

DIRECTORS' REPORT

The Directors are pleased to present the quarterly accounts of the company for the quarter ended September 30, 2010.

Business Review

Abnormal monsoon rains and resultant floods played havoc for the country. Your company was also directly impacted by the rains and floods as roads were closed and transport for dispatch of goods was not available. Even where transport was available, they were demanding very high rates which was not possible for your company to bear keeping in view the nature of its products. As a result, sale for the quarter were almost equal to last year.

Because of reduced sales and increase in expenses resulting from overall increase in local inflation as well as devaluation of Pak rupee, Profit before tax witnessed a significant decline of 40% during the quarter.

Future Outlook

Local inflation remains at very high level. Utilities prices (electricity and gas) are being regularly increased due to devaluation and increase in international oil prices. Pak Rupee is on a continuous decline against most currencies and interest rates are rising. All of this is resulting in higher cost of production for your company every day. So far, Ministry of Health has done a reasonably good job by realizing the difficulties of the manufacturers and allowing them some price increases as hardship cases. Even during the month of September 2010, price increases were allowed on four products of your company products. However, the pace and quantum of such price increases is well below the inflation rate and the increase in the cost of production of your company. As a result, our Profit before tax as % of sales is reducing every year. We do hope that the Government will continue allowing the manufacturers reasonable price increases at regular intervals to enable them to survive and invest for the future. This we believe is vital for both the manufacturers as well as the patients so that quality medicines can be made available at reasonable prices.

On behalf of the Board

Abid Hussain
Chief Executive Officer

Karachi
Dated:



OTSUKA PAKISTAN LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	2010	2009
	Sept.30,	Sept.30,
	------(Rupees in '000)-----	
Net sales	348,440	347,793
Cost of sales	(262,638)	(244,643)
Gross profit	85,802	103,150
Selling and distribution expenses	(44,354)	(50,471)
Administration and general expenses	(14,511)	(12,986)
	26,937	39,693
Other operating income	2,552	2,245
	29,489	41,938
Other operating charges	(6,909)	(8,582)
Operating profit	22,580	33,356
Finance cost	(4,990)	(4,266)
Profit before taxation	17,590	29,090
Taxation - net	(6,390)	(10,496)
Profit after taxation	11,200	18,594
Other comprehensive income for the period	-	-
Total comprehensive income for the period	11,200	18,594
	------(Rupees)-----	
Earnings per share	1.12	1.86

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroze
Director

**OTSUKA PAKISTAN LIMITED
CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2010**

	Note	2010 Sept.30 (Un-Audited) ----(Rupees in '000)----	2010 June 30, (Audited)
ASSETS			
Non current assets			
Property, plant and equipment	4	295,189	308,317
Long-term loans - considered good		5,544	5,793
Long-term deposits		743	743
		<u>301,476</u>	<u>314,853</u>
Current assets			
Stores and spares		43,438	41,943
Stock-in-trade		293,585	257,987
Trade debts - unsecured		134,658	141,556
Loans and advances - considered good		45,786	22,437
Trade deposits, short-term prepayments and other receivables		12,574	10,626
Taxation recoverable		14,672	9,440
Cash and bank balances		10,422	3,371
		<u>555,135</u>	<u>487,360</u>
Total assets		<u>856,611</u>	<u>802,213</u>
Equity and Liabilities			
Equity			
Share capital		100,000	100,000
Revenue reserves		306,018	294,818
Shareholders' equity		<u>406,018</u>	<u>394,818</u>
LIABILITIES			
Non current liabilities			
Deferred tax liability - net		27,423	31,162
		27,423	31,162
Current liabilities			
Trade and other payables		246,491	237,254
Short-term borrowing - secured		171,689	132,507
Mark-up accrued		4,990	6,472
		<u>423,170</u>	<u>376,233</u>
		450,593	407,395
Total Equity and Liabilities		<u>856,611</u>	<u>802,213</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroze
Director



OTSUKA PAKISTAN LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappro- priated profit	Sub total	
----- (Rupees in '000) -----					
Balance as at June 30, 2009	100,000	212,500	31,465	243,965	343,965
Transfer to general reserve made subsequent to year enc	-	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>
Balance as at June 30, 2010	100,000	227,500	67,318	294,818	394,818
Transfer to general reserve made subsequent to year enc	-	40,000	(40,000)	-	-
Profit after taxation for the period ended September 30, 2010	-	-	11,200	11,200	11,200
Balance as at September 30, 2010	<u>100,000</u>	<u>267,500</u>	<u>38,518</u>	<u>306,018</u>	<u>406,018</u>

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Abid Hussain
Chief Executive

Mehtabuddin Feroze
Director



OTSUKA PAKISTAN LIMITED
CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	2010 Sept.30, ----(Rupees in '000)----	2009 Sept.30, ----(Rupees in '000)----
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	(8,697)	90,548
Finance cost paid	(6,472)	(7,486)
Taxes paid	(15,362)	(6,192)
Decrease/(Increase) in long-term loans	249	(813)
Decrease/ (Increase) in long-term deposits	-	121
Net cash inflow from operating activities	<u>(30,282)</u>	<u>76,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	<u>(1,869)</u>	<u>(12,434)</u>
Proceeds from disposal of property, plant and equipment	<u>54</u>	<u>148</u>
Net cash used in investing activities	(1,815)	(12,286)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	<u>-</u>	<u>(8,333)</u>
Dividends paid	<u>(34)</u>	<u>-</u>
Net cash inflow from / (used in) financing activities	<u>(34)</u>	<u>(8,333)</u>
Net Increase/(Decrease) in cash and cash equivalents	<u>(32,131)</u>	<u>55,559</u>
Cash and cash equivalents at beginning of the year	<u>(129,136)</u>	<u>(131,164)</u>
Cash and cash equivalents at end of the period	<u><u>(161,267)</u></u>	<u><u>(75,605)</u></u>

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Abid Hussain
Chief Executive

Mehrabuddin Feroze
Director