

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

# HALF YEARLY REPORT

for the period ended December 31, 2023



Otsuka

**Otsuka Pakistan Limited**

(A Company of Otsuka Group Japan)

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	:	Mr. Mikio Bando (Chairman) (Alternate: Mr. Muhammad Taufiq Feroz) Mr. Moin ur Rehman (Director and Chief Executive Officer) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Suhari Mukti (Alternate: Mr. Sajid Ali Khan) Mr. Abid Hussain (Independent Director) Mrs. Navin Salim Merchant (Independent Director)
<b>ADVISOR</b>	:	Mr. Hanif Sattar
<b>COMPANY SECRETARY</b>	:	Mr. Rao Sajid Ali Khan
<b>AUDIT SUB COMMITTEE OF THE BOARD</b>	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member)
<b>HEAD OF INTERNAL AUDIT:</b>		Mr. Jawaid Noor (Secretary)
<b>RISK MANAGEMENT COMMITTEE</b>	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Moin ur Rehman (Member) Mr. Sajid Ali Khan (Secretary)
<b>HUMAN RESOURCES REMUNERATION &amp; NOMINATION SUB-COMMITTEE OF THE BOARD</b>	:	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman (Member) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member) Mr. David Sunil (Secretary)
<b>AUDITORS (EXTERNAL)</b>	:	Yousuf Adil Chartered Accountants (An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited)
<b>AUDITORS (INTERNAL)</b>	:	Suriya Nauman Rehan & Co. (Chartered Accountants)
<b>LEGAL ADVISORS</b>	:	Dr. Moneeba Hamid
<b>BANKERS</b>	:	Citibank N.A., Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited, Bank Al-Habib Limited The Bank of Punjab, Allied Bank Limited MCB Bank Limited, National Bank of Pakistan
<b>REGISTERED OFFICE</b>	:	<b>Head Office:</b> 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, <b>E-mail:</b> secretarialcompliance@otsuka.pk <b>Web site:</b> www.otsuka.pk <b>Factory:</b> Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8, Fax: (0853) 303519
<b>SHARE REGISTRAR</b>	:	CDC Share Registrar Services Limited – (CDCSRSL) CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi 74400, Pakistan. Tel: (92-21) 111-111-500, Fax: (92-21) 34326053 Email: info@cdcsrcsl.com

## DIRECTORS' REPORT

The directors are pleased to present condensed interim financial statements of the Company for the half year ended December 31, 2023.

### Board of Directors

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

CATEGORY	NAMES	GENDER
Executive Director	Mr. Moin ur Rehman (CEO)	Male
Non-Executive Directors	Mr. Mikio Bando (Chairman)	
	Mr. Tariq Mehtab Feroz	
	Mr. Koichi Okada	
	Mr. Suhari Mukti	
Independent Directors	Mr. Abid Hussain	Female
	Mrs. Navin Salim Merchant	

### Board Sub-Committees

NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Audit Committee	Mr. Abid Hussain (Chairman) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Jawaid Noor (Secretary)
Human Resource, Remuneration & Nomination Committee	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. David Sunil (Secretary)
Risk Management Committee	Mr. Abid Hussain (Chairman) Mr. Koichi Okada Mr. Moin ur Rehman Mr. Sajid Ali Khan (Secretary)

The Board has a formal policy and transparent procedures for the remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. Currently, the two independent directors and a non-working alternate director are getting fixed fees for attending the Board and its committee meetings. The aggregate amount of remuneration paid to each director of the Company during the period is given below:

CATEGORY	NAMES	NATURE OF REMUNERATION	Amount (Rs. In '000)
Executive Director	Mr. Hanif Sattar (CEO)	Salaries and benefits *	10,056
Non-Executive Directors	Mr. Mikio Bando (Chairman) **	Not applicable	NIL
	Mr. Tariq Mehtab Feroz	Not applicable	NIL
	Mr. Koichi Okada	Not applicable	NIL
	Mr. Suhari Mukti	Not applicable	NIL
Independent Directors	Mr. Abid Hussain	Meeting fees	200
	Mrs. Navin Salim Merchant	Meeting fees	150
<p>Late Mr. Mehtabuddin Feroz passed away on November 18, 2023. A Sum of Rs. 1,344,000 was paid to him as consultancy fee till October 31, 2023 in the light of board resolution dated April 26, 2023. Further Mr. Tariq Mehtab Feroz became director on board to fill the causal vacancy effective from December 18, 2023.</p> <p>* CEO is entitled to full time working salaries and company benefits as recommended by the board of directors which was duly approved by the shareholders of the Company.</p> <p>** Meeting fees of Rs. 50,000 paid to Mr. Taufiq Feroz for attending meeting as an alternate director of Mr. Mikio Bando.</p>			

## Business Review

The economic conditions were adversely affected due to monetary structural reforms from IMF being imposed after change in Government. This resulted in heavy inflation and highly disturbed exchange rate parity. This impacted our cost of sales resulting in shrinkage of margins.

However, during the period of care taker Government economic indicators were improved and exchange rate was brought down to vicinity of Rs. 282/- as compared to Rs.307/-. The impact of these positive changes during this period will be reflected in next six months' results.

