



we value life

October 28, 2022

AGP-Sec./259

The General Manager

Pakistan Stock Exchange Limited

Stock Exchange Building

Stock Exchange Road

Karachi.

Subject: Financial Statements for the Quarter ended September 30, 2022

Dear Sir,

We have transmitted the Standalone and Consolidated Financial Statements of the Company for the quarter ended September 30, 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

AGP Limited B-23-C, S.I.T.E., Karachi-75700, Pakistan

Tel: +9221 111 247 247, Fax: +9221 32570678 E-mail: info@agp.com.pk, URL: www.agp.com.pk N.T.N. 4281954-7



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GROWING TOGETHER

THIRD QUARTERLY REPORT

2022

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COMPANY INFORMATION

Board of Directors



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

Audit Committee



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

Human Resource and Remuneration Committee



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

Strategy Committee



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



Chief Financial Officer

Mr. Junaid Aslam

Head of Internal Audit

Ms. Eisha Athar Baqai

Legal Advisors

Sattar & Sattar

Bankers

Allied Bank Limited

Dubai Islamic Bank

Faysal Bank Limited

JS Bank Limited

MCB Islamic Bank Limited

MCB Limited

Meezan Bank Limited

The Bank of Punjab

Habib Bank Limited

Habib Metropolitan Bank Limited

Website

www.agp.com.pk

Email

info@agp.com.pk

Company Secretary

Mr. Umair Mukhtar

Auditors

EY Ford Rhodes

Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

Registered Office

Plant-I

Address:

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

Tel.: +9221 111-247-247

Fax: +9221 325706678

Plant-II

Address:

D-109, S.I.T.E., Karachi

Tel.: +9221 32572695 & 32563598

Fax.: +9221 32564670

Plant-III

F/46, S.I.T.E., Super Highway

Phase II, Karachi

DIRECTORS' REVIEW TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the Company's unaudited standalone and consolidated condensed interim financial statements for the nine (9) months ended September 30, 2022.

Operating Results

The Company delivered impressive top line performance of PKR 7.2 billion, resulting in 39% increase over the corresponding period last year. This significant growth is on account of strong performance of our top brands, exports to Afghanistan and institutional sales. However, margins remained under pressure due to current economic conditions in the country.

To support strong sales growth, existing teams were strengthened, and new teams were established, resulting in a significant increase in cost of marketing and sales. Despite inflationary pressures, the Company was able to control its administrative expenses through effective cost control measures. Massive devaluation of local currency has resulted in a substantial exchange loss. However, other income has increased on account of dividend income from the subsidiary company, OBS AGP (Private) Limited.

Tax expense has witnessed a significant increase on account of super tax as levied vide Finance Act 2022. The Company has obtained a favorable stay order from the Honorable High Court of Sindh against the aforesaid levy, however, being prudent its provision has been recorded. Consequently, the Company's net profit has declined slightly in comparison to the same period last year.

The sales of OBS AGP continued with its promising growth momentum, and resultantly, on a consolidated basis, the Company achieved a remarkable topline performance of PKR 10.5 billion, depicting an increase of 76% versus the same period last year. Building onto this encouraging sales performance, consolidated gross profit stood at PKR 5.2 billion, with net profit attributable to parent Company of PKR 1 billion and earnings per share of PKR 3.73.

Strategic Outlook

Considering the prevailing economic situation, AGP will remain abundantly cautious and strive towards sustainable growth through expansion of its product line and enhancing manufacturing capabilities while containing costs within limits. The management will continue to develop a strong value chain of healthcare products to be better equipped for dealing with uncertainties and volatilities.

The acquisition of pharmaceutical products, through a Special Purpose Vehicle named OBS Pakistan (Private) Limited from Viartis Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc., is under process and awaiting 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.

