OTSUKA PAKISTAN LIMITED

Financial Statements
for the Year Ended
June 30, 2024

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Otsuka Pakistan Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the material accounting policy information, including a summary of material accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2024 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters.

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Valuation of stock-in-trade** (Refer notes 5.4 and 11 to the Company's financial statements). As at June 30, 2024 the Company held stock-in-trade of Rs. 959.20 million, which is 41.82% of total assets and is net of provision for slow moving, obsolete and damaged stock of Rs. 69.78 million.	Our audit procedures in relation to valuation of stock-in-trade, amongst others, include the following: • Obtained an understanding of policies and procedures followed by the Company with respect to valuation of stock-in-trade;

S. No.	Key audit matter	How the matter was addressed in our audit
	We focused on stock-in-trade as it is a significant portion of Company's total assets and it requires management judgement with respect to determination of net realisable value and obsolescence of stock.	• Assessed appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with accounting and reporting standards as applicable in Pakistan; • On a sample basis, verified supporting documents for purchases of stock-in-trade and the production costs; • Tested on a sample basis, management's assessment of the net realizable value of stock-in-trade by comparing to its subsequent sales prices; • Tested provision recorded for obsolete stock-in-trade to ensure that whether it was as per the policy of the Company; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirements of the applicable financial reporting framework.
2.	**Revenue recognition** (Refer notes 5.12 and 25 to the Company's financial statements). The Company's revenue is primarily generated from sales of pharmaceutical products. The Company recognised revenue of Rs. 3,163.87 million from the sale of goods to customers during the year. Revenue recognition includes determination of sales prices in accordance with the regulated price regime of the Government and transfer of control of products sold to customers. Further, discounts and claims in respect of revenue recognised are provided to customers. Taking into account that revenue recognition is a key performance indicator for the Company and significant risk area, we considered this as a key audit matter.	Our audit procedures in relation to revenue recognition, amongst others, include the following: • Obtained an understanding of determination of sales prices in accordance with polices of Drug Regulatory Authority of Pakistan (DRAP); • Tested on sample basis selling prices of regulated pharmaceutical products to ensure compliance with DRAP pricing policies; • Obtained an understanding of and testing the design and effectiveness of controls designed to ensure that revenue is recognised in the appropriate accounting period as per the contract terms with the customers; • Checked the discounts and claims offered by the Company to its customers on sample basis; • Inspected contracts on sample basis to obtain an understanding of contract terms particularly relating to timing and the customer's acceptance of the products and assessing the Company's accounting policies for recognition of revenue with reference to the requirements of the prevailing accounting standards;

S. No.	Key audit matter	How the matter was addressed in our audit
		• Tested on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the customer's acknowledgement of acceptance to assess whether revenue had been recognised in the appropriate period; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements for compliance with the requirements of the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report of the Company for the year ended June 30, 2024, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: August 29, 2024
UDIN: AR2024100570sSpnIPU5

OTSUKA PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**439,945**	413,481
Intangible assets	7	**761**	1,092
Long-term loans	8	**7,428**	7,426
Long-term deposits		**3,699**	3,691
Deferred tax asset - net	9	**127,062**	115,636
		578,895	541,326
Current assets			
Stores and spares	10	**44,548**	50,315
Stock-in-trade	11	**959,205**	1,063,968
Trade debts	12	**160,464**	379,677
Loans and advances	13	**64,695**	65,379
Trade deposits, short-term prepayments and other receivables	14	**34,897**	23,283
Sales tax refundable	15	**47,172**	90,263
Prepaid Levies		**-**	25,000
Advance tax - net		**92,367**	29,315
Short-term investment	16	**124,610**	14,610
Bank balances	17	**187,036**	5,828
		1,714,994	1,747,638
Total assets		**2,293,889**	2,288,964
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**121,000**	121,000
Revenue reserves		**554,695**	576,523
Total equity		**675,695**	697,523
Liabilities			
Non-current liabilities			
Lease liability	19	**12,831**	6,792
Current liabilities			
Short-term loan from a related party	20	**951,390**	498,075
Trade and other payables	21	**623,997**	609,556
Current portion of lease liability	19	**11,995**	1,268
Unclaimed dividend		**1,955**	1,765
Short-term running finance	22	**-**	451,183
Mark-up accrued	23	**16,026**	22,802
		1,605,363	1,584,649
Total equity and liabilities		**2,293,889**	2,288,964
Contingencies and Commitments	24		

The annexed notes from 1 to 50 form an integral part of these financial statements

Chief Executive Officer

Director

Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Revenue from contract with customers	25	**3,163,868**	3,035,085
Cost of sales	26	**(2,586,884)**	(2,391,174)
Gross profit		**576,984**	643,911
Selling and distribution expenses	27	**(369,987)**	(359,266)
Administrative and general expenses	28	**(148,082)**	(127,233)
Provision for expected credit losses on trade debts	12.2.1	**(74,087)**	(11,724)
		(15,172)	145,688
Other income	29	**187,332**	101,874
		172,160	247,562
Other expenses	30	**(50,380)**	(211,691)
Operating profit		**121,780**	35,871
Finance cost	31	**(102,808)**	(64,223)
Profit / (loss) before final tax, revenue tax and income tax		**18,972**	(28,352)
Final tax	32	**(650)**	(711)
Profit / (loss) before revenue tax and income tax		**18,322**	(29,063)
Revenue tax	33	**-**	15,821
Profit / (loss) before income tax		**18,322**	(13,242)
Income tax - net	34	**(23,085)**	6,035
Loss for the year		**(4,763)**	(7,207)
		(Rupees)	
Loss per share	35	**(0.39)**	(0.60)

The annexed notes from 1 to 50 form an integral part of these financial statements

Chief Executive Officer

Director

Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Loss for the year		**(4,763)**	(7,207)
Other comprehensive income for the year			
Items that will not be subsequently reclassified to statement of profit or loss			
Components of comprehensive income reflected in equity			
Remeasurement gain on defined benefit plan	38.1.5	**1,528**	13,924
Tax on remeasurement of defined benefit plan	9.1	**(443)**	(4,038)
		1,085	9,886
Total comprehensive income for the year		**(3,678)**	2,679

The annexed notes from 1 to 50 form an integral part of these financial statements

Chief Executive Officer

Director

Chief Financial Officer

OTSUKA PAKISTAN LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		------------- (Rupees in '000) -------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	**517,518**	24,613
Taxes paid - net		**(73,006)**	(81,213)
Finance paid		**(109,581)**	(40,249)
Long-term deposits - net		**(8)**	(1,356)
Long-term loans - net		**(2)**	760
Workers Profit Participation Fund paid		**-**	(20,407)
Workers' Welfare Fund paid		**(7,292)**	
Compensated absences paid		**(7,247)**	(4,755)
Paid to staff retirement benefit fund		**(2,479)**	(6,459)
Net cash flows generated from / (used in) operating activities		**317,903**	(129,066)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(107,364)**	(247,282)
Proceeds from disposal of property, plant and equipment		**20,409**	34,084
Net cash flows used in investing activities		**(86,955)**	(213,198)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(17,960)**	(17,974)
Short term loan received from related party		**536,400**	-
Repayment of long-term finance		**-**	(25,473)
Payment of lease liabilities	19.2	**(6,997)**	(2,183)
Net cash flows generated from / (used in) financing activities		**511,443**	(45,630)
Net decrease in cash and cash equivalents		**742,391**	(387,894)
Cash and cash equivalents at the beginning of the year		**(430,745)**	(42,851)
Cash and cash equivalents at the end of the year	36	**311,646**	(430,745)

The annexed notes from 1 to 50 form an integral part of these financial statements

Chief Executive Officer | **Director** | **Chief Financial Officer**

OTSUKA PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Note	Issued, subscribed and paid-up capital	Revenue reserves			Total equity
			General reserve	Unappropriated profit	Sub-total	
		(Rupees in '000)				
Balance as at July 01, 2022		121,000	341,980	250,014	591,994	712,994
Loss for the year ended June 30, 2023		-	-	(7,207)	(7,207)	(7,207)
Other comprehensive income for the year						
Remeasurement gain on defined benefit plan	38.1.5	-	-	13,924	13,924	13,924
Tax on remeasurement of defined benefit plan	9.1	-	-	(4,038)	(4,038)	(4,038)
		-	-	9,886	9,886	9,886
Total comprehensive income for the year		-	-	2,679	2,679	2,679
Transfer to general reserve		-	150,000	(150,000)	-	-
Final dividend for the year ended June 30, 2022 @ Rs.1.50 per share		-	-	(18,150)	(18,150)	(18,150)
Balance as at June 30, 2023		**121,000**	**491,980**	**84,543**	**576,523**	**697,523**
Loss for the year ended June 30, 2024		-	-	**(4,763)**	**(4,763)**	**(4,763)**
Other comprehensive income for the year						
Remeasurement gain on defined benefit plan	38.1.5	-	-	**1,528**	**1,528**	**1,528**
Tax on remeasurement of defined benefit plan	9.1	-	-	**(443)**	**(443)**	**(443)**
		-	-	**1,085**	**1,085**	**1,085**
Total comprehensive income for the year		-	-	**(3,678)**	**(3,678)**	**(3,678)**
Final dividend for the year ended June 30, 2023 @ Rs.1.50 per share		-	-	**(18,150)**	**(18,150)**	**(18,150)**
Balance as at June 30, 2024		**121,000**	**491,980**	**62,715**	**554,695**	**675,695**

The annexed notes from 1 to 50 form an integral part of these financial statements

Chief Executive Officer | **Director** | **Chief Financial Officer**

1. THE COMPANY AND ITS OPERATIONS

1.1 Otsuka Pakistan Limited (the Company) was incorporated in Pakistan in the month of February 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company 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.

