

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

QUARTERLY REPORT

for the first quarter ended September 30, 2024



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. Moin ur Rehman (Director and Chief Executive Officer) Mr. Koichi Okada Mr. Tariq Mehtab Feroz Mr. Suhari Mukti (Alternate: Mr. Sajid Ali Khan) Mr. Abid Hussain (Independent Director) Mrs. Navin Salim Merchant (Independent Director)
COMPANY SECRETARY	:	Mr. Rao Sajid Ali Khan
AUDIT SUB COMMITTEE OF THE BOARD	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member)
HEAD OF INTERNAL AUDIT:	:	Mr. Jawaid Noor (Secretary)
RISK MANAGEMENT COMMITTEE	:	Mr. Abid Hussain (Chairman) Mr. Koichi Okada (Member) Mr. Moin ur Rehman (Member) Mr. Sajid Ali Khan (Secretary)
HUMAN RESOURCES REMUNERATION & NOMINATION SUB-COMMITTEE OF THE BOARD	:	Mrs. Navin Salim Merchant (Chairperson) Mr. Moin ur Rehman (Member) Mr. Koichi Okada (Member) Mr. Tariq Mehtab Feroz (Member) Mr. David Sunil (Secretary)
AUDITORS (EXTERNAL)	:	Yousuf Adil Chartered Accountants (An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited)
AUDITORS (INTERNAL)	:	Suriya Nauman Rehan & Co. (Chartered Accountants)
LEGAL ADVISORS	:	Dr. Moneeba Hamid
BANKERS	:	Citibank N.A., Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited, Bank Al-Habib Limited The Bank of Punjab, Allied Bank Limited MCB Bank Limited, National Bank of Pakistan
REGISTERED OFFICE	:	Head Office: 30-B, Sindhi Muslim Co-operative, Housing Society, Karachi-74400 Tel.: 34528651 – 4, 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	:	M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street # 2, D.H.A., Phase VII, Karachi. Customer Support Services Tel No. (0092-21) 111-000-322 Fax: (0092-21) 35310191 Email: sfc@thk.com.pk.

DIRECTORS' REPORT

The Directors are pleased to present accounts of Otsuka Pakistan Limited (the Company) for the first quarter ended September 30, 2024.

Board of Directors

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

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

Board Sub-Committees

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

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

CATEGORY	NAMES	NATURE OF REMUNERATION	Amount (Rs. In '000)
Executive Director	Mr. Moin ur Rehman (CEO)	Salaries and benefits *	3,144
Non-Executive Directors	Mr. Mikio Bando (Chairman) **	Not applicable	NIL
	Mr. Tariq Mehtab Feroz	Not applicable	NIL
	Mr. Koichi Okada	Not applicable	NIL
	Mr. Suhari Mukti	Not applicable	NIL
Independent Directors	Mr. Abid Hussain	Meeting fees	NIL
	Mrs. Navin Salim Merchant	Meeting fees	NIL

* CEO is entitled to full time working salaries and company benefits as recommended by the Board of Directors. The appointment as the new CEO is effective from February 28, 2024.

Business Review

The company has recorded net sales of Rs. 811 million and had achieved a nominal growth of 2% which is encouraging despite the fact that your company encountered production challenges in the first quarter of fiscal year 2024-25. The cost of sales has increased substantially mainly due to utilities expenses due to which the Company's gross profit has declined from 22% to 17% in the corresponding period of the last year.

Selling and distribution expenses have increased by 18% mainly due to increase in outward freight expenses which is borne by company due to change in south distribution model. Moreover, the administrative expenses were increased by 39% in the corresponding period of the last year mainly due to high inflation, legal expenses and increase in salaries. Other expenses of the company had shown a notable increase of Rs. 127 million due to the net exchange loss arising on mark to market of foreign currency loans from M/s. Otsuka Pharmaceutical Factory, Inc., Japan (OPF) of JPY 550 million. The finance cost of the Company witnessed an enormous decrease due to positive cash flows during the period. Due to these reasons, the company had a negative earning of Rs. (9.89) per share as compared to an earning of Rs. 2.97 per share in the corresponding period of the last year.

