

*Otsuka-People Creating New Products
For Better Health Worldwide*

Reports & Accounts
For the quarter ended
March 31, 2020



Otsuka

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

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COMPANY INFORMATION

BOARD OF DIRECTORS : Mr. Mikio Bando (Chairman) (Alternate: Mr. Muhammad Taufiq Feroz)
Mr. Hanif Sattar (Director and Chief Executive)
Mr. Daisuke Hashimoto
Mr. Mehtabuddin Feroz
Mr. Suhari Mukti (Alternate: Mr. Sajid Ali Khan)
Mr. Noor Muhammad (Independent Director)
Mrs. Navin Salim Merchant (Independent Director)

COMPANY SECRETARY : Mr. Muhammad Amin Bashir

AUDIT SUB COMMITTEE OF THE BOARD : Mr. Noor Muhammad (Chairman)
Mr. Daisuke Hashimoto (Member)
Mr. Mehtabuddin Feroz (Member)

HUMAN RESOURCES & REMUNERATION COMMITTEE SUB COMMITTEE OF THE BOARD : Mr. Noor Muhammad (Chairman)
Mr. Daisuke Hashimoto (Member)
Mr. Mehtabuddin Feroz (Member)
Mr. Hanif Sattar (Member)

AUDITORS : Deloitte Yousuf Adil
(Chartered Accountants)

LEGAL ADVISORS : Hassan & Humayun Associates

BANKERS : Citibank N.A.
Bank Alfalah Limited
The Bank of Punjab
Habib Bank Limited
Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan

REGISTERED OFFICE : 30-B, Sindhi Muslim Co-operative,
Housing Society, Karachi-74400
Tel.: 34528651-4, Fax: 34549857
E-mail: sakhan@otsuka.pk
jnoor@otsuka.pk
Web site: www.otsuka.pk

FACTORY : Plot No. F/4-9,
Hub Industrial Trading Estate,
Distt. Lasbella (Balochistan)
Tel.: (0853)303517-8
Fax: (0853) 303519

SHARE REGISTRAR : CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal,
Karachi - 74400.
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Directors' Report

The Directors are pleased to present accounts of the Company for the nine months ended March 31, 2020.

The composition of Board of Directors ("the Board") and its sub-committees are as follows:

CATEGORY	NAMES	GENDER	NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Executive Director	Mr. Hanif Sattar (CEO)	Male	Audit Committee	Mr. Noor Muhammad (Chairman)
Non-Executive Directors	Mr. Mikio Bando (Chairman)			Mr. Daisuke Hashimoto
	Mr. Mehtabuddin Feroz			Mr. Mehtabuddin Feroz
	Mr. Daisuke Hashimoto		Human Resource & Remuneration Committee	Mr. Noor Muhammad (Chairman)
Mr. Suhari Mukti	Mr. Daisuke Hashimoto			
Independent Directors	Mr. Noor Muhammad	Mr. Mehtabuddin Feroz		
	Mrs. Navin Salim Merchant	Mr. Hanif Sattar		

Business Review

During the 3rd quarter ended March 31, 2020, sales have shown a minor growth of 6.3% as compared to the corresponding quarter of 2019. However, the cost of sales has decreased by 7.2% during the quarter ended March 31, 2020. Further with the continuation of the Company policy to channelized sales discount to the end customer at a minimum level as well as strict cost controls, your company has achieved the gross profit margin of 31.5% as compared to 21.5% in the same quarter last year.

Selling and distribution expenses have decreased by 3.1% due to reduction in promotional activities for existing as well as new products. Administrative expenses have increased by 10.8% which are in line with the current inflation in Pakistan. Other income of the company has reduced by 20.5%; however, the recent depreciation of Pak Rupee in the month of March 2020 has increased our other expenses by 8 times from the corresponding quarter due to booking of marked to market exchange losses for Japanese loan.

