

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

HALF YEARLY REPORT

For the period ended December 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 COMMITTEE	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Mehtabuddin Feroz (Member)		
HEAD OF INTERNAL AUDIT:		Mr. Jawaid Noor (Secretary)		
RISK MANAGEMENT COMMITTEE	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Hanif Sattar (Member) Mr. Sajid Ali Khan (Secretary)		
HUMAN RESOURCES REMUNERATION & NOMINATION COMMITTEE	:	Mrs. Navin Salim Merchant (Chairperson) Mr. Koichi Okada (Member) Mr. Mehtabuddin Feroz (Member) Mr. Hanif Sattar (Member)		
AUDITORS (EXTERNAL)	:	Yousuf Adil Chartered Accountants (An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited)		
AUDITORS (INTERNAL)	:	Saud Tariq & Co. Chartered Accountants		
LEGAL ADVISORS	:	Dr. Moneeba Hamid		
BANKERS	:	Citibank N.A., Habib Metropolitan Bank 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

The directors are pleased to present accounts of the company for the half year ended December 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	

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 & Nomination Committee	Mrs. Navin Salim Merchant (Chairperson)
	Mr. Koichi Okada
	Mr. Mehtabuddin Feroz
	Mr. Hanif Sattar (Secretary)
Risk Management Committee	Mr. Abid Hussain (Chairman)
	Mr. Koichi Okada
	Mr. Hanif Sattar
	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. Hanif Sattar (CEO)	Salaries and benefits *	8,890
Non-Executive Directors	Mr. Mikio Bando (Chairman) **	Not applicable	NIL
	Mr. Mehtabuddin Feroz	Consultancy fees	1,872
	Mr. Koichi Okada	Not applicable	NIL
	Mr. Suhari Mukti	Not applicable	NIL
Independent Directors	Mr. Abid Hussain	Meeting fees	80
	Mrs. Navin Salim Merchant	Meeting fees	80
* CEO is entitled to full time working salaries and company benefits as recommended by the board of directors which was duly approved by the shareholders of the Company.			
** Meeting fees of Rs. 40,000 paid to Mr. Taufiq Feroz for attending meeting as an alternate director of Mr. Mikio Bando.			

Business Review

Heavy monsoon rainfalls and the resulting floods have affected several million people across Pakistan, resulting in humanitarian crisis and significant damage to the infrastructure. Supply chain disruptions resulted from these floods have been thoroughly addressed and the company is ensuring availability of its products to the patients in need.

Sales for the half year ended December 31, 2022 have increased by 11% as compared to the same period last year mainly due to the increase in sales of medical devices products of the Company. The Company has witnessed a significant decline in gross profit margin to 22% from 35% in the previous half year on account of devaluation of Pakistani Rupee, increase in labor cost, utilities raw and packing material prices.

Selling and distribution expenses have increased by 5% particularly due to hike in local freight cost associated with recent floods and fuel price increase. Administrative expenses have increased by 8%. The management have taken strict controls over these operating expenses of the Company in order to keep them within budgeted limits.

Other income has increased by 2.18 times majorly due to disposal of Orthopedic Knee Kits & Implants and other operating fixed assets. Other expenses have also increased by 84% on account of net exchange loss of Rs. 89 million as compared to the exchange loss of Rs. 58 million during the corresponding period of 2021. The financial cost of the company has significantly increased to Rs. 27 million from Rs. 4.2 million due to increase in SBP policy rate to 17% from 13.75% and the liquidity problems being faced by the Company during the period.

The earning per share of your Company is reported in negative Rs. (0.51) per share as compared to the earning per share of the corresponding period last year of Rs. 11.46.

Future outlook

The company continues to face significant escalation of costs caused by the devaluation of Pak-rupee and abnormal inflation resulting in depletion of our margins. Moreover, the persistent

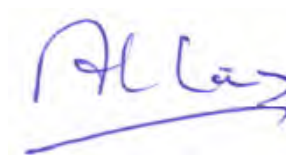
dearth of foreign reserves in the country causing hurdle for importing raw material which may disturb the business operations of the Company. We hope that the government will take adequate measures to ensure economic and political stability in the country. We also look forward to government's support for processing the outstanding sales tax refunds as well as to allow the ad hoc price increase in order to compensate high cost of production.

Notwithstanding, your Company remains cognizant of the challenges and would continue to make all efforts to mitigate adverse impacts through productivity and cost containment initiatives. The directors are confident on the future performance of the Company and new products will be introduced during the year considering the circumstances prevailing at that time.

On behalf of the Board

A handwritten signature in blue ink, appearing to read "Hanif Sattar".

Hanif Sattar
Chief Executive Office

A handwritten signature in blue ink, appearing to read "Abid Hussain".

