

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

HALF YEARLY REPORT

December, 2020



Otsuka

Otsuka Pakistan Limited

(A Company of Otsuka Group Japan)

CONTENTS

COMPANY INFORMATION	02
DIRECTORS' REPORT (ENGLISH VERSION).....	03
DIRECTORS' REPORT (URDU VERSION).....	05
AUDITORS' REVIEW REPORT	07
STATEMENT OF FINANCIAL POSITION	08
STATEMENT OF PROFIT OR LOSS ACCOUNT	09
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	10
STATEMENT OF CASH FLOWS.....	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	13

COMPANY INFORMATION

BOARD OF DIRECTORS :	Mr. Mikio Bando (Chairman) (Alternate: Mr. Muhammad Taufiq Feroz) Mr. Hanif Sattar (Director and Chief Executive Officer) Mr. Koichi Okada 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. Koichi Okada (Member) Mr. Mehtabuddin Feroz (Member)
HEAD OF INTERNAL AUDIT:	Mr. Jawaid Noor (Secretary)
RISK MANAGEMENT COMMITTEE :	Senior Executive Committee Members
HUMAN RESOURCES, REMUNERATION AND NOMINATION SUB-COMMITTEES OF THE BOARD :	Mr. Noor Muhammad (Chairman) Mr. Koichi Okada (Member) Mr. Mehtabuddin Feroz (Member) Mr. Hanif Sattar (Member)
AUDITORS (EXTERNAL) :	Yousuf Adil (Chartered Accountants)
AUDITORS (INTERNAL) :	Saud Tariq & Co. (Chartered Accountants)
LEGAL ADVISORS :	Dr. Moneeba Hamid
BANKERS :	Citibank N.A., Bank Alfalah Limited The Bank of Punjab Habib Metropolitan Bank 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: secretarialcompliance@otsuka.pk Web site: www.otsuka.pk
FACTORY :	Plot No. F/4-9, Hub Industrial Trading Estate, Distt. Lasbella (Balochistan) Tel.: (0853) 303517-8 Fax: (0853) 303519
SHARE REGISTRAR :	CDC Share Registrar Services Limited – (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@cdcsrsl.com

Directors' Report

The directors are pleased to present accounts of the company for the half year ended December 31, 2020.

Board of Directors

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

CATEGORY	NAMES	GENDER
Executive Director	Mr. Hanif Sattar (CEO)	Male
Non-Executive Directors	Mr. Mikio Bando (Chairman)	
	Mr. Mehtabuddin Feroz	
	Mr. Koichi Okada	
	Mr. Suhari Mukti	
Independent Directors	Mr. Noor Muhammad	Female
	Mrs. Navin Salim Merchant	

Board Sub-Committees:

NAME OF BOARD SUB-COMMITTEE	NAME OF MEMBER
Audit Committee	Mr. Noor Muhammad (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz
Human Resource, Remuneration and Nomination Committee	Mr. Noor Muhammad (Chairman) Mr. Koichi Okada Mr. Mehtabuddin Feroz Mr. Hanif Sattar
Risk Management Committee	Delegated to Senior Executive Management

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 2017. The Non-Executive Directors are only entitled to receive fixed fees in lieu of remuneration for attending the Board Meetings.

Business Review

Sales for the half year ended December 31, 2020 have increased by 8% as compared to same period last year mainly due to the increase in sales of clinical nutrition products of the Company.

Besides that, the Company has adopted some strict cost control measures and has achieved a gross profit margin of 32% as compared to 29% in the previous half year.

Selling and distribution expenses have decreased by 6 % on account of limited promotional activities under country wide restriction over social gatherings and promotional visits to the hospitals. Administrative expenses have increased by 8% which is in line with the general inflation in the country. Other income has reduced by 33% due to stable exchange rates while other expenses have increased by 49% on account of increase in provision of slow moving and obsolete stocks. The financial cost of the company has significantly reduced by 67% due to effective liquidity management and the reduction in the discount rates by the State Bank of Pakistan.

It is good to see that the earning per share of your Company is Rs. 8.43 as compared to the earning per share of the corresponding period last year of Rs. 4.01.

Future Outlook

Pakistan economy is progressing at a decent pace in the post COVID-19 era and we are hoping that the government will focus on the consistent economic policies to improve business confidence. However, forthcoming budget, estimated depreciation of Pak-Rupee, increase in oil prices and the general inflation in the coming months may impact future results of the Company. The directors are confident on the performance of the Company and foresee good business opportunities. Further, the Company intends to continue its policy for the introduction of new value added products.