Sales for the half year ended December 31, 2023 was almost equal to same period last year. It was due to reason that market was saturated and our Medical Devices sales were affected due to liquidation of supplier Eucatech Germany we were short of stock resulted in low sale of stents. However, now this supplier has been acquired by another company M/s. OrbusNeich and we are under negotiation of rates and hope that from March 2024 supplies will be restarted.

Selling and administration expenses were well controlled and these were decreased by 2% besides heavy inflation and similar was the case of administration expenses as well. Other income was 6% higher than last year due to increase in scrap sales.

Other expenses were lower by Rs. 107 million mainly due to net exchange loss incurred last period of Rs. 89 million while during the period there is net exchange gain of Rs. 5 million.

Financial cost was almost doubled due to ever high monetary rate and heavy investment in plant and machinery due to aging machines. Also running finance was drawn due to slow recovery of receivables from Hospital Supply Corporation (major distributor).

The earning per share was positive of Rs. 3.14 as compared to loss of Rs. 0.51 per share same period last year.

## Future outlook

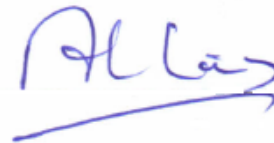
Otsuka Pakistan Limited is bringing new value-added products in near future with unique value-proposition and better margins. Thus better top-line and bottom-line results are expected in coming period. However, the company will continue to face challenges due to extra ordinary cost escalation causing decrease in margins.

The major emphasis of the company is to produce quality products at reasonable prices to meet the requirement of all its stake holders. With effect from January 1, 2024, Company has taken over south distribution from its major distributor and in Karachi it has appointed M/s. UDL Distribution (Pvt) Ltd., as its distributor with positive terms. It is hoped that this change will generate positive results from both profitability and cash flow point of view.

On behalf of the Board



**Hanif Sattar**  
Chief Executive Office



**Abid Hussain**  
Director

Karachi

Dated: February 20, 2024

## ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے ششماہی کے لیے کمپنی کے اکاؤنٹس پیش کرنے پر خوش ہیں۔

### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز ("بورڈ") اور اس کی ذیلی کمیٹیوں کی تشکیل حسب ذیل ہے:

درجہ بندی	نام	جنس
ایگزیکٹو ڈائریکٹر	جناب معین الرحمن صاحب (سی ای او)	مرد
نان ایگزیکٹو ڈائریکٹرز	جناب میکو بانڈو (چیرمین) جناب طارق مہتاب فیروز جناب کوچی او کاڈا جناب سوہاری مکتی	مرد
آزاد ڈائریکٹرز	جناب عابد حسین مسز نوین سلیم مرچنٹ	مرد خاتون

مسٹر توفیق فیروز مسٹر میکو بانڈو کے متبادل ڈائریکٹر ہیں۔  
مسٹر ساجد علی خان مسٹر سوہاری مکتی کے متبادل ڈائریکٹر ہیں۔

بورڈ کمیٹی:

بورڈ کی ذیلی کمیٹیاں	ممبر کا نام
آڈٹ کمیٹی	جناب عابد حسین (چیرمین) جناب کوچی او کاڈا جناب طارق مہتاب فیروز
ہیومن ریسورسز و معاوضہ اور نامزدگی کمیٹی	مسز نوین سلیم مرچنٹ (چیر پرسن) جناب کوچی او کاڈا جناب معین الرحمن صاحب جناب طارق مہتاب فیروز
رسک مینجمنٹ کمیٹی	جناب عابد حسین (چیرمین) جناب کوچی او کاڈا جناب ساجد علی خان جناب معین الرحمن صاحب

بورڈ کے پاس کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔ فی الحال، دو آزاد ڈائریکٹرز اور ایک غیر ایگزیکٹو متبادل ڈائریکٹر ہیں۔ وہ پالیسی کے مطابق میٹنگز میں شرکت کے لیے ایک مقررہ فیس وصول کر رہے ہیں۔ اس مدت کے دوران کمپنی کے ہر ڈائریکٹر کو معاوضے کی مجموعی رقم ذیل میں دی گئی ہے:

پاکستانی روپے '000	معاوضے کی تفصیلات	نام	عہدے
10,056	تنخواہیں اور مراعات	حنیف ستار (سی ای او)*	ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	میکو یا ٹرو جینرین**	نان ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	طارق متاب فیروز	
NIL	قابل اطلاق نہیں	کوچی اوکاڈا	
NIL	قابل اطلاق نہیں	سوباری کتنی	
200	میتنگ فیس	جناب عابد حسین	آزاد ڈائریکٹر
150	میتنگ فیس	مسز نوین سلیم مرچنٹ	

مرحوم جناب مہتاب الدین فیروز کا انتقال 18 نومبر 2023 کو ہوا۔ بورڈ کی 26 اپریل 2023 کی قرارداد کی روشنی میں انہیں 31 اکتوبر 2023 تک کنسلٹنسی فیس کے طور پر 1,344,000 روپے ادا کیے گئے تھے مزید جناب طارق مہتاب فیروز 18 دسمبر 2023 سے اس آسامی کو پر کرنے کے لیے ڈائریکٹر بن گئے۔

\* سی ای او کل وقتی کام کرنے والی تنخواہوں اور کمپنی کے فوائد کا حقدار ہے جیسا کہ بورڈ آف ڈائریکٹرز کی طرف سے تجویز کیا گیا تھا جس کی کمپنی کے سینئر بولڈرز کی طرف سے منظوری دی گئی تھی۔