Strategic Outlook

De-regulation of Non-Essential products was a very significant development happened in Pakistan Pharmaceutical sector and the company has already received 7% price increase from DRAP for regulated products which will improve the overall profitability of the company. Moreover, the Company has already devised a strategic plan to strategize Clinical Nutrition business and expand it by launching new value added products with better margins. Thus better results are expected in near future.

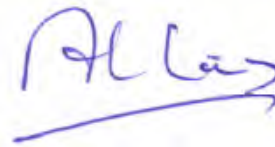
Acknowledgement

We would like to acknowledge the devoted and sincere efforts of our employees, business partners and are thankful to our shareholders for their utmost trust which inspire us to remain steadfast in our journey.

On behalf of the Board



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director

Dated: October 30, 2024

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2024 کو ختم ہونے والی پہلی سہ ماہی کے لیے اوتسوکا پاکستان لمیٹڈ (کمپنی) کے اکاؤنٹس پیش کرتے ہوئے خوش ہیں۔

بورڈ آف ڈائریکٹرز

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

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

مسٹر توفیق فیروز مسٹر میکو بانڈو کے متبادل ڈائریکٹر ہیں۔

مسٹر ساجد علی خان مسٹر سوہاری مکتی کے متبادل ڈائریکٹر ہیں۔

بورڈ کمیٹی:

بورڈ کی ذیلی کمیٹیاں	ممبر کا نام
آڈٹ کمیٹی	جناب عابد حسین (چیئرمین) جناب کوچی اوکاڈا جناب طارق مہتاب فیروز جناب جاوید نور (سیکرٹری)
ہیومن ریسورسز و معاوضہ اور نامزدگی کمیٹی	مسز نوین سلیم مرچنٹ (چیئرمین) جناب کوچی اوکاڈا جناب معین الرحمن صاحب جناب طارق مہتاب فیروز مسٹر ڈیوڈ سنیل (سیکرٹری)
رسک مینجمنٹ کمیٹی	جناب عابد حسین (چیئرمین) جناب کوچی اوکاڈا جناب ساجد علی خان جناب معین الرحمن صاحب

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

پاکستانی روپے '000	معاوضے کی تفصیلات	نام	عہدے
3,144	تنخواہیں اور مراعات	معین الرحمان (سی ای او)*	ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	مکیو یاٹو وچیز مین	نان ایگزیکٹو ڈائریکٹر
NIL	قابل اطلاق نہیں	طارق متناہ فیروز	
NIL	قابل اطلاق نہیں	کوچی اوکاڈا	
NIL	قابل اطلاق نہیں	سوباری کتن	
NIL	مینگ فیس	جناب عابد حسین	آزاد ڈائریکٹر
NIL	مینگ فیس	مسنوین سلیم مرچنٹ	

کاروباری جائزہ

کمپنی نے 811 ملین روپے کی نیٹ سیلز ریکارڈ کی ہے اور 2 فیصد کی معمولی ترقی حاصل کی ہے، جو کہ حوصلہ افزا ہے، باوجود اس کے کہ آپ کی کمپنی کو مالی سال 2024-25 کی پہلی سہ ماہی میں پیداواری مسائل کا سامنا کرنا پڑا۔ سیلز کی لاگت میں نمایاں اضافہ ہوا ہے، جس کی بڑی وجہ یوٹیلیٹی اخراجات ہیں، جس کے نتیجے میں کمپنی کا مجموعی منافع پچھلے سال کی اسی مدت کے 22 فیصد سے کم ہو کر 17 فیصد رہ گیا ہے۔ سیلنگ اور ڈسٹریبیوشن کے اخراجات میں 18 فیصد اضافہ ہوا ہے، جس کی بنیادی وجہ آؤٹ ورڈ فریٹ اخراجات میں اضافہ ہے، جو کمپنی نے ساؤتھ ڈسٹریبیوشن مائل میں تبدیلی کی وجہ سے برداشت کیے ہیں۔ مزید برآں، انتظامی اخراجات میں بھی پچھلے سال کی اسی مدت کے مقابلے میں 39 فیصد کا اضافہ ہوا، جس کی بڑی وجہ زیادہ افراط زر، قانونی اخراجات اور تنخواہوں میں اضافہ ہے۔ کمپنی کے دیگر اخراجات میں 127 ملین روپے کا نمایاں اضافہ ہوا ہے، جو غیر ملکی کرنسی کے قرضے (جس کا حجم 550 ملین جاپانی یں ہے) پر مارک ٹو مارکیٹ میں ہونے والے خالص تبادلہ خسارے کی وجہ سے ہوا ہے، یہ قرضہ جاپان کی کمپنی M/s. Otsuka Pharmaceutical Factory, Inc. (OPF) سے لیا گیا تھا۔ کمپنی کی مالی لاگت میں اس مدت کے دوران مثبت نقد بہاؤ کی وجہ سے نمایاں کمی واقع ہوئی ہے۔ ان تمام وجوہات کی بنا پر، کمپنی کو فی شیئر (9.89) روپے کا نقصان ہوا ہے، جبکہ پچھلے سال کی اسی مدت میں فی شیئر 2.97 روپے کا منافع حاصل ہوا تھا۔