On behalf of the Board



Hanif Sattar
Chief Executive Officer



Mehtabuddin Feroz
Director

Karachi

Dated: February 25, 2021

ڈائریکٹرز جائزہ رپورٹ

ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے کمپنی کے اکاؤنٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

بورڈ آف ڈائریکٹرز

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

کیٹگری	نام	جنس
ایگزیکٹو ڈائریکٹر	حنیف ستار صاحب (چیف ایگزیکٹو آفیسر)	مرد
نان-ایگزیکٹو ڈائریکٹر	میکو بانڈو صاحب (چیئر مین)	
	مہتاب الدین فیروز صاحب	
	کوچی اوکاڈا صاحب	
	ٹوباری مکتی صاحب	
	نور محمد صاحب	
آزاد ڈائریکٹر	نورین سلیم مرچنٹ صاحبہ	عورت

بورڈ کی سب-کمیٹیاں:

بورڈ کی سب-کمیٹیوں کے نام	ممبران کے نام
آڈٹ کمیٹی	- نور محمد صاحب - کوچی اوکاڈا صاحب - مہتاب الدین فیروز صاحب
ہیومن ریسورس، ریونیویشن اور نوینیشن کمیٹی	- نور محمد صاحب - کوچی اوکاڈا صاحب - مہتاب الدین فیروز صاحب - حنیف ستار صاحب
رسک منیجمنٹ کمیٹی	- ایگزیکٹو مینجمنٹ کمیٹی

بورڈز کے پاس کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لئے باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے۔ نان ایگزیکٹو ڈائریکٹرز، بورڈ کے اجلاس میں شرکت کے لئے معاوضے کے عوض صرف مقررہ فیس وصول کرنے کے حقدار ہیں۔

کاروباری جائزہ:

31 دسمبر 2020 کو ختم ہونے والے نصف سال کی فروخت میں گذشتہ سال کے اسی عرصے کے مقابلے میں 8 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ کمپنی کے کلینیکل نیوٹریشن مصنوعات کی فروخت میں اضافہ ہے۔ اس کے علاوہ، کمپنی نے لاگت پر قابو پانے کے لئے کچھ سخت اقدامات اٹھائے ہیں اور اس نے مجموعی منافع کا مارجن 32 فیصد حاصل کیا ہے جبکہ پچھلے نصف سال میں یہ 29 فیصد تھا۔

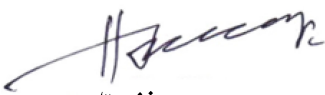
معاشرتی اجتماعات اور اسپتالوں میں غیر ضروری داخلے کی پابندی کے سبب ملک بھر میں محدود تشہیری سرگرمیوں کی وجہ سے فروخت اور تقسیم کے اخراجات میں 6 فیصد کمی واقع ہوئی ہے۔ انتظامی اخراجات میں 8 فیصد کا اضافہ ہوا ہے جو ملک میں عام افراط زر کے مطابق ہے۔ مستقل زر مبادلہ کی شرح کی وجہ سے دیگر آمدنی میں 33 فیصد کمی واقع ہوئی ہے جبکہ دیگر اخراجات میں 49 فیصد اضافہ ہوا ہے جس کی وجہ کم کئے والا اور پرانے اسٹاک میں اضافہ ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے موثر لیکویڈیٹی مینجمنٹ اور رعایت کی شرحوں میں کمی کی وجہ سے کمپنی کی مالی لاگت میں 67 فیصد کمی واقع ہوئی ہے۔

قابل تقویت امر ہے کہ مذکورہ بالا مدت کے ہر حصص کی آمدنی 8 روپے 42 پیسے ہے، جو پچھلے سال کی اسی مدت میں 4 روپے 01 پیسہ تھی۔

مستقبل کی پیش بندی:

