

# COMPANY INFORMATION

BOARD OF DIRECTORS	:	Mr. Harry Bagjo (Chairman) (Alternate: Mr. Tariq Mehtab Feroz) Mr. Hanif Sattar (Chief Executive) Mr. Makoto Sekiyama Mr. Mehtabuddin Feroz Mr. Yasuo Bando (Alternate: Mr. Abid Hussain) Mr. Mohammad Abdullah Feroz Mr. Makio Osaka (Alternate: Mr. Sajid Ali Khan) Mr. Nazimuddin Feroz Mr. Noor Muhammad (Independent Director)
COMPANY SECRETARY	:	Mr. Sajid Ali Khan
AUDIT SUB COMMITTEE OF THE BOARD	:	Mr. Noor Muhammad (Chairman) Mr. Makoto Sekiyama (Member) Mr. Mehtabuddin Feroz (Member) Mr. Abid Hussain (Member)
HUMAN RESOURCES & REMUNERATION COMMITTEE SUB COMMITTEE OF THE BOARD	:	Mr. Makoto Sekiyama (Chairman) Mr. Mehtabuddin Feroz (Member) Mr. Hanif Sattar (Member)
AUDITORS	:	A.F. Ferguson & Co. (Chartered Accountants)
LEGAL ADVISORS	:	Hassan & Humayun Associates
BANKERS	:	The Bank of Tokyo-Mitsubishi, UFJ Ltd. Bank Alfalah Limited The Bank of Punjab Habib Bank Limited Allied Bank Limited MCB Bank Limited National Bank of Pakistan
REGISTERED OFFICE	:	30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, Fax: 34549857 E-mail: <a href="mailto:sakhan@otsuka.pk">sakhan@otsuka.pk</a> <a href="mailto:jnoor@otsuka.pk">jnoor@otsuka.pk</a> Web site: <a href="http://www.otsuka.pk">www.otsuka.pk</a>
FACTORY	:	Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8 Fax: (0853) 303519
SHARE REGISTRAR	:	Central Depository Company of Pakistan Limited CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shakra-e-Faisal <u>Karachi-74400.</u> Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053 Email: <a href="mailto:info@cdcpak.com">info@cdcpak.com</a> Website: <a href="http://www.cdcpakistan.com">www.cdcpakistan.com</a>

## DIRECTORS' REPORT

The directors are pleased to present accounts of the company for the quarter ended march 31 2016.

### **Business Review**

After realignment of production facility we were able to meet market demand to a certain extent. However we are still exploring other ways and means to bring full range of products which is need of the hour.

Sales during the quarter was 9.61% higher than the same quarter last year. There was slight improvement in gross profit rate from 12.46% last year to 14.33% in the period under review. There is over supply position of IV Solutions in the market. Not only locally manufacturer's products are fully available but also Chinese products are also available in the market. Your company being one of the oldest IV Solutions selling company is regaining its market share after a gap of almost two years.

Selling and administrative expenses were under control. However, the company is still making loss despite sales increase and strict control on expenses due to heavy financial cost and exchange losses.

Regarding the price increase matter we would like to report that after exhausting all the available avenues we had left no option but to increase the prices of our scheduled drugs, for which we had submitted the hardship cases with DRAP and we have obtained stay order from Sindh High court. The impact of this price increase will come in the coming months as we have inventory of old price stock which we are still selling at the old prices.

### **Future Outlook**

There is continuous support from our Group Head-Quarter to turn around the company from loss making to a profitable organization. There is great potential for your company to grow provided people at the helm of affairs realize and facilitate the foreign investors by addressing their genuine grievances and issues at the right time.

On behalf of the Board



Hanif Sattar  
Chief Executive Officer

Karachi

Dated: April 21, 2016

OTSUKA PAKISTAN LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2016

	Note	(Un-Audited) March 31, 2016	(Audited) June 30 2015
----- Rupees in '000 -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	568,307	631,259
Intangible assets		111	-
Long-term loans - considered good		5,008	5,300
Long-term deposits		1,288	1,288
Deferred tax asset - net	5	173,002	117,642
		<u>747,716</u>	<u>755,489</u>
<b>Current assets</b>			
Stores and spares		49,358	53,314
Stock-in-trade		447,654	487,680
Trade debts - unsecured - net		145,462	94,539
Loans and advances - considered good		9,610	13,532
Trade deposits, short-term prepayments and other receivables		25,417	13,374
Taxation - net		151,225	140,478
Bank balances		5,758	4,253
		<u>834,484</u>	<u>807,170</u>
<b>Total assets</b>		<u><u>1,582,200</u></u>	<u><u>1,562,659</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		110,000	110,000
Revenue reserves		(94,980)	31,914
<b>Total shareholders' equity</b>		<u>15,020</u>	<u>141,914</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term finance - secured	6	-	108,333
<b>Current liabilities</b>			
Short-term loan from a related party - unsecured		567,871	333,520
Trade and other payables		225,134	278,199
Current maturity of long-term finance - secured		108,333	108,334
Short-term running finance - secured		650,049	565,323
Mark-up accrued		15,793	27,036
		<u>1,567,180</u>	<u>1,312,412</u>
<b>Total equity and liabilities</b>		<u><u>1,582,200</u></u>	<u><u>1,562,659</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