The Company has closed this quarter on the same earning per share of Rs. 0.09 which was there in the corresponding quarter of 2019. Nevertheless, the earning per share for the nine months ended March 31, 2020 is Rs. 4.09 against the loss per share of Rs. (6.33) during the corresponding period of nine months ended March 31, 2019.

Future Outlook

With the rise of Pandemic COVID-19 and the spillover effects from the global recession on under developing countries like Pakistan. We foresee a dull economic activity as well as adverse impact on the supply chain during the fourth quarter to be ended June 30, 2020 with some relief measures from the government as well. Despite the unfavorable business and economic condition, the Company and its staff is highly committed to not only fight against COVID-19 but also to achieve the targets for sales and profitability.



Mehtabuddin Feroz
Director

On behalf of the Board



Hanif Sattar
Chief Executive Officer

ڈائریکٹرز رپورٹ

31 مارچ 2020 کے اختتام پر مکمل ہونے والے نو ماہ کے کمپنی کے اکاؤنٹ پیش کرنے پر ڈائریکٹرز خوشی محسوس کرتے ہیں۔

کاروباری جائزہ:

31 مارچ 2020 کو ختم ہونے والی تیسری سہ ماہی کے دوران، 2019 کی اسی سہ ماہی کے مقابلہ میں فروخت میں 6.3 فیصد کا معمولی اضافہ دیکھنے میں آیا ہے۔ تاہم، 31 مارچ 2020 کو ختم ہونے والی سہ ماہی کے دوران فروخت کی لاگت میں 7.2 فیصد کمی واقع ہوئی ہے۔ کمپنی کی پالیسی کا تسلسل قائم کیا گیا ہے تاکہ آخری گاہک کی سطح پر دے گئے ڈسکاؤنٹ کو کم سے کم کیا جائے اور لاگت پر مکمل کنٹرول رکھ کر کمپنی نے گزشتہ سال اسی سہ ماہی میں 21.5 فیصد کے مقابلہ میں 31.5 فیصد کا مجموعی منافع حاصل کر لیا ہے۔ موجودہ ادائیگی مصنوعات کے لئے پروموشنل سرگرمیوں میں کمی کی وجہ سے فروخت اور تقسیم کے اخراجات میں 3.1 فیصد کمی واقع ہوئی ہے۔ انتظامی اخراجات میں 10.8 فیصد اضافہ ہوا ہے جو پاکستان میں موجودہ افراط زر کے مطابق ہے۔ کمپنی کی دیگر آمدنی کی مد میں 20.5 فیصد کمی واقع ہوئی ہے۔ تاہم، مارچ 2020 کے مہینے میں پاکستانی روپے کی قیمت میں کمی کی وجہ سے جاپان سے لئے گئے قرض کے مقابلے میں اثاثہ جات پر اس مالیاتی خسارے کے سبب ہمارے دیگر اخراجات کو اسی سہ ماہی کے مقابلے میں 8 گنا بڑھا دیا ہے۔

کمپنی نے اس سہ ماہی میں حصص کی فی حصص آمدنی اسی آمدنی پر بند کی ہے جو سال 2019 کی تیسری سہ ماہی میں تھی۔ اس کے باوجود، 31 مارچ 2020 پر ختم ہونے والے نو مہینے کی فی حصص آمدنی 4 روپے 9 پیسے ہے جبکہ 31 مارچ 2019 پر ختم ہونے والے اسی عرصے میں فی حصص 6 روپے 33 پیسے کا نقصان ہوا تھا۔

مستقبل کی پیش بندی:

جیڑی سے پھیلتی کووڈ-19 کی وبا اور عالمی کساد بازاری کی وجہ سے پاکستان جیسے ترقی پذیر ملک پر اس کے اثرات کے سبب ہم چوتھی سہ ماہی میں جو 30 جون 2020 پر ختم ہوگی حکومت کی طرف سے کئے گئے ادائیگی اقدامات کے باوجود معاشی سرگرمیوں میں سست روی اور ذرائع آمدورفت میں تعطل دیکھتے ہیں۔ تاہم، کاروباری اور معاشی حالات کے باوجود کمپنی اور اس کا عملہ نہ صرف کووڈ-19 سے لڑنے کے لئے بلکہ فروخت اور منافع کے اہداف حاصل کرنے کے لئے بھی انتہائی پر عزم ہے۔

