Otsuka-People Creating New Products
For Better Health Worldwide

REPORTS & ACCOUNTS

FOR THE YEAR ENDED JUNE

2015-2016

Otsuka

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

CONTENTS

COMPANY INFORMATION

Board of Directors	:	Mr. Harry Bagjo	(Chairman) (Alternate: Mr. Tariq Mehtab Feroz)
		Mr. Hanif Sattar	(Chief Executive)
		Mr. Makoto Sekiyama	(Alternate: Mr. Abid Hussain)
		Mr. Mehtabuddin Feroz	
		Mr. Yasuo Bando	
		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)
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: sakhan@otsuka.pk jnoor@otsuka.pk Website: 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	:	Central Depository Company of Pakistan Limited CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal Karachi-74400. Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053 Email: info@cdcpak.com Website: www.cdcpakistan.com	

NOTICE OF MEETING

Notice is hereby given that the Twenty-eighth(28) Annual General Meeting of Otsuka Pakistan Limited will be held on Wednesday, October 26, 2016 at 10:30 a.m. at Auditorium Hall, Institute of Chartered Accountant,Chartered Accountants Avenue, Clifton, Karachi to transact the following businesses:-

1. To receive and adopt the Audited Accounts for the year ended June 30, 2016, together with the Directors' and Auditors' reports thereon.
2. To appoint auditors and fix their remuneration
3. To transact any other business with the permission of the Chair.

By order of the Board

Sajid Ali Khan
Company Secretary

Karachi: **September 22, 2016**

Notes:-

1. The Share Transfer Books of the Company will remain closed from October 20, 2016 to October 26, 2016 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be a member of the company.
3. Instrument of appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power or authority must be deposited at the Registered Office of the Company at least 48 hours before the time of the Meeting.
4. CDC Account Holders will have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. In compliance with SECP notification No. 634(I)/2014 dated: July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2016 have been placed on the Company's website: www.otsuka.pk for the information and review of shareholders.
6. In compliance with the directives issued by the Securities and Exchange Commission of Pakistan and / or Federal Board of Revenue from time to time, shareholders who have not yet provided their dividend mandate information and / or CNIC and / or NTN (as the case may be) are requested to provide the same at the earliest as follows:
   - The shareholders who hold Company' Shares in physical form are requested to submit the above information to the Share Registrar.
   - Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant / CDC Investor Account Service.

   Members are also requested to update their tax paying status (Filer / Non-Filer) to the Company' Share Registrar. The above information may please be provided as follows:

Folio / CDC ID / AC No.	Name	National Tax No.	CNIC No. (in case of individual)	Income tax return for the year 2015 filed (Yes or No)

This would enable us to process future dividend payments 'if any' in accordance with the tax payment status of the members pursuant to the provisions of Finance Act, 2016 effective July 1, 2016 whereby the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

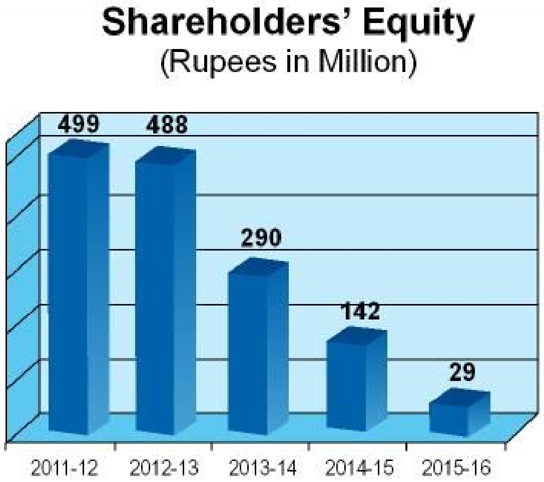
1.	Rate of tax deduction for filer of income tax returns	12.5%
2.	Rate of tax deduction for non-filers of income tax returns	20%

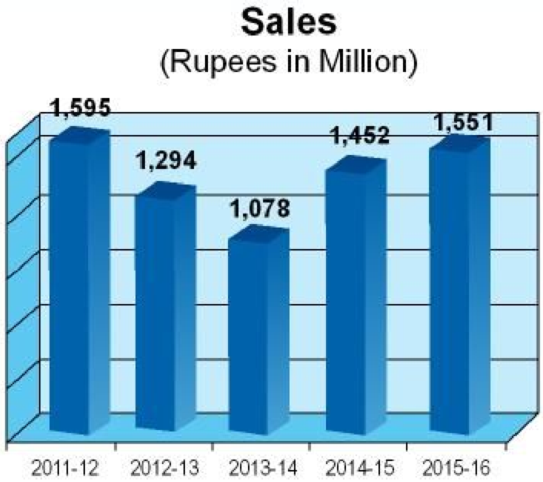
Distribution of Annual Report through Email:

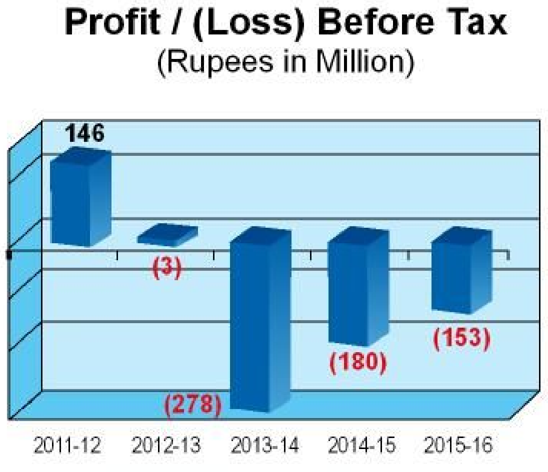
We are pleased to inform shareholders that the SECP has under and pursuant to SRO No. 787(I)/2014 dated: Sep. 8, 2014 allowed companies to circulate their annual balance sheet and profit & loss accounts, auditor's report and director's report etc. ("Annual Report") alongwith the notice of annual general meeting ("Notice") to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the complete **Electronic Communication Consent Form** that will be sent together with the Annual Reports 2015-16 and also can be downloaded from Company's website i.e. www.otsuka.pk

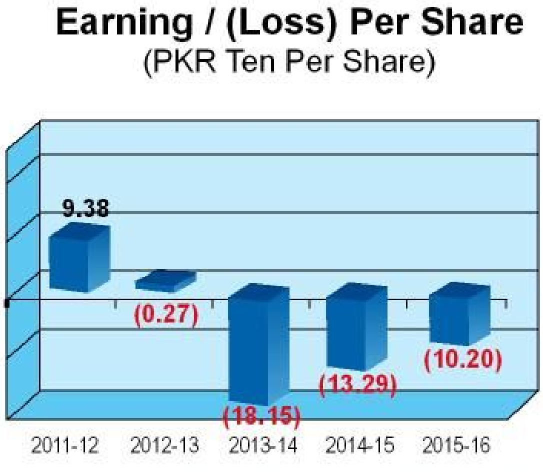
Shareholders are requested to promptly notify Company's Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400. Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Fax: (92-21) 34326053 Email: info@cdcpak.com Website: www.cdcpakistan.com; of any change in their addresses.

Five Years at a Glance









DIRECTORS' REPORT

The Directors are pleased to present the Annual Report of Otsuka Pakistan Limited (the Company) for the year ended June 30, 2016.

Business Review

During the year under review, many milestones have been achieved. The biggest problem was low selling prices and high production costs. Despite all the efforts by the Company, we failed to obtain any relief from Drug Regulatory Authority of Pakistan (DRAP) and after obtaining stay order from Honorable Sindh High Court, were forced to increase the prices of those products (scheduled drugs) for which the hardship cases were pending with DRAP.

Because of price increase and good sales mix, we managed to achieve sales of Rs 1,551 million which is 7% higher than the previous year. Gross profit as a percentage of sales increased from 11% last year to 17% this year. The selling and distribution expense were at the same level, however there was about 6% increase for administrative and general expense mainly due to inflation.

Financial Results

	(PKR in Million)
Loss before taxation	(153.5)
Provision for taxation	41.3
Loss after taxation	(112.2)
Other comprehensive loss	(0.2)
Total comprehensive loss for the year	(112.4)
Accumulated losses brought forward	(335.6)
Accumulated losses carried forward	(448.0)

Appropriations

Keeping in view the loss situation and the cash flow conditions of the Company, the Directors have not proposed any dividend.

Earnings / (loss) per share

The loss per share for the year ended June 30, 2016 works out to be Rs (10.20) per share [2015: loss per share of Rs (13.29)]

Future outlook

There is over supply situation in the market and competitors are dumping their stock at throw away prices. However due to high quality, we believe that the medical professionals will continue to prescribe Otsuka Plabottle brand. The Board is of the view that with current selling price and realignment of production facility, the Company may offset past losses and can generate enough cash to repay its loans which were obtained for revamping and renovation. The government should resolve the issues being faced by pharmaceutical industry especially with regard to pricing and registration otherwise the manufacturing companies will close down their plants and government will have to import medicines from abroad resulting in huge outflow of foreign exchange and unemployment. The Board feels if the business environment is conducive there would be more business opportunities in ever growing Pakistan pharmaceutical market.

Corporate Governance

As required under Corporate Governance, the Directors are pleased to confirm that:

a. the financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

b. proper books of accounts of the Company have been maintained;

c. appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there have been no departures therefrom during the year;

e. the system of internal control is sound in design and has been effectively implemented and monitored;

f. there are no significant doubts upon the Company's ability to continue as a going concern;

g. there has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

h. in accordance with the criteria specified in clause 5.19.7 of the Code, one director has a certification under Directors' Training Program, four directors of the Company (including the Chief Executive Officer) are exempt from the requirement of Directors' training program and the remaining Directors will receive training within the prescribed time period by June 30, 2018. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies; and

i. there are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2016 except for those already disclosed in the financial statements.

Key Operating and Financial data

Key operating and financial data of last six years is annexed with this annual report.

Value of investments of provident and gratuity funds

The following is the value of investments based on latest respective audited accounts:

Provident Fund Rs. 118,959,620/-
Gratuity Fund Rs. 59,622,335/-

Board of Directors

There has been no change in the Board of Directors during the year.

Meetings of the Board, Audit Committee and Human Resource & Remuneration Committee:

Meetings of the Board and sub-committees to the Board:

Name of Director	Board Meetings		Audit Committee Meetings		Resource & Remuneration	
	Meetings held during the period	Attendance	Meetings held during the period	Attendance	Meetings held during the period	Attendance
Mr. Hanif Sattar (CEO)	4	4	6	N/A	1	1
Mr. Mehtabuddin Feroz	4	4	6	6	1	1
Mr. Mohammad Abdullah Feroz	4	4	6	N/A	1	N/A
Mr. Nazimuddin Feroz	4	2	6	N/A	1	N/A
Mr. Harry Bagjo	4	1	6	N/A	1	N/A
Mr. Makoto Sekiyama	4	1	6	1	1	1
Mr. Makio Osaka	4	-	6	N/A	1	N/A
Mr. Yasuo Bando	4	1	6	N/A	1	N/A
Mr. Noor Muhammad (Independent Director)	4	4	6	5	1	N/A
Mr. Abid Hussain (Alternate Director) (1)	4	1	6	3	1	N/A
Mr. Abid Hussain (Alternate Director) (2)	4	2	6	N/A	1	N/A
Mr. Tariq Mehtab Feroz (Alternate Director) (3)	4	3	6	N/A	1	N/A
Mr. Sajid Ali Khan (Alternate Director) (4)	4	4	6	N/A	1	N/A

(1) Alternate Director for Mr. Makoto Sekiyama
(2) Alternate Director for Mr. Yasuo Bando
(3) Alternate Director for Mr. Harry Bagjo
(4) Alternate Director for Mr. Makio Osaka

Pattern of Shareholding

The Pattern of shareholding of the Company as at June 30, 2016 is annexed with this annual report.

Trading in shares

During the year, the following trading in shares were carried out by associated companies, directors, executives and their spouses and minor children:

- Associated company i.e. M/s. Otsuka Factory Inc., Japan bought 363,000 ordinary shares comprising approximately 3.3% of the issued, subscribed and paid up share capital of the Company from Mr. Sultan Ahmed Feroz one of the joint venture partners from local sponsors; and

- Ms. Shama Nazim Feroz wife of a Director on the Board acquired 6,320 ordinary shares of the Company.

Holding Company

The Company is an indirect subsidiary of Messrs Otsuka Pharmaceutical Company Limited, which is incorporated in Japan.

Subsequent events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of this report.

Loans

The Company obtained loans from M/s. Otsuka Pharmaceutical Factory, Inc., Japan which represents a foreign currency denominated loan obtained in two tranches of JPY 75 million each drawn down on June 16, 2014 and December 22, 2014, three tranches of JPY 125 million each drawn down on February 26, 2015, April 27, 2015 and July 27, 2015 and one tranche of JPY 84.50 million drawn on December 16, 2015. Each facility is to be repaid within one year of the initial drawn down date.