The annexed notes 1 to 13 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director



OTSUKA PAKISTAN LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Net sales	1,038,479	1,008,716	403,807	368,408
Cost of sales	(921,745)	(906,888)	(345,952)	(322,508)
Gross profit	116,734	101,828	57,855	45,900
Selling and distribution expenses	(125,075)	(130,471)	(43,924)	(46,439)
Administrative and general expenses	(55,011)	(49,561)	(17,449)	(17,121)
	(63,352)	(78,204)	(3,518)	(17,660)
Other income	35,532	38,912	25,104	5,271
	(27,820)	(39,292)	21,586	(12,389)
Other operating expenses	(91,465)	(26,569)	(46,583)	(12,508)
Operating loss	(119,285)	(65,861)	(24,997)	(24,897)
Finance cost	(51,115)	(81,904)	(15,999)	(26,234)
<b>Loss for the period before taxation</b>	(170,400)	(147,765)	(40,996)	(51,131)
Taxation - net	45,681	50,162	(3,991)	15,006
<b>Loss for the period after taxation</b>	(124,719)	(97,603)	(44,987)	(36,125)
	----- Rupees -----			
Loss per share	(11.34)	(8.87)	(4.09)	(3.28)

The annexed notes 1 to 13 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

OTSUKA PAKISTAN LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Loss for the period after taxation	(124,719)	(97,603)	(44,987)	(36,125)
Other comprehensive income:				
<i>Items that will not be reclassified to profit and loss</i>				
Remeasurements of defined benefit plans	(3,199)	(2,232)	-	-
Deferred tax on remeasurements of defined benefit plans	1,024	781	-	-
	(2,175)	(1,451)	-	-
<b>Total comprehensive loss for the period</b>	<b>(126,894)</b>	<b>(99,054)</b>	<b>(44,987)</b>	<b>(36,125)</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

OTSUKA PAKISTAN LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016

Note	Nine months ended March 31,	
	2016	2015
-----Rupees in '000-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year before taxation	(170,400)	(147,765)
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	75,418	82,860
Gain on disposal of fixed assets - net	(1,007)	(1,577)
Provision for slow moving and obsolete stock-in-trade - net	(6,032)	(4,415)
Provision for stents - net	(175)	7,417
Impairment / (reversal of impairment) on trade debts - net	5,223	774
Mark-up on finances	51,115	81,904
	124,542	166,963
<b>Operating (deficit) / surplus before working capital changes</b>	<b>(45,858)</b>	<b>19,198</b>
<b>Movement in working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Stores and spares	3,956	(4,613)
Stock-in-trade	46,233	(30,507)
Trade debts	(56,146)	3,200
Loans and advances	3,922	(11,312)
Trade deposits, short-term prepayments and other receivables	(12,043)	5,282
	(14,078)	(37,950)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(56,264)	(38,893)
Cash generated from / (used in) operations	(116,200)	(57,645)
Interest paid	(62,358)	(92,966)
Taxes paid	(19,403)	(44,052)
Increase in long-term deposits	-	(5)
(Increase) / decrease in long-term loans	292	53
<b>Net cash used in operating activities</b>	<b>(197,669)</b>	<b>(194,615)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure incurred	(16,049)	(24,212)
Proceeds from disposal of property, plant and equipment	4,479	3,348
<b>Net cash used in investing activities</b>	<b>(11,570)</b>	<b>(20,864)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finance (paid) / obtained	(108,333)	(108,333)
Short-term loan obtained from a related party	234,351	159,540
<b>Net cash generated from financing activities</b>	<b>126,018</b>	<b>51,207</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(83,221)</b>	<b>(164,272)</b>
Cash and cash equivalents at the beginning of the year	(561,070)	(553,779)
<b>Cash and cash equivalents at the end of the year</b>	<b>(644,291)</b>	<b>(718,051)</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

