی اسی مدت کے دوران 32% کے مقابلے میں 34% کا مجموعی منافع مارجن حاصل کیا ہے جس کی بنیادی وجہ طبی غذائیت کی مصنوعات اور علاج معالجے کی ادویات کی فروخت میں اضافہ ہے۔ اس کے علاوہ، کمپنی نے لاگت پر قابو پانے کے سخت اقدامات کی پالیسی کو جاری رکھا ہوا ہے۔ پروموشنل سرگرمیوں میں اضافے کی وجہ سے فروخت میں 22 فیصد اضافے کے ساتھ فروخت کے اخراجات میں اضافہ ہوا ہے۔ ملک میں مہنگائی کی بلند شرح کی وجہ سے انتظامی اخراجات میں بھی 11.3 فیصد اضافہ ہوا ہے۔ کمپنی کی دیگر آمدنی میں 75% کی کمی ہوئی ہے جبکہ دیگر اخراجات میں 51% کا اضافہ ہوا ہے۔ یہ خاص طور پر 49 ملین روپے کے خالص زر مبادلہ کے نقصان کی وجہ سے ہے۔ جو کہ پچھلے سال 74 ملین روپے کے منافع میں ریکارڈ کیا گیا تھا۔ لیکویڈیٹی مینجمنٹ کی پالیسیوں کے موثر نفاذ اور صارفین سے بروقت وصولیوں سے کمپنی کی مالیاتی لاگت میں 74 فیصد کمی واقع ہوئی ہے۔ ان نو مہینوں کے کھاتوں کے لیے کمپنی کی فی حصص آمدنی 16.86 روپے ریکارڈ کی گئی ہے جو گزشتہ سال اسی مدت کے دوران 15.97 روپے تھی۔

مستقبل کا نقطہ نظر

مستقبل قریب میں، ہم اپنی تیار شدہ فارماسیوٹیکل مصنوعات کے صفر ہونے اور فارماسیوٹیکل ان پٹس پر سیلز ٹیکس کے نفاذ کی وجہ سے لیکویڈیٹی بحران کی پیش گوئی کرتے ہیں۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2022 کو ختم ہونے والے گزشتہ نو ماہ کے لیے کمپنی کے اکاؤنٹس پیش کرنے پر خوش ہیں۔

بورڈ آف ڈائریکٹرز

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

درجہ بندی	نام	جنس
ایگزیکٹو ڈائریکٹر	جناب حنیف ستار (سی ای او)	مرد
نان ایگزیکٹو ڈائریکٹر	*جناب میکو بانڈو (چیرمین) جناب مہتاب الدین فیروز جناب کوچی اوکاڈا **جناب سوہاری مکتی	مرد
آزاد ڈائریکٹر	جناب عابد حسین مسز نوین سلیم مرچنٹ	مرد خاتون

*جناب توفیق فیروز مسٹر میکو بانڈو کے متبادل ڈائریکٹر ہیں۔
**جناب ساجد علی خان مسٹر سوہاری مکتی کے متبادل ڈائریکٹر ہیں۔

بورڈ کمیٹی:

بورڈ کی ذیلی کمیٹی کا نام	ممبر کا نام
آڈٹ کمیٹی	جناب عابد حسین (چیرمین) جناب کوچی اوکاڈا جناب مہتاب الدین فیروز
ہیومن ریسورس اور معاوضہ کمیٹی	مسز نوین سلیم مرچنٹ (چیرپرسن) جناب کوچی اوکاڈا جناب مہتاب الدین فیروز جناب حنیف ستار