The first tranche of JPY 75 million falling due on June 15, 2015 was rolled forward twice for a further period of one year from the date it had fallen due. The second tranche of JPY 75 million falling due on December 21, 2015 and the third and fourth tranches of JPY 125 million each falling due on February 26, 2016 and April 26, 2016 respectively have also been rolled forward for another year due to the cash flow conditions of the Company.

Auditors

The present auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 28th Annual General Meeting and being eligible, offer themselves for reappointment.

Based on the suggestion of the Audit Committee, the Board of Directors has recommended the appointment of Messrs. A.F. Ferguson & Co. Chartered Accountants as the external auditors of the Company for the year ending June 30, 2017 to the shareholders.

Acknowledgement

The Board wishes to place on record its appreciation for the untiring efforts of all its employees in taking the Company forward.

On behalf of the Board

Karachi

Dated: August 25, 2016

Hanif Sattar
Chief Executive Officer

A·F·FERGUSON&Co.

pwc

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Otsuka Pakistan Limited** (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A.F.Ferguson & Co

Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: September 9, 2016
Karachi.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■KARACHI ■LAHORE ■ISLAMABAD

Vision

Otsuka people creating new products for better health worldwide.

Mission

To provide quality healthcare products while maintaining leadership position in chosen segments by working efficiently towards customer satisfaction, rapid growth and enhanced stakeholders value.

Objectives	Focus
● To retain its position of market leader in IV Solutions and clinical nutrition through continuous education, new product launches and support to the medical profession and community at large.	Medical Profession & Patients
● To offer world class quality products and support services to our customers at reasonable prices through resource optimization.	Patients
● To develop and retain efficient network of distributors and suppliers for enhancement of our present level of support services for customer satisfaction.	Distributors & Suppliers
● To provide equal opportunity for growth and development to all its team members to build a highly motivated and committed team of professionals delivering world class quality products and services.	Empolyees
● To contribute in community services for betterment of society and environment.	Community
● To generate adequate earnings for meeting current and future needs, leading to enhancement of shareholder's value.	Shareholders

Glimpses of 27th Annual General Meeting

Statement of Compliance with the Code of Corporate Governance

Name of company: **Otsuka Pakistan Limited**
Year ended **June 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19 of listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors (the Board). As at June 30, 2016, the Board included the following appointed/elected members:

Category	Names
Non-Executive Directors:	Mr. Harry Bagjo
	Mr. Makoto Sekiyama
	Mr. Makio Osaka
	Mr. Yasuo Bando
	Mr. Mehtabuddin Feroz
	Mr. M. Abdullah Feroz
	Mr. Nazimuddin Feroz
Executive Director	Mr. Hanif Sattar
Independent Director	Mr. Noor Muhammad

The independent director meets the criteria of independence under clause 5.19.1.(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board is well aware of its duties and responsibilities under the Code. In accordance with the criteria specified in Regulation 5.19.7 of the Code, the Board encourages the Directors to attend Director's Training Program. During the year,none of the Directors attended any certification under Director's Training Program during the year.

10. The Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit continued their services and no change in these positions were made during this financial year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises 3 members of whom allare non-executive Directors and the Chairman of the committee is an independent Director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members of whom 2 are non-executive directors and the chairman of the Committee is a non-executive director.

18. The Board has outsourced the internal audit function to KPMG Taseer Hadi and Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the of the Company have confirmed that they have been given a satisfactory rating under the quality review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the Code have been complied with.

Hanif Sattar
Chief Executive Officer

Dated: August 25, 2016

pwc

A·F·FERGUSON&CO.

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Otsuka Pakistan Limited** (the Company) for the year ended June 30, 2016 to comply with the requirements of Listing Regulation no. 5.19 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

AFFerguson & Co

Chartered Accountants

Dated: September 9, 2016

Karachi.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

▪KARACHI ▪LAHORE ▪ISLAMABAD

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
ASSETS			
Non-current assets			
Property, plant and equipment	4	542,189	631,259
Long-term loans - considered good	5	4,614	5,300
Long-term deposits		1,288	1,288
Deferred tax asset - net	6	176,121	117,642
		724,212	755,489
Current assets			
Stores and spares	7	52,260	53,314
Stock-in-trade	8	429,037	487,680
Trade debts - unsecured - net	9	165,054	94,539
Loans and advances - considered good	10	26,592	13,532
Trade deposits, short-term prepayments and other receivables	11	22,778	13,374
Taxation	12	151,939	140,478
Bank balances	13	10,785	4,253
		858,445	807,170
Total assets		1,582,657	1,562,659
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	110,000	110,000
Revenue reserves		(80,522)	31,914
Total shareholders' equity		29,478	141,914
LIABILITIES			
Non-current liabilities			
Long-term finance - secured	15	-	108,333
Current liabilities			
Short-term loan from a related party - unsecured	16	621,629	333,520
Trade and other payables	17	260,463	278,199
Current maturity of long-term finance - secured	15	108,333	108,334
Short-term running finance - secured	18	547,795	565,323
Mark-up accrued	19	14,959	27,036
		1,553,179	1,312,412
Total equity and liabilities		1,582,657	1,562,659
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 44 form an integral part of these financial statements.

Hanif Sattar
Chief Executive Officer

Mehtabuddin Feroz
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		----- Rupees in '000 -----	
Net sales	21	1,550,709	1,452,196
Cost of sales	22	(1,282,074)	(1,291,086)
Gross profit		268,635	161,110
Selling and distribution expenses	23	(182,898)	(184,106)
Administrative and general expenses	24	(74,109)	(70,167)
		11,628	(93,163)
Other income	25	41,165	51,649
		52,793	(41,514)
Other expenses	26	(141,287)	(34,962)
Operating loss		(88,494)	(76,476)
Finance cost	27	(64,983)	(103,463)
Loss for the year before taxation		(153,477)	(179,939)
Taxation - net	28	41,300	33,774
Loss for the year after taxation		(112,177)	(146,165)
		------------- Rupees -------------	
Loss per share	29	(10.20)	(13.29)

The annexed notes 1 to 44 form an integral part of these financial statements.

Hanif Sattar
Chief Executive Officer

Mehtabuddin Feroz
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Loss for the year after taxation	(112,177)	(146,165)
Other comprehensive income:		
Items that will not be reclassified to profit and loss		
Remeasurements of defined benefit plans	(375)	(3,031)
Deferred tax on remeasurements of defined benefit plans	116	1,000
	(259)	(2,031)
Total comprehensive loss for the year	(112,436)	(148,196)

The annexed notes 1 to 44 form an integral part of these financial statements.

Hanif Sattar
Chief Executive Officer

Mehtabuddin Feroz
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	34	(40,231)	32,453
Interest paid		(77,060)	(113,620)
Taxes paid		(28,524)	(54,755)
Increase in long-term deposits		-	(505)
Decrease / (increase) in long-term loans		686	(177)
Net cash used in operating activities		(145,129)	(136,604)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(15,119)	(28,644)
Proceeds from disposal of property, plant and equipment		4,533	5,865
Net cash used in investing activities		(10,586)	(22,779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance paid		(108,334)	(108,333)
Short-term loan obtained from a related party		288,109	260,425
Net cash generated from financing activities		179,775	152,092
Net increase / (decrease) in cash and cash equivalents		24,060	(7,291)
Cash and cash equivalents at the beginning of the year		(561,070)	(553,779)
Cash and cash equivalents at the end of the year	30	(537,010)	(561,070)

The annexed notes 1 to 44 form an integral part of these financial statements.

Hanif Sattar
Chief Executive Officer

Mehtabuddin Feroz
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 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 year ended June 30, 2015	-	-	(148,196)	(148,196)	(148,196)
Balance as at June 30, 2015	110,000	367,500	(335,586)	31,914	141,914
Total comprehensive loss for the year ended June 30, 2016	-	-	(112,436)	(112,436)	(112,436)
Balance as at June 30, 2016	110,000	367,500	(448,022)	(80,522)	29,478

The annexed notes 1 to 44 form an integral part of these financial statements.

Hanif Sattar
Chief Executive Officer

Mehtabuddin Feroz
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company is incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange Limited. 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.

1.2 As at June 30, 2016, the current liabilities of the Company exceeded its current assets by Rs 694.734 million (2015: Rs 505.242 million) mainly due to losses incurred in the prior years, and loans obtained by the Company from a group company / banks for financing the Balancing, Modernisation and Replacement (BMR) of its IV production line (which concluded during the year ended June 30, 2014) and for meeting its working capital requirements. During the year ended June 30, 2016, the Company has incurred a loss before taxation of Rs 153.477 million mainly due to low gross margin as a result of lack of viable pricing policy / strict control over prices of its pharmaceutical products, finance cost incurred on borrowings and exchange losses arising on foreign currency financing. The management believes that in the absence of a formal price adjustment the Company will continue to face difficulties in future.

The management of the Company has identified factors that might extenuate the financial performance of the Company in future. The management believes that there are no imminent business and cash flow risks and has prepared a formal five years business plan of the Company based on which it strongly believes that the Company will be able to meet all its current and future liabilities as these fall due. The business plan features a consistent but gradual increase in the gross profit margin of the Company post price increase on its products (as explained in note 21.1), strict control over expenses, reduction in finance cost as a result of repayment of certain loans in future years, attainment of greater sales volume through more robust sales promotion and change in product mix. The management believes that after the implementation of initiatives stated in the five years business plan the Company may have positive results in future year enabling it to set-off the losses incurred in the prior years.

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.

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.

2.3 New and amended standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following amendments to existing standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2015:

- IFRS 13, 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2015. This standard establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs including IFRS 7 'Financial Instruments: Disclosures'. The change had no significant impact on the financial statements of the Company other than the inclusion of certain additional disclosures.

There are certain other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.4 New and amended standards and interpretations that are not yet effective

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and, thus, has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The management is currently in the process of assessing the impact of this IFRS on the financial statements of the Company.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.5 Critical accounting estimates and judgments

The preparation of the financial statements 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 Company's accounting policies. The estimates, judgments and associated assumptions are based on the management's 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 periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- impairment of trade debts (notes 3.6 and 9.1);
- estimate of residual values, useful lives and depreciation rates of operating fixed assets (notes 3.1 and 4.1);
- estimate of liabilities in respect of staff retirement benefits (notes 3.10 and 32);
- provision for taxation (notes 3.13, 6, 12 and 28);
- provision for slow moving and obsolete stores and spares and stock-in-trade (notes 3.2, 3.3, 7, 8.2 and 8.3); and
- impairment of non-financial assets (note 3.4).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise disclosed or specified.

3.1 Property, plant and equipment

Operating fixed assets - owned

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the profit and loss account as and when these are incurred.

Depreciation is charged to profit and loss account using the straight line method whereby the depreciable amount of an asset is written off over its estimated useful life, in accordance with the rates specified in note 4.1 to these financial statements and after taking into account residual values, if significant. The residual values of operating fixed assets, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

Gains or losses on disposal of property, plant and equipment are taken to the profit and loss account in the year in which disposal is made.

Tangible assets - leased

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance lease are stated at the lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on assets held under finance lease, subsequent costs and gains / losses are recognised in a manner consistent with that for depreciable assets which are owned by the Company.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to the relevant category of operating fixed assets as and when the assets are available for use.

3.2 Stores and spares

These are valued at weighted average cost except for items in transit which are valued at cost comprising invoice value and other charges incurred thereon.

Provision for stores and spares is determined based on management's best estimate regarding their future usability.

3.3 Stock-in-trade

Raw and packing materials (except for those in transit) and work in process are valued at cost determined using weighted average cost method. Finished goods are valued at the lower of cost determined using weighted average cost method and the net realisable value.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

Items in transit are stated at cost comprising invoice value and other charges incurred. Cost in relation to work in process includes material cost and a portion of labour and other overheads incurred. Cost in relation to finished goods includes cost of direct materials, direct labour, an appropriate portion of production overheads and the related duties.

Provision for obsolete and slow moving inventory is determined based on management's best estimate regarding their future usability.

3.4 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such an indication exists, recoverable amounts of the assets are estimated in order to determine the extent of impairment loss. The resulting impairment loss is recognised in the profit and loss account.

3.5 Financial instruments

3.5.1 Financial assets

The management determines the appropriate classification of the financial assets of the Company in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of initial recognition of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which financial assets are acquired.

Financial assets are, currently, categorised as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's financial assets comprise of trade debts, loans and advances, deposits, bank balances and other receivables in the balance sheet.

Financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs and are, subsequently, carried at amortised cost. Financial assets are derecognised at the time the Company loses control of the contractual rights that comprise the financial assets with any gain or loss arising on derecognition being recognised in the profit and loss account.

The Company assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

3.5.2 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit and loss account.

3.5.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Trade debts and other receivables

Trade debts and other receivables are initially recognised at original invoice value which signifies their fair value and then carried at amortised cost. Provision is made against debts considered doubtful of recovery based on management's review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off as and when identified.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost / amortised cost. For the purpose of cash flow statement, cash and cash equivalents comprise bank balances which are netted-off against short-term running finance arrangements.