Abid Hussain
Director

Karachi

Dated: February 22, 2023

پاکستانی روپے '000	معاوضے کی تفصیلات	نام	عہدے
8,890	تنخواہیں اور مراعات *	حنیف ستار (سی ای او)	ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	میکو بانڈو چیتر مین *	نان ایگزیکٹو ڈائریکٹر
1,872	کسٹمنٹس فیس	مہتاب الدین فیروز	
NIL	قابل اطلاق نہیں	کوچی اوکاڈا	
NIL	قابل اطلاق نہیں	سوہاری کتن	
80	مینگ فیس	جناب عابد حسین	آزاد ڈائریکٹر
80	مینگ فیس	مسز نوین سلیم مرچنٹ	

* چیف ایگزیکٹو آفیسر کمپنی کی کل وقتی کام کرنے والی تنخواہوں اور فوائد کا حقدار ہے۔ اس کی سفارش بورڈ آف ڈائریکٹرز نے بھی کی ہے جس کی کمپنی کے شیئر ہولڈرز نے باقاعدہ منظوری دی تھی۔

** مسٹر میکو بانڈو کے متبادل ڈائریکٹر کے طور پر مینگ میں شرکت کے لیے مسٹر توفیق فیروز کو 40,000 روپے مینگ فیس ادا کی گئی۔

کاروباری جائزہ

مون سون کی شدید بارشوں اور اس کے نتیجے میں آنے والے سیلاب نے پاکستان بھر میں کئی ملین افراد کو متاثر کیا ہے، جس کے نتیجے میں موسمیاتی اور انسانی بحران پیدا ہوا ہے اور اقتصادی انفراسٹرکچر کو نمایاں نقصان پہنچا ہے۔ سیلاب کی وجہ سے سپلائی چین کی رکاوٹوں کو اچھی طرح سے سنبھالا گیا اور اسے برقرار رکھنے کی کوشش کی گئی ہے اور کمپنی ضرورت مند مریضوں کو اپنی مصنوعات کی دستیابی کو یقینی بنا رہی ہے۔

31 دسمبر 2022 کو ختم ہونے والے ششماہی میں گزشتہ سال کی اسی مدت کے مقابلے میں فروخت میں 11 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ کمپنی کی طبی آلات کی مصنوعات کی فروخت میں اضافہ ہے۔ پاکستانی روپے کی قدر میں کمی، مزدوری کی لاگت، بوٹیلیٹیز، خام اور پیکنگ میٹریل کی قیمتوں میں اضافے کی وجہ سے کمپنی کے مجموعی منافع کے مارجن میں گزشتہ ششماہی میں 35% سے 22% تک گراوٹ دیکھنے میں آئی ہے۔

فروخت اور تقسیم کے اخراجات میں 5 فیصد کا اضافہ ہوا ہے خاص طور پر حالیہ سیلابوں کے ساتھ ساتھ ایندھن کی قیمتوں میں اضافے سے منسلک مقامی مال برداری کی لاگت میں اضافے کی وجہ سے۔ انتظامی اخراجات میں 8 فیصد اضافہ ہوا ہے۔ انتظامیہ نے کمپنی کے ان آپریشننگ اخراجات کو بجٹ کی حدود میں رکھنے کے لیے سخت کنٹرول کیا ہے۔

آرتھوپیتھک گھٹنے کٹس، امپلانٹس اور دیگر آپریٹنگ فیکسٹ اٹاٹوں کی فروخت سے دیگر آمدنی میں 2.18 گنا اضافہ ہوا ہے۔ دیگر اخراجات میں بھی 84 گنا اضافہ ہوا ہے جو کہ 89 ملین روپے کے خالص ایکسچینج نقصان کی وجہ سے ہے جو 2021 کی اسی مدت کے دوران 58 ملین روپے تھا۔ کمپنی کی مالی لاگت 27 ملین روپے تک بڑھ گئی ہے جو 4.2 ملین تھی۔ یہ اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں 13.75% سے 17% تک اضافے اور کمپنی کو اس مدت کے دوران لیکویڈٹی کے مسائل کی وجہ سے ہوا ہے۔

آپ کی کمپنی کی فی حصص آمدنی منفی روپے (0.51) فی حصص میں ہے جبکہ پچھلے سال کی اسی مدت کی فی حصص آمدنی 11.46 روپے تھی۔

مستقبل کا نقطہ نظر

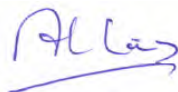
کمپنی کو مقامی کرنسی کی قدر میں کمی اور مارجن کی کمی کے نتیجے میں غیر معمولی افراط زر کی وجہ سے لاگت میں نمایاں اضافے کا سامنا کرنا پڑ رہا ہے۔ مزید برآں، ملک میں غیر ملکی ذخائر کی مسلسل کمی خام مال کی درآمد میں رکاوٹ کا باعث بن رہی ہے جو کمپنی کے کاروباری کاموں کو متاثر کر سکتی ہے۔ ہمیں امید ہے کہ حکومت ملک میں معاشی اور سیاسی استحکام کو یقینی بنانے کے لیے خاطر خواہ اقدامات کرے گی۔ ہم بقایا سیلز ٹیکس ریفرنڈز پر کارروائی کرنے کے ساتھ ساتھ ہماری بڑھتی ہوئی پیداواری لاگت کو پورا کرنے کے لیے ایڈہاک قیمت میں اضافے کی اجازت دینے کے لیے حکومت کے تعاون کے بھی منتظر ہیں۔