**OTSUKA PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Issued, subscribed and paid- up capital	Revenue reserves			Total
		General reserve	Accumulated losses	Sub-total	
----- Rupees in '000 -----					
Balance as at July 1, 2014	110,000	367,500	(187,390)	180,110	290,110
Total comprehensive loss for the period ended March 31, 2015	-	-	(99,054)	(99,054)	(99,054)
<b>Balance as at March 31, 2015</b>	<u>110,000</u>	<u>367,500</u>	<u>(286,444)</u>	<u>81,056</u>	<u>191,056</u>
Balance as at July 1, 2015	110,000	367,500	(335,586)	31,914	141,914
Total comprehensive loss for the period ended March 31, 2016	-	-	(126,894)	(126,894)	(126,894)
<b>Balance as at March 31, 2016</b>	<u>110,000</u>	<u>367,500</u>	<u>(462,480)</u>	<u>(94,980)</u>	<u>15,020</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director



**OTSUKA PAKISTAN LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

**1 THE COMPANY AND ITS OPERATIONS**

The Company is incorporated in Pakistan as a public limited company and is listed on the Karachi and Lahore Stock Exchanges. The address of its registered office is 30-B, S.M.C.H. Society, Karachi, Pakistan. It 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.

**2 BASIS OF PREPARATION AND MEASUREMENT**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984 or the said directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2015.

**2.2 Accounting convention**

These 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 and stock-in-trade is carried at the lower of cost and net realisable value.

These condensed interim financial statements are un-audited.

**3 ACCOUNTING POLICIES, SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSOCIATED ASSUMPTIONS**

**3.1** The significant accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the company for the year ended June 30, 2015.

**3.2** The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of the accounting policies of the Company. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future period.

The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the financial statements of the Company as these that were applied to the financial statements of the Company as at and for the year ended June 30, 2015.

**3.3** The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company as at and for the year ended June 30, 2015.

**3.4** Certain amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2015 but are expected to have no significant effect on this condensed interim financial information.



	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
-----Rupees in '000-----			
<b>4</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	4.1	559,141	617,307
Capital work-in-progress		9,166	13,952
		<u>568,307</u>	<u>631,259</u>

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

----- Nine months ended March 31, 2016 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
----- Rupees in '000 -----						
Additions	10,210	8,349	364	1,801	-	20,724
Disposals:						
Cost	39	23,407	317	5,468	-	29,231
Accumulated depreciation	(39)	(22,424)	(316)	(2,974)	-	(25,753)
	-	983	1	2,494	-	3,478

----- Nine months ended March 31, 2015 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
----- Rupees in '000 -----						
Additions	1,423	15,519	1,913	4,034	-	22,889
Disposals:						
Cost	-	-	-	4,652	-	4,652
Accumulated depreciation	-	-	-	(2,881)	-	(2,881)
	-	-	-	1,771	-	1,771

#### 5 DEFERRED TAX ASSET - NET

The Company has an aggregate amount of Rs 637.202 million (June 30, 2015: Rs 519.482 million) in respect of tax losses as at March 31, 2016. The management carries out periodic assessment to assess the benefit of these losses as the Company would be able to carry forward and set off these losses against the profits earned in future years. Based on this assessment the management has recognised a deferred tax debit balance on unused tax losses amounting to Rs 203.905 million (June 30, 2015: Rs 156.859 million) including on unabsorbed tax depreciation of Rs 93.631 million (June 30, 2015: Rs 83.26 million). The deferred tax debit balance represents the management's best estimate of probable benefit expected to be realised in future years in the form of reduced tax liability as the Company would be able to set off the profit earned in these years against losses carried forward from prior years. The amount of this benefit has been determined based on a business plan of the Company for the next five years. The business plan involves certain key assumptions underlying the estimation of future taxable profits estimated in the plan. The determination of future taxable profit is most sensitive to certain key assumptions such as product pricing, future price increase of the Company's products, cost to income ratio, exchange and inflation rates, cost of material, supply arrangements, product mix, plant operations and its related maximum capacity utilisation, sales forecast and certain cost rationalisation measures expected to be achieved during the next five years. Any significant change in the aforementioned key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and consequently the deferred tax asset recognised will be realised in future years.

