

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

Quarterly Accounts

For the period ended September 30, 2023



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. Rao Sajid Ali Khan
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	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Hanif Sattar (Member) Mr. Sajid Ali Khan (Secretary)
HUMAN RESOURCES REMUNERATION & NOMINATION SUB-COMMITTEE 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 (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 Bank Alfalah Limited Habib Bank Limited, Bank Al-Habib Limited The Bank of Punjab, Allied Bank Limited MCB Bank Limited, National Bank of Pakistan
REGISTERED OFFICE	:	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
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, 2023.

Board of Directors

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

Board Sub-Committees

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.

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

The sales for the first quarter of fiscal year 2023-24 has increased by 13% and the gross profit margin has also increased 16% to 22% due to price increase and better product mix, mainly due to CN products. Cost of sales has increased by 5% due to increase in cost of labour and overhead. On the other hand, selling and administration expenses for the quarter were almost on the same level as compared to same period last year due to strict controls, despite all-time high inflation prevailing during this quarter.

Other expenses were down by Rs. 43 mln approx. due to the exchange loss of Rs. 42.4 mln during last year same period. In this period there was gain of Rs. 12.1 mln reported as other income. The financial cost of the company has significantly gone up to Rs. 27 mln mainly due to heavy increase in bank markup rate.

The earning/(loss) per share of the company is Rs. 2.97 per share as compared to a negative earning of Rs. (1.81) per share in the corresponding period of the last year.

Future Outlook


Pakistan economy is passing through a very tough times due to lack of consistent economic policy directions. The ongoing political uncertainty will add more challenges in the operations of the Company. However, the Company will make efforts to highlight the operational difficulties at different government forums in order to settle the hardships being faced by the pharmaceutical industry. Although exchange rates had been recently controlled by measures taken by the caretaker Government however, oil prices, freight costs and inflation are still going high. We hope after expected general election economic policy may get some certainty.

The Company has started process of upgradation and renovation of Line-III where small volume parenteral (Ampules) are manufactured. The board hopes that the government will award appropriate price increase as per Drug Pricing Policy 2018 to offset the cost increase to continue smooth operations for manufacturing of quality products.

On behalf of the Board



Hanif Sattar
Chief Executive Office



Abid Hussain
Director

Karachi

Dated: October 30, 2023

دیگر اخراجات میں تقریباً 43 ملین روپے کی کمی ہوئی۔ جو کہ گزشتہ سال کی اسی مدت کے دوران 42.4 ملین روپے کے خسارے میں ریکارڈ کیا گیا تھا۔ اس مدت میں 12.1 ملین روپے کا فائدہ ہوا ہے جسے دیگر آمدنی کے طور پر بتایا گیا ہے۔ کمپنی کی مالی لاگت میں 27 ملین روپے کا نمایاں اضافہ ہوا ہے جس کی بنیادی وجہ بینک کے مارک اپ کی شرح میں بھاری اضافہ ہے۔

کمپنی کا فی حصص منافع 2.97 روپے فی شیئر ہے۔ یہ پچھلے سال کی اسی مدت میں (1.81) روپے فی شیئر کے نقصان میں ریکارڈ کیا گیا تھا۔

مستقبل کا نقطہ نظر:

معاشی پالیسیوں کی مستقل فقدان کی وجہ سے پاکستانی معیشت انتہائی مشکل دور سے گزر رہی ہے۔ جاری سیاسی غیر یقینی صورتحال کمپنی کے کاموں میں مزید چیلنجز کا اضافہ کرے گی۔ تاہم، کمپنی فارماسیوٹیکل انڈسٹری کو درپیش مشکلات کو دور کرنے کے لیے مختلف سرکاری فورمز پر آپریشنل مشکلات کو اجاگر کرنے کی کوشش کرے گی۔ اگرچہ حال ہی میں نگران حکومت کے اقدامات سے شرح مبادلہ کو کنٹرول کیا گیا تھا تاہم تیل کی قیمتیں، مال برداری کی لاگت اور مہنگائی اب بھی بلند ہے۔ ہم امید کرتے ہیں کہ متوقع عام انتخابات کے بعد اقتصادی پالیسی ریلیف کے ساتھ کچھ پائیداری حاصل کر سکتی ہے۔

کمپنی نے اپنی لانن تھری کی اپ گریڈیشن اور تزئین و آرائش کا عمل شروع کر دیا ہے جہاں چھوٹے حجم کے پیرنٹرل (ایمپونز) تیار کیے جاتے ہیں۔ بورڈ کو امید ہے کہ حکومت ڈرگ پرائسنگ پالیسی 2018 کے مطابق قیمتوں میں مناسب اضافہ کرے گی تاکہ لاگت میں اضافے کو پورا کیا جا سکے تاکہ مکمل رکاوٹوں سے پاک آپریشنز اور معیاری مصنوعات کی تیاری جاری رکھی جا سکے۔