\*\* 50,000 روپے میتنگ فیس مسٹر توفیق فیروز کو مسٹر میکو بندو کے متبادل ڈائریکٹر کے طور پر میتنگ میں شرکت کے لیے ادا کی گئی۔

## کاروباری جائزہ

حکومت میں تبدیلی کے بعد آئی ایم ایف کی مختلف اصلاحات کی نگرانی کے باعث معاشی حالات بری طرح متاثر ہوئے۔ اس کے نتیجے میں بھاری افراط زر اور شرح مبادلہ میں بہت زیادہ اضافہ ہوا اور بہت غیر مستحکم دیکھا گیا۔ اس نے ہماری فروخت کی لاگت کو متاثر کیا، اس لیے ہماری فروخت کی لاگت بلند سطح پر بڑھ گئی جس کے نتیجے میں ہمارے مارجن میں کمی واقع ہوئی۔

تاہم، پاکستان کی نگران حکومت کے دور میں، اقتصادی اشاریے بہتر ہوئے اور امریکی ڈالر کو اس ششماہی کے دوران 307 روپے کے مقابلے میں 282 روپے تک لایا گیا۔ ان مثبت تبدیلیوں کے اثرات اگلے چھ ماہ کے نتائج میں نظر آئیں گے۔

31 دسمبر 2023 کو ختم ہونے والے ششماہی کی فروخت گزشتہ سال کی اسی مدت کے تقریباً برابر تھی۔ اس کی وجہ یہ تھی کہ مارکیٹ میں سیلابی کم سطح پر تھی اور یوٹیک جرمی کے لیکویڈیشن کی وجہ سے ہمارے پاس اسٹاک کی کمی تھی اور اس لیے سٹیٹس کی فروخت کم دیکھی گئی۔ تاہم، اب یہ کاروبار ایک اور کمپنی نے حاصل کر لیا ہے اور ہم نرخوں پر بات چیت کر رہے ہیں اور امید ہے کہ مارچ 2024 سے سیلابی دوبارہ شروع کر دی جائے گی۔

فروخت اور انتظامی اخراجات کو اچھی طرح سے کنٹرول کیا گیا اور بھاری افراط زر اور اسی طرح کے دیگر انتظامی اخراجات کے علاوہ 2% کی کمی واقع ہوئی۔ پلاسٹک کے خام مال کی قیمتوں میں اضافے اور بوتلوں کی تیاری کے بعد اس کے بج جانے والے اسکرپ کی فروخت کی وجہ سے دیگر آمدنی گزشتہ سال کے مقابلے میں تقریباً 6% زیادہ تھی۔

دیگر اخراجات 107 ملین روپے سے کم تھے جس کی بنیادی وجہ گزشتہ مدت میں 89 ملین روپے کا خالص ایکسیچینج نقصان تھا جبکہ موجودہ مدت کے دوران 5 ملین روپے کا یہی فائدہ ریکارڈ کیا گیا ہے۔

بہت زیادہ شرح سود اور مشینوں کی عمر بڑھنے کی وجہ سے پلانٹ اور مشینری میں ہماری بھاری سرمایہ کاری کی وجہ سے مالی لاگت دوگنی ہو گئی۔ دوم ہسپتال سیلابی کارپوریشن (ہمارے بڑے تقسیم کاروں میں سے ایک) سے سنت ادائیگی بھی ایک اہم عنصر ہے۔

اس عرصے کے دوران فی حصص آمدنی 3.14 روپے مثبت رہی جو کہ پچھلے سال کی اسی مدت میں 0.51 روپے کے نقصان کے مقابلے میں تھی۔

## مستقبل کا نقطہ نظر

اوتسوکا پاکستان لمیٹڈ مستقبل قریب میں منفرد ویلیو پروپوزیشن اور بہتر مارجن کے ساتھ نئی ویلیو ایڈڈ مصنوعات لا رہا ہے۔ اس طرح آنے والے عرصے میں ٹاپ لائن اور باٹم لائن کے بہتر نتائج متوقع ہیں۔ تاہم، کمپنی کو غیر معمولی لاگت میں اضافے کی وجہ سے چیلنجز کا سامنا کرنا پڑے گا جس کی وجہ سے مارجن میں کمی واقع ہوگی۔

کمپنی کا سب سے بڑا زور اپنے تمام اسٹیک بولڈرز کی ضروریات کو پورا کرنے کے لیے مناسب قیمتوں پر معیاری مصنوعات تیار کرنا ہے، یکم جنوری 2024 سے، کمپنی نے اپنے بڑے ڈسٹری بیوٹر سے جنوبی تقسیم واپس لے لی ہے اور کراچی میں ان کی جگہ مثبت شرائط کے ساتھ ایک نئے ڈسٹری بیوٹر بوڈی ایل ڈسٹری بیوٹن پرائیویٹ لمیٹڈ کو بطور تقسیم کار مقرر کیا۔ امید ہے کہ یہ تبدیلی منافع اور نقد بہاؤ دونوں نقطہ نظر سے مثبت نتائج پیدا کرے گی۔

کراچی

بورڈ کی جانب سے

حنیف ستار  
چیف ایگزیکٹو آفیسر

عابد حسین

عابد حسین  
ڈائریکٹر

تاریخ: 20 فروری 2024



## INDEPENDENT AUDITORS' REVIEW REPORT

### To the members of Otsuka Pakistan Limited

#### Report on review of Condensed Interim Financial Statements

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **OTSUKA PAKISTAN LIMITED** (here-in-after referred to as "the Company") as at December 31, 2023, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as 'condensed interim financial statements'). Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 – 'Review of Interim Financial Statements Performed by the Independent Auditor of the Entity'. A review of the condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

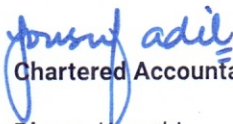
##### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year ended December 31, 2023 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

##### Other matter

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and related notes for the quarter ended December 31, 2023 have not been reviewed by us, as we are only required to review the cumulative figures for the half year ended December 31, 2023.

