AGP

we value life

PROMISING A **HEALTHIER TOMORROW**

FIRST QUARTERLY REPORT

2021

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Company Information

Board of Directors

Mr. Tariq Moinuddin Khan	Chairman
Ms. Nusrat Munshi	Managing Director & Chief Executive Officer
Mr. Zafar Iqbal Sobani	Independent Director
Mr. Naved Abid Khan	Independent Director
Mr. Kamran Nishat	Non-Executive Director
Mr. Mahmud Yar Hiraj	Non-Executive Director
Mr. Muhammad Kamran Mirza	Non-Executive Director

Audit Committee

Mr. Zafar Iqbal Sobani	Chairman
Mr. Kamran Nishat	Member
Mr. Mahmud Yar Hiraj	Member
Mr. Muhammad Kamran Mirza	Member

Human Resource and Remuneration Committee

Mr. Naved Abid Khan	Chairman
Ms. Nusrat Munshi	Member
Mr. Mahmud Yar Hiraj	Member
Mr. Muhammad Kamran Mirza	Member

Strategy Committee

Mr. Kamran Nishat	Chairman
Ms. Nusrat Munshi	Member
Mr. Mahmud Yar Hiraj	Member
Mr. Muhammad Kamran Mirza	Member

Chief Financial Officer

Mr. Junaid Aslam

Company Secretary

Mr. Umair Mukhtar

Head of Internal Audit

Mr. Shahzaib Tariq

Legal Advisors

Sattar & Sattar

Bankers

Allied Bank Limited
Dubai Islamic Bank
Faysal Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Bank Limited
Meezan Bank Limited
The Bank of Punjab
United Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Bank Al Habib Limited

Registered Office and Plant-I

B-23-C, S.I.T.E., Karachi

Tel.: +9221 111-247-247
Fax: +9221 32570678

Plant-II

D-109, S.I.T.E., Karachi
Tel.: +9221 32572695 & 32563598
Fax: +9221 32564670

Plant-III

F/46, S.I.T.E., Super Highway
Phase II, Karachi

Website

www.agp.com.pk

Email

info@agp.com.pk

Auditors

EY Ford Rhodes
Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

Directors' Review to the Members

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial information of the Company for the three months ended March 31, 2021.

Operating Results of the Company

Business activities across the country remain stressed due to the COVID-19 pandemic and lockdowns were imposed in several of parts of the country, particularly towards the end of the quarter. Amidst the challenges, the Company registered net sales of PKR 1,642 Million during the first quarter of 2021, which were 6.5% lower as compared to the same period last year, mainly due to a substantial decrease in tender based sales to institutions. However, Company's top products Rigix and Osnate continued to perform well as their sales increased by 13.2% and 28.9%, respectively. The Company remains committed to enhance its international outreach and accordingly, the Afghanistan sales continued to show promising growth and registered an increase of 20.3%. The Company focused on employing greater production efficiencies and accordingly, the gross profit margin for the first quarter steadily increased to 56.3% from 55.3% during the same period last year.

As domestic travel related restrictions eased off and promotional activities resumed, marketing and selling expenses have increased to normal levels, and as a result, witnessed an increase of 25.9% compared to the same period last year. Administrative expenses increased by PKR 33 Million mainly on account of salary increments, promotions of employees, and expenses related to COVID-19 Vaccine (Sputnik-V). Moreover, appreciation of PKR against USD at the end of the current quarter, has led the Company to record an exchange gain of PKR 11 Million as against an exchange loss of PKR 22 Million during the same period last year. Finance cost declined by 37.1% due to principal repayment of Sukuk and reduction in interest rates. Resultantly, the Company recorded profit after tax of PKR 384 Million for the first quarter of 2021, as compared to PKR 435 Million in the corresponding period last year.

Strategic Outlook

The macro-economic measures being taken by the Government to stabilize the economy are leading to a gradual improvement in the business environment. The fixation of a reduced policy rate of 7% coupled with temporary refinancing facilities and fiscal support are restoring business confidence and fostering trade and commerce. The strengthening of the Pakistani Rupee against US Dollar and shrinking of the current account deficit indicates a positive turnaround for the economy.

The socio-economic environment remains vulnerable to adverse implications of COVID-19 with the surge in new cases. Despite challenges posed by the pandemic, the Company managed uninterrupted production flows to ensure continuous availability of its healthcare products to those in need.

