



w e v a l u e l i f e

AGP-Sec / 246 - A

April 29, 2022

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Quarterly Financial Statements** for the period ended March 31, 2022

Dear Sir,

We have transmitted the Quarterly Financial Statements of the Company for the period ended March 31, 2022 and the same are also available on the Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Umair Mukhtar
Company Secretary



we value life

GROWING TOGETHER

FIRST QUARTERLY REPORT

2022

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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

Mr. Kamran Nishat | Member

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



Head of Internal Audit

Ms. Eisha Athar Baqai



Legal Advisors

Sattar & Sattar



Bankers



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

Website



www.agp.com.pk

Email



info@agp.com.pk

Company Secretary

Mr. Umair Mukhtar



Auditors



EY Ford Rhodes
Chartered Accountants

Share Registrar



CDC Share Registrar Services Limited

Registered Office

Plant-I



Address:
B-23-C, S.I.T.E., Karachi
Tel.: +9221 111-247-247
Fax: +9221 325706678

Plant-II



Address:
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

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present your Company's unaudited standalone and consolidated condensed interim financial statements of the Company for the three months ended March 31, 2022.

Operating Results of the Company

The year started with a robust growth momentum which led the Company to accomplish highest ever financial performance in terms of sales and profitability during the quarter under review. The Company achieved a new milestone, as sales attained PKR 2.5 billion mark, demonstrating 52% growth over the same quarter last year. The domestic portfolio showed a promising growth of 26% with Ceclor, Rigix, Sinaxamol and Spasler being the main growth drivers. This quarter, the performance of institutional sales has also been outstanding and contributed more than PKR 450 million to the topline versus minor sales in the first quarter last year. As political situation of Afghanistan regained stability, the Afghan sales have reached PKR 261 million, growing by 30% in the current quarter as compared to the same quarter last year.

The increasing cost of doing business remains a challenge as devaluation of local currency, domestic inflation and logistical cost continued to rise sharply. Foreign exchange rate reached its all-time high rising to an average of PKR 179.4 in the first quarter of 2022 versus to PKR 157.1 in the first quarter last year. During the quarter under review, the level of inflation increased to an average of 12.6% as compared to 7.8% in the same quarter last year. These factors have significantly increased the cost of sales of the Company shrinking gross margin to 50% as compared to 56% in the same quarter last year.

The marketing and selling expenses have increased by PKR 197 million during the quarter mainly due to the increase in payroll as head count is enhanced to support and boost sales growth. Further, with the ease in COVID-19 related restrictions; travelling, meeting and conferences have increased which also augmented marketing and selling expenses. The administrative expenses have increased by PKR 12 million majorly on account of salary increments. Other expenses experienced an increase of PKR 29 million mainly on account of devaluation of local currency. Resultantly, the encouraging topline performance translated into profit after tax of PKR 450 million and earnings per share of PKR 1.61 for the first quarter of 2022 demonstrating an impressive growth of 17.4% over the corresponding quarter last year.

The sales of the subsidiary, OBS AGP (Private) Limited continued on its growth trajectory and on a consolidated basis, a remarkable topline performance of PKR 3.7 billion was achieved. Building onto this promising performance in sales, consolidated gross profit registered at PKR 1,839 million. The consolidated net profit stands at PKR 613 million, net profit attributable to parent Company at PKR 556 million and earnings per share at PKR 1.98

Corporate Social Responsibility

The Company not only believes in the best corporate practices but also exhibit exemplary social conduct. During the quarter, the Company conducted various CSR activities, some of the significant events are:

- Obtained Green Office Certificate from Worldwide Fund for Nature (WWF);
- Joined hands for a purpose-driven partnership with several well-known non-profit organizations to provide quality education to under privileged students;
- Donated Hep medicines to various healthcare institutions to aid in the treatment of the life-threatening disease of Hepatitis in Pakistan; and
- Provided donation to the Karachi Down Syndrome Program (KDSP) to help support their cause to create awareness in the general public related to down syndrome.

Strategic Outlook

The economic environment of the country has been tough for the business community. International commodity prices are on the rise and global financial conditions are deteriorating. The domestic political uncertainty has further worsened the situation. Amidst these challenges, AGP finds itself well positioned to continue striving towards sustainable growth utilizing its own resources on the back of strong business fundamentals driven by strong demand of key products, quality manufacturing capabilities and in-depth management expertise. The management will continue to develop a strong value chain of healthcare products to be better prepared for dealing with uncertainties. The Company will diligently pursue with its commitment to capitalize on growth opportunities.

Acknowledgement

We would like to place on record our gratitude to the stakeholders for reposing their utmost 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 achieving it and in turn enhancing people's access towards quality healthcare.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Non-Executive Director

کاروباری سماجی ذمہ داری

کمپنی نہ صرف بہترین کاروباری اطوار پر یقین رکھتی ہے بلکہ مثالی سماجی طرز عمل کا بھی مظاہرہ کرتی ہے۔ سہ ماہی کے دوران، کمپنی نے CSR کی مختلف سرگرمیوں کا اہتمام کیا، جن میں سے کچھ ایلوٹس یہ ہیں:

- ورلڈ وائیڈ فنڈ فار نیچر (WWF) سے گرین آفس سرٹیفیکیٹ حاصل کیا؛

- کم وسائل کے حامل طلباء کو معیاری تعلیم فراہم کرنے کے لیے کئی معروف غیر منافع بخش تنظیموں کے ساتھ مقصد پر مبنی شراکت داری کے لیے تعاون کیا؛

- پاکستان میں ہپاٹائٹس کی جان لیوا بیماری کے علاج میں مدد کے لیے صحت کی دیکھ بھال کے مختلف اداروں کو ہپاٹائٹس کی ادویات کا عطیہ؛ اور

- کراچی ڈاؤن سنڈروم پروگرام (KDSP) کو عطیہ فراہم کیا تاکہ ڈاؤن سنڈروم سے متعلق ان کے عام لوگوں میں بیداری پیدا کرنے کے مقصد میں مدد کی جاسکے۔

