



w e v a l u e l i f e

AGP-Sec / 256

August 30, 2022

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

**Subject: Financial Statements for the Half Year ended June 30, 2022**

Dear Sir,

We have transmitted the Standalone and Consolidated Financial Statements of the Company for the Half Year ended 30 June, 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

HALF YEARLY 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](http://www.agp.com.pk)

### Email

[info@agp.com.pk](mailto: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 half year ended June 30, 2022.

## Operating Results of the Company

Continuing with the growth momentum, AGP delivered an impressive top line performance of PKR 4,899 million during the first half of the year. This resulted in a year-on-year (YoY) increase in the revenue by 34.3%, which is mainly on the back of the growth of our top brands. The sales growth is also supported by exports to Afghanistan, which showed a robust growth of 39.1%, and institutional sales which added PKR 429 million in the topline. However, during the period under review, gross margins remained under pressure as the prevailing macro-financial fundamentals have deteriorated due to economic uncertainty and have raised the cost of doing business.

To support robust sales growth, the management has strategically and rationally carried out human resource planning to strengthen the existing teams and form new teams. Accordingly, the payroll cost of marketing and selling department has increased significantly. The selling activities that were restricted in the last year due to COVID-19 resumed in the current year leading to an increase in the promotional expense of the Company. The upsurge in transportation and conveyance expense is primarily on account of soaring fuel prices. Administrative expenses have increased by PKR 28 million, mainly on account of payroll increment and investment in CSR. Other expenses showed an increase of PKR 69 million, mainly on account of an exchange loss of PKR 51 million and other statutory charges linked to profit before taxation.

The super tax levy as notified vide Finance Act 2022 has adversely affected the already burdened business community. The impact is aggravated by the charge on prior year profitability along with an imposition on the current year profits. As a result, cumulative super tax of PKR 171 million is charged over and above the normal tax expense. Consequently, the Company's net profit and Earnings Per Share is affected, and, in comparison to the first half of the last year, declined by 4%.

The sales of the subsidiary company, OBS AGP (Private) Limited maintained its growth trajectory and, on a consolidated basis, a remarkable topline performance of PKR 7.1 billion was achieved. Building onto this encouraging performance in sales, consolidated gross profit stood at PKR 3,618 million. The consolidated net profit stands at PKR 853 million, net profit attributable to parent Company at PKR 790 million and earnings per share at PKR 2.82.

## Strategic Outlook

The economic conditions of the country have been challenging for the whole industry, particularly for pharmaceutical sector which operates in a price-controlled environment. International commodity prices are on the rise and global financial conditions are deteriorating with unprecedented hike in USD, reaching an average of PKR 187.8 in the first half of 2022 versus the average of PKR 156.2 in the first half of 2021. Domestic political uncertainty has further aggravated the situation. Amidst these challenges, AGP continues to strive towards sustainable growth by capitalizing on its own resources on the back of strong business fundamentals driven by robust 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 any uncertainties.

The Company maintained its commitment to pursue inorganic growth and is in the process of acquiring 18 pharmaceutical products through a Special Purpose Vehicle (SPV) named OBS Pakistan (Private) Limited from Viartis Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. ("Brands"). The shareholders of the Company in their meeting held on July 28, 2022 have approved the investment of up to eighty-five percent (85%) shareholding in the SPV and applications have been submitted to seek and secure necessary regulatory approvals. This acquisition will lead to an enhancement of AGP's product portfolio which will further strengthen its position in the pharmaceutical industry. The Company intends to internalize the manufacturing of most of the Brands being acquired which will result in economies of scale, operational synergies, and logistical efficiencies and in turn, maximize shareholders' value.

## 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 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. We would also like to extend our foremost gratitude to the employees of the Company and OBS Group who are involved in the acquisition of Brands.



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**Nusrat Munshi**  
Chief Executive Officer



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**Muhammad Kamran Mirza**  
Non-Executive Director

## ڈائریکٹرز کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ جون ۲۰۲۲ کو ختم ہونے والے نصف سال 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۔

### کمپنی کے آپریٹنگ نتائج

ترقی کی رفتار کو جاری رکھتے ہوئے، AGP نے سال کی پہلی ششماہی کے دوران ۲،۸۹۹ ملین روپے کی شاندار ٹاپ لائن کارکردگی پیش کی۔ اس کے نتیجے میں آمدنی میں سال بہ سال (YoY) ۳۲.۳ فیصد اضافہ ہوا، جو بنیادی طور پر ہمارے سرفہرست برانڈز کی ترقی کی بدولت ہوا ہے۔ فروخت میں اضافے کو افغانستان کی برآمدات، جس نے ۳۹.۱ فیصد کی زبردست نمو دکھائی، اور ادارہ جاتی فروخت سے مدد ملی ہے جس نے ٹاپ لائن میں ۳۲۹ ملین روپے کا اضافہ کیا۔ تاہم زیر جائزہ مدت کے دوران میں مجموعی منافع دباؤ میں رہے، جیسا کہ غیر یقینی معاشی صورتحال کی وجہ سے مروجہ مجموعی مالیاتی بنیادوں میں بگاڑ پیدا ہوا ہے اور کاروبار کرنے کی لاگت میں اضافہ ہوا ہے۔

فروخت کی مضبوط نمو میں معاونت کے لیے، انتظامیہ نے موجودہ ٹیموں کو مضبوط کرنے اور نئی ٹیمیں بنانے کے لیے حکمت عملی اور انسانی وسائل کی دانش مندانہ منصوبہ بندی کی ہے۔ اس کے مطابق مارکیٹنگ اور سیلنگ ڈیپارٹمنٹ کی تنخواہوں کی لاگت میں نمایاں اضافہ ہوا ہے۔ فروخت کی سرگرمیاں جو گزشتہ سال کوویڈ-۱۹ کی وجہ سے محدود تھیں، رواں سال میں دوبارہ شروع ہوئیں جس سے کمپنی کے پرموشنل اخراجات میں اضافہ ہوا۔ ٹرانسپورٹیشن اور کنونینس کے اخراجات میں اضافہ بنیادی طور پر ایندھن کی بڑھتی ہوئی قیمتوں کی وجہ سے ہے۔ انتظامی اخراجات میں، بنیادی طور پر تنخواہوں میں اضافے اور CSR میں سرمایہ کاری کی وجہ سے، ۲۸ ملین روپے کا اضافہ ہوا ہے۔ دیگر اخراجات میں بنیادی طور پر زرمبادلہ کی مد میں ۵۱ ملین روپے کے نقصان اور ٹیکس سے قبل منافع سے منسلک دیگر قانونی چارجز کے نتیجے میں ۶۹ ملین روپے کا اضافہ ظاہر ہوا۔

فنانس ایکٹ ۲۰۲۲ کے ذریعے اعلان کردہ سپرنٹنڈنٹ لیوی نے پہلے سے ہی بوجھ تلے دے کاروباری طبقے کو بری طرح متاثر کیا ہے۔ اس کا اثر پچھلے سال کے منافع پر چارج کے ساتھ ساتھ موجودہ سال کے منافع پر عائد ہونے سے بڑھ گیا ہے۔ نتیجتاً، ۱۷۲ ملین روپے کا مجموعی سپرنٹنڈنٹ، عام ٹیکس کے اخراجات سے زیادہ وصول کیا جاتا ہے۔ نتیجتاً، کمپنی کا خالص منافع اور فی شیئر آمدنی متاثر ہوئی ہے، اور گزشتہ سال کی پہلی ششماہی کے مقابلے میں ۴ فیصد کی کمی واقع ہوئی ہے۔ ذیلی کمپنی، OBS AGP (پرائیویٹ) لمیٹڈ کی سبزر نے تیز رفتار اور مستحکم بنیاد پر اپنی نمو جاری رکھی اور ۷۱.۸ روپے کی نمایاں ٹاپ لائن کارکردگی حاصل کی گئی۔ سبزر میں اس امید افزا کارکردگی کی بنیاد پر، مجموعی منافع ۶۱۸ ملین روپے پر مندرج ہوا۔ مجموعی خالص منافع ۸۵۳ ملین روپے، بنیادی کمپنی سے منسوب خالص منافع ۹۰ ملین روپے اور فی شیئر آمدنی ۲.۸۲ روپے رہی۔

### مستقبل کی توقعات

ملک کے معاشی حالات پوری صنعت کے لیے، خاص طور پر ادویات سازی کے شعبے کے لیے آزمائش سے بھرپور رہے ہیں جو قیمتوں پر کنٹرول والے ماحول میں کام کرتا ہے۔ بین الاقوامی اجناس کی قیمتیں بڑھ رہی ہیں اور عالمی مالیاتی حالات امریکی ڈالر کی قدر میں غیر معمولی اضافے کے ساتھ خراب ہو رہے ہیں، جو ۲۰۲۱ کی پہلی ششماہی میں ۱۵۶.۲ روپے کی اوسط کے مقابلے میں ۲۰۲۲ کی پہلی ششماہی میں ۱۸۷.۸ کی اوسط تک پہنچ گیا۔ ملکی سیاسی بے یقینی نے صورتحال کو مزید خراب کر دیا ہے۔ ان چیلنجوں کے درمیان، AGP اہم 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 نمو 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 ویلوچین کی تیاری جاری رکھے گی۔

کمپنی نے غیر نامیاتی ترقی آگے بڑھانے کے لیے اپنا عزم برقرار رکھا اور Viatris Inc. سے OBS Pakistan (پرائیویٹ) لمیٹڈ کے نام سے ایک اسٹیشل پریپریٹڈ ویکیل (SPV) کے ذریعے 18 فارماسیوٹیکل پروڈکٹس خریدنے کے عمل میں ہے جو بنیادی طور پر پاکستان میں Pfizer Inc. ("برانڈز") کے سابقہ ملکیتی برانڈز کے تحت کمرشلایزڈ ہیں۔ کمپنی کے شیئرز ہولڈرز نے ۲۸ جولائی ۲۰۲۲ کو ہونے والی اپنی میٹنگ میں SPV میں سچاسی فیصد (۸۵٪) شیئرز ہولڈنگ کی سرمایہ کاری کی منظوری دی ہے اور ضروری ریگولیٹری منظوری طلب اور حاصل کرنے کے لیے درخواستیں جمع کرائی گئی ہیں۔ یہ خریداری AGP کے پروڈکٹ پورٹ فولیو میں اضافے کا باعث بنے گی جو دو سازی کی صنعت میں اس کی پوزیشن کو مزید مضبوط کرے گی۔ کمپنی خریدے جانے والے زیادہ تر برانڈز کی مینوفیکچرنگ اندرون ملک کرنے کا ارادہ رکھتی ہے جس کے نتیجے میں معیشتوں کے حجم، آپریشنل ہم آہنگی، اور نقل و حمل میں کارکردگی میں اضافہ ہوگا اور اس کے نتیجے میں، حصص یافتگان کی قدر میں اضافہ ہوگا۔

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۔ ہم برانڈ کی خریداری میں شامل کمپنی ملازمین اور OBS گروپ سے بھی تہ دل سے اظہار تشکر کرتے ہیں۔



محمد کامران مرزا  
نان ایگزیکٹو ڈائریکٹر



نصرت منشی  
چیف ایگزیکٹو آفیسر

**UNCONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
JUNE 30, 2022**

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of AGP Limited

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **AGP Limited** as at **30 June 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 30 June 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2022.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' review report is  
Mr. Arif Nazeer.

