

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

**Half Yearly Report  
December, 2019**



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](mailto:sakhan@otsuka.pk)  
[jnoor@otsuka.pk](mailto:jnoor@otsuka.pk)  
Web site: [www.otsuka.pk](http://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@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

## Directors' Report

The Directors are pleased to present accounts of the Company for the half year ended December 31, 2019.

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		Mr. Noor Muhammad (Chairman)
Non-Executive Directors	Mr. Mikio Bando (Chairman)		Audit Committee	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	Female		Mr. Mehtabuddin Feroz
	Mrs. Navin Salim Merchant			Mr. Hanif Sattar

## Business Review

Sales for the half year ended December 31, 2019 have increased by 24.2% as compared to same period last year mainly due to sales mix and price adjustment. Further with strict cost control and rationalization of sales discounts your Company has achieved a gross profit margin of 29% as compared to 23% in the previous half year.

Selling and distribution expenses have increased by 14.4 % which is in line with the increase in sales of the Company. Administrative expenses have also increased by 13.7% due to record breaking inflation in Pakistan during 2019. However with a stable exchange rate during last six months, other expenses of the Company have significantly reduced by 67% and other income has grown steadily as well.

It is good to see that your company has shifted from the loss per share of Rs. (6.43) in the corresponding period last year to earnings per share of Rs. 4.01 during the half year ended December 31, 2019.

## Future Outlook

Keeping in view the economic growth prospects for the year 2020 and consistent improvement in government policies, we foresee good business opportunities. Therefore the Company intends to continue its policy for the introduction of new value added products.



**Mehtabuddin Feroz**  
Director

On behalf of the Board



**Hanif Sattar**  
Chief Executive Officer

Karachi

Dated: February 25, 2020

## ڈائریکٹر رپورٹ

ڈائریکٹر، 31 دسمبر 2019 کو ختم ہونے والے نصف سال کے کمپنی اکاؤنٹ پیش کرتے ہیں۔

### کاروباری جائزہ:

31 دسمبر 2019 کو ختم ہونے والے نصف سال کی فروخت میں گزشتہ سال کی اسی مدت کے مقابلے میں 24.2 فیصد اضافہ ہوا ہے، جس کی بنیادی وجہ ملی جلی پر ڈاکٹ کی سیلز اور قیمتوں میں مناسب رد و بدل ہے۔ اس کے علاوہ لاگت پر مکمل گرفت اور مناسب اور صحیح سٹور کاؤنٹ دینے کی وجہ سے آپ کی کمپنی کا مجموعی منافع کا مارجن 29 فیصد ہے جبکہ پچھلے نصف سال یہ مارجن 23 فیصد تھا۔

فروخت اور تقسیم کے اخراجات میں 14.4 فیصد کا اضافہ ہوا ہے جو کمپنی کی مجموعی فروخت میں اضافے کے مطابق ہے۔ پاکستان میں 2019 کے دوران ریکارڈ توڑ افراط زر کی وجہ سے انتظامی اخراجات میں بھی 13.7 فیصد کا اضافہ ہوا ہے۔ تاہم پچھلے چھ ماہ کے دوران مستحکم زر مبادلہ کی شرح کے ساتھ، کمپنی کے دوسرے اخراجات میں بھی 67 فیصد کمی واقع ہوئی ہے اور دیگر آمدنی میں بھی مسلسل اضافہ ہوا ہے۔

یہ امر اطمینان بخش ہے کہ پچھلے سال کی اسی مدت میں کمپنی جو فی شیئر 6 روپے 43 پیسے خسارے میں تھی، 31 دسمبر 2019 کی اسی نصف سال کی مدت میں فی شیئر 4 روپے، ایک پیسہ آمدن حاصل کرنے والی کمپنی میں تبدیل ہو گئی ہے۔

### مستقبل کی پیش بندی:

سال 2020 کے معاشی نمو کے امکانات اور حکومتی پالیسیوں میں مستقل بہتری کو مد نظر رکھتے ہوئے، ہم دیکھتے ہیں کہ ہمیں اچھے کاروباری مواقع حاصل ہوں گے۔ اسی لئے کمپنی ایسی نئی ادویات مارکیٹ میں متعارف کرنے کیلئے اپنی پالیسی جاری رکھنا چاہتی ہے جو کمپنی کے قدر میں اضافہ کریں۔