مستقبل کی توقعات

ملک کا معاشی ماحول کاروباری طبقے کے لیے مشکل رہا ہے۔ بین الاقوامی اجناس کی قیمتیں بڑھ رہی ہیں اور عالمی مالیاتی حالات خراب ہو رہے ہیں۔ ملکی سیاسی بے یقینی نے صورتحال کو مزید خراب کر دیا ہے۔ ان چیلنجوں کے درمیان، AGP، ہم مصنوعات کی مستحکم طلب، مینوفیکچرنگ کی معیاری صلاحیتوں اور گہرائی سے انتظامی مہارت کے ذریعے کارفرما مضبوط کاروباری بنیادی اصولوں کی پشت پر اپنے وسائل کو استعمال کرتے ہوئے خود کو پائیدار نمونے کے لیے کوشش جاری رکھنے کے لیے اچھی پوزیشن میں پاتی ہے۔ انتظامیہ غیر یقینی صورتحال سے نمٹنے کی بہتر تیاری کے لیے صحت کی دیکھ بھال کی مصنوعات کی ایک مضبوط ویلیو چین کی تیاری جاری رکھے گی۔ کمپنی نمونے کے مواقع سے فائدہ اٹھانے کے اپنے عزم کے ساتھ تندی سے کام کرے گی۔

اظہار تشکر

ہم اپنے قابل احترام اسٹیک ہولڈرز سے اظہار تشکر کرنا چاہیں گے جنہوں نے کمپنی پر مکمل اعتماد اور بھروسے کا اظہار کیا۔ ہم اپنے ملازمین کا بھی شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے کمپنی کے نصب العین کو عملی جامہ پہنانے اور اسے حاصل کرنے کے لیے سرشار کوششیں کیں اور اس کے نتیجے میں صحت کی معیاری دیکھ بھال تک لوگوں کی رسائی میں اضافہ کیا۔



محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر



محترمہ نصرت نشی
چیف ایگزیکٹو آفیسر

ڈائریکٹرز کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۱ مارچ ۲۰۲۲ کو ختم ہونے والے تین ماہ کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ انفرادی (standalone) اور اجتماعی (consolidated) مختصر عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

سال کا آغاز ترقی کی زوردار رفتار کے ساتھ ہوا جس کی وجہ سے کمپنی نے زیر جائزہ سہ ماہی کے دوران فروخت اور منفعت کے لحاظ سے اب تک کی تاریخ میں سب سے زیادہ مالی کارکردگی کا مظاہرہ کیا۔ کمپنی نے ایک نیا سنگ میل عبور کیا، جیسا کہ فروخت نے ۲.۵ ارب روپے کا ہدف حاصل کیا، جو گزشتہ سال کی اسی سہ ماہی کے مقابلے میں ۵۲ فیصد نمو ظاہر کرتا ہے۔ گھریلو پورٹ فولیو نے ۲۶ فیصد کی امید افزا نمو دکھائی جس میں Sinaxamol Rigid اور Spasler نمو کے اہم محرک ہیں۔ اس سہ ماہی میں، ادارہ جاتی فروخت کی کارکردگی بھی شاندار رہی ہے اور پچھلے سال کی پہلی سہ ماہی میں معمولی فروخت کے مقابلے میں ۲۵۰ ملین روپے کا حصہ ڈالا ہے۔ جیسے ہی افغانستان کی سیاسی صورتحال میں استحکام آیا، افغان سیلز ۲۶۱ ملین روپے تک پہنچ گئی ہیں، جو کہ گزشتہ سال کی اسی سہ ماہی کے مقابلے میں موجودہ سہ ماہی میں ۳۰ فیصد زیادہ ہے۔

کاروبار کرنے کی بڑھتی ہوئی لاگت ایک چیلنج بنی ہوئی ہے کیونکہ مقامی کرنسی کی قدر میں کمی، گھریلو افراط زر اور نقل و حمل کی لاگت میں تیزی سے اضافہ جاری ہے۔ غیر ملکی کرنسی کی شرح ۲۰۲۲ کی پہلی سہ ماہی میں ۱۷۹.۲ روپے کی اوسط سے بڑھتے ہوئے اپنی اب تک کی بلند ترین سطح پر پہنچ گئی جو گزشتہ سال کی پہلی سہ ماہی میں ۱۵۷.۱ روپے تھی۔ زیر جائزہ سہ ماہی کے دوران افراط زر کی سطح اوسطاً ۱۲۶ فیصد تک بڑھ گئی جو گزشتہ سال کی اسی سہ ماہی میں ۷۸ فیصد تھی۔ ان عوامل کی وجہ سے کمپنی کی فروخت کی لاگت میں نمایاں اضافہ ہوا ہے جس سے مجموعی منافع جاب ۵۰ فیصد تک کم ہو گئے ہیں جو پچھلے سال کی اسی سہ ماہی میں ۵۶ فیصد تھے۔

اس سہ ماہی کے دوران مارکیٹنگ اور سیلز کے اخراجات میں ۱۹۷ ملین روپے کا اضافہ ہوا ہے جس کی بنیادی وجہ پے رول میں اضافہ ہے کیونکہ سیلز کی نمونہ سہارا دینے اور بڑھانے کے لیے افرادی قوت میں اضافہ کیا گیا ہے۔ مزید برآں، کوویڈ-۱۹ سے متعلقہ پابندیوں میں نرمی کے ساتھ، سفر، اجلاس اور کانفرنسوں میں اضافہ ہوا ہے جس سے مارکیٹنگ اور سیلز کے اخراجات میں بھی اضافہ ہوا ہے۔ تنخواہوں میں اضافے کی وجہ سے انتظامی اخراجات میں ۱۲ ملین روپے کا اضافہ ہوا ہے۔ مقامی کرنسی کی قدر میں کمی کی وجہ سے دیگر اخراجات میں ۲۹ ملین روپے کا اضافہ ہوا۔ نتیجتاً، حوصلہ افزا ٹاپ لائن کارکردگی ۲۰۲۲ کی پہلی سہ ماہی کے لیے ۲۵۰ ملین روپے کے بعد از ٹیکس منافع اور ۱.۶ روپے فی شیئر آمدنی کی شکل میں سامنے آئی جو گزشتہ سال کی اسی سہ ماہی کے مقابلے میں ۱۷.۴ فیصد کی متاثر کن نمو ظاہر کرتی ہے۔