  
Chartered Accountants

Place: Karachi

UDIN Number: RR2022100993CgP1rcHx

Date: 30 August 2022

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
|   | Note | (Rupees in '000)               |                                  |
| <b>ASSETS</b>                                     |      |                                |                                  |
| <b>NON-CURRENT ASSETS</b>                         |      |                                |                                  |
| Property, plant and equipment                     | 4    | 2,914,817                      | 2,483,874                        |
| Intangible assets                                 | 5    | 5,399,534                      | 5,403,460                        |
| Long-term investment                              | 6    | 729,531                        | 729,531                          |
| Long-term deposits and receivables                |      | 16,503                         | 14,629                           |
|   |      | 9,060,385                      | 8,631,494                        |
| <b>CURRENT ASSETS</b>                             |      |                                |                                  |
| Stores, spares and loose tools                    |      | 8,483                          | 8,490                            |
| Stock-in-trade                                    | 7    | 1,285,841                      | 1,095,909                        |
| Trade debts                                       | 8    | 1,261,889                      | 788,387                          |
| Loans and advances                                | 9    | 97,740                         | 63,515                           |
| Trade deposits, prepayments and other receivables | 10   | 340,239                        | 61,370                           |
| Taxation – net                                    |      | -                              | 20,618                           |
| Short-term investments                            |      | -                              | 200,000                          |
| Cash and bank balances                            | 11   | 52,270                         | 328,858                          |
|   |      | 3,046,462                      | 2,567,147                        |
| <b>TOTAL ASSETS</b>                               |      | 12,106,847                     | 11,198,641                       |
| <b>EQUITY AND LIABILITIES</b>                     |      |                                |                                  |
| <b>SHARE CAPITAL AND RESERVES</b>                 |      |                                |                                  |
| Issued, subscribed and paid-up capital            |      |                                |                                  |
| Share capital                                     |      | 2,800,000                      | 2,800,000                        |
| Revenue reserve - unappropriated profits          |      | 6,736,281                      | 6,695,251                        |
|   |      | 9,536,281                      | 9,495,251                        |
| <b>NON-CURRENT LIABILITIES</b>                    |      |                                |                                  |
| Long-term financings                              |      | 39,273                         | 52,985                           |
| Deferred grant                                    |      | 2,307                          | 3,788                            |
| Gas infrastructure development cess               |      | 7,576                          | 8,278                            |
| Deferred tax liabilities - net                    |      | 101,226                        | 85,961                           |
|   |      | 150,382                        | 151,012                          |
| <b>CURRENT LIABILITIES</b>                        |      |                                |                                  |
| Trade and other payables                          |      | 1,124,148                      | 1,063,826                        |
| Unclaimed dividends                               |      | 2,033                          | 1,686                            |
| Taxation - net                                    |      | 126,888                        | -                                |
| Accrued interest                                  |      | 16,000                         | 2,028                            |
| Short-term borrowings                             | 12   | 995,435                        | 3,989                            |
| Current maturity of non-current liabilities       |      | 155,680                        | 480,849                          |
|   |      | 2,420,184                      | 1,552,378                        |
| <b>CONTINGENCIES AND COMMITMENTS</b>              | 13   |                                |                                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | 12,106,847                     | 11,198,641                       |

The annexed notes 1 to 25 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|   |      | Half Year ended  |             | Quarter ended |           |
|---|------|------------------|-------------|---------------|-----------|
|   |      | 30 June          | 30 June     | 30 June       | 30 June   |
|   |      | 2022             | 2021        | 2022          | 2021      |
| Note  |      | (Rupees in '000) |             |               |           |
| Revenue from contracts with customers - net | 14   | 4,899,398        | 3,647,299   | 2,400,670     | 2,005,299 |
| Cost of sales                               | 15   | (2,318,701)      | (1,686,414) | (1,073,756)   | (969,584) |
| Gross profit                                |      | 2,580,697        | 1,960,885   | 1,326,914     | 1,035,715 |
| Administrative expenses                     | 16   | (196,322)        | (168,634)   | (107,471)     | (92,185)  |
| Marketing and selling expenses              | 17   | (1,162,503)      | (769,783)   | (617,609)     | (421,404) |
| Other expenses                              | 18   | (139,566)        | (71,010)    | (76,130)      | (39,616)  |
| Other income                                | 19   | 98,360           | 41,105      | 79,103        | 18,292    |
| Finance costs                               |      | (42,632)         | (52,731)    | (27,871)      | (22,690)  |
|   |      | (1,442,663)      | (1,021,053) | (749,978)     | (557,603) |
| Profit before taxation                      |      | 1,138,034        | 939,832     | 576,936       | 478,112   |
| Taxation                                    | 19.1 | (397,004)        | (167,594)   | (286,190)     | (89,467)  |
| Profit for the period                       |      | 741,030          | 772,238     | 290,746       | 388,645   |
| Earnings per share - basic and diluted      |      | Rs. 2.65         | Rs. 2.76    | Rs. 1.04      | Rs. 1.39  |

The annexed notes 1 to 25 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|  | Half year ended |                 | Quarter ended   |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 30 June<br>2022 | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| <b>Profit for the period</b>                     | <b>741,030</b>  | 772,238         | 290,746         | 388,645         |
| Other comprehensive income, net of tax           | -               | -               | -               | -               |
| <b>Total comprehensive income for the period</b> | <b>741,030</b>  | <b>772,238</b>  | <b>290,746</b>  | <b>388,645</b>  |

The annexed notes 1 to 25 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|   | Share capital    | Revenue reserve -<br>Unappropriated<br>profits | Total            |
|---|------------------|--|------------------|
|   | Rupees in ' 000  |  |                  |
| <b>Balance as at 31 December 2020 - Audited</b>                           | 2,800,000        | 5,410,326                                      | 8,210,326        |
| Profit for the period   | -                | 772,238  | 772,238          |
| Other comprehensive income for the period, net of tax                     | -                | -  | -                |
| Total comprehensive income for the period                                 | -                | 772,238  | 772,238          |
| Final dividend for the year ended 31 December 2020<br>@ Re. 1 per share   | -                | (280,000)                                      | (280,000)        |
| <b>Balance as at 30 June 2021</b>   | <b>2,800,000</b> | <b>5,902,564</b>                               | <b>8,702,564</b> |
| <b>Balance as at 31 December 2021 - Audited</b>                           | <b>2,800,000</b> | <b>6,695,251</b>                               | <b>9,495,251</b> |
| Profit for the period   | -                | 741,030  | 741,030          |
| Other comprehensive income for the period, net of tax                     | -                | -  | -                |
| Total comprehensive income for the period                                 | -                | 741,030  | 741,030          |
| Final dividend for the year ended 31 December 2021<br>@ Rs. 2.5 per share | -                | (700,000)                                      | (700,000)        |
| <b>Balance as at 30 June 2022</b>   | <b>2,800,000</b> | <b>6,736,281</b>                               | <b>9,536,281</b> |

The annexed notes 1 to 25 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|   | Note | 30 June<br>2022<br>— (Rupees in '000) — | 30 June<br>2021  |
|---|------|---|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |   |                  |
| Cash flows generated from operations                          | 20   | 357,996                                 | 1,097,337        |
| <b>Payments for:</b>  |      |   |                  |
| Finance costs   |      | (21,145)                                | (54,012)         |
| Income tax  |      | (234,131)                               | (45,451)         |
| Central Research Fund   |      | (20,618)                                | (20,788)         |
| <b>Net cash flows generated from operating activities</b>     |      | <b>82,102</b>                           | <b>977,086</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |   |                  |
| Capital expenditure   |      | (535,425)                               | (312,856)        |
| Proceeds from disposal of operating fixed assets              |      | 12,381                                  | 8,960            |
| Deposits and receivables - paid / given                       |      | (1,874)                                 | (372)            |
| Interest income received                                      |      | 15,499                                  | 12,635           |
| <b>Net cash flows used in investing activities</b>            |      | <b>(509,419)</b>                        | <b>(291,633)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |   |                  |
| Dividend paid   |      | (699,653)                               | (279,857)        |
| Long-term financings - repaid                                 |      | (341,064)                               | (227,132)        |
| Short-term borrowings - net                                   |      | 991,446                                 | -                |
| <b>Net cash flows used in financing activities</b>            |      | <b>(49,271)</b>                         | <b>(506,989)</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(476,588)</b>                        | <b>178,464</b>   |
| Cash and cash equivalents at the beginning of the period      |      | 528,858                                 | 369,780          |
| <b>Cash and cash equivalents at the end of the period</b>     |      | <b>52,270</b>                           | <b>548,244</b>   |

The annexed notes 1 to 25 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 HALF YEAR ENDED 30 JUNE 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 2021: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.
- 1.3 The Company holds 65% shareholding of OBS AGP (Private) Limited (OBSAGP) as of reporting date by virtue of which it became the subsidiary 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 30 June 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 are unaudited but subject to limited scope review by the auditors 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. 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.
- 2.2.2 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2022 and 30 June 2021 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended 30 June 2022 and 30 June 2021.
- 2.2.3 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.
- 2.2.4 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.
- 2.2.5 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)

|         |  |
|---------|--|
| 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.

|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
|   | Note | ————(Rupees in '000)————       |                                  |
| <b>4. PROPERTY, PLANT AND EQUIPMENT</b> |      |                                |                                  |
| Operating fixed assets                  | 4.1  | 2,346,256                      | 2,235,591                        |
| Capital work-in-progress                | 4.2  | 568,561                        | 248,283                          |
|   |      | <u>2,914,817</u>               | <u>2,483,874</u>                 |

4.1 Details of additions and disposals are as follows:

|                                    |      | Additions (at cost)      |                     | Disposals (NBV) |                     |
|------------------------------------|------|--------------------------|---------------------|-----------------|---------------------|
|                                    |      | 30 June<br>2022          | 31 December<br>2021 | 30 June<br>2022 | 31 December<br>2021 |
|                                    | Note | ————(Rupees in '000)———— |                     |                 |                     |
| Buildings - factory / office sites |      | 1,149                    | 275,376             | 552             | 1,027               |
| Plant and machinery                |      | 6,339                    | 62,438              | 171             | 6,097               |
| Furniture and fixtures             |      | 395                      | 25,494              | 61              | -                   |
| Motor vehicles                     |      | 149,125                  | 54,357              | 6,780           | 6,636               |
| Office equipment                   |      | 8,003                    | 11,826              | 96              | 360                 |
| Gas and electrical fittings        |      | -                        | 37,840              | -               | -                   |
| Refrigerator and air conditioner   |      | 518                      | 30,576              | 251             | 355                 |
| Laboratory equipment               |      | 25,729                   | 32,187              | -               | -                   |
| Computers and related accessories  |      | 23,380                   | 24,930              | 207             | 183                 |
|                                    | 4.2  | <u>214,638</u>           | <u>555,024</u>      | <u>8,118</u>    | <u>14,658</u>       |

|  |       | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|--|-------|--------------------------------|----------------------------------|
|  | Note  | ————(Rupees in '000)————       |                                  |
| <b>4.2 The following is the movement in capital work-in-progress during the period / year:</b> |       |                                |                                  |
| Opening balance  |       | 248,283                        | 344,143                          |
| Additions during the period / year   | 4.2.1 | 535,425                        | 474,319                          |
| Transferred during the period / year to:   |       |                                |                                  |
| - operating fixed assets   | 4.1   | (214,638)                      | (555,024)                        |
| - intangible assets  |       | (509)                          | (15,155)                         |
| Closing balance  | 4.2.1 | <u>568,561</u>                 | <u>248,283</u>                   |