3.8 Trade and other payables

Short-term liabilities for trade and other amounts payable are recognised initially at fair value of the consideration to be paid in future for goods and services whether or not billed to the Company and are, subsequently, carried at amortised cost.

3.9 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

3.10 Employee benefit schemes

The Company operates:

a) an approved funded gratuity scheme covering all its permanent eligible employees. Annual contributions are made to the scheme based on actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method. Equal monthly contributions are made to the Fund by the Company and the employees in accordance with the rules of the Fund. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Balance Sheet immediately, with a charge or credit to other comprehensive income in the year in which these occur.

b) an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made to the Fund by the Company and the employees in accordance with the rules of the Fund.

Employee retirement benefits are payable to eligible employees on completion of the prescribed qualifying period of service under these schemes.

3.11 Employees' compensated absences

The Company accounts for its liability in respect of accumulated absences of employees on unavailed balance of leaves in the period in which these leaves are earned.

3.12 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred and are, subsequently, carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right or consent of the lender to defer settlement of the liability for at least 12 months after the reporting date.

3.13 Taxation

Current

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. The Company also recognises deferred tax asset on unused tax losses and unused tax credits.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available to the Company against which the temporary difference can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax asset or liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting date.

3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable and is recorded on the following basis:

- Sales are recorded on dispatch of goods to customers and in case of exports when the goods are shipped;
- Sales of stents are recorded on the basis of consumption;
- Income on scrap sales is recognised when such scrap is disposed of;
- Other income is recognised on an accrual basis and includes certain reversals, gains and other items. The particular recognition criteria of these items is disclosed in the individual policy statements associated with these items.

3.15 Borrowing costs

Borrowing costs are recognised as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Such borrowing costs, if any, are capitalised as part of the cost of the relevant assets.

3.16 Earnings / (loss) per share

The Company presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (loss) per share is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.17 Proposed dividends and transfers between reserves

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.18 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.19 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency.

3.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Company.

The Board of Directors and the Chief Executive Officer of the Company have been identified as the chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments. Currently, the Company is functioning as a single operating segment.

3.21 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.

		Note	2016	2015
4	**PROPERTY, PLANT AND EQUIPMENT**		-----Rupees in '000-----	
	Operating fixed assets	4.1	533,565	617,307
	Capital work-in-progress	4.5	8,624	13,952
			542,189	631,259

4.1 Operating fixed assets

The following is a statement of operating fixed assets:

Particulars	Leasehold land	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
	Year ended June 30, 2016						
	Rupees in '000						
As at July 1, 2015							
Cost	3,953	334,567	867,971	44,693	32,105	11,767	1,295,056
Accumulated depreciation	(1,069)	(122,457)	(488,522)	(39,191)	(16,560)	(9,950)	(677,749)
Net book value	2,884	212,110	379,449	5,502	15,545	1,817	617,307
Year ended June 30, 2016							
Opening net book value	2,884	212,110	379,449	5,502	15,545	1,817	617,307
Additions	-	5,978	10,739	1,930	1,800	-	20,447
Disposals / write-offs							
Cost	-	(39)	(23,407)	(380)	(5,467)	-	(29,293)
Accumulated depreciation	-	39	22,424	378	2,975	-	25,816
	-	-	(983)	(2)	(2,492)	-	(3,477)
Depreciation charge for the year	(40)	(26,865)	(66,414)	(2,966)	(3,876)	(551)	(100,712)
Closing net book value	2,844	191,223	322,791	4,464	10,977	1,266	533,565
As at June 30, 2016							
Cost	3,953	340,506	855,303	46,243	28,438	11,767	1,286,210
Accumulated depreciation	(1,109)	(149,283)	(532,512)	(41,779)	(17,461)	(10,501)	(752,645)
Net book value	2,844	191,223	322,791	4,464	10,977	1,266	533,565
Depreciation rate (% per annum)	1.01%	5 - 10%	10 - 50%	10 - 30%	20%	20%	

Particulars	Leasehold land	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
	Year ended June 30, 2015						
	Rupees in '000						
As at July 1, 2014							
Cost	3,953	332,220	851,955	42,684	36,454	10,814	1,278,080
Accumulated depreciation	(1,029)	(95,584)	(413,628)	(36,197)	(17,685)	(9,473)	(573,596)
Net book value	2,924	236,636	438,327	6,487	18,769	1,341	704,484
Year ended June 30, 2015							
Opening net book value	2,924	236,636	438,327	6,487	18,769	1,341	704,484
Additions	-	2,347	16,016	2,479	4,167	953	25,962
Disposals / write-offs							
Cost	-	-	-	(470)	(8,516)	-	(8,986)
Accumulated depreciation	-	-	-	428	5,761	-	6,189
	-	-	-	(42)	(2,755)	-	(2,797)
Depreciation charge for the year	(40)	(26,873)	(74,894)	(3,422)	(4,636)	(477)	(110,342)
Closing net book value	2,884	212,110	379,449	5,502	15,545	1,817	617,307
As at June 30, 2015							
Cost	3,953	334,567	867,971	44,693	32,105	11,767	1,295,056
Accumulated depreciation	(1,069)	(122,457)	(488,522)	(39,191)	(16,560)	(9,950)	(677,749)
Net book value	2,884	212,110	379,449	5,502	15,545	1,817	617,307
Depreciation rate (% per annum)	1.01%	5 - 10%	10 - 50%	10 - 30%	20%	20%	

		Note	2016	2015
4.2	The depreciation charge for the year has been allocated as follows:		-----Rupees in '000-----	
	Cost of sales	22	96,700	105,886
	Selling and distribution expenses	23	2,254	2,057
	Administrative and general expenses	24	1,758	2,399
			100,712	110,342

4.3 Cumulative borrowing costs capitalised in prior years as a part of the cost of building on leasehold land and plant and machinery amounted in aggregate to Rs 13.281 million and Rs 12.109 million respectively.

4.4 Disposals of operating fixed assets

The following assets were disposed of during the year:

Description	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of buyers
	---------------- Rupees in '000 ---------------					
Vehicles						
Honda City	1,356	1,085	271	1,030	Negotiation	Mr.Shoaib Khan - Third party
Suzuki Swift	1,358	217	1,141	1,101	Negotiation	Mr. Iqbal - ex-employee
Honda Civic	2,184	1,340	844	1,092	Negotiation	Mr. Abid Hussain - ex-CEO
Plant and machinery						
Glass lined Impeller	2,068	1,086	982	88	Negotiation	Zubair Enterprises
Items with net book value not exceeding Rs 50,000 each	22,327	22,088	239	1,222		
Total - 2016	29,293	25,816	3,477	4,533		
Total - 2015	8,986	6,189	2,797	5,865		

		2016	2015
4.5	**Capital work-in-progress**	-----Rupees in '000-----	
	Stores and spares held for capital expenditure	8,624	9,137
	Others	-	4,815
		8,624	13,952

4.6 Certain operating fixed assets of the Company are kept secured with banks under pari-passu hypothecation, equitable mortgage charge, ranking charge, etc. for obtaining financing. The full details of the assets kept under security are given in notes 15.1 and 18.1 to these financial statements.

		Note	2016	2015
5	**LONG-TERM LOANS - CONSIDERED GOOD**		-----Rupees in '000-----	
	Loans to:			
	- executives	5.1 & 5.2	844	914
	- employees	5.1	8,803	9,498
			9,647	10,412
	Less: receivable within one year			
	- executives	10	372	312
	- employees	10	4,661	4,800
			5,033	5,112
			4,614	5,300

5.1 These are interest-free loans given to the executives and employees as per the terms of the employment for the purchase of cars, motor cycles and other general purposes. The loans are repayable in 10 to 60 equal monthly instalments depending upon the type of loan. These are recovered through monthly deductions from salaries and are secured against the provident fund balances of the employees. As at June 30, 2016, none of these loans were past due or impaired.

	2016	2015
	-----Rupees in '000-----	
5.2 Reconciliation of carrying amount of loans to executives is as follows:		
Opening balance	914	220
Additions during the year	393	988
Repayments during the year	(463)	(294)
Closing balance	844	914

The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 1.206 million (2015: Rs 1.003 million).

	Note	2016	2015
		-----Rupees in '000-----	
6 DEFERRED TAX ASSET - NET			
Deferred tax debits arising on:			
Employees' short-term compensated absences		5,447	5,028
Impairment of trade debts		3,789	1,664
Unused tax losses	6.1	201,740	156,859
Other provisions		9,582	14,522
		220,558	178,073
Deferred tax credit arising on:			
Accelerated tax depreciation allowance		(44,437)	(60,431)
		176,121	117,642

6.1 The Company has an aggregate amount of Rs 650.773 million (2015: Rs 519.482 million) in respect of tax losses as at June 30, 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 201.740 million (2015: Rs 156.859 million) including deferred tax assets on unabsorbed tax depreciation of Rs 95.750 million (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, (note 21.1) cost to income ratio, exchange and inflation rates, cost of material, supply arrangements, product mix, plant operations and its related maximum capacity utilisation and KIBOR, 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 realisibility 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 will be fully realised in future years.

	2016	2015
	-----Rupees in '000-----	
7 STORES AND SPARES		
Stores	17,880	17,949
Spares - in hand	32,412	34,993
Spares - in transit	1,968	372
	34,380	35,365
	52,260	53,314

		Notes	2016	2015
8	**STOCK-IN-TRADE**		-----Rupees in '000-----	
	Raw and packing materials - in hand		127,510	87,580
	Raw and packing materials - in transit		46,399	77,373
		22	173,909	164,953
	Work-in-progress	22	11,554	4,600
	Finished goods - in hand	8.1	271,545	350,118
	Finished goods - in transit		280	9,758
		22	271,825	359,876
			457,288	529,429
	Less: provision for slow moving and obsolete stock-in-trade	8.2	(5,592)	(19,975)
	Less: provision for stents held with hospitals	8.3	(22,659)	(21,774)
			(28,251)	(41,749)
			429,037	487,680

8.1 These include items costing Rs 8.089 million (2015: Rs 87.717 million) that have been valued at their net realisable value amounting to Rs 5.961 million (2015: Rs 69.020 million).

8.2 Reconciliation of provision for slow moving and obsolete stock-in-trade is as follows:

	Note	2016	2015
		-----Rupees in '000-----	
Opening balance		19,975	26,691
Charge for the year	26	3,599	2,141
Reversal during the year	25	(17,982)	(7,821)
		(14,383)	(5,680)
Amounts written off		-	(1,036)
Closing balance		5,592	19,975

8.3 These denote stents held by various institutions for sale against which the Company has recorded a full provision. Reconciliation of provision is as follows:

	Note	2016	2015
		-----Rupees in '000-----	
Opening balance		21,774	12,669
Charge for the year - net	26	885	9,105
Closing balance		22,659	21,774

		Note	2016	2015
9	**TRADE DEBTS - UNSECURED - NET**			
	Considered good			
	Due from Hospital Supply Corporation - related party		107,567	62,362
	Others		57,487	32,177
			165,054	94,539
	Considered doubtful			
	Others (past due and impaired)		12,224	5,042
			177,278	99,581
	Less: impairment of trade debts	9.1	12,224	5,042
			165,054	94,539
9.1	**Reconciliation of impairment of trade debts**			
	Opening balance		5,042	4,485
	Charge for the year	26	9,802	3,908
	Reversals during the year	25	(2,620)	(3,351)
			7,182	557
	Closing balance		12,224	5,042

9.2 As at June 30, 2016 trade debts of Rs 39.460 million (2015: Rs 5.248 million) were past due but not impaired out of which Rs 27.875 million (2015: Rs 0.19 million) denote amounts which are overdue from related party for less than 30 days for which the Company expects future recovery. The remaining balances relate to a number of independent customers for whom there is no recent history of default. The age analyses of these trade debts are as follows:

	Note	2016	2015
		-----Rupees in '000-----	
From 1 day to 30 days		35,133	3,625
From 31 days to 60 days		4,049	858
From 61 days to 90 days		278	765
		39,460	5,248

10 LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2016	2015
Loans due from:			
- executives	5	372	312
- employees	5	4,661	4,800
		5,033	5,112
Advances to:			
- employees	10.1	1,869	868
- suppliers	10.2	19,690	7,552
		21,559	8,420
		26,592	13,532

10.1 These are non-interest bearing advances given to employees to meet business expenses and are settled as and when expenses are incurred.

10.2 These are provided for routine business activities and are non-interest bearing.

11 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	2016	2015
		-----Rupees in '000-----	
Trade deposits	11.1	9,444	8,333
Short-term prepayments		8,379	4,669
Receivable from staff retirement benefit fund	32.1.2	1,390	-
Sales tax recievable		3,259	66
Other receivables		306	306
		22,778	13,374

11.1 These denote deposits placed with various counter parties and are non-interest bearing

12 TAXATION

	Note	2016	2015
		-----Rupees in '000-----	
Taxation	12.1	151,939	140,478

12.1 The income tax assessments of the Company have been finalised by the Income Tax Department / deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto tax year 2015. Contingencies in respect of taxation are detailed in notes 20.2, 20.3 and 20.4 to these financial statements.