بورڈ کی جانب سے



حنیف ستار

چیف ایگزیکٹو آفیسر



عابد حسین

ڈائریکٹر

کراچی

تاریخ: 30 اکتوبر 2023

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے لیے اوتسوکا پاکستان لمیٹڈ (کمپنی) کے اکاؤنٹس پیش کرنے پر خوش 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 ڈائریکٹرز	جناب میکو بانڈو (چیرمین) 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 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:

مالی سال 2023-24 کی پہلی سہ ماہی کے لیے فروخت میں 13% کا اضافہ ہوا ہے اور مجموعی منافع کا مارجن بھی قیمتوں میں اضافے اور بہتر مصنوعات کی آمیزش اور بنیادی طور پر طبی غذائیت سے متعلق مصنوعات کی وجہ سے 16% سے 22% تک بڑھ گیا ہے۔ لیبر اور اوور ہیڈ کی لاگت میں اضافے کی وجہ سے فروخت کی لاگت میں 5 فیصد اضافہ ہوا ہے۔ دوسری طرف، اس سہ ماہی کے دوران مہنگائی کی بلند ترین شرح کے باوجود، سخت کنٹرولوں کی وجہ سے سہ ماہی کے لیے فروخت اور انتظامی اخراجات تقریباً پچھلے سال کی سطح پر تھے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
Note	-----Rupees in '000-----	
ASSETS		
Non-current assets		
Property, plant and equipment	4 398,255	413,481
Intangibles	997	1,092
Long-term loans - considered good	6,263	7,426
Long-term deposits	3,691	3,691
Deferred tax asset - net	5 108,538	115,636
	517,744	541,326
Current assets		
Stores and spares	47,391	50,315
Stock-in-trade - net	1,085,522	1,063,968
Trade debts - unsecured - net	391,009	379,677
Loans and advances - considered good	36,422	65,379
Trade deposits, short-term prepayments & other receivables	23,661	23,283
Short Term Investments	14,610	14,610
Sales Tax refundable	47,172	90,263
Taxation - net	67,771	54,315
Bank balances	3,930	5,828
	1,717,488	1,747,638
Total assets	<u>2,235,232</u>	<u>2,288,964</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital		
Authorised share capital		
20,000,000 (June 30, 2023: 20,000,000) ordinary shares of Rs 10 each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up share capital		
12,100,000 (June 30, 2023: 12,100,000) ordinary shares of Rs 10 each	<u>121,000</u>	<u>121,000</u>
Revenue reserves	<u>612,446</u>	<u>576,523</u>
Shareholders' equity	<u>733,446</u>	<u>697,523</u>
LIABILITIES		
Non-current liabilities		
Lease Liability	6,721	6,792
Current liabilities		
Short-term loan from a related party - unsecured	6 481,925	498,075
Trade and other payables	548,220	609,556
Current portion of lease liability	978	1,268
Unclaimed Dividend	1,765	1,765
Short-term running finance - secured	7 435,591	451,183
Accrued Mark-up	26,586	22,802
	1,495,065	1,584,649
Total equity and liabilities	<u>2,235,232</u>	<u>2,288,964</u>
CONTINGENCIES AND COMMITMENTS		
	8	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Hanif Sattar
Chief Executive Officer


Abid Hussain
Director


Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Note	Quarter ended September 30,	
		2023	2022
----- Rupees in '000 -----			
Net sales	9	795,416	703,177
Cost of sales		(616,652)	(587,611)
Gross profit		178,764	115,566
Selling and distribution expenses		(86,600)	(86,011)
Administrative and general expenses		(29,833)	(31,455)
		62,331	(1,900)
Other income		30,631	33,781
		92,962	31,881
Other expenses		(647)	(43,429)
Operating income/(loss)		92,315	(11,548)
Finance cost		(26,969)	(7,973)
Profit/(Loss) for the period before taxation		65,346	(19,521)
Taxation - net		(29,423)	(2,418)
Profit/(Loss) for the period after taxation		35,923	(21,939)
----- Rupees -----			
Earning/(Loss) per share - basic and diluted		2.97	(1.81)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended September 30,	
	2023	2022
	----- Rupees in '000 -----	
Profit/(Loss) for the period after taxation	35,923	(21,939)
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/(loss) for the period	35,923	(21,939)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