4.2.1 Capital work-in-progress comprise of:

|                                   |      | Additions (at cost)      |                     | Closing Balance |                     |
|-----------------------------------|------|--------------------------|---------------------|-----------------|---------------------|
|                                   |      | 30 June<br>2022          | 31 December<br>2021 | 30 June<br>2022 | 31 December<br>2021 |
|                                   | Note | (Unaudited)              | (Audited)           | (Unaudited)     | (Audited)           |
|                                   |      | ————(Rupees in '000)———— |                     |                 |                     |
| Buildings - factory / office      |      | 184,947                  | 147,396             | 265,406         | 81,608              |
| Plant and machinery               |      | 11,990                   | 47,285              | 67,715          | 62,064              |
| Furniture and fixtures            |      | 3,761                    | 10,086              | 3,383           | 17                  |
| Motor vehicles                    |      | 270,034                  | 91,328              | 160,397         | 39,488              |
| Office equipment                  |      | 9,227                    | 11,826              | 1,224           | -                   |
| Gas and electrical fittings       |      | -                        | 37,842              | -               | -                   |
| Refrigerator and air conditioner  |      | -                        | 17,843              | 8,310           | 8,828               |
| Laboratory equipment              |      | 25,665                   | 29,546              | -               | 64                  |
| Computers and related accessories |      | 23,950                   | 22,780              | 1,129           | 559                 |
| Solar panels                      |      | -                        | 50,156              | 55,655          | 55,655              |
| Softwares                         |      | 5,851                    | 8,231               | 5,342           | -                   |
|                                   | 4.2  | <u>535,425</u>           | <u>474,319</u>      | <u>568,561</u>  | <u>248,283</u>      |

|                             |             | 30 June<br>2022<br>(Unaudited)<br>————(Rupees in '000)———— | 31 December<br>2021<br>(Audited)<br>————(Rupees in '000)———— |
|-----------------------------|-------------|--|--|
| <b>5. INTANGIBLE ASSETS</b> | <b>Note</b> |  |  |
| Goodwill                    | 5.1         | 743,226  | 743,226  |
| Trademarks - indefinite     | 5.1         | 4,641,087  | 4,641,087  |
| Computer software           | 5.2         | 15,221   | 19,147   |
|                             |             | <b>5,399,534</b>   | <b>5,403,460</b>   |

**5.1** Goodwill of Rs. 743.23 million and intangible assets (trademarks) of Rs. 4,701.52 million arose due to business acquisition of AGP (Private) Limited in the year 2014 by the Holding Company [the then Appollo Pharma Limited, the parent company at that time], which were later amalgamated into the parent company (surviving entity i.e. the Holding Company) under the approved scheme of arrangement. Later, Apollo Pharma Limited changed its name to AGP Limited.

**5.2** During the period, an additions of Rs. 0.509 million (Dec 2021: Rs. 15.15 million) is made to computer softwares.

|                                     |             | 30 June<br>2022<br>(Unaudited)<br>————(Rupees in '000)———— | 31 December<br>2021<br>(Audited)<br>————(Rupees in '000)———— |
|-------------------------------------|-------------|--|--|
| <b>6. LONG-TERM INVESTMENT</b>      | <b>Note</b> |  |  |
| Investment in subsidiary - OBSAGP   |             | 715,000  | 715,000  |
| Financial guarantee - at fair value |             | 14,531   | 14,531   |
|                                     |             | <b>729,531</b>   | <b>729,531</b>   |

## 7. STOCK-IN-TRADE

### Raw and packing materials

|            |     |         |         |
|------------|-----|---------|---------|
| In hand    | 7.1 | 679,811 | 503,469 |
| In transit |     | 140,912 | 107,967 |

### Work-in-process

#### Finished goods

|                 |  |         |         |
|-----------------|--|---------|---------|
| - Manufacturing |  | 265,134 | 289,992 |
| - Trading       |  | 96,100  | 156,127 |

### Provision for obsolescence and slow moving stock

|     |                  |                  |
|-----|------------------|------------------|
| 7.4 | (29,601)         | (44,511)         |
| 7.2 | <b>1,285,841</b> | <b>1,095,909</b> |

**7.1** Included herein items having value of Rs. 19.20 million (31 December 2021: Rs. 19.83 million), representing stock held by third parties.

**7.2** Stock in trade includes items having cost of Rs. 6.69 million (31 December 2021: Rs. 10.86 million) written down to net realisable value of Rs. 5.46 million (31 December 2021: Rs. 8.63 million) resulting in a writedown of Rs. 1.23 million (31 December 2021: Rs. 2.23 million).

**7.3** During the period, the manufacturing and trading finished goods sold amounted to Rs. 1,862.92 million and Rs. 476.07 million (31 December 2021: Rs 1791.82 million and Rs 516.77 million), respectively that are charged to cost of sales.

|  |  | 30 June<br>2022<br>(Unaudited)<br>————(Rupees in '000)———— | 31 December<br>2021<br>(Audited)<br>————(Rupees in '000)———— |
|--|--|--|--|
| <b>7.4</b> Provision for obsolescence and slow moving stock is as follows: |  |  |  |
| Opening balance  |  | 44,511   | 97,686   |
| Provision made during the period / year - net                              |  | 28,270   | 49,526   |
| Written off during the period / year                                       |  | (43,180)   | (102,701)  |
|  |  | <b>29,601</b>  | <b>44,511</b>  |

|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
|   | Note | (Rupees in '000)               |                                  |
| <b>8. TRADE DEBTS - unsecured</b>   |      |                                |                                  |
| <b>Related parties</b>  |      |                                |                                  |
| - Aspin Pharma (Private) Limited  |      | 2,517                          | -                                |
| - OBS AGP (Private) Limited   |      | 127,264                        | -                                |
| - Muller & Phipps Pakistan (Private) Limited  |      | 701,862                        | 769,735                          |
|   |      | 831,643                        | 769,735                          |
| <b>Others than related parties</b>  |      |                                |                                  |
|   |      | 434,397                        | 19,970                           |
|   |      | 1,266,040                      | 789,705                          |
| Less: Allowances for expected credit losses   | 8.1  | (4,151)                        | (1,318)                          |
|   |      | 1,261,889                      | 788,387                          |
| <b>8.1 The movement in allowance for expected credit losses:</b>  |      |                                |                                  |
| Opening balance   |      | 1,318                          | 904                              |
| Allowance for expected credit losses for the period / year  |      | 2,833                          | 414                              |
| Closing balance   |      | 4,151                          | 1,318                            |
| <b>9. LOANS AND ADVANCES - Considered good</b>  |      |                                |                                  |
| <b>Advances - unsecured</b>   |      |                                |                                  |
| - suppliers   |      | 85,023                         | 52,320                           |
| - employees   |      | 6,848                          | 9,534                            |
| - custom authorities / clearing agents  |      | 5,869                          | 1,661                            |
|   |      | 97,740                         | 63,515                           |
| <b>10. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>  |      |                                |                                  |
| <b>Trade deposits - considered good, unsecured</b>  |      |                                |                                  |
| Security deposits   |      | 10,552                         | 9,764                            |
| Margin on letters of credit   |      | 66,479                         | 25,207                           |
|   |      | 77,031                         | 34,971                           |
| <b>Prepayments - insurance</b>  |      |                                |                                  |
|   |      | 12,473                         | 938                              |
| <b>Other receivables</b>  |      |                                |                                  |
| Current portion of receivables from employees - secured   |      | 4,392                          | 4,347                            |
| Receivable from a subsidiary company - unsecured  | 10.1 | 8,721                          | 17,989                           |
| Sales tax refundable  |      | 233,547                        | -                                |
| Others  |      | 4,075                          | 3,125                            |
|   |      | 250,735                        | 25,461                           |
|   |      | 340,239                        | 61,370                           |
| <b>10.1 Represent shared services charged by the Company to OBS AGP (Private) Limited (a subsidiary company).</b>                                 |      |                                |                                  |
|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|   | Note | (Rupees in '000)               |                                  |
| <b>11. CASH AND BANK BALANCES</b>   |      |                                |                                  |
| <b>Cash at banks</b>  |      |                                |                                  |
| Current accounts  |      |                                |                                  |
| - local currency  |      | 22,842                         | 85,633                           |
| - foreign currency  |      | 408                            | 402                              |
| Deposit accounts  |      | 27,406                         | 242,139                          |
|   |      | 50,656                         | 328,174                          |
| <b>Cash in hand</b>   |      |                                |                                  |
|   |      | 1,614                          | 684                              |
|   |      | 52,270                         | 328,858                          |
| <b>12. SHORT TERM BORROWINGS - Secured</b>  |      |                                |                                  |
| Running finance from commercial banks   |      | 574,600                        | 3,989                            |
| Running musharaka form Islamic banks  |      | 420,835                        | -                                |
|   | 12.1 | 995,435                        | 3,989                            |
| <b>12.1 The terms and conditions are same as disclosed in the annual financial statements of the Company for the year ended 31 December 2021.</b> |      |                                |                                  |

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 CONTINGENCIES

13.1.1 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 except as disclosed below:

|                      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|----------------------|--------------------------------|----------------------------------|
|                      | ————(Rupees in '000)————       |                                  |
| <b>Guarantees</b>    |                                |                                  |
| - limit              | 310,000                        | 310,000                          |
| - unutilised portion | 269,572                        | 269,554                          |
| - utilised portion   | 40,428                         | 40,446                           |

#### 13.2 COMMITMENTS

13.2.1 As at 30 June 2022, capital expenditure contracted for but not incurred amounted to Rs. 331 million (31 December 2021: Rs. 180.88 million).

| 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|--------------------------------|----------------------------------|
| ————(Rupees in '000)————       |                                  |

13.2.2 Financial guarantee issued on behalf of subsidiary company

|           |           |
|-----------|-----------|
| 2,600,000 | 2,600,000 |
|-----------|-----------|

#### 13.2.3 Letters of credit

Letters of credit

- limit
- unutilised portion
- utilised portion

|           |           |
|-----------|-----------|
| 2,620,000 | 2,620,000 |
| 2,405,228 | 2,186,879 |
| 214,772   | 433,121   |

|      | Half year ended          |                 | Quarter ended   |                 |
|------|--------------------------|-----------------|-----------------|-----------------|
|      | 30 June<br>2022          | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| Note | ————(Rupees in '000)———— |                 |                 |                 |

### 14. 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

Export

Less: Trade discounts

Sales returns

Sales tax

14.2

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 3,895,330 | 3,143,014 | 2,065,766 | 1,661,214 |
| 683,930   | 366,311   | 158,387   | 318,012   |
| 4,579,260 | 3,509,325 | 2,224,153 | 1,979,226 |
| 605,550   | 328,247   | 291,222   | 127,240   |
| (250,305) | (167,644) | (87,981)  | (89,118)  |
| (20,426)  | (13,671)  | (19,521)  | (7,899)   |
| (14,681)  | (8,958)   | (7,203)   | (4,150)   |
| (285,412) | (190,273) | (114,705) | (101,167) |
| 4,899,398 | 3,647,299 | 2,400,670 | 2,005,299 |

14.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 22.2 to these condensed interim financial statements.