اسٹریٹجک نقطہ نظر

ضروریات سے بٹ کر دیگر مصنوعات کی ڈی ریگولیشن پاکستان کے فارماسیوٹیکل شعبے میں ایک اہم پیش رفت تھی، اور کمپنی کو پہلے ہی ڈریپ سے ریگولیشن مصنوعات کے لیے 7 فیصد قیمت میں اضافہ مل چکا ہے، جس سے کمپنی کے مجموعی منافع میں بہتری آئے گی۔ مزید یہ کہ کمپنی نے کلینیکل نیوٹریشن کے کاروبار کو حکمت عملی کے ساتھ فروغ دینے اور بہتر مارجن کے ساتھ نئی ویلیو ایڈیڈ مصنوعات متعارف کرانے کے لیے ایک اسٹریٹجک پلان تیار کر لیا ہے۔ اس طرح، مستقبل قریب میں بہتر نتائج کی توقع ہے۔

اعتراف

ہم اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہیں گے کہ انہوں نے کمپنی پر مکمل اعتماد اور یقین کا اظہار کیا۔ ہم اپنے ملازمین کا بھی شکریہ ادا کرنا چاہیں گے کہ انہوں نے کمپنی کے وژن کو عملی جامہ پہنانے اور سرشار کوششیں کیں اور اس کے نتیجے میں صحت کی معیاری مصنوعات تک لوگوں کی رسائی کو بڑھایا۔

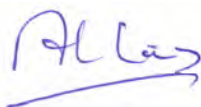
بتاریخ: 30 اکتوبر، 2024

بورڈ کی جانب سے



معین الرحمان

چیف ایگزیکٹو آفیسر



عابد حسین
ڈائریکٹر

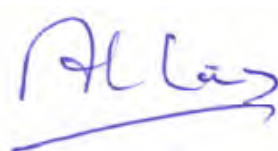
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2024

	Note	(Unaudited) September 30, 2024	(Audited) June 30, 2024
-----Rupees in '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	430,665	439,945
Intangible assets		682	761
Long-term loans		7,518	7,428
Long-term deposits		3,699	3,699
Deferred tax asset - net		123,022	127,062
		565,586	578,895
Current assets			
Stores and spares		53,303	44,548
Stock-in-trade		1,037,136	959,205
Trade debts		190,353	160,464
Loans and advances		123,881	64,695
Trade deposits, short-term prepayments and other receivables		24,726	34,897
Sales tax refundable		47,172	47,172
Prepaid Levies		20,000	-
Advance tax - net		93,067	92,367
Short-term investment		14,610	124,610
Bank balances		124,457	187,036
		1,728,705	1,714,994
Total assets		2,294,291	2,293,889
EQUITY AND LIABILITIES			
Equity			
Share capital	5	121,000	121,000
Revenue reserves		435,010	554,695
Total equity		556,010	675,695
Liabilities			
Non-current liabilities			
Lease Liability		5,112	12,831
Current liabilities			
Short-term loan from a related party	6	1,072,445	951,390
Trade and other payables		656,086	623,997
Current portion of lease liability		1,243	11,995
Unclaimed dividend		1,955	1,955
Mark-up accrued		1,440	16,026
		1,733,169	1,605,363
Total equity and liabilities		2,294,291	2,293,889
Contingencies and Commitments			
	7		