Acknowledgement

We would like to place on record our gratitude to the stakeholders for reposing their utmost trust and continued confidence in the Company. We would like to thank our employees for embodying the vision of the Company and making persistent and dedicated efforts towards achieving it and enhancing people's access towards quality healthcare which in turn maximizes shareholders' value.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Non-Executive Director

ڈائریکٹرز کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ ستمبر ۲۰۲۲ کو ختم ہونے والے (۹) ماہ کے لیے 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

کمپنی نے ۲.۷ ارب روپے کی متاثر کن ٹاپ لائن کارکردگی پیش کی جس کے نتیجے میں آمدنی میں گزشتہ سال اسی مدت کے مقابلے میں ۳۹ فیصد اضافہ ہوا۔ یہ نمایاں نمو ہمارے سرپرست برانڈز کی بہترین کارکردگی، افغانستان کو برآمدات اور ادارہ جاتی فروخت کی بدولت ہوئی۔ تاہم منافع جات ملک میں موجودہ معاشی حالات کی وجہ سے دباؤ میں رہے۔

سیلز کی مضبوط نمو میں معاونت کے لیے، موجودہ ٹیمیں مضبوط کی گئیں اور نئی ٹیمیں بنائی گئیں، جس کے نتیجے میں مارکیٹنگ اور سیلز کی لاگت میں نمایاں اضافہ ہوا۔ افراط زر کے دباؤ کے باوجود لاگتیں قابو میں رکھنے کے موثر اقدامات کے ذریعے اپنے انتظامی اخراجات قابو کنٹرول کرنے میں کامیاب رہی۔ مقامی کرنسی کی قدر میں زبردست کمی کا زرمبادلہ کی مد میں کافی نقصان کی صورت میں سامنے آیا ہے۔ تاہم ذیلی کمپنی OBS AGP (پرائیویٹ) لمیٹڈ کی طرف سے ڈیویڈنڈ کی مد میں آمدنی میں اضافے کی بدولت دیگر آمدن میں اضافہ ہوا ہے۔

ٹیکس اخراجات میں نمایاں اضافہ ہوا جیسا کہ فنانس ایکٹ ۲۰۲۲ کے ذریعے پرنکس لاگو کر دیا گیا ہے۔ کمپنی نے مذکورہ محصول کے خلاف سندھ ہائی کورٹ سے ایک سازگار حکم امتناعی حاصل کیا ہے، تاہم، سمجھداری کے تقاضے کے تحت اس کی مد میں رقم کی فراہمی گنجائش رکھی گئی ہے۔ نتیجتاً، کمپنی کے خالص منافع اور فی حصص آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں تھوڑی کمی واقع ہوئی ہے۔

OBS AGP (پرائیویٹ) لمیٹڈ کی سیلز نے اپنی نمو کی حوصلہ افزا رفتار برقرار رکھی جس کے نتیجے میں مجموعی بنیاد پر، کمپنی نے ۱۰.۵ ارب روپے کی غیر معمولی ٹاپ لائن کارکردگی حاصل کی جو گزشتہ سال کی اسی مدت کے مقابلے میں ۷۶٪ اضافے کی عکاسی کرتی ہے۔ سیلز میں اس امید افزا کارکردگی کی بنیاد پر، مجموعی منافع ۱۵.۲ ارب روپے رہا، جب کہ بنیادی کمپنی سے منسوب خالص منافع ۱ ارب روپے اور فی شیئر آمدنی ۳.۷۳ روپے رہی۔

مستقبل کی توقعات

موجودہ معاشی صورتحال کو مدنظر رکھتے ہوئے، AGP کافی حد تک محتاط رہے گا اور اپنی مصنوعات کی لائن میں توسیع کے ذریعے اور پیداواری صلاحیتوں کو بڑھانے کے ساتھ ساتھ لاگت کو محدود میں رکھتے ہوئے پائیدار ترقی کے لیے کوشاں رہے گا۔ انتظامیہ غیر یقینی صورتحال اور اتار چڑھاؤ سے نمٹنے کی بہتر تیاری کے لیے صحت کی دیکھ بھال کی مصنوعات کی ایک مضبوط ویلیو چین کی تیاری جاری رکھے گی۔