The Company also introduced the Russian Covid-19 vaccine, Sputnik V, in Pakistan; Its efficacy rate of 91.6% is the highest amongst all the Covid-19 vaccines so far approved for emergency use approval in the country. Sputnik V is now registered in sixty-one (61) countries, and has proven to have a good safety profile in comparison to other vaccines available for use in the global market. A consignment of 50,000 doses, for the inoculation of 25,000 adults, received an overwhelming response from people across the 4 cities where it was launched namely Karachi, Lahore, Islamabad and Peshawar. The management is making concerted efforts to import further consignments of the Vaccine, however, due to limited production and high demand, we are facing supply constraints.

Pakistan's economy is currently in the phase of recovery and AGP is well positioned to continue striving towards sustainable growth by utilizing its resources on the back of strong business fundamentals and financial depth. Seeking inorganic growth opportunities, the Company is participating with its parent Company, Aitkenstuart Pakistan (Private) Limited, to acquire selected portfolio of products which are commercialized in Pakistan under the Sandoz Brand including some widely used brands such as Azomax, Zatofen, Amoxi-Clav etc. The shareholders have already granted their approval for the acquisition, whereas necessary regulatory approvals are currently under process. The said acquisition will result in expanding the product portfolio of the Company.

Acknowledgement

We would like to express our gratitude to the stakeholders for their trust and confidence in the Company. We would also like to thank our employees for embodying the vision of the Company and making dedicated efforts towards ensuring access towards quality healthcare.

Nusrat Munshi
Chief Executive Officer

Muhammad Kamran Mirza
Non-Executive Director

ضرورت مندوں کو اپنی صحت کی دیکھ بھال کی مصنوعات کی مسلسل دستیابی یقینی بنانے کے لیے اپنی پیداواری روانی بلاتعطل جاری رکھنے میں کامیاب رہی۔

کمپنی نے روسی کووڈ۱۹ ویکسین، اسپوٹنک V کو بھی پاکستان میں متعارف کرایا۔ اس کی افادیت کی ۹۱.۶ فیصد شرح ملک میں ہنگامی استعمال کے لیے اب تک منظور کی جانے والی تمام کووڈ۱۹ ویکسینز میں سب سے زیادہ ہے۔ اسپوٹنک V اب اکسٹھ (61) ممالک میں رجسٹرڈ ہے، اور عالمی مارکیٹ میں استعمال کے لیے دستیاب دیگر ویکسینز کے مقابلے میں تحفظ کے ایک اچھے تعارف کی حامل ثابت ہوئی ہے۔ ۴ شہروں کراچی، لاہور، اسلام آباد اور پشاور میں متعارف کرائی گئی، ۲۵،۰۰۰ بالغ افراد کی ویکسینیشن کے لیے ۵۰،۰۰۰ خوراک کی شکل میں کھیپ کا لوگوں کی طرف سے زبردست خیر مقدم کیا گیا۔ انتظامیہ ویکسین کی مزید کھیپوں کے لیے ٹھوس کوششیں کر رہی ہے، تاہم محدود پیداوار اور زیادہ مانگ کی وجہ سے، ہمیں سپلائی میں رکاوٹوں کا سامنا ہے۔

پاکستانی معیشت فی الحال بحالی کے مراحل میں ہے اور اے جی پی اپنے مضبوط کاروباری اصولوں اور مالیاتی گہرائی کی بدولت اپنے وسائل کو بروئے کار لا کر پائیدار ترقی کی طرف جدوجہد جاری رکھنے کے لیے عمدہ پوزیشن میں ہے۔ غیر نامیاتی نمو کے مواقع کی تلاش میں، کمپنی اپنی پیرنٹ کمپنی Aitkenstuart پاکستان (پرائیویٹ) لمیٹڈ کے ساتھ پروڈکٹس کے ایسے منتخب پورٹ فولیو کے حصول کے مقصد کے لیے شرکت اختیار کرنے جا رہی ہے جو پاکستان میں سینڈوز برانڈ کے تحت کمرشلائزڈ ہیں، جن میں کثرت سے استعمال ہونے والے کچھ برانڈز Azomax، Zatofen، اور Amoxi-Clav وغیرہ شامل ہیں۔ حصص یافتگان نے پہلے ہی اس خریداری کے لیے اپنی منظوری دے دی ہے جبکہ اس وقت ضروری ریگولیٹری منظوریوں پر کارروائی جاری ہے۔ مذکورہ خریداری کے نتیجے میں کمپنی کے پروڈکٹ پورٹ فولیو میں اضافہ ہوگا۔