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director

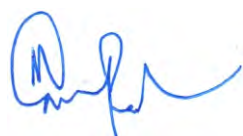


Sajid Ali Khan
Chief Financial Officer

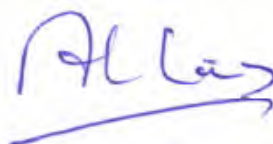
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Note	Quarter ended September 30,	
		2024	2023
----- Rupees in '000 -----			
Revenue from contract with customers	8	810,914	795,416
Cost of sales		(671,762)	(616,652)
Gross profit		139,152	178,764
Selling and distribution expenses		(101,855)	(86,600)
Administrative and general expenses		(41,550)	(29,833)
Other income		27,881	30,631
Other expenses		(127,319)	(647)
Operating (Loss)/Profit		(103,691)	92,315
Finance cost		(1,497)	(26,969)
(Loss)/Profit before final tax, revenue tax and income tax		(105,188)	65,346
Final tax		-	(306)
(Loss)/Profit before revenue tax and income tax		(105,188)	65,040
Revenue tax		(10,457)	-
(Loss)/Profit before income tax		(115,645)	65,040
Income tax - net		(4,040)	(29,117)
(Loss)/Profit for the period after taxation		(119,685)	35,923
----- Rupees -----			
Earning/(Loss) per share - basic and diluted		(9.89)	2.97

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Quarter ended September 30,	
	2024	2023
	----- Rupees in '000 -----	
(Loss)/Profit for the period after taxation	(119,685)	35,923
Other comprehensive (loss)/income	-	-
Total comprehensive (loss)/income for the period	(119,685)	35,923

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

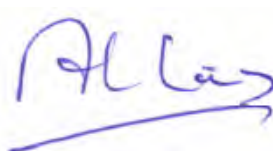
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Note	Quarter ended September 30,	
		2024	2023
----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before final tax, revenue tax and income tax		(105,188)	65,346
Adjustment for non-cash charges and other items:			
Depreciation & Amortisation		19,057	30,433
Gain on disposal of Fixed Asset - net		-	(450)
Unrealized Exchange loss / (gain) - net		121,055	(16,150)
Mark-up on finance		1,497	26,969
Operating Surplus before working capital changes		36,421	106,148
(Increase) / decrease in current assets			
Stores and spares		(8,755)	2,924
Stock-in-trade		(77,930)	(21,554)
Trade debts - unsecured		(29,889)	(11,332)
Loans and advances		(59,186)	28,957
Sales tax refundable		-	43,091
Trade deposits, short-term prepayments and other receivables		10,171	(378)
		(165,589)	41,708
Increase / (decrease) in current liabilities			
Trade and other payables		32,089	(61,336)
Cash (used in)/generated from operations		(97,079)	86,520
Interest paid		(16,083)	(23,185)
Taxes paid		(31,157)	(35,781)
Decrease/(increase) in long-term loans		(90)	1,163
Net cash (used in)/generated from operations		(144,409)	28,717
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,699)	(15,112)
Proceeds from disposal of property, plant and equipment		-	450
Net cash used in investing activities		(9,699)	(14,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(18,471)	(361)
Net cash used in financing activities		(18,471)	(361)
Net increase/(decrease) in cash and cash equivalents		(172,579)	13,694
Cash and cash equivalents at the beginning of the period		311,646	(430,745)
Cash and cash equivalents at the end of the period	10	139,067	(417,051)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director

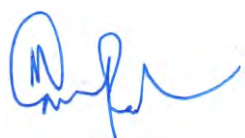


Sajid Ali Khan
Chief Financial Officer

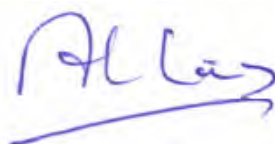
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Accumulated losses	Sub-total	
----- Rupees in '000 -----					
Balance as at June 30, 2023 (audited)	121,000	491,980	84,543	576,523	697,523
Total comprehensive income for the period ended Sep 30, 2023	-	-	35,923	35,923	35,923
Balance as at Sep 30, 2023	<u>121,000</u>	<u>491,980</u>	<u>120,466</u>	<u>612,446</u>	<u>733,446</u>
Balance as at June 30, 2024 (audited)	121,000	491,980	62,715	554,695	675,695
Total comprehensive loss for the period ended Sep 30, 2024	-	-	(119,685)	(119,685)	(119,685)
Balance as at Sep 30, 2024	<u>121,000</u>	<u>491,980</u>	<u>(56,970)</u>	<u>435,010</u>	<u>556,010</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director



Sajid Ali Khan
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Otsuka Pakistan Limited (the Company) was incorporated in Pakistan in the month of February 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing, marketing and distribution of intravenous infusions and trading in pharmaceutical products, nutritional foods and medical equipment. The Company is an indirect subsidiary of Otsuka Pharmaceutical Company Limited, Japan.