OBS Pakistan (پرائیویٹ) لمیٹڈ کے نام سے Viatrix Inc. سے ایک اسپیشل پریز ویسٹل کے ذریعے خریدی گئیں فارماسیوٹیکل پروڈکٹس، جنہیں پاکستان میں بنیادی طور پر Pfizer Inc. کی سابقہ ملکیت والے برانڈز کے تحت کرشل کیا جاتا ہے، زیر عمل ہے اور ضروری ریگولیٹری منظور یوں کا انتظار ہے۔ یہ خریداری AGP کے پروڈکٹ پورٹ فولیو میں اضافے کا باعث بنے گا جس سے فارماسیوٹیکل انڈسٹری میں اس کی پوزیشن مزید مضبوط ہوگی۔

اظہارِ تشکر

ہم اپنے قابلِ احترام اسٹیک ہولڈرز سے اظہارِ 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 جس کے نتیجے میں شیئر ہولڈرز کی قدر میں اضافہ ہوتا ہے۔



محمد کامران مرزا

نان ایگزیکٹو ڈائریکٹر



متر مہر نادی

چیف ایگزیکٹو آفیسر

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2022**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

| | | 30 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|------|-------------------------------------|----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 2,970,527 | 2,483,874 |
| Intangible assets | 5 | 5,397,427 | 5,403,460 |
| Long-term investment | 6 | 729,531 | 729,531 |
| Long-term deposits and receivables | | 17,864 | 14,629 |
| | | 9,115,349 | 8,631,494 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 8,735 | 8,490 |
| Stock-in-trade | 7 | 1,499,682 | 1,095,909 |
| Trade debts | 8 | 1,430,263 | 788,387 |
| Loans and advances | 9 | 203,508 | 63,515 |
| Trade deposits, prepayments and other receivables | 10 | 490,715 | 61,370 |
| Taxation – net | | - | 20,618 |
| Short-term investments | | - | 200,000 |
| Cash and bank balances | 11 | 40,868 | 328,858 |
| | | 3,673,771 | 2,567,147 |
| TOTAL ASSETS | | 12,789,120 | 11,198,641 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Issued, subscribed and paid-up capital | | | |
| Share capital | | 2,800,000 | 2,800,000 |
| Revenue reserve - unappropriated profits | | 6,976,083 | 6,695,251 |
| | | 9,776,083 | 9,495,251 |
| NON-CURRENT LIABILITIES | | | |
| Long-term financings | | 37,014 | 52,985 |
| Deferred grant | | 4,829 | 3,788 |
| Gas infrastructure development cess | | 7,473 | 8,278 |
| Deferred tax liabilities - net | | 111,624 | 85,961 |
| | | 160,940 | 151,012 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,474,362 | 1,063,826 |
| Unclaimed dividends | | 2,041 | 1,686 |
| Taxation - net | | 73,913 | - |
| Accrued interest | | 34,544 | 2,028 |
| Short-term borrowings | 12 | 1,157,883 | 3,989 |
| Current maturity of non-current liabilities | | 109,354 | 480,849 |
| | | 2,852,097 | 1,552,378 |
| CONTINGENCIES AND COMMITMENTS | 13 | | |
| TOTAL EQUITY AND LIABILITIES | | 12,789,120 | 11,198,641 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | | Nine months ended | | Quarter ended | |
|---|----|------------------------------|--------------|---------------|--------------|
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2 0 2 2 | 2 0 2 1 | 2 0 2 2 | 2 0 2 1 |
| Note | | ----- (Rupees in '000) ----- | | | |
| Revenue from contracts with customers - net | 14 | 7,218,037 | 5,194,746 | 2,318,639 | 1,547,447 |
| Cost of sales | 15 | (3,509,929) | (2,396,102) | (1,191,227) | (709,689) |
| Gross profit | | 3,708,108 | 2,798,644 | 1,127,412 | 837,758 |
| Administrative expenses | 16 | (289,893) | (300,785) | (94,658) | (132,685) |
| Marketing and selling expenses | 17 | (1,817,387) | (1,135,363) | (653,797) | (365,046) |
| Other expenses | 18 | (201,634) | (100,647) | (62,068) | (37,485) |
| Other income | 19 | 115,899 | 40,398 | 17,539 | 7,466 |
| Finance costs | 20 | (83,824) | (72,728) | (41,192) | (19,997) |
| | | (2,276,839) | (1,569,125) | (834,176) | (547,747) |
| Profit before taxation | | 1,431,269 | 1,229,519 | 293,236 | 290,011 |
| Taxation | 21 | (450,437) | (210,675) | (59,476) | (43,081) |