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
-----Rupees in '000-----			
<b>6</b>	<b>LONG-TERM FINANCE - SECURED</b>		
<b>From banking company</b>			
Long-term finance utilised under mark-up arrangements	6.1	108,333	216,667
Less: Current maturity		<u>(108,333)</u>	<u>(108,334)</u>
		<u>-</u>	<u>108,333</u>

6.1 The long-term finance facility amounting in aggregate to Rs 108.333 million (June 30, 2015: Rs 216.667 million) was availed from Bank of Tokyo-Mitsubishi UFJ, Limited (Pakistan branch) to finance the Balancing, Modernisation and Replacement (BMR) project of the Company. The facility was drawn down by the Company on January 30, 2013 and is to be fully repaid by January 2, 2017. Mark-up and principal amounts are repayable in equal semi-annual instalments with the first four instalments being repaid on July 2, 2014, January 2, 2015, July 2, 2015 and January 4, 2016. Mark-up is charged at the rate of 6 months KIBOR + 1.75% (June 30, 2015: KIBOR + 1.75%) per annum on the outstanding balance of the facility. The facility is secured by first pari-passu hypothecation and / or first equitable mortgage charge on all of the Company's present and future fixed assets including but not limited to land, building, plant and machinery, equipment, furniture and fixtures, etc.

## 7 CONTINGENCIES AND COMMITMENTS

- 7.1** The Federal Board of Revenue (FBR) has selected Tax Year 2014 of the Company for income tax audit under section 177 of the Income Tax Ordinance, 2001 through computer balloting held on September 14, 2015 under section 214C. In this connection, on October 20, 2015, a notice was served by the Deputy Commissioner Inland Revenue which required the Company to furnish details / explanations in respect of certain matters included in the income tax return filed by the Company with the FBR. The Company has submitted the necessary explanations through its tax advisors. On March 24, 2016, a show cause notice u/s 122(9) was served by the Deputy Commissioner Inland Revenue which required the Company to furnish further details/explanation. The Company has submitted the necessary explanations through its tax advisors for which the response is awaited.
- 7.2** The Federal Board of Revenue (FBR) has selected Tax Year 2014 for sales tax audit under section 72B of the Sales Tax Act, 1990 through computer random ballot held on September 14, 2015. In this connection, on September 28, 2015, a notice was served by the Deputy Commissioner Inland Revenue (DCIR) which required the Company to furnish certain details to the tax authorities. Upon submission of these documents, a show cause notice was served on the Company on December 16, 2015 by the DCIR regarding certain discrepancies in the return filed earlier. The Company submitted the necessary explanations through its sales tax advisors. On February 29, 2016, a notice of demand was served on the Company by the Deputy Commissioner Inland Revenue (DCIR) for an amount of Rs.1.316 million under section 72B of the Sales Tax Act, 1990. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)]. As at March 31, 2016, no provision has been made in this condensed interim financial information in respect of this amount as the management expects a favourable outcome in respect of the above matter.
- 7.3** On March 05, 2014, a notice of demand was served on the Company by the Additional Commissioner Inland Revenue (ACIR) for an amount of Rs 164.778 million (June 30, 2015: Rs 164.778 million) under section 122 (5A) of the Income Tax Ordinance, 2001. The ACIR added back certain items such as exchange loss, claims against provisions and write-offs of inventory & trade debts, disallowance of finance cost, etc. in the income returned for tax year 2012. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] who upheld the action of ACIR on certain items against which the Company filed an appeal before the Appellate Tribunal Inland Revenue to review the action of the CIR(A) which is pending adjudication. As at March 31, 2016, no provision has been made in this condensed interim financial information in respect of this amount as the management expects a favourable outcome in respect of the above matter.
- 7.4** In August 2009, a notice of demand was served on the Company by the Deputy Commissioner of Income Tax (DCIT) for an amount of Rs 5.721 million (June 30, 2015: Rs 5.721 million) including additional tax amounting to Rs 0.457 million (June 30, 2015: Rs 0.457 million) under sections 161, 162 and 205 of the Income Tax Ordinance, 2001. Out of the total demand, the Company had already paid an amount of Rs 1.50 million (June 30, 2015: Rs 1.50 million). The Company had filed an appeal against the order of the DCIT which is pending adjudication. As at March 31, 2016, no provision has been made in this condensed interim financial information in respect of the amount of Rs 5.721 million (June 30, 2015: Rs 5.721 million) as the management is confident that the matter will be decided in favour of the Company.

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	----- Rupees in '000 -----	
<b>7.5 Commitments</b>		
Capital expenditure contracted for but not incurred	1,443	620
Letters of credit	15,828	50,624
Letters of guarantee	9,287	31,103
<b>7.6 Claim not acknowledged as debt</b>	<b>37,445</b>	<b>14,531</b>

- 7.6.1** During the year ended June 30, 2015, the Collector of Customs withheld stocks of polyethylene, pharmaceutical grade granules at import stage with a view that those should have been classified as packaging material instead of raw materials. The management contended that those materials were used for manufacturing IV solutions and constituted an integral part of the finished products and were, therefore, exempt from sales tax under SRO 551 (1)/2008 dated June 11, 2008. Subsequently, the Collector of Customs released the said stocks against bank guarantees issued by the Company.

