



ACCOUNTS

For the quarter ended

September 30, 2016

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

Otsuka-People Creating New Products For
Better Health Worldwide

Company Information

- Board of Directors** : Mr. Harry Bagjo (Chairman) (Alternate: Mr. Tariq Mehtab Feroz)
Mr. Hanif Sattar (Chief Executive)
Mr. Makoto Sekiyama
Mr. Mehtabuddin Feroz
Mr. Yasuo Bando
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)
- Statutory Auditors** : A. F. Ferguson & Co.
(Chartered Accountants)
- Internal Auditors** : KPMG Taseer Hadi & 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

Directors' Review

The Directors are pleased to present the accounts of the company for the quarter ended September 30, 2016.

Business Review

After a gap of three years, your company has come out of the loss situation and has started earning profit though a very small one. There are multiple factors which have contributed to this turn around.

Sales of the quarter have increased by 24% compared with the same period last year. This increase was due to price increase and better product mix. Austerity and cost saving measures have resulted in bringing down cost of goods sold. However selling and distribution expenses have increased due to increase in freight because of higher volumes and promotion activities which was required to counter increasing competition. Administration expenses were at the same level as of last year.

Future Outlook

The dynamics of infusion industry are different from rest of the pharmaceutical industry. Sales of infusion products vary from period to period due to seasonal impact. Also cost of sales is impacted during low season due to higher fixed overheads and comparatively lower sales and production volumes. However your company is trying to manage the different challenges being faced especially with over-supply situation prevailing in the market. The government should support this industry by allowing price increase on the basis of cost increase and chalk out policies to curb import from China and other countries. The company also plans to strengthen its medical devices and nutraceutical businesses by introducing new products viz Firehawk and Proten Gold. The Board is optimistic about the future of the company's financial health and look forward to wipe off past losses in the future.

On behalf of the Board



Hanif Sattar

Chief Executive Officer

Karachi

Dated: October 25, 2016

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر، 2016 کو ختم ہونے والی سہ ماہی میں کمپنی کے اکاؤنٹس کو پیش کرنے کے لئے مسرت محسوس کر رہے ہیں۔

کاروباری جائزہ

تین سال کے وقفے کے بعد آپ کی کمپنی نقصان کی صورت حال سے باہر آگئی ہے اور بہت ہی مختصر سامنا منافع کمانا شروع کر دیا ہے اس کامیابی میں ایک سے زیادہ اہم عوامل نے کردار ادا کیا ہے۔

سہ ماہی کے مصنوعات کی فروخت میں گزشتہ سال کی اس مدت کے مقابلے میں 24 فیصد کا اضافہ ہوا ہے یہ اضافہ قیمتوں میں اضافے اور بہتر مصنوعات کے اختلاط کی وجہ سے تھا۔ کفایت شعاری اور لاگت کی بچت کے اقدامات پیداوار کی لاگت نیچے لانے میں معاون ثابت ہوئے ہیں تاہم فروخت اور تقسیم کاری کے اخراجات میں اضافہ دیکھنے میں آیا جس کی بنیادی وجہ کرایوں میں اضافہ کیونکہ زیادہ تعداد اور فروخت کے فروغ کی سرگرمیوں کے اخراجات جو کہ مارکیٹ میں مقابلہ کے لئے نہایت ضروری تھے۔ اختطی اخراجات گزشتہ سال کی سطح پر قائم رکھا گیا ہے۔

مستقبل کا نقطہ نظر

IV Solutions کی دوا سازی کی صنعت کے محرکات دوسری دوا سازی کی صنعت سے مختلف ہیں IV Solutions کی مصنوعات کی فروخت اور پیداوار موسموں کی تبدیلی کے اثرات سے مختلف ہوتی ہیں۔ پیداوار کی لاگت اور مقررہ اخراجات میں اضافہ بھی موسموں کی تبدیلی کی وجہ سے شدید متاثر ہو سکتے ہیں۔

تاہم آپ کی کمپنی کو مختلف چیلنجز کا سامنا ہے خاص طور پر IV Solutions کی دوسری مصنوعات کی مارکیٹ میں زیادہ فراہمی کی صورتحال کا سامنا ہے۔

اس تمام صورت حال کے پیش نظر انتظامیہ آپ کی کمپنی کو منظم کرنے کی کوشش کر رہی ہے۔ حکومت کو اس صنعت کی حمایت میں مصنوعات کی قیمتوں میں اضافے کی اجازت پیداوار کی لاگت میں اضافہ کی بنیاد پر منظور کرنا چاہئے اور چین اور دیگر ممالک سے درآمد کو روکنے کے لئے نئی پالیسیاں تیار کرنا چاہئے۔