بورڈ کی جانب سے



حنیف ستار

چیف ایگزیکٹو آفیسر

کراچی

مورخہ 25 فروری، 2020



مصاب الدین فیروز

ڈائریکٹر

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF OTSUKA PAKISTAN LIMITED

#### Report on review of Interim Financial Statements

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Otsuka Pakistan Limited as at December 31, 2019 and the related 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, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 these interim financial statements based on our review.

The figures reported in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been subject to limited scope review, as we are only required to review the cumulative figures for the half year ended December 31, 2019.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.

**Chartered Accountants**

**Place:** Karachi

**Date:** February 28, 2020

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019**

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	338,925	361,696
Intangible assets		1,666	1,945
Long-term loans - considered good		7,645	7,090
Long-term deposits		1,309	1,309
Deferred tax asset - net	5	127,264	152,547
		476,809	524,587
<b>Current assets</b>			
Stores and spares		39,787	44,699
Stock-in-trade	6	625,672	574,810
Trade debts (unsecured) - net		373,167	249,393
Loans and advances - considered good		14,528	26,930
Trade deposits, short-term prepayments and other receivables	7	44,919	43,251
Taxation - net	15	55,429	55,942
Bank balances		9,840	10,975
		1,163,342	1,006,000
<b>Total assets</b>		1,640,151	1,530,587
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital			
Authorized 20,000,000 ordinary shares of Rs. 10 each		200,000	200,000
Issued, subscribed and paid-up 12,100,000 ordinary shares of Rs. 10 each		121,000	121,000
Revenue reserves		(49,078)	(97,545)
<b>Total shareholder's equity</b>		71,922	23,455
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	507,160	337,293
Accrued mark-up	9	19,511	19,378
Short-term loan from a related party - unsecured		534,562	557,588
Short-term running finance - secured	10	503,808	583,669
Unclaimed dividend		3,188	9,204
		1,568,229	1,507,132
<b>Total equity and liabilities</b>		1,640,151	1,530,587
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
		----- Rupees in '000 -----		----- Rupees in '000 -----	
Net sales	12	1,076,516	866,987	542,412	425,433
Cost of sales		(761,840)	(668,580)	(376,005)	(329,452)
<b>Gross profit</b>		<b>314,676</b>	<b>198,407</b>	<b>166,407</b>	<b>95,981</b>
Selling and distribution expenses		(143,813)	(125,660)	(69,766)	(64,388)
Administrative and general expenses		(50,992)	(44,858)	(25,360)	(22,596)
Other income	13	119,871 42,894	27,889 13,379	71,281 25,082	8,997 7,185
Other expenses	14	162,765 (32,144)	41,268 (98,285)	96,363 (27,500)	16,182 (92,640)
<b>Operating profit / (loss)</b>		<b>130,621</b>	<b>(57,017)</b>	<b>68,863</b>	<b>(76,458)</b>
Finance cost		(40,607)	(27,144)	(20,203)	(16,098)
<b>Profit / (loss) for the period before taxation</b>		<b>90,014</b>	<b>(84,161)</b>	<b>48,660</b>	<b>(92,556)</b>
Taxation - net	15	(41,547)	6,395	(25,807)	11,205
<b>Profit / (loss) for the period after taxation</b>		<b>48,467</b>	<b>(77,766)</b>	<b>22,853</b>	<b>(81,351)</b>
<hr/>					
----- Rupees -----					
<b>Earnings per share - basic and diluted</b>		<b>4.01</b>	<b>(6.43)</b>	<b>1.89</b>	<b>(6.72)</b>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- Rupees in '000 -----		----- Rupees in '000 -----	
<b>Profit / (loss) for the period after taxation</b>	<b>48,467</b>	<b>(77,766)</b>	<b>22,853</b>	<b>(81,351)</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to statement of profit or loss</i>				
Remeasurement of defined benefit plan	-	-	-	-
Deferred tax on remeasurement of defined benefit plan	-	-	-	-
	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>48,467</b>	<b>(77,766)</b>	<b>22,853</b>	<b>(81,351)</b>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31	
	2019	2018
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) for the period before taxation	90,014	(84,161)
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	43,259	42,830
Amortisation	279	291
Gain on disposal of operating fixed asset - net	(1,269)	(8)
(Reversal of provision) / provision against slow moving and obsolete stock-in-trade	(3,253)	2,235
Workers' profits participant fund	4,495	-
Central research fund	900	-
Exchange (gain) / loss - net	(19,164)	85,638
Provision / (reversal of provision) against stents held with hospitals - net	2,958	(685)
Provision against doubtful trade debts	11,938	6,554
Finance cost	40,607	27,144
Provision for compensated absences	2,750	1,250
Provision for staff retirement benefit fund	395	4,134
<b>Operating cash flows before working capital changes</b>	<b>173,909</b>	<b>85,222</b>
<b>(Increase) / decrease in current assets</b>		
Stores and spares	4,912	(3,395)
Stock-in-trade	(50,567)	(128,668)
Trade debts - unsecured	(135,712)	(28,687)
Loans and advances - considered good	12,402	15,008
Trade deposits, short-term prepayments and other receivables	(1,668)	(20,440)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	158,704	(56,328)
<b>Cash generated from / (used in) operations</b>	<b>161,980</b>	<b>(137,288)</b>
Interest paid	(40,474)	(21,892)
Taxes paid	(15,752)	1,321
Increase in long-term loans	(555)	(82)
Compensated absences paid	(1,239)	(719)
<b>Net cash generated / (used in) from operating activities</b>	<b>103,960</b>	<b>(158,660)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(23,467)	(5,146)
Proceeds from disposal of property, plant and equipment	4,249	8
<b>Net cash used in investing activities</b>	<b>(19,218)</b>	<b>(5,138)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(6,016)	(6,480)
<b>Net cash used in financing activities</b>	<b>(6,016)</b>	<b>(6,480)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>78,726</b>	<b>(170,278)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(572,694)</b>	<b>(485,147)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(493,968)</b>	<b>(655,425)</b>