14.2 Included herein sales made to related parties amounting to Rs. 3,849 million (30 June 2021: Rs 2,915 million).

| Half year ended  |                 | Quarter ended   |                 |
|------------------|-----------------|-----------------|-----------------|
| 30 June<br>2022  | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| (Rupees in '000) |                 |                 |                 |

## 15. COST OF SALES

### Cost of sales – manufacturing

#### Raw and packing materials consumed

|                                   |           |           |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Opening stock                     | 611,436   | 600,774   | 811,652   | 748,672   |
| Purchases                         | 1,498,805 | 1,047,266 | 661,788   | 433,429   |
| Available for consumption         | 2,110,241 | 1,648,040 | 1,473,440 | 1,182,101 |
| Closing stock                     | (820,723) | (759,663) | (820,723) | (759,663) |
| Raw and packing material consumed | 1,289,518 | 888,377   | 652,717   | 422,438   |

#### Manufacturing cost

|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
| Salaries, wages and other benefits                         | 361,499   | 274,331   | 183,448 | 138,270 |
| Stores and spares consumed                                 | 13,915    | 8,088     | 10,888  | 2,682   |
| Provision against slow moving and obsolete materials - net | 28,270    | 47,376    | 28,270  | 47,376  |
| Processing charges   | 6,549     | 6,478     | 3,979   | 2,760   |
| Freight  | 2,440     | 827       | 1,502   | (247)   |
| Fuel, gas and electricity                                  | 72,663    | 61,403    | 43,589  | 33,942  |
| Repairs and maintenance                                    | 34,747    | 32,173    | 17,778  | 17,358  |
| Travelling and conveyance                                  | 6,763     | 7,438     | 4,196   | 3,049   |
| Insurance  | 7,231     | 6,022     | 3,623   | 3,707   |
| Laboratory expenses  | 22,720    | 9,776     | 13,082  | 5,151   |
| Rates and taxes  | 1,181     | 605       | 739     | 235     |
| Depreciation   | 55,475    | 49,974    | 27,971  | 25,321  |
| Amortisation   | 2,499     | 1,033     | 1,256   | 604     |
| Postage, telegraph and telephones                          | 1,438     | 1,487     | 842     | 866     |
| Printing and stationery                                    | 3,575     | 2,740     | 1,541   | 1,436   |
|  | 620,965   | 509,751   | 342,704 | 282,510 |
|  | 1,910,483 | 1,398,128 | 995,421 | 704,948 |

#### Work-in-process

|               |           |          |           |          |
|---------------|-----------|----------|-----------|----------|
| Opening stock | 82,865    | 86,860   | 89,757    | 99,455   |
| Closing stock | (133,485) | (73,801) | (133,485) | (73,801) |
|               | (50,620)  | 13,059   | (43,728)  | 25,654   |

#### Cost of goods manufactured

|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
|  | 1,859,863 | 1,411,187 | 951,693 | 730,602 |
|--|-----------|-----------|---------|---------|

#### Finished goods

|               |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 289,992   | 217,995   | 274,953   | 254,560   |
| Closing stock | (265,134) | (259,391) | (265,134) | (259,391) |
|               | 24,858    | (41,396)  | 9,819     | (4,831)   |
|               | 1,884,721 | 1,369,791 | 961,512   | 725,771   |

#### Cost of samples for marketing and sales promotion

|  |          |          |          |          |
|--|----------|----------|----------|----------|
|  | (42,093) | (31,602) | (20,551) | (13,055) |
|--|----------|----------|----------|----------|

#### Cost of sales – trading

|               |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 156,127   | 376,498   | 136,676   | 472,911   |
| Purchases     | 416,046   | 215,795   | 92,219    | 28,025    |
| Closing stock | (96,100)  | (244,068) | (96,100)  | (244,068) |
|               | 476,073   | 348,225   | 132,795   | 256,868   |
|               | 2,318,701 | 1,686,414 | 1,073,756 | 969,584   |

| Half year ended  |                 | Quarter ended   |                 |
|------------------|-----------------|-----------------|-----------------|
| 30 June<br>2022  | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| (Rupees in '000) |                 |                 |                 |

#### 16. ADMINISTRATIVE EXPENSES

|   |                |                |                |               |
|---|----------------|----------------|----------------|---------------|
| Salaries and other benefits                   | 112,093        | 73,059         | 65,970         | 37,253        |
| Travelling and conveyance                     | 415            | 64             | 238            | 28            |
| Printing and stationery                       | 4,105          | 2,683          | 3,788          | 2,588         |
| Directors' remuneration                       | 4,250          | 6,825          | 2,250          | 2,850         |
| Meeting and conferences                       | 1,087          | 534            | 1,043          | 484           |
| Postage, telegrams and telephones             | 587            | 401            | 546            | 201           |
| Legal and professional                        | 11,897         | 40,101         | 5,200          | 18,604        |
| Research cost                                 | 3,356          | 387            | 2,448          | 116           |
| Repairs and maintenance                       | 9,561          | 11,729         | 4,503          | 6,918         |
| Software license renewals and maintenance fee | 7,892          | 5,102          | 5,457          | 2,906         |
| Subscription and fee                          | 366            | 674            | 230            | 105           |
| Advertisement                                 | 325            | 658            | 24             | 308           |
| Auditors' remunerations                       | 874            | 780            | 874            | 780           |
| Donations                                     | 15,170         | 8,430          | 995            | 6,717         |
| Insurance                                     | 862            | 527            | 428            | 418           |
| Depreciation                                  | 17,690         | 8,128          | 9,157          | 5,537         |
| Amortisation                                  | 1,930          | 3,398          | 985            | 1,708         |
| Corporate social responsibility               | 3,424          | 4,838          | 3,100          | 4,464         |
| Vehicle running expenses                      | 438            | 316            | 235            | 200           |
|   | <b>196,322</b> | <b>168,634</b> | <b>107,471</b> | <b>92,185</b> |

#### 17. MARKETING AND SELLING EXPENSES

|                                      |                  |                |                |                |
|--------------------------------------|------------------|----------------|----------------|----------------|
| Salaries and other benefits          | 598,541          | 382,581        | 303,102        | 223,504        |
| Travelling and conveyance            | 195,180          | 102,322        | 107,621        | 50,807         |
| Repairs and maintenance              | 3,300            | 1,884          | 2,169          | 821            |
| Insurance                            | 2,482            | 2,496          | 1,241          | 1,100          |
| Depreciation                         | 22,594           | 18,332         | 12,515         | 9,185          |
| Printing and stationery              | 4,599            | 1,672          | 2,157          | 1,096          |
| Samples                              | 42,093           | 31,602         | 20,551         | 13,055         |
| Sales promotion expenses             | 172,111          | 140,797        | 102,925        | 65,049         |
| Meeting and conferences              | 73,443           | 19,879         | 37,426         | 10,143         |
| Communication                        | 9,524            | 8,876          | 6,133          | 4,135          |
| Subscription                         | 8,736            | 16,096         | 4,963          | 8,832          |
| Freight, handling and transportation | 29,900           | 43,246         | 16,806         | 33,677         |
|                                      | <b>1,162,503</b> | <b>769,783</b> | <b>617,609</b> | <b>421,404</b> |

#### 18. OTHER EXPENSES

|                                     |                |               |               |               |
|-------------------------------------|----------------|---------------|---------------|---------------|
| Workers' Profit Participation Fund  | 59,586         | 49,075        | 29,505        | 25,125        |
| Workers' Welfare Fund               | 14,384         | 11,060        | 6,195         | 6,314         |
| Central Research Fund               | 12,037         | 9,915         | 5,960         | 5,077         |
| Exchange loss - net                 | 50,726         | -             | 34,182        | 3,100         |
| Allowances for expected credit loss | 2,833          | 960           | 288           | -             |
|                                     | <b>139,566</b> | <b>71,010</b> | <b>76,130</b> | <b>39,616</b> |

|  | Half year ended    |                    | Quarter ended      |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 30 June<br>2 0 2 2 | 30 June<br>2 0 2 1 | 30 June<br>2 0 2 2 | 30 June<br>2 0 2 1 |
| Note   | (Rupees in '000)   |                    |                    |                    |
| <b>19. OTHER INCOME</b>                      |                    |                    |                    |                    |
| <b>Income from financial assets</b>          |                    |                    |                    |                    |
| Markup on deposit accounts                   | 15,499             | 12,635             | 5,192              | 8,155              |
| <b>Income from non-financial assets</b>      |                    |                    |                    |                    |
| Gain on sale of operating fixed assets (net) | 4,262              | 5,122              | 2,847              | 4,730              |
| Exchange gain – net                          | -                  | 7,848              | -                  | -                  |
| Dividend income                              | 65,000             | -                  | 65,000             | -                  |
| Government grant                             | 6,063              | 12,282             | 2,253              | 3,727              |
| Scrap sales                                  | 6,083              | 2,840              | 3,085              | 1,302              |
| Others                                       | 1,453              | 378                | 726                | 378                |
|  | 82,861             | 28,470             | 73,911             | 10,137             |
|  | 98,360             | 41,105             | 79,103             | 18,292             |
| <b>19.1 TAXATION</b>                         |                    |                    |                    |                    |
| Current                                      | 250,845            | 152,105            | 135,973            | 89,866             |
| Prior  | 130,894            | -                  | 130,894            | -                  |
| Deferred                                     | 15,265             | 15,489             | 19,323             | (399)              |
| 19.1.1                                       | 397,004            | 167,594            | 286,190            | 89,467             |

**19.1.1** Through the Finance Act 2022, a Super Tax of 10% and 4% has also been imposed on the pharmaceutical sector retrospectively for Financial Year (FY) 2021 and FY 2022 onwards, respectively. Accordingly, the Company has made provision of Super Tax amounting to Rs. 160.71 million in these condensed interim financial statements.

|  | 30 June<br>2 0 2 2 | 30 June<br>2 0 2 1 |
|--|--------------------|--------------------|
|  | (Rupees in '000)   |                    |
| <b>20. CASH GENERATED FROM OPERATIONS</b>              |                    |                    |
| Profit before taxation                                 | 1,138,034          | 939,832            |
| <b>Adjustments for:</b>                                |                    |                    |
| Depreciation   | 95,759             | 76,434             |
| Amortisation   | 4,429              | 4,431              |
| Allowances for expected credit losses                  | 2,833              | 960                |
| (Gain) on disposal of operating fixed assets - net     | (4,262)            | (5,122)            |
| Amortisation of financial guarantee                    | (1,453)            | -                  |
| Amortisation of government grant                       | (6,063)            | (12,635)           |
| Mark-up on deposits accounts                           | (15,499)           | -                  |
| Finance costs  | 42,632             | 52,731             |
| Workers' Profit Participation Fund                     | 59,586             | 49,075             |
| Workers' Welfare Fund                                  | 14,384             | 11,060             |
| Central Research Fund                                  | 12,037             | 9,915              |
|  | 204,383            | 186,849            |
| <b>Operating profit before working capital changes</b> | 1,342,417          | 1,126,681          |
| <b>Working capital changes</b>                         |                    |                    |
| <b>Decrease / (increase) in current assets</b>         |                    |                    |
| Stores, spares and loose tools                         | 7                  | (1,003)            |
| Stock-in-trade   | (189,932)          | (100,349)          |
| Trade debts  | (476,335)          | 172,206            |
| Loans and advances                                     | (34,225)           | (38,921)           |
| Trade deposits, prepayments and other receivables      | (278,869)          | (26,468)           |
|  | (979,354)          | 5,465              |
| <b>(Decrease) / increase in current liabilities</b>    |                    |                    |
| Trade and other payables                               | (5,067)            | (34,809)           |
|  | 357,996            | 1,097,337          |