| Profit for the period | | 980,832 | 1,018,844 | 233,760 | 246,930 |
| Earnings per share - basic and diluted | | Rs. 3.50 | Rs. 3.64 | Rs. 0.83 | Rs. 0.88 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | Note | 30 September 2022 | 30 September 2021 |
|---|------|------------------------------|----------------------|
| | | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash flows generated from operations | 22 | 448,048 | 1,414,756 |
| Payments for: | | | |
| Finance costs | | (39,307) | (73,873) |
| Income tax | | (330,239) | (69,011) |
| Workers' Welfare Fund | | - | (27,100) |
| Central Research Fund | | (20,618) | (20,788) |
| Net cash flows generated from operating activities | | 57,884 | 1,223,984 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | | (655,529) | (392,345) |
| Investment made in the subsidiary company | | - | (715,000) |
| Proceeds from disposal of operating fixed assets | | 33,063 | 8,538 |
| Deposits and receivables - paid / given | | (3,235) | (996) |
| Interest income received | | 16,052 | 14,637 |
| Net cash flows used in investing activities | | (609,649) | (1,085,166) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (699,645) | (279,890) |
| Long-term financings - repaid | | (390,474) | (383,756) |
| Short-term borrowings - net | | 1,153,894 | 202,585 |
| Net cash flows used in financing activities | | 63,775 | (461,061) |
| Net decrease in cash and cash equivalents | | (487,990) | (322,243) |
| Cash and cash equivalents at the beginning of the period | | 528,858 | 369,780 |
| Cash and cash equivalents at the end of the period | | 40,868 | 47,537 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | Nine months ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 2021 |
| Profit for the period | 980,832 | 1,018,844 | 233,760 | 246,930 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the period | 980,832 | 1,018,844 | 233,760 | 246,930 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | Share capital | Revenue reserve - Unappropriated profits | Total |
|---|-----------------------------|--|------------------|
| | ----- Rupees in ' 000 ----- | | |
| Balance as at 31 December 2020 - Audited | 2,800,000 | 5,410,326 | 8,210,326 |
| Profit for the period | - | 1,018,844 | 1,018,844 |
| Other comprehensive income for the period, net of tax | - | - | - |
| Total comprehensive income for the period | - | 1,018,844 | 1,018,844 |
| Final dividend for the year ended 31 December 2020 @ Re. 1 per share | - | (280,000) | (280,000) |
| Balance as at 30 September 2021 | 2,800,000 | 6,149,170 | 8,949,170 |
| Balance as at 31 December 2021 - Audited | 2,800,000 | 6,695,251 | 9,495,251 |
| Profit for the period | - | 980,832 | 980,832 |
| Other comprehensive income for the period, net of tax | - | - | - |
| Total comprehensive income for the period | - | 980,832 | 980,832 |
| Final dividend for the year ended 31 December 2021 @ Rs. 2.5 per share | - | (700,000) | (700,000) |
| Balance as at 30 September 2022 | 2,800,000 | 6,976,083 | 9,776,083 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 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 September 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 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 preparation of these condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- 2.2.3** In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended 31 December 2021. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 31 December 2021.
- 2.2.4** These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand rupees, otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Amended standards