Note	Quarter ended September 30,	
	2023	2022
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before taxation	65,346	(19,521)
Adjustment for non-cash charges and other items:		
Depreciation & Amortisation	30,433	24,694
Gain on disposal of Fixed Asset - net	(450)	(5,168)
Reversal of provision for slow moving and obsolete stock-in-trade - net	-	(19,543)
Unrealized Exchange loss / (gain) - net	(16,150)	19,400
Mark-up on finance	26,969	7,973
Operating Surplus before working capital changes	106,148	7,835
(Increase) / decrease in current assets		
Stores and spares	2,924	(2,441)
Stock-in-trade	(21,554)	(147,736)
Trade debts - unsecured	(11,332)	(58,574)
Loans and advances	28,957	(36,048)
Sales tax refundable	43,091	7,568
Trade deposits, short-term prepayments & other receivables	(378)	(7,719)
	41,708	(244,950)
Increase / (decrease) in current liabilities		
Trade and other payables	(61,336)	39,605
Cash (used in)/generated from operations	86,520	(197,510)
Interest paid	(23,185)	(1,188)
Taxes paid	(35,781)	(43,723)
Decrease in long-term loans	1,163	47
Net cash (used in)/generated from operations	28,717	(242,374)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(15,112)	(11,536)
Proceeds from disposal of property, plant and equipment	450	8,294
Net cash used in investing activities	(14,662)	(3,242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	-	(2)
Repayment of long-term finance	-	(8,424)
Repayment of lease liabilities	(361)	(321)
Net cash used in financing activities	(361)	(8,747)
Net increase/(decrease) in cash and cash equivalents	13,694	(254,363)
Cash and cash equivalents at the beginning of the period	(430,745)	(42,851)
Cash and cash equivalents at the end of the period	11 (417,051)	(297,214)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Accumulated losses	Sub-total	
----- Rupees in '000 -----					
Balance as at June 30, 2022 (audited)	121,000	341,980	250,014	591,994	712,994
Transfer to general reserve	-	150,000	(150,000)	-	-
Total comprehensive loss for the period ended Sep 30, 2022	-	-	(21,939)	(21,939)	(21,939)
Balance as at Sep 30, 2022	<u>121,000</u>	<u>491,980</u>	<u>78,075</u>	<u>570,055</u>	<u>691,055</u>
Balance as at June 30, 2023 (audited)	121,000	491,980	84,543	576,523	697,523
Total comprehensive income for the period ended Sep 30, 2023	-	-	35,923	35,923	35,923
Balance as at Sep 30, 2023	<u>121,000</u>	<u>491,980</u>	<u>120,466</u>	<u>612,446</u>	<u>733,446</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last financial statements of the Company.

The comparatives in the condensed interim statement of financial position presented in the condensed interim financial information as at September 30, 2023 have been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas, the comparatives in the condensed interim statement of profit or loss 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, 2023.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. 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, 2023.

3.1.2 Adoption of certain standards, interpretations and amendments

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

3.2 Financial risk management

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

3.3 Fair value of financial asset and liabilities

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

3.4 Estimates and Judgements

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

	Note	(Unaudited) Sep 30, 2023	(Audited) June 30, 2023
-----Rupees in '000-----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	346,426	210,814
Capital work-in-progress	4.2	51,829	202,667
		<u>398,255</u>	<u>413,481</u>

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

	----- Quarter ended September 30, 2023 -----					
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
----- Rupees in '000 -----						
Additions	17,021	136,280	8,931	3,718	-	165,950
Disposals/Write-offs						
Cost		(1,986)				(1,986)
Accumulated depreciation		1,986				1,986

	----- Quarter ended September 30, 2022 -----					
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
----- Rupees in '000 -----						
Additions	-	2,084	1,631	-	-	3,715
Disposals:						
Cost	-	19,161	208	5,906	-	25,275
Accumulated depreciation	-	(19,161)	(208)	(2,780)	-	(22,149)
	-	-	-	3,126	-	3,126

	Note	(Unaudited) Sep 30, 2023	(Audited) June 30, 2023
4.2 Capital work-in-progress			
		-----Rupees in '000-----	
Stores and spares held for capital expenditure		3,621	4,188
Plant and machinery		48,208	198,479
		<u>51,829</u>	<u>202,667</u>
5 DEFERRED TAX ASSET - NET			
		-----Rupees in '000-----	
Deferred tax asset - net		<u>108,538</u>	<u>115,636</u>
6 SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			
		-----Rupees in '000-----	
In foreign currency			
Loan from Otsuka Pharmaceutical Factory, Inc.	6.1	<u>481,925</u>	<u>498,075</u>
6.1	This represents foreign currency denominated loan. The loan was 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 rolled forward annually multiple times. During the financial year ended June 30, 2021, one tranche drawn down on July 27, 2015 was repaid on June 30, 2021. During the financial year ended June 30, 2023, the other two tranches have been rolled forward and are now repayable on Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2022: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.		
7 SHORT-TERM RUNNING FINANCE - SECURED			
		-----Rupees in '000-----	
From banking companies			
Short-term running finances utilised under mark-up arrangements - secured	7.1	<u>435,591</u>	<u>451,183</u>
8 CONTINGENCIES AND COMMITMENTS			
		-----Rupees in '000-----	
8.1	Commitments in respect of:		
Letters of credit		<u>81,397</u>	<u>111,526</u>
Letters of guarantee		<u>32,802</u>	<u>32,802</u>
8.2	There has been no significant change in contingencies disclosed in notes 24.2, 24.3, 24.4 and 24.5 to the annual audited financial statements of the Company for the year ended June 30, 2023.		
8.3	There were no other contingencies and commitments outstanding as on September 30, 2023.		