اظہارِ تشکر

ہم کمپنی کو اپنے غیر متزلزل اعتبار اور اعتماد سے نوازنے پر اپنے اسٹیک ہولڈرز سے اظہارِ تشکر کرنا چاہتے ہیں۔ ہم کمپنی کے وژن کو ابھارنے اور صحت کی معیاری دیکھ بھال کی طرف لوگوں کی رسائی بہتر بنانے کی جانب سچی لگن سے کوششوں پر اپنے ملازمین کا بھی شکریہ ادا کرنا چاہتے ہیں۔

نصرت منشی
چیف ایگزیکٹیو آفیسر

محمد کامران مرزا
نان ایگزیکٹیو ڈائریکٹر

ممبران کے لیے ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، ۳۱ مارچ ۲۰۲۱ کو ختم ہونے والے تین ماہ کے لیے کمپنی کی غیر آڈٹ شدہ مختصر عبوری مالی معلومات پیش کرنا ہمارے لیے باعثِ مسرت ہے۔

کمپنی کے کاروباری نتائج

کووڈ۱۹ عالمی وبا کی وجہ سے ملک بھر میں کاروباری سرگرمیاں بدستور دباؤ کا شکار ہیں اور خصوصاً سہ ماہی کے آخر میں ملک کے متعدد حصوں میں لاک ڈاؤن نافذ کر دیے گئے۔ ان آزمائشوں کے درمیان، کمپنی نے ۲۰۲۱ کی پہلی سہ ماہی کے دوران ۶۴۲، ۱ ملین روپے کی خالص فروخت درج کرائی ، جو گذشتہ سال کی اسی مدت کے مقابلے میں ۶.۵ فیصد کم رہی، اس کی بنیادی وجہ اداروں کو ٹینڈر پر مبنی فروخت میں خاطر خواہ کمی تھی۔ تاہم، کمپنی کی نمایاں مصنوعات ریجکس (Rigix) اور اوسنیٹ (Osnate) نے بدستور اچھی کارکردگی کا مظاہرہ جاری رکھا اور ان کی فروخت میں بالترتیب ۱۳.۲ فیصد اور ۲۸.۹ فیصد کا اضافہ ہوا۔ کمپنی بین الاقوامی سطح پر اپنی رسائی بڑھانے کے لیے پرعزم ہے اور اسی کے مطابق، افغانستان کو فروخت نے عمدہ نمو دکھانے کا سلسلہ جاری رکھا اور اس میں ۲۰.۳ فیصد کا اضافہ درج کرایا۔ کمپنی نے زیادہ سے زیادہ پیداواری استعداد استعمال میں لانے پر توجہ مرکوز رکھی اور اسی کے مطابق پہلی سہ ماہی کے لیے مجموعی منافع کا مارجن گذشتہ سال کی اسی مدت میں ۵۵.۳ فیصد سے تسلسل کے ساتھ بڑھ کر ۵۶.۳ فیصد ہو گیا ہے۔

جیسا کہ مقامی سفر سے متعلق پابندیاں کم ہو گئی ہیں اور تشہیری سرگرمیاں دوبارہ شروع ہو گئی ہیں، مارکیٹنگ اور فروخت کے اخراجات معمول کی سطحوں تک بڑھ گئے ہیں اور گذشتہ سال کی اسی مدت کے مقابلے میں ۲۵.۹ فیصد کا اضافہ دیکھا گیا ہے۔ انتظامی اخراجات میں ۳۳ ملین روپے کا اضافہ ہوا جو بنیادی طور پر تنخواہوں میں اضافے، ملازمین کی ترقیوں، اور کووڈ۱۹ ویکسین (اسپوٹنک-V) سے متعلق اخراجات کا نتیجہ ہے۔ مزید یہ کہ، موجودہ سہ ماہی کے اختتام پر امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں اضافے کے نتیجے میں کمپنی نے گذشتہ سال اسی مدت میں ۲۲ ملین روپے کے زرمبادلہ کے نقصان کے مقابلے میں ۱۱ ملین روپے زرمبادلہ کا منافع درج کرایا۔ صکوک کی اصل رقم کی ادائیگی اور سود کی شرحوں میں کمی کی وجہ سے مالیاتی لاگت میں ۳۷.۱ فیصد کمی ہوئی۔ اس کے نتیجے کے طور پر، ۲۰۲۱ کی پہلی سہ ماہی میں، گذشتہ سال کی اسی مدت میں ۴۳۵ ملین روپے کے مقابلے میں کمپنی کا بعد از ٹیکس منافع ۳۸۴ ملین ریکارڈ کیا گیا۔