بورڈ کی جانب سے

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حنیف ستار

چیف ایگزیکٹو آفیسر

کراچی

مورخہ 22 اپریل، 2020

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مختاب الدین فیروز

ڈائریکٹر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

		(Unaudited) March 31, 2020	(Audited) June 30, 2019
Note		-----Rupees in '000-----	
ASSETS			
Non-current assets			
	Property, plant and equipment	4 339,330	361,696
	Intangibles	2,034	1,945
	Long-term loans - considered good	8,466	7,090
	Long-term deposits	1,309	1,309
	Deferred tax asset - net	5 116,264	152,547
		467,403	524,587
Current assets			
	Stores and spares	37,416	44,699
	Stock-in-trade - net	683,564	574,810
	Trade debts - unsecured - net	330,353	249,393
	Loans and advances - considered good	30,702	26,987
	Trade deposits, short-term prepayments & other receivables	45,297	43,251
	Taxation - net	57,386	55,942
	Bank balances	14,322	10,975
		1,199,040	1,006,057
	Total assets	<u>1,666,443</u>	<u>1,530,644</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
	Authorised share capital		
	20,000,000 (June 30, 2019: 20,000,000) ordinary shares of Rs 10 each	<u>200,000</u>	<u>200,000</u>
	Issued, subscribed and paid-up share capital		
	12,100,000 (June 30, 2019: 12,100,000) ordinary shares of Rs 10 each	121,000	121,000
	Revenue reserves	<u>(48,016)</u>	<u>(97,545)</u>
	Shareholders' equity	72,984	23,455
LIABILITIES			
Current liabilities			
	Short-term loan from a related party - unsecured	6 576,150	557,588
	Accrued Mark-up	17,808	19,378
	Trade and other payables	495,060	337,350
	Short-term running finance - secured	7 501,253	583,669
	Unclaimed Dividend	3,188	9,204
		1,593,459	1,507,189
	Total equity and liabilities	<u>1,666,443</u>	<u>1,530,644</u>
CONTINGENCIES AND COMMITMENTS			
		8	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

		Nine Month ended March 31,		Quarter ended March 31,	
	Note	2020	2019	2020	2019
		----- Rupees in '000 -----		----- Rupees in '000 -----	
Net sales	9	1,582,596	1,343,016	506,080	476,029
Cost of sales		(1,108,640)	(1,042,481)	(346,800)	(373,901)
Gross profit		473,956	300,535	159,280	102,128
Selling and distribution expenses		(206,730)	(190,595)	(62,917)	(64,935)
Administrative and general expenses		(74,043)	(65,658)	(23,051)	(20,800)
		193,183	44,282	73,312	16,393
Other income		31,468	23,115	7,738	9,736
		224,651	67,397	81,050	26,129
Other expenses		(56,605)	(103,741)	(43,625)	(5,456)
Operating income/(loss)		168,046	(36,344)	37,425	20,673
Finance cost		(58,555)	(46,973)	(17,948)	(19,829)
Profit/(Loss) for the period before taxation		109,491	(83,317)	19,477	844
Taxation - net		(59,962)	6,665	(18,415)	270
Profit/(Loss) for the period after taxation		49,529	(76,652)	1,062	1,114
----- Rupees -----					
Earnings/(Loss) per share - basic and diluted		4.09	(6.33)	0.09	0.09

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Nine Month ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Profit/(Loss) for the period after taxation	49,529	(76,652)	1,062	1,114
Other comprehensive loss:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit plan	-	-	-	-
Deferred tax on remeasurements of defined benefit plan	-	-	-	-
	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>49,529</u>	<u>(76,652)</u>	<u>1,062</u>	<u>1,114</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