ذیلی ادارے، OBS AGP (پرائیویٹ) لمیٹڈ کی سیلز نے تیز رفتار اور مستحکم بنیاد پر اپنی نمو جاری رکھی اور ۳ ارب روپے کی نمایاں ٹاپ لائن کارکردگی حاصل کی گئی۔ سیلز میں اس امید افزا کارکردگی کی بنیاد پر، مجموعی منافع ۱،۸۳۹ ملین روپے پر مندرج ہوا۔ مجموعی خالص منافع، بنیادی کمپنی سے منسوب خالص منافع اور فی شیئر آمدنی بالترتیب ۶۱۳ ملین روپے، ۵۵۶ ملین روپے اور ۱.۹۸ روپے رہی۔

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
MARCH 31, 2022**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,738,426	2,483,874
Intangible assets	5	5,401,267	5,403,460
Long-term investment	6	729,531	729,531
Long-term deposits and receivables		17,024	14,629
		8,886,248	8,631,494
CURRENT ASSETS			
Stores, spares and loose tools		8,690	8,490
Stock-in-trade	7	1,268,527	1,095,909
Trade debts	8	970,730	788,387
Loans and advances	9	185,538	63,515
Trade deposits, prepayments and other receivables	10	204,968	61,370
Taxation - net		19,370	20,618
Short-term investments		-	200,000
Cash and bank balances	11	157,274	328,858
		2,815,097	2,567,147
TOTAL ASSETS		11,701,345	11,198,641
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		7,145,532	6,695,251
		9,945,532	9,495,251
NON-CURRENT LIABILITIES			
Long-term financings		52,220	52,985
Deferred grant		15,552	3,788
Gas infrastructure development cess		7,912	8,278
Deferred tax liabilities - net		81,903	85,961
		157,587	151,012
CURRENT LIABILITIES			
Trade and other payables		1,291,044	1,063,826
Unclaimed dividends		1,680	1,686
Accrued interest		769	2,028
Short-term borrowings		-	3,989
Current maturity of non-current liabilities		304,733	480,849
		1,598,226	1,552,378
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		11,701,345	11,198,641

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

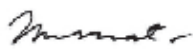
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

		31 March 2022	31 March 2021
	Note	----- (Rupees in '000) -----	
Revenue from contracts with customers - net	13	2,498,728	1,642,000
Cost of sales	14	(1,244,948)	(716,831)
Gross profit		1,253,780	925,169
Administrative expenses	15	(88,807)	(76,399)
Marketing and selling expenses	16	(544,938)	(348,429)
Other expenses	17	(63,436)	(34,554)
Other income	18	19,257	25,973
Finance costs		(14,761)	(30,041)
		(692,685)	(463,450)
Profit before taxation		561,095	461,719
Taxation		(110,814)	(78,127)
Profit for the period		450,281	383,592
Earnings per share - basic and diluted		Rs. 1.61	Rs. 1.37

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

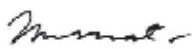
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

	31 March 2022 ----- (Rupees in '000) -----	31 March 2021 -----
Profit for the period	450,281	383,592
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	450,281	383,592

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

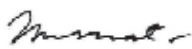
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

	Share capital	Revenue reserve - Unappropriated profits	Total
	(Rupees in '000)		
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
Balance as at 31 December 2021	2,800,000	6,695,251	9,495,251
Total comprehensive income for the period	-	450,281	450,281
Balance as at 31 March 2022	2,800,000	7,145,532	9,945,532

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

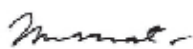
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

	Note	31 March 2022 ----- (Rupees in '000) -----	31 March 2021 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations		214,338	331,859
Payments for:			
Finance costs		(8,448)	(22,148)
Income tax		(113,623)	(17,042)
Net cash flows generated from operating activities		92,267	292,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(301,267)	(182,052)
Proceeds from disposal of operating fixed assets		2,018	806
Deposits and receivables - paid / given		(2,395)	(2,965)
Interest income received		10,307	4,480
Net cash flows used in investing activities		(291,337)	(179,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(6)	(18)
Long-term financings - net		(168,519)	(71,030)
Net cash flows used in financing activities		(168,525)	(71,048)
Net increase in cash and cash equivalents		(367,595)	41,890
Cash and cash equivalents at the beginning of the period		524,869	369,780
Cash and cash equivalents at the end of the period		157,274	411,670

The annexed notes 1 to 24 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 2022 (UN-AUDITED)

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 55.80% (31 December 2020: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.
- 1.3** As of reporting date, the Company holds 65% shareholding of OBS AGP (Private) Limited (OBSAGP) which is a subsidiary of the Company.
- 1.4** These are separate condensed interim financial statements of the Company in which investment in subsidiary is stated at cost less accumulated impairment losses, if any.
- 1.5** The consolidated condensed interim financial statements are separately prepared and presented by the 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 2022 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 2021. 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.
- 2.2.3** 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 2021. 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 2021.
- 2.2.4** 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 2021, except as described below:

3.1 Amended standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

Standards

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements

The adoption of above amendments and improvements to the standards did not have any material impact on the Company's condensed interim financial statements.

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	2,248,717	2,235,591
Capital work-in-progress	4.2	489,709	248,283
		<u>2,738,426</u>	<u>2,483,874</u>

4.1 Details of additions and disposals are as follows:

Note	Additions (at cost)		Disposals (NBV)	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	----- (Rupees in '000) -----			
Factory building	390	496	-	-
Plant and machinery	1,380	4,173	-	-
Furniture and fixtures	120	780	62	-
Motor vehicles	30,010	7,439	400	263
Office equipment	6,796	4,805	-	-
Refrigerator and air conditioner	-	271	-	-
Laboratory equipment	6,584	3,001	-	-
Computers and related accessories	14,614	7,817	142	151
4.2	<u>59,894</u>	<u>28,782</u>	<u>604</u>	<u>414</u>

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----

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

Opening balance		248,283	344,143
Additions during the period / year	4.2.1	301,320	474,319
Transferred during the period / year to:			
- operating fixed assets	4.1	(59,894)	(555,024)
- intangible assets		-	(15,155)
Closing balance	4.2.1	<u>489,709</u>	<u>248,283</u>