کوویڈ-19 کے بعد کے دور میں پاکستان کی معیشت ایک اچھی رفتار سے ترقی کر رہی ہے اور ہم امید کر رہے ہیں کہ حکومت کاروباری اعتماد کو بہتر بنانے کے لئے مستقل معاشی پالیسیوں پر توجہ دے گی۔ تاہم، آئندہ بجٹ، پاک روپے کی تخمینہ قیمت میں کمی، تیل کی قیمتوں میں اضافے اور آنے والے مہینوں میں عام افراط زر کمپنی کے مستقبل کے نتائج پر اثر انداز ہو سکتے ہیں۔ ڈائریکٹرز کمپنی کی کارکردگی پر پُر اعتماد ہیں اور کاروبار کے اچھے مواقع کی بابت پر امید ہیں۔ مزید یہ کہ کمپنی ایسی نئی ادویات مارکیٹ میں متعارف کرنے کیلئے اپنی پالیسی جاری رکھنا چاہتی ہے جو کمپنی کی قدر میں اضافہ کریں۔

منجانب بورڈ



حنیف ستار

چیف ایگزیکٹو آفیسر



مہتاب الدین فیروز

ڈائریکٹر

کراچی

مورخہ 25 فروری 2021

INDEPENDENT AUDITOR'S 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 as at December 31, 2020 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and the 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 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 these condensed 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, 2020 and December 31, 2019 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, 2020.

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 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 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 26, 2021

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

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	299,955	335,043
Intangible assets		1,864	1,781
Long-term loans		7,557	8,743
Long-term deposits		1,309	1,309
Deferred tax asset - net	5	133,552	173,634
		444,237	520,510
Current assets			
Stores and spares		45,616	47,822
Stock-in-trade	6	734,192	680,918
Trade debts		158,295	283,707
Loans and advances	7	49,160	61,532
Trade deposits, short-term prepayments and other receivables	8	24,886	38,124
Taxation - net		48,109	24,843
Bank balances		5,686	22,825
		1,065,944	1,159,771
Total assets		1,510,181	1,680,281
EQUITY AND LIABILITIES			
EQUITY			
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		97,746	(4,213)
Total shareholder's equity		218,746	116,787
LIABILITIES			
Non-current liabilities			
Long-term finance	9	29,597	-
Deferred Government grant	10	1,025	-
		30,622	-
Current liabilities			
Trade and other payables	11	457,749	530,407
Short-term loan from a related party	12	581,175	585,262
Current portion of long-term finance	9	34,232	-
Current portion of deferred Government grant	10	2,541	-
Unclaimed dividend		3,188	3,188
Short-term running finance	13	177,266	429,854
Accrued mark-up		4,662	14,783
		1,260,813	1,563,494
Total equity and liabilities		1,510,181	1,680,281
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes 1 to 26 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, 2020**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Net sales	15	1,157,961	1,076,516	546,805	542,412
Cost of sales		(789,779)	(761,840)	(363,671)	(376,005)
Gross profit		368,182	314,676	183,134	166,407
Selling and distribution expenses		(135,317)	(143,813)	(66,502)	(69,766)
Administrative and general expenses		(54,910)	(50,992)	(29,041)	(25,360)
		177,955	119,871	87,591	71,281
Other income	16	28,671	42,894	22,155	25,082
		206,626	162,765	109,746	96,363
Other expenses	17	(47,761)	(32,144)	(32,338)	(27,500)
Operating profit		158,865	130,621	77,408	68,863
Finance cost		(13,305)	(40,607)	(5,945)	(20,203)
Profit for the period before taxation		145,560	90,014	71,463	48,660
Taxation - net	18	(43,601)	(41,547)	(12,572)	(25,807)
Profit for the period after taxation		101,959	48,467	58,891	22,853
----- (Rupees) -----					
Earnings per share - basic and diluted		8.43	4.01	4.87	1.89

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Hanif Sattar
Chief Executive Officer



Mentaubuddin Feroz
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
Profit for the period after taxation	101,959	48,467	58,891	22,853
Other comprehensive income:				
Items that will not be reclassified to statement of profit or loss				
Remeasurement of defined benefit plan	-	-	-	-
Deferred tax on remeasurement of defined benefit plan	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	101,959	48,467	58,891	22,853

The annexed notes 1 to 26 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, 2020**

