

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

# Quarterly Accounts

For the First Quarter Ended  
September 30, 2022



Otsuka

**Otsuka Pakistan Limited**

(A Company of Otsuka Group Japan)

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## COMPANY INFORMATION

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

## Directors' Report

The Directors are pleased to present accounts of Otsuka Pakistan Limited (the Company) for the first quarter ended September 30, 2022.

### Board of Directors

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

### Board Sub-Committees

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. Abid Hussain	
	Mrs. Navin Salim Merchant	Female
* Mr. Taufiq Feroz is the alternate director of Mr. Mikio Bando.		
**Mr. Sajid Ali Khan is the alternate director of Mr. Suhari Mukti		

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. Currently, the two independent directors and a non-working alternate director are getting fixed fees for attending the board meetings.

### Business Review

The sales for the first quarter of fiscal year 2022-23 have decreased by 3% and the gross profit margin has drastically gone down from 35% to 16% due to adverse economic and business conditions in the Country resulted in un-controllable escalation in production cost. Further the electricity breakdown and road blockage during floods increase our utilities, freight and transportation cost which was not envisaged in our budgets. On the other hand, selling and administration expenses for the quarter have witnessed an increase of 11% and 14% respectively due to all time high inflation level prevailing during this quarter.

Other income has increased by 2.3 times primarily due to the reversal of impairment losses after realization of sales proceeds of Orthopedic kits & implants. However, other expenses have decreased by 6% during the quarter. The financial cost of the company has significantly gone up by 3.9 times due to massive increase in bank rates along with increase in borrowing from banks

due to the working capital requirements as well as the advances given for CAPEX & Line-II renovation plan.

The earning/(loss) per share of the company is Rs. (1.81) per share as compared to an earning of Rs. 6.14 in the corresponding period of the last year.

### **Future Outlook**

Pakistan economy is passing through a very tough times due to the devastating impact of recent floods alongside an increase in global oil prices, freight cost, rampant inflation and consistent depreciation of Pak Rupee. Further lack of economic policy directions due to ongoing political uncertainty will add more challenges in the operations of the Company. However, the Company will make efforts to highlight the operational difficulties at different government forums in order to settle the hardships being faced by the pharmaceutical industry.

During the year, Company's Line-II upgradation project for improvement in the quality of the products is under progress and the Company is committed to complete this project during 2023 despite ongoing economic un-certainties and import curbs from the government

On behalf of the Board



**Hanif Sattar**  
Chief Executive Office



**Mehtabuddin Feroz**  
Director

Karachi

Dated: October 27, 2022



آرتھوپیدک کٹس اور امپلانٹس کی فروخت سے حاصل ہونے والی آمدنی کے بعد دیگر آمدنی میں 2.3 گنا اضافہ ہوا ہے۔ تاہم، سہ ماہی کے دوران دیگر اخراجات میں 6% کی کمی واقع ہوئی ہے۔ بینک کی سودی شرح میں بڑے پیمانے پر اضافے کے ساتھ ساتھ ورکنگ کیپیٹل کی ضروریات کے تحت اور لائن ٹو کی تعمیر نو کے منصوبے کے لئے مختص کیئے گئے اخراجات اور اسی سلسلے میں بینکوں سے قرض لینے میں اضافے کی وجہ سے کمپنی کی مالی لاگت میں 3.9 گنا اضافہ ہوا ہے۔

سہ ماہی کے لیے کمپنی کافی حصص نقصان 1.81 روپے فی حصص ہے۔ یہ گزشتہ سال کی اسی مدت میں 6.14 روپے فی حصص منافع میں تھا۔

مستقبل کا نقطہ نظر:

عالمی سطح پر تیل کی قیمتوں میں اضافے، مال برداری کی لاگت، مہنگائی میں اضافہ اور پاکستانی روپے کی مسلسل گراؤٹ کے ساتھ ساتھ حالیہ سیلاب کے تباہ کن اثرات کی وجہ سے پاکستانی معیشت انتہائی مشکل وقت سے گزر رہی ہے۔ جاری سیاسی غیر یقینی صورتحال کی وجہ سے معاشی پالیسی کی سمتوں کا مزید فقدان کمپنی کے کاموں میں مزید چیلنجز کا اضافہ کرے گا۔ تاہم، کمپنی دواسازی کی صنعت کو درپیش مشکلات کو دور کرنے کے لیے مختلف سرکاری فورمز پر آپریشنل مشکلات کو اجاگر کرنے کی کوشش کرے گی۔

سال کے دوران، مصنوعات کے معیار میں بہتری کے لیے کمپنی کا لائن ٹو اپ گریڈیشن پروجیکٹ جاری ہے۔ مزید ملک کی اقتصادی، غیر یقینی صورتحال اور حکومت کی جانب سے درآمدی پابندیوں کے باوجود اس منصوبے کو 2023 تک مکمل کرنے کے لیے کمپنی پر عزم ہے۔

بورڈ کی جانب سے



حذیف ستار

چیف ایگزیکٹو آفیسر



مہتاب الدین فیروز

ڈائریکٹر

کراچی

تاریخ: 27 اکتوبر 2022

## ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے لیے اوٹسوکا پاکستان لمیٹڈ (کمپنی) کے اکاؤنٹس پیش کرنے پر خوش ہیں۔

### بورڈ آف ڈائریکٹرز:

بورڈ آف ڈائریکٹرز ("بورڈ") کی تشکیل درج ذیل ہے:

درجہ بندی	نام	جنس
ایگزیکٹو ڈائریکٹر	جناب حنیف ستار (سی ای او)	مرد
نان ایگزیکٹو ڈائریکٹر	جناب میکو بانڈو (چیرمین) جناب مہتاب الدین فیروز جناب کوچی او کاڈا جناب سوہاری مکتی	مرد
آزاد ڈائریکٹر	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 کے پاس کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے۔ فی الحال، دو آزاد ڈائریکٹرز اور ایک غیر ایگزیکٹو متبادل ڈائریکٹر بورڈ کے اجلاسوں میں شرکت کے لیے مقررہ فیس وصول کر رہے ہیں۔

### کاروباری جائزہ:

مالی سال 2022-23 کی پہلی سہ ماہی میں فروخت میں 3% کی کمی ہوئی ہے اور مجموعی منافع کا مارجن 35% سے 16% تک گر گیا ہے۔ یہ ملک میں منفی اقتصادی اور کاروباری حالات کی وجہ سے ہے جس کے نتیجے میں کمپنی کی پیداواری لاگت میں بے قابو اضافہ ہوا ہے۔ گزشتہ بارشوں کے موسم اور سیلاب کے دوران بجلی کے مزید بریک ڈاؤن اور سڑکوں کی بندش نے بھی ہماری یوٹیلیٹیز، مال برداری اور نقل و حمل کی لاگت میں اضافہ کیا ہے جسے ہمارے بجٹ میں شامل نہیں کیا گیا تھا۔ دوسری طرف، اس سہ ماہی کے دوران فروخت اور انتظامی اخراجات میں بالترتیب 11% اور 14% کا اضافہ دیکھا گیا ہے جس کی وجہ اس سہ ماہی کے دوران مہنگائی کی اب تک کی بلند ترین سطح ہے۔