The engagement partner on the review resulting in this independent auditors' review report is **Hena Sadiq**.

  
Chartered Accountants

Place: Karachi

Date: February 22, 2024

UDIN: RR2023100578hbvRLPjW


## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	Note	(Unaudited) December 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	419,722	413,481
Intangible assets		919	1,092
Long-term loans		6,835	7,426
Long-term deposits		3,691	3,691
Deferred tax asset	5	121,236	115,636
		552,403	541,326
<b>Current assets</b>			
Stores and spares		48,236	50,315
Stock-in-trade	6	1,161,710	1,063,968
Trade debts	7	489,428	379,677
Loans and advances	8	87,031	65,379
Trade deposits, short-term prepayments and other receivables	9	24,048	23,283
Sales tax refundable	10	48,876	90,263
Taxation - net		61,886	54,315
Short-term investment		14,610	14,610
Bank balances		11,600	5,828
		1,947,425	1,747,638
<b>Total assets</b>		<b>2,499,828</b>	<b>2,288,964</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	121,000	121,000
Revenue reserves		596,367	576,523
<b>Total shareholder's equity</b>		<b>717,367</b>	<b>697,523</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liability		6,721	6,792
<b>Current liabilities</b>			
Trade and other payables	12	637,349	609,556
Short-term loan from a related party	13	497,375	498,075
Current portion of lease liability		671	1,268
Unclaimed dividends		1,765	1,765
Unpaid dividends	14	12,512	-
Short-term running finance	15	597,810	451,183
Mark-up accrued		28,258	22,802
		1,775,740	1,584,649
<b>Total equity and liabilities</b>		<b>2,499,828</b>	<b>2,288,964</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

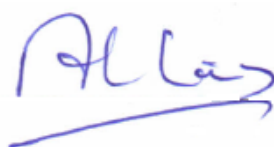
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2023	2022	2023	2022
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Net sales	17	1,573,674	1,594,906	778,258	891,729
Cost of sales		(1,234,726)	(1,239,518)	(618,074)	(651,907)
<b>Gross profit</b>		<b>338,948</b>	<b>355,388</b>	<b>160,184</b>	<b>239,822</b>
Selling and distribution expenses		(170,705)	(173,779)	(84,105)	(87,768)
Administrative and general expenses		(63,646)	(63,709)	(33,813)	(32,254)
		<b>104,597</b>	117,900	<b>42,266</b>	119,800
Other income	18	<b>62,521</b>	59,106	<b>31,890</b>	25,325
		<b>167,118</b>	177,006	<b>74,156</b>	145,125
Other expenses	19	<b>(37,917)</b>	(144,941)	<b>(37,270)</b>	(101,512)
<b>Operating profit</b>		<b>129,201</b>	32,065	<b>36,886</b>	43,613
Finance cost		(54,696)	(27,464)	(27,727)	(19,491)
<b>Profit for the period before taxation</b>		<b>74,505</b>	4,601	<b>9,159</b>	24,122
Taxation - net	20	(36,511)	(10,832)	(7,088)	(8,414)
<b>Profit / (loss) for the period</b>		<b>37,994</b>	(6,231)	<b>2,071</b>	15,708
----- (Rupees) -----					
<b>Profit / Earnings per share - basic and diluted</b>		<b>3.14</b>	(0.51)	<b>0.17</b>	1.30

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Half year ended December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
Profit / (loss) for the period	37,994	(6,231)	2,071	15,708
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>37,994</b>	<b>(6,231)</b>	<b>2,071</b>	<b>15,708</b>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Abid Hussain**  
Director




**Sajid Ali Khan**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

Note	Half year ended December 31	
	2023 ----- (Rupees in '000) -----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	74,505	4,601
<b>Profit for the period before taxation</b>		
<b>Adjustment for non-cash charges and other items:</b>		
	57,647	49,547
	173	536
	(11,772)	(10,477)
18	(3,352)	18,856
18	-	(19,542)
18	8,320	161
19	19,619	27,398
19	(5,878)	58,437
19	2,261	785
19	4,040	302
19	816	417
	4,266	3,000
	5,429	5,324
	54,696	27,464
	<b>210,770</b>	<b>166,809</b>
<b>Operating cash flows before working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
	2,079	(8,248)
	(102,710)	(15,072)
	(129,370)	(301,199)
	(21,652)	13,839
	(6,692)	4,998
	41,387	7,568
<b>Increase / (decrease) in current liabilities</b>		
	22,535	(42,005)
	<b>16,347</b>	<b>(173,310)</b>
<b>Cash generated from / (used in) operations</b>		
	(48,288)	(10,577)
	(49,682)	(53,140)
	-	(1,356)
	591	733
	-	(19,483)
	(3,624)	(3,506)
	(2,752)	(6,458)
	5,927	-
	<b>(81,481)</b>	<b>(267,097)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	(67,699)	(31,060)
	15,583	19,448
	<b>(52,116)</b>	<b>(11,612)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	(5,638)	(17,787)
	(1,620)	(860)
	-	(17,164)
	<b>(7,258)</b>	<b>(35,811)</b>
	<b>(140,855)</b>	<b>(314,520)</b>
	<b>(445,355)</b>	<b>(42,851)</b>
	<b>(586,210)</b>	<b>(357,371)</b>
24		