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended December 31	
	2020	2019
Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	145,560	90,014
Adjustment for non-cash charges and other items:		
Depreciation	48,007	43,259
Amortisation	406	279
Impairment on plant and machinery	6,738	-
Gain on disposal of operating fixed asset - net	(2,615)	(1,269)
Provision / (reversal of provision) against slow moving and obsolete stock-in-trade	3,041	(3,253)
Provision against orthopedic knee implants	22,276	-
Workers' welfare fund	1,740	-
Workers' profits participant fund	7,906	4,495
Central research fund	1,456	900
Exchange gain - net	(3,926)	(19,164)
(Reversal of provision) / provision against stents held with hospitals - net	(4,283)	2,958
Loss allowance	239	11,938
Finance cost	13,305	40,607
Liabilities written back	(502)	-
Provision for compensated absences	3,000	2,750
Provision for staff retirement benefit fund	4,719	395
Operating cash flows before working capital changes	247,067	173,909
(Increase) / decrease in current assets		
Stores and spares	2,206	4,912
Stock-in-trade	(74,308)	(50,567)
Trade debts - unsecured	125,173	(135,712)
Loans and advances	12,372	12,402
Trade deposits, short-term prepayments and other receivables	7,626	(1,668)
Increase / (decrease) in current liabilities		
Trade and other payables	(88,609)	158,704
Cash generated from operations	231,527	161,980
Interest paid	(23,426)	(40,474)
Taxes paid	(26,785)	(15,752)
Increase in long-term deposits	-	-
Decrease / (Increase) in long-term loans	1,186	(555)
Compensated absences paid	(162)	(1,239)
Received from staff retirement benefit fund	3,245	-
Net cash generated from operating activities	185,585	103,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(20,229)	(23,467)
Additions to intangible asset	(489)	-
Proceeds from disposal of property, plant and equipment	3,187	4,249
Net cash used in investing activities	(17,531)	(19,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(6,016)
Proceeds from long-term finance	67,395	-
Net cash generated from / (used in) financing activities	67,395	(6,016)
Net increase in cash and cash equivalents	235,449	78,726
Cash and cash equivalents at the beginning of the period	(407,029)	(572,694)
Cash and cash equivalents at the end of the period	(171,580)	(493,968)

22

The annexed notes 1 to 26 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, 2020**

	Issued, subscribed and paid-up capital	Revenue reserves			
		General reserve	Accumulated losses	Sub-total	Total
	----- (Rupees in '000) -----				
Balance as at June 30, 2019 (audited)	121,000	341,980	(439,525)	(97,545)	23,455
Profit for the period after taxation	-	-	48,467	48,467	48,467
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2019	-	-	48,467	48,467	48,467
Balance as at December 31, 2019	121,000	341,980	(391,058)	(49,078)	71,922
Balance as at June 30, 2020 (audited)	121,000	341,980	(346,193)	(4,213)	116,787
Profit for the period after taxation	-	-	101,959	101,959	101,959
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2020	-	-	101,959	101,959	101,959
Balance as at December 31, 2020	121,000	341,980	(244,234)	97,746	218,746

The annexed notes 1 to 26 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, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Otsuka Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 30-B, S.M.C.H. Society, Karachi in the province of Sindh, Pakistan. 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.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS - 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS-34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020. 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, 2020 have been extracted from the audited financial statements of the Company for the year ended June 30, 2020, 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, 2019.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that obligations in respect of certain staff retirement benefits are carried at present value of defined benefit obligation less fair value of plan assets.

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, 2020.

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, 2020. 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, 2020.

3.3 Fair value of financial asset and liabilities

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

3.4 Estimates and judgements

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2020.

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
Note	----- (Rupees in '000) -----	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.2	277,768	304,687
Capital work-in-progress	4.3	22,187	30,356
		299,955	335,043

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

	(Unaudited) Half year ended December 31, 2020			(Unaudited) Half year ended December 31, 2019		
	Addition - at cost	Impairment	Disposal - at net book value	Addition - at cost	Impairment	Disposal - at net book value
	----- (Rupees '000) -----			----- (Rupees '000) -----		
Operating fixed assets						
Building on leasehold land	-	-	-	-	-	82
Plant and machinery (note 4.2)	18,799	6,738	-	6,603	-	-
Furniture, fixtures and equipment	1,128	-	-	3,188	-	-
Vehicles	8,439	-	572	2,894	-	2,898
Total	28,366	6,738	572	12,685	-	2,980

- 4.2** Orthopedic kits, power tool sets and femoral holders having book value of Rs. 6.196 million, Rs. 0.613 million and Rs. 0.273 million (June 30, 2020: Rs. 8.055 million, Rs. 0.754 million and Rs. 0.329 million) respectively have been impaired by Rs. 6.738 million due to the decision by management to liquidate the orthopedic implants business at recoverable prices in the market and to minimize the business closure loss. These assets have been acquired with the funds of the Company but are not in the possession of the Company.