کمپنی اس کے طبی آلات اور nutraceutical مصنوعات کی فروخت کو مزید مضبوط بنانے کا ارادہ رکھتی ہے۔ اور اسی سلسلے میں اپنی نئی مصنوعات Proten Gold اور Firehawk کو متعارف کرانے کا ارادہ رکھتی ہے۔

بورڈ کی کمپنی مالی صحت کے مستقبل کے بارے میں پر امید ہے اور مستقبل میں گزشتہ نقصانات ختم کرنے کا ارادہ رکھتا ہے۔

بورڈ کی جانب سے



حفیف ستار

چیف ایگزیکٹو آفیسر

کراچی

موری 25 اکتوبر، 2016

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016**

	Note	(Un-Audited) September 30, 2016	(Audited) June 30 2016
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	519,892	542,189
Long-term loans - considered good		4,631	4,614
Long-term deposits		1,293	1,288
Deferred tax asset - net		158,528	176,121
		<u>684,344</u>	<u>724,212</u>
Current assets			
Stores and spares		51,909	52,260
Stock-in-trade		414,843	429,037
Trade debts - unsecured - net		187,241	165,054
Loans and advances - considered good		26,504	26,592
Trade deposits, short-term prepayments and other receivables		21,448	22,778
Taxation		149,647	151,939
Bank balances		11,595	10,785
		<u>863,187</u>	<u>858,445</u>
Total assets		<u><u>1,547,531</u></u>	<u><u>1,582,657</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		110,000	110,000
Revenue reserves		(72,257)	(80,522)
Total shareholders' equity		<u>37,743</u>	<u>29,478</u>
LIABILITIES			
Current liabilities			
Short-term loan from a related party - unsecured		630,223	621,629
Trade and other payables		260,983	260,463
Current maturity of long-term finance - secured		54,166	108,333
Short-term running finance - secured		552,133	547,795
Mark-up accrued		12,283	14,959
		<u>1,509,788</u>	<u>1,553,179</u>
Total equity and liabilities		<u><u>1,547,531</u></u>	<u><u>1,582,657</u></u>
CONTINGENCIES AND COMMITMENTS			
	5		

The annexed notes 1 to 11 form an integral part of these financial statements.



Hanif Sattar

Chief Executive Officer



Mehtabuddin Feroz

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	2016 Sept.30	2015 Sept.30
	----- Rupees in '000 -----	
Net sales	6 428,343	344,907
Cost of sales	(300,877)	(310,231)
Gross profit	127,466	34,676
Selling and distribution expenses	(45,013)	(39,106)
Administrative and general expenses	(18,452)	(18,778)
	64,001	(23,208)
Other income	4,312	7,087
	68,313	(16,121)
Other operating expenses	(14,000)	(8,169)
Operating Profit/(loss)	54,313	(24,290)
Finance cost	(12,391)	(17,988)
Profit/(Loss) for the period before taxation	41,922	(42,278)
Taxation - net	(33,657)	(3,445)
Profit/(Loss) for the period after taxation	8,265	(45,723)
	----- Rupees -----	
Profit/(Loss) per share	0.75	(4.15)

The annexed notes 1 to 11 form an integral part of these financial statements.



Hanif Sattar

Chief Executive Officer



Mehtabuddin Feroz

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	2016 Sept.30	2015 Sept.30
	----- Rupees in '000 -----	
Profit/(Loss) for the period after taxation	8,265	(45,723)
Other comprehensive income:		
<i>Items that will not be reclassified to profit and loss</i>		
Remeasurements of defined benefit plans	-	-
Deferred tax on remeasurements of defined benefit plans	-	-
Total comprehensive Profit / (loss) for the period	<u>8,265</u>	<u>(45,723)</u>

The annexed notes 1 to 11 form an integral part of these financial statements.