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

  
**Hanif Sattar**  
Chief Executive Officer

  
**Abid Hussain**  
Director

  
**Sajid Ali Khan**  
Chief Financial Officer

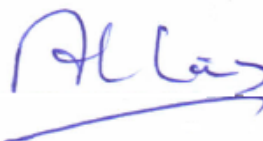
## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Unappropriate d profit	Sub-total	
(Rupees in '000)					
Balance at July 01, 2022 (Audited)	121,000	341,980	250,014	591,994	712,994
Final cash dividend for the year ended June 30, 2022 @ Rs. 1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Loss for the period	-	-	(6,231)	(6,231)	(6,231)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period ended December 31, 2022	-	-	(6,231)	(6,231)	(6,231)
Balance as at December 31, 2022 (Un-audited)	121,000	341,980	225,633	567,613	688,613
<b>Balance as at July 01, 2023 (Audited)</b>	<b>121,000</b>	<b>491,980</b>	<b>84,543</b>	<b>576,523</b>	<b>697,523</b>
Final dividend for the year ended June 30, 2023 @ Rs.1.50 per share	-	-	(18,150)	(18,150)	(18,150)
Profit for the period	-	-	37,994	37,994	37,994
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2023	-	-	37,994	37,994	37,994
<b>Balance as at December 31, 2023 (Un-audite</b>	<b>121,000</b>	<b>491,980</b>	<b>104,387</b>	<b>596,367</b>	<b>717,367</b>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Abid Hussain**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

**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, Las Bela, Baluchistan	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, 2023. 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 latest annual financial statements of the Company.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the section 237 of Companies Act, 2017.

The comparatives in the condensed interim statement of financial position as at December 31, 2023 have been extracted from the audited financial statements of the Company for the year ended June 30, 2023, 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 half year ended December 31, 2022.

**2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention except obligations in respect of certain staff retirement benefits that are carried at present value of defined benefit obligation less fair value of plan assets. The Company follows the practice of conducting valuation of staff gratuity annually and the impacts of such valuation are incorporated in the annual financial statements at every year end. For staff retirement benefits, the management has used the assumptions of their appointed experts as of June 30, 2023 for calculating the amount of provision and incorporated the resultant in these condensed interim financial statements.

**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. MATERIAL ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS

#### 3.1 Material accounting policy information

3.1.1 The material accounting policy information 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, 2023.

#### 3.1.2 Adoption of certain standards, interpretations and amendments

There are certain standards, interpretations on accounting and reporting standards as applicable in Pakistan and amendments to certain existing standards which have been published and are mandatory for the accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant impact on the accounting policies of the Company and therefore not disclosed in these condensed interim financial statements.

#### 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, 2023.

#### 3.3 Fair value of financial assets 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 judgements 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, 2023.

	Note	(Un-audited) December 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2023
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	329,565	210,814
Capital work-in-progress	4.2	90,157	202,667
		<b>419,722</b>	<b>413,481</b>

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

	(Un-audited) Half year ended December 31, 2023		(Un-audited) Half year ended December 31, 2022	
	Addition / transfer - at cost	Disposal - at net book value	Addition / transfer - at cost	Disposal - at net book value
	----- (Rupees '000) -----		----- (Rupees '000) -----	
<b>Operating fixed assets</b>				
Right of use assets	-	-	5,401	-
Building on leasehold land	17,021	-	-	-
Plant and machinery	136,524	-	10,789	378
Furniture, fixtures and equipment	18,366	61	2,244	-
Vehicles	8,298	3,751	7,557	8,593
<b>Total</b>	<b>180,209</b>	<b>3,812</b>	<b>25,991</b>	<b>8,971</b>



		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>4.2 Capital work-in-progress</b>			
Stores and spares held for capital expenditure		19,242	4,188
Others		70,915	198,479
		<u>90,157</u>	<u>202,667</u>
<b>5. DEFERRED TAX ASSET</b>			
Deferred tax asset	5.1	<u>121,236</u>	<u>115,636</u>
<b>5.1</b>	Deferred tax asset comprises deductible / (taxable) temporary differences in respect of the following:		
		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
Deductible temporary difference arising in respect of			
- Tax depreciation		20,252	26,170
- Employees' short-term compensated absences		8,235	8,049
- Impairment of trade debts		16,742	11,345
- Minimum tax allowance		52,842	52,842
- Other provisions		23,165	17,230
		<u>121,236</u>	<u>115,636</u>
<b>6. STOCK-IN-TRADE</b>			
Raw and packing materials			
- in hand	6.1	517,604	558,262
- in transit		65,893	141,879
		<u>583,497</u>	<u>700,141</u>
Work-in-process		26,593	12,533
Finished goods			
- in hand	6.2	592,299	387,193
- in transit		188	-
		<u>592,487</u>	<u>387,193</u>
		<u>1,202,577</u>	<u>1,099,867</u>
Less:			
Provision against slow moving and obsolete stock-in-trade		(23,140)	(14,820)
Provision against stents held with hospitals		(17,727)	(21,079)
		<u>(40,867)</u>	<u>(35,899)</u>
		<u>1,161,710</u>	<u>1,063,968</u>