آپ کی کمپنی چینجوں سے بخوبی واقف ہے اور مینوفیکچرنگ اور لاگت پر قابو پانے کے اقدامات کے ذریعے منفی اثرات کو کم کرنے کی تمام کوششیں جاری رکھے گی۔ ڈائریکٹرز کمپنی کی مستقبل کی کارکردگی پر پراعتماد ہیں اور اس وقت کے حالات کو مدنظر رکھتے ہوئے سال کے دوران نئی مصنوعات لانچ کرنے کا بھی منصوبہ بنا رہے ہیں۔

بورڈ کی جانب سے



حنیف ستار
چیف ایگزیکٹو آفیسر



عابد حسین
ڈائریکٹر

کراچی

بتاریخ: 22 فروری 2023

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے ششماہی 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 ڈائریکٹرز	جناب میکو بانڈو (چیئرمین) جناب مہتاب الدین 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 مہتاب الدین فیروز
ہیومن ریسورسز و معاوضہ اور نامزدگی کمیٹی	مسز نوین سلیم مرچنٹ (چیئر پرسن) جناب کوچی او کاڈا جناب مہتاب الدین فیروز جناب حنیف ستار
رسک مینجمنٹ کمیٹی	جناب عابد حسین (چیئرمین) جناب کوچی او کاڈا جناب ساجد علی خان جناب حنیف ستار

بورڈ کے پاس 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 ہے۔ فی الحال، دو آزاد ڈائریکٹرز اور ایک غیر ایگزیکٹو متبادل ڈائریکٹر ہیں۔ وہ پالیسی کے مطابق میٹنگز میں شرکت کے لیے ایک مقررہ فیس وصول کر رہے ہیں۔ اس مدت کے دوران کمپنی کے ہر ڈائریکٹر کو معاوضے کی مجموعی رقم ذیل میں دی گئی ہے:

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Otsuka Pakistan Limited (the Company) as at December 31, 2022 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures reported in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been subject to limited scope review, as we are only required to review the cumulative figures for the half year ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.



Chartered Accountants

Place: Karachi

Date: February 27, 2023

UDIN: RR2022100912e0fXtYWw

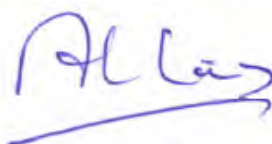
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	248,407	270,910
Intangible assets		1,340	1,876
Long-term loans		7,453	8,186
Long-term deposits		3,691	2,335
Deferred tax asset - net	5	87,727	80,700
		348,618	364,007
Current assets			
Stores and spares		49,100	40,852
Stock-in-trade	6	944,043	928,446
Trade debts		490,225	216,177
Loans and advances	7	102,313	116,152
Trade deposits, short-term prepayments and other receivables	8	24,234	29,232
Sales tax refundable	9	90,263	97,831
Taxation - net		26,212	-
Bank balances		5,405	53,211
		1,731,795	1,481,901
Total assets		2,080,413	1,845,908
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Authorized			
20,000,000 ordinary shares of Rs. 10 each		200,000	200,000
Issued, subscribed and paid-up			
12,100,000 ordinary shares of Rs. 10 each		121,000	121,000
Revenue reserves		567,613	591,994
Total shareholder's equity		688,613	712,994
LIABILITIES			
Non-current liabilities			
Lease liability		7,341	3,092
		7,341	3,092
Current liabilities			
Trade and other payables	11	567,453	619,922
Short-term loan from a related party	12	428,400	376,150
Current portion of long-term finance	10	8,488	24,661
Current portion of deferred government grant		-	612
Current portion of lease liability		1,309	534
Unclaimed dividend		1,952	1,589
Short-term running finance	13	362,776	96,062
Provision for taxation - net		-	9,069
Mark-up accrued		14,081	1,223
		1,384,459	1,129,822
Total equity and liabilities		2,080,413	1,845,908
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

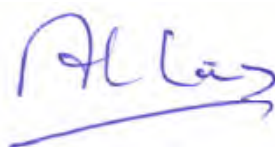
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