Registered Office in Karachi	Purpose	Hub	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	F/4-9, H.I.T.E., Hub, Baluchistan, Hub Industrial And Trading Estates, Hub, Lasbella, Baluchistan	Factory

2. BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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 less fair value of plan assets.

2.3 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 Pakistani Rupee, which is the Company's functional and presentation currency.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the 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 current and future periods. Information about the judgements made by management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

	Note
- Impairment of trade debts and other receivables	5.6.1 & 12.2
- Residual values, useful lives and depreciation rates of operating fixed assets	5.1 & 6.1
- Provision against slow moving and obsolete stock-in-trade and stores and spares	5.3, 5.4, 10 & 11
- Estimate of liabilities in respect of staff retirement benefits	5.10 & 38
- Provision for taxation and realisability of deferred tax asset	5.11, 9 & 32
- Provisions and contingencies	5.8 & 24
- Revenue recognition	5.12 & 25

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

3.1 New amendments that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies	January 1, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
- Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 1, 2023

3.2 New accounting standards and amendments to IFRS that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
- Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7' Financial Instruments Disclosures' - Supplier Finance Arrangements	January 01, 2024

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

4. ADOPTION OF NEW ACCOUNTING POLICY

4.1 Accounting for minimum tax and final tax

The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 *'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide)* which would be applicable for the reporting year June 30, 2024 and onwards.

In the given guide it has been stated that minimum taxes and final taxes which are charged as per the provisions of the Income Tax Ordinance, 2001 (ITO), previously were accounted for and presented as income taxes within the scope of IAS 12 'Income taxes'. However, as per IAS 12, income taxes includes all domestic and foreign taxes which are based on taxable profits. Whereas the term taxable profits / (losses) as per IAS 12 states that "taxable profit (tax loss) is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable)."

In continuation of this, the guide has referred para BC4 of IFRIC 21 *'Levies'* where it is further clarified that taxes whose calculation is based on gross amounts such as revenue do not meet the definition of income taxes since it is not based on taxable profits hence these are considered as 'Levies' as per IFRIC 21.

In view of the above clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 *'Provisions, Contingent Liabilities and Contingent Assets'.*

The guide issued by ICAP provides two (2) approaches to account for minimum and final regime taxes, which is a choice of accounting policy of which the Company has chosen the following:

Approach (b):

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

Under approach (b) i.e. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of ITO, will be classified as either 'Income Tax' or 'levy' in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the ITO, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'prepaid assets'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of financial statements since deferred tax asset recognised in the year ended June 30, 2023 was already at average rate and the application of this guide did not result any material differences except for reclassifications which are presented as below:

	Current Classification	Previous Classification
	--------- (Rupees in '000) ---------	
Effect on statement of financial position:		
As at June 30, 2023		
Prepaid levies	**25,000**	-
Advance income tax	**29,315**	29,315
	54,315	29,315
Effect on statement of profit or loss:		
For the year ended June 30, 2023		
Taxation:		
- Current year	**35,438**	45,365
Revenue taxes:		
- minimum taxes	**9,216**	-
- super tax	**-**	-
Final taxes:		
- export sales	**711**	-
	45,365	45,365

4.2 Significant Accounting Policy to Material Accounting Policies Information

During the year, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting polices. Although the amendments did not result in any changes to the accounting policies themselves.

5. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

5.1.1 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. All other repairs and maintenance are charged to the statement of profit or loss as and when these are incurred.

Depreciation is charged to statement of profit or loss using 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 6.1 after taking into account residual values, if significant. Assets residual values and useful lives 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 the disposal or retirement of operating fixed assets are taken to the statement of profit or loss in the month in which the disposal is made.

5.1.2 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 (i.e. the period till the related asset become available for use) 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.

5.1.3 Leases - Lease liabilities and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. From July 01, 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease, or if this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured (at amortised cost) by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the shorter of lease-term or assets economic life as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative and general expenses" in the statement of profit or loss.

5.2 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such an asset can be measured reliably.

Intangible assets mainly comprise computer software which are initially recognised at cost. Cost represents the purchase cost of software (license fee). After initial recognition, these are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation on assets with finite useful life is charged at the rate specified in note 6.1 using the straight line method over the useful life of the asset. Amortisation begins from the month the asset is available for use and ceases in the month of disposal / retirement. The amortisation period and amortisation method are reviewed at each reporting date and are adjusted, if appropriate, to reflect the current best estimate.

Costs associated with maintaining the computer software programmes are recognised as an expense when incurred.

5.3 Stores and spares

These are valued at lower of cost, determined using weighted average method, and net realisable value, less provision for obsolete items (if any). Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

5.4 Stock-in-trade

Stock-in-trade comprises of raw and packing materials, work in process and finished goods. These are valued at the lower of cost (determined using weighted average cost method) and the net realisable value (except for those in transit).

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. Provision against obsolete and slow moving stock in trade is determined based on management's best estimate regarding their future usability.

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.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost / amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of bank balances, short-term investments and short-term running finance.

5.6 Financial instruments

5.6.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the statement of profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5.6.2 Financial liabilities

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are extinguished, discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss.

5.6.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

5.7 Impairment

5.7.1 Financial assets

The Company recognises a loss allowance for expected credit loss on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

5.7.2 Non - financial assets

The carrying amounts of non-financial assets (except for deferred tax asset and stock-in-trade) are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.8 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 liabilities are not recognised and are disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control on the Company; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognised unless an inflow of economic benefits is virtually certain.

5.9 Employee benefit schemes

The Company operates:

a) an approved funded gratuity scheme covering all its permanent management and non-management staff. Employees become eligible upon completing the minimum qualifying period of service. Annual contributions are made to the scheme based on actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method;

   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 statement of financial position immediately, with a charge or credit to other comprehensive income in the year in which these occur; and

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. Benefits are payable to eligible employees on completion of the prescribed qualifying period of service under the scheme.

5.10 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.

5.11 Taxation

i. Current Tax

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the ITO.

ii. Revenue Tax

Revenue tax include levies as per IFRIC 21, minimum tax on imported goods and export sales under ITO.

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

(a) those outflows of resources that are within the scope of other standards.

(b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid levies'.

iii. Final Tax

Final tax includes tax charged / withheld / paid on certain income streams under various provisions of ITO. Final tax is charged / computed under the ITO, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the ITO.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

iv. Deferred Tax

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax as determined in approach (b) to the guide issued by ICAP.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are 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 at the reporting date.

5.12 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For sales of products, the performance obligation is judged to have been satisfied and revenue is therefore recognised upon delivery of the products because legal title, physical possession, significant risk and rewards of ownership of the product are transferred to customer upon delivery, and the customer obtains control over the products.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

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.

5.13 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.

5.14 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 shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.15 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.

5.16 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. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. 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 statement of profit or loss.

5.17 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 (CODM), who are responsible for allocating resources and assessing the performance of the operating segments. The management has determined that the Company has a single reportable segment as the CODM views the Company's operations as one reportable segment.

5.18 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Operating fixed assets	6.1	**318,437**	198,231
Capital work-in-progress	6.6	**96,543**	202,667
Right-of-use asset	6.8	**24,965**	12,583
		439,945	413,481

6.1 Operating fixed assets

Particulars	June 30, 2024									
	Cost				Accumulated depreciation					
	As at July 01, 2023	Transfers / Additions during the year	Disposals during the year	As at June 30, 2024	As at July 01, 2023	Depreciation for the year	Depreciation on disposals	As at June 30, 2024	Written down value at June 30, 2024	Rate
	(Rupees in '000)									(%)
Lease-hold land	3,953	-	-	3,953	1,389	40	-	1,429	2,524	1.01%
Building on lease-hold land	338,601	17,021	-	355,622	319,883	17,805	-	337,688	17,934	5% - 10%
Plant and machinery	990,318	141,422	(28,913)	1,102,827	867,232	54,299	(28,913)	892,618	210,209	10% - 50%
Furniture, fixtures and equipment	79,704	22,780	(873)	101,611	57,123	7,862	(873)	64,112	37,499	10% - 50%
Vehicles	45,107	32,265	(11,234)	66,138	17,955	7,268	(6,919)	18,304	47,834	20%
Fork lifters	18,972	-	(1,386)	17,586	14,842	1,693	(1,386)	15,149	2,437	10% - 50%
	1,476,655	213,488	(42,406)	1,647,737	1,278,424	88,967	(38,091)	1,329,300	318,437	

Particulars	June 30, 2023									
	Cost				Accumulated depreciation					
	As at July 01,2022	Transfers / Additions during the year	Disposals during the year	As at June 30, 2023	As at July 01,2022	Depreciation for the year	Depreciation on disposals	As at June 30, 2023	Written down value at June 30, 2023	Rate
	(Rupees in '000)									(%)
Lease-hold land	3,953	-	-	3,953	1,349	40	-	1,389	2,564	1.01%
Building on lease-hold land	338,601	-	-	338,601	296,116	23,767	-	319,883	18,718	5% - 10%
Plant and machinery	994,071	25,637	(29,390)	990,318	842,877	50,852	(26,497)	867,232	123,086	10% - 50%
Furniture, fixtures and equipment	69,839	10,074	(209)	79,704	52,069	5,263	(209)	57,123	22,581	10% - 50%
Vehicles	48,994	14,414	(18,301)	45,107	21,273	5,734	(9,052)	17,955	27,152	20%
Fork lifters	18,972	-	-	18,972	12,496	2,346	-	14,842	4,130	10% - 50%
	1,474,430	50,125	(47,900)	1,476,655	1,226,180	88,002	(35,758)	1,278,424	198,231	

6.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Covered Area (In sq. meters)
a) Plot no. F/4-9, Hub Industrial Trading Estate, District Lasbella (Balochistan)	Manufacturing facility	26,825

6.3 Included in operating fixed assets are fully depreciated assets which are in use having cost of Rs. 1,199.92 million (June 30, 2023: Rs. 665.20 million).