13 BANK BALANCES

	Note	2016	2015
		-----Rupees in '000-----	
Balances with banks in current accounts	30	10,785	4,253

13.1 These denote balances in accounts maintained with conventional banks and are non-interest bearing.

14 SHARE CAPITAL

Authorised share capital

2016	2015		2016	2015
Number of shares			----- Rupees in '000 -----	
20,000,000	20,000,000	Ordinary shares of Rs 10 each	200,000	200,000

Issued, subscribed and paid-up capital

2016	2015		2016	2015
Number of shares				
10,000,000	10,000,000	Ordinary shares of Rs 10 each fully paid in cash	100,000	100,000
1,000,000	1,000,000	Ordinary shares of Rs 10 issued as fully paid bonus shares	10,000	10,000
11,000,000	11,000,000		110,000	110,000

14.1 The movement of issued, subscribed and paid-up capital was as follows:

2016	2015		2016	2015
Number of shares			----- Rupees in '000 -----	
11,000,000	11,000,000	Opening balance	110,000	110,000
-	-	Shares issued during the year	-	-
11,000,000	11,000,000	Closing balance	110,000	110,000

14.2 The following shares were held by the Holding Company, associated companies and other related parties of the Company as at June 30:

Name of the Company	2016 Shares held	2016 Percentage	2015 Shares held	2015 Percentage
Otsuka Pharmaceutical Company Limited, Japan	4,950,000	45.00%	4,950,000	45.00%
P. T. Otsuka Indonesia, Indonesia	1,100,000	10.00%	1,100,000	10.00%
Otsuka Pharmaceutical Factory, Inc.	1,452,000	13.20%	1,089,000	9.90%
Directors and their spouses and minor children	748,520	6.80%	742,200	6.75%
Executives	110	0.00%	110	0.00%

15 LONG-TERM FINANCE - SECURED

	Note	2016	2015
		-----Rupees in '000-----	
From banking company - in local currency			
Long-term finance utilised under mark-up arrangements	15.1	108,333	216,667
Less: Current maturity		(108,333)	(108,334)
		-	108,333

15.1 This denotes long-term finance facility which was availed from Bank of Tokyo-Mitsubishi UFJ, Limited (Pakistan branch) to finance the balancing, modernisation and replacement (BMR) project undertaken by the Company during the year ended June 30, 2013. The facility was drawn down by the Company on January 30, 2013 and is due to mature on 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. Susequent to the year end, in July 2016, the company has also paid the amount of Rs. 54,176 million in July 2016. Mark-up is charged at the rate of 6 months KIBOR + 1.75% (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, etc.

		Note	2016	2015
16	**SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED**		-----Rupees in '000-----	
	In foreign currency			
	Loan from Otsuka Pharmaceutical Factory, Inc.	16.1	621,629	333,520

16.1 This represents a foreign currency denominated loan obtained in two tranches of JPY 75 million each drawn down on June 16, 2014 and December 22, 2014, three tranches of JPY 125 million each drawn down on February 26, 2015, April 27, 2015 and July 27, 2015 and one tranche of JPY 84.50 million drawn on December 16, 2015. Each facility is to be repaid within one year of the initial drawn down date. Mark-up is charged at LIBOR + 0.40% (2015: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.

The first tranche of JPY 75 million falling due on June 15, 2015 has been rolled forward twice for a further period of one year from the date it had fallen due. The second tranche of JPY 75 million falling due on December 21, 2015 and the third and fourth tranches of JPY 125 million each falling due on February 26, 2016 and April 26, 2016 respectively have also been rolled forward for another year.

		Note	2016	2015
17	**TRADE AND OTHER PAYABLES**		-----Rupees in '000-----	
	Creditors		44,319	48,033
	Bills payable		90,686	116,854
	Accrued liabilities		88,517	79,899
	Payable to staff retirement benefit fund	32.1.2	-	2,180
	Provision for employees short-term compensated absences		17,571	15,237
	Sales tax payable		1,512	1,874
	Retention money		1,515	1,515
	Security deposits		1,682	1,582
	Workers' Welfare Fund		726	679
	Advances from customers		5,558	1,286
	Unclaimed dividend		1,187	1,187
	Other liabilities		7,190	7,873
			260,463	278,199

17.1 These include amounts payable to the related parties as at the end of the year aggregating to Rs 42.713 million (2015: Rs 64.445 million).

17.2 Other liabilities include an amount of Rs 2.804 million (2015: Rs 2.080 million) payable to Employees' Provident Fund.

		Note	2016	2015
18	**SHORT-TERM RUNNING FINANCE - SECURED**		-----Rupees in '000-----	
	From banking companies			
	Short-term running finance facilities utilised under mark-up arrangements - secured	18.1 & 30	547,795	565,323

18.1 Particulars of short-term running finance - secured

Bank	Limit in Rs '000'	Mark up rate	Current security	Frequency of mark-up payment	Facility expiry date	2016	2015
						-----Rupees in '000-----	
The Bank of Tokyo Mitsubishi UFJ, Limited	525,000	3 months KIBOR + 1.00% p.a.	(a) Third supplemental joint pari passu letter of hypothecation for: - current assets for Rs 500 million; - fixed assets (plant and machinery) for Rs 254 million; and (b) Second supplemental joint memorandum confirming constructive deposit of title deeds over land and building for Rs 124 million. (c) Fourth charge over plant and machinery (all present and future fixed assets) for Rs 250 million.	Quarterly	September 30, 2016	373,266	354,529
Bank Alfalah Limited	155,000	3 months KIBOR + 1.25% p.a.	(a) Third supplemental joint pari passu letter of hypothecation for : - current assets for Rs 147 million; - fixed assets (plant and machinery) for Rs 121 million; and (b) Second supplemental joint memorandum confirming constructive deposit of title deeds over land and building for Rs 51 million.	Quarterly	January 31, 2017	114,109	111,927
The Bank of Punjab	100,000	3 months KIBOR + 1.25% p.a.	Third supplemental joint pari passu letter of hypothecation for Rs 133.334 million over current assets and a ranking charge over fixed assets for Rs 133 million.	Quarterly	December 31, 2015	60,420	98,867
	780,000					547,795	565,323

18.2 Import letters of credit (sight / usance / acceptance) and letters of guarantee

18.2.1 The facilities relating to import letter of credit (sight / usance / acceptance) available from conventional banks as at June 30, 2016 amounted in aggregate to Rs 190 million (2015: Rs 208.728 million) the company has an option to utilize a part of the total facility Rs 35 million (2015: Rs10 million) is interchangeable for issuance of letter of guarantee only. The amount remaining unutilised at the year end was Rs 145.468 million (2015: Rs 158.104 million).

18.2.2 In addition, a facility for guarantee available from banks as at June 30, 2016 amounted to Rs 80 million (2015: Rs 31.272 million) of which the Company has an option to utilise Rs 35 million (2015: Rs 10 million) for the issuance of letters of credit and Rs 30 million (2015: Rs 10 million) for obtaining current finance. The amount remaining unutilised at the year end was Rs 26.750 million (2015: Rs 0.169 million).

19 MARK-UP ACCRUED	**2016**	**2015**
	-----Rupees in '000-----	
Mark-up accrued on:		
- Short-term running finance - secured	10,548	14,881
- Long-term finance - secured	4,388	12,138
- Short-term loan from a related party - unsecured	23	17
	14,959	27,036

20 CONTINGENCIES AND COMMITMENTS

20.1 Commitments in respect of:

	2016	2015
Capital expenditure contracted for but not incurred	433	620
Letters of credit	9,532	50,624
Letters of guarantee	53,250	31,103

20.2 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 submitted the necessary explanations, after which another show cause notice u/s 122(9) was served on the Company on March 24, 2016 which required the Company to furnish further details/explanation. The Company has submitted the necessary explanations for which response is awaited.

20.3 On March 05, 2015, a notice of demand was served on the Company by the Additional Commissioner Inland Revenue (ACIR) for an amount of Rs 164.778 million (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 and disallowed finance cost 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 June 30, 2016, no provision has been made in respect of Rs 164.778 million in these financial statements as the management expects a favourable outcome in respect of the above matter.

20.4 On 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 (2015: Rs 5.721 million) including additional tax amounting to Rs 0.457 million (2015: Rs 0.457 million) under sections 161, 162 and 205 of the Income Tax Ordinance, 2001. Out of the total demand, Company had already paid an amount of Rs 1.50 million (2015: Rs 1.50 million). The Company had filed an appeal against the order of the DCIT which is pending adjudication. As at June 30, 2016, no provision has been made in these financial statements in respect of the amount of Rs 5.721 million (2015: Rs 5.721 million) as the management is confident that the matter will be decided in favour of the Company.

		Note	2016	2015
			-----Rupees in '000-----	
20.5	Claim not acknowledged as debt	20.5.1	43,963	14,531

20.5.1 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 and subject to levy of sales tax. The management contended that those materials were used for manufacturing of 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. During the year ended June 30, 2015 and 2016 the Company has imported materials of polyethylene (for IV solutions) which have been released by the Collector of Customs after submissions of bank guarantees.

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 financial statements of the Company during the year ended June 30, 2016 against claims amounting to Rs. 43.963 million (2015: Rs. 14.531 million).

		Note	2016	2015
21	**NET SALES**		-----Rupees in '000-----	
	Sales (net of returns of Rs 13.594 million; 2015: Rs 6.360 million)	21.1	1,733,867	1,617,848
	Less: sales tax		(18,189)	(16,715)
			1,715,678	1,601,133
	Less: discounts		(164,969)	(148,937)
			1,550,709	1,452,196

21.1 During the year ended June 30, 2015, the Drug Regulatory Authority of Pakistan (DRAP) issued the Drug Pricing Policy 2015 (the Policy) vide a notification dated March 5, 2015. The policy called for a transparent mechanism to be devised by the Policy Board to review the Maximum Retail Prices (MRPs) of drugs which had become non-viable in the market. Under clause 10(4) of the Policy, hardship cases of scheduled molecules submitted on specified form and complete in all respect were required to be processed on priority and decided on a first come first served basis but not later than 9 months from the date of notification of the Policy. Earlier, the management of the Company had submitted hardship cases for its IV products for price increase and a committee (the Committee) was formed to evaluate the contention of the Company and to recommend price increase for the products.

Since the Committee did not give any decision on the price increase within the stipulated nine months, the management was left with no choice but to increase the prices of the IV products of the Company. During the year ended June 30, 2016, the Company has increased the prices of its thirteen products. In order to avoid any adverse action from DRAP, the Company has filed a Civil Suit in respect of the subject matter before the High Court of Sindh (SHC) against DRAP and the Federation of Pakistan. The SHC has issued a notice to the DRAP and the Federation of Pakistan that no coercive action may be taken against the Company. Presently, the SHC while hearing petition related to "hardship" cases filed by the Company has ordered to continue the interim injunction granted to the Company asserting that no coercive action be taken against it. The Court further said in its hearing that the DRAP would be at liberty to decide the pending hardship cases filed by the Company. On the other hand, the DRAP in the hearings informed the Court that the Company is required to furnish additional documentation in order to decide on the hardship cases. The documents in the prescribed forms have been submitted by the Company to the DRAP. The Court in its hearings has ordered the DRAP to process and decide the hardship cases and to place a compliance report / decision before the Court for its review once the requisite documents have been furnished by the Company. The hearing of the case is pending before the Court with the last hearing held in May 2016 in which the DRAP has submitted its report.

The management of the Company believes that there are strong grounds to support the Company's stance on the price increase matter and hardship cases will eventually be decided in favour of the Company.

22	COST OF SALES	Note	2016	2015
			-----Rupees in '000-----	
	Raw and packing material consumed:			
	Opening stock		164,953	261,070
	Purchases		448,635	506,248
	Closing stock	8	(173,909)	(164,953)
			439,679	602,365
	Stores and spares consumed		44,077	44,730
	Salaries, wages and benefits	22.1	242,481	256,992
	Rent, rates and taxes		5,230	4,548
	Insurance		3,359	3,959
	Fuel and power		144,429	183,010
	Repairs and maintenance		4,328	5,415
	Travelling and vehicle running expenses		22,670	27,960
	Communication and stationery		346	338
	Depreciation	4.2	96,700	105,886
	General expenses		4,647	5,152
			568,267	637,990
			1,007,946	1,240,355
	Opening stock of work-in-process		4,600	5,385
	Closing stock of work-in-process	8	(11,554)	(4,600)
	Cost of goods manufactured		1,000,992	1,241,140
	Opening stock of finished goods		359,876	249,195
	Finished goods purchased during the year		199,141	164,017
	Cost of samples shown under selling and distribution expenses		(6,110)	(3,390)
	Closing stock of finished goods	8	(271,825)	(359,876)
			(277,935)	(363,266)
			1,282,074	1,291,086

22.1 Salaries, wages and benefits include Rs 8.619 million (2015: Rs 7.863 million) in respect of staff retirement benefits.