Note	Nine Month ended Mar-31	
	2020	2019
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before taxation	109,491	(83,317)
Adjustment for non-cash charges and other items:		
Depreciation	65,367	64,438
Gain on disposal of Fixed Asset - net	(1,281)	(1,500)
(Reversal of provision) / Provision for slow moving and obsolete stock-in-trade - net	(3,253)	2,250
Workers' Profits Participant Fund	5,531	-
Central Research Fund	1,096	-
Exchange loss - net	22,778	90,232
Provision/ (reversal of provision) for stents held with hospitals - net	2,958	(686)
Impairment of trade debts - net	11,938	5,970
Mark-up on finances	58,555	46,973
Operating Surplus before working capital changes	273,180	124,360
(Increase) / decrease in current assets		
Stores and spares	7,283	1,119
Stock-in-trade	(108,459)	(122,324)
Trade debts - unsecured	(92,898)	(14,952)
Loans and advances	(3,715)	(9,590)
Trade deposits, short-term prepayments & other receivables	(2,046)	75
	(199,835)	(145,672)
Increase/ (Decrease) in current liabilities		
Trade and other payables	148,871	(75,850)
Cash generated from / (used in) operations	220,216	(97,162)
Interest paid	(60,125)	(37,283)
Taxes paid	(25,123)	(8,082)
Increase in long-term loans	(1,376)	(1,619)
Net cash generated from / (used in) operations	133,592	(144,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(46,068)	(13,032)
Proceeds from disposal of property, plant and equipment	4,256	1,967
Net cash used in investing activities	(41,812)	(11,065)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(6,016)	(6,480)
Net cash used in financing activities	(6,016)	(6,480)
Net decrease in cash and cash equivalents	85,763	(161,691)
Cash and cash equivalents at the beginning of the period	(572,694)	(485,147)
Cash and cash equivalents at the end of the period	11 (486,931)	(646,838)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Accumulated losses	Sub-total	
	Rupees in '000				
Balance as at July 1, 2018	121,000	356,500	(274,688)	81,812	202,812
Total comprehensive (loss) / income for the period ended March 31, 2019	-	-	(76,652)	(76,652)	(76,652)
Final cash dividend for the year ended June 30, 2018 @ 1.2 per share declared on October 24, 2018	-	(14,521)	-	(14,521)	(14,521)
Balance as at March 31, 2018	<u>121,000</u>	<u>341,979</u>	<u>(351,340)</u>	<u>(9,361)</u>	<u>111,639</u>
Balance as at July 1, 2019	121,000	341,980	(439,525)	(97,545)	23,455
Total comprehensive income/ (loss) for the period ended March 31, 2020	-	-	49,529	49,529	49,529
Balance as at March 31, 2020	<u>121,000</u>	<u>341,980</u>	<u>(389,996)</u>	<u>(48,016)</u>	<u>72,984</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Otsuka Pakistan Limited (the Company) was incorporated in Pakistan 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 registered office of the Company is situated at 30-B, S.M.C.H. Society, Karachi in the province of Sindh, Pakistan. It is engaged in the manufacturing, marketing and distribution of intravenous infusions and trading in pharmaceutical products, nutritional foods and medical equipment. The Company is an indirect subsidiary of Otsuka Pharmaceutical Company Limited, Japan.

The geographical location and address of the Company's business units, including mill / plants, is as under:

Karachi	Purpose	Hub	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	F/4-9, H.I.T.E., Hub, Balochistan, Hub Industrial And Trading Estates, Hub, Las Bela, Balochistan	Factory

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS - 34), 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 the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS-34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last financial statements of the Company.

These condensed interim financial statements are unaudited.