مستقبل کی توقعات

معیشت کے استحکام کے لیے حکومت کی طرف سے اٹھائے جانے والے بڑے معاشی اقدامات کے نتیجے میں کاروباری ماحول میں بتدریج بہتری آ رہی ہے۔ ری فنانسنگ کی عارضی سہولیات اور مالی اعانت کے ساتھ ۷ فیصد پر کم پالیسی ریٹ کا تعین کاروباری اعتماد کو بحال اور لین دین اور تجارت کو فروغ دے رہا ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کا استحکام اور کرنٹ اکاؤنٹ خسارے میں کمی معیشت کے لیے مثبت تبدیلی کی نشاندہی کرتا ہے۔

نئے کیسز میں اضافے کے ساتھ سماجی معاشی ماحول بدستور کووڈ۱۹ کے منفی اثرات کی زد میں ہے۔ عالمی وبا کی طرف سے درپیش چیلنجوں کے باوجود کمپنی

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
		-------(Rupees in '000)------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,346,179	2,203,001
Intangible assets	5	5,397,825	5,397,875
Long-term deposits and receivables		17,304	14,339
		7,761,308	7,615,215
CURRENT ASSETS			
Stores, spares and loose tools		8,065	7,144
Stock-in-trade	6	1,543,723	1,184,441
Trade debts	7	580,586	705,290
Loans and advances		58,267	30,016
Trade deposits, prepayments and other receivables		30,415	31,157
Taxation – net		202,428	247,623
Cash and bank balances	8	411,670	369,780
		2,835,154	2,575,451
TOTAL ASSETS		10,596,462	10,190,666
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital		2,800,000	2,800,000
Revenue reserve - unappropriated profits		5,793,918	5,410,326
		8,593,918	8,210,326
NON-CURRENT LIABILITIES			
Long-term financings		290,553	399,732
Deferred grant		3,069	7,906
Gas infrastructure development cess		8,341	8,383
Deferred tax liabilities - net		72,090	56,201
		374,053	472,222
CURRENT LIABILITIES			
Trade and other payables		915,234	837,209
Unclaimed dividends		1,683	1,701
Accrued interest		3,208	3,870
Current maturity of non-current liabilities		708,366	665,338
		1,628,491	1,508,118
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		10,596,462	10,190,666

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2021 - (UNAUDITED)

	Note	31 March 2021	31 March 2020
		-------(Rupees in '000)------	
Revenue from contracts with customers - net	10	1,642,000	1,756,300
Cost of sales	11	(716,831)	(784,578)
Gross profit		925,169	971,722
Administrative expenses	12	(76,399)	(43,385)
Marketing and selling expenses	13	(348,429)	(276,646)
Other expenses	14	(34,554)	(65,427)
Other income	15	25,973	5,815
Finance costs		(30,041)	(47,778)
		(463,450)	(427,421)
Profit before taxation		461,719	544,301
Taxation		(78,127)	(109,609)
Net profit for the period		383,592	434,692
Earnings per share - basic and diluted		Rs. 1.37	Rs. 1.55

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021 - (UNAUDITED)

	31 March 2021 (Unaudited)	31 March 2020 (Audited)
	-------(Rupees in '000)------	
Net profit for the period	**383,592**	434,692
Other comprehensive income, net of tax	**-**	-
Total comprehensive income for the period	**383,592**	434,692

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Chief Financial Officer | **Chief Executive Officer** | **Director**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021 - (UNAUDITED)

	Share capital	Revenue reserve - unappropriated profits	Total
	---------- Rupees in ' 000----------		
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899
Total comprehensive income for the period	-	434,692	434,692
Balance as at 31 March 2020	**2,800,000**	**5,097,591**	**7,897,591**
Balance as at 31 December 2020	2,800,000	5,410,326	8,210,326
Total comprehensive income for the period	-	383,592	383,592
Balance as at 31 March 2021	**2,800,000**	**5,793,918**	**8,593,918**

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Chief Financial Officer | **Chief Executive Officer** | **Director**

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021 - (UNAUDITED)

	Note	31 March 2021	31 March 2020
		-----(Rupees in '000)----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	**340,414**	425,767
Payments for:			
Finance costs		**(30,703)**	(51,426)
Income tax		**(17,042)**	(79,331)
Net cash flows generated from operating activities		**292,669**	295,010
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(182,052)**	(44,974)
Proceeds from disposal of operating fixed assets		**806**	789
Long-term deposits and receivables		**(2,965)**	358
Interest income received		**4,480**	3,974
Net cash flows used in investing activities		**(179,731)**	(39,853)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(18)**	(91)
Long-term financings repaid - net		**(71,030)**	(120,449)
Net cashflows used in financing activities		**(71,048)**	(120,540)
Net increase in cash and cash equivalents		**41,890**	134,617
Cash and cash equivalents at the beginning of the period		**369,780**	117,154
Cash and cash equivalents at the end of the period	17	**411,670**	251,771

