



# Otsuka

June 26, 2012

**The General Manager**  
The Karachi Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building  
Stock Exchange Road  
Karachi.

Subject: BMR Project and its impact on the Company's Business

Dear Sir,

In accordance with clause (xx) of the code of Corporate Governance 2012 contained in regulation 35 of the Listing Regulations, we are pleased to convey the following material information to your members.

The Board of Directors in its meeting held today at 10:30 a.m. has approved BMR project amounting to Rs.325 million which will be executed during 2013, which BMR is expected to streamline our production facilities (which facilities are now 24 years old). This BMR will require remodeling our entire production line. We will, therefore, have to close our major production area for almost one year. To protect our customers during the closure period and to enable us to continue selling our products, we are in the process of putting in place necessary arrangements to build requisite stocks. As a result, we envisage that the Company's financial results will be impacted in the following manner:

- Our sales during 2012 are expected to be slightly lower as compared to last year because we need to build stocks during the current year to be able to continue selling during the period our production facilities remain closed for BMR
- Our stocks during 2012 and for the year ending 31 December 2012 will be significantly higher
- Due to higher stocks levels and investment in BMR, bank loans will significantly increase during 2012 and for subsequent years

Accordingly, it is expected that collectively the above will have some impact on the profitability of the Company for the next couple of years.

Yours faithfully,

  
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Chief Executive Officer

## Otsuka Pakistan Ltd.

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