## 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<br>Incorporation                                    | Basis of<br>relationship | % of shares<br>held by<br>related<br>parties | Nature of transactions  | Half year ended |           | Quarter ended |           |
|---|--------------------------|--|---|-----------------|-----------|---------------|-----------|
|   |                          |  |   | June 30         | June 30   | June 30       | June 30   |
|   |                          |  |   | 2022            | 2021      | 2022          | 2021      |
|   |                          |  |   | (Un-audited)    |           | (Un-audited)  |           |
| ----- (Rupees in '000) -----  |                          |  |   |                 |           |               |           |
| <b>Parent Company</b>   |                          |  |   |                 |           |               |           |
| Aitkenstuart Pakistan<br>(Private) Limited - Pakistan                   | Parent<br>Company        | 55.80%                                       | Dividend paid   | 390,626         | 148,350   | 390,626       | 148,350   |
| <b>Subsidiary Company</b>   |                          |  |   |                 |           |               |           |
| OBS AGP (Private) Limited -<br>Pakistan                                 | Subsidiary<br>Company    |  | Sale of goods   | 145,245         | -         | 120,066       | -         |
|   |                          |  | Expenditure incurred / paid by<br>the Company on behalf of<br>subsidiary      | 14,908          | -         | 8,969         | -         |
|   |                          |  | Dividend received   | 65,000          | -         | 65,000        | -         |
| <b>Associated Companies</b>   |                          |  |   |                 |           |               |           |
| Aspin Pharma (Private)<br>Limited - Pakistan                            | Common<br>directorship   | 4.79%  | Sale of goods   | 22,807          | 21,296    | 18,082        | 11,323    |
|   |                          |  | Expenditure incurred / paid by<br>the Company on behalf of<br>associate       | 474             | 345       | 316           | 184       |
|   |                          |  | Expenditure incurred / paid by<br>the associate on behalf of the<br>Company   | 8,696           | 4,114     | 4,963         | 1,316     |
|   |                          |  | Dividend paid   | 33,500          | 13,400    | 33,500        | 13,400    |
| Muller and Phipps Pakistan<br>(Private) Limited - Pakistan              | Common<br>directorship   | 13.54%                                       | Sale of goods   | 3,681,063       | 2,893,797 | 1,957,886     | 1,523,680 |
|   |                          |  | Settlement of amount<br>incurred by the associate on<br>behalf of the Company | 63,620          | 64,873    | 34,647        | 40,254    |
|   |                          |  | Dividend paid   | 94,800          | 37,920    | 94,800        | 37,920    |
| <b>Staff retirement benefits - AGP Limited staff<br/>provident fund</b> |                          |  |   |                 |           |               |           |
|   |                          |  | Contribution paid   | 17,072          | 15,504    | 10,311        | 9,678     |
| <b>Key management personnel</b>   |                          |  |   |                 |           |               |           |
|   |                          |  | Remuneration and other<br>benefits  | 142,102         | 100,636   | 87,827        | 30,900    |
|   |                          |  | Dividend paid   | 14              | 6         | 14            | 6         |
| <b>Directors</b>  |                          |  |   |                 |           |               |           |
|   |                          |  | Board and other<br>meeting fees   | 4,250           | 6,825     | 2,250         | 2,850     |
|   |                          |  | Dividend paid   | 1,578           | 631       | 1,578         | 631       |
| <b>Others (due to common directorship)</b>                              |                          |  |   |                 |           |               |           |
| Sharmeen Khan Memorial Foundation                                       |                          |  | Donation given  | 2,300           | -         | -             | -         |
| Muller and Phipps Express Logistics (Private)<br>Limited - Pakistan     |                          |  | Services incurred   | 38              | 19        | 27            | 7         |

21.1 The related parties status of outstanding receivables / payables as at 30 June 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 geographical component of gross turnover of the Company.
- 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:

|  | 30 June<br>2022            | 30 June<br>2021 |
|--|----------------------------|-----------------|
|  | ———— (Rupees in '000) ———— |                 |
| Muller & Phipps Pakistan (Private) Limited | 3,681,063                  | 2,893,797       |
| Al - Haj Malem Khan Mangal                 | 495,143                    | 67,110          |

- 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 30 August 2022 by the Board of Directors of the Company.

## 24. SUBSEQUENT EVENTS

- 24.1** The Board of Directors in its meeting held on 30 August 2022 has proposed a interim cash dividend for the year 2022 of Rs. Nil per share (2021: Nil), aggregating to Rs. Nil million (2021: Nil).
- 24.2** The Board of Directors in its meeting held on 27 July 2022, has authorized the Company to participate with its parent company through a Special Purpose Vehicle (SPV) for the purpose of acquisition of a selected portfolio of products from the Vitris Inc. ("Viatrix") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc ("Brands"). The shareholders of the company has duly approved the transaction in their meeting dated 28 July 2022.

## 25. GENERAL

- 25.1** Corresponding figures have also been reclassified, whereby necessary, for better presentation. However, there has been no material reclassification to report.
- 25.2** Figures have been rounded off to nearest thousand rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director

**CONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
JUNE 30, 2022**

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
|   | Note | ————(Rupees in ‘000)————       |                                  |
| <b>ASSETS</b>                                     |      |                                |                                  |
| <b>NON-CURRENT ASSETS</b>                         |      |                                |                                  |
| Property, plant and equipment                     | 4    | 2,991,338                      | 2,497,553                        |
| Intangible assets                                 | 5    | 8,897,347                      | 8,906,624                        |
| Long-term deposits and receivables                |      | 18,884                         | 15,622                           |
|   |      | 11,907,569                     | 11,419,799                       |
| <b>CURRENT ASSETS</b>                             |      |                                |                                  |
| Stores, spares and loose tools                    |      | 8,483                          | 8,490                            |
| Stock-in-trade                                    | 6    | 1,880,599                      | 1,592,912                        |
| Trade debts                                       | 7    | 1,563,158                      | 1,045,062                        |
| Loans and advances                                | 8    | 125,619                        | 65,741                           |
| Trade deposits, prepayments and other receivables | 9    | 339,526                        | 44,821                           |
| Short-term investments                            |      | 122,500                        | 235,000                          |
| Cash and bank balances                            | 10   | 58,270                         | 456,798                          |
|   |      | 4,098,155                      | 3,448,824                        |
| <b>TOTAL ASSETS</b>                               |      | 16,005,724                     | 14,868,623                       |
| <b>EQUITY AND LIABILITIES</b>                     |      |                                |                                  |
| <b>SHARE CAPITAL AND RESERVES</b>                 |      |                                |                                  |
| Issued, subscribed and paid-up capital            |      |                                |                                  |
| Share capital                                     |      | 2,800,000                      | 2,800,000                        |
| Revenue reserve - unappropriated profits          |      | 6,967,572                      | 6,877,508                        |
|   |      | 9,767,572                      | 9,677,508                        |
| Non-controlling interest                          |      | 511,759                        | 483,790                          |
|   |      | 10,279,331                     | 10,161,298                       |
| <b>NON-CURRENT LIABILITIES</b>                    |      |                                |                                  |
| Long-term financings                              |      | 2,123,773                      | 2,458,796                        |
| Deferred grant                                    |      | 2,307                          | 3,788                            |
| Gas infrastructure development cess               |      | 7,576                          | 8,278                            |
| Deferred tax liabilities - net                    |      | 142,780                        | 102,970                          |
|   |      | 2,276,436                      | 2,573,832                        |
| <b>CURRENT LIABILITIES</b>                        |      |                                |                                  |
| Trade and other payables                          |      | 1,413,118                      | 1,401,858                        |
| Unclaimed dividends                               |      | 5,533                          | 1,686                            |
| Taxation – net                                    |      | 236,611                        | 30,088                           |
| Accrued interest                                  |      | 93,199                         | 55,429                           |
| Short-term borrowings                             | 11   | 1,058,316                      | 3,989                            |
| Current maturity of non-current liabilities       |      | 643,180                        | 640,443                          |
|   |      | 3,449,957                      | 2,133,493                        |
| <b>CONTINGENCIES AND COMMITMENTS</b>              | 12   |                                |                                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | 16,005,724                     | 14,868,623                       |

The annexed notes 1 to 26 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|   |    | Half Year ended  |             | Quarter ended |           |
|---|----|------------------|-------------|---------------|-----------|
|   |    | 30 June          | 30 June     | 30 June       | 30 June   |
|   |    | 2022             | 2021        | 2022          | 2021      |
| Note  |    | (Rupees in '000) |             |               |           |
| Revenue from contracts with customers - net | 13 | 7,124,324        | 3,647,299   | 3,463,172     | 2,005,299 |
| Cost of sales                               | 14 | (3,506,374)      | (1,686,414) | (1,679,159)   | (969,584) |
| Gross profit                                |    | 3,617,950        | 1,960,885   | 1,784,013     | 1,035,715 |
| Administrative expenses                     | 15 | (278,917)        | (168,634)   | (151,179)     | (92,185)  |
| Marketing and selling expenses              | 16 | (1,643,524)      | (769,783)   | (861,983)     | (421,404) |
| Other expenses                              | 17 | (139,567)        | (71,010)    | (76,643)      | (39,616)  |
| Other income                                | 18 | 40,118           | 41,105      | 19,033        | 18,292    |
| Finance costs                               |    | (209,812)        | (52,731)    | (119,375)     | (22,690)  |
|   |    | (2,231,702)      | (1,021,053) | (1,190,147)   | (557,603) |
| Profit before taxation                      |    | 1,386,248        | 939,832     | 593,866       | 478,112   |
| Taxation                                    | 19 | (533,215)        | (167,594)   | (354,231)     | (89,467)  |
| Profit for the period                       |    | 853,033          | 772,238     | 239,635       | 388,645   |
| Profit attributable to:                     |    |                  |             |               |           |
| Equity holders of the parent company        |    | 790,064          | 772,238     | 234,540       | 388,645   |
| Non-controlling interest                    |    | 62,969           | -           | 5,095         | -         |
|   |    | 853,033          | 772,238     | 239,635       | 388,645   |
| Earnings per share - basic and diluted      |    | Rs. 2.82         | Rs. 2.76    | Rs. 0.84      | Rs.1.39   |

The annexed notes 1 to 26 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|  | Half year ended |                 | Quarter ended   |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 30 June<br>2022 | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| <b>Profit for the period</b>                     | <b>853,033</b>  | 772,238         | 239,635         | 388,645         |
| Other comprehensive income, net of tax           | -               | -               | -               | -               |
| <b>Total comprehensive income for the period</b> | <b>853,033</b>  | <b>772,238</b>  | <b>239,635</b>  | <b>388,645</b>  |