- 6.1** Raw and Packing material includes slow moving and obsolete stock amounting to Rs. 6.95 million (June 30, 2023: Rs.10.91 million).
- 6.2** These include items costing Rs. 192.49 million (June 30, 2023: Rs. 16.05 million) that have been valued at their net realisable value amounting to Rs. 176.30 million (June 30, 2023: Rs. 12.15 million).

	Note	(Un-audited) December 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2023
<b>7. Trade debts</b>			
Due From Hospital Supply Corporation- a Related Party	26	366,626	312,542
Others		180,533	106,257
		<u>547,159</u>	<u>418,799</u>
Loss allowance		<u>(57,731)</u>	<u>(39,122)</u>
		<u>489,428</u>	<u>379,677</u>
<b>8. LOANS AND ADVANCES</b>			
Loan to employees - current portion		7,170	7,274
Advances to:			
- employees		1,811	1,988
- suppliers	8.1	78,050	56,117
		<u>79,861</u>	<u>58,105</u>
		<u>87,031</u>	<u>65,379</u>
<b>8.1</b> This includes 100% cash margin of Rs. Nil (June 30, 2023: Rs. 16.69 million) equivalent to import value against import of goods.			
	Note	(Un-audited) December 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2023
<b>9. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
Trade deposits		9,986	10,396
Short-term prepayments		9,351	6,295
Sales tax adjustable		3,713	-
Surplus on staff retirement fund		-	5,927
Other receivables		998	665
		<u>24,048</u>	<u>23,283</u>
<b>10. SALES TAX REFUNDABLE</b>	10.1	<u>48,876</u>	<u>90,263</u>

- 10.1** Through Finance Act, 2022, effective from July 1, 2022, a special tax regime for pharmaceutical sector was introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall 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 Pharmaceutical Ingredients (API). As a result, the pharmaceutical sector was allowed to claim sales tax refund on all purchases including APIs and provincial sales tax on services. As of December 31, 2023, sales tax refund amounting to Rs. 41.38 million has been processed by the Tax Authorities. However, sales tax refund amounting to Rs. 48.88 million has not yet been processed by the Tax authorities as of period end.

## 11. SHARE CAPITAL

December 31, 2023	June 30, 2023		December 31, 2023	June 30, 2023
<b>(Number of shares in '000')</b>		<b>Authorised capital:</b>	<b>----- (Rupees in '000) -----</b>	
<u>20,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
<b>(Number of shares )</b>		<b>Issued, subscribed and paid-up capital</b>	<b>----- (Rupees in '000) -----</b>	
<u>12,100,000</u>	<u>12,100,000</u>	Ordinary shares of Rs. 10 each	<u>121,000</u>	<u>121,000</u>
			<b>(Un-audited)</b>	<b>(Audited)</b>
			<b>December 31,</b>	<b>June 30,</b>
			<b>2023</b>	<b>2023</b>
		<b>Note</b>	<b>----- (Rupees in '000) -----</b>	

## 12. TRADE AND OTHER PAYABLES

Creditors		<b>122,660</b>	112,399
Bills payable	12.1	<b>137,348</b>	184,707
Accrued liabilities	12.2	<b>259,197</b>	195,324
Provision for employees provident fund		<b>4,518</b>	3,988
Provision for staff retirement benefit fund		<b>2,677</b>	-
Provision for employees short-term compensated absences		<b>28,398</b>	27,756
Sales tax payable	12.3	<b>17,451</b>	13,959
Retention money		<b>930</b>	930
Security deposits		<b>1,889</b>	2,089
Workers' welfare fund		<b>9,333</b>	7,072
Workers' profits participation fund		<b>4,040</b>	-
Central research fund		<b>816</b>	-
Contract liabilities		<b>22,082</b>	32,728
Other liabilities	12.2	<b>26,010</b>	28,604
		<u><b>637,349</b></u>	<u>609,556</u>

- 12.1** These include amounts payable to the related parties as at the end of the period aggregating to Rs. 90.67 million (June 30, 2023: Rs. 92.45 million).

- 12.2** There has been no material change in contingencies as disclosed in notes 21.3 and 21.6 to the annual audited financial statements of the Company for the year ended June 30, 2023.

**12.3** This includes provision for sales tax in respect of imported materials of polyethylene (for IV solutions) amounting to Rs. Nil (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 industries.

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

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>13. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED</b>			
<b>In foreign currency</b>			
Loan from Otsuka Pharmaceutical Factory, Inc.	13.1	<u>497,375</u>	<u>498,075</u>

**13.1** This represents foreign currency denominated loan. The loan was 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 rolled forward annually multiple times. During the financial year ended June 30, 2021, one tranche drawn down on July 27, 2015 was repaid on June 30, 2021. During the financial year ended June 30, 2023, the other two tranches have been rolled forward and are now repayable on or before February 25, 2024 and April 26, 2024 respectively.

Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2023: LIBOR + 0.40%) per annum.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>14. UNPAID DIVIDENDS</b>	14.1	<u>12,512</u>	<u>-</u>

**14.1** It represents amounts payable to Otsuka Pharmaceutical Company Limited (the Holding Company), P.T. Ostuska Indonesia, Indonesia (associated undertaking), and Ostuka Pharmaceutical Factory, Inc. ,Japan (associated undertaking) on account of final dividend for the year ended June 30, 2023. The remittance of dividend is currently in process.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>15. SHORT-TERM RUNNING FINANCE - SECURED</b>			
<b>From banking companies</b>			
Short-term running finance utilised under mark-up arrangements	15.1	<u>597,810</u>	<u>451,183</u>

## 15.1 Particulars of short-term running finance - secured

Bank	Limit in as at December 31, 2023	Limit in as at December 31, 2023	Mark-up rate	Security	Frequency of mark-up payment	Facility expiry date	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	----( Rupees in '000 )----		(%)				---- (Rupees in '000) ----	
Citi Bank	900,000*	900,000	1 month KIBOR + 0.50% p.a.	a) SECP Registered Joint Pari-passu Charge on Fixed b) SECP Registered Joint Pari-passu Charge on Current Assets	Quarterly	February 28, 2024	597,810	451,183
	<u>900,000</u>	<u>900,000</u>					<u>597,810</u>	<u>451,183</u>

\* The facility is interchangeable with letter of credit and letter of guarantee.

## 15.2 Details of import letters of credit (sight / usance / acceptance) and letters of guarantee

15.2.1 The facilities relating to import letter of credit (sight / usance / acceptance) available from banks as at December 31, 2023 amounted in aggregate to Rs. 914.60 million (June 30, 2023: Rs. 914.60 million).

During the period ended December 31, 2023 the Company has utilised the Letter of Credit facility amounting to Rs. 30.14 million (June 30, 2023: Rs. 111.53 million). In addition, the Company has also utilised the letter of guarantee amounting to Rs. 65.02 (June 30, 2023: Rs. 32.81 million).

15.2.2 As at Dec 31, 2023, the unavailed facility amounts to Rs. 212.68 million (June 30, 2023: Rs. 305.20 million) which can be utilised for running finance, letter of credit or letter of guarantee.

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	

## 16. CONTINGENCIES AND COMMITMENTS

16.1 Commitments in respect of:

Letters of credit	<u>39,143</u>	<u>111,526</u>
Letters of guarantee	<u>65,021</u>	<u>32,802</u>

16.2 There has been no material change in contingencies as disclosed in notes 24.2, 24.3, 24.4 and 24.5 to the annual audited financial statements of the Company for the year ended June 30, 2023.

16.3 There were no other contingencies outstanding as on December 31, 2023.

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
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## 17. NET SALES

Sales (net of returns of Rs. 0.13 million; December 31, 2022: Rs. 0.40 million)	1,771,980	1,789,610
Less: sales tax	(37,039)	(29,498)
	<u>1,734,941</u>	<u>1,760,112</u>
Less: discounts	(161,267)	(165,206)
	<u>1,573,674</u>	<u>1,594,906</u>

17.1

17.1 The sales is segregated on the basis of product type and geographical location as disclosed in note 22.

	(Un-audited) Half year ended December 31, 2023	(Un-audited) Half year ended December 31, 2022
<b>18. OTHER INCOME</b>		
Late payment surcharges from Hospital Supply Corporation - a related party	19,604	2,111
Gain on disposal of operating fixed assets - net	11,772	10,477
Scrap sales	20,781	14,236
Reversal of provision against stents held with hospitals - net	3,352	-
Reversal of provision against orthopedic knee implants	-	19,542
Exchange gain - net	5,178	-
Income from term deposit receipt	1,519	-
Others	315	12,740
	<u>62,521</u>	<u>59,106</u>
<b>19. OTHER EXPENSES</b>		
Auditor's remuneration	1,200	1,200
Donations	507	300
Worker's profit participation fund	4,040	302
Worker's welfare fund	2,261	785
Central research fund	816	417
Provision against expected credit loss on trade debts	19,619	27,398
Provision for stents held with hospitals	-	18,856
Provision against slow moving and obsolete stock-in-trade	8,320	161
Exchange loss - net	-	89,036
Bank charges and commission	1,071	218
Others	83	6,268
	<u>37,917</u>	<u>144,941</u>
<b>20. TAXATION - NET</b>		
Current		
- for the period	39,682	20,357
- for prior period	-	(2,499)
	<u>39,682</u>	<u>17,858</u>
Super tax	2,429	-
Deferred	(5,600)	(7,027)
	<u>36,511</u>	<u>10,831</u>

20.1 There has been no material change in contingencies as disclosed in notes 32.1, 32.2 and 32.3 to the annual audited financial statements of the Company for the year ended June 30, 2023.