No non-cash item is included in investing and financing activities

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Chief Financial Officer | **Chief Executive Officer** | **Director**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021 - (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

1.1 AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company got listed on Pakistan Stock Exchange Limited on 05 March 2018. The registered office of the Company is situated at B-23C, S.I.T.E, Karachi. The principal activities of the Company include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.

1.2 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 52.98% (2020: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the period ended 31 March 2021 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 (IAS) - 34 'Interim Financial Reporting', 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 with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

2.2.1 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2020. These condensed interim financial statements are unaudited, and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.2.2 The preparation of these condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended 31 December 2020. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 31 December 2020.

2.2.3 These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand rupees, otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

The 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 financial statements for the year ended 31 December 2020, except for the adoption of the new and amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

New / amended standards and improvements
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)

The adoption of the above new / amended standards and improvements to accounting standards did not have any material effect on the Company's condensed interim financial statements.

3.1 COVID-19 impact on the Company's financial position and performance

On March 11, 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. The outbreak of COVID-19 continues to progress and evolve. Therefore, it was challenging, to predict the full extent and duration of its business and economic impact.

Though, COVID-19 pandemic has caused slowdown of the overall economy and has caused disruptions amongst the Company's supply chain partners, workforce, facilities and operations. The Company however, being covered under essential services of providing pharmaceutical products is in better position with less being impacted in terms of the financial performance. The Company continues to monitor the rapidly evolving situation closely, including the potential impacts on revenue, supply chain continuity, employees and operations. The Company has taken effective measures for proactive inventory management to develop alternate and reliable vendor sources and build inventory levels to ensure supplies of goods in the short to medium term.

Further, the Company deployed effective measures to maintain sufficient liquidity and funds which includes deferment of expenditures and availing the temporary Refinance Scheme for Payment of Wages and Salaries introduced by State Bank of Pakistan (SBP) at subsidized rates to support businesses in the aftermath of COVID-19 outbreak. Necessary precautions and procedures were also deployed by the Company to address workforce safety, promote labour mobility and sustain remote working capability to ensure uninterrupted production and hence availability of our medicines for patients.

3.2 Property, plant and equipment

Due to COVID-19 pandemic, we do not foresee any change in usage and / or retention strategy of the Company's assets or any adverse effect as the Company's operational activities continues without any disruption during the period. Therefore, the significant judgements, estimates and the methods of consumption adopted in determining recoverable and residual values, depreciation method and useful lives of these assets are the same as those applied in preparation of financial statements of the Company for the year ended 31 December 2020.

3.3 Intangible assets

The carrying value of goodwill and intangible assets having indefinite useful lives has been allocated to AGP Limited, (i.e. a single cash generating unit (CGU)), which is also the operating and reportable segment for impairment testing. The Company performed its impairment test annually at year end (i.e. 31 December 2020). However, given the current situation because of COVID-19, the Company performed its impairment testing as at 31 March 2021 and considers the relationship between its market capitalisation, using the Level 1 input of the fair value hierarchy - quoted prices of the Company, and its book value, among other factors. As a result of this assessment, the management did not identify any impairment for the cash generating unit to which goodwill of Rs. 743.23 million and intangible assets with indefinite useful lives of Rs. 4,641.09 million are allocated.

3.4 Allowance for expected credit loss

The Company has established a provision matrix that is based on the Company's historical credit loss experience. The matrix has been adjusted for forward-looking factors specific to the debtors and the economic environment including the macroeconomic effects resulting from COVID-19 outbreak. Management also considered the impact of COVID-19 on the probability of default, exposure at default and loss given default and concluded that there is no material impact on these condensed interim financial statements.

3.5 Revenue from contract with customers

The Company continues cautious attitude, adhering to the strict SOPs including Government recommended precautions to keep the work environment safe for the employees and ensure business continuity for the Company.

Given the current economic condition due to COVID-19 outbreak, the Company budgeted revenue for FY 2021 from ongoing and future contracts with customers was affected in the first three months of the year.