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

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

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

| | Note | 30 September 2022 (Unaudited) ----- (Rupees in '000) ----- | 31 December 2021 (Audited) |
|--------------------------|------|---|----------------------------------|
| Operating fixed assets | 4.1 | 2,509,278 | 2,235,591 |
| Capital work-in-progress | 4.2 | 461,249 | 248,283 |
| | | <u>2,970,527</u> | <u>2,483,874</u> |

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Details of additions and disposals are as follows:

| | Additions (at cost) | | Disposals (NBV) | |
|------------------------------------|------------------------------|---------------------|----------------------|---------------------|
| | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 |
| Note | ----- (Rupees in '000) ----- | | | |
| Buildings - factory / office sites | 5,829 | 275,376 | 552 | 1,027 |
| Plant and machinery | 77,171 | 62,438 | 171 | 6,097 |
| Furniture and fixtures | 6,525 | 25,494 | 61 | - |
| Motor vehicles | 286,591 | 54,357 | 16,298 | 6,636 |
| Office equipment | 8,003 | 11,826 | 96 | 360 |
| Gas and electrical fittings | 678 | 37,840 | - | - |
| Refrigerator and air conditioner | 2,033 | 30,576 | 251 | 355 |
| Laboratory equipment | 28,775 | 32,187 | - | - |
| Computers and related accessories | 26,449 | 24,930 | 246 | 183 |
| | <u>442,054</u> | <u>555,024</u> | <u>17,675</u> | <u>14,658</u> |

| | Note | 30 September 2022 (Unaudited) ----- (Rupees in '000) ----- | 31 December 2021 (Audited) |
|--|-------|---|----------------------------------|
| Opening balance | | 248,283 | 344,143 |
| Additions during the period / year | 4.2.1 | 655,529 | 474,319 |
| Transferred during the period / year to: | | | |
| - operating fixed assets | 4.1 | (442,054) | (555,024) |
| - intangible assets | | (509) | (15,155) |
| Closing balance | 4.2.1 | <u>461,249</u> | <u>248,283</u> |

4.2.1 Capital work-in-progress comprise of:

| | Additions (at cost) | | Closing Balance | |
|-----------------------------------|------------------------------|-------------|-----------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2 0 2 2 | 2 0 2 1 | 2 0 2 2 | 2 0 2 1 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| Note | ----- (Rupees in '000) ----- | | | |
| Buildings - factory / office | 254,674 | 147,396 | 330,453 | 81,608 |
| Plant and machinery | 22,002 | 97,441 | 62,550 | 117,719 |
| Furniture and fixtures | 7,774 | 10,086 | 1,266 | 17 |
| Motor vehicles | 260,199 | 91,328 | 13,096 | 39,488 |
| Office equipment | 8,003 | 11,826 | - | - |
| Gas and electrical fittings | 678 | 37,842 | - | - |
| Refrigerator and air conditioner | 17,279 | 17,843 | 24,074 | 8,828 |
| Laboratory equipment | 28,831 | 29,546 | 120 | 64 |
| Computers and related accessories | 28,838 | 22,780 | 2,948 | 559 |
| Softwares | 27,251 | 8,231 | 26,742 | - |
| 4.2 | 655,529 | 474,319 | 461,249 | 248,283 |

5. INTANGIBLE ASSETS

| | Note | 30 September 2 0 2 2 (Unaudited) | 31 December 2 0 2 1 (Audited) |
|-------------------------|------|--|-------------------------------------|
| | | ----- (Rupees in '000) ----- | |
| Goodwill | 5.1 | 743,226 | 743,226 |
| Trademarks - indefinite | 5.1 | 4,641,087 | 4,641,087 |
| Computer software | 5.2 | 13,114 | 19,147 |
| | | 5,397,427 | 5,403,460 |

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.