4.2.1 Capital work-in-progress comprise of:

	Additions (at cost)		Closing Balance	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
Note	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Rupees in '000)			
Buildings - factory / office	33,724	147,396	114,942	81,608
Plant and machinery	1,819	47,285	62,503	62,064
Furniture and fixtures	2,101	10,086	1,998	17
Motor vehicles	231,323	91,328	240,801	39,488
Office equipment	6,796	11,826	-	-
Gas and electrical fittings	-	37,842	-	-
Refrigerator and air conditioner	-	17,843	8,828	8,828
Laboratory equipment	6,520	29,546	-	64
Computers and related accessories	14,614	22,780	559	559
Solar panels	517	50,156	56,172	55,655
Softwares	3,906	8,231	3,906	-
4.2	301,320	474,319	489,709	248,283

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
		(Rupees in '000)	
5. INTANGIBLE ASSETS			
Goodwill		743,226	743,226
Trademarks - indefinite		4,641,087	4,641,087
Computer software		16,954	19,147
		5,401,267	5,403,460

6. LONG-TERM INVESTMENT			
Investment in subsidiary - OBSAGP		715,000	715,000
Financial guarantee - at fair value		14,531	14,531
		729,531	729,531

7. STOCK-IN-TRADE			
Raw and packing materials			
In hand	7.1	674,566	503,469
In transit		137,086	107,967
		811,652	611,436
Work-in-process		89,757	82,865
Finished goods			
- Manufacturing		274,953	289,992
- Trading		136,676	156,127
		411,629	446,119
Provision for obsolescence and slow moving stock	7.2	(44,511)	(44,511)
		1,268,527	1,095,909

- 7.1 Included herein items having value of Rs. 23.46 million (31 December 2021: Rs. 24.97 million), representing stock held by third parties.
- 7.2 Stock in trade includes items having cost of Rs. 5.71 million (31 December 2021: Rs. 5.71 million) written down to net realisable value of Rs. 4.68 million (31 December 2021: Rs. 4.68 million) resulting in a written down of Rs. 1.03 million (31 December 2021: Rs. 1.03 million).
- 7.3 During the period, the manufacturing and trading finished goods sold amounted to Rs. 902.28 million and Rs. 343.28 million (31 December 2021: Rs 625.46 million and Rs 91.36 million), respectively that are charged to cost of sales.

		31 March 2022 (Un-audited) ----- (Rupees in '000) -----	31 December 2021 (Audited) -----
8. TRADE DEBTS - unsecured			
Related parties			
- OBS AGP (Private) Limited		25,205	-
- Muller & Phipps Pakistan (Private) Limited		546,072	769,735
		571,277	769,735
Others than related parties		403,316	19,970
		974,593	789,705
Less: Allowances for expected credit losses	8.1	(3,863)	(1,318)
		970,730	788,387

8.1 The movement in allowance for expected credit losses:

Opening balance	1,318	904
Allowance for expected credit losses for the period / year (net)	2,545	414
Closing balance	3,863	1,318

9. LOANS AND ADVANCES - Considered good

Advances - unsecured

- suppliers	106,636	52,320
- employees	18,737	9,534
- custom authorities / clearing agents	60,165	1,661
	185,538	63,515

10. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits - considered good, unsecured

Security deposits	12,487	9,764
Margin on letters of credit	127,332	25,207
	139,819	34,971

Prepayments - insurance

3,870 938

Other receivables

Current portion of receivables from employees - secured	4,810	4,347
Receivable from a subsidiary company - unsecured	10,631	17,989
Sales tax refundable	45,838	-
Others	-	3,125
	61,279	25,461
	204,968	61,370

10.1 Represent shared services charged by the Company to OBS AGP (Private) Limited (a subsidiary company).

	31 March 2022 (Un-audited) ----- (Rupees in '000) -----	31 December 2021 (Audited) -----
11. CASH AND BANK BALANCES		

Cash at banks

Current accounts		
- local currency	63,880	85,633
- foreign currency	408	402
Deposit accounts	92,251	242,139
	156,539	328,174

Cash in hand

735 684
157,274 328,858

12. CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

12.1.1 There is no material change in the status of contingencies as disclosed in note 22 to the annual financial statements of the Company for the year ended 31 December 2021.

12.2 COMMITMENTS

12.2.1 As at 31 March 2022, capital expenditure contracted for but not incurred amounted to Rs 383.36 million (31 December 2021: Rs 180.88 million).

12.2.2 Letters of credit

Letters of credit

- limit
- unutilised portion
- utilised portion

31 March 2022 (Unaudited)	31 December 2021 (Audited)
----- (Rupees in '000) -----	

2,620,000	2,620,000
2,358,582	2,186,879
261,418	433,121

Note	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	

13. REVENUE FROM CONTRACT WITH CUSTOMERS - net

Sale of goods (disaggregation by timing - at a point in time)

Local (disaggregation by types of products)

- Manufacturing
- Trading

1,829,564	1,481,800
525,543	48,299
2,355,107	1,530,099

Export

314,328	201,007
---------	---------

Less: Trade discounts

Sales returns

Sales tax

(162,324)	(78,526)
(905)	(5,772)
(7,478)	(4,808)

13.2

(170,707)	(89,106)
2,498,728	1,642,000

13.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 22.3 to these condensed interim financial statements.

13.2 Included herein sales made to related parties amounting to Rs. 1,753 million (31 March 2021: Rs 1,380 million).

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
14. COST OF SALES	Note		
Cost of sales - manufacturing			
Raw and packing materials consumed			
Opening stock		611,436	600,774
Purchases		837,017	613,837
Available for consumption		1,448,453	1,214,611
Closing stock		(811,652)	(748,672)
Raw and packing material consumed		636,801	465,939
Manufacturing cost			
Salaries, wages and other benefits	14.1	178,051	136,060
Stores and spares consumed		3,027	5,405
Processing charges		2,570	3,718
Freight		938	1,074
Fuel, gas and electricity		29,074	27,461
Repairs and maintenance		16,969	14,816
Travelling and conveyance		2,567	4,389
Insurance		3,608	2,315
Laboratory expenses		9,639	4,626
Rates and taxes		443	370
Depreciation		27,505	24,653
Amortisation		1,243	429
Postage, telegraph and telephones		596	622
Printing and stationery		2,034	1,304
		278,264	227,242
		915,065	693,181
Work-in-process			
Opening stock		82,865	86,860
Closing stock		(89,757)	(99,455)
		(6,892)	(12,595)
Cost of goods manufactured		908,173	680,586
Finished goods			
Opening stock		289,992	217,995
Closing stock		(274,953)	(254,560)
		15,039	(36,565)
		923,212	644,021
Cost of samples for marketing and sales promotion		(21,542)	(18,547)
Cost of sales - trading			
Opening stock		156,127	376,498
Purchases		323,827	187,770
Closing stock		(136,676)	(472,911)
		343,278	91,357
		1,244,948	716,831

14.1 Included herein is a sum of Rs. 2.65 million (31 March 2021: Rs. 2.18 million) in respect of staff retirement benefits.