The comparatives in the condensed interim statement of financial position as at March 31, 2020 have been extracted from the audited financial statements of the Company for the year ended June 30, 2019, whereas, the comparatives in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements of the Company for the Nine month ended March 31, 2019.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that obligations in respect of certain staff retirement benefits are carried at present value of defined benefit obligation less fair value of plan assets (for which the last valuation was carried out on June 30, 2019) and stock-in-trade is carried at the lower of cost and net realizable value.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS

3.1 Significant accounting policies

3.1.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2019 except for certain changes in accounting policies as stated in note 3.1.2 below.

3.1.2 Changes in accounting policies due to adoption of certain standards

The following change in accounting policy has taken place effective from July 01, 2019 due to adoption of IFRS 16 'Leases', which became effective for the Company from July 01, 2019.

In January 2016, the IASB published the new standard for lease accounting, IFRS 16 'Leases', which replaces the existing rules contained in IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The new standard is to be applied for annual periods beginning on or after January 1, 2019. The standard introduces a single lessee accounting model, by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset (for granted rights of use of the underlying asset) and a lease liability representing its obligation to make lease payments at commencement for all leases, except for short-term leases and leases of low value assets. It eliminated the requirement if IAS 17 for lessee to classify lease contracts as either operating leases – without recognizing the respective assets or liabilities – or as finance leases. However, IFRS 16 contains optional recognition exemptions. As in the previous standard, IAS 17, lessors still have to differentiate between finance and operating leases.

In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expense from the newly recognized lease liability are presented in cash flow from operating activities. The Company applied IFRS 16 for the first time as of July 01, 2019, retrospectively and without restating the prior-year figures, accounting for the aggregate amount of any transition effects by way of an adjustment to equity and presenting the comparative period in line with previous rules. In this connection, various practical expedients can be applied as of the transition date for lease agreements in which Company is the lessee. The Company used the exemption available under IFRS 16 for the rental agreements which are due to be expired within 12 months from the initial application (i.e. July 01, 2019) and the Company has exercised the option of exempting intangible assets from the scope of application of IFRS 16, accordingly, the adoption of IFRS 16 does not have any significant impact on these condensed interim financial statements.

However, in the annual financial statements, the Company will apply IFRS 16 to the rental agreements to be entered during the remaining part of the year, on which following effects are anticipated: Instead of the minimum lease payments arising from operating leases being presented under other financial commitments, application of IFRS 16 will increase noncurrent assets by requiring the recognition of rights of use assets. Similarly, financial liabilities will be increased by recognition of the corresponding lease liabilities. In the statement of profit or loss, the amortization of rights of use of assets and the interest expense for the liabilities will be recognized in place of the expenses for operating leases. In the statement of cash flows, IFRS 16 will probably lead to an improvement in the operating cash flows by reducing cash outflows for operating activities, while the repayment component of

The changes laid down by above standard do not have any significant impact on these unconsolidated condensed interim financial statements of the Company.

3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

3.3 Fair value of financial asset and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 Estimates and Judgements

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019.

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		-----Rupees in '000-----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		312,904	350,998
Capital work-in-progress	4.2	26,426	10,698
		<u>339,330</u>	<u>361,696</u>

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

----- Nine month ended March 31, 2020 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
	----- Rupees in '000 -----					
Additions	-	21,989	4,134	4,217	-	30,340
Disposals:						
Cost	351	1,370	186	4,934	-	6,840
Accumulated depreciation	(269)	(1,370)	(184)	(2,042)	-	(3,865)
	82	0	1	2,892	-	2,975

----- Nine month ended March 31, 2019 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
	----- Rupees in '000 -----					
Additions	256	8,239	1,983	3,770	-	14,248
Disposals:						
Cost	-	(1,570)	(205)	(2,334)	-	(4,109)
Accumulated depreciation	-	1,570	204	1,867	-	3,641
	-	(0)	(0)	(467)	-	(467)

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		-----Rupees in '000-----	
4.2 Capital work-in-progress			
Stores and spares held for capital expenditure		4,769.0	5,561
Others		21,657	5,137
		<u>26,426</u>	<u>10,698</u>
5 DEFERRED TAX ASSET - NET			
Deferred tax asset - net		<u>116,264</u>	<u>152,547</u>

Based on pattern of utilisation from future expected taxable profit, the Company has not recognised deferred tax on minimum tax amounting to Rs. 75.041 million (June 30, 2019: Rs. 58.982 million).