The matter has been taken up by the Company in the High Court of Sindh and the management and its legal advisor believe that the decision will be in favour of the Company. Accordingly, no provision has been made in the condensed interim financial information of the Company during the nine months ended March 31, 2016 against these claims.

There were no other contingencies and commitments outstanding as on March 31, 2016 and June 30, 2015.



(Unaudited) Nine months ended March 31, 2016					Total	(Unaudited) Nine months ended March 31, 2015
Parent company	Other associated undertakings	Key management personnel	Other related parties			

Rupees in '000

**Transactions during the period**

Net sales net of discounts allowed Rs 78.518

million (2015: Rs 70.405 million)

Inventory purchased	28,576	107,243	-	4,778	140,597	95,006
Donation to Otsuka Welfare Clinic	-	-	-	105	105	100
Consultancy fees	-	-	3,600	-	3,600	2,000
Remuneration of the key management personnel	-	-	58,743	-	58,743	56,518
Short-term loan obtained from a related party	-	175,376	-	-	175,376	169,238
Mark-up expense on short-term loan from a related party	-	2,433	-	-	2,433	530
Late payment charges received from HSC	-	-	-	533	533	-
Charge relating to staff provident fund	-	-	-	6,900	6,900	6,226
Charge relating to staff gratuity fund	-	-	-	4,893	4,893	4,799

(Unaudited) As at March 31, 2016					Total	(Audited) June 30, 2015
Parent company	Other associated undertakings	Key management personnel	Other related parties			

Rupees in '000

**Balance outstanding as at the end of the period / year**

Receivable from Hospital Supply Corporation against sale of goods	-	102,606	-	-	102,606	62,362
Payable to Otsuka Pharmaceutical Company Limited, Japan	-	-	-	-	-	11,209
Payable to Otsuka OPV Joint Stock Company	-	-	-	-	-	891
Payable to Shanghai Microport Medical (Group) Company Limited	-	37,595	-	-	37,595	31,541
Payable to Otsuka Pharmaceutical Factory, Inc.	-	434	-	-	434	1,194
Payable to Thai Otsuka Pharmaceutical Company Limited, Thailand	-	9,933	-	-	9,933	19,611
13 Payable to Idrees Plastics	-	438	-	-	438	1,547
Loan from Otsuka Pharmaceutical Factory, Inc.	-	567,871	-	-	567,871	333,520
Advance from key management personnel	-	-	1,011	-	1,011	1,284
Mark up payable on short-term loan from an associated company	-	832	-	-	832	17
Payable to Employees' Provident Fund	-	-	-	2,143	2,143	2,080
14 Payable to Employees' Gratuity Fund	-	-	-	1,673	1,673	2,180
Receivable from Shanghai Microport Medical (Group) Company Limited	-	306	-	-	306	306

The Company enters into transactions with related parties for the sale of its products, purchase of raw materials, finished goods and spare parts and for rendering of certain services. 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 agreed terms. Purchases from related parties primarily represent purchases of raw materials and finished goods from Otsuka group companies.

Remuneration to key management personnel is based on the agreed terms of employment with such personnel.

Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with actuarial recommendations and terms of contribution plans.

**9 SEGMENT INFORMATION**

9.1 This condensed interim financial information has been prepared on the basis of a single reportable segment.

Sales from Intravenous Solutions represent 47.32 percent while sales from others represent 52.68 percent (March 31, 2015: 79.24 percent and 20.76 percent) respectively of the total sales of the Company.

Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 47.12 percent during the period ended March 31, 2016 (March 31, 2015: 43.45 percent).

9.2 Sales percentage by geographic region is as follows:

	March 31 2016	March 31 2015
	in percent	
Pakistan	99.26	100
Afghanistan	0.74	-

9.3 All non-current assets of the Company as at September, 2015 are located in Pakistan.



**10 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following items included in the condensed interim balance sheet:

	(Unaudited) March 31, 2016	(Unaudited) March 31, 2015
	----Rupees in '000----	
Cash and bank balances	5,758	11,743
Short-term running finance utilised under mark-up arrangements	(650,049)	(729,794)
	<u>(644,291)</u>	<u>(718,051)</u>

**11 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.

**12 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 21-APR-2016 by the Board of Directors of the Company.

**13 GENERAL**

Figures in this condensed interim financial information have been rounded off to the nearest thousand rupees.

  
  
 Chief Executive

  
 Director