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The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Accumulated losses	Sub-total	
		Rupees in '000			
Balance as at June 30, 2018 (audited)	121,000	356,500	(274,688)	81,812	202,812
Total comprehensive loss for the half year ended December 31, 2018	-	-	(77,766)	(77,766)	(77,766)
Transaction with owners					
Final cash dividend for the year ended June 30, 2018 @ Rs. 1.2 per share declared on October 24, 2018	-	(14,520)	-	(14,520)	(14,520)
Balance as at December 31, 2018	121,000	341,980	(352,454)	(10,474)	110,526
Balance as at June 30, 2019 (audited)	121,000	341,980	(439,525)	(97,545)	23,455
Total comprehensive income for the half year ended December 31, 2019	-	-	48,467	48,467	48,467
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2019	121,000	341,980	(391,058)	(49,078)	71,922

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

### 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.

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

- 1.2 As at December 31, 2019, the current liabilities of the Company exceeded its current assets by Rs. 404.887 million (June 2019: Rs. 501.132 million). However the Company has earned some profits during the period ended December 31, 2019. This has resulted in improvement of current ratio from 0.66 to 0.74. It is also expected that the trend will continue due to internal efficiencies and effective implementation of Company's strategic plan.

Management believes that there are no imminent business and cash flow risks and has prepared a five years' business plan (the Plan) of the Company based on which the Company will be able to meet all its current and future liabilities as these fall due. The Plan envisages gradual increase in the profit before tax of the Company on the basis of price increase on its products, strict control over expenses, reduction in finance cost as a result of final settlement of short-term loans in future years, attainment of greater sales volume through more robust sales promotion and change in the product mix. Management believes that after the implementation of initiatives envisaged in the Plan, the Company is likely to have positive results in future years as also evident during the half year ended December 31, 2019 enabling it to completely set-off the losses incurred in the prior years. Some of the key steps considered as part of the Plan are as follows:

- Constantly working on increasing the market share through promotional activities and marketing through introduction of new products under the IV solution ambit;
- Introduction of new medical devices under the Company's diagnostic division;
- Reduce discounts on products to increase margins;
- Increase prices of regulated products as allowed under the Drug pricing policy 2018; and
- Focus more on unregulated products with higher margin in order to counter the cost increases.