6. LONG-TERM INVESTMENT

| | Note | 30 September 2 0 2 2 (Unaudited) | 31 December 2 0 2 1 (Audited) |
|-------------------------------------|------|--|-------------------------------------|
| | | ----- (Rupees in '000) ----- | |
| Investment in subsidiary - OBSAGP | | 715,000 | 715,000 |
| Financial guarantee - at fair value | | 14,531 | 14,531 |
| | | 729,531 | 729,531 |

7. STOCK-IN-TRADE

| | | | | |
|---|-----|-----------|-----------|--|
| Raw and packing materials | | | | |
| In hand | 7.1 | 987,280 | 503,469 | |
| In transit | | 98,185 | 107,967 | |
| | | 1,085,465 | 611,436 | |
| Work-in-process | | | | |
| Finished goods | | | | |
| - Manufacturing | | 257,502 | 289,992 | |
| - Trading | | 81,377 | 156,127 | |
| | | 338,879 | 446,119 | |
| Provision for obsolescence and slow moving stock | | | | |
| | 7.4 | (28,938) | (44,511) | |
| | 7.2 | 1,499,682 | 1,095,909 | |

7.1 Included herein items having value of Rs. 38.77 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. 1,971.36 million and Rs. 563.43 million (31 December 2021: Rs 1791.82 million and Rs 516.77 million), respectively that are charged to cost of sales.

| | | 30 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|-------------|---|--------------------------------------|----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 7.4 | 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 | (43,843) | (102,701) |
| | | <u>28,938</u> | <u>44,511</u> |
| 8. | TRADE DEBTS - unsecured | | |
| | Related parties | | |
| | - Aspin Pharma (Private) Limited | 2,407 | - |
| | - OBS AGP (Private) Limited | 149,216 | - |
| | - Muller & Phipps Pakistan (Private) Limited | 753,390 | 769,735 |
| | | <u>905,013</u> | <u>769,735</u> |
| | Others than related parties | 535,326 | 19,970 |
| | | <u>1,440,339</u> | <u>789,705</u> |
| | Less: Allowances for expected credit losses | 8.1 (10,076) | (1,318) |
| | | <u>1,430,263</u> | <u>788,387</u> |
| 8.1 | The movement in allowance for expected credit losses is as follows: | | |
| | Opening balance | 1,318 | 904 |
| | Allowance for expected credit losses for the period / year | 8,758 | 414 |
| | Closing balance | <u>10,076</u> | <u>1,318</u> |
| 9. | LOANS AND ADVANCES - Considered good | | |
| | Advances - unsecured | | |
| | - suppliers | 137,904 | 52,320 |
| | - employees | 7,579 | 9,534 |
| | - custom authorities / clearing agents | 58,025 | 1,661 |
| | | <u>203,508</u> | <u>63,515</u> |
| 10. | TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | |
| | Trade deposits - considered good, unsecured | | |
| | Security deposits | 10,811 | 9,764 |
| | Margin on letters of credit | 176,537 | 25,207 |
| | | <u>187,348</u> | <u>34,971</u> |
| | Prepayments - insurance | 17,037 | 938 |
| | Other receivables | | |
| | Current portion of receivables from employees - secured | 4,307 | 4,347 |
| | Receivable from a subsidiary company - unsecured | 11,353 | 17,989 |
| | Sales tax refundable | 268,932 | - |
| | Others | 1,738 | 3,125 |
| | | <u>286,330</u> | <u>25,461</u> |
| | | <u>490,715</u> | <u>61,370</u> |
| 10.1 | Represent shared services charged by the Company to OBS AGP (Private) Limited (a subsidiary company). | | |
| | | 30 September 2022 (Un-audited) | 31 December 2021 (Audited) |
| | | ----- (Rupees in '000) ----- | |
| 11. | CASH AND BANK BALANCES | | |
| | Cash at banks | | |
| | Current accounts | | |
| | - local currency | 8,408 | 85,633 |
| | - foreign currency | 408 | 402 |
| | Deposit accounts | 29,845 | 242,139 |
| | | <u>38,661</u> | <u>328,174</u> |
| | Cash in hand | 2,207 | 684 |
| | | <u>40,868</u> | <u>328,858</u> |