9 NET SALES

-----Rupees in '000-----

Sales (net of returns of Rs. 0.1 million ; Sep 30, 2022: Rs.0.1 million)	9.1	894,179	794,348
Less: sales tax		(18,830)	(13,936)
		875,349	780,412
Less: discounts		(79,933)	(77,235)
		795,416	703,177

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, Husein & Husein] 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 elsewhere are as follows:

Name of related party	Relationship with the Company	Nature of transaction	(Unaudited)	(Unaudited)
			Sep 2023	Sep 2022
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Markup expense	838	689
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchase of finished goods	60,702	47,513
Hospital Supply Corporation	Common Directorship	Sale of finished goods	349,495	378,600
		Late payment surcharge on receivables	7,090	396
		Purchase of consumables	180	240
		Sales Discount/Claims	53,266	54,660
		Sales Return	25	62
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchase of Aminoleban	-	31,899
PT. Otsuka Indonesia	Associated Undertaking	Purchase of finished goods	-	12,540
Shanghai Microport EPMED Tech Co. Ltd.	Associated Undertaking	Purchase of devices	9,086	4,601
Danish Enterprises	Brother to CEO	Purchase of packing material	1,450	1,474
Qubit Tech	Brother to CEO	Purchase of general	1,610	328
Otsuka staff provident fund	Provident fund	Contribution during the period to the fund	3,666	3,740
Otsuka staff gratuity fund	Gratuity fund	(Received from) / Contribution during the period to the fund	(5,927)	3,772
Key Management Personnel	Key Management Personnel	Remuneration paid	14,221	18,675
Mehtabuddin Feroze	Director	Consultancy charges	1,008	900
Directors	Independent & Non-Executive Director	Meeting fees	100	100

Name of related party	Relationship with the Company	Nature of account balance	(Unaudited)	(Audited)
			Sep 2023	June 30, 2023
			----- Rupees in '000 -----	
Otsuka Pharmaceutical	Ultimate Parent	Short term loan payable including markup Payable against purchases	481,925 9,072	498,970 16,246
Otsuka Pharmaceutical Co,	Parent company	Payable against purchases Advance against reimbursement of PV Cost	54,900 -	68,706
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	306,773	312,542
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchase of stents	80	172
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchase of medical	9,070	7,327
Shareholders	Shareholders	Payable to shareholders	363	363
Key Management Personnel	Key Management Personnel	Advance from key management personnel	1,124	1,124
Otsuka staff gratuity fund	Gratuity fund	(Receivable from) / Payable to Staff Retirement Benefit fund	2,752	(5,927)
Otsuka staff provident fund	Provident fund	Payable to Employees Provident Fund	3,879	3,988

The Company enters into transactions with related parties for the sale of its products, purchase of raw materials, finished goods and spare parts for rendering of certain services. In addition, the Company has also entered into financing arrangement with the group company. 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)	(Unaudited)
	Sep 30, 2023	Sep 30, 2022
----Rupees in '000----		
Bank balances	3,930	23,142
Short-term running finance utilised under mark-up arrangements	(435,591)	(320,355)
Short term investment	14,610	-
	(417,051)	(297,213)

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 83.89 percent while sales from others represent 16.11 percent (September 30, 2022: 82.43 percent and 17.57 percent) respectively of the total sales of the Company.

	(Unaudited) Sep 30, 2023	(Unaudited) Sep 30, 2022
	----- In percent -----	
12.3 The geographic segmentation of sales is as follows:		
Pakistan	96.14%	96.64%
Outside Pakistan (Exports)	3.86%	3.36%

12.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 42.83 percent during the quarter ended September 30, 2023 (September 30, 2022: 45.23 percent).

12.5 All non-current assets of the Company as at September 30, 2023 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 October 30, 2023 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



Abid Hussain
Director










Sajid Ali Khan
Chief Financial Officer










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