Hanif Sattar

Chief Executive Officer



Mehtabuddin Feroz

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

Note	2016 Sept.30	2015 Sept.30
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	41,922	(42,278)
Adjustment for non-cash charges and other items:		
Depreciation	26,777	27,326
Gain on disposal of fixed assets - net	(133)	(35)
Provision for slow moving and obsolete stock-in-trade - net	-	5,486
Provision for stents - net	-	(3,258)
Impairment / (reversal of impairment) on trade debts - net	-	172
Mark-up on finances	12,391	17,988
	<u>39,035</u>	<u>47,679</u>
Operating surplus before working capital changes	<u>80,957</u>	<u>5,401</u>
Movement in working capital changes		
(increase)/decrease in current assets		
Stores and spares	351	1,376
Stock-in-trade	14,194	(1,673)
Trade debts	(22,187)	(12,388)
Loans and advances	88	(25,823)
Trade deposits, short-term prepayments and other receivables	1,330	(2,684)
	<u>(6,224)</u>	<u>(41,192)</u>
increase / (Decrease) in current liabilities		
Trade and other payables	520	(47,543)
Cash generated from / (used in) operations	75,253	(83,334)
Interest paid	(15,067)	(27,588)
Taxes paid	(13,776)	(16,362)
Increase in long-term deposits	(5)	-
(Increase) / decrease in long-term loans	(17)	350
Net cash generated from / (used in) operating activities	<u>46,388</u>	<u>(126,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(4,762)	(2,476)
Proceeds from disposal of property, plant and equipment	419	183
Net cash used in investing activities	<u>(4,343)</u>	<u>(2,293)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term/Short-term finance paid	(54,167)	(54,167)
Short-term loan obtained from a related party	8,594	102,875
Net cash (outflow on) / inflow from financing activities	<u>(45,573)</u>	<u>48,708</u>
Net decrease in cash and cash equivalents	<u>(3,528)</u>	<u>(80,519)</u>
Cash and cash equivalents at the beginning of the period	(537,010)	(561,070)
Cash and cash equivalents at the end of the period	<u>9</u> <u>(540,538)</u>	<u>(641,589)</u>

The annexed notes 1 to 11 form an integral part of these financial statements.



Hanif Sattar

Chief Executive Officer



Mehtabuddin Feroz

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 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, 2015	110,000	367,500	(335,586)	31,914	141,914
Total comprehensive loss for the period ended September 30, 2015	-	-	(45,723)	(45,723)	(45,723)
Balance as at September 30, 2015	<u>110,000</u>	<u>367,500</u>	<u>(381,309)</u>	<u>(13,809)</u>	<u>96,191</u>
Balance as at July 1, 2016	110,000	367,500	(448,022)	(80,522)	29,478
Total comprehensive loss for the period ended September 30, 2016	-	-	8,265	8,265	8,265
Balance as at September 30, 2016	<u>110,000</u>	<u>367,500</u>	<u>(439,757)</u>	<u>(72,257)</u>	<u>37,743</u>

The annexed notes 1 to 11 form an integral part of these financial statements.



Hanif Sattar

Chief Executive Officer



Mehtabuddin Feroz

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1 THE COMPANY AND ITS OPERATIONS

The Company is incorporated in Pakistan as a public limited company and is listed on the Karachi and Lahore Stock Exchanges. The address of its registered office is 30-B, S.M.C.H. Society, Karachi, Pakistan. It is engaged in the manufacturing, marketing and distribution of intravenous infusions and trading in pharmaceutical products, nutritional foods and medical equipment. The Company is an indirect subsidiary of Otsuka Pharmaceutical Company Limited, Japan.

2 BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Company for the year ended June 30, 2016.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except that obligations in respect of certain staff retirement benefits are carried at present value of defined benefit obligation less fair value of plan assets and stock-in-trade is carried at the lower of cost and net realisable value.

These condensed interim financial statements are un-audited.

3 ACCOUNTING POLICIES, SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSOCIATED ASSUMPTIONS

- 3.1 The significant accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the company for the year ended June 30, 2016.

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

The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the financial statements of the Company as these that were applied to the financial statements of the Company as at and for the year ended June 30, 2016.

- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company as at and for the year ended June 30, 2016.
- 3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2016 but are expected to have no significant effect on this condensed interim financial information.

	Note	(Unaudited) Sept. 30, 2016	(Audited) June 30, 2016
-----Rupees in '000-----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	511,118	533,565
Capital work-in-progress		8,774	8,624
		<u>519,892</u>	<u>542,189</u>

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

	Quarter ended September 30, 2016					
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
	-----Rupees in '000-----					
Additions	-	3,179	301	1,132	-	4,612
Disposals:						
Cost	-	-	(429)	(645)	-	(1,074)
Accumulated depreciation	-	-	427	361	-	788
	-	-	(2)	(284)	-	(286)

	Quarter ended September 30, 2015					
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork lifter	Total
	-----Rupees in '000-----					
Additions	280	1,382	305	-	-	1,967
Disposals:						
Cost	-	-	-	333	-	333
Accumulated depreciation	-	-	-	(185)	-	(185)
	-	-	-	148	-	148

5 CONTINGENCIES AND COMMITMENTS

- 5.1** The Federal Board of Revenue (FBR) has selected Tax Year 2014 of the Company for income tax audit under section 177 of the Income Tax Ordinance, 2001 through computer balloting held on September 14, 2015 under section 214C. In this connection, on October 20, 2015, a notice was served by the Deputy Commissioner Inland Revenue which required the Company to furnish details / explanations in respect of certain matters included in the income tax return filed by the Company with the FBR. The Company 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.
- 5.2** 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.
- 5.3** 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.