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
-----Rupees in '000-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	254,892	270,910
Intangibles		1,609	1,876
Long-term loans - considered good		8,139	8,186
Long-term deposits		2,335	2,335
Deferred tax asset - net	5	87,147	80,700
		354,122	364,007
<b>Current assets</b>			
Stores and spares		43,293	40,852
Stock-in-trade - net		1,095,725	928,446
Trade debts - unsecured - net		274,751	216,177
Loans and advances - considered good		152,200	116,152
Trade deposits, short-term prepayments & other receivables		36,951	29,232
Sales Tax refundable		90,263	97,831
Taxation - net		25,789	-
Bank balances		23,142	53,211
		1,742,114	1,481,901
<b>Total assets</b>		<b>2,096,236</b>	<b>1,845,908</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital</b>			
Authorised share capital			
20,000,000 (June 30, 2022: 20,000,000) ordinary shares of Rs 10 each		200,000	200,000
Issued, subscribed and paid-up share capital			
12,100,000 (June 30, 2022: 12,100,000) ordinary shares of Rs 10 each		121,000	121,000
Revenue reserves		570,055	591,994
Shareholders' equity		691,055	712,994
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease Liability		2,520	3,092
<b>Current liabilities</b>			
Short-term loan from a related party - unsecured	6	395,550	376,150
Trade and other payables		659,527	619,922
Current portion of long-term finance		16,543	24,661
Current portion of deferred Government grant		306	612
Current portion of lease liability		785	534
Unclaimed Dividend		1,587	1,589
Short-term running finance - secured		320,355	96,062
Provision for taxation - net		-	9,069
Accrued Mark-up		8,008	1,223
		1,402,661	1,129,822
<b>Total equity and liabilities</b>		<b>2,096,236</b>	<b>1,845,908</b>

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Note	Quarter ended September 30,	
		2022	2021
		----- Rupees in '000 -----	
Net sales	8	703,177	725,938
Cost of sales		(587,611)	(472,588)
<b>Gross profit</b>		<b>115,566</b>	<b>253,350</b>
Selling and distribution expenses		(86,011)	(77,726)
Administrative and general expenses		(31,455)	(27,632)
		(1,900)	147,992
Other income	9	33,781	10,213
		31,881	158,205
Other expenses	10	(43,429)	(46,245)
<b>Operating income/(loss)</b>		<b>(11,548)</b>	<b>111,960</b>
Finance cost		(7,973)	(1,628)
<b>Profit/(loss) for the period before taxation</b>		<b>(19,521)</b>	<b>110,332</b>
Taxation - net		(2,418)	(36,072)
<b>Profit for the period after taxation</b>		<b>(21,939)</b>	<b>74,260</b>
----- Rupees -----			
<b>Earning/(Loss) per share - basic and diluted</b>		<b>(1.81)</b>	<b>6.14</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter ended September 30,	
	2022	2021
	----- Rupees in '000 -----	
<b>Profit/(Loss) for the period after taxation</b>	(21,939)	74,260
<b>Other comprehensive loss:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of defined benefit plan		
Deferred tax on remeasurements of defined benefit plan		
	-	-
	-	-
	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(21,939)</b>	<b>74,260</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