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
		-----(Rupees in '000)----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,850,786	1,858,858
Capital work-in-progress	4.2	495,393	344,143
		2,346,179	2,203,001

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	----------(Rupees in '000)----------			
Factory Building	496	300	-	-
Plant & Machinery	4,173	5,829	-	-
Furniture & Fixtures	780	-	-	-
Motor Vehicles	7,439	-	263	370
Office Equipment	4,805	5,774	-	-
Refrigerator and Air Conditioner	271	190	-	-
Laboratory Equipment	3,001	-	-	-
Computers & related accessories	7,817	5,504	151	-
	28,782	17,597	414	370

4.2 The following is the movement in capital work-in-progress during the period / year:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
	-----(Rupees in '000)----	
Opening balance	344,143	130,492
Additions during the period / year	182,105	380,568
Transferred during the period / year to:		
- operating fixed assets	(28,782)	(157,753)
- intangible assets	(2,073)	(9,164)
Closing balance	495,393	344,143

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021 - (UNAUDITED)

4.2.1 Capital work-in-progress comprise of:

	Additions (at cost)		Closing Balances	
	31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	December 2020 (Audited)
	----------(Rupees in '000)----------			
Buildings - factory / office	81,820	170,701	290,911	209,587
Plant and machinery	24,396	70,223	97,444	77,221
Furniture and fixtures	-	18,195	14,645	15,425
Motor vehicles	13,243	27,967	8,321	2,517
Office equipment	6,225	9,572	1,420	-
Gas and electrical fittings	-	3,591	-	-
Refrigerator and air conditioner	-	26,796	21,290	21,561
Laboratory equipment	766	11,596	470	2,705
Computers and related accessories	5,108	20,344	-	2,709
Solar Panels	49,997	5,498	55,495	5,498
Softwares	550	16,085	5,397	6,920
	182,105	380,568	495,393	344,143

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
		-----(Rupees in '000)----	
5. INTANGIBLE ASSETS			
Goodwill		743,226	743,226
Trademarks - indefinite		4,641,087	4,641,087
Computer software		13,512	13,562
		5,397,825	5,397,875
6. STOCK-IN-TRADE			
Raw and packing materials			
In hand	6.1	678,878	568,332
In transit		69,794	32,442
		748,672	600,774
Work-in-process		99,455	86,860
Finished goods			
- Manufacturing		254,560	217,995
- Trading		472,911	376,498
		727,471	594,493
Provision for obsolescence and slow moving stock	6.3	(31,875)	(97,686)
	6.2	1,543,723	1,184,441

6.1 Included herein items having value of Rs. 16.15 million (2020: Rs. 14.87 million), representing stock held by third parties.

6.2 Stock in trade includes items having cost of Rs. 1.82 million (2020: Rs, 3.20 million) written down to net realisable value of Rs. 1.46 million (2020: Rs. 2.71 million) resulting in a written down of Rs. 0.36 million (2020: Rs. 0.50 million).

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
		-----(Rupees in '000)----	
6.3 Provision for obsolescence and slow moving stock is as follows:			
Opening balance		97,686	21,110
Provision made during the year - net		-	93,270
Written off during the year		(65,811)	(16,694)
	6.3.1	31,875	97,686

6.3.1 Included herein Rs. 24.1 million (2020: 89.87) on account of provision for SARS Covid Antibody Kits, since the testing was not executed as per the initially anticipated volumes and accordingly, the same remained unutilised.

	Note	31 March 2021 (Un-audited)	31 December 2020 (Audited)
		-----(Rupees in '000)----	
7. TRADE DEBTS - unsecured			
Related parties			
- Aspin Pharma (Private) Limited		3,056	3,140
- Muller & Phipps Pakistan (Private) Limited		505,507	654,779
		508,563	657,919
Others than related parties	7.1	73,947	48,275
		582,510	706,194
Less: Allowances for expected credit losses	7.2	(1,924)	(904)
		580,586	705,290

7.1 These balances include a balance receivable from OBS Pakistan (Private) Limited (OBS) of Rs. 0.27 million (31 December 2020 : Rs. 3.5 million) which was a related party as on 31 December 2020, however, as on 31 March 2021 OBS is no longer a related party of the Company.

	Note	31 March 2021 (Un-audited)	31 December 2020 (Audited)
		-----(Rupees in '000)----	
7.2 The movement in allowance for expected credit losses:			
Opening Balance		904	1,224
Allowance for expected credit losses for the period (net)		1,020	(320)
Closing balance		1,924	904
8. CASH AND BANK BALANCES			
Cash at banks			
Current accounts			
- local currency		51,467	66,854
- foreign currency		346	346
Deposit accounts	8.1	359,187	301,757
		411,000	368,957
Cash in hand		670	823
		411,670	369,780

8.1 These carry profit at the rates ranging from 3.02% to 6.20% (2020: 7.43 % to 11.25%) per annum.

9. CONTINGENCIES AND COMMITMENTS

9.1 CONTINGENCIES

There is no material change in the status of contingencies as disclosed in note 21 to the annual financial statements of the Company for the year ended 31 December 2020.