Note	Half year ended December 31,		Quarter ended December 31,		
	2022	2021	2022	2021	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----		
Net sales	15	1,594,906	1,433,792	891,729	707,854
Cost of sales		(1,239,518)	(934,455)	(651,907)	(461,867)
Gross profit		355,388	499,337	239,822	245,987
Selling and distribution expenses		(173,779)	(166,085)	(87,768)	(88,359)
Administrative and general expenses		(63,709)	(59,137)	(32,254)	(31,505)
		117,900	274,115	119,800	126,123
Other income	16	59,106	18,577	25,325	8,364
		177,006	292,692	145,125	134,487
Other expenses	17	(144,941)	(78,888)	(101,512)	(32,643)
Operating profit		32,065	213,804	43,613	101,844
Finance cost		(27,464)	(4,249)	(19,491)	(2,621)
Profit for the period before taxation		4,601	209,555	24,122	99,223
Taxation - net	18	(10,832)	(70,859)	(8,414)	(34,787)
(Loss) / profit for the period		(6,231)	138,696	15,708	64,436
----- (Rupees) -----					
(Loss) / Earnings per share - basic and diluted		(0.51)	11.46	1.30	5.33

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Half year ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
(Loss) / profit for the period	(6,231)	138,696	15,708	64,436
Other comprehensive income:				
Items that will not be reclassified to statement of profit or loss				
Remeasurement of defined benefit plan	-	-	-	-
Deferred tax on remeasurement of defined benefit plan	-	-	-	-
	-	-	-	-
Total comprehensive (loss) / income for the period	(6,231)	138,696	15,708	64,436

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriated profit	Sub-total	
----- (Rupees in '000) -----					
Balance as at July 01, 2021	121,000	341,980	37,997	379,977	500,977
Profit for the period	-	-	138,696	138,696	138,696
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2021	-	-	138,696	138,696	138,696
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Balance as at December 31, 2021	121,000	341,980	158,543	500,523	621,523
Balance as at July 01, 2022	121,000	341,980	250,014	591,994	712,994
Loss for the period	-	-	(6,231)	(6,231)	(6,231)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half year ended December 31, 2022	-	-	(6,231)	(6,231)	(6,231)
Final dividend for the year ended June 30, 2022 @ Rs.1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Balance as at December 31, 2022	121,000	341,980	225,633	567,613	688,613

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director




Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Note	Half year ended December 31	
		2022	2021
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		4,601	209,555
Adjustment for non-cash charges and other items:			
Depreciation		49,547	49,837
Amortisation		536	407
Impairment of CWIP		446	-
Gain on disposal of operating fixed asset - net	16	(10,477)	(3,166)
Provision / (Reversal of provision) against stents held with hospitals - net	16 & 17	18,856	(1,577)
(Reversal) / provision against orthopedic knee implants / UBIT kits	16 & 17	(19,542)	2,008
Liabilities written back	16	-	(10)
Provision against slow moving and obsolete stock-in-trade-net	17	161	243
Provision against expected credit losses on trade debtors	17	27,398	2,061
Unrealized exchange loss - net		58,437	34,137
Workers' welfare fund	17	785	1,920
Workers' profits participant fund	17	302	10,806
Central research fund	17	417	1,511
Provision for compensated absences		3,000	2,446
Provision for staff retirement benefit fund		5,324	5,083
Finance cost		27,464	4,249
Operating cash flows before working capital changes		167,255	319,510
(Increase) / decrease in current assets			
Stores and spares		(8,248)	2,359
Stock-in-trade		(15,072)	(251,688)
Trade debts - unsecured		(301,199)	(51,202)
Loans and advances		13,839	17,479
Trade deposits, short-term prepayments and other receivables		4,998	(1,872)
Sales tax refundable		7,568	-
Increase / (decrease) in current liabilities			
Trade and other payables		(42,005)	(2,651)
Cash (used in) / generated from operations		(172,864)	31,935
Interest paid		(10,577)	(4,458)
Taxes paid		(53,140)	(39,033)
Increase in long-term deposits		(1,356)	(50)
Decrease / (Increase) in long-term loans		733	(415)
Workers Profit Participation Fund paid		(19,483)	-
Compensated absences paid		(3,506)	(580)
Paid to staff retirement benefit fund		(6,458)	(6,579)
Net cash used in operating activities		(266,651)	(19,180)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(31,506)	(25,077)
Proceeds from disposal of operating fixed assets		19,448	3,654
Net cash used in investing activities		(12,058)	(21,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(17,787)	(19,745)
Lease rentals paid		(860)	-
Repayments for long-term finance		(17,164)	(8,424)
Net cash used in financing activities		(35,811)	(28,169)
Net decrease in cash and cash equivalents		(314,520)	(68,772)
Cash and cash equivalents at the beginning of the period		(42,851)	44,504
Cash and cash equivalents at the end of the period	22	(357,371)	(24,268)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


Hanif Sattar
Chief Executive Officer


Abid Hussain
Director


Sajid Ali Khan
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

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 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.