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
6.4	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	26	**82,858**	83,309
	Selling and distribution expenses	27	**3,411**	2,535
	Administrative and general expenses	28	**2,698**	2,158
			88,967	88,002

6.5 The details of operating fixed assets disposed during the year having net book value above Rupees five hundred thousand are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposals / settlement	Particulars of buyers / purchasers
	(Rupees '000)						
Vehicles							
Honda Civic	**4,162**	**1,609**	**2,553**	**6,027**	**3,474**	Auction	Mr. Noman Hassan
Toyota Corolla	**2,894**	**1,968**	**926**	**3,650**	**2,724**	Auction	Toyota Defence Motors
June 30, 2024	**7,056**	**3,577**	**3,479**	**9,677**	**6,198**		
June 30, 2023	11,509	1,838	9,671	17,167	7,496		

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
6.6	**Capital work-in-progress**			
	Stores and spares held for capital expenditure		**21,094**	4,188
	Plant and machinery		**75,449**	198,479
		6.6.1	**96,543**	202,667

6.6.1 Movement in capital work in progress

	Note	Opening Balance	Additions during the year	Transfers during the year	Closing Balance
		June 30, 2024			
		(Rupees '000)			
Stores and spares held for capital expenditure		**4,188**	**59,700**	**(42,794)**	**21,094**
Plant and machinery	6.6.2	**198,479**	**34,390**	**(157,420)**	**75,449**
		202,667	**94,090**	**(200,214)**	**96,543**

	Opening Balance	Additions during the year	Transfers during the year	Closing Balance
	June 30, 2023			
	(Rupees '000)			
Stores and spares held for capital expenditure	3,475	12,427	(11,714)	4,188
Plant and machinery	2,035	196,444	-	198,479
	5,510	208,871	(11,714)	202,667

6.6.2 The weighted average interest rate for capitalised borrowing cost in the year was nil (June 30, 2023: 20.87%). There was no capitalisation during the year (June 30, 2023: Rs. 9.38 million).

6.7 These are kept as collateral with a bank under pari-passu charge for obtaining short-term financing. Details are provided in note 22.1.

6.8 Right-of-use asset

The Company has right-of-use assets in respect of head office building and vehicles used in its operations.

6.8.1 Movement of right-of-use assets

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Opening balance		**12,583**	17,150
Additions during the year	6.8.2	**23,760**	5,352
Depreciation expense	6.8.3	**(11,378)**	(9,919)
Closing balance		**24,965**	12,583

6.8.2 This includes head office building acquired on lease by the Company for a period of 24 months starting from February 16, 2022, which expired on Feb 15, 2024 and the Company has renewed lease agreement for another period of 24 months starting from February 16, 2024. The Company has made advance payment of lease rentals for 5 months and remaining lease rentals for 19 months will be paid subsequently. This also includes amount pertaining to right of use asset of leased vehicles.

6.8.3 The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Cost of sales	26	**1,710**	1,491
Administrative and general expenses	28	**9,668**	8,428
		11,378	9,919

7. INTANGIBLE ASSETS

	Note	June 30, 2024	June 30, 2023
Computer software	7.1	**761**	1,092

7.1 Movement in intangible assets

	Note	June 30, 2024	June 30, 2023
Opening net book value		**1,092**	1,876
Additions (at cost)		**-**	-
Amortisation	28	**(331)**	(784)
Closing net book value		**761**	1,092
Closing value - gross amount			
Cost		**5,051**	5,051
Accumulated amortisation		**(4,290)**	(3,959)
Net book value		**761**	1,092

	June 30, 2024	June 30, 2023
	(%)	
Amortisation rate per annum	**20% - 33%**	20% - 33%

8. LONG-TERM LOANS

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Loans to employees	8.1	**14,420**	14,700
Current portion	13	**(6,992)**	(7,274)
		7,428	7,426

8.1 These are interest-free loans given to the employees as per the terms of employment for purchase of cars, motor cycles and other general purposes. The loans are repayable in 10 to 60 monthly installments 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, 2024, none of these loans were past due or impaired.

9. DEFERRED TAX ASSET - NET

	June 30, 2024	June 30, 2023
	(Rupees in '000)	
Deductible temporary differences		
Property, plant and equipment	**14,795**	26,170
Employees' short-term compensated absences	**8,326**	8,049
Impairment of trade debts	**32,529**	11,345
Minimum tax	**39,661**	52,842
Other provisions	**31,751**	17,230
	127,062	115,636

9.1 Deferred tax asset / (liability) comprises deductible / (taxable) temporary differences in respect of the following:

	Opening balance	Deferred tax recognised in		Closing balance
		Profit and loss (Note 34)	Other comprehensive income	
Movement for the year ended June 30, 2024	(Rupees in '000)			
Deductible / (taxable) temporary difference arising in respect of				
- Property, plant and equipment	**26,170**	**(11,375)**	**-**	**14,795**
- Employees' short-term compensated absences	**8,049**	**277**	**-**	**8,326**
- Impairment of trade debts	**11,345**	**21,184**	**-**	**32,529**
- Minimum tax	**52,842**	**(13,181)**	**-**	**39,661**
- Other provisions	**17,230**	**14,964**	**(443)**	**31,751**
	115,636	**11,869**	**(443)**	**127,062**

	Opening balance	Deferred tax recognised in		Closing balance
		Profit and loss (Note 34)	Other comprehensive income	
Movement for the year ended June 30, 2023	(Rupees in '000)			
Deductible / (taxable) temporary difference arising in respect of				
- Property, plant and equipment	14,591	11,579	-	26,170
- Employees' short-term compensated absences	9,350	(1,301)	-	8,049
- Impairment of trade debts	8,995	2,350	-	11,345
- Minimum tax	17,269	35,573	-	52,842
- Other provisions	30,495	(9,227)	(4,038)	17,230
	80,700	38,974	(4,038)	115,636

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
10. STORES AND SPARES			
Stores		**27,730**	33,590
Spares			
- in hand		**30,472**	31,034
- in transit		**1,579**	-
		32,051	31,034
		59,781	64,624
Provision against slow moving and obsolete stores and spares	10.1	**(15,233)**	(14,309)
		44,548	50,315

10.1 Movement of provision against slow moving and obsolete stores and spares is as follows:

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
Opening balance		**14,309**	11,661
Charge for the year		**3,532**	5,048
Reversal during the year		**(2,608)**	(2,400)
Charge during the year	30	**924**	2,648
Closing balance		**15,233**	14,309

	Note	June 30, 2024	June 30, 2023
11. STOCK-IN-TRADE			
Raw and packing materials			
- in hand		**461,717**	558,262
- in transit		**86,584**	141,879
	26	**548,301**	700,141
Work-in-progress	26	**16,112**	12,533
Finished goods			
- in hand	11.1	**419,106**	387,193
- in transit		**45,467**	-
	26	**464,573**	387,193
		1,028,986	1,099,867
Provision against:			
Slow moving and obsolete stock-in-trade	11.2	**(55,780)**	(14,820)
Stents held with hospitals	11.3	**(14,001)**	(21,079)
		(69,781)	(35,899)
		959,205	1,063,968

11.1 These include items costing Rs. 207.13 million (June 30, 2023: Rs. 16.05 million) that have been valued at their net realisable value amounting to Rs. 156.29 million (June 30, 2023: Rs. 12.15 million).

11.2 Movement of provision against slow moving and obsolete stock-in-trade is as follows:

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
Opening balance		**14,820**	6,143
Charge for the year	30	**40,960**	8,677
Closing balance		**55,780**	14,820

11.3 This represents stents held with various hospitals for sale on consignment, the revenue from which is recorded on consumption basis. The Company has recorded a full provision against such unsold stents.

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
Opening balance		**21,079**	16,015
(Reversal) / charge for the year	29 & 30	**(7,078)**	5,064
Closing balance		**14,001**	21,079

12. TRADE DEBTS

	Note	June 30, 2024	June 30, 2023
Due from Hospital Supply Corporation	12.1	**169,127**	312,542
Others		**103,505**	106,257
		272,632	418,799
Loss allowance	12.2.1	**(112,168)**	(39,122)
		160,464	379,677

12.1 Hospital Supply Corporation (HSC) was formerly a related party of the Company due to common directorship and was also one of the major distributor of the Company for South Region.

During November 2023, a common director Mr. Mehtab Ud Din Feroz- holding 3.29% shares of the Company passed away. Due to his sad demise, the shares were transferred to his legal heirs and one of his legal heir Mr. Tariq Feroz took over the charge as a director (casual vacancy) in the Company effective from December 18, 2023.

Further the Company did not renew the distributor agreement with HSC which ended in December 2023 and appointed other distributors for the areas covered by HSC.

As of June 30, 2024 the outstanding balance from HSC was Rs. 169.12 million (June 30, 2023: Rs. 312.54 million) including late payment markup of Rs. 25.29 million (June 30, 2023: Rs. 15.77 million). The receivable balance carries mark-up at 1 month KIBOR + 2.65% (2023: 1 month KIBOR + 2.5%) per annum on overdue balance as per agreement with HSC.