### 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. 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, 2019 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 half year ended December 31, 2018.

## 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 lease payments and the interest expense will be recognized in the financing cash flow.

### 3.1.2.1 Leases - Lease liability and right-of-use asset

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 January 01, 2019, 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 "Operational cost" in the statement of profit or loss.

There are certain other amendments and interpretations to accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2019. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

## 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.

## 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.

## 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.

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
Note		----- Rupees in '000 -----	
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.2	317,445	350,998
Capital work-in-progress	4.3	21,480	10,698
		338,925	361,696

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

	(Unaudited) Half year ended December 31, 2019		(Unaudited) Half year ended December 31, 2018	
	Addition - at cost	Disposal - at net book value	Addition - at cost	Disposal - at net book value
	----- Rupees '000-----		----- Rupees '000-----	
<b>Operating fixed assets</b>				
Building on leasehold land	-	82	-	-
Plant and machinery	6,603	-	5,468	-
Furniture, fixtures and equipment	3,188	-	393	-
Vehicles	2,894	2,898	-	-
<b>Total</b>	<b>12,685</b>	<b>2,980</b>	<b>5,861</b>	<b>-</b>

- 4.2 Orthopedic kits, power tool sets and femoral holders amounting to Rs. 9.913 million, Rs. 0.895 million and Rs. 0.387 million (June 30, 2019: Rs. 11.772 million, Rs. 1.037 million and Rs. 0.445 million) respectively have been acquired with the funds of the Company but are not in the possession of the Company. These assets have been given by the Company to Vikor Enterprises (Private) Limited for the purpose of assembling and fitting knee implant.

	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
		----- Rupees in '000 -----	
<b>4.3 Capital work-in-progress</b>			
Stores and spares held for capital expenditure		5,132	5,561
Others		16,348	5,137
		<b>21,480</b>	<b>10,698</b>

## 5. DEFERRED TAX ASSET - NET

Deferred tax asset - net	5.1	<b>127,264</b>	<b>152,547</b>
--------------------------	-----	----------------	----------------

- 5.1 This includes deferred tax recorded on unabsorbed tax depreciation amounting to Rs. 93.714 million (June 30, 2019: Rs. 101.444 million).

The Company carries out periodic assessment to assess the benefit of unused tax losses and Alternative Corporate Tax (ACT) as the Company would be able to carry forward and set off against the profits earned in future years. The deferred tax asset recognised against unused tax losses and alternative corporate tax represents the management's best estimate of probable benefit expected to be realised in future years in the form of reduced tax liability. The amount of this benefit has been determined based on a business plan of the Company for the next five years (refer note 1.2). The business plan involves certain key assumptions underlying the estimation of future taxable profits estimated in the plan. The determination of future taxable profit is most sensitive to certain key assumptions such as product pricing, future price increase of the Company's products, sales forecast, cost of material, supply arrangements, product mix, oil prices, exchange rates etc. expected to be achieved during the next five years. Any significant change in the aforementioned key assumptions may have an effect on the realisability of the deferred tax asset. Management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and consequently the deferred tax asset may be fully realised in future years.

- 5.2 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).

## 6. STOCK-IN-TRADE

	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
		----- Rupees in '000 -----	
<b>Raw and packing materials</b>			
- in hand		117,767	159,610
- in transit		94,518	53,751
		<b>212,285</b>	<b>213,361</b>
<b>Work-in-progress</b>		<b>12,177</b>	<b>6,354</b>
<b>Finished goods</b>			
- in hand	6.1	402,329	338,292
- in transit		15,354	33,571
		<b>417,683</b>	<b>371,863</b>
		<b>642,145</b>	<b>591,578</b>
<b>Less:</b>			
Provision against slow moving and obsolete stock-in-trade		(2,095)	(5,348)
Provision against stents held with hospitals		(14,378)	(11,420)
		<b>(16,473)</b>	<b>(16,768)</b>
		<b>625,672</b>	<b>574,810</b>

- 6.1 These includes items costing to Rs. 1.3 million (June 30, 2019: Rs. 24.964 million) that have been valued at their net realisable value amounting to Rs. 0.9 million (June 30, 2019: Rs. 21.049).