The annexed notes 1 to 26 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|  | Attributable to owners of the parent company |                        |                | Non-controlling interest | Total equity |
|--|--|------------------------|----------------|--------------------------|--------------|
|  | Revenue reserve                              |                        |                |                          |              |
|  | Share capital                                | Unappropriated profits | Total reserves |                          |              |
|  |  |                        |                |                          |              |
| Balance as at 31 December 2020 - Audited                               | 2,800,000                                    | 5,410,326              | 8,210,326      | -                        | 8,210,326    |
| Profit for the period  | -  | 772,238                | 772,238        | -                        | 772,238      |
| Other comprehensive income for the year, net of tax                    | -  | -                      | -              | -                        | -            |
| Total comprehensive income for the period                              | -  | 772,238                | 772,238        | -                        | 772,238      |
| Final dividend for the year ended 31 December 2020 @ Re. 1 per share   | -  | (280,000)              | (280,000)      | -                        | (280,000)    |
| Balance as at 30 June 2021 - Audited                                   | 2,800,000                                    | 5,902,564              | 8,702,564      | -                        | 8,702,564    |
| Balance as at 31 December 2021 - Audited                               | 2,800,000                                    | 6,877,508              | 9,677,508      | 483,790                  | 10,161,298   |
| Profit for the period  | -  | 790,064                | 790,064        | 62,969                   | 853,033      |
| Other comprehensive income for the year, net of tax                    | -  | -                      | -              | -                        | -            |
| Total comprehensive income for the period                              | -  | 790,064                | 790,064        | 62,969                   | 853,033      |
| Final dividend for the year ended 31 December 2021 @ Rs. 2.5 per share | -  | (700,000)              | (700,000)      |                          | (700,000)    |
| Final dividend for the year ended 31 December 2021 @ Rs. 10 per share  |  |                        |                | (35,000)                 | (35,000)     |
| Balance as at 30 June 2022   | 2,800,000                                    | 6,967,572              | 9,767,572      | 511,759                  | 10,279,331   |

The annexed notes 1 to 26 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 HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

|   |      | 30 June<br>2022            | 30 June<br>2021  |
|---|------|----------------------------|------------------|
|   | Note | ———— (Rupees in '000) ———— |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |      |                            |                  |
| Cash flows generated from operations                      | 20   | 553,832                    | 1,097,337        |
| <b>Payments for:</b>                                      |      |                            |                  |
| Finance costs   |      | (172,042)                  | (54,012)         |
| Income tax  |      | (286,644)                  | (45,451)         |
| Central Research Fund                                     |      | (20,618)                   | (20,788)         |
| <b>Net cash flows generated from operating activities</b> |      | <b>74,528</b>              | <b>977,086</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |      |                            |                  |
| Capital expenditure                                       |      | (604,628)                  | (312,856)        |
| Proceeds from disposal of operating fixed assets          |      | 3,863                      | 8,960            |
| Deposits and receivables - paid / given                   |      | (3,262)                    | (372)            |
| Interest income received                                  |      | 23,703                     | 12,635           |
| <b>Net cash flows used in investing activities</b>        |      | <b>(580,324)</b>           | <b>(291,633)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |      |                            |                  |
| Dividend paid   |      | (731,153)                  | (279,857)        |
| Long-term financings - repaid                             |      | (328,406)                  | (227,132)        |
| Short-term borrowings - obtained                          |      | 1,054,327                  | -                |
| <b>Net cash flows used in financing activities</b>        |      | <b>(5,232)</b>             | <b>(506,989)</b> |
| <b>Net (decrease) in cash and cash equivalents</b>        |      | <b>(511,028)</b>           | <b>178,464</b>   |
| Cash and cash equivalents at the beginning of the period  |      | 691,798                    | 369,780          |
| <b>Cash and cash equivalents at the end of the period</b> | 21   | <b>180,770</b>             | <b>548,244</b>   |

The annexed notes 1 to 26 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 HALF YEAR ENDED 30 JUNE 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 55.80% (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 AND BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (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 consolidated condensed interim financial statements are unaudited. These consolidated 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 consolidated audited financial statements of the Group for the year ended 31 December 2021.

**2.2.2** The preparation of these consolidated 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 consolidated 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 consolidated financial statements of the Group as at and for the year ended 31 December 2021. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2021.

**2.2.4** These consolidated condensed interim financial statements are presented in Pakistan Rupees which is also the Group'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 consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated 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 Group's consolidated condensed interim financial statements.

|      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|------|--------------------------------|----------------------------------|
| Note | ————(Rupees in '000)————       |                                  |

### 4. PROPERTY, PLANT AND EQUIPMENT

|                          |     |                  |                  |
|--------------------------|-----|------------------|------------------|
| Operating fixed assets   | 4.1 | 2,389,851        | 2,249,270        |
| Capital work-in-progress | 4.2 | 601,487          | 248,283          |
|                          |     | <u>2,991,338</u> | <u>2,497,553</u> |

#### 4.1 Details of additions and disposals are as follows:

| Note                               | Additions (at cost)      |                | Disposals (NBV) |                |
|------------------------------------|--------------------------|----------------|-----------------|----------------|
|                                    | 30 June<br>2022          | 31 Dec<br>2021 | 30 June<br>2022 | 31 Dec<br>2021 |
|                                    | ————(Rupees in '000)———— |                |                 |                |
| Buildings - factory / office sites | 1,149                    | 275,376        | 552             | 1,027          |
| Plant and machinery                | 6,339                    | 62,438         | 171             | 6,097          |
| Furniture and fixtures             | 395                      | 25,990         | 61              | -              |
| Motor vehicles                     | 152,092                  | 54,357         | 6,780           | 6,636          |
| Office equipment                   | 8,003                    | 11,826         | 96              | 360            |
| Gas and electrical fittings        | -                        | 37,840         | -               | -              |
| Refrigerator and air conditioner   | 518                      | 30,576         | 251             | 355            |
| Laboratory equipment               | 25,729                   | 32,187         | -               | -              |
| Computers and related accessories  | 56,690                   | 39,384         | 345             | 183            |
| 4.2                                | <u>250,915</u>           | <u>569,974</u> | <u>8,256</u>    | <u>14,658</u>  |

|      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|------|--------------------------------|----------------------------------|
| Note | ————(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 | 604,628        | 495,970        |
| Transferred during the period / year to: |       |                |                |
| - operating fixed assets                 | 4.1   | (250,915)      | (569,974)      |
| - intangible assets                      |       | (509)          | (21,856)       |
| Closing balance                          | 4.2.1 | <u>601,487</u> | <u>248,283</u> |

#### 4.2.1 Capital work-in-progress comprise of:

| Note                              | Additions (at cost) |             | Closing Balance |             |
|-----------------------------------|---------------------|-------------|-----------------|-------------|
|                                   | 30 June             | 31 December | 30 June         | 31 December |
|                                   | 2022                | 2021        | 2022            | 2021        |
|                                   | (Unaudited)         | (Audited)   | (Unaudited)     | (Audited)   |
|                                   | (Rupees in '000)    |             |                 |             |
| Buildings - factory / office      | 184,947             | 147,396     | 265,406         | 81,608      |
| Plant and machinery               | 11,990              | 47,285      | 67,715          | 62,064      |
| Furniture and fixtures            | 3,761               | 10,582      | 3,383           | 17          |
| Motor vehicles                    | 305,927             | 91,328      | 193,323         | 39,488      |
| Office equipment                  | 9,227               | 11,826      | 1,224           | -           |
| Gas and electrical fittings       | -                   | 37,842      | -               | -           |
| Refrigerator and air conditioner  | -                   | 17,843      | 8,310           | 8,828       |
| Laboratory equipment              | 25,665              | 29,546      | -               | 64          |
| Computers and related accessories | 57,260              | 37,234      | 1,129           | 559         |
| Solar panels                      | -                   | 50,156      | 55,655          | 55,655      |
| Softwares                         | 5,851               | 14,932      | 5,342           | -           |
| 4.2                               | 604,628             | 495,970     | 601,487         | 248,283     |

|                         |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|-------------------------|------|--------------------------------|----------------------------------|
|                         | Note | (Rupees in '000)               |                                  |
| 5. INTANGIBLE ASSETS    |      |                                |                                  |
| Goodwill                | 5.1  | 743,226                        | 743,226                          |
| Trademarks - indefinite |      | 8,064,071                      | 8,064,071                        |
| Trademarks - definite   |      | 70,064                         | 73,890                           |
| Computer software       | 5.2  | 19,986                         | 25,437                           |
|                         |      | 8,897,347                      | 8,906,624                        |

#### 5.1 Goodwill and trademarks

5.1.1 Goodwill of Rs. 743.23 million and intangible assets (trademarks) of Rs. 4,701.52 million arose due to business acquisition of AGP (Private) Limited in the year 2014 by the Holding Company [the then Appollo Pharma Limited, the parent company at that time], which were later amalgamated into the parent company (surviving entity i.e. the Holding Company) under the approved scheme of arrangement. Later, Apollo Pharma Limited changed its name to AGP Limited.

5.1.2 OBS AGP (a subsidiary company) has signed an asset purchase agreement (APA) with Sandoz AG in January 2021 to acquire trademarks subject to fulfilment of certain procedural and regulatory requirements. This transaction was completed on 29 July 2021 and OBS AGP in total acquired 22 trademarks at an aggregated cost of Rs. 3,500.15 million, which includes consultancy fee of Rs. 318.33 million charged by / paid to Aitkenstuart Pakistan (Private) Limited (the then parent company).

5.2 During the period, an additions of Rs. 0.509 million (Dec 2021: Rs. 15.15 million) is made to computer softwares.

|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
|   | Note | ————(Rupees in ‘000)————       |                                  |
| <b>6. STOCK-IN-TRADE</b>                                |      |                                |                                  |
| <b>Raw and packing materials</b>                        |      |                                |                                  |
| In hand   | 6.1  | 679,811                        | 503,469                          |
| In transit  |      | 140,912                        | 107,967                          |
|   |      | 820,723                        | 611,436                          |
| <b>Work-in-process</b>                                  |      |                                |                                  |
|   |      | 133,485                        | 82,865                           |
| <b>Finished goods</b>                                   |      |                                |                                  |
| - Manufacturing   |      | 264,904                        | 289,992                          |
| - Trading   | 6.2  | 698,181                        | 656,640                          |
|   |      | 963,085                        | 946,632                          |
| <b>Provision for obsolescence and slow moving stock</b> |      |                                |                                  |
|   | 6.5  | (36,694)                       | (48,021)                         |
|   | 6.3  | 1,880,599                      | 1,592,912                        |

- 6.1 Included herein items having value of Rs. 19.20 million (31 December 2021: Rs. 19.83 million), representing stock held by third parties.
- 6.2 Included herein items having value of Rs. 602.08 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. 6.69 million (31 December 2021: Rs. 5.71 million) written down to net realisable value of Rs. 5.46 million (31 December 2021: Rs. 4.68 million) resulting in a writedown of Rs. 1.23 million (31 December 2021: Rs. 1.03 million).
- 6.4 During the period, the manufacturing and trading finished goods sold amounted to Rs. 1,862.92 million and Rs. 476.07 million (31 December 2021: Rs 625.46 million and Rs 91.36 million), respectively that are charged to cost of sales.

|   |      | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
|   | Note | ————(Rupees in '000)————       |                                  |
| 6.5 Provision for obsolescence and slow moving stock is as follows: |      |                                |                                  |
| Opening balance   |      | 48,021                         | 97,686                           |
| Provision made during the period / year - net                       |      | 31,853                         | 53,036                           |
| Written off during the period / year                                |      | (43,180)                       | (102,701)                        |
|   |      | <u>36,694</u>                  | <u>48,021</u>                    |

## 7 TRADE DEBTS - unsecured

### Related parties

- Aspin Pharma (Private) Limited
- Muller & Phipps Pakistan (Private) Limited

### Others than related parties

Less: Allowances for expected credit losses

7.1

|  |                  |                  |
|--|------------------|------------------|
|  | 2,517            | -                |
|  | 1,129,097        | 1,024,602        |
|  | 1,131,614        | 1,024,602        |
|  | 435,695          | 21,778           |
|  | 1,567,309        | 1,046,380        |
|  | (4,151)          | (1,318)          |
|  | <u>1,563,158</u> | <u>1,045,062</u> |