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Note	(Unaudited) March 31, 2022 -----Rupees in '000-----	(Audited) June 30, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	285,039	297,002
Intangibles		886	1,496
Long-term loans - considered good		8,639	7,583
Long-term deposits		1,487	1,337
Deferred tax asset - net	5	43,074	107,785
		339,125	415,203
Current assets			
Stores and spares		48,091	45,943
Stock-in-trade - net		845,401	582,233
Trade debts - unsecured - net		270,724	291,385
Loans and advances - considered good		38,060	38,911
Trade deposits, short-term prepayments & other receivables		83,253	23,180
Taxation - net		39,646	44,072
Bank balances		10,214	44,504
		1,335,389	1,070,228
Total assets		1,674,514	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		565,838	379,977
Shareholders' equity		686,838	500,977
LIABILITIES			
Non-current liabilities			
Long-term finance		-	31,903
Deferred Government grant		-	307
		-	32,210
Current liabilities			
Short-term loan from a related party - unsecured	6	377,575	356,550
Current portion of long-term finance		24,661	16,542
Current portion of deferred Government grant		612	1,794
Accrued Mark-up		1,544	655
Trade and other payables		547,239	573,517
Short-term running finance - secured	7	34,456	-
Unclaimed Dividend		1,589	3,186
		987,676	952,244
Total equity and liabilities		1,674,514	1,485,431
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Note	Nine Month ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
		----- Rupees in '000 -----		----- Rupees in '000 -----	
Net sales	9	2,095,649	1,747,778	661,857	589,817
Cost of sales		(1,374,280)	(1,194,752)	(439,825)	(404,973)
Gross profit		721,369	553,026	222,032	184,844
Selling and distribution expenses		(250,140)	(205,002)	(84,055)	(69,685)
Administrative and general expenses		(89,727)	(80,648)	(30,590)	(25,738)
		381,502	267,376	107,387	89,421
Other income		24,254	98,467	5,677	69,796
		405,756	365,843	113,064	159,217
Other expenses		(81,562)	(54,135)	(2,674)	(6,374)
Operating income		324,194	311,708	110,390	152,843
Finance cost		(4,497)	(17,343)	(248)	(4,038)
Profit for the period before taxation		319,697	294,365	110,142	148,805
Taxation - net		(115,686)	(101,101)	(44,827)	(57,500)
Profit for the period after taxation		204,011	193,264	65,315	91,305
----- Rupees -----					
Earnings per share - basic and diluted		16.86	15.97	5.40	7.55

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



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 NINE MONTHS ENDED MARCH 31, 2022**

	Nine Month ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Profit for the period after taxation	204,011	193,264	65,315	91,305
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	204,011	193,264	65,315	91,305

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

Note	Nine Month ended Mar-31	
	2022	2021
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	319,697	294,365
Adjustment for non-cash charges and other items:		
Depreciation & Amortisation	69,891	71,811
Impairment on plant and machinery	-	6,738
Gain on disposal of Fixed Asset - net	(3,184)	(3,812)
Provision for slow moving and obsolete stock-in-trade - net	2,251	25,317
Workers' Profits Participant Fund	16,648	15,883
Workers' Welfare Fund	3,718	3,350
Central Research Fund	2,881	2,985
Exchange (gain) / loss - net	21,025	(74,520)
Reversal of Provision for slow moving and obsolete stores and spares	(154)	-
Reversal of provision for stents held with hospitals - net	(1,577)	(4,283)
Loss allowance	1,757	238
Mark-up on finance	4,497	17,343
Operating Surplus before working capital changes	437,450	355,415
(Increase) / decrease in current assets		
Stores and spares	(1,994)	7,188
Stock-in-trade	(263,842)	(61,236)
Trade debts - unsecured	18,904	63,443
Loans and advances	851	38,438
Trade deposits, short-term prepayments & other receivables	(60,073)	(14,087)
	(306,154)	33,746
Decrease in current liabilities		
Trade and other payables	(53,830)	(40,469)
Cash generated from operations	77,466	348,692
Interest paid	(3,608)	(28,276)
Taxes paid	(55,401)	(34,858)
Increase in long-term deposits	(150)	(21)
(Increase)/Decrease in long-term loans	(1,056)	1,209
Net cash generated from operations	17,251	286,746
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(44,652)	(30,072)
Proceeds from disposal of property, plant and equipment	3,675	4,696
Net cash used in investing activities	(40,977)	(25,376)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(19,747)	(2)
Proceeds from/(Repayment for) long term finance	(25,273)	67,395
Net cash (used in) / generated from financing activities	(45,020)	67,393
Net (decrease/increase) in cash and cash equivalents	(68,746)	328,763
Cash and cash equivalents at the beginning of the period	44,504	(407,029)
Cash and cash equivalents at the end of the period	(24,242)	(78,266)

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The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.


Hanif Sattar
Chief Executive Officer


Mehtabuddin Feroz
Director


Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	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 March 31, 2021	-	-	193,264	193,264	193,264
Balance as at March 31, 2021	<u>121,000</u>	<u>341,980</u>	<u>(152,929)</u>	<u>189,051</u>	<u>310,051</u>
Balance as at June 30, 2021 (audited)	121,000	341,980	37,997	379,977	500,977
Final dividend for the year ended June 30, 2021 @ 1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Total comprehensive income for the period ended March 31, 2022	-	-	204,011	204,011	204,011
Balance as at March 31, 2022	<u>121,000</u>	<u>341,980</u>	<u>223,858</u>	<u>565,838</u>	<u>686,838</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



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 NINE MONTHS ENDED MARCH 31, 2022**

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; 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, 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.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the section 237 of Companies Act, 2017.