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
4.3 Capital work-in-progress			
Stores and spares held for capital expenditure		4,228	4,769
Others		17,959	25,587
		<u>22,187</u>	<u>30,356</u>
5. DEFERRED TAX ASSET - NET			
Deferred tax asset - net	5.1	<u>133,552</u>	<u>173,634</u>

- 5.1** This includes deferred tax recorded on unabsorbed tax depreciation amounting to Rs. 93.824 million (June 30, 2020: Rs. 101.38 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. 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 credit amounting to Rs. 68.366 million (June 30, 2020: Rs. 78.325 million).

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
6. STOCK-IN-TRADE			
Raw and packing materials			
- in hand		238,698	123,232
- in transit		74,609	181,726
		<u>313,307</u>	<u>304,958</u>
Work-in-process		9,541	8,356
Finished goods			
- in hand	6.1	452,709	370,287
- in transit		26	17,674
		<u>452,735</u>	<u>387,961</u>
		<u>775,583</u>	<u>701,275</u>
Less:			
Provision against slow moving and obsolete stock-in-trade		(7,016)	(3,975)
Provision against stents held with hospitals		(12,099)	(16,382)
Provision against orthopedic knee implants		(22,276)	-
		<u>(41,391)</u>	<u>(20,357)</u>
		<u>734,192</u>	<u>680,918</u>

- 6.1** These include items costing Rs. 7.408 million (June 30, 2020: Rs. 3.922 million) that have been valued at their net realisable value amounting to Rs. 6.069 million (June 30, 2020: Rs. 2.906 million).

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
7. LOANS AND ADVANCES			
Loan to employees - current portion		7,498	7,032
Advances to:			
-employees	7.1	1,605	1,149
-suppliers		40,057	53,351
		41,662	54,500
		49,160	61,532
7.1	This includes 100% cash margin of Rs. 30.41 million (June 30, 2020: Rs. 40.964 million) 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 and non-interest bearing monies provided in the normal course of business.		
		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
8. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits		20,262	23,817
Short-term prepayments		4,175	5,094
Sales tax refundable		-	2,497
Other receivables		449	1,104
Surplus to staff retirement benefit funds		-	5,612
		24,886	38,124
9. LONG-TERM FINANCE			
From banking companies (Secured) - At amortised cost			
Refinance scheme for payment of wages and salaries	9.1	67,395	-
Less: present value adjustment on refinance scheme at below market rate of interest		(3,566)	-
		63,829	-
Less: current portion shown in current liabilities refinance scheme		(34,232)	-
		29,597	-
9.1	It represents a long-term financing obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan. It carries mark-up at the rate of 3% per annum. However, the effective interest rate is calculated at 3 months KIBOR + 1% and the loan has been recognised at the present value. The loan is repayable in 8 equal quarterly installments commencing from January 2021 discounted at the effective rate of interest. The differential markup has been recognised as government grant (as mentioned in note 10) which will be recognised and presented as reduction of related interest expense. The financing is secured against first pari-passu hypothecation charge over land and building.		
		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
10. DEFERRED GOVERNMENT GRANT			
As at July, 01		-	-
Received during the period	10.1	4,321	-
Released to the statement of profit or loss		(755)	-
		3,566	-
As at December, 31			
Current portion of government grant		2,541	-
Long-term portion of government grant		1,025	-

- 10.1** As disclosed in note 9.1, the purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic.

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
11. TRADE AND OTHER PAYABLES			
Creditors		61,444	63,105
Bills payable	11.1	61,511	145,965
Accrued liabilities	11.2	206,708	175,699
Payable to employees provident fund		3,171	2,821
Payable to staff retirement benefit fund		2,352	-
Provision for employees short-term compensated absences		25,559	22,721
Sales tax payable	11.3	35,231	35,612
Retention money		930	930
Security deposits		1,789	1,689
Workers' Welfare Fund		2,466	725
Workers' Profits Participation Fund		7,932	5,707
Central Research Fund		2,310	854
Contract liabilities		22,960	53,527
Other liabilities	11.4	23,386	21,052
		457,749	530,407