	(Unaudited) Sept. 30 2016	(Audited) June 30, 2016
	----- Rupees in '000 -----	
5.4 Commitments represent:		
Capital expenditure contracted for but not incurred	400	433
Letters of credit	19,252	9,532
Letters of guarantee	56,201	53,250
5.5 Claim not acknowledged as debt	46,901	43,963

- 5.5.1** 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 qu

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

	Sept.30 2016	Sept.30 2015
	-----Rupees in '000-----	
6 NET SALES		
Sales (net of returns of Rs 2.118 million; 2015: Rs 0.853 million)	480,384	384,025
Less: sales tax	(4,348)	(3,862)
	<u>476,036</u>	<u>380,163</u>
Less: discounts	(47,693)	(35,256)
	<u>428,343</u>	<u>344,907</u>

- 6.1 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. The requisite documents have been furnished by the Company. The necessary hearings have been occurred however, decision is still pending.

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.

7 TRANSACTIONS WITH RELATED PARTIES

Parent company	(Unaudited) Quarter ended September 30, 2016				Total	(Unaudited) Quarter ended September 30, 2015
	Other associated undertakings	Key management personnel	Other related parties	Total		

----- Rupees in '000 -----

Transactions during the period

Net sales net of discounts allowed Rs 33,386 million (2015: Rs 24,507 million)

Inventory purchased	-	202,041	6	-	202,047	155,323
Consultancy fees	-	37,211	-	1,875	39,086	37,920
Remuneration of the key management personnel	-	-	1,200	-	1,200	1,200
Short-term loan obtained from a related party	-	-	20,293	-	20,293	18,383
Mark-up expense on short-term loan from a related party	-	8,594	-	-	8,594	102,875
Late payment charges received from HSC	-	1,037	-	-	1,037	691
Charge relating to staff provident fund	-	-	-	696	696	-
Charge relating to staff gratuity fund	-	-	-	2,329	2,329	2,422
	-	-	-	1,764	1,764	1,714

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

----- Rupees in '000 -----

Balance outstanding as at the end of the period / year

Receivable from Hospital Supply Corporation against sale of goods	-	129,945	-	-	129,945	107,567
Payable to Shanghai Microport EPMed Tech Co., Limited	-	3,257	-	-	3,257	1,140
Payable to Shanghai Microport Medical (Group) Company Limited	-	29,856	-	-	29,856	30,196
Payable to Otsuka Pharmaceutical Factory, Inc.	-	-	-	-	-	1,431
Payable to Thai Otsuka Pharmaceutical Company Limited, Thailand	-	9,948	-	-	9,948	9,946
Payable to Idrees Plastics	-	609	-	-	609	1,350
Loan from Otsuka Pharmaceutical Factory, Inc.	-	630,223	-	-	630,223	621,629
Advance from key management personnel	-	-	1,827	-	1,827	1,011
Mark-up payable on short-term loan from a related party	-	1,002	-	-	1,002	23
Payable to Employees' Provident Fund	-	-	-	2,204	2,204	2,804
Payable to Employees' Gratuity Fund	-	-	-	374	374	-
Receivable from Employees' Gratuity Fund	-	-	-	-	-	1,390
Receivable from Shanghai Microport Medical (Group) Company Limited	-	-	-	306	306	306

The Company enters into transactions with related parties for the sale of its products, purchase of raw materials, finished goods and spare parts and for rendering of certain services. Sales to related parties represent sales made to Hospital Supply Corporation which is the sole distributor of the Company's products in the southern region. The Company allows discount to the distributor on trade price based on agreed terms. Purchases from related parties primarily represent purchases of raw materials and finished goods from Otsuka group companies.

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

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

8 SEGMENT INFORMATION

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

Sales from Intravenous Solutions represent 83.72 percent while sales from others represent 16.28 percent (September 30, 2015: 78.95 percent and 21.05 percent) respectively of the total sales of the Company.

Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 48.17 percent during the period ended September 30, 2016 (September 30, 2015: 45.04 percent).

- 8.2 Sales percentage by geographic region is as follows:

	Sept.30 2016	Sept.30 2015
	in percent	
Pakistan	100.00	98.67
Afghanistan	-	1.33

- 8.3 All non-current assets of the Company as at September, 2016 are located in Pakistan.

9 CASH AND CASH EQUIVALENTS

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

	(Unaudited) Sept.30, 2016	(Unaudited) Sept.30, 2015
	---Rupees in '000---	
Cash and bank balances	11,595	6,479
Short-term running finance utilised under mark-up arrangements	(552,133)	(648,068)
	<u>(540,538)</u>	<u>(641,589)</u>

9 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in this condensed interim financial information during the current period.

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 25, 2016 by the Board of Directors of the Company.

11 GENERAL

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



Hanif Sattar

Chief Executive Officer



Mehtabuddin Feroz

Director



Otsuka

A Sign of Japanese Commitment to Better Health