- 7.1 The movement in allowance for expected credit losses:

Opening balance  
Allowance for expected credit losses for the period / year (net)  
Closing balance

|  |              |              |
|--|--------------|--------------|
|  | 1,318        | 904          |
|  | 2,833        | 414          |
|  | <u>4,151</u> | <u>1,318</u> |

## 8. LOANS AND ADVANCES - Considered good

### Advances - unsecured

- suppliers
- employees
- custom authorities / clearing agents

|  |                |               |
|--|----------------|---------------|
|  | 112,902        | 54,214        |
|  | 6,848          | 9,866         |
|  | 5,869          | 1,661         |
|  | <u>125,619</u> | <u>65,741</u> |

## 9. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### Trade deposits - considered good, unsecured

Security deposits  
Margin on letters of credit

|  |               |               |
|--|---------------|---------------|
|  | 13,531        | 9,764         |
|  | 66,479        | 25,207        |
|  | <u>80,010</u> | <u>34,971</u> |

### Prepayments - insurance

|  |        |       |
|--|--------|-------|
|  | 14,948 | 2,112 |
|--|--------|-------|

### Other receivables

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

|  |                |               |
|--|----------------|---------------|
|  | 4,957          | 4,613         |
|  | 233,547        | -             |
|  | 6,064          | 3,125         |
|  | <u>244,568</u> | <u>7,738</u>  |
|  | <u>339,526</u> | <u>44,821</u> |

| 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|--------------------------------|----------------------------------|
| (Rupees in '000)               |                                  |

## 10. CASH AND BANK BALANCES

### Cash at banks

Current accounts  
- local currency  
- foreign currency  
Deposit accounts

|        |         |
|--------|---------|
| 28,443 | 213,570 |
| 408    | 402     |
| 27,714 | 242,139 |
| 56,565 | 456,111 |
| 1,705  | 687     |
| 58,270 | 456,798 |

### Cash in hand

## 11. SHORT TERM BORROWINGS

Running finance from commercial banks  
Running musharaka from Islamic banks

|           |       |
|-----------|-------|
| 637,481   | 3,989 |
| 420,835   | -     |
| 1,058,316 | 3,989 |

- 11.1 The terms and conditions are same as disclosed in the annual financial statements of the Group for the year ended 31 December 2021.

## 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 consolidated financial statements of the Group for the year ended 31 December 2021 except as disclosed below:

| 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|--------------------------------|----------------------------------|
| (Rupees in '000)               |                                  |

### Guarantees

- limit
- unutilised portion
- utilised portion

|         |         |
|---------|---------|
| 310,000 | 310,000 |
| 269,572 | 269,554 |
| 40,428  | 40,446  |

### 12.2 COMMITMENTS

- 12.2.1 As at 30 June 2022, capital expenditure contracted for but not incurred amounted to Rs 331 million (31 December 2021: Rs 180.88 million).

| 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|--------------------------------|----------------------------------|
| (Rupees in '000)               |                                  |

#### 12.2.2 Letters of credit

Letters of credit  
- limit  
- unutilised portion  
- utilised portion

|           |           |
|-----------|-----------|
| 2,620,000 | 2,620,000 |
| 2,405,228 | 2,186,879 |
| 214,772   | 433,121   |

### 12.2.3 Ijarah agreement

The subsidiary company has entered in an agreement in respect of purchase of vehicles under ijarah arrangement for a period of five years the rentals of which is payable monthly by the subsidiary company. Future rentals payable under are as follows:

|   | 30 June<br>2022<br>(Unaudited) | 31 December<br>2021<br>(Audited) |
|---|--------------------------------|----------------------------------|
|   | ————(Rupees in '000)————       |                                  |
| Not later than one year                           | 23,524                         | 2,883                            |
| Later than one year but not later than five years | 86,352                         | 9,403                            |
|   | <b>109,876</b>                 | <b>12,286</b>                    |

|      | Half year ended          |                 | Quarter ended   |                 |
|------|--------------------------|-----------------|-----------------|-----------------|
|      | 30 June<br>2022          | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| Note | ————(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

Export

Less: Trade discounts

Sales returns

Sales tax

|      |                  |                  |                  |                  |
|------|------------------|------------------|------------------|------------------|
|      | 3,892,344        | 3,143,014        | 2,062,780        | 1,661,214        |
|      | 3,186,931        | 366,311          | 1,416,753        | 318,012          |
|      | 7,079,275        | 3,509,325        | 3,479,533        | 1,979,226        |
|      | 605,550          | 328,247          | 291,222          | 127,240          |
|      | (511,531)        | (167,644)        | (277,201)        | (89,118)         |
|      | (34,289)         | (13,671)         | (23,179)         | (7,899)          |
|      | (14,681)         | (8,958)          | (7,203)          | (4,150)          |
|      | (560,501)        | (190,273)        | (307,583)        | (101,167)        |
| 13.2 | <b>7,124,324</b> | <b>3,647,299</b> | <b>3,463,172</b> | <b>2,005,299</b> |

**13.1** The geographical markets disaggregation of the Group's revenue from contract with customers are disclosed in note 23.2 to these consolidated condensed interim financial statements.

**13.2** Included herein sales made to related parties amounting to Rs. 5,841 million (30 June 2021: Rs 2,915 million).

#### 14. COST OF SALES

##### Cost of sales – manufacturing

##### Raw and packing materials consumed

|                                   | Half year ended<br>30 June<br>2022 | Half year ended<br>30 June<br>2021 | Quarter ended<br>30 June<br>2022 | Quarter ended<br>30 June<br>2021 |
|-----------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Opening stock                     | 611,436                            | 600,774                            | 811,652                          | 748,672                          |
| Purchases                         | 1,496,048                          | 1,047,266                          | 663,592                          | 433,429                          |
| Available for consumption         | 2,107,484                          | 1,648,040                          | 1,475,244                        | 1,182,101                        |
| Closing stock                     | (820,723)                          | (759,663)                          | (820,723)                        | (759,663)                        |
| Raw and packing material consumed | 1,286,761                          | 888,377                            | 654,521                          | 422,438                          |

##### Manufacturing cost

|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
| Salaries, wages and other benefits                         | 361,498   | 274,331   | 183,446 | 138,270 |
| Stores and spares consumed                                 | 13,915    | 8,088     | 10,888  | 2,682   |
| Provision against slow moving and obsolete materials - net | 28,270    | 47,376    | -       | -       |
| Processing charges   | 6,549     | 6,478     | 3,979   | 2,760   |
| Freight  | 2,440     | 827       | 1,501   | (247)   |
| Fuel, gas and electricity                                  | 72,663    | 61,403    | 42,800  | 33,942  |
| Repairs and maintenance                                    | 34,748    | 32,173    | 17,780  | 17,358  |
| Travelling and conveyance                                  | 6,765     | 7,438     | 4,199   | 3,049   |
| Insurance  | 7,231     | 6,022     | 3,624   | 3,707   |
| Laboratory expenses  | 22,720    | 9,776     | 13,081  | 5,151   |
| Rates and taxes  | 1,181     | 605       | 738     | 235     |
| Depreciation   | 55,475    | 49,974    | 27,970  | 25,321  |
| Amortisation   | 2,499     | 1,033     | 1,257   | 604     |
| Postage, telegraph and telephones                          | 1,438     | 1,487     | 843     | 866     |
| Printing and stationery                                    | 3,575     | 2,740     | 1,541   | 1,436   |
|  | 620,967   | 509,751   | 341,917 | 282,510 |
|  | 1,907,728 | 1,398,128 | 996,438 | 704,948 |

##### Work-in-process

|               |           |          |           |          |
|---------------|-----------|----------|-----------|----------|
| Opening stock | 82,865    | 86,860   | 89,757    | 99,455   |
| Closing stock | (133,485) | (73,801) | (133,485) | (73,801) |
|               | (50,620)  | 13,059   | (43,728)  | 25,654   |

##### Cost of goods manufactured

|  |           |           |         |         |
|--|-----------|-----------|---------|---------|
|  | 1,857,108 | 1,411,187 | 952,710 | 730,602 |
|--|-----------|-----------|---------|---------|

##### Finished goods

|               |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 289,992   | 217,995   | 274,953   | 254,560   |
| Closing stock | (265,134) | (259,391) | (265,134) | (259,391) |
|               | 24,858    | (41,396)  | 9,819     | (4,831)   |
|               | 1,881,966 | 1,369,791 | 962,529   | 725,771   |

##### Cost of sales – trading

|               |           |           |           |           |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 656,640   | 376,498   | 597,643   | 472,911   |
| Purchases     | 1,728,424 | 215,795   | 871,882   | 28,025    |
| Closing stock | (698,181) | (244,068) | (698,181) | (244,068) |
|               | 1,686,883 | 348,225   | 771,344   | 256,868   |

##### Direct expenses

|  |           |         |         |         |
|--|-----------|---------|---------|---------|
| Amortisation   | 3,827     | -       | 1,414   | -       |
| Provision for obsolescence and slow moving stock - net | 3,583     | -       | 3,583   | -       |
| Warehousing charges                                    | 18,132    | -       | 6,764   | -       |
|  | 25,542    | -       | 11,761  | -       |
|  | 1,712,425 | 348,225 | 783,105 | 256,868 |

##### Cost of samples for marketing and sales promotion

|  |           |           |           |          |
|--|-----------|-----------|-----------|----------|
|  | (88,017)  | (31,602)  | (66,475)  | (13,055) |
|  | 3,506,374 | 1,686,414 | 1,679,159 | 969,584  |

| Half year ended  |                 | Quarter ended   |                 |
|------------------|-----------------|-----------------|-----------------|
| 30 June<br>2022  | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| (Rupees in '000) |                 |                 |                 |

#### 15. ADMINISTRATIVE EXPENSES

|   |                |                |                |               |
|---|----------------|----------------|----------------|---------------|
| Salaries and other benefits                   | 173,079        | 73,059         | 96,339         | 37,253        |
| Travelling and conveyance                     | 989            | 64             | 812            | 28            |
| Printing and stationery                       | 4,219          | 2,683          | 3,866          | 2,588         |
| Directors' remuneration                       | 4,250          | 6,825          | 2,250          | 2,850         |
| Meetings                                      | 1,087          | 534            | 1,043          | 484           |
| Postage, telegrams and telephones             | 1,527          | 401            | 1,384          | 201           |
| Legal and professional                        | 15,726         | 40,101         | 6,522          | 18,604        |
| Research cost                                 | 5,307          | 387            | 4,399          | 116           |
| Repairs and maintenance                       | 13,305         | 11,729         | 5,311          | 6,918         |
| Software license renewals and maintenance fee | 10,366         | 5,102          | 6,232          | 2,906         |
| Subscription and fee                          | 366            | 674            | 230            | 105           |
| Advertisement                                 | 325            | 658            | 24             | 308           |
| Auditors' remunerations                       | 930            | 780            | 930            | 780           |
| Donations                                     | 15,780         | 8,430          | 1,250          | 6,717         |
| Insurance                                     | 1,671          | 527            | 838            | 418           |
| Depreciation                                  | 18,214         | 8,128          | 9,445          | 5,537         |
| Amortisation                                  | 3,455          | 3,398          | 2,510          | 1,708         |
| Electricity Fuel & Gas                        | 872            |                | 872            |               |
| Corporate social responsibility               | 5,759          | 4,838          | 5,435          | 4,464         |
| Vehicle running expenses                      | 1,690          | 316            | 1,487          | 200           |
|   | <b>278,917</b> | <b>168,634</b> | <b>151,179</b> | <b>92,185</b> |

