

DIRECTORS' REPORT

The Directors are pleased to present the quarterly accounts of the company for the quarter ended September 30, 2009.

Business Review

Sales for the quarter grew at 18.8% which was in line with the sales increases being achieved by your company since the last many years. 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 in August last year. However, major portion of this reduction in raw material prices was wiped out by devaluation of Pak Rupee which has depreciated by almost 30% against US\$ and about 90% against the Japanese Yen. Reduction in cost of raw materials coupled with increase in selling prices of some products enabled your company to achieve gross profit of 30% against 28% achieved during the same period last year. Improved gross profit coupled with strict control on expenses enabled your company to achieve profit before tax of Rs.29.1 million against Rs.11.8 million achieved during the same period last year.

Future Outlook

Local inflation is at a record high level. Utilities prices (electricity, fuel and water) are being regularly increased. Pak Rupee is on a continuous decline against most currencies. Similarly, we are witnessing gradual increase in raw materials prices in the international market. All this is going to result in higher cost of production for your company. We hope that the Government continues with the good work which it has started and allows reasonable price increases at regular intervals to manufacturers to offset cost increases.

On behalf of the Board

Abid Hussain
Chief Executive Officer

Karachi
Dated : October 14, 2009

OTSUKA PAKISTAN LIMITED
PROFIT AND LOSS ACCOUNT (Un-Audited
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	2009 Sept.30, ----(Rupees in '000)----	2008 Sept.30, ----(Rupees)----
Net sales	347,793	292,682
Cost of sales	<u>(244,643)</u>	<u>(211,016)</u>
Gross profit	103,150	81,666
Selling and distribution expenses	(50,471)	(47,683)
Administration and general expenses	<u>(12,986)</u>	<u>(10,431)</u>
	39,693	23,552
Other operating income	<u>2,245</u>	<u>4,650</u>
	41,938	28,202
Other operating charges	<u>(8,582)</u>	<u>(11,066)</u>
Operating profit	33,356	17,136
Finance cost	<u>(4,266)</u>	<u>(5,297)</u>
Profit/(Loss) before taxation	29,090	11,839
Taxation - net	<u>(10,496)</u>	<u>(4,683)</u>
Profit/(Loss) after taxation	<u><u>18,594</u></u>	<u><u>7,156</u></u>
	----(Rupees)----	
Earnings per share	<u><u>1.86</u></u>	<u><u>0.72</u></u>

The annexed notes form an integral part of these accounts.

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OTSUKA PAKISTAN LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Note	2009 Sept.30, (Un-Audited) ----- <i>(Rupees in '000)</i> -----	2009 June 30, (Audited)
ASSETS			
Non current assets			
Property, plant and equipment		324,637	326,697
Long-term loans - considered good		5,234	4,421
Long-term deposits		843	964
		<u>330,714</u>	<u>332,082</u>
Current assets			
Stores and spares		36,544	46,581
Stock-in-trade		234,426	216,862
Trade debts - unsecured		147,915	172,449
Loans and advances - considered good		22,395	12,913
Trade deposits, short-term prepayments and other receivables		13,347	12,949
Taxation recoverable		7,055	14,312
Cash and bank balances		5,136	2,660
		<u>466,818</u>	<u>478,726</u>
Total assets		<u>797,532</u>	<u>810,808</u>
Equity and Liabilities			
Equity			
Share capital		100,000	100,000
Revenue reserves		262,559	243,965
Shareholders' equity		<u>362,559</u>	<u>343,965</u>
LIABILITIES			
Non current liabilities			
Deferred tax liability - net		34,779	37,731
		<u>34,779</u>	<u>37,731</u>
Current liabilities			
Trade and other payables		306,924	271,140
Short-term borrowing - secured		80,741	133,824
Mark-up accrued		4,196	7,482
Current portion of long-term finance		8,333	16,666
		<u>400,194</u>	<u>429,112</u>
		434,973	466,843
Total Equity and Liabilities		<u>797,532</u>	<u>810,808</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin
Director

OTSUKA PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Issued, subscribed and paid- capital	Revenue reserves			Total
		General reserve	Unappro- priated profit	Sub total	
----- (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 September 30, 2008	-	-	7,156	7,156	7,156
Balance as at September 30, 2008	<u>100,000</u>	<u>212,500</u>	<u>14,490</u>	<u>226,990</u>	<u>326,990</u>
Balance as at June 30, 2009	100,000	212,500	31,465	243,965	343,965
Transfer to general reserve made subsequent to year end	-	15,000	(15,000)	-	-
Profit after taxation for the period ended September 30, 2009	-	-	18,594	18,594	18,594
Balance as at September 30, 2009	<u>100,000</u>	<u>227,500</u>	<u>35,059</u>	<u>262,559</u>	<u>362,559</u>

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Abid Hussain
Chief Executive

Mehtabuddin
Director

OTSUKA PAKISTAN LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	2009 Sept.30, ----(Rupees in '000)----	2008 Sept.30, ----(Rupees in '000)----
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	90,548	23,562
Finance cost paid	(7,486)	(4,888)
Taxes paid	(6,192)	(10,305)
Decrease/(Increase) in long-term loans	(813)	(69)
Decrease/ (Increase) in long-term deposits	121	-
Net cash inflow from operating activities	<u>76,178</u>	<u>8,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(12,434)	(5,958)
Proceeds from disposal of property, plant and equipment	148	1,405
Net cash used in investing activities	(12,286)	(4,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(8,333)	(8,333)
Net cash inflow from / (used in) financing activities	<u>(8,333)</u>	<u>(8,333)</u>
Net Increase/(Decrease) in cash and cash equivalents	55,559	(4,586)
Cash and cash equivalents at beginning of the year	(131,164)	(128,839)
Cash and cash equivalents at end of the period	<u><u>(75,605)</u></u>	<u><u>(133,425)</u></u>

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Abid Hussain
Chief Executive

Mehtabuddin
Director