	31 March 2021 (Un-audited)	31 December 2020 (Audited)
	-----(Rupees in '000)----	
9.1.1 Guarantees		
- limit	310,000	310,000
- unutilised portion	284,029	287,160
- utilised portion	25,971	22,840

9.2 COMMITMENTS

9.2.1 As at 31 March 2021 capital expenditure contracted for but not incurred amounted to Rs 128.74 million (31 December 2020: Rs 95.67 million).

	31 March 2021 (Un-audited)	31 December 2020 (Audited)
	-----(Rupees in '000)----	
9.2.2 Letters of credit		
Letters of credit		
- limit	2,320,000	2,320,000
- unutilised portion	2,161,743	2,117,043
- utilised portion	158,257	202,957

	31 March 2021	31 March 2020
	-----(Rupees in '000)----	
10. REVENUE FROM CONTRACT WTH CUSTOMERS - net		
Sale of goods (at a point in time)		
Local		
- Manufacturing	1,481,800	1,484,606
- Trading	48,299	468,868
	1,530,099	1,953,474
Export	201,007	145,083
Less: Trade discounts	(78,526)	(333,584)
Sales returns	(5,772)	(5,872)
Sales tax	(4,808)	(2,801)
	(89,106)	(342,257)
	1,642,000	1,756,300

11. COST OF SALES

	Note	31 March 2021	31 March 2020
		-----(Rupees in '000)----	
Cost of sales – manufacturing			
Raw and packing materials consumed			
Opening stock		600,774	556,869
Purchases		613,837	417,485
Available for consumption		1,214,611	974,354
Closing stock		(748,672)	(515,923)
Raw and packing material consumed		465,939	458,431
Manufacturing cost			
Salaries, wages and other benefits	11.1	136,060	102,551
Stores and spares consumed		5,405	2,720
Processing charges		3,718	2,519
Freight		1,074	515
Fuel, gas and electricity		27,461	22,265
Repairs and maintenance		14,816	12,820
Travelling and conveyance		4,389	11,163
Insurance		2,315	1,579
Laboratory expenses		4,626	3,234
Rates and taxes		370	104
Depreciation		24,653	23,906
Amortisation		429	128
Postage, telegraph and telephones		622	672
Printing and stationery		1,304	1,107
		227,242	185,283
		693,181	643,714
Work-in-process			
Opening stock		86,860	58,022
Closing stock		(99,455)	(90,117)
		(12,595)	(32,095)
Cost of goods manufactured		680,586	611,619
Finished goods			
Opening stock		217,995	217,846
Closing stock		(254,560)	(175,265)
		(36,565)	42,581
		644,021	654,200
Cost of samples for marketing and sales promotion		(18,547)	(15,443)
Cost of sales – trading			
Opening stock		376,498	201,774
Purchases		187,770	134,808
Closing stock		(472,911)	(190,761)
		91,357	145,821
		716,831	784,578

11.1 Included herein is a sum of Rs. 2.18 million (31 March 2020: Rs. 1.90 million) in respect of staff retirement benefits.

12. ADMINISTRATIVE EXPENSES

	Note	31 March 2021	31 March 2020
		-----(Rupees in '000)----	
Salaries and other benefits	12.1	35,806	28,576
Travelling and conveyance		36	204
Printing and stationery		95	165
Directors' remuneration		3,975	300
Postage, telegrams and telephones		200	109
Legal and professional		21,497	4,917
Research cost		271	209
Repairs and maintenance		4,811	1,660
Software license renewals and maintenance fee		2,196	2,698
Subscription and fee		569	218
Advertisement		350	366
Donations		1,713	305
Insurance		109	105
Depreciation		2,591	2,236
Amortisation		1,690	1,254
Corporate social responsibility		374	-
Vehicle running expenses		116	63
		76,399	43,385

12.1 Included herein is a sum of Rs. 1.16 million (31 March 2020: Rs. 0.93 million) in respect of staff retirement benefits.