The management is currently in consultation with HSC for the recovery of the outstanding balance which is expected to be completed by October 2024. However on prudence basis the management has provided an amount of Rs. 58.26 milllion on the total outstanding balance of HSC.

Furhtermore, as a result of Mr. Mehtab Ud Din Feroz's demise and the restructuring in the Board of the Company, HSC is not a related party as at June 30, 2024.

12.1.1 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 367.43 million (2023: Rs. 312.54 million).

12.2 Expected lifetime credit losses for trade debts are recognised using the simplified approach. This is based on loss rates calculated from historical and forward-looking data, taking into account the business model, the respective customer and the economic environment of the geographical region.

The Company writes off trade debts when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. No trade receivables have been written off during the year.

The following table shows the movement in provision against trade debts provision:

	Collectively assessed	Individually assessed	Total
	(Rupees '000)		
12.2.1 Movement of loss allowance			
Balance as at July 1, 2022	27,669	-	27,669
Reversal of provision during the year - net	11,724	-	11,724
Write-off during the year	(271)	-	(271)
	11,453	-	11,453
Balance as at June 30, 2023	**39,122**	**-**	**39,122**
Provision during the year - net	**15,821**	**58,266**	**74,087**
Write-off during the year	**(1,041)**	**-**	**(1,041)**
	14,780	**58,266**	**73,046**
Balance as at June 30, 2024	**53,902**	**58,266**	**112,168**

The age analysis of trade debts is as follows:

	June 30, 2024		
	From others	**From a formerly related party**	**Total**
	(Rupees '000)		
Not yet due	**21,002**	**-**	**21,002**
Past due 1-30 days	**16,608**	**-**	**16,608**
Past due 31-60 days	**10,175**	**-**	**10,175**
Past due 61-90 days	**3,478**	**-**	**3,478**
Past due more than 90 days	**52,242**	**169,127**	**221,369**
	103,505	**169,127**	**272,632**

	June 30, 2023		
	From others	From a related party	Total
	(Rupees '000)		
Not yet due	27,280	171,230	198,510
Past due 1-30 days	17,955	105,803	123,758
Past due 31-60 days	4,344	35,509	39,853
Past due 61-90 days	9,182	-	9,182
Past due more than 90 days	47,496	-	47,496
	106,257	312,542	418,799

13. LOANS AND ADVANCES -CONSIDERED GOOD

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
Loans to employees - current portion	8	**6,992**	7,274
Advance to:			
- employees	13.1	**2,926**	1,988
- suppliers	13.2	**54,777**	56,117
		57,703	58,105
		64,695	65,379

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

13.2 During the year there is no cash margin (June 30, 2023: Rs. 16.69 million) equivalent to import value against import of goods.

14. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
Trade deposits	14.1	**8,151**	10,396
Short-term prepayments		**7,856**	6,295
Sales tax adjustable		**11,042**	-
Surplus on staff retirement fund	38.1.2	**76**	5,927
Other receivables		**7,772**	665
		34,897	23,283

14.1 These represents non-interest bearing earnest monies placed with various parties.

15. SALES TAX REFUNDABLE

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
	15.1	**47,172**	90,263

15.1 Through Finance Act, 2022, effective from July 1, 2022, a special regime for pharmaceutical sector was introduced where by manufacture or import of substances registered as drugs under Drug Act, 1976 shall be subject to 1% sales tax with the condition that such tax will be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods.

However, this refundable pertains to prior years where sales tax was imposed at standard rate of 17% on purchase / import of Active Pharmaceuticals Ingredients (API). As a result, the pharmaceutical sector was allowed claim sales tax refund on all purchases including APIs and provincial sales tax on services. As of June 30, 2024 sales tax refund amounting to Rs. 43.10 million has been processed by Tax Authorities. However, sales tax refund amounting to Rs. 47.17 million has not yet been processed by Tax Authorities as of the year end.

16. SHORT TERM INVESTMENT

	Note	June 30, 2024	June 30, 2023
		---------(Rupees in '000)---------	
Term Deposit Receipts			
-Bank Alfalah Limited	16.1	**64,610**	14,610
-Allied Bank Limited	16.2	**60,000**	-
		124,610	14,610

16.1 This carries interest rate at 19.4% per annum. TDRs of Rs. 14.61 million (June 30, 2023 : Rs. 14.61 million) kept as a 100% Cash Margin security against the outstanding bank guarantees in favor of Collector of Customs.

16.2 This carries interest rate at 20.5% per annum.

	June 30, 2024	June 30, 2023
	---------(Rupees in '000)---------	
17. BANK BALANCES		
Balances with banks in current accounts	**187,036**	5,828

18. SHARE CAPITAL

June 30, 2024	June 30, 2023		June 30, 2024	June 30, 2023
------- (Number of shares) ------		**Authorised share capital:**	-------- (Rupees in '000) --------	
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000**	200,000

18.1

--------(Number of shares)-------		Issued, subscribed and paid-up capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10 each fully paid in cash	**100,000**	100,000
2,100,000	2,100,000	Ordinary shares of Rs. 10 issued as bonus shares	**21,000**	21,000
12,100,000	12,100,000		**121,000**	121,000

18.2 The following shares were held by the holding company, associated companies and other related parties of the Company:

Name of the Company	Note	June 30, 2024 Shares held ---(Number)---	June 30, 2024 Percentage ------(%)------	June 30, 2023 Shares held ---(Number)---	June 30, 2023 Percentage ------(%)------
Otsuka Pharmaceutical Company Limited, Japan	18.2.1	**5,420,248**	**44.80%**	5,420,248	44.80%
P. T. Otsuka Indonesia, Indonesia	18.2.1	**1,204,499**	**9.95%**	1,204,499	9.95%
Otsuka Pharmaceutical Factory, Inc.		**1,589,940**	**13.14%**	1,589,940	13.14%
Directors, their spouses and minor children	12.1	**100,483**	**0.83%**	398,618	3.29%
Executives		**121**	**0.00%**	121	0.00%

18.2.1 These include shares held by directors nominated by Otsuka Pharmaceutical Company Limited, Japan and P. T. Otsuka Indonesia, Indonesia. The nominated directors hold only minimum number of shares required to become a director.

	June 30, 2024	June 30, 2023
	-------- (Rupees in '000) --------	
19. LEASE LIABILITY		
Lease liability	**24,826**	8,060
Current maturity of lease liability	**(11,995)**	(1,268)
	12,831	6,792

19.1 The future payments of lease liabilities are as follows:

	June 30, 2024		June 30, 2023	
	Future minimum lease payments	**Principal repayments**	Future minimum lease payments	Principal repayments
	(Rupees in '000)			
Not later than 1 year	**21,171**	**19,729**	3,003	1,268
Later than 1 year and not later than 5 years	**6,436**	**5,097**	9,610	6,792
	27,607	**24,826**	12,613	8,060

19.2 Reconciliation of lease liability

	June 30, 2024					
	July 1, 2023	**Cash inflow**	**Cash outflow**	**New Lease arrangement**	**Finance cost**	**June 30, 2024**
	(Rupees in '000)					
Lease liability	**8,060**	**-**	**(6,997)**	**21,226**	**2,537**	**24,826**

	June 30, 2023					
	July 1, 2022	Cash inflow	Cash outflow	New Lease arrangement	Finance cost	June 30, 2023
	(Rupees in '000)					
Lease liability	3,626	-	(2,183)	5,352	1,265	8,060

	Note	**June 30, 2024**	June 30, 2023
		(Rupees in '000)	
20. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			
In foreign currency			
Loan from Otsuka Pharmaceutical Factory, Inc.	20.1 & 20.2	**951,390**	498,075

20.1 This represents foreign currency denominated loan. The loan was obtained in two tranches of JPY 125 million each, drawn down on February 26, 2015 and April 27, 2015, repayable on or before February 25, 2016 and April 26, 2016 respectively. These were rolled forward annually multiple times. During the financial year ended June 30, 2024 both the two tranches have been rolled forward and are now repayable on or before February 25, 2025 and April 26, 2025 respectively. During the year another foreign currency denominated loan was obtained by the Company on May 17, 2024, repayable on or before April 10, 2025.

Mark-up is charged at LIBOR (fixed at the time of receipt of loan) + 0.40% (2023: LIBOR + 0.40%) per annum and is payable semi-annually in arrears. However, during the period Mark-up arrangement on all the loans changed through amendments at TIBOR + 0.10% per annum and is payable semi-annually in arrears.

	Note	June 30, 2024	June 30, 2023
		----------- (Rupees in '000) -----------	

20.2 Movement of the loan is as follows:

Opening balance		**498,075**	376,150
Exchange (gain) / loss		**(83,085)**	121,925
Additional loan received		**536,400**	-
Repayment during the year		**-**	-
		453,315	121,925
Closing balance		**951,390**	498,075

21. TRADE AND OTHER PAYABLES

	Note	June 30, 2024	June 30, 2023
Creditors		**66,478**	112,399
Bills payable	21.1	**103,008**	184,707
Accrued liabilities	21.2	**241,120**	195,324
Payable to Employees Provident Fund		**3,934**	3,988
Provision for employees short-term compensated absences		**28,712**	27,756
Sales tax payable	21.3	**15,487**	13,959
Retention money		**902**	930
Security deposits		**2,139**	2,089
Workers' Welfare Fund		**185**	7,072
Workers' Profit Participation Fund	21.4	**1,066**	-
Central Research Fund		**215**	-
Contract liabilities	21.5	**114,060**	32,728
Other liabilities	21.6	**46,691**	28,604
		623,997	609,556

21.1 These include amounts payable to the related parties as at the end of the year aggregating to Rs. 70.29 million (June 30, 2023: Rs. 92.45 million) as disclosed in note 39.1.1.