Note	Quarter ended September 30,	
	2022	2021
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the period before taxation	(19,521)	110,332
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation & Amortisation	24,694	24,865
Gain on disposal of Fixed Asset - net	(5,168)	(1,418)
Reversal of provision for slow moving and obsolete stock-in-trade - net	(19,543)	-
Workers' Profits Participant Fund	10 -	5,999
Workers' Welfare Fund	10 -	2,278
Central Research Fund	10 -	1,146
Unrealized Exchange loss - net	10.1 19,400	24,875
Mark-up on finance	7,973	1,628
<b>Operating Surplus before working capital changes</b>	<b>7,835</b>	<b>169,705</b>
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(2,441)	288
Stock-in-trade	(147,736)	(148,835)
Trade debts - unsecured	(58,574)	53,040
Loans and advances	(36,048)	(26,568)
Sales tax refundable	7,568	-
Trade deposits, short-term prepayments & other receivables	(7,719)	3,166
	(244,950)	(118,909)
<b>Increase in current liabilities</b>		
Trade and other payables	39,605	8,727
<b>Cash (used in)/generated from operations</b>	<b>(197,510)</b>	<b>59,523</b>
Interest paid	(1,188)	(1,260)
Taxes paid	(43,723)	(31,018)
Increase in long-term deposits	-	(50)
Decrease in long-term loans	47	542
<b>Net cash (used in)/generated from operations</b>	<b>(242,374)</b>	<b>27,737</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(11,536)	(6,091)
Proceeds from disposal of property, plant and equipment	8,294	1,852
<b>Net cash used in investing activities</b>	<b>(3,242)</b>	<b>(4,239)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(2)	-
Repayment of long-term finance	(8,424)	-
Repayment of lease liabilities	(321)	-
<b>Net cash used in financing activities</b>	<b>(8,747)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(254,363)</b>	<b>23,498</b>
Cash and cash equivalents at the beginning of the period	(42,851)	44,504
<b>Cash and cash equivalents at the end of the period</b>	<b>11 (297,214)</b>	<b>68,002</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Issued, subscribed and paid-up capital	Revenue reserves			Total
		General reserve	Accumulated losses	Sub-total	
	Rupees in '000				
<b>Balance as at June 30, 2021 (audited)</b>	121,000	341,980	37,997	379,977	500,977
Total comprehensive income for the period ended Sep 30, 2021	-	-	74,260	74,260	74,260
<b>Balance as at Sep 30, 2021</b>	<u>121,000</u>	<u>341,980</u>	<u>112,257</u>	<u>454,237</u>	<u>575,237</u>
<b>Balance as at June 30, 2022 (audited)</b>	121,000	341,980	250,014	591,994	712,994
Transfer to general reserve	-	150,000	(150,000)	-	-
Total comprehensive income/(loss) for the period ended Sep 30, 2022	-	-	(21,939)	(21,939)	(21,939)
<b>Balance as at Sep 30, 2022</b>	<u>121,000</u>	<u>491,980</u>	<u>78,075</u>	<u>570,055</u>	<u>691,055</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director



**Sajid Ali Khan**  
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

**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.

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

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2022. 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.

The comparatives in the condensed interim statement of financial position presented in the condensed interim financial information as at September 30, 2022 have been extracted from the audited financial statements of the Company for the year ended June 30, 2022, whereas, the comparatives in the condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial information of the Company for the Quarter ended Sep 30, 2022.

**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

**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, 2022.



### 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, 2022. 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, 2022.

### 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, 2022.

	Note	(Unaudited) Sep 30, 2022	(Audited) June 30, 2022
-----Rupees in '000-----			
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets		<b>241,122</b>	265,400
Capital work-in-progress	4.2	<b>13,770</b>	5,510
		<b>254,892</b>	270,910

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

----- Quarter ended September 30, 2022 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
----- Rupees in '000 -----						
Additions	-	2,084	1,631	-	-	3,715
Disposals/Write-offs						
Cost	-	19,161	208	5,906	-	25,275
Accumulated depreciation	-	(19,161)	(208)	(2,780)	-	(22,149)
	-	-	-	3,126	-	3,126
----- Quarter ended September 30, 2021 -----						
	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Fork Lifter	Total
----- Rupees in '000 -----						
Additions	-	5,401	667	-	-	6,068
Disposals:						
Cost	1,728	12,909	5,934	2,158	131	22,860
Accumulated depreciation	(1,728)	(12,908)	(5,933)	(1,726)	(131)	(22,426)
	-	1	1	432	-	434

	Note	(Unaudited) Sep 30, 2022	(Audited) June 30, 2022
-----Rupees in '000-----			
<b>4.2 Capital work-in-progress</b>			
Stores and spares held for capital expenditure		<b>11,734</b>	3,475
Others	4.2.1	<b>2,036</b>	2,035
		<b>13,770</b>	5,510

**4.2.1** This includes cost of survival project related to Nutraceutical Solutions amounting to Rs. NIL (June 30, 2022: Rs. NIL).