23	SELLING AND DISTRIBUTION EXPENSES	Note	2016	2015
			-----Rupees in '000-----	
	Salaries, wages and benefits	23.1	74,433	70,320
	Rent, rates and taxes		539	469
	Insurance		3,321	3,938
	Repairs and maintenance		307	375
	Travelling and vehicle running expenses		3,058	2,338
	Communication and stationery		1,373	1,471
	Advertising samples and promotional expenses		60,588	62,838
	Outward freight and handling		37,025	40,300
	Depreciation	4.2	2,254	2,057
			182,898	184,106

23.1 Salaries, wages and benefits include Rs 4.656 million (2015: Rs 4.492 million) in respect of staff retirement benefits.

		Note	2016	2015
24	**ADMINISTRATIVE AND GENERAL EXPENSES**		-----Rupees in '000-----	
	Salaries, wages and benefits	24.1	50,997	47,665
	Rent, rates and taxes		3,769	3,541
	Insurance		782	956
	Fuel and power		1,946	1,940
	Repair and maintenance		332	226
	Travelling and vehicle running expenses		3,419	4,218
	Communication and stationery		983	1,418
	Subscription		1,236	982
	Legal and professional charges		4,599	2,682
	Depreciation	4.2	1,758	2,399
	General expenses		4,288	4,140
			74,109	70,167

24.1 Salaries, wages and benefits include Rs 2.483 million (2015: Rs 2.299 million) in respect of staff retirement benefits.

		Note	2016	2015
25	**OTHER INCOME**		-----Rupees in '000-----	
	Income from financial assets and financial liabilities			
	Reversal of impairment on trade debts	9.1	2,620	3,351
	Liabilities no longer required written back		4,429	4,309
	Late payment charges from Hospital Supply Corporation - related party		903	450
	Exchange gain		-	16,647
			7,952	24,757
	Income from assets other than financial assets			
	Gain on disposal of fixed assets - net		1,056	3,068
	Scrap sales		14,022	15,705
	Reversal of provision for slow moving and obsolete stock-in-trade		17,982	7,821
	Others	25.1	153	606
			33,213	27,200
			41,165	51,957

25.1 These amount include reversals of forfeited deposits and other miscellaneous incomes and are non-interest bearing.

		Note	2016	2015
26	**OTHER EXPENSES**		-----Rupees in '000-----	
	Exchange loss	26.1	119,229	-
	Auditors' remuneration	26.2	2,031	1,975
	Donations	26.3	105	100
	Workers' Welfare Fund		47	-
	Impairment of trade debts	9.1	9,802	3,908
	Provision for slow moving and obsolete stock-in-trade		3,599	2,141
	Provision for stents held with hospitals	8.3	885	9,105
	Bank charges and commission		968	791
	Loss due to unusable stocks "contract manufacturing"		-	3,339
	Others		4,621	13,603
			141,287	34,962

26.1 This includes exchange loss amounting to Rs 113.039 million pertaining to mark-to market losses on foreign currency denominated liabilities.

			2016	2015
			-----Rupees in '000-----	
26.2	**Auditors' remuneration**			
	Statutory audit fee		750	660
	Fee for the review of condensed interim financial information		200	140
	Fee for tax advisory services		722	970
	Fee for special certifications		75	40
	Out-of-pocket expenses		284	165
			2,031	1,975

26.3 Recipients of donations do not include any one in whom Chief Executive Officer, directors or their spouse had any interest.

		Note	2016	2015
			-----Rupees in '000-----	
27	**FINANCE COST**			
	Mark-up on finances from banks and other related parties			
	- Short-term loan from a related party		3,536	1,056
	- Long-term finance		11,743	28,532
	- Short-term running finance		49,704	73,875
			64,983	103,463
28	**TAXATION - NET**			
	Current			
	- for the year		20,701	11,028
	- for prior years		(3,638)	(8,208)
			17,063	2,820
	Deferred		(58,363)	(36,594)
		28.1	(41,300)	(33,774)

28.1 The numerical reconciliations between income tax expense and accounting profit for 2015 and 2016 have not been presented as the current tax charge pertains to minimum tax at the rate of 1% of the turnover of the Company (computed under section 113 of the Income Tax Ordinance, 2001).

		Note	2016	2015
			-----Rupees in '000-----	
29	**LOSS PER SHARE**			
29.1	**Basic**			
	Loss for the year after taxation		(112,177)	(146,165)
			-----Numbers of shares-----	
	Weighted average number of ordinary shares outstanding during the year	14.1	11,000,000	11,000,000
			----------Rupees----------	
	Loss per share - basic		(10.20)	(13.29)

29.2 **Diluted**

The impact of dilution on loss per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2016 and 2015 which would have any effect on the loss per share if the option to convert was exercised.

30 CASH AND CASH EQUIVALENTS

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

	Note	2016	2015
		-----Rupees in '000-----	
- Bank balances	13	10,785	4,253
- Short-term running finance utilised under mark-up arrangements	18	(547,795)	(565,323)
		(537,010)	(561,070)

31 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits, to the Chief Executive, Directors and Executives of the Company is as follows:

Particulars	Chief Executive Officer 2016	Chief Executive Officer 2015	Directors 2016	Directors 2015	Executives 2016	Executives 2015
	Rupees in '000					
Managerial remuneration	5,700	6,897	-	-	38,915	36,211
Bonus	-	1,500	-	-	3,816	7,643*
House rent	4,560	1,520	-	-	17,507	15,530
Utilities	1,140	380	-	-	3,890	3,451
Medical expenses	-	196	-	-	4,529	4,018
Leave fare assistance / encashment	578	1,237	-	-	4,722	4,749
Meeting fee	-	-	150	180	-	-
Technical Advisory fee	-	-	2,400	2,400	2,400	800
Retirement benefits	902	301	-	-	5,980	5,240
Others	-	530	-	-	766	514
	12,880	12,561	2,550	2,580	82,570	78,156
Number of person(s)	1	2	4	4	35	33

31.1 The Chief Executive Officer, directors and certain executives are provided free use of the Company's maintained cars and are entitled to certain reimbursable business expenses as per the terms of employment.

32 EMPLOYEE BENEFIT SCHEMES

32.1 Defined benefit plan - staff retirement gratuity scheme

As mentioned in note 3.10(a), the Company operates an approved funded gratuity scheme for all its management and non-management staff. The latest actuarial valuation of the fund was last carried out at June 30, 2016. The Projected Unit Credit Method with the following significant assumptions was used for the valuation of the scheme:

32.1.1 Principal actuarial assumptions

	2016	2015
a) Discount rate	7.75%	9.00%
b) Expected rate of return on plan assets	9.00%	9.00%
c) Expected rate of increase in salary - long-term	7.75%	9.00%
d) Expected rate of increase in salary - short-term	9.00%	9.00%

32.1.2 Amount recognised in the balance sheet

	Note	2016	2015
		---------Rupees in '000---------	
Present value of defined benefit obligation		88,947	79,303
Less: fair value of plan assets		(90,337)	(77,123)
	11 & 17	(1,390)	2,180

The movement in net defined benefit liability during the year is as follows:

	---------------- 2016 ----------------		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	----------- Rupees in '000 -----------		
As at July 1, 2015	79,303	(77,123)	2,180
Current service cost	6,592	-	6,592
Interest expense / (income)	6,886	(7,152)	(266)
Remeasurements:			
- return on plan assets excluding amounts included in interest expense / (income)	-	-	-
- gains from the changes in demographic assumptions	-	-	-
- gains from the changes in financial assumptions	507	-	507
- experience adjustments	1,242	(1,374)	(132)
	1,749	(1,374)	375
Contributions	-	(10,271)	(10,271)
Benefits paid	(5,583)	5,583	-
As at June 30, 2016	88,947	(90,337)	(1,390)

	---------------- 2015 ----------------		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	----------- Rupees in '000 -----------		
As at July 1, 2014	75,190	(69,647)	5,543
Current service cost	6,276	-	6,276
Interest expense / (income)	8,896	(8,993)	(97)
Remeasurements:			
- return on plan assets excluding amounts included in interest expense / (income)	-	-	-
- gains from the changes in demographic assumptions	-	-	-
- gains from the changes in financial assumptions	5,726	(9)	5,717
- experience adjustments	(3,263)	577	(2,686)
	2,463	568	3,031
Contributions	-	(12,573)	(12,573)
Benefits paid	(13,522)	13,522	-
As at June 30, 2015	79,303	(77,123)	2,180

	2016	2015
	-----Rupees in '000-----	

32.1.3 Amount recognised in the profit and loss account

	2016	2015
Current service cost	6,592	6,276
Interest cost	6,886	8,896
Expected return on plan assets	(7,152)	(8,993)
Expense for the year	6,326	6,179

32.1.4 Composition of plan assets

	--- As at June 30, 2016 ---		--- As at June 30, 2015 ---	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Defence Saving Certificates	70,053	77.50%	62,362	80.86%
Pakistan Investment Bonds	20,123	22.30%	11,557	14.99%
Treasury Bills	-	0.00%	2,478	3.21%
Cash and cash equivalents	161	0.20%	726	0.94%
	90,337	100.00%	77,123	100.00%

32.1.5 Historical information

	2016	2015	2014	2013	2012
	Rupees in '000				
Present value of defined benefit obligation	88,947	79,303	75,190	70,539	61,859
Fair value of plan assets	(90,337)	(77,123)	(69,647)	(61,875)	(49,295)
Net defined benefit liability	(1,390)	2,180	5,543	8,664	12,564
Remeasurement (loss) / gain on defined benefit obligation	(1,749)	(2,463)	3,475	63	707
Remeasurement (loss) / gain on plan assets	1,374	(568)	(569)	2,712	3,425
	(375)	(3,031)	2,906	2,775	4,132

32.1.6 Actual return on plan assets during the year amounted to Rs 8.526 million (2015: Rs 8.425 million).

32.1.7 Based on the actuarial advice the Company intends to charge an amount of approximately Rs 6.737 million (2015: Rs 6.203 million) in respect of gratuity fund in the financial statements for the year ending June 30, 2017.

32.1.8 The gratuity scheme exposes the Company to the following risks:

a) Mortality risk

This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit. However, during actuarial valuation it is being ensured that the mortality risk is minimised by keeping the contribution at a higher side.

b) Investment risk

This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees' of the fund have a practice to invest the amounts in government securities that are secured.

c) Salary increase risk

This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Company uses past pattern which provides basis to form a reliable estimate.

d) Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

e) Withdrawal risks

This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Company ensures the availability of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

32.1.9 The sensitivities of the defined benefit obligation to changes in the principal actuarial assumptions are as under:

Particulars	As at June 30, 2016: Change in assumption	As at June 30, 2016: Increase / (decrease) in present value of defined benefit obligation (%)	As at June 30, 2016: Increase / (decrease) in present value of defined benefit obligation Rupees in '000	As at June 30, 2015: Change in assumption	As at June 30, 2015: Increase / (decrease) in present value of defined benefit obligation (%)	As at June 30, 2015: Increase / (decrease) in present value of defined benefit obligation Rupees in '000
Discount rate	+1%	(7.50%)	(6,671)	+1%	(6.84%)	(5,426)
	-1%	8.54%	7,599	-1%	7.33%	6,133
Salary increase rate	+1%	8.45%	7,519	+1%	7.66%	6,074
	-1%	(7.56%)	(6,725)	-1%	(6.90%)	(5,473)
Withdrawal rate	+10%	(0.01%)	8	+10%	(0.00%)	(2)
	-10%	0.00%	(6)	-10%	(0.00%)	1

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability against gratuity recognised in the balance sheet.

The weighted average duration of the defined benefit obligation is approximately 8 years.

32.1.10 Expected maturity analysis of undiscounted obligation for the gratuity scheme is as follows:

As at June 30, 2016

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10	Year 11 and above
	Rupees in '000						
Otsuka Pakistan Limited Gratuity Fund	3,310	9,548	9,779	10,491	6,239	40,826	110,611

As at June 30, 2015

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10	Year 11 and above
	Rupees in '000						
Otsuka Pakistan Limited Gratuity Fund	4,988	8,691	10,441	9,072	6,374	39,138	103,078

32.1.11 The information provided in notes 32.1.1 to 32.1.10 has been obtained from the details provided by the actuary of the Company.