21.2 The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 ("GIDC Judgment") declared the Gas Infrastructure Development Cess Act, 2015 ("GIDC Act 2015") as valid. The Company filed a review petition on the verdict of Supreme Court of Pakistan over GIDC announced on August 13, 2020, on which no relief was granted. The Company has recorded a full provision in the financial statements. However, the Company is party to the joint legal suit in the Sindh High Court (SHC) on which SHC granted the Company an interim stay. The Company has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan in this regard.

21.3 This includes provision for sales tax in respect of imported materials of polyethylene (for IV solutions) amounting to Rs. 9.97 million (June 30, 2023: Rs. 9.97 million). The Company filed a suit in the Sindh High Court (SHC) on May 17, 2016 against the imposition of sales tax under the Sales Tax Act, 1990 with respect to raw and packing material being imported and purchased locally by the Company for manufacturing pharmaceutical products. The SHC had passed an interim order in favour of the Company maintaining that items fetching customs duty lesser than ten percent ad valorem, may not be subject to the levy of sales tax. Later on, the case was referred by Customs to the Supreme Court of Pakistan (SCP) and final judgement was announced by SCP on June 27, 2018 in favor of the industry.

The Company had availed sales tax exemptions under the aforementioned stay orders by providing bank guarantees and at the same time recorded provision to the extent of amount of guarantees. During the year, the Company was able to release guarantees amounting to Rs. 0.85 million (June 30, 2023: Rs. 13.43 million) and has reversed the provision by the same amount.

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
21.4 Workers' Profit Participation Fund			
Opening balance		-	19,483
Allocation for the year	30	**1,066**	-
		1,066	19,483
Interest on funds utilised in the Company's business	31	-	924
		1,066	20,407
Paid during the year		-	(20,407)
Closing balance		**1,066**	-

21.5 During the year, the performance obligations underlying the opening contract liability of Rs. 32.72 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year. Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 114.06 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

21.6 This includes regulatory duty payable in respect of imported pharmaceutical products as are required for manufacturing purposes. On October 16, 2017, the Federal Board of Revenue imposed regulatory duty on import of specified pharmaceutical products vide SRO 1035 (I)/2017. In this regard, the Company has filed constitutional petitions in the Sindh High Court on April 13, 2018, April 26, 2018, May 9, 2018 and June 27, 2018 against the levy of aforementioned duty. An interim relief has been granted by the Sindh High Court. As per the interim relief, the Company is required to pay half of the regulatory duty. For the remaining half, the Company was required to give security by way of bank guarantee / pay order, either to the satisfaction of the Collectorate concerned or the Nazir of the Court. The Company has paid half of the regulatory duty and has submitted bank guarantees for the remaining half to the Collectorate concerned. Management, as a matter of prudence, has recorded full provision for the amount of regulatory duty given as bank guarantee amounting to Rs. 10.90 million (June 30, 2023: Rs. 10.90 million) in these financial statements. From January 2020 onwards, the Company is paying full regulatory duty on these imported products.

	Note	June 30, 2024	June 30, 2023
22. SHORT-TERM RUNNING FINANCE		(Rupees in '000)	
From banking companies - Secured			
Short-term running finance facilities utilised under mark-up arrangements - secured	22.1	-	451,183

22.1 Particulars of short-term running finance - secured

Bank	Limit in as at June 30, 2024	Limit in as at June 30, 2023	Mark up rate	Current security	Frequency of mark-up payment	Facility expiry date	June 30, 2024	June 30, 2023
	(Rupees in '000)		(%)				(Rupees in '000)	
Citi Bank	925,000*	900,000	1 month KIBOR + 0.65% p.a.	(a) SECP Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for Rs. 432 million. b) SECP Registered Joint Pari-passu Charge on Current Assets for Rs. 778 million.	Quarterly	February 28, 2025	-	451,183
	925,000	900,000					-	451,183

*This short term running finance facility is interchangeable with letter of credit and letter of guarantee.

22.2 **Details of import letters of credit (sight / usance / acceptance) and letters of guarantee**

22.2.1 The Company is availing the sub-limit facilities relating to the import letter of credit (sight / usance / acceptance) and letter of guarantee available from the banks as at June 30, 2024 amounting to Rs. 289.61 million (June 30, 2023: Rs.914.60 million) out of which Rs. 132.77 million (June 30, 2023: Rs. 319.09 million) are available for utilisation of import letter of credit and letter of guarantee.

	June 30, 2024	June 30, 2023
23. MARK-UP ACCRUED	(Rupees in '000)	
- Short-term running finance - secured	**15,197**	21,977
- Short-term loan from a related party - unsecured	**829**	825
	16,026	22,802

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 On March 05, 2014, a notice of demand was served on the Company by the Additional Commissioner Inland Revenue (ACIR) for an amount of Rs. 164.77 million (June 30, 2023: Rs. 164.77 million) under Section 122 (5A) of the Income Tax Ordinance (ITO), 2001. The ACIR added back certain items such as exchange loss, claims against provisions and write-offs of inventory, discounts and rebates on sales and 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 (ATIR) to review the action of the CIR(A). On January 19, 2017 ATIR's hearing was held and on April 10, 2017 an order was served in which the decision of certain items was given in favour of the Company and certain items were remanded back to the ACIR for further examination.

On December 28, 2017, an appeal effect order was passed by the ACIR under Section 124/122(5A) of the Income Tax Ordinance (ITO), 2001. Through the said order of ACIR (which is in context of the earlier decision by the ATIR dated April 10, 2017 mentioned above) a demand of Rs. 21.41 million was determined. Furthermore, in respect of the matters decided by the ATIR in favour of the Company, the ACIR has filed an appeal in the High Court of Sindh and consequently appeal effect has not been allowed on matters agitated in the SHC.

The Company filed another appeal against the above order of Rs. 21.41 million before the Commissioner Inland Revenue (Appeals-II) [CIR(A)] along with the stay application. Upon request, the CIR(A) acceded to grant stay against recovery till February 15, 2018. On April 13, 2018 an appeal effect order was passed by the ACIR under Section 124/122(5A) of the Income Tax Ordinance (ITO), 2001 whereby relief has been allowed in respect of certain matters whereas disallowance has been maintained in respect of certain other matters. As a result, a demand of Rs. 12.70 million has been raised by the ACIR which has been settled by the Company in previous years under protest through adjustment of refund relating to the tax year 2015. As a matter of abundant caution, management has recorded a provision of Rs. 12.70 million with corresponding adjustment to refund liability to tax year 2015.

24.1.2 During the year ended June 30, 2020, electricity charges were increased by Rs. 6.80 million through the imposition of Industrial Support Package Adjustment (ISPA) for the off peak hours with retrospective application from July 01, 2019. The case was filed through a joint Constitutional Petition no. 2581 of 2020 before the High Court of Sindh, at Karachi through the association of M/s. Labella Chamber of Commerce and Industry (LCCI) located in LIEDA to challenge the above-said charges. During the financial year ended June 30, 2021, the Company has issued an undated cheque amounting to Rs. 6.80 million in favour of Nazir of Sindh High Court as per the interim directives issued by the High Court of Sindh, thereafter a judgment has been passed by the High Court of Sindh in favour of the Company which has been challenged by K-Electric in the Supreme Court of Pakistan. Management has assessed favorable outcome of the case, however, as a matter of abundant caution a provision of Rs. 6.80 million has been made in the financial statements.

24.1.3 During 2019, the return of income for tax year 2018 was selected for audit under Section 177 of the Income Tax Ordinance (ITO), 2001 by the Deputy Commissioner Inland Revenue (DCIR). Under the notice, certain information was required to be furnished, which was duly submitted by the Company.

24.1.4 During 2020, the return of income for tax year 2019 was selected for audit under Section 177 of the Income Tax Ordinance (ITO), 2001 by the Deputy Commissioner Inland Revenue (DCIR). Under the notice, certain information was required to be furnished, which was duly submitted by the Company.

		Note	June 30, 2024	June 30, 2023
24.2	**Commitments**		(Rupees in '000)	
	Commitments in respect of:			
	Letters of credit		86,940	111,526
	Letters of guarantee		69,900	32,802

25. REVENUE FROM CONTRACT WITH CUSTOMERS

	Note	June 30, 2024	June 30, 2023
Gross sales	25.1	**3,520,307**	3,413,221
Sales tax		**(75,330)**	(59,034)
		3,444,977	3,354,187
Discounts		**(281,109)**	(319,102)
		3,163,868	3,035,085

25.1 Gross sales are net of sales return amounting to Rs 54.60 million (2023: Rs. 5.10 million).

26. COST OF SALES

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Raw and packing material consumed:			
Opening stock		**700,141**	620,953
Purchases		**1,066,151**	1,145,937
Closing stock	11	**(548,301)**	(700,141)
		1,217,991	1,066,749
Stores and spares consumed		**108,662**	90,646
Salaries, wages and benefits	26.1	**473,777**	408,864
Rent, rates and taxes		**16,550**	10,579
Insurance		**3,575**	3,869
Fuel and power		**379,053**	274,604
Repairs and maintenance		**12,635**	11,268
Travelling and vehicle running expenses		**63,171**	61,687
Communication and stationery		**474**	477
Depreciation	6.4	**82,858**	83,309
Depreciation right-of-use asset	6.8.3	**1,710**	1,491
Other expenses		**13,449**	11,099
		1,155,914	957,893
		2,373,905	2,024,642
Work-in-progress			
Opening stock		**12,533**	13,915
Closing stock	11	**(16,112)**	(12,533)
Cost of goods manufactured		**2,370,326**	2,026,024
Opening stock of finished goods		**387,193**	335,318
Finished goods purchased		**305,304**	432,748
Cost of samples shown under selling and distribution expenses		**(11,366)**	(15,723)
Closing stock of finished goods	11	**(464,573)**	(387,193)
		(475,939)	(402,916)
		2,586,884	2,391,174

26.1 Salaries, wages and benefits include Rs. 5.59 million (2023: Rs. 5.89 million) and Rs. 8.67 million (2023: Rs. 7.94 million) in respect of staff retirement benefits and provident fund respectively.