		(Unaudited) Sep 30, 2022	(Audited) June 30, 2022
		-----Rupees in '000-----	
<b>5</b>	<b>DEFERRED TAX ASSET - NET</b>		
	Deferred tax asset - net	<u>87,147</u>	<u>80,700</u>

	Note	(Unaudited) Sep 30, 2022	(Audited) June 30, 2022
		-----Rupees in '000-----	
<b>6</b>	<b>SHORT-TERM LOAN FROM A RELATED PARTY - UNSECURED</b>		
	<b>In foreign currency</b>		
	Loan from Otsuka Pharmaceutical Factory, Inc.	6.1 <u>395,550</u>	<u>376,150</u>

**6.1** This represents foreign currency denominated loan. The outstanding loan of two installment of JPY 125 million each drawn on April 27, 2015 and July 27, 2015, repayable on or before April 26, 2016 and July 26, 2016 respectively. These were rolled forward annually multiple times and are now repayable on or before February 25, 2023 and April 26, 2023 respectively.

Mark-up is being charged on the outstanding amount at LIBOR + 0.40% (June 30, 2022: LIBOR + 0.40%) per annum and is payable semi-annually in arrears.

<b>7</b>	<b>CONTINGENCIES AND COMMITMENTS</b>	(Unaudited) Sep 30, 2022	(Audited) June 30, 2022
		-----Rupees in '000-----	
<b>7.1</b>	Commitments in respect of:		
	Capital expenditure contracted for but not incurred	<u>71,424</u>	-
	Letters of credit	<u>146,540</u>	<u>81,262</u>
	Letters of guarantee	<u>61,205</u>	<u>61,205</u>

**7.2** There has been no significant change in contingencies disclosed in notes 23.2, 23.3, 23.4 and 22.5 to the annual audited financial statements of the Company for the year ended June 30, 2022.

**7.3** There were no other contingencies and commitments outstanding as on September 30, 2021.

		(Unaudited) Sep 30, 2022	(Unaudited) Sep 30, 2021
		-----Rupees in '000-----	
<b>8</b>	<b>NET SALES</b>		
	Sales (net of returns of Rs. 0.1 million ; Sep 30, 2021: Nil)	<u>794,348</u>	803,685
	Less: sales tax	<u>(13,936)</u>	<u>(241)</u>
		<u>780,412</u>	803,444
	Less: discounts	<u>(77,235)</u>	<u>(77,506)</u>
		<u>703,177</u>	<u>725,938</u>

		(Unaudited) Sep 30, 2022	(Unaudited) Sep 30, 2021
		-----Rupees in '000-----	
<b>9</b>	<b>OTHER INCOME</b>		
	Liabilities no longer required written back	-	10
	Late payment charges from Hospital Supply Corporation - related party	-	1,393
	Income from Term Deposit Receipts (TDRs)	-	505
	Reversal of Provision against orthopedic knee implants	19,543	-
	Gain on disposal of fixed assets - net	5,168	1,418
	Scrap sales	6,108	4,459
	Others	2,962	2,428
		<b>33,781</b>	<b>10,213</b>

10	OTHER EXPENSES			
	Exchange loss - net	10.1	42,408	35,304
	Auditors' remuneration		600	600
	Donations	10.2	272	50
	Workers' Welfare Fund		-	2,278
	Workers' Profits Participation Fund		-	5,999
	Central Research Fund		-	1,146
	Provision for impairment of trade debts		-	-
	Provision for slow moving and obsolete stock-in-trade		-	-
	Provision for slow moving and obsolete stores and spares		-	-
	Bank charges and commission		128	33
	Others		21	835
			43,429	46,245

**10.1** It includes the Rs. 19.4 million unrealized exchange loss on the foreign currency denominated loan from the related party.

**10.2** Recipients of donations do not include any donee in whom Chief Executive Officer, directors or their spouse had any interest.