## 21. TRANSACTIONS AND BALANCES 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 Hospital Supply Corporation, 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:

Name of related party	Relationship with the	Nature of transaction	(Un-audited)	(Un-audited)
			Half year ended December 31, 2023	Half year ended December 31, 2022
			----- (Rupees in '000) -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	17,439	-
		Markup expense on short-term loan	1,666	1,428
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchases	88,726	53,670
		UBIT sales incentives	-	4,881
		Reimbursement against UBIT expired	-	2,267
Hospital Supply Corporation (note 26)	Common Directorship	Sale of finished goods	706,943	800,000
		Late payment surcharge on receivables	19,604	2,111
		Other sales discounts / claims	109,481	115,285
		Sales returns	25	62
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	33,970	31,899
PT. Otsuka Indonesia	Associated Undertaking	Purchases	14,227	20,932
Shanghai Microport EPMED Tech Co. Limited	Associated Undertaking	Purchases	33,075	8,307
Danish Enterprises	Others	Purchases	2,129	6,895
Qubittech	Others	Purchases	1,246	683
Husein & Husein	Others	Consultancy services	-	15
Otsuka staff provident fund	Employees Provident fund	Contribution during the period to the fund	7,161	7,366
Otsuka staff gratuity fund	Staff Retirement Benefit fund	Contribution during the period to the fund	2,752	6,459
Key Management Personnel	Key Management Personnel	Remuneration paid	30,017	35,826
Mehtabuddin Feroze	Director	Consultancy charges	1,344	1,872
Director	Director	Meeting Fees	400	200

Name of related party	Relationship with the	Nature of transaction	(Unaudited)	(Audited)
			December 31, 2023	June 30, 2023
			----- (Rupees in '000) -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan	497,375	498,970
Otsuka Pharmaceutical Co.,	Parent company	Payable against purchases	8,134	16,246
Hospital Supply Corporation (note 26)	Common Directorship	Receivable against sale of goods	-	312,542
Shanghai Microport Medical (Group) Co., Limited	Associated undertaking	Payable against purchases	-	172
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchases	32,289	7,327
Shareholders	Shareholders	Payable to shareholders	363	363
Otsuka staff gratuity fund	Staff Retirement Benefit fund	Payable to / (Receivable from) staff retirement benefit fund	2,677	(5,927)
Otsuka staff provident fund	Employees Provident fund	Payable to employees provident fund	4,518	3,988
Key Management Personnel	Key Management Personnel	Advance from key management personnel	1,124	1,124

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.

## 22. SEGMENT INFORMATION

- 22.1 These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- 22.2 Sales from Intravenous Solutions (I.V Solutions) represent 84.34 percent while sales from others represent 15.66 percent (December 31, 2022: 82.73% and 17.27%) respectively of the total sales of the Company.

22.3 The geographic segmentation of sales is as follows:	(Un-audited)	(Un-audited)
	December 31, 2023	December 31, 2022
----- (In percent) -----		
Pakistan	96.60	100.00
Afghanistan	3.40	-
	<b>100.00</b>	<b>100.00</b>



22.4 Sales to Hospital Supply Corporation (a related party of the Company), which is the sole distributor in the southern region, was around 43.85 percent during the period ended December 31, 2023 (December 31, 2022: 42.18%).

22.5 All non-current assets of the Company as at December 31, 2023 are located in Pakistan.

## 23. PLANT CAPACITY AND PRODUCTION

		(Un-audited)		(Un-audited)	
		Half year ended December 31, 2023		Half year ended December 31, 2022	
		Capacity	Actual production	Capacity	Actual production
Note		----- (million bottles) -----			
	I.V. solutions	15.7	11.0	15.7	12.0
23.1	Plastic ampoules	7.0	6.5	11.0	5.3
	Sachets	3.0	1.5	-	-
23.2		<u>25.7</u>	<u>19.0</u>	<u>26.7</u>	<u>17.3</u>

23.1 Capacity for plastic Ampoule was not utilised due to planned activities.

23.2 The Company's under-utilised capacity of 6.7 million bottles (December 31, 2022: 9.4 million bottles) was due to over supply situation in the market.

## 24. CASH AND CASH EQUIVALENTS

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

	Note	(Un-audited) December 31, 2023	(Un-audited) December 31, 2022
		----- (Rupees in '000) -----	
Bank balances		11,600	5,405
Short-term running finance - secured	15	(597,810)	(362,776)
		<u>(586,210)</u>	<u>(357,371)</u>

## 25. GENERAL

- Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in these condensed interim financial statements.

## 26. SIGNIFICANT INFORMATION AND SUBSEQUENT EVENTS

During the and subsequent to the period, the following events occurred with respect to Hospital Supply Corporation(HSC):

Mr. Mehtab Feroze, who holds 3.29 % shares of the Company passed away during November, 2023. Due to his demise, the shares shall be transferred to his legal heirs after all the legal proceedings and documentation which are under process. Currently his son Mr. Tariq Feroze has taken charge as a director in the Company from December 18, 2023. Consequently, HSC, after the demise of Mr. Mehtab Feroze was no longer a related party of the Company as at December 31, 2023.

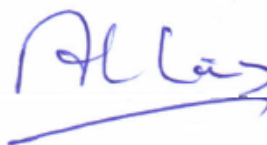
As of December 31, 2023, the Company did not renew the distributor agreement with HSC and appointed other distributors for the areas covered by HSC.

## 27. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 20, 2024 by the Board of Directors of the Company.



**Hanif Sattar**  
Chief Executive Officer



**Abid Hussain**  
Director










**Sajid Ali Khan**  
Chief Financial Officer










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