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
27.	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits	27.1	**127,060**	120,482
	Rent, rates and taxes		**1,404**	1,305
	Insurance		**5,433**	6,481
	Repairs and maintenance		**1,402**	192
	Travelling and vehicle running expenses		**9,344**	10,804
	Communication and stationery		**1,738**	1,815
	Advertising samples and promotional expenses		**111,932**	112,425
	Outward freight and handling		**108,263**	103,227
	Depreciation	6.4	**3,411**	2,535
			369,987	359,266

27.1 Salaries, wages and benefits include Rs. 3.19 million (2023: Rs. 3.41 million) and Rs. 4.19 million (2023: Rs. 4.53 million) in respect of staff retirement benefits and provident fund respectively.

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
28.	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries, wages and benefits	28.1	**93,077**	78,061
	Rent, rates and taxes		**84**	669
	Insurance		**1,495**	1,498
	Fuel and power		**3,065**	2,863
	Repairs and maintenance		**687**	1,454
	Travelling and vehicle running expenses		**8,828**	6,616
	Communication and stationery		**1,054**	853
	Subscription		**2,089**	1,972
	Legal and professional charges		**5,950**	4,485
	Depreciation	6.4	**2,698**	2,158
	Depreciation right-of-use asset	6.8.3	**9,668**	8,428
	Amortisation	7.1	**331**	784
	General expenses		**19,056**	17,392
			148,082	127,233

28.1 Salaries, wages and benefits include Rs. 1.07 million (2023: Rs. 1.36 million) and Rs. 2.26 million (2023: Rs. 2.13 million) in respect of staff retirement benefits and provident fund respectively.

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
29.	**OTHER INCOME**			
	Exchange gain - net		**92,039**	-
	Scrap sales		**46,807**	31,144
	Markup income from Hospital Supply Corporation		**19,604**	15,477
	Gain on disposal of operating fixed assets - net		**16,094**	21,942
	Reversal of provision against stents held with hospitals		**7,078**	-
	Income from term deposit receipt		**4,627**	-
	Reversal of provision against orthopaedic knee implants	11.3	**-**	19,582
	Liabilities no longer payable-written back		**8**	-
	Others		**1,075**	13,729
			187,332	101,874

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
30.	**OTHER EXPENSES**			
	Exchange loss - net		-	192,097
	Auditor's remuneration and other professional services	30.1	**2,400**	2,400
	Donations	30.2 & 30.3	**507**	300
	Workers' Welfare Fund		**405**	-
	Workers' Profit Participation Fund	21.4	**1,066**	-
	Central Research Fund		**215**	-
	Provision against slow moving and obsolete stock-in-trade	11.2	**40,960**	8,677
	Provision against stents held with hospitals	11.3	-	5,064
	Provision against obsolete stores and spares	10.1	**924**	2,648
	Bank charges and commission		**3,359**	505
	Others		**544**	-
			50,380	211,691

30.1	**Auditor's remuneration**		
	Statutory audit fee	**1,378**	1,198
	Fee for the review of condensed interim financial information	**612**	532
	Fee for tax advisory services	-	230
	Fee for special certifications	**292**	253
	Out-of-pocket expenses	**118**	187
		2,400	2,400

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

30.3 Donation to a single party does not exceeds Rs. 500,000 therefore, name of donee is not disclosed and none of the director and his spouse has interest in donees.

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
31.	**FINANCE COST**			
	On:			
	-Long term financing		-	812
	-Deferred government grant		-	(612)
	-Loan from banking companies		-	200
	-Short-term loan from a related party	20	**3,168**	3,049
	-Short-term running finance		**97,103**	58,785
	-Utilising Worker's Profit Participation Fund	21.4	-	924
	-Unwinding of finance cost on lease liability	19.2	**2,537**	1,265
			102,808	64,223

32. FINAL TAX

	Note	June 30, 2024	June 30, 2023
		-------- (Rupees in '000) --------	
Final tax on:			
- export sales	32.1	**650**	711

32.1 These represent final taxes paid on export sales and dividend income as per section 154 and section 5 of the Income Tax Ordinance, 2001 respectively, and are recognised as levy in line with the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

33. REVENUE TAX

	Note	June 30, 2024	June 30, 2023
		-------- (Rupees in '000) --------	
Miniumum tax		-	9,216
Super tax		-	(25,037)
	33.1	-	(15,821)

33.1 These represents minimum tax provision under section 113 and super tax charged under section 4C of the Income Tax Ordinance, 2001. The provision for minimum tax and super tax has been recognised as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

34. INCOME TAX - NET

	Note	June 30, 2024	June 30, 2023
		-------- (Rupees in '000) --------	
Current			
- for the year		**34,954**	35,438
- for prior years		-	(2,499)
		34,954	32,939
Deferred tax income	9.1	**(11,869)**	(38,974)
		23,085	(6,035)

34.1 Relationship between income tax expense and accounting profit

	June 30, 2024	June 30, 2023
Profit / (loss) before taxation	**18,322**	(13,242)
Tax charge @ 29% (2023: 29%)	**5,313**	-
Tax effect of:		
-Prior year tax adjustments	-	(2,499)
-Expenses that are not deductible in determining taxable profit	**17,772**	-
-Others	-	(3,536)
	23,085	(6,035)

35. LOSS PER SHARE

35.1 Basic

	Note	June 30, 2024	June 30, 2023
Loss for the year (Rupees in '000)		**(4,763)**	(7,207)
Weighted average ordinary shares outstanding during the year (Number of shares)	18.1	**12,100,000**	12,100,000
Loss per share - basic and diluted (Rupees)		**(0.39)**	(0.60)

35.2 **Diluted**

The impact of dilution on earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have had any effect on the earnings per share if the option to convert had been exercised.

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items included in the statement of financial position:

	Note	**June 30, 2024**	June 30, 2023
		-------- (Rupees in '000)	-------
- Bank balances	17	**187,036**	5,828
- Short term investments	16	**124,610**	14,610
- Short-term running finance	22	-	(451,183)
		311,646	(430,745)

37. 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 are as follows:

Particulars	Chief Executive Officer*		Directors		Executives	
	2024	2023	**2024**	2023	**2024**	2023
	-----------	-----------	---- (Rupees in '000)	----	-----------	-----------
Managerial remuneration	**16,426**	16,551	-	-	**65,908**	62,538
Bonus	**389**	-	-	-	**4,314**	2,094
Medical expenses	-	871	-	-	-	4,702
Leave fare assistance / encashment	**4,549**	1,876	-	-	**7,928**	9,304
Meeting fee	-	-	**700**	400	-	-
Technical advisory fee / Contract fee	-	-	**1,344**	3,888	**17,006**	7,095
Retirement benefits	**1,299**	1,379	-	-	**5,975**	6,130
Others	**363**	306	-	-	**2,632**	2,357
	23,026	20,983	**2,044**	4,288	**103,763**	94,220
	-----------	-----------	---- (Number)	----	-----------	-----------
Number of person(s)	**1**	1	**4**	4	**22**	21

* Mr. Moin Ur Rehman has been appointed as CEO in place of retireing CEO Mr. Hanif Sattar w.e.f February 28, 2024

37.1 The Chief Executive Officer and certain executives are provided free use of the Company maintained cars and are entitled to certain reimbursable business expenses such as communication charges and fuel expenses as per the terms of employment.