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
15. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	15.1	46,123	35,806
Travelling and conveyance		177	36
Printing and stationery		317	95
Directors' remuneration		2,000	3,975
Postage, telegrams and telephones		41	200
Legal and professional		6,697	21,497
Research cost		908	271
Repairs and maintenance		5,058	4,811
Software license renewals and maintenance fee		2,435	2,196
Subscription and fee		136	569
Advertisement		301	350
Donations		14,175	1,713
Insurance		434	109
Depreciation		8,533	2,591
Amortisation		945	1,690
Corporate social responsibility		324	374
Vehicle running expenses		203	116
		88,807	76,399

15.1 Included herein is a sum of Rs. 1.46 million (31 March 2021: Rs. 1.16 million) in respect of staff retirement benefits.

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
16. MARKETING AND SELLING EXPENSES			
Salaries and other benefits	16.1	295,439	159,077
Travelling and conveyance		87,559	51,515
Repairs and maintenance		1,131	1,063
Insurance		1,241	1,396
Depreciation		10,079	9,147
Printing and stationery		2,442	576
Samples		21,542	18,547
Sales promotion expenses		69,186	75,748
Meeting and conferences		36,061	9,786
Communication		3,391	4,741
Subscription		3,773	7,264
Freight, handling and transportation		13,094	9,569
		544,938	348,429

16.1 Included herein is a sum of Rs. 4.72 million (31 March 2021: Rs. 4.66 million) in respect of staff retirement benefits.

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
17. OTHER EXPENSES			
Workers' Profit Participation Fund		30,081	23,950
Workers' Welfare Fund		8,189	4,746
Central Research Fund		6,077	4,838
Exchange loss - net		16,544	-
Allowances for expected credit loss (net)		2,545	1,020
		63,436	34,554

	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	
18. OTHER INCOME		
Income from financial assets		
Markup on deposit accounts	10,307	4,480
Income from non-financial assets		
Gain on sale of operating fixed assets (net)	1,415	392
Exchange gain - net	-	10,948
Government grant	3,810	8,555
Scrap sales	2,998	1,598
Others	727	-
	8,950	21,493
	19,257	25,973
19. CASH GENERATED FROM OPERATIONS		
Profit before taxation	561,095	461,719
Adjustments for:		
Depreciation	46,117	36,391
Amortisation	2,188	2,119
Allowances for expected credit losses	2,545	1,020
(Gain) / loss on disposal of operating fixed assets - net	(1,415)	(392)
Amortisation of financial guarantee	(727)	-
Amortisation of government grant	(3,810)	(8,555)
Mark-up on deposits accounts	(10,307)	(4,480)
Finance costs	14,761	30,041
Workers' Profit Participation Fund	30,081	23,950
Workers' Welfare Fund	8,189	4,746
Central Research Fund	6,077	4,838
	93,699	89,678
Operating profit before working capital changes	654,794	551,397
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(200)	(921)
Stock-in-trade	(172,618)	(359,282)
Trade debts	(184,888)	123,684
Loans and advances	(122,023)	(28,251)
Trade deposits, prepayments and other receivables	(143,598)	48
	(623,327)	(264,722)
(Decrease) / increase in current liabilities		
Trade and other payables	182,871	45,184
	214,338	331,859
20. CASH AND CASH EQUIVALENTS		
Cash and bank balances	157,274	411,670
	157,274	411,670

21. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, subsidiary 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 2022	March 31 2021
				(Un-audited)	
				--- (Rupees in '000) ---	
<u>Subsidiary Company</u>					
OBS AGP (Private) Limited - Pakistan	Subsidiary Company	65.00%	Sale of goods	25,179	-
			Expenditure incurred / paid by the Company on behalf of subsidiary	5,939	-
<u>Associated Companies</u>					
Aspin Pharma (Private) Limited- Pakistan	Common directorship	4.79%	Sale of goods	4,725	9,973
			Expenditure incurred / paid by the Company on behalf of associate	158	161
			Expenditure incurred / paid by the associate on behalf of the Company	3,733	2,798
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	1,723,177	1,370,117
			Settlement of amount incurred by the associate on behalf of the Company	28,973	24,619
Staff retirement benefits - AGP Limited staff provident fund				6,761	5,826
Key management personnel				54,275	69,736
Directors				2,000	3,975
<u>Others (due to common directorship)</u>					
Sharmeen Khan Memorial Foundation			Donation given	2,300	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	11	12

21.1 The related parties status of outstanding receivables / payables as at 31 March 2022 and 31 December 2021 are disclosed in respective notes to these condensed interim financial statements.

22. INFORMATION ABOUT OPERATING SEGMENTS

- 22.1** 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.
- 22.2** Export sales made to Afghanistan represents the geographical breakup of the Company's gross turnover.
- 22.3** 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 2022	31 March 2021
	----- (Rupees in '000) -----	
- Muller & Phipps Pakistan (Private) Limited	1,723,177	1,370,117
- Al Haj Malem Khan Mangal	257,274	107,903

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

23. DATE OF AUTHORIZATION

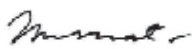
These condensed interim financial statements were authorized for issue on 28 April 2022 by the Board of Directors of the Company.