- 11.1** These include amounts payable to the related parties as at the end of the period aggregating to Rs. 24.21 million (June 30, 2020: Rs. 51.5 million).
- 11.2** This includes Rs. 45.454 million charged by Sui Southern Gas Company Limited with respect to the Gas Infrastructure and Development Cess (GIDC) having present value of Rs. 36.853 million. The Company has recorded a full provision in the financial statements. The Company filed a review petition on the verdict of Honorable Supreme Court of Pakistan over GIDC announced on August 13, 2020, on which no relief was granted. However, the Company is party to the joint legal suit in the Sindh High Court on the grounds that the end price for the pharmaceutical products of the Company are regulated, therefore the burden of GIDC cannot pass through to the user of the product. The matter is in hearing stage.
- 11.3** This 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 of 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. As at June 30, 2020, the Company has availed sales tax exemption under the said stay order by providing bank guarantees amounting to Rs. 33.298 million on imported packaging material. Management, however, as a matter of abundant caution, has recorded full provision of Rs. 33.298 million in these financial statements due to dispute with Customs East.
- 11.4** This includes regulatory duty payable in respect of imported pharmaceutical products as are required for manufacturing purposes. On October 16, 2017, the Federal Board of Revenue imposed regulatory duty on import of specified pharmaceutical products vide SRO 1035 (I)/2017. In this regard, the Company has filed constitutional petitions in the 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. Management, as a matter of abundant caution, has recorded full provision for the amount of regulatory duty given as bank guarantee amounting to Rs. 10.90 million (June 30, 2020: Rs. 10.90 million) in these financial statements. From January 2020 onwards, the Company is paying the regulatory duty on these imported products and also recording the charge in the statement of profit or loss.

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
12. SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			
In foreign currency			
Loan from Otsuka Pharmaceutical Factory, Inc.	12.1	581,175	585,262

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

Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2020: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
Note	----- Rupees in '000 -----	

13. SHORT-TERM RUNNING FINANCE - SECURED

From banking companies

Short-term running finance utilised under mark-up arrangements - secured

13.1	177,266	429,854
------	----------------	----------------

13.1 Particulars of short-term running finance - secured

Bank	Limit in Rs '000 December 31, 2020	Limit in Rs '000 June 30, 2020	Mark-up rate	Security	Frequency of mark up payment	Facility expiry date	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------	---	--------------------------------------	-----------------	----------	---------------------------------	-------------------------	-------------------------------------	-------------------------------

----- (Rupees in '000) -----

Citi Bank	765,000	765,000	1 month KIBOR + 0.50% p.a.	(a) SECP Registered Joint Pari-passu Charge on Fixed Assets of Plant & Machinery for Rs. 432 million b) SECP Registered Joint Pari-passu Charge on Current Assets for Rs. 778 million.	Quarterly	February 28, 2021	136,266	366,388
Bank Alfalah Limited	185,000	185,000	3 months KIBOR + 2% p.a.	(a) SECP Registered Joint pari passu charge over stocks and receivables of Rs. 147 million (b) SECP Registered Mortgage charge over land and building for Rs. 51 million (c) SECP Registered Joint pari passu charge over plant and machinery of Rs. 121 million.	Quarterly	May 31, 2021	-	22,466

Bank	Limit in Rs '000 December 31, 2020	Limit in Rs '000 June 30, 2020	Mark-up rate	Security	Frequency of mark-up payment	Facility expiry date	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------	------------------------------------	--------------------------------	--------------	----------	------------------------------	----------------------	-------------------------------	-------------------------

----- (Rupees in '000) -----

The Bank of Punjab	41,000	41,000	3 months KIBOR + 1.00% p.a.	(a) SECP Registered Joint pari passu charge over stocks and receivables of Rs. 24 million (b) SECP Registered Mortgage charge over land and building for Rs. 15 million (c) SECP Registered Joint pari passu charge over plant and machinery of Rs. 17 million.	Quarterly	March 31, 2020 [*]	41,000	41,000
--------------------	--------	--------	-----------------------------	---	-----------	-----------------------------	--------	--------

991,000	991,000
---------	---------

177,266	429,854
---------	---------

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

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

13.2.1 The facilities relating to import letter of credit (sight / usance / acceptance) available from conventional banks as at December 31, 2020 amounted in aggregate to Rs. 190 million (June 30, 2020: 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, 2020: Rs. 40 million) for issuance of letters of guarantee. The amount remaining unutilised as at December 31, 2020 amounted to Rs. 148.1 million (June 30, 2020: Rs. 170.894 million).