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

Registered Office in Karachi	Purpose	Hub	Purpose
30-B, S.M.C.H. Society, Karachi	Head office	F/4-9, H.I.T.E., Hub, 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, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the latest annual financial statements of the Company. These condensed interim financial statements are unaudited.

The comparatives in the condensed interim statement of financial position as at September 30, 2024 have been extracted from the audited financial statements of the Company for the year ended June 30, 2024, 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 quarter year ended September 30, 2024.

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. MATERIAL ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS

3.1 Material accounting policy information

- 3.1.1 The material accounting policy information and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2024.

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, 2024. 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, 2024.

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, 2024.

	Note	(Un-audited) Sep 30, 2024	(Audited) June 30, 2024
-----Rupees in '000-----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		331,657	343,402
Capital work-in-progress	4.2	99,008	96,543
		<u>430,665</u>	<u>439,945</u>

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

	(Un-audited) Quarter ended Sep. 30, 2024		(Un-audited) Quarter ended Sep.30, 2023	
	Addition / transfer - at cost	Disposal - at net book value	Addition / transfer - at cost	Disposal - at net book value
	----- (Rupees '000) -----		----- (Rupees '000) -----	
Operating fixed assets				
Building on leasehold land	326	-	17,021	-
Plant and machinery	2,955	-	136,280	-
Furniture, fixtures and equipment	1,246	-	8,931	-
Vehicles	2,707	-	3,718	-
Total	<u>7,234</u>	<u>-</u>	<u>165,950</u>	<u>-</u>

	(Un-audited) Sep 30, 2024	(Audited) June 30, 2024
-----Rupees in '000-----		
4.2 Capital work-in-progress		
Stores and spares held for capital expenditure	23,559	21,094
Others	75,449	75,449
	<u>99,008</u>	<u>96,543</u>

5 SHARE CAPITAL

Sep 30, 2024 (Number of shares in '000')	June 30, 2024		Sep 30, 2024 (Rupees in '000)	June 30, 2024
<u>20,000,000</u>	<u>20,000,000</u>	Authorized capital:	-----	-----
		Ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>

Sep 30, 2024 (Number of shares)	June 30, 2024		Sep 30, 2024 (Rupees in '000)	June 30, 2024
<u>12,100,000</u>	<u>12,100,000</u>	Issued, subscribed and paid-up capital	-----	-----
		Ordinary shares of Rs. 10 each	<u>121,000</u>	<u>121,000</u>

	Note	(Un-audited) Sep 30, 2024 -----Rupees in '000-----	(Audited) June 30, 2024
6 SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED			

In foreign currency

Loan from Otsuka Pharmaceutical Factory, Inc.	6.1	<u>1,072,445</u>	<u>951,390</u>
---	-----	------------------	----------------

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

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

	(Un-audited) Sep 30, 2024 -----Rupees in '000-----	(Audited) June 30, 2024
7 CONTINGENCIES AND COMMITMENTS		

- 7.1** Commitments in respect of:

Letters of credit	<u>97,624</u>	<u>86,940</u>
Letters of guarantee	<u>70,900</u>	<u>69,900</u>

- 7.2** There has been no significant change in contingencies disclosed in note 24.2 to the annual audited financial statements of the Company for the year ended June 30, 2024.

	Note	(Un-audited) Sep 30, 2024 -----Rupees in '000-----	(Un-audited) Sep 30, 2023
8 REVENUE FROM CONTRACT WITH CUSTOMERS			

Sales (net of returns of Rs.0.79 million; Sep 30, 2023: Rs. 0.1 million)	11.1	892,564	894,179
Less: sales tax		<u>(20,747)</u>	<u>(18,830)</u>
		871,817	875,349
Less: discounts		<u>(60,903)</u>	<u>(79,933)</u>
		<u>810,914</u>	<u>795,416</u>

- 8.1** The sales is segregated on the basis of product type and geographical location as disclosed in note 11.