32.2 Defined contribution plan - staff provident fund

An amount of Rs 9.432 million (2015: Rs 8.475 million) has been charged during the year in respect of the contributory Provident Fund scheme operated by the Company. The key particulars of the funds are as follows:

	Note	2016	2015
		------ Rupees in '000 ------	
Size of the provident fund - total assets *		148,099	140,377
Fair value / amortised cost of investments *	32.2.1	127,731	120,260
		-------- Percentage --------	
Percentage of investments made *		86.25%	85.67%

32.2.1 The cost of above investments amounted to Rs 64.017 million (2015: Rs 68.759 million).

The investments of the provident fund have been made in accordance with the provisions contained in Section 227 of the Companies Ordinance, 1984 and the rules formulated thereunder. Details of such investments are as follows:

	2016	2015	2016		2015	
			Quoted	Non-quoted	Quoted	Non-quoted
	------ Percentage ------		--------------- Rupees in '000 ---------------			
Investments in government securities						
- Defence Saving Certificates	85.16%	78.99%	-	54,500	-	54,500
- Pakistan Investment Bonds	14.84%	21.01%	9,500	-	14,500	-
	100.00%	100.00%	9,500	54,500	14,500	54,500

* The aforementioned information is based on the un-audited financial statements of the Fund for the year ended June 30, 2016 and June 30, 2015.

33 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, PT Otsuka Indonesia, Otsuka Pharmaceutical Company, Vietnam, Shanghai Microport Medical (Group) Company Limited, Otsuka Welfare Clinic, etc.), entities under common directorship [namely Hospital Supply Corporation and Efroze Chemicals Industries (Private) Limited], staff retirement funds and the key management personnel. Details of the transactions with the related parties and the balances with them as at year end are as follows:

Particulars	Parent company	Other associated undertakings	Key management personnel	Other related parties	Total
	June 30, 2016				
	Rupees in '000				
Transactions during the year					
Net sales (net of discounts allowed Rs 115.521 million)	-	719,282	-	-	719,282
Inventory purchased	28,576	142,563	-	6,865	178,004
Sales to key management personnel	-	-	42	-	42
Consultancy charges	-	-	4,800	-	4,800
Remuneration of the key management personnel	-	-	98,000	-	98,000
Short-term loan obtained from a related party	-	175,376	-	-	175,376
Mark-up expense on short-term loan from a related party	-	3,536	-	-	3,536
Late payment charges received from HSC	-	-	-	903	903
Donation to Otsuka Welfare Clinic	-	-	-	105	105
Charge relating to staff provident fund	-	-	-	9,432	9,432
Charge relating to staff gratuity fund	-	-	-	6,326	6,326
Remeasurements of defined benefit plans	-	-	-	375	375
Balances outstanding as at the end of the year					
Receivable from Hospital Supply Corporation against sale of goods	-	107,567	-	-	107,567
Payable to Shanghai Microport EPMed Tech Co., Limited		1,140			1,140
Payable to Shanghai Microport Medical (Group) Company Limited		30,196	-		30,196
Payable to Otsuka Pharmaceutical Factory, Inc.	-	1,431	-	-	1,431
Payable to Thai Otsuka Pharmaceutical Company Limited, Thailand	-	9,946	-	-	9,946
Payable to Idrees Plastics	-	1,350	-	-	1,350
Loan from Otsuka Pharmaceutical Factory, Inc.	-	621,629	-	-	621,629
Advance from key management personnel	-	-	1,011	-	1,011
Mark-up payable on short-term loan from a related party	-	23	-	-	23
Payable to Employees' Provident Fund	-	-	-	2,804	2,804
Receivable from Employees' Gratuity Fund	-	-	-	1,390	1,390
Receivable from Shanghai Microport Medical (Group) Company Limited	-	306	-	-	306

Particulars	Parent company	Other associated undertakings	Key management personnel	Other related parties	Total
	June 30, 2015				
	Rupees in '000				
Transactions during the year					
Net sales (net of discounts allowed Rs 103.812 million)	-	661,828	-	-	661,828
Inventory purchased	11,415	143,416	-	5,047	159,878
Sales to key management personnel	-	-	108	-	108
Consultancy charges	-	-	3,200	-	3,200
Remuneration of the key management personnel	-	-	93,297	-	93,297
Short-term loan obtained from a related party	-	275,238	-	-	275,238
Mark-up expense on short-term loan from a related party	-	1,056	-	-	1,056
Late payment charges received from HSC	-	-	-	450	450
Donation to Otsuka Welfare Clinic	-	-	-	100	100
Charge relating to staff provident fund	-	-	-	8,475	8,475
Charge relating to staff gratuity fund	-	-	-	6,179	6,179
Remeasurements of defined benefit plans	-	-	-	3,031	3,031
Repayment of advance by Efroze Chemicals Industries (Private) Limited	-	7,859	-	-	7,859
Amount of advance to Efroze Chemicals Industries (Private) Limited settled					-
through destruction of materials	-	3,339	-	-	3,339
Balances outstanding as at the end of the year					
Receivable from Hospital Supply Corporation against sale of goods	-	62,362	-	-	62,362
Payable to Otsuka Pharmaceutical Company Limited, Japan	11,209	-	-	-	11,209
Payable to Otsuka OPV Joint Stock Company	-	891	-	-	891
Payable to Shanghai Microport Medical (Group) Company Limited		31,541	-		31,541
Payable to Otsuka Pharmaceutical Factory, Inc.	-	1,194	-	-	1,194
Payable to Thai Otsuka Pharmaceutical Company Limited, Thailand	-	19,611	-	-	19,611
Payable to Idrees Plastics	-	1,547	-	-	1,547
Loan from Otsuka Pharmaceutical Factory, Inc.	-	333,520	-	-	333,520
Advance from key management personnel	-	-	1,284	-	1,284
Mark-up payable on short-term loan from a related party	-	17	-	-	17
Payable to Employees' Provident Fund	-	-	-	2,080	2,080
Payable to Employees' Gratuity Fund	-	-	-	2,180	2,180
Receivable from Shanghai Microport Medical (Group) Company Limited	-	306	-	-	306

Balances receivable from, payable to and information in respect of shares held by related parties as at June 30, 2016 and June 30, 2015 are disclosed in notes 9, 10, 14, 16, 17 and 19 to these financial statements.

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 in to 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.

Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the actuarial recommendations and terms of contribution plans as disclosed in note 32 to these financial statements.

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.

There are no transactions with key management personnel other than those that are under their terms of employment and / or entitlements. The balances receivable from / payable to related parties as disclosed in notes 5, 9 and 10, are interest free and are repayable on demand. Particulars of transactions with employee benefit schemes are disclosed in note 32.

		Note	2016	2015
34	**CASH (USED IN) / GENERATED FROM OPERATIONS**		-----Rupees in '000-----	
	Loss for the year before taxation		(153,477)	(179,939)
	Adjustment for non-cash charges and other items:			
	Depreciation	4.2	100,712	110,342
	Liabilities no longer payable	25	(4,429)	(4,309)
	Exchange Loss / (gain)	26	119,229	(16,647)
	Workers' welfare fund	26	47	-
	Gain on disposal of fixed assets - net	25	(1,056)	(3,068)
	Reversal of provision for slow moving and obsolete stock-in-trade - net	8.2	(14,383)	(6,716)
	Provision for stents - net	8.3	885	9,105
	Impairment on trade debts - net	9.1	7,182	557
	Mark-up on finances	27	64,983	103,463
	Working capital changes	34.1	(159,924)	19,665
			(40,231)	32,453
34.1	**Working capital changes**			
	(Increase) / decrease in current assets			
	Stores and spares		1,054	(6,892)
	Stock-in-trade		72,141	(13,779)
	Trade debts		(77,697)	24,992
	Loans and advances		(13,060)	9,244
	Trade deposits, short-term prepayments and other receivables		(9,404)	11,667
			(26,966)	25,232
	(Decrease) / increase in current liabilities			
	Trade and other payables		(132,958)	(5,567)
			(159,924)	19,665

35 STAFF STRENGTH

	2016	2015
	Number of employees	
Number of employees at June 30		
- Permanent employees		
Management staff	216	224
Workers	182	181
Average number of employees during the year		
- Permanent employees		
Management staff	216	221
Workers	183	184

36 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

36.1 Sales from Intravenous Solutions represent 80.58 percent while sales from others represent 19.42 percent (2015: 80.69 percent and 19.31 percent) respectively of the total revenue of the Company.

36.2 Sales percentage by geographic region is as follows:

	2016	2015
	In percent	
Pakistan	99.50	98.77
Afghanistan	0.50	1.23

36.3 All non-current assets of the Company as at June 30, 2016 are located in Pakistan.

36.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region is around 46.38 percent (2015: 45.32 percent).

37 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	As at June 30, 2016		
	Loans and receivables	Held to maturity	Total
	Rupees in '000		
Financial assets			
Long-term loans - considered good	4,614	-	4,614
Long-term deposits	1,288	-	1,288
Trade debts - unsecured	165,054	-	165,054
Loans and advances - considered good	5,033	-	5,033
Trade deposits and other receivables	11,140	-	11,140
Bank balances	10,785	-	10,785
	197,914	-	197,914

	As at June 30, 2016		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Short-term loan from a related party - unsecured	-	621,629	621,629
Trade and other payables	-	249,308	249,308
Term finance - secured	-	108,333	108,333
Short-term running finance - secured	-	547,795	547,795
Mark-up accrued	-	14,959	14,959
	-	1,542,024	1,542,024

Particulars	As at June 30, 2015		
	Loans and receivables	Held to maturity	Total
	---------------------- Rupees in '000 ----------------------		
Financial assets			
Long-term loans - considered good	5,300	-	5,300
Long-term deposits	1,288	-	1,288
Trade debts - unsecured	94,539	-	94,539
Loans and advances - considered good	5,112	-	5,112
Trade deposits and other receivables	8,639	-	8,639
Bank balances	4,253	-	4,253
	119,131	-	119,131

	As at June 30, 2015		
	At fair value through profit or loss	At amortised cost	Total
	---------------------- Rupees in '000 ----------------------		
Financial liabilities			
Short-term loan from a related party - unsecured	-	333,520	333,520
Trade and other payables	-	270,242	270,242
Term finance - secured	-	216,667	216,667
Short-term running finance - secured	-	565,323	565,323
Mark-up accrued	-	27,036	27,036
	-	1,412,788	1,412,788

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company, currently, finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk and provide maximum return to shareholders. The Company's risk management policies and objectives are as follows:

38.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield/interest rate risk and other price risk.

38.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist in foreign currencies. As at June 30, 2016, financial liabilities of Rs 712.315 million (2015: 450.374 million) are payable in foreign currencies which have exposed the Company to foreign currency risk as follows:

	Note	2016	2015
		-----Rupees in '000----	
Short-term loan from a related party - unsecured			
Yen	16	621,629	333,520

Bills payable			
US Dollar		80,433	101,360
Euro		6,639	-
Yen		3,614	15,494
	17	90,686	116,854
Mark up accrued			
Yen	19	23	17

As at June 30, 2016, if the Pakistani Rupee had weakened / strengthened by 5% and 10% against foreign currencies with all other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs 35.616 million (2015: Rs 22.519 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency denominated financial liabilities.

38.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Sensitivity analysis for variable rate instruments

Presently, the Company has KIBOR based rupee financing representing short-term running finance arrangements and long-term finance facility (which is due to mature in the forthcoming financial year) obtained from various banks that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the loss before tax for the year end june 30, 2016 would have been higher / lower by Rs 2.785 million (2015: Rs 2.833 million).

The Company also has LIBOR based short-term loan from a related party that exposes the Company to cash flow interest rate risk. In case of increase / decrease in LIBOR by 0.1% on the last repricing date with all other variables held constant, the loss before tax for the year ended June 30, 2016 would have been higher / lower by Rs 1.719 million. The impact was, however, negligible on the loss for the year ended June 30, 2015.