13.2.2 In addition, a facility for guarantee available from banks as at December 31, 2020 amounted to Rs. 115 million (June 30, 2020: Rs. 115 million) of which the Company has an option to utilise Rs. 25 million (June 30, 2020: Rs. 25 million) for the issuance of letters of credit and Rs. 40 million (June 30, 2020: Rs 40 million) for obtaining running finance. The amount remaining unutilised at December 31, 2020 amounted to Rs. 70.812 million (June 30, 2020: Rs. 67.558 million).

14. CONTINGENCIES AND COMMITMENTS

(Unaudited) (Audited)
December 31, June 30,
2020 2020
----- (Rupees in '000) -----

14.1 Commitments in respect of:

Letters of credit	41,900	19,106
Letters of guarantee	44,188	47,442

14.2 During the year ended June, 30 2020, electricity charges were increased by Rs. 6.8 million through the imposition of Industrial Support Package Adjustment (ISPA) for the off peak hours with retrospective application from July 01, 2019. The case was filed through a joint Constitutional Petition no. 2581 of 2020 before the Hon'ble High Court of Sindh, at Karachi through the association of M/s. Lasbela Chamber of Commerce and Industry (LCCI) located in LIEDA to challenge the above-said charges. As an interim relief, the Hon'ble High Court of Sindh had ordered to furnish the post dated cheque or bank guarantee of the ISPA charges in order to accept the electricity bills without such charges. During the period, the Company has issued undated cheque amounting to Rs. 6.8 million in favour of Nazir of Sindh High Court as per the interim directives. Management has assessed favorable outcome of the case, however, as a matter of abundant caution a provision of Rs. 6.8 million has been made in the interim financial statements.

14.3 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, 2020.

14.4 There were no other contingencies and commitments outstanding as on December 31, 2020.

		(Unaudited) For the half year ended December 31, 2020 ----- (Rupees in '000) -----	(Unaudited) For the half year ended December 31, 2019
15. NET SALES	Note		
Sales (net of returns of Rs. 0.024 million; December 31, 2019: Rs. 0.54 million)		1,296,573	1,203,356
Less: sales tax		(11,586)	(12,367)
		1,284,987	1,190,989
Less: discounts		(127,026)	(114,473)
		1,157,961	1,076,516
16. OTHER INCOME			
Late payment surcharges from Hospital Supply Corporation - a related party		2,579	10,300
Gain on disposal of operating fixed asset - net		2,615	1,269
Scrap sales		7,433	7,819
Reversal of provision against stents held with hospitals - net		4,283	-
Reversal of provision against slow moving and obsolete stock-in-trade		-	3,253
Exchange gain - net		10,579	19,164
Liabilities written back		502	-
Others		680	1,089
		28,671	42,894
17. OTHER EXPENSES			
Auditor's remuneration		1,200	1,200
Donations		1,010	863
Worker's profits participation fund		7,906	4,495
Worker's welfare fund		1,740	-
Central research fund		1,456	900
Loss allowance		239	12,059
Provision against slow moving and obsolete stock-in-trade		3,041	-
Provision against orthopedic knee implants		22,276	-
Provision against stents held with hospitals - net		-	2,958
Bank charges and commission		632	332
Impairment on plant and machinery		6,738	-
Others		1,523	9,337
		47,761	32,144
18. TAXATION - NET			
Current			
- for the period	18.1	3,519	16,265
- for prior years		-	-
		3,519	16,265
Deferred		40,082	25,282
	18.2	43,601	41,547
18.1	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 2020. Contingencies in respect of taxation are same as detailed in annual financial statements of the Company for the year ended June 30, 2020.		
18.2	Tax charge represents minimum tax collected on commercial imports and final tax payable under Income Tax Ordinance, 2001. Tax charge determined under normal tax has been set-off against brought forward unrecognised minimum tax credits available from prior years.		