| | | 30 September 2022 (Un-audited) | 31 December 2021 (Audited) |
|--|------|--------------------------------------|----------------------------------|
| Note | | ----- (Rupees in '000) ----- | |
| 12. SHORT TERM BORROWINGS - Secured | | | |
| Running finance from commercial banks | | 707,503 | 3,989 |
| Running musharaka from Islamic banks | | 450,380 | - |
| | 12.1 | <u>1,157,883</u> | <u>3,989</u> |

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.

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 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|----------------------|-------------------------------------|----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Guarantees | | |
| - limit | 310,000 | 310,000 |
| - unutilised portion | 254,432 | 269,554 |
| - utilised portion | 55,568 | 40,446 |

13.2 COMMITMENTS

13.2.1 As at 30 September 2022, capital expenditure contracted for but not incurred amounted to Rs. 163 million (31 December 2021: Rs. 180.88 million).

| | 30 September 2022 (Unaudited) | 31 December 2021 (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 | 2,620,000 | 2,620,000 |
| - unutilised portion | 1,761,876 | 2,186,879 |
| - utilised portion | 858,124 | 433,121 |

| | Nine months ended | | Quarter ended | |
|---|------------------------------|----------------------|----------------------|----------------------|
| | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 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 | 5,875,334 | 4,624,116 | 1,980,004 | 1,481,102 |
| - Trading | 782,835 | 492,206 | 98,905 | 125,895 |
| | 6,658,169 | 5,116,322 | 2,078,909 | 1,606,997 |
| Export | 1,020,570 | 414,000 | 415,020 | 85,753 |
| Less: Trade discounts | (395,127) | (287,968) | (144,822) | (120,324) |
| Sales returns | (24,883) | (30,174) | (4,457) | (16,503) |
| Sales tax | (40,692) | (17,434) | (26,011) | (8,476) |
| | (460,702) | (335,576) | (175,290) | (145,303) |
| 14.2 | <u>7,218,037</u> | <u>5,194,746</u> | <u>2,318,639</u> | <u>1,547,447</u> |

14.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 24.2 to these condensed interim financial statements.

14.2 Included herein sales made to related parties amounting to Rs.5,691 million (30 Sept 2021: Rs 4,312 million).

| Nine months ended | | Quarter ended | |
|-----------------------------|-------------------------|-------------------------|-------------------------|
| 30 September 2 0 2 2 | 30 September 2 0 2 1 | 30 September 2 0 2 2 | 30 September 2 0 2 1 |
| ------(Rupees in '000)----- | | | |

15. COST OF SALES

Cost of sales – manufacturing

Raw and packing materials consumed

| | | | | |
|-----------------------------------|-------------|-----------|-------------|-----------|
| Opening stock | 611,436 | 600,774 | 820,723 | 759,663 |
| Purchases | 2,497,980 | 1,341,790 | 999,175 | 294,524 |
| Available for consumption | 3,109,416 | 1,942,564 | 1,819,898 | 1,054,187 |
| Closing stock | (1,085,465) | (747,040) | (1,085,465) | (747,040) |
| Raw and packing material consumed | 2,023,951 | 1,195,524 | 734,433 | 307,147 |