## **11 CASH AND CASH EQUIVALENTS**

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

	(Unaudited) Sep 30, 2022	(Unaudited) Sep 30, 2021
	-----Rupees in '000-----	
Bank balances	23,142	43,002
Short-term running finance utilised under mark-up arrangements	(320,355)	-
Short term investment	-	25,000
	<b>(297,213)</b>	<b>68,002</b>

## **12. 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.), entities under common directorship [namely Hospital Supply Corporation, Danish Enterprises, Qubittech, Husein & Husein] 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) Sep 2022	(Unaudited) Sep 2021
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Purchase of raw material Markup expense	- 689	1,152 627
Otsuka Pharmaceutical Co,	Parent Company	Purchase of finished goods Reimbursement of PV Cost	47,513 -	29,875 7,732
Hospital Supply Corporation	Common Directorship	Sale of finished goods Late payment surcharge on Purchase of consumables Sales Discount/Claims Sales Return	378,600 396 240 54,660 62	348,306 1,393 - 50,950 13
Microport Medical (Shanghai) Co., Ltd.	Associated undertaking	Purchase of Stents/EP Devices	-	25,674
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Purchase of Aminoleban	31,899	34,935
PT. Otsuka Indonesia	Associated Undertaking	Purchase of finished goods	12,540	-
Shanghai Microport EPMED Tech Co. Limited	Associated Undertaking	Purchase of devices	4,601	5,806
Danish Enterprises	Brother to CEO	Purchase of packing material	1,474	-
Qubit Tech	Brother to CEO	Purchase of general	328	-
Otsuka staff provident fund	Provident fund	Contribution during the period to	3,740	3,409
Otsuka staff gratuity fund	Gratuity fund	Contribution during the period to the fund	3,772	4,096
Key Management Personnel	Key Management Personnel	Remuneration paid	18,675	16,042
Mehtabuddin Feroze	Director	Consultancy charges	900	825
Director	Independent & Non-Executive Director	Meeting fees	100	100

Name of related party	Relationship with the Company	Nature of transaction	(Unaudited) Sep 2022	(Audited) June 30, 2022
			----- Rupees in '000 -----	
Otsuka Pharmaceutical Factory Inc.	Ultimate Parent	Markup accrued on short term loan	689	-
		Short term loan payable	395,550	376,150
Otsuka Pharmaceutical Co,	Parent company	Payable against purchases	47,513	31,853
		Advance against reimbursement of	-	975
Hospital Supply Corporation	Common Directorship	Receivable against sale of goods	194,725	125,737
Thai Otsuka Pharmaceutical Co. Ltd.	Associated undertaking	Payable against purchase of finished goods	31,899	30,737
Shanghai Microport Medical (Group) Co., Ltd.	Associated undertaking	Payable against purchase of stents	137	123
Shanghai Microport EPMed Tech Co., Limited	Associated undertaking	Payable against purchase of medical devices	10,949	7,831
Shareholders	Shareholders	Payable to shareholders	363	363
Key Management Personnel	Key Management Personnel	Advance from key management personnel	1,124	1,306
Otsuka staff gratuity fund	Gratuity fund	Payable to gratuity fund	2,687	3,772
Otsuka staff provident fund	Provident fund	Payable to provident fund	3,745	3,893

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.



## 13 SEGMENT INFORMATION

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

13.2 Sales from Intravenous Solutions represent 82.43 percent while sales from others represent 17.57 percent (September 30, 2021: 88.29 percent and 11.71 percent) respectively of the total sales of the Company.

	(Unaudited) Sep 30, 2022	(Unaudited) Sep 30, 2021
	----- In percent -----	
13.3 The geographic segmentation of sales is as follows:		
Pakistan	96.64%	99%
Outside Pakistan (Exports)	3.36%	1%

13.4 Sales to Hospital Supply Corporation (a related party of the Company) which is the sole distributor in the southern region was around 45.23% percent during the quarter ended September 30, 2022 (September 30, 2021: 40.96 percent).

13.5 All non-current assets of the Company as at September 30, 2022 are located in Pakistan.

## 14 CORRESPONDING FIGURES

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

## 15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 2022 by the Board of Directors of the

## 16 GENERAL

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

## 17 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever



**Hanif Sattar**  
Chief Executive Officer



**Mehtabuddin Feroz**  
Director










**Sajid Ali Khan**  
Chief Financial Officer










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