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- Rupees in '000 -----	
<b>7. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
Trade deposits	7.1	36,279	16,236
Short-term prepayments		6,176	7,462
Sales tax refundable		-	3,865
Other receivables		684	9,594
Surplus to staff retirement benefit funds		1,780	6,094
		<b>44,919</b>	<b>43,251</b>

- 7.1 This includes 100% cash margin of Rs. 14.6 million (June 30, 2019: Nil) equivalent to import value against import of goods specified by SBP via BPRD circular no. 02 of 2017 and BPRD circular no. 05 of 2018.

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Note	----- Rupees in '000 -----	
<b>8. TRADE AND OTHER PAYABLES</b>			
Creditors		75,503	59,310
Bills payable		180,594	97,671
Accrued liabilities	8.1	137,360	96,715
Payable to Employees Provident Fund		3,192	2,798
Provision for employees short-term compensated absences		21,635	20,123
Sales tax payable	8.2	35,366	33,403
Retention money		930	930
Security deposits		1,666	1,666
Workers' Welfare Fund		726	725
Workers' Profits Participation Fund		4,495	-
Central Research Fund		899	-
Advances from customers		28,186	13,746
Other liabilities	8.3	16,608	10,206
		<b>507,160</b>	<b>337,293</b>

- 8.1 These include amounts payable to the related parties as at the end of the period aggregating to Rs. 102.5 million (June 30, 2019: Rs. 59.550 million).

- 8.2 This amount includes provision for sales tax in respect of imported materials of polyethylene (for IV solutions).

The Company has 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 has passed an interim order in favour of the Company maintaining that items fetching lesser customs duty than ten percent ad valorem, may not be subject to the levy of sales tax. This matter is at the stage of hearing of applications. As at December 31, 2019, the Company has availed sales tax exemption under the said stay order by providing bank guarantees amounting to Rs 6.688 million (June 30, 2019: 7.801 million) on imported packaging material. Management, however, as a matter of abundant caution, has recorded full provision of Rs. 6.688 million (June 30, 2019: 7.801) in these financial statements.

- 8.3 This amount includes regulatory duty payable in respect of imported pharmaceutical products that 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 Honorable 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 Honorable 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. The management, as a matter of abundant caution, has recorded full provision for the amount of regulatory duty given as bank guarantee amounting to Rs. 10.9 million (June 30, 2019: Rs. 4.548 million) in these condensed interim financial statements.

## 9. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED

### In foreign currency

Loan from Otsuka Pharmaceutical Factory, Inc.	9.1	534,562	557,588
-----------------------------------------------	-----	---------	---------

- 9.1 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, 2020, April 26, 2020 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.

## 10. SHORT-TERM RUNNING FINANCE - SECURED

### From banking companies

Short-term running finance utilised under mark-up arrangements - secured	10.1	503,808	583,669
--------------------------------------------------------------------------	------	---------	---------

### 10.1 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) December 31, 2019	(Audited) June 30, 2019
----- Rupees in '000 -----							
Citi Bank	765,000	1 month KIBOR + 0.50% p.a.	1) Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for PKR 432 mln & 2) Registered Joint Pari-passu Charge on Current Assets for PKR 778 mln	Quarterly	March 31, 2020	403,209	398,712
Bank Alfalah Limited	185,000	3 months KIBOR + 2% p.a.	(a) Registered Joint pari passu charge over stocks and receivables of Rs. 147 million (b) Registered Joint pari passu charge over land and building for Rs 51 million (c) Registered Joint pari passu charge over plant and machinery of Rs 121 million	Quarterly	January 31, 2020 *	59,599	143,956
The Bank of Punjab	41,000	3 months KIBOR + 1.00% p.a.	(a) Registered Joint pari passu charge over stocks and receivables of Rs 23 million; (b) Registered Joint pari passu charge over land and building for Rs 15 million; and (c) Registered Joint pari passu charge over plant and machinery of Rs 17 million	Quarterly	March 31, 2020	41,000	41,000
	991,000					503,808	583,669

\* The Company has applied for the renewal of the working capital for further twelve months ending January 31, 2021 with The Bank Alfalah Limited, and expects that the facility would get renewed soon.