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		-----Rupees in '000-----	
6 SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			
In foreign currency			
Loan from Otsuka Pharmaceutical Factory, Inc.	6.1	<u>576,150</u>	<u>557,588</u>

6.1 This represents foreign currency denominated loan obtained in three tranches of JPY 125 million each, drawn down on February 26, 2015, April 27, 2015 and July 27, 2015, repayable on or before February 25, 2016, April 26, 2016 and July 26, 2016 respectively. These were roll forwarded annually multiple times and are now repayable on or before February 25, 2021, April 26, 2021 and July 26, 2020 respectively.

Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2019: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.

			(Unaudited) March 31, 2020	(Audited) June 30, 2019
	Note		-----Rupees in '000-----	
7	SHORT-TERM RUNNING FINANCE - SECURED			
From banking companies				
Short-term running finances utilised under mark-up arrangements - secured				
	7.1		501,253	583,669
			<u>501,253</u>	<u>583,669</u>

7.1 Particulars of short-term running finance - secured

Bank	Limit in Rs '000'	Mark-up rate	Security	Frequency of mark-up payment	Facility expiry date	(Unaudited) March 31, 2020	(Audited) June 30, 2019
						-----Rupees in '000-----	
Bank Alfalah Limited	185,000	3 months KIBOR + 2% p.a.	(a) Joint pari passu charge over stocks and receivables of Rs. 147 million registered with the SECP; (b) Joint pari passu charge over land and building for Rs 51 million registered with the SECP; and (c) Joint pari passu charge over plant and machinery of Rs 121 million registered with the SECP.	Quarterly	January 31, 2020 *	71,252	143,958
The Bank of Punjab	41,000	3 months KIBOR + 1.00% p.a.	(a) Joint pari passu charge over stocks and receivables of Rs 23 million registered with the SECP; (b) Joint pari passu charge over land and building for Rs 15 million registered with the SECP; and (c) Joint pari passu charge over plant and machinery of Rs 17 million registered with the SECP.	Quarterly	March 31, 2020*	41,000	41,000
Citi Bank N.A Karachi branch	755,000	1 months KIBOR + 0.5% p.a.	1) Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for PKR 432 million. 2) Registered Joint Pari-passu Charge on Current Assets for PKR 178 million.	Quarterly	March 31, 2021	389,001	398,712
	<u>991,000</u>					<u>501,253</u>	<u>583,668</u>

*The Company has applied for the renewal of the working capital for further 12 months and expects that the facility would get renewed soon.

8 CONTINGENCIES AND COMMITMENTS

There has been no significant change in contingencies disclosed in notes 20.2 & 20.3 to the annual audited financial statements of the Company for the year ended June 30, 2019.

There were no other contingencies and commitments outstanding as on March 31, 2020 and June 30, 2019.

			(Unaudited) March 31, 2020	(Audited) June 30, 2019
	Note		-----Rupees in '000-----	
8.1	Commitments in respect of:			
		Capital expenditure contracted for but not incurred	6,000	2,469
		Letters of credit	56,436	51,359
		Letters of guarantee	62,069	48,686
			<u>124,505</u>	<u>102,514</u>
			(Unaudited) March 31, 2020	(Unaudited) March 30, 2019
			-----Rupees in '000-----	
9	NET SALES			
		Sales (net of returns of Rs. 5.45 million; Mar 31, 2019: Rs. 22.34 million)	1,767,278	1,203,356
		Less: sales tax	(17,784)	(12,367)
			1,749,494	1,190,989
		Less: discounts	(166,899)	(114,473)
			<u>1,582,595</u>	<u>1,076,516</u>