#### 16. MARKETING AND SELLING EXPENSES

|                                      |                  |                |                |                |
|--------------------------------------|------------------|----------------|----------------|----------------|
| Salaries and other benefits          | 845,580          | 382,581        | 419,075        | 223,504        |
| Travelling and conveyance            | 256,641          | 102,322        | 138,377        | 50,807         |
| Repairs and maintenance              | 4,962            | 1,884          | 2,318          | 821            |
| Ijarah rentals                       | 5,917            |                | 5,355          |                |
| Insurance                            | 2,668            | 2,496          | 1,391          | 1,100          |
| Depreciation                         | 28,293           | 18,332         | 16,301         | 9,185          |
| Printing and stationery              | 5,536            | 1,672          | 2,820          | 1,096          |
| Samples                              | 88,017           | 31,602         | 44,572         | 13,055         |
| Sales promotion expenses             | 212,610          | 140,797        | 126,177        | 65,049         |
| Meeting and conferences              | 134,273          | 19,879         | 70,296         | 10,143         |
| Communication                        | 15,233           | 8,876          | 9,582          | 4,135          |
| Subscription                         | 11,775           | 16,096         | 8,002          | 8,832          |
| Freight, handling and transportation | 32,019           | 43,246         | 17,717         | 33,677         |
|                                      | <b>1,643,524</b> | <b>769,783</b> | <b>861,983</b> | <b>421,404</b> |

#### 17. OTHER EXPENSES

|   |                |               |               |               |
|---|----------------|---------------|---------------|---------------|
| Workers' Profit Participation Fund        | 59,586         | 49,075        | 29,505        | 25,125        |
| Workers' Welfare Fund                     | 14,384         | 11,060        | 6,195         | 6,314         |
| Central Research Fund                     | 12,037         | 9,915         | 5,960         | 5,077         |
| Exchange loss - net                       | 50,727         | -             | 34,695        | 3,100         |
| Allowances for expected credit loss (net) | 2,833          | 960           | 288           | 0             |
|   | <b>139,567</b> | <b>71,010</b> | <b>76,643</b> | <b>39,616</b> |

|  | Note | Half year ended  |                 | Quarter ended   |                 |
|--|------|------------------|-----------------|-----------------|-----------------|
|  |      | 30 June<br>2022  | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2021 |
| <b>18. OTHER INCOME</b>                      |      |                  |                 |                 |                 |
|  |      | (Rupees in '000) |                 |                 |                 |
| <b>Income from financial assets</b>          |      |                  |                 |                 |                 |
| Markup on deposit accounts                   |      | 23,703           | 12,635          | 10,841          | 8,155           |
| <b>Income from non-financial assets</b>      |      |                  |                 |                 |                 |
| Gain on sale of operating fixed assets (net) |      | 4,256            | 5,122           | 2,841           | 4,730           |
| Exchange gain – net                          |      | -                | 7,848           | -               | -               |
| Dividend Income                              |      | -                | -               | -               | -               |
| Government grant                             |      | 6,063            | 12,282          | 2,253           | 3,727           |
| Scrap sales                                  |      | 6,083            | 2,840           | 3,085           | 1,302           |
| Others                                       |      | 13               | 378             | 13              | 378             |
|  |      | 16,415           | 28,470          | 8,192           | 10,137          |
|  |      | 40,118           | 41,105          | 19,033          | 18,292          |
| <b>19. TAXATION</b>                          |      |                  |                 |                 |                 |
| Current                                      |      | 329,212          | 152,105         | 156,873         | 89,866          |
| Prior  |      | 164,193          | -               | 164,193         | -               |
| Deferred                                     |      | 39,810           | 15,489          | 33,165          | 399             |
|  | 19.1 | 533,215          | 167,594         | 354,231         | 89,467          |

**19.1** Through the Finance Act 2022, a Super Tax has been imposed retrospectively from the Financial Year (FY) 2021 and onwards. The rate of Super Tax for pharmaceutical sector is 10% for FY 2021 and 3% to 4% for FY 2022 and onwards. Accordingly, the Group has made provision of Super Tax amounting to Rs. 201.41 million in these consolidated condensed interim financial statements.

|   |  | 30 June<br>2022  | 30 June<br>2021 |
|---|--|------------------|-----------------|
|   |  | (Rupees in '000) |                 |
| <b>20. CASH GENERATED FROM OPERATIONS</b>                 |  |                  |                 |
| Profit before taxation                                    |  | 1,386,248        | 939,832         |
| <b>Adjustments for:</b>                                   |  |                  |                 |
| Depreciation  |  | 101,982          | 76,434          |
| Amortisation  |  | 9,781            | 4,431           |
| Allowances for expected credit losses                     |  | 2,833            | 960             |
| (Gain) / loss on disposal of operating fixed assets - net |  | 4,256            | (5,122)         |
| Amortisation of government grant                          |  | (6,063)          | (12,635)        |
| Mark-up on deposits accounts                              |  | (23,703)         | -               |
| Finance costs   |  | 209,812          | 52,731          |
| Workers' Profit Participation Fund                        |  | 59,586           | 49,075          |
| Workers' Welfare Fund                                     |  | 14,384           | 11,060          |
| Central Research Fund                                     |  | 12,037           | 9,915           |
|   |  | 384,905          | 186,849         |
| <b>Operating profit before working capital changes</b>    |  | 1,771,153        | 1,126,681       |
| <b>Working capital changes</b>                            |  |                  |                 |
| <b>Decrease / (increase) in current assets</b>            |  |                  |                 |
| Stores, spares and loose tools                            |  | 7                | (1,003)         |
| Stock-in-trade  |  | (287,687)        | (100,349)       |
| Trade debts   |  | (520,929)        | 172,206         |
| Loans and advances  |  | (59,878)         | (38,921)        |
| Trade deposits, prepayments and other receivables         |  | (294,705)        | (26,468)        |
|   |  | (1,163,192)      | 5,465           |
| <b>(Decrease) / increase in current liabilities</b>       |  |                  |                 |
| Trade and other payables                                  |  | (54,129)         | (34,809)        |
|   |  | 553,832          | 1,097,337       |
| <b>21. CASH AND CASH EQUIVALENTS</b>                      |  |                  |                 |
| Cash and bank balances                                    |  | 58,270           | 548,244         |
| Short-term investments                                    |  | 122,500          | -               |
|   |  | 180,770          | 548,244         |

## 22. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprises parent companies, 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 Holding Company. Transactions with related parties, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

| Name and country of<br>Incorporation                                    | Basis of relationship  | % of shares<br>held by related<br>parties | Nature of transactions   | Half year ended    |                    | Quarter ended      |                    |
|---|------------------------|---|--|--------------------|--------------------|--------------------|--------------------|
|   |                        |   |  | June 30<br>2 0 2 2 | June 30<br>2 0 2 1 | June 30<br>2 0 2 2 | June 30<br>2 0 2 1 |
| ----- (Rupees in '000) -----  |                        |   |  |                    |                    |                    |                    |
| <b><u>Parent Company</u></b>  |                        |   |  |                    |                    |                    |                    |
| Aitkenstuart Pakistan<br>(Private) Limited                              | Parent<br>Company      | 55.80%                                    | Expenditure incurred / paid<br>by parent company of the<br>Group on behalf of the<br>Group | 5,612              | -                  | -                  | -                  |
|   |                        |   | Dividend paid  | 418,626            | 148,350            | 418,626            | -                  |
| <b><u>Associated companies</u></b>                                      |                        |   |  |                    |                    |                    |                    |
| Aspin Pharma (Private) Limited-<br>Pakistan                             | Common<br>directorship | 4.79%                                     | Sale of goods  | 22,807             | 21,296             | 18,082             | 11,323             |
|   |                        |   | Expenditure incurred / paid by<br>the Group on behalf of<br>associate                      | 474                | 345                | 316                | 184                |
|   |                        |   | Expenditure incurred / paid by<br>the associate on behalf of the<br>Group                  | 8,696              | 4,114              | 4,963              | 1,316              |
|   |                        |   | Dividend paid  | 33,500             | 13,400             | 33,500             | -                  |
| Muller and Phipps Pakistan<br>(Private) Limited - Pakistan              | Common<br>directorship | 13.54%                                    | Sale of goods  | 5,817,734          | 2,893,797          | 2,954,940          | 1,523,680          |
|   |                        |   | Purchase of hand held devices  | 24,086             | -                  | -                  | -                  |
|   |                        |   | Warehouse and logistics<br>charges   | 18,132             | -                  | 11,252             | -                  |
|   |                        |   | Settlement of amount<br>incurred by the associate on<br>behalf of the Group                | 198,784            | 64,873             | 124,335            | 40,254             |
|   |                        |   | Dividend paid  | 94,800             | 37,920             | 94,800             | 37,920             |
| <b>Staff retirement benefits - AGP Limited staff<br/>provident fund</b> |                        |   |  |                    |                    |                    |                    |
|   |                        |   | Contribution paid  | 22,860             | 15,504             | 14,089             | 9,678              |
| <b>Key management personnel</b>   |                        |   |  |                    |                    |                    |                    |
|   |                        |   | Remuneration and other<br>benefits   | 154,960            | 100,636            | 95,073             | 30,900             |
|   |                        |   | Dividend paid  | 3,514              | 6                  | 3,514              | 6                  |
| <b>Directors</b>  |                        |   |  |                    |                    |                    |                    |
|   |                        |   | Board and other<br>meeting fees  | 4,250              | 6,825              | 2,250              | 2,850              |
|   |                        |   | Dividend paid  | 1,578              | 631                | 1,578              | 631                |
| <b><u>Others (due to common directorship)</u></b>                       |                        |   |  |                    |                    |                    |                    |
| Sharmeen Khan Memorial Foundation                                       |                        |   | Donation given   | 2,300              | -                  | -                  | -                  |
| Muller and Phipps Express Logistics (Private)<br>Limited - Pakistan     |                        |   | Services incurred  | 38                 | 19                 | 27                 | 7                  |

22.1 The related parties status of outstanding receivables / payables as at 30 June 2022 and 31 December 2021 are disclosed in respective notes to these consolidated condensed interim financial statements.

## 23. INFORMATION ABOUT OPERATING SEGMENTS

**23.1** 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.

**23.2** Export sales made to Afghanistan represents the geographical breakup of the Group's gross turnover.

**23.3** 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:

|  | 30 June<br>2022        | 30 June<br>2021 |
|--|------------------------|-----------------|
|  | —— (Rupees in '000) —— |                 |
| - Muller & Phipps Pakistan (Private) Limited | 5,817,734              | 2,893,797       |

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

## 24. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue on 30 August 2022 by the Board of Directors of the Holding Company.

## 25. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on 30 August 2022 has proposed a interim cash dividend for the year 2022 of Rs. Nil per share (2021: Rs. NIL per share), aggregating to Rs. Nil million (2021: Rs. NIL).

The Board of Directors in its meeting held on 27 July 2022, has authorized the Holding Company to participate with its parent company through a Special Purpose Vehicle (SPV) for the purpose of acquisition of a selected portfolio of products from the Vitris Inc. ("Viatrix") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc ("Brands"). The shareholders of the Holding Company has duly approved the transaction in their meeting dated 28 July 2022.

## 26. GENERAL

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

**26.2** Figures have been rounded off to nearest thousand rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director



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