Karachi	Purpose	Hub	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	F/4-9, H.I.T.E., Hub, Baluchistan, Hub Industrial And Trading Estates, Hub, Las Bela, Baluchistan	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, 2022. 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 December 31, 2022 have been extracted from the audited financial statements of the Company for the year ended June 30, 2022, 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 December 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, 2022.

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, 2022. 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, 2022.

3.3 Fair value of financial assets 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, 2022.

	Note	(Unaudited) December 31, 2022 ----- (Rupees in '000) -----	(Audited) June 30, 2022
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	232,873	265,400
Capital work-in-progress	4.2	15,534	5,510
		248,407	270,910

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

	(Unaudited) Half year ended December 31, 2022			(Unaudited) Half year ended December 31, 2021		
	Addition / transfer - at cost	Impairment	Disposal - at net book value	Addition / transfer - at cost	Impairment	Disposal - at net book value
	----- (Rupees '000) -----			----- (Rupees '000) -----		
Operating fixed assets						
Right of use assets	5,401	-	-	-	-	-
Plant and machinery	10,789	-	378	38,219	-	-
Furniture, fixtures and equipment	2,244	-	-	3,322	-	-
Vehicles	7,557	-	8,593	1,675	-	488
Total	25,991	-	8,971	43,216	-	488

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
4.2 Capital work-in-progress			
Stores and spares held for capital expenditure		12,800	3,475
Others		2,734	2,035
		<u>15,534</u>	<u>5,510</u>
5. DEFERRED TAX ASSET - NET			
Deferred tax asset - net	5.1	<u>87,727</u>	<u>80,700</u>
5.1	Deferred tax asset / (liability) comprises deductible / (taxable) temporary differences in respect of the following:		
		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
Deductible / (taxable) temporary difference arising in respect of			
- Tax depreciation		19,318	14,591
- Employees' short-term compensated absences		9,183	9,350
- Impairment of trade debts		18,090	8,995
- Minimum tax allowance		17,269	17,269
- Other provisions		23,867	30,495
		<u>87,727</u>	<u>80,700</u>
6. STOCK-IN-TRADE			
Raw and packing materials			
- in hand		539,060	452,409
- in transit		68,719	168,544
		<u>607,779</u>	<u>620,953</u>
Work-in-process		14,404	13,915
Finished goods			
- in hand	6.1	<u>363,075</u>	301,035
- in transit		-	34,283
		<u>363,075</u>	<u>335,318</u>
		<u>985,258</u>	<u>970,186</u>
Less:			
Provision against slow moving and obsolete stock-in-trade-net		<u>(6,304)</u>	(6,143)
Provision against stents held with hospitals		<u>(34,871)</u>	(16,015)
Provision against orthopedic knee implants / UBIT kits		<u>(40)</u>	(19,582)
		<u>(41,215)</u>	<u>(41,740)</u>
		<u>944,043</u>	<u>928,446</u>

- 6.1 These include items costing Rs. 24.086 million (June 30, 2022: Rs. 26.265 million) that have been valued at their net realisable value amounting to Rs. 22.820 million (June 30, 2022: Rs. 22.437 million).

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	

7. LOANS AND ADVANCES

Loan to employees - current portion

7,514 7,337

Advances to:

- employees
- suppliers

7.1	1,893	1,557
	92,906	107,258
	94,799	108,815
	102,313	116,152

- 7.1 This includes 100% cash margin of Rs. 52.210 million (June 30, 2022: Rs. 75.986 million) equivalent to import value against import of goods.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	

8. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits

10,202 12,402

Short-term prepayments

7,622 7,498

Sales tax adjustable

3,832 7,207

Other receivables

2,578 2,125

24,234 29,232

9. SALES TAX REFUNDABLE

Prior to enactment of Finance (Supplementary) Act, 2022 (The Act) issued on January 15, 2022, the pharmaceutical sector was exempt from levy of sales tax. The Act converted the aforesaid exemption regime into a zero-rating regime for import and local supplies for finished items of pharmaceutical sector, however, sales tax was imposed at standard rate of 17% on purchase / import of Active Pharmaceutical Ingredients (API). As a result, the pharmaceutical sector was allowed to claim sales tax refund on all purchases including APIs and provincial sales tax on services.

Through Finance Act, 2022, effective from July 1, 2022, a special tax regime for pharmaceutical sector has now been introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	

10. LONG-TERM FINANCE

From banking company (Secured) - At amortised cost

Refinance scheme for payment of wages and salaries

10.1 24,661 48,448

Add: Finance cost

991 2,930

Less: Installment repaid

(17,164) (26,717)

8,488 24,661

Less: current portion shown under current liabilities

(8,488) (24,661)

- -

- 10.1** It represents long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan. It carries mark-up at the rate of 3% per annum. However, the effective interest rate is calculated at 3 months KIBOR + 1% and the loan has been recognised at present value. The loan is repayable in 8 equal quarterly installments commencing from January 2021 discounted at the effective rate of interest. The differential markup has been recognised as government grant which is being recognised and presented as reduction of related interest expense. The financing is secured against first pari-passu hypothecation charge over land and building.