9. TRANSACTIONS WITH RELATED PARTIES

Related parties include Otsuka Pharmaceutical Company Limited the holding company, associated companies / undertakings (namely Otsuka Pharmaceutical Factory Incorporation, Japan, Thai Otsuka Pharmaceutical Company Limited, Thailand, P.T. Otsuka Indonesia, Otsuka Pharmaceutical Company, Shanghai Micro port Medical (Group) Company Limited, etc.), staff retirement funds and the key management personnel, entities under common directorship namely Danish Enterprises, Qubittech.

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

Name of related party	Relationship with the Company	Nature of transaction	(Un-audited)	(Un-audited)
			Sep 30, 2024	Sep 30, 2023
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Markup expense on short-term Loan	1,601	838
			-	-
Otsuka Pharmaceutical Co, Ltd.	Parent company	Purchases	44,261	60,702
Hospital Supply Corporation	Common Directorship	Sale of finished goods	-	349,495
		Late payment surcharge on receivables	-	7,090
		Purchase of consumables	-	180
		Sales discounts / claims	-	53,266
		Sales Return	-	25
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchases	52,391	-
PT. Otsuka Indonesia	Associated undertaking	Purchases	14,227	-
Shanghai Microport EPMED Tech Co. Limited	Associated undertaking	Purchases	-	9,086
Danish Enterprises	Others	Purchases	-	1,450
Qubit tech	Others	Purchases	1,831	1,610
Otsuka staff provident fund	Employees provident fund	Contribution during the period to the fund	3,869	3,666
Otsuka staff gratuity fund	Staff retirement benefit fund	Contribution/(Received from) during the period to the fund	1,898	(5,927)
Key Management Personnel	Key management personnel	Remuneration paid	14,663	14,221
Mehtabuddin Feroz	Director	Consultancy charges	-	1,008
Director	Director	Meeting Fees	-	100

Name of related party	Relationship with the Company	Nature of transaction	(Un-audited)	(Audited)
			Sep 30, 2024	June 30, 2024
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Short term loan payable	1,072,445	951,390
		Payable against purchases	-	14,385
		Markup accrued on short term loan	1322	-
Otsuka Pharmaceutical Co,	Parent company	Payable against purchase of finished goods	50,326	38,230
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchase of finished goods	38,698	17,679
Shareholders	Shareholders	Payable to shareholders	363	363
Otsuka staff gratuity fund	Staff retirement benefit fund	Payable to /(Receivable) from staff retirement benefit fund	976	(76)
Otsuka staff provident provident fund	Employees provident fund	Payable to employees	3,988	3,934
Key Management Personnel	Key management personnel	Advance from key management personnel	1,124	1,124

The Company enters into transactions with related parties for the , 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. 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 to be its key management personnel.

Hospital Supply Corporation is no longer related party due to non-existence of common directorship with effect from November 18, 2023.

10 CASH AND CASH EQUIVALENTS

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

	(Un-audited) Sep 30, 2024	(Un-audited) Sep 30, 2023
	----Rupees in '000----	
- Bank balances	124,457	3,930
- Short-term running finance	-	(435,591)
- Short term investments	14,610	14,610
	<u>139,067</u>	<u>(417,051)</u>

11 SEGMENT INFORMATION

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

11.2 Sales from Intravenous Solutions represent 85.03 percent while sales from others represent 14.97 percent (Sep.30, 2023: 83.89 percent and 16.11 percent) respectively of the total sales of the Company.

	(Un-audited) Sep 30, 2024	(Un-audited) Sep 30, 2023
	----- In percent -----	
11.3 The geographic segmentation of sales is as follows:		
Pakistan	100.00%	96.14%
Outside Pakistan (Exports)	0.00%	3.86%

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

12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **October 30, 2024** by the Board of Directors of the Company.,

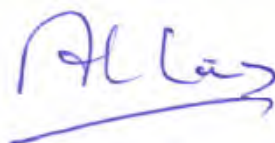
13 GENERAL

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

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



Moin ur Rehman
Chief Executive Officer



Abid Hussain
Director










Sajid Ali Khan
Chief Financial Officer










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