The comparatives in the condensed interim statement of financial position as at March 31, 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, 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 Nine month ended March 31, 2021.

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) March 31, 2022	(Audited) June 30, 2021
		-----Rupees in '000-----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		281,320	275,096
Capital work-in-progress	4.2	3,719	21,906
		<u>285,039</u>	<u>297,002</u>

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

----- Nine month ended March 31, 2022 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
	----- Rupees in '000 -----					
Additions	0	44,067	15,528	1,675	1,570	62,839
Disposals:						
Cost	2,038	15,430	6,062	2,220	131	25,881
Accumulated depreciation	(2,038)	(15,429)	(6,060)	(1,732)	(131)	(25,390)
	-	1	2	488	-	491
----- Nine month ended March 31, 2021 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
	----- Rupees in '000 -----					
Additions	-	25,947	1,689	10,427	-	38,063
Disposals:						
Cost	-	3,880	1,355	4,415	-	9,650
Accumulated depreciation	-	(3,880)	(1,354)	(3,532)	-	(8,766)
	-	-	1	883	-	884
Impairment (note 4.2)	-	6,738	-	-	-	6,738

- 4.2** Orthopedic kits, power tool sets and femoral holders having book value of Rs. 6.196 million, Rs. 0.613 million and Rs. 0.273 million (June 30, 2021: Rs. 8.055 million, Rs. 0.754 million and Rs. 0.329 million) respectively have been impaired by Rs. 6.738 million due to the decision by management to liquidate the orthopedic implants business at recoverable prices in the market and to minimize the business closure loss. These asset have been acquired with the funds of the Company but are not in the possession of the Company.

		(Unaudited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees in '000-----	
4.2 Capital work-in-progress			
	Stores and spares held for capital expenditure	3,474	3,844
	Others	245	18,062
		<u>3,719</u>	<u>21,906</u>
5 DEFERRED TAX ASSET - NET			
	Deferred tax asset - net	<u>43,074</u>	<u>107,785</u>

Based on pattern of utilisation from future expected taxable profit, the Company has not recognised deferred tax on minimum tax amounting to Rs. 88.246 million (June 30, 2021: Rs. 78.325 million).

	Note	(Unaudited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees in '000-----	
6 SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			
	In foreign currency		
	Loan from Otsuka Pharmaceutical Factory, Inc.	6.1 <u>377,575</u>	<u>389,075</u>

6.1 This represents foreign currency denominated loan obtained in two tranches of JPY 125 million each, drawn down April 27, 2015 and July 27, 2015, repayable on or before February 25, 2016, April 26, 2016 and July 26, 2016 respectively. These were roll forwarded annually multiple times and are now repayable on or before April 26, 2023 and July 26, 2023 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) March 31, 2022	(Audited) June 30, 2021
		-----Rupees in '000-----	
7 SHORT-TERM RUNNING FINANCE - SECURED			
	From banking companies		
	Short-term running finances utilised under mark-up arrangements - secured	7.1 34,456	-

7.1 Particulars of short-term running finance - secured

Bank	Limit in Rs '000'	Mark-up rate	Security	Frequency of mark-up payment	Facility expiry date	(Unaudited) March 31, 2022	(Audited) June 30, 2021
						-----Rupees in '000-----	
Citi Bank NA Karachi branch	765,000	1 months KIBOR + 0.5% p.a.	(a) SECP Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for Rs. 432 million (b) SECP Registered Joint Pari-passu Charge on Current Assets for Rs. 778 million.	Quarterly	February 28, 2023	34,456	-
Habib Metro Bank*	75,000	3 months KIBOR + 1% p.a.	(a) Ranking charge of Rs. 180 million with 25% margin to be registered with SECP over stocks and receivables. (b) Ranking charge of Rs. 120 million with 25% margin to be registered with SECP over company's fixed assets i.e Land, Building and Plant & Machinery	Quarterly	December 31, 2021	-	-
	<u>1,066,000</u>					<u>34,456</u>	<u>-</u>

*The Company has applied for the renewal of the working capital for further twelve months and expects that the facility would get renewed soon.