38. EMPLOYEE BENEFIT SCHEMES

38.1 Defined benefit plan - staff retirement benefits

As mentioned in note 5.9 (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 carried out at June 30, 2024. The Projected Unit Credit Method with the following significant assumptions was used for the valuation of the scheme:

		Note	June 30, 2024	June 30, 2023
38.1.1	**Principal actuarial assumptions**			
	a) Discount rate		**15.00%**	15.75%
	b) Expected rate of return on plan assets		**15.00%**	15.75%
	c) Expected rate of increase in salary			
	- management staff		**13.00%**	13.75%
	- non-management staff		**13.00%**	13.75%
	d) Mortality rates		**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
	e) Withdrawal rates		**Moderate**	Moderate

		Note	June 30, 2024	June 30, 2023
			(Rupees in '000)	
38.1.2	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligation		**147,698**	136,398
	Fair value of plan assets		**(147,774)**	(142,325)
		38.1.3	**(76)**	(5,927)

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

	Note	June 30, 2024		
		Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
		(Rupees in '000)		
As at July 1, 2023		**136,398**	**(142,325)**	**(5,927)**
Current service cost	38.1.4	**11,185**	**-**	**11,185**
Interest expense / (income)	38.1.4	**19,419**	**(20,746)**	**(1,327)**
Remeasurements:				
- (Gain)/ loss from the changes in financial assumptions		**-**	**-**	**-**
- experience adjustments		**4,387**	**(5,915)**	**(1,528)**
		4,387	**(5,915)**	**(1,528)**
Contributions made		**-**	**(2,479)**	**(2,479)**
Benefits paid		**(23,691)**	**23,691**	**-**
As at June 30, 2024		**147,698**	**(147,774)**	**(76)**

	Note	June 30, 2023		
		Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
		(Rupees in '000)		
As at July 1, 2022		126,617	(122,845)	3,772
Current service cost	38.1.4	10,713	-	10,713
Interest expense / (income)	38.1.4	15,952	(15,981)	(29)
Remeasurements:				
- (Gain) from the changes in financial assumptions		-	-	-
- experience adjustments		(5,951)	(7,973)	(13,924)
		(5,951)	(7,973)	(13,924)
Contributions made		-	(6,459)	(6,459)
Benefits paid		(10,933)	10,933	-
As at June 30, 2023		136,398	(142,325)	(5,927)

	June 30, 2024	June 30, 2023
	(Rupees in '000)	

38.1.4 Amount recognised in the statement of profit or loss

	June 30, 2024	June 30, 2023
Current service cost	**11,185**	10,713
Interest cost	**19,419**	15,952
Expected return on plan assets	**(20,746)**	(15,981)
Expense for the year	**9,858**	10,684

	June 30, 2024	June 30, 2023
38.1.5 Amount recognised in the statement of comprehensive income	**(1,528)**	(13,924)

38.1.6 Composition of plan assets

	As at June 30, 2024		As at June 30, 2023	
	(Rupees in '000)	**(Percentage)**	(Rupees in '000)	(Percentage)
Treasury bills	**135,936**	**91.99%**	129,833	91.22%
Defence saving certificates	**7,838**	**5.30%**	9,480	6.66%
Cash and cash equivalents	**4,002**	**2.71%**	3,012	2.12%
	147,776	**100.00%**	142,325	100.00%

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

a) **Longevity risks**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

b) **Investment risk**

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

c) **Salary increase risk**

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

d) **Withdrawal risk**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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

	June 30, 2024			June 30, 2023		
Particulars	**Change in assumption**	**Increase / (decrease) in present value of defined benefit obligation**		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	**Rupees in '000**		(%)	Rupees in '000
Discount rate	**+1%**	**3.90**	**(5,766)**	+1%	(4.98)	(6,790)
	-1%	**4.27**	**6,310**	-1%	5.55	7,571
Salary rate	**+1%**	**4.32**	**6,378**	+1%	5.62	7,659
	-1%	**(4.01)**	**(5,923)**	-1%	(5.12)	(6,978)
Withdrawal rate	**+10%**	**0.26**	**391**	+10%	0.13	175
	-10%	**(0.28)**	**(414)**	-10%	(0.13)	(182)

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 statement of financial position.

The weighted average duration of the staff retirement benefits is approximately 4.13 years (2023: 5.31) years.

38.1.9 Expected contribution to gratuity fund for the year ending June 30, 2025 is Rs. 10.02 million.

38.2 Defined contribution plan - staff provident fund

Investments out of provident fund have been made in Defence Savings Certificate and Bank Balances and are in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

39. 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, P.T. Otsuka Indonesia, Otsuka Pharmaceutical Company, Shanghai Micro port Medical (Group) Company Limited, etc.), staff retirement funds and the key management personnel, entities under common directorship namely Danish Enterprises, Qubittech.

Details of the transactions with the related parties and the balances with them as at period end other than those which have been disclosed elsewhere are as follows:

39.1 Name and nature of relationship

a) Holding company	**June 30, 2024**		**June 30, 2023**	
	Shareholding (%)	**Shares held (Number)**	Shareholding (%)	Shares held (Number)
Otsuka Pharmaceutical Company Limited, Japan Ultimate Parent	**44.8**	**5,420,248**	44.8	5,420,248

b) Directors / Individual shareholders

	Note	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Mr. Tariq Mehtab	12.1	**0.8254**	**99,871**	-	-
Mr. Mikio Bando		**0.0000**	**1**	0.0000	1
Mr. Koichi Okada		**0.0000**	**1**	0.0000	1
Mr. Suhari Mukti		**0.0000**	**1**	0.0000	1
Mr. Abid Hussain		**0.0000**	**1**	0.0000	1
Mrs. Navin Salim Merchant		**0.0000**	**1**	0.0000	1
Mr. Moin Ur Rehman		**0.0008**	**100**	-	-

c) Associated Companies due to common directorship and undertaking

	Note	Shareholding (%)	Shares held (Number)	Shareholding (%)	Shares held (Number)
Danish Enterprises		-	-	-	-
P. T. Otsuka Indonesia, Indonesia		**9.95**	**1,204,499**	9.95	1,204,499
Thai Otsuka Pharmaceutical Company Limited, Thailand		-	-	-	-
Shanghai Microport Medical (Group) Company Limited, China		-	-	-	-
Shanghai Microport EPMed Tech Co., Limited, China		-	-	-	-
Otsuka Pharmaceutical Factory, Inc., Japan		**13.14**	**1,589,940**	13.14	1,589,940
Qubitech		-	-	-	-
Soneri Bank Limited		-	-	-	-
Exide Pakistan limited		-	-	-	-

Name of related party	Relationship with the Company	Nature of transaction	June 30, 2024	June 30, 2023
			------- (Rupees in '000)	------
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	**33,287**	16,192
		Mark up on loan	**3,168**	3,049
		Dividend paid	**2,385**	2,385
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchases	**139,229**	138,909
		Dividend paid	**8,131**	8,131
		Sales Incentives on UBIT Tablets	-	4,881
		Reimbursement of Expired UBIT Tablets	-	2,267
Hospital Supply Corporation (Note: 12.1 & 39.1.1)	Common Directorship	Late payment surcharge on receivables	**19,604**	15,477
		Sales - gross	**706,943**	1,556,111
		Sales return	**42,701**	160
		Sales discounts / claims	**260,730**	225,169
		Purchases	-	1,110
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	**70,049**	66,354
PT. Otsuka Indonesia	Associated undertaking	Purchases	**40,684**	31,353
		Dividend	**1,806**	1,806
Shanghai Microport EPMED Tech Co. Limited	Associated undertaking	Purchases	**33,075**	15,651
Danish Enterprises	Others	Purchases	**2,129**	10,895
Qubitech	Others	Purchases	**2,860**	2,091

Name of related party			June 30, 2024	June 30, 2023
			------- (Rupees in '000) ------	
Husein and Husein	Others	Consultancy services	-	149
Director	Independent Director and Non Executive director	Meeting fees	**700**	400
Otsuka staff provident fund	Provident fund	Contribution during the year to the fund	**15,034**	14,658
Otsuka staff gratuity fund	Gratuity fund	Contribution during the year to the fund	**2,479**	6,459
Key Management	Key Management Personnel	Remuneration paid	**68,191**	68,901
Mr. Mehtabuddin Feroz (Note: 12.1 & 39.1.1)	Director	Consultancy charges	**1,344**	3,888
		Dividend	**597**	597

39.1.1 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 at mutually agreed price. In addition, the Company has also entered into financing arrangement with the group company. Sales to related parties represent sales made to HSC which was the sole distributor of the Company's products in the southern region uptil December 2023(Note 12.1). 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.

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.

Name of related party	Relationship with the Company	Nature of balance	June 30, 2024	June 30, 2023
			------- (Rupees in '000) ------	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan payable including accrued markup	**951,390**	498,970
		Payable against purchases	**14,385**	16,246
Otsuka Pharmaceutical Co, Ltd.	Parent company	Payable against purchases	**38,230**	68,706
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	-	312,542
Thai Otsuka Pharmaceutical Co. Ltd.	Associated Undertaking	Payable against purchases	**17,679**	-
Shanghai Microport Medical (Group) Co., Ltd.	Associated Undertaking	Payable against purchases	-	172
Shanghai Microport EPMed Tech Co., Limited	Associated Undertaking	Payable against purchases	-	7,327
Shareholders	Shareholders	Payable to shareholders	**363**	363
Otsuka staff provident fund	Provident fund	Payable to Employees Provident Fund	**3,934**	3,988
Otsuka staff gratuity fund	Gratuity fund	(Receivable from) / Payable to Staff Retirement Benefit Fund	**(76)**	(5,927)
Key Management Personnel	Key Management Personnel	Advance from key management personnel	**1,124**	1,124

39.2 Following are the details of associated undertakings incorporated outside Pakistan:

S. No.	Name of undertaking	Registered address	Country of incorporation	Basis of association	Aggregate % of shareholding, including shareholding through other companies or entities
1	Otsuka Pharmaceutical Company Limited, Japan	Osaka Headquarters 3-2-27, Otedori, Chuo-ku, Osaka 540-0021	Japan	Parent / Holding Company	44.80%
2	P. T. Otsuka Indonesia, Indonesia	Pertkantoran Hijau Orkadia, Tower A, Lt.3, Jl. Letjen. TB. Simatupang Kav.88, Jakarta	Indonesia	Other associated undertaking	9.95%
3	Thai Otsuka Pharmaceutical Company Limited, Thailand	15th. Floor, Unit No. 1501-1502, United Center Building, 323 Silom Road, Bangkok	Thailand	Other associated undertaking	N/A
4	Shanghai Microport Medical (Group) Company Limited, China	501 Newton Road, Zhangjiang Hi-Tech Park,	China	Other associated undertaking	N/A
5	Shanghai Microport EPMed Tech Co., Limited, China	Building #28, Lane 588, Tianxiong Road, Pudong New District, Shanghai, P. R.	China	Other associated undertaking	N/A
6	Otsuka Pharmaceutical Factory, Inc., Japan	115 Kuguhara, Tateiwa, Muya-cho, Naruto, Tokushima 772-8601	Japan	Other associated undertaking	13.14%

40. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Profit / (loss) before taxation		**18,322**	(28,352)
Adjustment for non-cash charges and other items:			
Finance cost	31	**102,808**	64,223
Depreciation	6.4	**88,967**	97,921
Provision against impairment of trade debts	12.2.1	**73,046**	11,724
Provision against slow moving and obsolete stock-in-trade - net	30	**40,960**	8,677
Depreciation right-of-use asset	6.8.3	**11,378**	-
Provision for staff retirement benefits	38.1.4	**9,858**	10,684
Provision for employees short-term compensated absences		**8,203**	4,177
Workers' Profit Participant Fund	30	**1,066**	-
Provision against obsolete stores and spares	30	**924**	2,648
Workers' Welfare Fund	30	**405**	-
Amortisation	7.1	**331**	784
Central Research Fund	30	**215**	-
Liabilities no longer payable-write back	29	**(8)**	-
Gain on disposal of operating fixed assets - net	29	**(16,094)**	(21,942)
Reversal of provision against orthopaedic knee implants - net	29	-	(19,582)
(Reversal) / Provision against stents held with hospitals	29 & 30	**(7,078)**	5,064
Unrealised exchange (gain) / loss		**(92,039)**	125,285
Working capital changes	40.1	**276,254**	(236,698)
		517,518	24,613

40.1	Working capital changes	June 30, 2024	June 30, 2023
		------------ (Rupees in '000) ------------	
	(Increase) / decrease in current assets		
	Trade debts	**146,167**	(175,224)
	Stock-in-trade	**70,881**	(129,681)
	Sales tax refundable	**43,091**	7,568
	Stores and spares	**4,843**	(12,111)
	Loans and advances	**684**	50,773
	Trade deposits, short-term prepayments and other receivables	**(17,465)**	11,876
		248,201	(246,799)
	Increase in current liabilities		
	Trade and other payables	**28,053**	10,101
		276,254	(236,698)

41.	NUMBER OF EMPLOYEES	June 30, 2024	June 30, 2023
		---------------- (Number) ----------------	
	As at	**345**	362
	Average during the year	**354**	368

42. OPERATING SEGMENTS

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

42.2 Sales from Intravenous Solutions represent 84.84% while sales from others represent 15.16% (2023: 83.03% and 16.97%) respectively of the total revenue of the Company.

42.3	Sales percentage by geographic region is as follows:	June 30, 2024 (%)	June 30, 2023 (%)
	Pakistan	95.00	98.00
	Afghanistan	5.00	2.00

42.4 All non-current assets of the Company as at June 30, 2024 are located in Pakistan.

43.	FINANCIAL INSTRUMENTS BY CATEGORY	June 30, 2024	June 30, 2023
		------------ (Rupees in '000) ------------	
	Financial assets at amortised cost		
	Long-term loans	**14,420**	14,700
	Long-term deposits	**3,699**	3,691
	Trade debts	**160,464**	379,677
	Trade deposits and other receivables	**15,923**	11,061
	Short-term investment	**124,610**	14,610
	Bank balances	**187,036**	5,828
		506,152	429,567
	Financial liabilities at amortised cost		
	Short-term loan from a related party	**951,390**	498,075
	Trade and other payables	**492,984**	555,797
	Unclaimed dividend	**1,955**	1,765
	Short-term running finance - secured	**-**	451,183
	Mark-up accrued	**16,026**	22,802
	Lease liability	**24,826**	8,060
		1,487,181	1,537,682

44. 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:

44.1 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.

44.1.1 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, 2024, financial liabilities of Rs. 1,054.34 million (June 30, 2023: Rs. 682.78 million) are payable in foreign currencies which have exposed the Company to foreign currency risk. The currency wise details of these liabilities have been provided below:

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Short-term loan from a related party - unsecured			
Yen	20	**951,390**	498,075
Bills payable			
US Dollar		**88,263**	154,986
Euro		**83**	10,236
Yen		**14,662**	19,485
	21	**103,008**	184,707

The Company manages currency risk by adjusting its timings of settlement of foreign currency denominated liabilities so as to ensure that transactions are settled on terms that are favourable to the Company.

As at June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 10% against foreign currencies with all other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 105.44 million (2023: Rs. 68.28 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency denominated financial liabilities.

44.1.2 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 fixed rate instruments

Presently, the Company has investment in Term Deposit Receipts (TDR) with a banks. The investment carries fixed return. Since these financial assets are not kept at fair value, it does not expose the Company to any fair value / interest rate risk.

Sensitivity analysis for variable rate instruments

Presently, the Company has TIBOR based JPY financing representing financing arrangements obtained from a related party that expose the Company to cash flow interest rate risk. In case of increase / decrease in TIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2024 would have change by Rs. 9.51 million.

44.1.3 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.

44.2 Credit risk

Credit risk represents the risk of 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 credit worthiness 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 bank balances, term deposit receipts, 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. 506.15 million (2023: Rs. 429.58 million) of which trade debts amounting to Rs. 160.46 million (2023: Rs. 379.68 million) constitute a significant portion. Of these trade debts, Rs. 169.13 million (2023: Rs. 312.54 million) are receivable from a former related party for which the Company has recognized 50% provision on outstanding balance. The remaining trade debts (excluding impaired debts) relate to a number of independent customers for whom there is no recent history of default. Loans and advances to employees are secured against their respective 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 having reasonably high credit ratings. The credit quality of the bank balances maintained by the Company is as follows:

BANK	**June 30, 2024**		June 30, 2023		**Rating agency**
	Short-term	**Long-term**	Short-term	Long-term	
Allied Bank Limited	A1+	AAA	A1+	AAA	PACRA
Bank Alfalah Limited	A1+	AAA	A1+	AA+	PACRA
Habib Bank Limited	A1+	AAA	A1+	AAA	JCR - VIS
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	A1+	AAA	PACRA
The Bank of Punjab	A1+	AA+	A1+	AA+	PACRA
Habib Metro Bank	A1+	AA+	A1+	AA+	PACRA
Citi Bank	A+	A-1	A+	A-1	Standard & Poor's
Bank Al Habib Limited	A1+	AAA	AAA	A+	PACRA

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, payment pattern exhibits that the risk is maintained at the minimum level.

44.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able 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 table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	As at June 30, 2024			As at June 30, 2023		
	Maturity upto One year	**Maturity After One year**	**Total**	Maturity upto One year	Maturity After One year	Total
	(Rupees in '000)			(Rupees in '000)		
Short-term loam from a related party - unsecured	**951,390**	-	**951,390**	498,075	-	498,075
Trade and other payables	**492,984**	-	**492,984**	555,797	-	555,797
Long-term finance	-	-	-	-	-	-
Unclaimed dividend	**1,955**	-	**1,955**	1,765	-	1,765
Short-term running finance - secured	-	-	-	451,183	-	451,183
Mark-up Accrued	-	-	-	-	-	-
Lease liability	**21,171**	**6,436**	**27,607**	3,003	9,610	12,613
Total	**1,467,500**	**6,436**	**1,473,936**	1,509,823	9,610	1,519,433

45. FAIR VALUE MEASUREMENT

IFRS 13 'Fair value Measurement' defines 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. 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, 2024 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.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (i.e. unobservable inputs) (level 3).

As at June 30, 2024 and June 30, 2023, the Company did not have any assets or liabilities which were measured at fair values using any of the aforementioned valuation techniques.

46. CAPITAL RISK MANAGEMENT

46.1 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.

46.2 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 statement of financial position plus net debt.

	June 30, 2024	June 30, 2023
	---------- (Rupees in '000) ---------	
Total borrowings	**976,216**	957,318
Less: bank balances	**(187,036)**	(5,828)
Net debt	**789,180**	951,490
Total equity	**675,695**	697,523
Total capital	**1,464,875**	1,649,013
Gearing ratio	**53.87%**	57.70%

As at June 30, 2024, the Company's gearing ratio has decreased due to decrease in running finance obtained to meet working capital requirement. The Company's foreign loan liability increased due to obtaining of a new JPY loan. As a part of the Company's future strategy, management has prepared a business plan which is sensitive to certain key assumptions. The Management believes that the successful implementation of the business plan would help to improve the financial position of the Company.

47. PLANT CAPACITY AND PRODUCTION

Particulars	June 30, 2024		June 30, 2023	
	Capacity	Actual production	Capacity	Actual production
	---- (million bottles) ----			
I.V. solutions	28.6	18.7	28.6	21.5
Plastic ampoules	14.1	11.8	14.1	12.2
Sachets	4.9	2.9	1.1	0.8

47.1 The actual production was on the lower side due to closure of LINE-II for GMP requirements and shortage of SPPF caps faced during last two months.

47.2 The Company's under-utilised capacity was due to lower than the planned production on account of oversupply situation in the market.

48. SUBSEQUENT EVENT

The Board of Directors in its meeting held on proposed a final cash dividend of Rs. Nil per share (2023: Rs. 1.50 per share) amounting to Rs. Nil (2023: Rs. 18.15 million) subject to the approval of the members in the forthcoming annual general meeting of the Company.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 27-08-, 2024 by the Board of Directors of the Company.

50. GENERAL

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

50.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

Chief Executive Officer | Director | Chief Financial Officer