10. 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, Otsuka Welfare Clinic, etc.), entities under common directorship [namely Hospital Supply Corporation and Efroze Chemicals Industries (Private) Limited], Idrees Plastic, staff retirement funds and the key management personnel. Details of the transactions with the related parties and the balances with them as at period end other than those which have been disclosed else where are as follows:

Name of related party	Relationship with the Company	Nature of transaction	(Unaudited) March 31, 2020	(Unaudited) March 31, 2019
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchase of raw material	362	1,371
		Markup expense	2,780	2,323
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchase of Petaal	50,977	91,261
		Purchase of UBIT	7,258	6,061
		Purchase of Mucosta	4,568	5,855
Hospital Supply Corporation	Common Directorship	Sale of finished goods	897,053	637,569
		Late payment surcharge on receivables	17,949	7,892
		Purchase of Vinyl examination glove	582	116
		Sales Discount	120,585	77,659
		Sales Return	3,715	6,125
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchase of Stents/EP Devices	53,110	44,747
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchase of Aminoleban	17,040	27,018
PT. Otsuka Indonesia	Associated Undertaking	Purchase of Proten & used machines	2,794	8,570
Shanghai Microport EPMED Tech Co. Limited	Associated Undertaking	Purchase of devices	15,002	7,248
Danish	Brother to CEO	Purchase of packing material	178	2,197
Idrees Plastics	Brother to CEO	Purchase of polybags	3,479	664
Otsuka staff provident fund	Provident fund	Charge during the period to the fund	9,177	8,519
		Contribution during the period to the fund	9,097	5,558
Otsuka staff gratuity fund	Gratuity fund	Charge during the period to the fund	6,621	6,331
Key Management Personnel	Key Management Personnel	Remuneration paid	62,318	53,643
Mehtabuddin Feroze	Director	Consultancy charges	2,250	2,250

Name of related party	Relationship with the Company	Nature of account balance	Note	(Unaudited) March 31, 2020	(Audited) March 31, 2019
				----- Rupees in '000 -----	----- Rupees in '000 -----
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Markup accrued on short term loan		717	609
		Short term loan payable		576,150	476,587
Otsuka Pharmaceutical Co. Ltd.	Parent company	Payable against purchase of raw material		27,927	57,210
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods		304,806	226,082
PT. Otsuka	Associated	Payable against purchase of finished goods and used machines		4,181	4,048
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchase of finished goods		1,161	14,101
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchase of stents		33,716	16,719
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchase of medical devices		9,015	6,891
Shareholders	Shareholders	Payable to shareholders		2,001	2,001
Key Management Personnel	Key Management Personnel	Advance from key management personnel		1,226	1,036
Otsuka staff gratuity fund	Gratuity fund	Payable from gratuity fund		527	2,197
Otsuka staff provident fund	Provident fund	Payable to provident fund		2,959	2,960

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

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.

11 CASH AND CASH EQUIVALENTS

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

	(Unaudited) March 31, 2020 ----Rupees in '000----	(Unaudited) March 30, 2019 ----Rupees in '000----
Bank balances	14,322	13,345
Short-term running finance utilised under mark-up arrangements	(501,253)	(660,183)
	<u>(486,931)</u>	<u>(646,838)</u>

12 SEGMENT INFORMATION

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

12.2 Sales from Intravenous Solutions represent 83.92 percent while sales from others represent 16.08 percent (March 31, 2019: 82.36 percent and 17.64 percent) respectively of the total sales of the Company.

	(Unaudited) March 31, 2020 ----- In percent -----	(Unaudited) March 30, 2019 ----- In percent -----
12.3 The geographic segmentation of sales is as follows:		

Pakistan	97%	99%
Outside Pakistan (Exports)	3%	52%

12.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 46.76 percent during the nine months ended March 31, 2020 (March 31, 2019: 53.24 percent).

12.5 All non-current assets of the Company as at March 31, 2020 are located in Pakistan.

13 CORRESPONDING FIGURES

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

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 22, 2020 by the Board of Directors of the Company.

15 GENERAL

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



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

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