

DIRECTORS' REPORT

The Directors are pleased to present the accounts of the company for the quarter and nine months ended March 31, 2010.

Business Review

Sales for the quarter grew at 14.5% compared with the same period last year. Sales increase during the quarter was lower than what we had been achieving in the last many years. Decline in growth was mainly due to prolong winter during the year. Main products of your company are seasonal in nature and therefore our sales were impacted especially during March. However, sales increase for the nine months at 19.1% was in line with our previous trend. The increase in sales was the result of both volume increases as well as price increases which have been allowed by the Ministry of Health on some of our products as hardship cases. Sales increase was also due to good sales from new products specially stents, ampoules and Proten.

As a result of reduction in oil prices worldwide, raw materials prices of your company specially, Polyethylene witnessed some reduction since the peak prices reached last year. This coupled with some price increases on our products enabled us to achieve profit before tax of Rs.7.6 million during the quarter. Compared to same period last year, the performance is much better as during last year we had achieved loss before tax of Rs.3.5 million. However, when measured against industry average, our profit before tax as percentage of sales works out to only 2.5% which is much below the norms of the industry and the expectations of our shareholders. For the nine months, we have achieved profit before taxation of Rs.61.6 million which works out to around 6% of our sales.

Future Outlook

Local inflation continues to be in double digits. Utilities prices (electricity, gas, diesel and petrol) are being regularly increased due to devaluation and increase in international oil prices). Pak Rupee is on a continuous decline against most currencies. We are also witnessing gradual increases in raw materials prices in the international market. All this will result in higher cost of production for your company. We hope that the Government continues with the good work which it has started and keep allowing reasonable price increases at regular intervals to manufacturers to offset cost increases.

On behalf of the Board

Abid Hussain
Chief Executive Officer

Karachi

Dated: April 15, 2010

OTSUKA PAKISTAN LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Nine month ended March 31,		Quarter ended March 31,	
	2010	2009	2010	2009
	------(Rupees in '000)-----			
Net sales	992,569	833,266	296,238	258,830
Cost of sales	(720,712)	(624,376)	(223,640)	(199,786)
Gross profit	271,857	208,890	72,598	59,044
Selling and distribution expenses	(143,003)	(132,713)	(43,375)	(42,500)
Administration and general expenses	(43,769)	(33,128)	(13,417)	(10,965)
	85,085	43,049	15,806	5,579
Other operating income	11,053	9,370	2,809	1,683
	96,138	52,419	18,615	7,262
Other operating charges	(21,049)	(26,445)	(6,135)	(2,309)
Operating profit	75,089	25,974	12,480	4,953
Finance cost	(13,485)	(20,714)	(4,926)	(8,500)
Profit/(Loss) before taxation	61,604	5,260	7,554	(3,547)
Taxation - net	(22,244)	(2,730)	(2,571)	3,490
Profit/(Loss) after taxation	39,360	2,530	4,983	(57)
Other comprehensive income/(loss) for the period	-	-	-	-
Total comprehensive income / (loss) for the period	39,360	2,530	4,983	(57)
	------(Rupees)-----			
Earnings per share	3.94	0.25	0.50	(0.01)

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director

OTSUKA PAKISTAN LIMITED
CONDENSED BALANCE SHEET
AS AT MARCH 31, 2010

	Note	2010 March 31, (Un-Audited)	2009 June 30, (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non current assets			
Property, plant and equipment	4	311,741	326,697
Long-term loans - considered good		5,459	4,421
Long-term deposits		743	964
		317,943	332,082
Current assets			
Stores and spares		44,076	46,581
Stock-in-trade		295,462	216,862
Trade debts - unsecured		122,995	172,449
Loans and advances - considered good		32,185	12,913
Trade deposits, short-term prepayments and other receivables		16,202	12,949
Taxation recoverable		15,722	14,312
Cash and bank balances		3,736	2,660
		530,378	478,726
Total assets		848,321	810,808
Equity and Liabilities			
Equity			
Share capital		100,000	100,000
Revenue reserves		268,325	243,965
Shareholders' equity		368,325	343,965
LIABILITIES			
Non current liabilities			
Deferred tax liability - net		31,244	37,731
		31,244	37,731
Current liabilities			
Trade and other payables		264,765	271,140
Short-term borrowing - secured		178,955	133,824
Mark-up accrued		5,032	7,482
Current portion of long-term finance		-	16,666
		448,752	429,112
		479,996	466,843
Total Equity and Liabilities		848,321	810,808

CONTINGENCIES AND COMMITMENTS

5

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director

-

-

OTSUKA PAKISTAN LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

	Issued, subscribed and paid-up capital	Revenue reserves		Sub total	Total
		General reserve	Unappro- priated profit		
----- (Rupees in '000) -----					
Balance as at June 30, 2008	100,000	167,500	77,334	244,834	344,834
Cash dividend for the year ended June 30, 2008 declared subsequent to year end	-	-	(25,000)	(25,000)	(25,000)
Transfer to general reserve made subsequent to year end	-	45,000	(45,000)	-	-
Profit after taxation for the period ended March 31, 2009	-	-	2,530	2,530	2,530
Balance as at March 31, 2009	<u>100,000</u>	<u>212,500</u>	<u>9,864</u>	<u>222,364</u>	<u>322,364</u>
Balance as at June 30, 2009	100,000	212,500	31,465	243,965	343,965
Cash dividend for the year ended June 30, 2009 declared subsequent to year end	-	-	(15,000)	(15,000)	(15,000)
Transfer to general reserve made subsequent to year end	-	15,000	(15,000)	-	-
Profit after taxation for the period ended March 31, 2010	-	-	39,360	39,360	39,360
Balance as at March 31, 2010	<u>100,000</u>	<u>227,500</u>	<u>40,825</u>	<u>268,325</u>	<u>368,325</u>

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director

OTSUKA PAKISTAN LIMITED
CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

	July -Mar 2010	July -Mar 2009
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	58,792	40,670
Finance cost paid	(15,869)	(17,163)
Mark-up received	20	-
Taxes paid	(27,331)	(24,199)
Decrease/(Increase) in long-term loans	(1,038)	82
Decrease/ (Increase) in long-term deposits	221	(10)
Net cash inflow from operating activities	<u>14,795</u>	<u>(620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	<u>(29,546)</u>	<u>(28,183)</u>
Proceeds from disposal of property, plant and equipment	<u>2,128</u>	<u>3,393</u>
Net cash used in investing activities	(27,418)	(24,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	<u>(16,667)</u>	<u>(16,667)</u>
Dividends paid	<u>(14,765)</u>	<u>(24,912)</u>
Net cash inflow from / (used in) financing activities	<u>(31,432)</u>	<u>(41,579)</u>
Net Increase/(Decrease) in cash and cash equivalents	<u>(44,055)</u>	<u>(66,989)</u>
Cash and cash equivalents at beginning of the year	<u>(131,164)</u>	<u>(128,839)</u>
Cash and cash equivalents at end of the period	<u><u>(175,219)</u></u>	<u><u>(195,828)</u></u>

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director