8 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited) March 31, 2022	(Audited) June 30, 2021
		-----Rupees in '000-----	
8.1	Commitments in respect of:		
	Capital expenditure contracted for but not incurred	679	-
	Letters of credit	156,263	81,262
	Letters of guarantee	58,282	61,205

8.2 There has been no significant change in contingencies disclosed in notes 22.2, 22.3, 22.4 & 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 March 31, 2022.

	Note	(Unaudited) March 31, 2022	(Unaudited) March 30, 2021
		-----Rupees in '000-----	
9	NET SALES		
	Sales (net of returns of Rs. 3.78 million; March 31, 2021: Rs. 0.333 million)	2,405,845	1,952,634
	Less: sales tax	(2,399)	(12,089)
		2,403,446	1,940,545
	Less: discounts	(307,797)	(192,767)
		2,095,649	1,747,778

10. 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, Qubittech] 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 transaction	(Unaudited) March 31, 2022	(Unaudited) March 31, 2021
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchase of raw Markup expense	1,152 1,906	- 2,976
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchase of finished goods Reimbursement of PV Cost	56,213 13,172	67,595 -
Hospital Supply Corporation	Common Directorship	Sale of finished goods Late payment surcharge on receivables Purchase of Misc items Sales Discount Sales Return	952,177 4,242 - 156,148 -	971,527 2,579 - 118,858 53
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchase of Stents	38,714	29,935
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchase of finished goods	55,012	27,551
PT. Otsuka Indonesia	Associated Undertaking	Purchase of finished goods	7,111	11,725
Shanghai Microport EPMED Tech Co. Limited	Associated Undertaking	Purchase of devices	14,650	4,814
Danish	Brother to CEO	Purchase of packing material	4,203	3,132
Qubit tech	Brother to CEO	Purchase of general and electronic itrems	268	-
Husein & Husein	Spouse of Director	Professional Services	116	-
Otsuka staff provident fund	Provident fund	Contribution during the period to the fund	10,824	9,765
Otsuka staff gratuity fund	Gratuity fund	Contribution during the period to the fund	9,179	4,719
Key Management Personnel	Key Management Personnel	Remuneration paid	53,668	43,794
Mehtabuddin Feroze	Director	Consultancy charges	2,600	2,375

Name of related party	Relationship with the Company	Nature of account balance	Note	(Unaudited) March 31, 2022	(Audited) June 30, 2021
				----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Markup accrued on short term loan		426	-
		Short term loan payable		377,575	356,550
Otsuka Pharmaceutical Co, Ltd.	Parent company	Payable against purchase of finished goods		8,302	29,635
		Advance against reimbursement of Pharmacovigilance Cost		4,709	1,140
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods		179,962	203,788
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchase of finished goods		20,077	12,289
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchase of stents		577	19,302
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchase of medical devices		3,619	6,973
Shareholders	Shareholders	Payable to shareholders		363	363
Key Management Personnel	Key Management Personnel	Advance from key management personnel		1,537	512
Otsuka staff gratuity fund	Gratuity fund	Payable to gratuity fund Receivable from gratuity fund		2,770	4,096
Otsuka staff provident fund	Provident fund	Payable to provident fund		3,776	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.

11 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) March 31, 2022	(Unaudited) March 30, 2021
	----Rupees in '000----	
Bank balances	10,214	10,708
Short-term running finance utilised under mark-up arrangements	(34,456)	(88,974)
	<u>(24,242)</u>	<u>(78,266)</u>

12 SEGMENT INFORMATION

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

12.2 Sales from Intravenous Solutions represent 84.18 percent while sales from others represent 15.82 percent (March 31, 2021: 83.06 percent and 16.94 percent) respectively of the total sales of the Company.

	(Unaudited) March 31, 2022	(Unaudited) March 30, 2021
	----- In percent -----	
12.3 The geographic segmentation of sales is as follows:		
Pakistan	99.65%	98%
Outside Pakistan (Exports)	0.35%	2%

12.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 43.43 percent during the nine months ended March 31, 2022 (March 31, 2021: 47.5 percent).

12.5 All non-current assets of the Company as at March 31, 2022 are located in Pakistan.

13 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.

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on **April 28, 2022** by the Board of Directors of the Company.

15 GENERAL

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



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director










Sajid Ali Khan
Chief Financial Officer










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