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

- 10.2.1** The facilities relating to import letter of credit (sight / usance / acceptance) available from conventional banks as at December 31, 2019 amounted in aggregate to Rs. 190 million (June 30, 2019: Rs. 190 million) in respect of which the Company has exercised its option to utilise a part of the total facility limit of Rs 40. million (June 30, 2019: Rs. 40 million) for issuance of letters of guarantee. The amount remaining unutilised as at December 31, 2019 amounted to Rs. 163.153 million (June 30, 2019: Rs. 98.641 million).
- 10.2.2** In addition, a facility for guarantee available from banks as at December 31, 2019 amounted to Rs. 115 million (June 30, 2019: Rs. 115 million) of which the Company has an option to utilise Rs. 25 million (June 30, 2019: Rs. 25 million) for the issuance of letters of credit and Rs. 40 million (June 30, 2019: Rs 40 million) for obtaining running finance. The amount remaining unutilised at December 31, 2019 amounted to Rs. 66.065 million (June 30, 2019: Rs. 66.114 million).

(Unaudited) December 31, 2019	(Audited) June 30, 2019
----- Rupees in '000 -----	

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Commitments in respect of:

Capital expenditure contracted for but not incurred	-	2,469
Letters of credit	3,408	51,359
Letters of guarantee	62,069	48,886

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

- 11.3** There were no other contingencies and commitments outstanding as on December 31, 2019.

## 12. NET SALES

Note	(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
----- Rupees in '000 -----		
Sales (net of returns of Rs. 0.54 million; December 31, 2018: Rs. 22.341 million)	1,203,356	984,059
Less: sales tax	(12,367)	(10,830)
	1,190,989	973,229
Less: discounts	(114,473)	(106,242)
	1,076,516	866,987

## 13. OTHER INCOME

	(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
----- Rupees in '000 -----		
Late payment surcharges from Hospital Supply Corporation - a related party	10,300	4,089
Gain on disposal of operating fixed asset - net	1,269	8
Scrap sales	7,819	8,564
Reversal of provision against stents held with hospitals - net	-	685
Reversal of provision against slow moving and obsolete stock-in-trade	3,253	-
Exchange gain - net	19,164	-
Others	1,089	33
	42,894	13,379

## 14. OTHER EXPENSES

Exchange loss - net	-	85,638
Auditor's remuneration	1,200	1,172
Donations	863	441
Worker's profits participation fund	4,495	-
Central research fund	900	-
Provision against doubtful trade debts	12,059	6,554
Provision against slow moving and obsolete stock-in-trade	-	2,235
Provision against stents held with hospitals - net	2,958	-
Bank charges and commission	332	660
Others	9,337	1,585
	<b>32,144</b>	<b>98,285</b>

## 15. TAXATION - NET

Current		
- for the year	15.1	16,265
- for prior years		-
		14,144
		73
Deferred		16,265
		14,217
		25,282
	15.2	41,547
		(20,612)
		(6,395)

15.1 The income tax assessments of the Company have been finalised by the Income Tax Department / deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto tax year 2019. Contingencies in respect of taxation are same as detailed in annual financial statements of the Company for the year ended June 30, 2019.

15.2 Tax charge mainly represents minimum tax payable under the Income Tax Ordinance, 2001, and for this reason, relationship between tax expense and accounting profit has not been presented.