24. GENERAL

- 24.1** 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

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
MARCH 31, 2022**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,778,895	2,497,553
Intangible assets	5	8,901,519	8,906,624
Long-term deposits and receivables		18,754	15,622
		11,699,169	11,419,799
CURRENT ASSETS			
Stores, spares and loose tools		8,690	8,490
Stock-in-trade	6	1,725,984	1,592,912
Trade debts	7	1,186,055	1,045,062
Loans and advances	8	354,093	65,741
Trade deposits, prepayments and other receivables	9	200,574	44,821
Short-term investments		227,124	235,000
Cash and bank balances	10	352,100	456,798
		4,054,620	3,448,824
TOTAL ASSETS		15,753,789	14,868,623
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		7,433,211	6,877,508
		10,233,211	9,677,508
Non-controlling interest		541,484	483,790
		10,774,695	10,161,298
NON-CURRENT LIABILITIES			
Long-term financings		2,294,508	2,458,796
Deferred grant		15,552	3,788
Gas infrastructure development cess		7,669	8,278
Deferred tax liabilities - net		109,615	102,970
		2,427,344	2,573,832
CURRENT LIABILITIES			
Trade and other payables		1,779,493	1,401,858
Unclaimed dividends		1,680	1,686
Accrued interest		65,039	55,429
Taxation - net		75,562	30,088
Short-term borrowings		-	3,989
Current maturity of non-current liabilities		629,976	640,443
		2,551,750	2,133,493
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		15,753,789	14,868,623

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

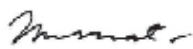
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

		31 March 2022	31 March 2021
	Note	----- (Rupees in '000) -----	
Revenue from contracts with customers - net	12	3,661,151	1,642,000
Cost of sales	13	(1,822,357)	(716,831)
Gross profit		1,838,794	925,169
Administrative expenses	14	(136,859)	(76,399)
Marketing and selling expenses	15	(777,278)	(348,429)
Other expenses	16	(62,924)	(23,606)
Other income	17	21,085	15,025
Finance costs		(90,437)	(30,041)
		(1,046,413)	(463,450)
Profit before taxation		792,381	461,719
Taxation		(178,984)	(78,127)
Profit for the period		613,397	383,592
Profit attributable to:			
Equity holders of the parent company		555,703	383,592
Non-controlling interest		57,694	-
		613,397	383,592
Earnings per share - basic and diluted		Rs. 1.98	Rs. 1.37

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

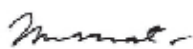
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	
Profit for the period	613,397	383,592
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	613,397	383,592

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

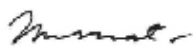
FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

	Attributable to owners of the parent company			Non-controlling interest	Total equity
	Share capital	Revenue reserve - Unappropriated profits	Total reserves		
	----- Rupees in '000-----				
Balance as at 31 December 2020	2,800,000	5,410,326	8,210,326	-	8,210,326
Total comprehensive income for the period	-	383,592	383,592	-	383,592
Balance as at 31 March 2021	<u>2,800,000</u>	<u>5,793,918</u>	<u>8,593,918</u>	<u>-</u>	<u>8,313,918</u>
Balance as at 31 December 2021	2,800,000	6,877,508	9,677,508	483,790	10,161,298
Total comprehensive income for the period	-	555,703	555,703	57,694	613,397
Balance as at 31 March 2022	<u>2,800,000</u>	<u>7,433,211</u>	<u>10,233,211</u>	<u>541,484</u>	<u>10,774,695</u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

	Note	31 March 2022 ----- (Rupees in '000) -----	31 March 2021 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	18	576,862	331,859
Payments for:			
Finance costs		(72,098)	(22,148)
Income tax		(126,865)	(17,042)
Net cash flows generated from operating activities		377,899	292,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(329,707)	(182,052)
Proceeds from disposal of operating fixed assets		2,018	806
Deposits and receivables - paid / given		(3,132)	(2,965)
Interest income received		12,862	4,480
Net cash flows used in investing activities		(317,959)	(179,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(6)	(18)
Long-term financings - repaid		(168,519)	(71,030)
Net cash flows used in financing activities		(168,525)	(71,048)
Net (decrease) / increase in cash and cash equivalents		(108,585)	41,890
Cash and cash equivalents at the beginning of the period		687,809	369,780
Cash and cash equivalents at the end of the period		579,224	411,670

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2022 (UN-AUDITED)

1. The Group and its operations

1.1 The Group consist of AGP Limited (the "Holding Company") and its subsidiary company, OBS AGP (Private) Limited (the "OBS AGP"), that has been consolidated in these condensed interim financial statements. The principal activities of the Group include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.

1.2 AGP Limited - the Holding Company

The Holding Company was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company got listed on Pakistan Stock Exchange Limited on 05 March 2018. The registered office of the Holding Company is situated at B-23C, S.I.T.E, Karachi.

1.3 OBS AGP (Private) Limited - a subsidiary company

OBS AGP was incorporated in Pakistan as a private limited company in November 2020 under Companies Act, 2017. OBS AGP is in the business of trading pharmaceutical products. Since incorporation, OBS AGP was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. Effective from 14 July 2021, the Holding Company acquired 65% shareholding of OBS AGP from Aitkenstuart Pakistan (Private) Limited at a cost of Rs. 715 million through purchase of ordinary right shares offered by OBS AGP which was renounced by Aitkenstuart Pakistan (Private) Limited.

1.4 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.8% (2021: 52.98%) of the share capital of the Holding Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2021, except as described below:

3.1 Amended standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

Standards

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements

The adoption of above amendments and improvements to the standards did not have any material impact on the Company's consolidated condensed interim financial statements.

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	(Rupees in '000)	(Rupees in '000)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,289,186	2,249,270
Capital work-in-progress	4.2	489,709	248,283
		2,778,895	2,497,553

4.1 Details of additions and disposals are as follows:

		Additions (at cost)		Disposals (NBV)	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
	Note	(Rupees in '000)			
Factory building		390	496	-	-
Plant and machinery		1,380	4,173	-	-
Furniture and fixtures		120	780	62	-
Motor vehicles		30,010	7,439	400	263
Office equipment		6,796	4,805	-	-
Refrigerator and air conditioner		-	271	-	-
Laboratory equipment		6,584	3,001	-	-
Computers and related accessories		43,553	7,817	142	151
	4.2	88,833	28,782	604	414

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	(Rupees in '000)	(Rupees in '000)
4.2 The following is the movement in capital work-in-progress during the period / year:			
Opening balance		248,283	344,143
Additions during the period / year	4.2.1	330,259	495,970
Transferred during the period / year to:			
- operating fixed assets	4.1	(88,833)	(569,974)
- intangible assets		-	(21,856)
Closing balance	4.2.1	489,709	248,283