13. MARKETING AND SELLING EXPENSES

	Note	31 March 2021	31 March 2020
		-----(Rupees in '000)----	
Salaries and other benefits	13.1	159,077	143,883
Travelling and conveyance		51,515	46,321
Repairs and maintenance		1,063	522
Insurance		1,396	1,458
Depreciation		9,147	8,512
Amortisation		-	27
Printing and stationery		576	929
Samples		18,547	15,443
Sales promotion expenses		75,748	47,912
Meeting and conferences		9,786	3,836
Communication		4,741	3,713
Subscription		7,264	1,000
Freight, handling and transportation		9,569	3,090
		348,429	276,646

13.1 Included herein is a sum of Rs. 4.66 million (31 March 2020: Rs. 3.81 million) in respect of staff retirement benefits.

	31 March 2021	31 March 2020
	-----(Rupees in '000)----	
14. OTHER EXPENSES		
Workers' Profit Participation Fund	23,950	29,080
Workers' Welfare Fund	4,746	8,281
Central Research Fund	4,838	5,875
Exchange loss - net	-	21,852
Allowances for expected credit loss (net)	1,020	339
	34,554	65,427
15. OTHER INCOME		
Income from financial assets		
Markup on deposit accounts	4,480	3,974
Income from non-financial assets		
Gain on sale of operating fixed assets (net)	392	419
Exchange gain – net	10,948	-
Government grant	8,555	-
Scrap sales	1,598	1,422
	21,493	1,841
	25,973	5,815
16. CASH GENERATED FROM OPERATIONS		
Profit before taxation	461,719	544,301
Adjustments for:		
Depreciation	36,391	34,654
Amortisation	2,119	1,410
Allowances for expected credit losses	1,020	339
(Gain) / loss on disposal of operating fixed assets	(392)	(419)
Mark-up on deposits accounts	(4,480)	(3,974)
Finance costs	30,041	47,778
Workers' Profit Participation Fund	23,950	29,080
Workers' Welfare Fund	4,746	8,282
Central Research Fund	4,838	5,875
	98,233	123,025
Operating profit before working capital changes	559,952	667,326
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(921)	(31)
Stock-in-trade	(359,282)	62,445
Trade debts	123,684	(67,557)
Loans and advances	(28,251)	(12,530)
Trade deposits, prepayments and other receivables	48	(43,929)
	(264,722)	(61,602)
(Decrease) / increase in current liabilities		
Trade and other payables	45,184	(179,957)
	340,414	425,767

	31 March 2021	31 March 2020
	-----(Rupees in '000)----	
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	411,670	251,771

18. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, group companies, associated companies, staff retirement funds, directors and key management personnel. All transactions with related parties are executed into at agreed terms duly approved by the Board of Directors of the Company. Transactions with related parties, other than those disclosed elsewhere in these condensed interim financial statements, are as follows:

Name and country of Incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	March 31 2021	March 31 2020
				---(Rupees in '000)---	
Associated companies					
OBS Pakistan (Private) Limited - Pakistan (Refer Note 7.2)	Common directorship (significant influence)	Nil (2020: NIL)	Expenditure incurred / paid by the Company on behalf of associate	-	327
			Sale of goods	9,973	19,288
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79% (2020: 4.79%)	Expenditure incurred / paid by the Company on behalf of associate	161	233
			Expenditure incurred / paid by associate on behalf of the Company	2,798	-
			Sale of goods	1,370,117	1,389,048
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54% (2020: 13.54%)	Settlement of amount incurred by the associate on behalf of the Company	24,619	18,816
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	5,826	5,087
Key management personnel			Remuneration and other benefits	69,736	66,873
			Board and other meeting fee	3,975	300
Others (due to common directorship)					
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	26,772	32,543
			Services / Bank Charges	14	5
Muller & Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	12	15

18.1 The related parties status of outstanding receivables / payables as at 31 March 2021 and 31 December 2020 is disclosed in respective notes to these condensed interim financial statements.

19. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Company are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these condensed interim financial statements are related to the Company's only reportable segment in Pakistan.

Export sales made to Afghanistan represents the geographical breakup of the Company's gross turnover.

The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and trading goods is as follows:

	31 March 2021	31 March 2020
	-----(Rupees in '000)----	
- Muller & Phipps Pakistan (Private) Limited	**1,370,117**	1,389,048

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, intangibles assets and long-term loans, deposits and receivables.

20. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 28 April 2021 by the Board of Directors of the Company

21. GENERAL

21.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

21.2 Corresponding figures have also been rearranged and reclassified, whereby necessary, for better presentation. However, there has been no material reclassification to report.

Chief Financial Officer | **Chief Executive Officer** | **Director**

we value life

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