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
11. TRADE AND OTHER PAYABLES			
Creditors		80,725	65,021
Bills payable	11.1	105,543	174,162
Accrued liabilities	11.2	254,733	224,785
Payable to employees provident fund		3,630	3,893
Payable to staff retirement benefit fund		2,638	3,772
Provision for employees short-term compensated absences		27,828	28,334
Sales tax payable	11.3	18,713	26,200
Retention money		930	930
Security deposits		2,189	2,189
Workers' Welfare Fund		7,856	7,072
Workers' Profits Participation Fund		302	19,483
Central Research Fund		417	2,984
Contract liabilities		27,186	33,776
Other liabilities	11.4	34,763	27,321
		567,453	619,922

- 11.1** These include amounts payable to the related parties as at the end of the period aggregating to Rs. 10.747 million (June 30, 2022: Rs. 70.543 million).
- 11.2** The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 ("GIDC Judgment") declared the Gas Infrastructure Development Cess Act, 2015 ("GIDC Act 2015") as valid. The Company filed a review petition on the verdict of Supreme Court of Pakistan over GIDC announced on August 13, 2020, on which no relief was granted. The Company has recorded a full provision in the financial statements. The Company is party to the joint legal suit in the Sindh High Court (SHC) on which SHC granted the Company an interim stay. The Company has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan in this regard.
- 11.3** This includes provision for sales tax in respect of imported materials of polyethylene (for IV solutions) amounting to Rs. 9.97 million (June 30, 2022: Rs. 23.37 million). The Company filed a suit in the Sindh High Court (SHC) on May 17, 2016 against the imposition of sales tax under the Sales Tax Act, 1990 with respect to raw and packing material being imported and purchased locally by the Company for manufacturing pharmaceutical products. The SHC had passed an interim order in favour of the Company maintaining that items fetching customs duty lesser than ten percent ad valorem, may not be subject to the levy of sales tax. Later on, the case was referred by Customs to the Supreme Court of Pakistan (SCP) and final judgement was announced by SCP on June 27, 2018 in favor of the industries.

The Company had availed sales tax exemption under the aforementioned stay order by providing bank guarantees and at the same time recorded provision to the extent of amount of guarantees. During the period, the Company was able to release guarantees amounting to Rs. 13.43 million (June 30, 2022: Rs. 9.93 million) and has reversed the provision by the same amount.

11.4 This includes regulatory duty payable in respect of imported pharmaceutical products as are required for manufacturing purposes. On October 16, 2017, the Federal Board of Revenue imposed regulatory duty on import of specified pharmaceutical products vide SRO 1035 (I)/2017. In this regard, the Company has filed constitutional petitions in the Sindh High Court (SHC) on April 13, 2018, April 26, 2018, May 9, 2018 and June 27, 2018 against the levy of aforementioned duty. An interim relief has been granted by the SHC. As per the interim relief, the Company is required to pay half of the regulatory duty. For the remaining half, the Company was required to give security by way of bank guarantee / pay order, either to the satisfaction of the Collectorate concerned or the Nazir of the Court. The Company has paid half of the regulatory duty and has submitted bank guarantees for the remaining half to the Collectorate concerned. Management, as a matter of abundant caution, has recorded full provision for the amount of regulatory duty given as bank guarantee amounting to Rs. 10.90 million (June 30, 2022: Rs. 10.90 million) in these condensed interim financial statements.

	(Unaudited)	(Audited)
	December 31,	June 30,
	2022	2022
Note	----- (Rupees in '000) -----	

12. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED

In foreign currency

Loan from Otsuka Pharmaceutical Factory, Inc.	12.1	<u>428,400</u>	<u>376,150</u>
---	------	-----------------------	-----------------------

12.1 This represents foreign currency denominated loan obtained in three tranches of JPY 125 million each, drawn down on February 26, 2015, 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 February 25, 2023 and April 26, 2023 respectively.

Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2022: LIBOR + 0.40%) per annum.

	(Unaudited)	(Audited)
	December 31,	June 30,
	2022	2022
Note	----- (Rupees in '000) -----	

13. SHORT-TERM RUNNING FINANCE - SECURED

From banking companies

Short-term running finance utilized under mark-up arrangements	13.1	<u>362,776</u>	<u>96,062</u>
--	------	-----------------------	----------------------

13.1 Particulars of short-term running finance - secured

Bank	Limit in Rs '000 December 31, 2022	Limit in Rs '000 June 30, 2022	Mark-up rate	Security	Frequency of mark-up payment	Facility expiry date	(Unaudited) December 31, 2022	(Audited) June 30, 2022
Citi Bank	900,000*	900,000	1 month KIBOR + 0.50% 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	362,776	96,062
	<u>900,000</u>	<u>900,000</u>					<u>362,776</u>	<u>96,062</u>

---- (Rupees in '000) ----

* The facility is interchangeable with letter of credit and letter of guarantee.