4.2.1 Capital work-in-progress comprise of:

		Additions (at cost)		Closing Balance	
		31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	(Rupees in '000)			
Buildings - factory / office		33,724	147,396	114,942	81,608
Plant and machinery		1,819	47,285	62,503	62,064
Furniture and fixtures		2,101	10,582	1,998	17
Motor vehicles		231,323	91,328	240,801	39,488
Office equipment		6,796	11,826	-	-
Gas and electrical fittings		-	37,842	-	-
Refrigerator and air conditioner		-	17,843	8,828	8,828
Laboratory equipment		6,520	29,546	-	64
Computers and related accessories		43,553	37,234	559	559
Solar panels		517	50,156	56,172	55,655
Softwares		3,906	14,932	3,906	-
	4.2	330,259	495,970	489,709	248,283

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	----- (Rupees in '000) -----	
5. INTANGIBLE ASSETS			
Goodwill		743,226	743,226
Trademarks - indefinite		8,064,071	8,064,071
Trademarks - definite		71,987	73,890
Computer software		22,235	25,437
		<u>8,901,519</u>	<u>8,906,624</u>

6. STOCK-IN-TRADE

Raw and packing materials

In hand	6.1	674,566	503,469
In transit		137,086	107,967
		<u>811,652</u>	<u>611,436</u>
		89,757	82,865

Work-in-process

Finished goods

- Manufacturing		274,953	289,992
- Trading	6.2	597,643	656,640
		<u>872,596</u>	<u>946,632</u>

Provision for obsolescence and slow moving stock

	6.3	(48,021)	(48,021)
		<u>1,725,984</u>	<u>1,592,912</u>

- 6.1** Included herein items having value of Rs. 23.46 million (31 December 2021: Rs. 24.97 million), representing stock of the Holding Company held by third parties.
- 6.2** Included herein items having value of Rs. 458.46 million (31 December 2021: Rs. 500.51 million), representing stock of the subsidiary company held with Muller & Phipps Pakistan (Private) Limited (a related party).
- 6.3** Stock in trade includes items having cost of Rs. 5.71 million (31 December 2021: Rs. 5.71 million) written down to net realisable value of Rs. 4.68 million (31 December 2021: Rs. 4.68 million) resulting in a written down of Rs. 1.03 million (31 December 2021: Rs. 1.03 million).
- 6.4** During the period, the manufacturing and trading finished goods sold amounted to Rs. 902.28 million and Rs. 343.28 million (31 December 2021: Rs 625.46 million and Rs 91.36 million), respectively that are charged to cost of sales.

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	----- (Rupees in '000) -----	
7. TRADE DEBTS - unsecured			
Muller & Phipps Pakistan (Private) Limited - related party		589,684	1,024,602
Others		600,234	21,778
		<u>1,189,918</u>	<u>1,046,380</u>
Less: Allowances for expected credit losses	7.1	(3,863)	(1,318)
		<u>1,186,055</u>	<u>1,045,062</u>

- 7.1** The movement in allowance for expected credit losses:

Opening balance		1,318	904
Allowance for expected credit losses for the period / year (net)		2,545	414
Closing balance		<u>3,863</u>	<u>1,318</u>

31 March 2022 (Unaudited)	31 December 2021 (Audited)
----- (Rupees in '000) -----	

8. LOANS AND ADVANCES - Considered good

Advances - unsecured

- suppliers
- employees
- custom authorities / clearing agents

259,037	54,214
24,260	9,866
70,796	1,661
354,093	65,741

9. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits - considered good, unsecured

- Security deposits
- Margin on letters of credit

13,143	9,764
127,332	25,207
140,475	34,971

Prepayments - insurance

9,553	2,112
-------	-------

Other receivables

- Current portion of receivables from employees - secured
- Sales tax refundable
- Others

4,708	4,613
45,838	-
-	3,125
50,546	7,738
200,574	44,821

10. CASH AND BANK BALANCES

Cash at banks

- Current accounts
 - local currency
 - foreign currency
- Deposit accounts

258,696	213,570
408	402
92,251	242,139
351,355	456,111
745	687
352,100	456,798

11. CONTINGENCIES AND COMMITMENTS

11.1 CONTINGENCIES

- 11.1.1 There is no material change in the status of contingencies as disclosed in note 22 to the annual financial statements of the Company for the year ended 31 December 2021.

11.2 COMMITMENTS

- 11.2.1 As at 31 March 2022, capital expenditure contracted for but not incurred amounted to Rs 383.36 million (31 December 2021: Rs 180.88 million).

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	----- (Rupees in '000) -----	
11.2.2 Letters of credit		
Letters of credit		
- limit	2,620,000	2,620,000
- unutilised portion	2,358,582	2,186,879
- utilised portion	261,418	433,121

	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	
12. REVENUE FROM CONTRACT WITH CUSTOMERS - net		
Sale of goods (disaggregation by timing - at a point in time)		
Local (disaggregation by types of products)		
- Manufacturing	1,829,564	1,481,800
- Trading	1,770,178	48,299
	3,599,742	1,530,099
Export	314,328	201,007
Less: Trade discounts	(234,330)	(78,526)
Sales returns	(11,111)	(5,772)
Sales tax	(7,478)	(4,808)
	(252,919)	(89,106)
12.2	3,661,151	1,642,000

12.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 22.3 to these consolidated condensed interim financial statements.