## 16. 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) December 31, 2019	(Unaudited) December 31, 2018
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchase of raw material	362	1,371
		Markup expense	1,793	1,556
Otsuka Pharmaceutical Co., Ltd.	Parent Company	Purchase of Petaal	29,761	34,028
		Purchase of UBIT	7,258	6,061
		Purchase of Mucosta	4,568	5,855
Hospital Supply Corporation	Common Directorship	Sale of finished goods	602,661	415,101
		Late payment surcharge on receivables	10,300	4,088
		Purchase of Vinyl examination glove	447	116
		Sales Discount	81,620	55,344
		Sales Return	537	5,012
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchase of Stents	48,770	42,935
Thai Otsuka Pharmaceutical Co., Ltd.	Associated undertaking	Purchase of Aminoleban	14,331	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	10,662	5,436
Danish	Brother to CEO	Purchase of packing material	-	1,003
Idees Plastics	Brother to CEO	Purchase of polybags	200	664
Otsuka staff provident fund	Provident fund	Charge during the period to the fund	6,049	5,559
		Contribution during the period to the fund	5,818	5,558
Otsuka staff gratuity fund	Gratuity fund	Charge during the period to the fund	4,314	4,134
Key Management Personnel	Key Management Personnel	Remuneration paid	35,663	33,164
Mehtabuddin Feroze	Director	Consultancy charges	1,500	1,500

Name of related party	Relationship with the Company	Nature of account balance	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
				----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Markup accrued on short term loan		76	1,115
		Short term loan payable		534,562	557,588
Otsuka Pharmaceutical Co. Ltd.	Parent company	Payable against purchase of raw material		39,537	2,934
Hospital Supply Corporation	Common Directorship	Payable against purchase of material		45	116
		Receivable against sale of goods		275,078	177,412
PT. Otsuka Indonesia	Associated undertaking	Payable against purchase of finished goods and used machines		6,974	4,321
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchase of finished goods		-	5,062
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchase of stents		48,585	38,848
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchase of medical devices		7,436	8,385
Idrees Plastics	Brother to CEO	Payable against purchases of packing material		-	62
Shareholders	Shareholders	Payable to shareholders		363	363
Key Management Personnel	Key Management Personnel	Advance from key management personnel		1,226	1,367
Otsuka staff gratuity fund	Gratuity fund	Receivable from gratuity fund		1,780	6,094
Otsuka staff provident fund	Provident fund	Payable to provident fund		3,192	2,798

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.

- 17.2 Sales from Intravenous Solutions (I.V Solutions) represent 83.72% while sales from others represent 16.28% (December 31, 2018: 82.16% and 17.84%) respectively of the total sales of the Company.

	(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
	----- In percent -----	
	98.80	99.20
	0.10	-
	1.10	0.80
	<b>100</b>	<b>100</b>

- 17.3 The geographic segmentation of sales is as follows:

Pakistan  
Kenya  
Afghanistan

	98.80	99.20
	0.10	-
	1.10	0.80
	<b>100</b>	<b>100</b>

- 17.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 46.59% during the period ended December 31, 2019 (December 31, 2018: 47.88%).

- 17.5 All non-current assets of the Company as at December 31, 2019 are located in Pakistan.

## 18. PLANT CAPACITY AND PRODUCTION

		Half year ended December 31, 2019		Half year ended December 31, 2018	
		Capacity*	Actual production	Capacity*	Actual production
		----- million bottles -----			
I.V. solutions	18.1	15.7	11.9	15.7	12.1
Plastic ampoules		7.4	6.5	7.4	5.6
		23.1	18.4	23.1	17.7

- 18.1 The Company's under-utilized capacity of 3.8 million bottles (December 31, 2018: 3.6 million bottles) was due to lower than the planned production on account of over supply situation in the market.

## 19. 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 these condensed interim financial statements during the current period.

## 20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **February 25, 2020** by the Board of Directors of the Company.

## 21. 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:

		(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
	Note	---- Rupees in '000 ----	
Bank balances		9,840	13,515
Short-term running finance - secured	10	(503,808)	(668,940)
		<b>(493,968)</b>	<b>(655,425)</b>

## 22. GENERAL

Figures in these condensed interim financial statements 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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-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
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\*Mobile apps are also available for download for android and ios devices

*[www.otsuka.pk](http://www.otsuka.pk)*



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