13.2 Details of import letters of credit (sight / usance / acceptance) and letters of guarantee

13.2.1 The facilities relating to import letter of credit (sight / usance / acceptance) available from banks as at December 31, 2022 amounted in aggregate to Rs. 400 million (June 30, 2022: Rs. 358 million). The remaining unutilized amount as at December 31, 2022 was Rs. 291 million (June 30, 2022: Rs. 200 million).

13.2.2 In addition, a facility for guarantee available from banks as at December 31, 2022 amounted to Rs. 50 million (June 30, 2022: Rs. 45 million). The remaining unutilized amount as at December 31, 2022 was Rs. 42 million (June 30, 2022: Rs. 25 million).

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	

14. CONTINGENCIES AND COMMITMENTS

14.1 Commitments in respect of:

Capital expenditure contracted for but not incurred

76,120 -

Letters of credit

42,208 207,636

Letters of guarantee

33,119 42,076

14.2 There has been no significant change in contingencies as disclosed in notes 23.2, 23.3, 23.4 and 23.5 to the annual audited financial statements of the Company for the year ended June 30, 2022.

14.3 There were no other contingencies outstanding as on December 31, 2022.

	(Unaudited) Half year ended December 31, 2022	(Unaudited) Half year ended December 31, 2021
	----- (Rupees in '000) -----	

15. NET SALES

Sales (net of returns of Rs. 0.4 million;
December 31, 2021: Rs. 2.755 million)

1,789,610 1,584,212

Less: sales tax

(29,498) (1,008)

1,760,112 1,583,204

Less: discounts

(165,206) (149,412)

1,594,906 1,433,792

15.1 The sales is segregated on the basis of product type and geographical location as disclosed in note 20.

	(Unaudited) Half year ended December 31, 2022	(Unaudited) Half year ended December 31, 2021
Note ----- (Rupees in '000) -----		
16. OTHER INCOME		
Late payment surcharges from Hospital Supply Corporation - a related party	2,111	1,450
Gain on disposal of operating fixed assets - net	10,477	3,166
Scrap sales	14,236	9,231
Reversal of provision against stents held with hospitals - net	-	1,577
Reversal of provision against orthopedic knee implants	19,542	-
Liabilities written back	-	10
Income from term deposit receipt	-	714
Others	12,740	2,429
	59,106	18,577
17. OTHER EXPENSES		
Auditor's remuneration	1,200	1,200
Donations	300	550
Worker's profit participation fund	302	10,806
Worker's welfare fund	785	1,920
Central research fund	417	1,511
Provision against expected credit loss on trade debtors	27,398	2,061
Provision for stents held with hospitals	18,856	-
Provision against slow moving and obsolete stock-in-trade-net	161	243
Provision against orthopedic knee implants / UBIT kits	-	2,008
Exchange loss - net	89,036	58,070
Bank charges and commission	218	90
Others	6,268	429
	144,941	78,888
18. TAXATION - NET		
Current		
- for the period	18.1 20,357	35,050
- for prior years	(2,499)	-
	17,859	35,050
Deferred	(7,027)	35,809
	10,832	70,859
18.1	The income tax assessments of the Company have been finalized by the Income Tax Department / deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto tax year 2022. Contingencies in respect of taxation are same as detailed in annual financial statements of the Company for the year ended June 30, 2022 except for as disclosed in 18.2.	
18.2	During the prior year, the Government of Pakistan through Finance Act, 2022 has introduced section 4C in the Income Tax Ordinance, 2001 through which super tax has been levied on high earnings persons (including the Company). The tax has been imposed at the rate of 10% retrospectively from the tax year 2022 onwards. The tax has been imposed at the rate of 10% for certain specified sectors including pharmaceutical sector in which the Company operates. Accordingly, the Company had made a provision of Rs. 42.418 million on account of super tax during prior year.	

During the period, the Company along with other entities (petitioners), in connected petitions, challenged the vires of section 4C related to super tax in the Honorable Sindh High Court (SHC) on the grounds that such tax has been applied retrospectively for TY 2022 (financial year ended June 30, 2022). The SHC, on October 3, 2022, granted interim relief to the petitioners, including the Company, and directed to secure the disputed amount of super tax before the Nazir of the SHC by furnishing either the pay order, bank guarantee or cheque within stipulated time, which the Company has not yet provided.

Subsequently, on December 22, 2022, the SHC issued an order declaring that section 4C shall not be applicable for TY 2022 and would apply from TY 2023 (i.e., financial year ending June 30, 2023). However, the SHC has suspended the operation of the judgement for a period of sixty days. Henceforth, the Company has maintained the provision of super tax for TY 2022 in the current period.