12.2 Included herein sales made to related parties amounting to Rs. 2,938 million (31 March 2021: Rs 1,380 million).

		31 March 2022	31 March 2021
	Note	----- (Rupees in '000) -----	
13. COST OF SALES			
Cost of sales - manufacturing			
Raw and packing materials consumed			
Opening stock		611,436	600,774
Purchases		832,456	613,837
Available for consumption		1,443,892	1,214,611
Closing stock		(811,652)	(748,672)
Raw and packing material consumed		632,240	465,939
Manufacturing cost			
Salaries, wages and other benefits	13.1	178,052	136,060
Stores and spares consumed		3,027	5,405
Processing charges		2,570	3,718
Freight		939	1,074
Fuel, gas and electricity		29,862	27,461
Repairs and maintenance		16,968	14,816
Travelling and conveyance		2,566	4,389
Insurance		3,607	2,315
Laboratory expenses		9,639	4,626
Rates and taxes		443	370
Depreciation		27,505	24,653
Amortisation		1,243	429
Postage, telegraph and telephones		595	622
Printing and stationery		2,034	1,304
		279,050	227,242
		911,290	693,181
Work-in-process			
Opening stock		82,865	86,860
Closing stock		(89,757)	(99,455)
		(6,892)	(12,595)
Cost of goods manufactured		904,398	680,586
Finished goods			
Opening stock		289,992	217,995
Closing stock		(274,953)	(254,560)
		15,039	(36,565)
		919,437	644,021
Cost of samples for marketing and sales promotion		(21,542)	(18,547)
Opening Stock		656,640	376,498
Purchases		856,542	187,770
Closing stock - trading goods		(597,643)	(472,911)
		915,539	91,357
Direct expenses:			
Amortisation of intangible assets		2,412	-
Warehousing charges		6,511	-
		8,923	-
Cost of sales - trading		1,822,357	716,831

13.1 Included herein is a sum of Rs. 2.65 million (31 March 2021: Rs. 2.18 million) in respect of staff retirement benefits.

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
14. ADMINISTRATIVE EXPENSES	Note		
Salaries and other benefits	14.1	76,740	35,806
Travelling and conveyance		4,485	36
Printing and stationery		353	95
Directors' remuneration		2,000	3,975
Postage, telegrams and telephones		143	200
Legal and professional		9,204	21,497
Research cost		908	271
Repairs and maintenance		7,994	4,811
Software license renewals and maintenance fee		4,134	2,196
Subscription and fee		4,993	569
Advertisement		301	350
Donations		14,530	1,713
Insurance		833	109
Depreciation		8,769	2,591
Amortisation		945	1,690
Corporate social responsibility		324	374
Vehicle running expenses		203	116
		136,859	76,399

14.1 Included herein is a sum of Rs. 1.46 million (31 March 2021: Rs. 1.16 million) in respect of staff retirement benefits.

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
15. MARKETING AND SELLING EXPENSES	Note		
Salaries and other benefits	15.1	426,505	159,077
Travelling and conveyance		113,956	51,515
Repairs and maintenance		2,644	1,063
Ijarah rentals		562	-
Insurance		1,277	1,396
Depreciation		11,992	9,147
Printing and stationery		2,717	576
Samples		43,445	18,547
Sales promotion expenses		86,433	75,748
Meeting and conferences		64,021	9,786
Communication		5,651	4,741
Subscription		3,773	7,264
Freight, handling and transportation		14,302	9,569
		777,278	348,429

15.1 Included herein is a sum of Rs. 4.72 million (31 March 2021: Rs. 4.66 million) in respect of staff retirement benefits.

		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
16. OTHER EXPENSES			
Workers' Profit Participation Fund		30,081	23,950
Workers' Welfare Fund		8,189	4,746
Central Research Fund		6,077	4,838
Exchange gain / (loss) - net		16,032	(10,948)
Allowances for expected credit loss (net)		2,545	1,020
		62,924	23,606

17. OTHER INCOME

Income from financial assets

Markup on deposit accounts

Income from non-financial assets

Gain on sale of operating fixed assets (net)

Government grant

Scrap sales

Others

12,862	4,480
1,415	392
3,810	8,555
2,998	1,598
-	-
8,223	10,545
21,085	15,025

18. CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for:

Depreciation

Amortisation

Allowances for expected credit losses

(Gain) / loss on disposal of operating fixed assets - net

Amortisation of government grant

Mark-up on deposits accounts

Finance costs

Workers' Profit Participation Fund

Workers' Welfare Fund

Central Research Fund

Operating profit before working capital changes

Working capital changes

Decrease / (increase) in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans and advances

Trade deposits, prepayments and other receivables

Increase in current liabilities

Trade and other payables

792,381	461,719
48,266	36,391
4,600	2,119
2,545	1,020
(1,415)	(392)
(3,810)	(8,555)
(12,862)	(4,480)
90,437	30,041
30,081	23,950
8,189	4,746
6,077	4,838
172,108	89,678
964,489	551,397
(200)	(921)
(133,072)	(359,282)
(143,538)	123,684
(288,352)	(28,251)
(155,753)	48
(720,915)	(264,722)
333,288	45,184
576,862	331,859

19. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short-term borrowings

352,100	411,670
227,124	-
579,224	411,670

20. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, subsidiary 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 consolidated 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 2022	March 31 2021
				(Un-audited) ---- (Rupees in '000) ----	
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company of the Group	55.80%	Expenditure incurred / paid by associate on behalf of company	5,612	-
Aspin Pharma (Private) Limited- Pakistan	Common directorship	4.79%	Sale of goods	4,725	9,973
			Expenditure incurred / paid by the Company on behalf of associate	158	161
			Expenditure incurred / paid by the associate on behalf of the Company	3,733	2,798
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	2,862,794	1,370,117
			Purchase of handheld devices	24,086	-
			Warehouse and Logistics charges	6,880	-
			Settlement of amount incurred by the associate on behalf of the Company	74,449	24,619
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	8,771	5,826
Key management personnel			Remuneration and other benefits	59,887	69,736
Directors			Board and other meeting fees	2,000	3,975
Others (due to common directorship)					
Sharmeen Khan Memorial Foundation			Donation given	2,300	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	11	12

20.1 The related parties status of outstanding receivables / payables as at 31 March 2022 and 31 December 2021 are disclosed in respective notes to these consolidated condensed interim financial statements.

21. INFORMATION ABOUT OPERATING SEGMENTS

- 21.1** For management purposes, the activities of the Group are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Group 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 Group are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these consolidated condensed interim financial statements are related to the Group's only reportable segment in Pakistan.
- 21.2** Export sale is made to Afghanistan which represents the geographical breakup of the Group's gross turnover.
- 21.3** 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 Group's overall revenue related to manufactured and trading goods is as follows:

	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	
- Muller & Phipps Pakistan (Private) Limited	<u>2,862,794</u>	<u>1,370,117</u>

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

22. DATE OF AUTHORIZATION

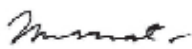
These consolidated condensed interim financial statements were authorized for issue on 28 April 2022 by the Board of Directors of the Company.

23. GENERAL

- 23.1** 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



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