The movement in the liabilities under short-term finances utilised under mark-up arrangements, long-term finance and short-term loan from a related party, KIBOR and LIBOR are expected to change over time. Therefore, the sensitivity analysis prepared as at June 30, 2016 is not necessarily indicative of the effect on the Company's profits / losses due to future movement in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date and for the off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2016 — Exposed to yield / interest rate risk: Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total
On-balance sheet financial instruments	Rupees in '000				
Financial assets					
Long-term loans - considered good	-	-	-	4,614	4,614
Long-term deposits	-	-	-	1,288	1,288
Trade debts - unsecured	-	-	-	165,054	165,054
Loans and advances - considered good	-	-	-	5,033	5,033
Trade deposits and other receivables	-	-	-	11,140	11,140
Bank balances	-	-	-	10,785	10,785
	-	-	-	197,914	197,914
Financial liabilities*					
Long-term finance - secured	54,167	54,166	-	-	108,333
Short-term loan from a related party - unsecured	-	621,629	-	-	621,629
Trade and other payables	-	-	-	249,308	249,308
Short-term running finance - secured	373,266	174,529	-	-	547,795
Mark-up accrued	-	-	-	14,959	14,959
	427,433	850,324	-	264,267	1,542,024
On-balance sheet gap (a)	(427,433)	(850,324)	-	(66,353)	(1,344,110)
Off-balance sheet financial instruments					
Commitments	-	-	-	63,215	63,215
Off-balance sheet gap (b)	-	-	-	63,215	63,215
Total interest rate sensitivity gap (a+b)	(427,433)	(850,324)	-		
Cumulative interest rate sensitivity gap	(427,433)	(1,277,757)	(1,277,757)		

Particulars	As at June 30, 2015 — Exposed to yield / interest rate risk: Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total
On-balance sheet financial instruments	Rupees in '000				
Financial assets					
Long-term loans - considered good	-	-	-	5,300	5,300
Long-term deposits	-	-	-	1,288	1,288
Trade debts - unsecured	-	-	-	94,539	94,539
Loans and advances - considered good	-	-	-	5,112	5,112
Trade deposits and other receivables	-	-	-	8,639	8,639
Bank balances	-	-	-	4,253	4,253
	-	-	-	119,131	119,131
Financial liabilities*					
Long-term finance - secured	54,167	54,167	108,333	-	216,667
Short-term loan from a related party - unsecured	-	333,520	-	-	333,520
Trade and other payables	-	-	-	270,242	270,242
Short-term running finance - secured	354,529	210,794	-	-	565,323
Mark-up accrued	-	-	-	27,036	27,036
	408,696	598,481	108,333	297,278	1,412,788
On-balance sheet gap (a)	(408,696)	(598,481)	(108,333)	(178,147)	(1,293,657)
Off-balance sheet financial instruments					
Commitments	-	-	-	82,347	82,347
Off-balance sheet gap (b)	-	-	-	82,347	82,347
Total interest rate sensitivity gap (a+b)	(408,696)	(598,481)	(108,333)		
Cumulative interest rate sensitivity gap	(408,696)	(1,007,177)	(1,115,510)		

* The interest rate profiles of financial liabilities exposed to yield / interest rate risk are given in notes 15, 16 and 18 to these financial statements.

38.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Company does not hold any instruments which expose it to price risk.

38.2 Credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of its counterparties.

The Company's policy is to enter into financial contracts in accordance with the policies and guidelines approved by the management. Credit risk arises from balances with banks, trade debts, loans and advances, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the total financial assets i.e. Rs 197.914 million of which trade debts amounting to Rs 165.054 million (2015: Rs 94.539 million) constitute a significant portion. Of these trade debts, Rs 107.567 million is receivable from a related party from which the Company does not expect a default. Loans and advances to employees are secured against there balances maintained under employee benefit schemes. The Company is also exposed to counterparty credit risk on balances with banks which is limited as the counterparties are banks rated as follows:

	--- As at June 30, 2016 ---		--- As at June 30, 2015 ---		
	Rating				Rating
BANK	**Short-term**	**Long-term**	**Short-term**	**Long-term**	**agency**
Allied Bank Limited	A1+	AA+	A1+	AA+	PACRA
Bank Alfalah Limited	A1+	AA	A1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	A-1+	AAA	JCR - VIS
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	A1+	AAA	JCR - VIS
The Bank of Punjab	A1+	AA-	A1+	AA-	PACRA
The Bank of Tokyo Mitsubishi UFJ, Limited	A-1	A+	A-1	A+	Standard and Poor's

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's total sales are concentrated into one of the distributors which has exposed it to significant risk due to concentration of credit. However, timely payment pattern exhibits that the risk is at the minimum level.

38.3 Liquidity risk

Liquidity risk is the risk that the Company may not be to settle its financial obligations in full as they fall due or can do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company's financial liabilities based on contractual maturities is disclosed in note 38.1.2.

As more fully explained in note 1.2 to the financial statements the current liabilities of the Company exceeded its current assets by Rs 694.734 million which expose the Company to liquidity risk. However, the Company manages it by maintaining bank balances in current accounts, arranging financing through banking facilities and managing timing of payments to related parties. Based on this and on the five-years business plan (as detailed in note 1.2) the management strongly believes that the Company will be able to meet its all current and future liabilities as these fall due.

39 FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As at June 30, 2016 the Company does not have any assets which are tradable in an open market. The estimated fair values of all assets and liabilities are considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

The repricing profile, effective interest rates and maturities are stated in note 38 to these financial statements. The different levels used in the fair value hierarchy are as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

As at June 30, 2016 and June 30, 2015, there were no items which were measured at fair values in the financial statements.

40 CAPITAL RISK MANAGEMENT

40.1 The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

40.2 Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2016	2015
	-----Rupees in '000-----	
Total borrowings	1,277,757	1,115,510
Less: bank balances	(10,785)	(4,253)
Net debt	1,266,972	1,111,257
Total equity	29,478	141,914
Total capital	1,296,450	1,253,171
Gearing ratio	97.73%	88.68%

As at June 30, 2016, the Company's gearing ratio has increased primarily due to additional finances obtained from a related party / banks and financial institutions. The Company's net equity has also declined mainly due to losses incurred in the current and prior period. As part of the Company's future strategy, the management has prepared a business plan (sensitive to certain key assumptions as more fully discussed in the note 1.2 to the financial statements). The management believes that after successful implementation of business plan the Company's gearing ratio and net equity position may be improved in future period.

41 PLANT CAPACITY AND PRODUCTION

Particulars	2016		2015	
	Capacity	Actual Production	Capacity	Actual Production
	------------ million bottles ----------		------------ million bottles ----------	
I.V. solutions	30.3	19.7	31.9	25.9
Plastic ampoules	11.6	8.7	8.4	8.4

The Company's under-utilised capacity of IV solutions was due to stoppage of production of IV solutions for maintenance of GF Machine and planned stoppage, from September 11, 2015 to November 08, 2015. However, sufficient stocks were available to meet the market demand.

42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements in the current year.

43 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **August 25, 2016** by the Board of Directors of the Company.

44 GENERAL

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

Hanif Sattar	**Mehtabuddin Feroz**
Chief Executive Officer	Director

OTSUKA PAKISTAN LIMITED
Pattern of Shareholding
As of June 30, 2016

# Of Shareholders	Shareholdings' Slab			Total Shares Held
541	1	to	100	4,916
348	101	to	500	89,634
106	501	to	1000	83,078
119	1001	to	5000	279,844
23	5001	to	10000	162,390
10	10001	to	15000	124,321
4	15001	to	20000	68,950
2	20001	to	25000	47,000
1	25001	to	30000	27,500
1	30001	to	35000	34,000
1	35001	to	40000	38,500
1	50001	to	55000	51,500
3	95001	to	100000	297,000
1	100001	to	105000	101,420
1	115001	to	120000	115,500
1	155001	to	160000	157,451
5	360001	to	365000	1,815,000
1	1095001	to	1100000	1,099,999
1	1450001	to	1455000	1,452,000
1	4945001	to	4950000	4,949,997
1171				**11,000,000**

OTSUKA PAKISTAN LIMITED
Pattern of Shareholding
As of June 30, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors			
MEHTABUDDIN FEROZ	1	363,000	3.30
NAZIMUDDIN FEROZ	1	363,000	3.30
MAKOTO SEKIYAMA	1	1	0.00
HARRY BAGJO	1	1	0.00
MAKIO OSAKA	1	1	0.00
YASUO BANDO	1	1	0.00
HANIF SATTAR	1	110	0.00
NOOR MUHAMMAD	1	500	0.00
ABID HUSSAIN	1	500	0.00
MOHAMMAD ABDULLAH FEROZ	1	500	0.00
Directors' spouse(s) and minor children			
MRS. SHAMA NAZIM FEROZ	1	20,910	0.19
Associated Companies, undertakings and related parties			
M/S OTSUKA PHARMACEUTICAL COMPANY LIMITED	1	4,949,997	45.00
M/S P.T. OTSUKA INDONESIA	1	1,099,999	10.00
M/S OTSUKA PHARMACEUTICAL FACTORY, INC.	1	1,452,000	13.20
Executive	1	110	0.00
Public Sector Companies and Corporations	4	109,294	0.99
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	3	10,910	0.10
Mutual Funds			
CDC-TRUSTEE FIRST DAWOOD MUTUAL FUND	1	157,457	1.43
General Public			
a. Local	1133	2,048,048	18.62
b. Foreign	1	11,000	0.10
Others	15	412,667	3.75
Totals	**1172**	**11,000,000**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
M/S OTSUKA PHARMACEUTICAL COMPANY LIMITED	4,949,997	45.00
M/S P.T. OTSUKA INDONESIA	1,099,999	10.00
M/S OTSUKA PHARMACEUTICAL FACTORY, INC.	1,452,000	13.20

COMPARISON OF RESULTS LAST 6 YEARS

Particulars	2010-2011	2011-2012	2012-13	2013-14	2014-15	2015-16
Share Capital	100,000	100,000	100,000	110,000	110,000	110,000
Unappropriated Profit / (Loss)	56,322	107,574	10,407	(187,390)	(335,586)	(448,022)
General Reserve	267,500	297,500	377,500	367,500	367,500	367,500
Capital Employed	447,247	516,958	594,443	506,776	250,247	29,478
Long Term Loans	-	-	100,000	325,000	216,667	-
Sales	1,495,255	1,594,772	1,293,711	1,077,670	1,452,196	1,550,709
Profit /(Loss) Before Tax	69,438	146,290	(3,100)	(277,597)	(179,939)	(153,477)
Taxation - net	25,434	52,538	(133)	(77,853)	(33,774)	(41,300)
Profit /(Loss) After Taxation	44,004	93,752	(2,967)	(199,744)	(146,165)	(112,177)
% of Sales	2.94	5.88	(0.23)	(18.53)	(10.07)	(7.23)
% of Total Assets	5.24	8.47	(0.24)	(12.61)	(9.35)	(7.09)
% of Capital Employed	9.84	18.14	(0.50)	(39.41)	(58.41)	(380.54)
Dividend Amount	15,000	12,500	10,000	-	-	-
% of Dividend	15.00	12.50	10.00	-	-	-
Bonus Shares	-	-	-	10,000	-	-
% of Bonus Issue	-	-	-	10.00	-	-
Earnings / (Loss) Per Share	4.40	9.38	(0.31)	(18.15)	(13.29)	(10.20)
Earnings / (Loss) Per Share (Restated) *	4.00	8.52	(0.26)	(18.15)	(13.29)	(10.20)
Fixed Assets less Depreciation	275,423	257,458	246,343	704,484	617,307	533,565
Total Assets	839,420	1,106,937	1,226,776	1,584,548	1,562,659	1,582,657
Average Number of Employees	456	450	438	420	405	399

***Earnings / (Loss) per share for prior years has been restated consequent to a readjustment in the weighted average number of ordinary shares outstanding during prior years upon issue of bonus shares during year 2013-14.**

آڈیٹرز

موجودہ آڈیٹرز،میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ،اٹھائیسوے سالانہ اجلاس کے ساتھ ریٹائر ہوجائے گئی ان کی اہلیت کی وجہ سے انہیں دوبارہ مقرر کرنے کی پیشکش کی گئی ہے۔

آڈٹ کمیٹی کی تجویز کی بنیاد پر، ڈائریکٹرز کا بورڈ شیئر ہولڈرز کے لئے بیرونی آڈیٹر کی حیثیت سے سال کے اختتام 30 جون 2017 ء کے لئے میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کے دوبارہ تقرر کی سفارش کرتی ہے۔

اعتراف

بورڈ اپنے تمام ملازمین کی انتھک محنت اور کوششوں کو قدر کی نگاہ سے دیکھتا ہے جن کا کردار کمپنی کی ترقی میں بہت اہم ہے اور اسے ریکارڈ میں رکھنے کی خواہش مند ہے۔

بحکم آف ڈائریکٹران

حنیف ستار

چیف ایگزیکٹو آفیسر

کراچی:

تاریخ: 25 اگست،2016ء

حصص داری کا پیٹرن

کمپنی کی حصص داری کا پیٹرن 30 جون 2016ء اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

حصص کی خرید و فروخت

سال کے دوران کمپنی ایگزیکٹیو، ڈائریکٹرز اور ڈائریکٹران کے بیوی بچوں نے درج ذیل حصص کی خرید و فروخت کی۔

- میسرز اوٹسوکا فارماسیوٹیکل فیکٹری جاپان نے 363,000 حصص خریدے جو کہ جاری کردہ حصص کا تقریباً 3.3% پر مشتمل ہے اور یہ جناب سلطان احمد فیروز، مقامی اسپانسرز سے جوائنٹ وینچر معاہدے کے زیر تحت عمل میں لایا گیا ہے۔
- بیگم شمع ناظم فیروز زوجہ ناظم الدین فیروز (ڈائریکٹر) نے کمپنی کے 6,320 حصص حاصل کیے۔

ہولڈنگ کمپنی

یہ کمپنی میسرز اوٹسوکا فارماسیوٹیکل کمپنی لمیٹڈ کی بلاواسطہ ذیلی ادارہ ہے جس کا اشتراک جاپان سے ہے۔