19. 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, 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) For the half year ended December 31, 2020 ----- (Rupees in '000) -----	(Unaudited) For the half year ended December 31, 2019
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchases	-	362
		Markup expense on short-term loan	2,087	1,793
Otsuka Pharmaceutical Co, Ltd.	Parent Company	Purchases	43,765	41,587
Hospital Supply Corporation	Common Directorship	Sale of finished goods	640,048	602,661
		Late payment surcharge on receivables	2,579	10,300
		Other sales discounts/claims	91,402	81,620
		Sales returns	24	537
		Purchases	-	447
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchases	14,443	48,770
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	15,430	14,331
PT. Otsuka Indonesia	Associated Undertaking	Purchases	5,281	2,794
Shanghai Microport EPMED Tech Co. Limited	Associated Undertaking	Purchases	2,839	10,662
Idrees Plastics	Brother to CEO	Purchases	-	200
Danish	Brother to CEO	Purchases	2,110	-
Otsuka staff provident fund	Provident fund	Contribution during the period to the fund	6,310	5,818
Otsuka staff gratuity fund	Gratuity fund	Contribution during the period to the fund	2,367	-

Name of related party	Relationship with the Company	Nature of transaction	(Unaudited) For the half year ended December 31, 2020	(Unaudited) For the half year ended December 31, 2019
			----- (Rupees in '000) -----	

Key Management Personnel	Key Management Personnel	Remuneration paid	30,160	26,044
Mehtabuddin Feroze	Director	Consultancy charges	1,550	1,500

Name of related party	Relationship with the Company	Nature of balance	(Unaudited) December 31, 2020	(Audited) June 30, 2020
			----- (Rupees in '000) -----	

Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan	581,175	585,262
Otsuka Pharmaceutical Co, Ltd.	Parent company	Payable against purchase of raw material	-	14,022
Hospital Supply Corporation	Common Directorship	Payable against purchases Receivable against sale of goods	- 75,218	45 190,319
PT. Otsuka Indonesia	Associated undertaking	Payable against purchases	-	4,537
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchases	15,055	15,829
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchases	6,329	10,083
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchases	2,824	7,028
Shareholders	Shareholders	Payable to shareholders	2,134	363
Key Management Personnel	Key Management Personnel	Advance from key management personnel	512	1,226
Otsuka staff gratuity fund	Gratuity fund	Receivable from gratuity fund Payable to gratuity fund	- 2,352	5,612 -
Otsuka staff provident fund	Provident fund	Payable to provident fund	3,171	2,821

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.

20. SEGMENT INFORMATION

20.1 These condensed interim financial statements have been prepared on the basis of a single reportable segment.

20.2 Sales from Intravenous Solutions (I.V Solutions) represent 84.59% while sales from others represent 15.41% (December 31, 2019: 83.72% and 16.28%) respectively of the total sales of the Company.

	(Unaudited) Half year ended December 31, 2020 ----- (In percent) -----	(Unaudited) Half year ended December 31, 2019
20.3 The geographic segmentation of sales is as follows:		
Pakistan	96.3	98.80
Kenya	0.00	0.10
Afghanistan	3.70	1.10
	<u>100</u>	<u>100</u>

20.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 47.07% during the period ended December 31, 2020 (December 31, 2019: 46.59%).

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

21. PLANT CAPACITY AND PRODUCTION

		(Unaudited) Half year ended December 31, 2020	(Unaudited) Half year ended December 31, 2019
		Capacity	Actual production
Note	----- (million bottles) -----		
I.V. solutions		15.7	11.7
Plastic ampoules	21.2	11.0	8.7
	21.1	26.7	20.4
		<u>23.1</u>	<u>18.4</u>

21.1 The Company's under-utilized capacity of 6.3 million bottles (December 31, 2019: 3.8 million bottles) was due to over supply situation in the market.

21.2 Capacity for plastic Ampoules has increased due to installation of BFS-II (Refurbished Machine).

22. 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	(Unaudited) December 31, 2020 ----- (Rupees in '000) -----	(Unaudited) December 31, 2019
Bank balances		5,686	9,840
Short-term running finance - secured	13	(177,266)	(503,808)
		<u>(171,580)</u>	<u>(493,968)</u>

23. 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.

24. IMPACT OF COVID-19 PANDEMIC ON COMPANY'S OPERATIONS

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus. While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted. In future also, the Company does not foresee any adverse impact on its operations and financial results.

25. DATE OF AUTHORISATION FOR ISSUE


These condensed interim financial statements were authorized for issue on **February 25, 2021** by the Board of Directors of the Company.

26. 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










Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

www.otsuka.pk



Otsuka

A Sign of Japanese Commitment to Better Health