19. TRANSACTIONS AND BALANCES 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	(Unaudited)	(Unaudited)
			Half year ended December 31, 2022	Half year ended December 31, 2021
			----- (Rupees in '000) -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	-	1,152
		Markup expense on short-term loan	1,428	1,285
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchases	53,670	56,213
		Reimbursement of PV Cost	-	7,732
		UBIT sales incentives	4,881	-
		Reimbursement against UBIT expired	2,267	-
Hospital Supply Corporation	Common Directorship	Sale of finished goods	800,000	698,281
		Late payment surcharge on receivables	2,111	1,450
		Other sales discounts/claims	115,285	102,250
		Sales returns	62	-
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchases	-	38,714
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	31,899	34,935
PT. Otsuka Indonesia	Associated Undertaking	Purchases	20,932	7,111
Shanghai Microport EP MED Tech Co. Limited	Associated Undertaking	Purchases	8,307	11,281
Danish Enterprises	Others	Purchases	6,895	2,792
Qubittech	Others	Purchases	683	106

(Unaudited)
Half
year ended
December 31,
2022
----- (Rupees in '000) -----

Name of related party	Relationship with the Company	Nature of transaction	(Unaudited) Half year ended December 31, 2021
Husein & Husein	Others	Consultancy services	15
Otsuka staff provident fund	Provident fund	Contribution during the period to the fund	7,366
Otsuka staff gratuity fund	Gratuity fund	Contribution during the period to the fund	6,459
Key Management Personnel	Key Management Personnel	Remuneration paid	35,826
Mehtabuddin Feroze	Director	Consultancy	1,872
Director	Director	Meeting Fees	200

(Unaudited)
December 31,
2022
----- (Rupees in '000) -----

Name of related party	Relationship with the Company	Nature of balance	(Unaudited) December 31, 2022	(Audited) June 30, 2022
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan	428,400	376,150
Otsuka Pharmaceutical Co, Limited	Parent company	Payable against purchases Advance against reimbursement of pharmacovigilance cost	6,880 -	31,853 975
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	266,551	125,737
Thai Otsuka Pharmaceutical Co. Limited	Associated undertaking	Payable against purchases	-	30,737
Shanghai Microport Medical (Group) Co., Limited	Associated undertaking	Payable against purchases	136	123
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchases	3,731	7,831
Shareholders	Shareholders	Payable to shareholders	363	363
Otsuka staff gratuity fund	Gratuity fund	Payable to gratuity fund	3,630	3,772
Otsuka staff provident fund	Provident fund	Payable to provident fund	3,638	3,893
Key Management Personnel	Key Management Personnel	Advance from key management personnel	1,124	1,306

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.

20. SEGMENT INFORMATION

20.1 These condensed interim financial statements have been prepared on the basis of a single reportable segment.

20.2 Sales from Intravenous Solutions (I.V Solutions) represent 82.73% while sales from others represent 17.27% (December 31, 2021: 85.22% and 14.78%) respectively of the total sales of the Company.

(Unaudited) Half year ended December 31, 2022	(Unaudited) Half year ended December 31, 2021
----- (In percent) -----	

20.3 The geographic segmentation of sales is as follows:

Pakistan	100.00	99.49
Afghanistan	-	0.51
	<u>100.00</u>	<u>100.00</u>

20.4 Sales to Hospital Supply Corporation (a related party of the Company), which is the sole distributor in the southern region, was around 42.18% during the period ended December 31, 2022 (December 31, 2021: 41.57%).

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

21. PLANT CAPACITY AND PRODUCTION

		(Unaudited)		(Unaudited)	
		Half year ended December 31, 2022		Half year ended December 31, 2021	
		Capacity	Actual production	Capacity	Actual production
Note		----- (million bottles) -----			
	I.V. solutions	15.7	12.0	15.7	12.00
	Plastic ampoules	11.0	5.3	11.0	4.9
		21.1	5.3	11.0	4.9
		21.2	17.3	26.7	16.9
		<u>26.7</u>	<u>17.3</u>	<u>26.7</u>	<u>16.9</u>

21.1 Capacity for plastic Ampoule was not utilized due to planned activities.

21.2 The Company's under-utilized capacity of 9.4 million bottles (December 31, 2021: 9.8 million bottles) was due to over supply situation in the market.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed interim statement of cash flows comprise the following items included in the condensed interim statement of financial position:

		(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
	Note	----- (Rupees in '000) -----	
Bank balances		5,405	15,193
Short-term running finance - secured	13	(362,776)	(39,461)
		<u>(357,371)</u>	<u>(24,268)</u>

23. 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 these condensed interim financial statements.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 22, 2023 by the Board of Directors of the Company.

25. GENERAL

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



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director










Sajid Ali Khan
Chief Financial Officer










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