مادّی النظر واقعات

اس رپورٹ کی تاریخ سے لیکر مالی سال کے آخر تک کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی بڑی تبدیلی مادّی النظر میں نہیں کی گئی۔

قرضے

کمپنی نے میسرز اوٹسوکا فارماسیوٹیکل فیکٹری جاپان سے قرضے حاصل کئے جو غیر ملکی کرنسی JPY میں تھے اور انہیں قرض سے موسوم کیا گیا اس سلسلے میں یکساں دو اقساط JPY 75 ملین میں تھے جو کہ 16 جون 2014ء اور 22 دسمبر 2014ء کو وصول کیے گئے، تین یکساں اقساط JPY 125 ملین روپے حاصل کیے گئے جو کہ 26 فروری 2015، 27 اپریل 2015ء، اور 27 جولائی 2015، کو وصول ہوئے۔ اور اسی سلسلے کی آخری قسط JPY 84.5 ملین 16 دسمبر 2015ء کو وصول کی گئی۔ ان تمام قرضوں کی واپسی ایک سال کے اندر واجب الادا ہے۔

JPY75 ملین کی پہلی قسط جو کہ 15 جون 2015ء کو واجب الادا تھی اس کی مدت میں مزید ایک سال کی توسیع کی گئی۔ JPY 75 ملین کی دوسری قسط جو کہ 21 جون 2015ء کو واجب الادا تھی اور تیسری اور چوتھی قسط JPY 125 ملین بالترتیب 26 فروری 2016ء اور 26 اپریل 2016ء کو واجب الادا تھیں انہیں بھی کمپنی کے سرمائے کو رواں رکھنے کے لئے مزید ایک سال کی توسیع کروائی گئی ہے۔

(i) 30 جون 2016ء تک واجب الادا ٹیکسز، ڈیوٹیز، لیویز اور چارجز میں کوئی ادائیگی باقی نہیں ہے سوائے ان کے جو کہ مالی اسٹیٹمنٹ میں پہلے ہی ظاہر کردیے گئے ہیں۔

کلیدی آپریٹنگ اور مالی اعدادوشمار (Key operating & Financial Data)

پچھلے چھ سال کا کلیدی آپریٹنگ اور مالی اعدادوشمار اس سالانہ رپورٹ کے ہمراہ منسلک ہیں۔
موجودہ آڈٹ اکاؤنٹس کی بنیاد پر درج ذیل سرمایوں میں سرمایہ کاری کی گئی ہے:

پروویڈنٹ فنڈ	Rs.118,959,620/-
گریجویٹی فنڈ	Rs. 59,622,335/-

بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس

اس سال کے دوران ڈائریکٹران کے بورڈ میں کوئی تبدیلی نہیں کی گئی ہے۔ بورڈ اور ذیلی کمیٹیوں کے اجلاس میں اراکین کی حاضری درج ذیل ہے۔

ڈائریکٹران کے نام	بورڈ کے اجلاس		آڈٹ کمیٹی کے اجلاس		انسانی وسائل اور معاوضے کی کمیٹی کا اجلاس	
	مدت کے دوران اجلاس منعقد ہوئے	حاضری	مدت کے دوران اجلاس منعقد ہوئے	حاضری	مدت کے دوران اجلاس منعقد ہوا	حاضری
جناب حنیف ستار (سی ای او)	4	4	6	N/A	1	1
جناب مہتاب الدین فیروز	4	4	6	6	1	1
جناب محمد عبداللہ فیروز	4	4	6	N/A	1	N/A
جناب ناظم الدین فیروز	4	2	6	N/A	1	N/A
جناب ہیری باگیو	4	1	6	N/A	1	N/A
جناب ماکوٹو سیکیاما	4	1	6	1	1	1
جناب ماکیواوساکا	4	-	6	N/A	1	N/A
جناب یاسوبانڈو	4	1	6	N/A	1	N/A
جناب نور محمد (خودمختار ڈائریکٹر)	4	4	6	5	1	N/A
جناب عابد حسن (متبادل ڈائریکٹر) (1)	4	1	6	3	1	N/A
جناب عابد حسن (متبادل ڈائریکٹر) (2)	4	2	6	N/A	1	N/A
جناب طارق مہتاب فیروز (متبادل ڈائریکٹر) (3)	4	3	6	N/A	1	N/A
جناب ساجد علی خان (متبادل ڈائریکٹر) (4)	4	4	6	N/A	1	N/A

(1) متبادل ڈائریکٹر برائے جناب ماکوٹو سیکیاما
(2) متبادل ڈائریکٹر برائے جناب یاسوبانڈو
(3) متبادل ڈائریکٹر برائے جناب ہیری باگیو
(4) متبادل ڈائریکٹر برائے جناب ماکیواوساکا

مستقبل کا نقطہ نظر

مارکیٹ میں طلب کے مقابلے میں سپلائی زیادہ ہے اور مقابلہ کرنے والے کم قیمت میں زیادہ پروڈکٹس مارکیٹ میں لا رہے ہیں۔ لیکن عمدہ معیار کی وجہ سے، ہم یقین رکھتے ہیں کہ ڈاکٹرز اور طبی پیشہ ور افراد اوٹسوکا کی پلا بوٹل برانڈ کو تجویز کریں گے۔ بورڈ کے خیال میں موجودہ قیمت فروخت اور پیداوار کی از سرِ تنظیم نو کی وجہ سے کمپنی اپنے مجموعی خسارے کو ختم کر سکتی ہے اور اپنے واجبات جو کہ کمپنی کی دوبارہ تجدید اور تعمیر کے لئے کیا گیا تھا اسے مکمل طور پر ادا کر سکتی ہے۔ فارماسیوٹیکل انڈسٹری کو پیش آنے والے مسائل خاص طور سے قیمت اور رجسٹریشن کے مسائل کو حکومت کو حل کرنا چاہئے ورنہ مینوفیکچرنگ کمپنیاں اپنے پلانٹس کو بند کر دینگی اور حکومت کو ادویات باہر سے منگوانی پڑینگی جس کے نتیجے میں بیروزگاری بڑھے گی اور بھاری فارن ایکسچینج بھی خرچ کرنا پڑے گا۔ بورڈ اس بات کو محسوس کرتا ہے کہ اگر کاروباری ماحول بہتر ہو تو پاکستان فارماسیوٹیکل مارکیٹ میں کاروباری مواقعوں میں مزید اضافہ ہوسکتا ہے۔

کارپوریٹ گورننس (مستند انتظام)

مستند انتظام کی ضرورت کے پیش نظر، ڈائریکٹرز یہ تصدیق کرتے ہوئے مسرت محسوس کرتے ہیں کہ:

(a) کمپنی کی انتظامیہ کی طرف سے بنایا گیا مالی اسٹیٹمنٹ، اپنے امور کی مناسب عکاسی کرتا ہے، اس کے آپریشن کے نتیجے میں اصل سرمائے (ایکویٹی) میں بہتر تبدیلی واقع ہوئی ہے۔

(b) کمپنی کے اکاؤنٹس کا مناسب ریکارڈ رکھا گیا ہے۔

(c) مالی اسٹیٹمنٹ (مالی جدول) کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کا اطلاق تسلسل کے ساتھ کیا جا چکا ہے اور اکاؤنٹنگ اسٹیمیٹ کی بنیاد مناسب اور محتاط فیصلے پر کی گئی ہے۔

(d) جیسا کہ پاکستان میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، نافذ ہے اس کی پیروی کرتے ہوئے فنانشل اسٹیٹمنٹ (مالی جدول) کو تیار کیا گیا ہے اور سال کے دوران اس میں کوئی انحراف نہیں کیا گیا۔

(e) اندرونی کنٹرول کا انتظامی ڈیزائن مضبوط ہے اور اسے موثر طور پر نافذ کیا گیا ہے اور اس کی نگرانی کی جارہی ہے۔

(f) کمپنی کی اہلیت میں کسی طرح کا کوئی شک نہیں ہے۔

(g) مستند انتظامیہ کو بہتر طور پر چلانے کے لئے کوئی مادی النظر انحراف نہیں ہوا ہے جیسا کہ اس کی تفصیلات لسٹنگ ریگولیشن میں ہیں۔

(h) معیار کے مطابق جو کہ کوڈ کی شق 5.19.7 میں دیا گیا ہے۔ ایک ڈائریکٹر، ڈائریکٹرز ٹریننگ پروگرام میں سرٹیفکیٹ حاصل کر چکا ہے، کمپنی کے چار ڈائریکٹرز (جس میں چیف ایگزیکٹو آفیسر شامل ہیں) کو ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ قرار دیا گیا ہے اور بقیہ ڈائریکٹرز تجویز کردہ مدت 30 جون 2018ء تک ٹریننگ حاصل کرلیں گے۔ بورڈ اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہے اور یہ اس کی اہم ذمہ داریوں میں سے ایک ہے۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز اوٹسوکا پاکستان لمیٹڈ (Otsuka Pakistan Limited) (کمپنی) کی برائے سال اختتام 30 جون 2016ء کی سالانہ رپورٹ بمعہ آڈیٹرز رپورٹ پیش کرنے میں مسرت محسوس کررہے ہیں۔

کاروبار کا جائزہ

زیر جائزہ سال کے دوران، بہت سے سنگ میل حاصل کئے گئے۔ سب سے بڑا مسئلہ پروڈکٹس کی کم قیمت کا تھا۔ کمپنی کی تمام تر جدوجہد کے باوجود، ہم پاکستان کی ڈرگ ریگولیٹری اتھارٹی (DRAP) سے کسی طرح کا ریلیف حاصل کرنے میں ناکام رہے اور معزز سندھ ہائی کورٹ سے اسٹے آرڈر (حکم امتناع) حاصل کرنے کے بعد ان پروڈکٹس (شیڈولڈ ڈرگس) کی قیمتیں بڑھانے پر مجبور ہوگئے اسی مشکل کی وجہ سے DRAP کے پاس کئی اور کیس بھی زیر التوا میں ہیں۔ قیمتوں میں اضافہ اور مختلف پروڈکٹس کی اچھی فروخت سے، ہم 1,551 ملین روپے کی فروخت حاصل کرنے میں کامیاب ہوگئے جو کہ پچھلے سال سے 7% زیادہ ہے۔ فیصد کے حساب سے فروخت کا مجموعی منافع پچھلے سال کے 11% سے بڑھ کر اس سال 17% ہوگیا۔ پروڈکٹس کی فروخت اور تقسیم کے اخراجات بھی اسی حساب سے ہوئے، تاہم، خاص طور سے افراط زر کی وجہ سے انتظامی اور عمومی اخراجات میں تقریباً 6% اضافہ ہوا۔

مالی نتائج

	ملین پاکستانی روپوں میں
سال کے لئے قبل از ٹیکس نقصان	(153.5)
واجب الادا (پروویژن) ٹیکس	41.3
بعد از ٹیکس نقصان	(112.2)
سال کے لئے دیگر جامع نقصان	(0.2)
اس سال کے لئے کل جامع نقصان	(112.4)
جمع شدہ نقصانات کو آگے لایا گیا	(335.6)
مجموعی نقصانات کو آگے لے جایا گیا	(448.0)

مختص کرنا (تصرف)

کمپنی کے کاروبار میں نقصان کی صورت حال اور کیش فلو (رقم کی آمدورفت) کے حالاتِ زار کو مدّنظر رکھتے ہوئے، ڈائریکٹران نے حصص پر کوئی منافع (ڈیویڈنٹ) مختص نہیں کیا۔

فائدہ / نقصان فی حصص

برائے سال اختتام 30 جون 2016 فی حصص نقصان کا تخمینہ Rs. 10.20 فی حصص لگایا گیا ہے۔ (2015 فی حصص نقصان Rs.13.29)

PROXY FORM

28th Annual General Meeting

The Secretary

Otsuka Pakistan Limited,
30-B S.M.C.H. Society,
Off Shahrah-e-Faisal,
Karachi - 74400.

Please quote Folio No.

I/We...

of...Being a member

of Otsuka Pakistan Limited here by appoint..

....

of...

or failing him / her..

of...

....

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Compnay to be held on Wednesday, Otctober 26, 2016 and at any adjournent thereof.

As witness my hand this.. day of 2016

Signed by the said...

....

in the presence of...

....

Signature on Revenue stamp of appropriate value

Witness

(Signature should agree with the SPECIMEN signature registered with the Company)

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy, together with the Power of Attorney, if any under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of the meeting.

4. In case of Proxy for any individual beneficial owner of CDC, entitled to attend and vote at this meeting, it is necessary to deposit the attested copies of beneficial owner's national identity card, Account and Participant's ID numbers. The Proxy shall produce his original national identity card at the time of the meeting. Representative of corporate members should bring the usual documents for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Otsuka Pakistan Limited
30-B, Sindhi Muslim Co-operative Housing
Society, Karachi - 74400

www.otsuka.pk

Otsuka A Sign of Japanese Commitment to Better Health