Manufacturing cost

| | | | | |
|--|-----------|-----------|-----------|---------|
| Salaries, wages and other benefits | 552,484 | 409,155 | 190,985 | 134,824 |
| Stores and spares consumed | 21,480 | 12,208 | 7,565 | 4,120 |
| Provision against slow moving and obsolete materials - net | 28,270 | 49,280 | - | 1,904 |
| Processing charges | 9,905 | 9,530 | 3,356 | 3,053 |
| Freight | 4,618 | 1,923 | 2,178 | 1,096 |
| Fuel, gas and electricity | 135,724 | 97,188 | 63,062 | 35,785 |
| Repairs and maintenance | 69,777 | 48,065 | 35,029 | 15,892 |
| Travelling and conveyance | 8,895 | 10,659 | 2,132 | 3,221 |
| Insurance | 11,345 | 9,387 | 4,114 | 3,365 |
| Laboratory expenses | 34,147 | 21,619 | 11,426 | 11,843 |
| Rates and taxes | 1,564 | 1,253 | 383 | 648 |
| Depreciation | 84,562 | 75,845 | 29,086 | 25,871 |
| Amortisation | 3,700 | 1,644 | 1,202 | 611 |
| Postage, telegraph and telephones | 2,427 | 2,129 | 989 | 642 |
| Printing and stationery | 6,244 | 4,479 | 2,669 | 1,739 |
| | 975,142 | 754,364 | 354,176 | 244,614 |
| | 2,999,093 | 1,949,888 | 1,088,609 | 551,761 |

Work-in-process

| | | | | |
|---------------|-----------|----------|-----------|----------|
| Opening stock | 82,865 | 86,860 | 133,485 | 73,801 |
| Closing stock | (104,276) | (67,031) | (104,276) | (67,031) |
| | (21,411) | 19,829 | 29,209 | 6,770 |

Cost of goods manufactured

| | | | | |
|--|-----------|-----------|-----------|---------|
| | 2,977,682 | 1,969,717 | 1,117,818 | 558,531 |
|--|-----------|-----------|-----------|---------|

Finished goods

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 289,992 | 217,995 | 265,134 | 259,391 |
| Closing stock | (257,502) | (194,686) | (257,502) | (194,686) |
| | 32,490 | 23,309 | 7,632 | 64,705 |
| | 3,010,172 | 1,993,026 | 1,125,450 | 623,236 |

Cost of samples for marketing and sales promotion

| | | | | |
|--|----------|----------|----------|----------|
| | (63,673) | (51,727) | (21,580) | (20,125) |
|--|----------|----------|----------|----------|

Cost of sales – trading

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 156,127 | 376,498 | 96,100 | 244,068 |
| Purchases | 488,680 | 218,639 | 72,634 | 2,844 |
| Closing stock | (81,377) | (140,334) | (81,377) | (140,334) |
| | 563,430 | 454,803 | 87,357 | 106,578 |
| | 3,509,929 | 2,396,102 | 1,191,227 | 709,689 |

| | Nine Months Ended | | Quarter ended | |
|---|------------------------------|------------------|----------------|----------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2022 | 2021 | 2022 | 2021 |
| Note | ----- (Rupees in '000) ----- | | | |
| 16. ADMINISTRATIVE EXPENSES | | | | |
| Salaries and other benefits | 170,619 | 110,716 | 58,526 | 37,657 |
| Travelling and conveyance | 641 | 82 | 226 | 18 |
| Printing and stationery | 5,499 | 3,243 | 1,394 | 560 |
| Directors' remuneration | 6,750 | 9,700 | 2,500 | 2,875 |
| Postage, telegrams and telephones | 2,237 | 601 | 1,650 | 200 |
| Legal and professional | 20,456 | 38,575 | 8,559 | 1,526 |
| Research cost | 5,297 | 769 | 1,941 | 382 |
| Repairs and maintenance | 12,951 | 16,217 | 3,390 | 4,488 |
| Software license renewals and maintenance fee | 11,561 | 8,943 | 3,669 | 3,841 |
| Subscription and fee | 1,635 | 1,105 | 1,269 | 431 |
| Advertisement | 329 | 878 | 4 | 220 |
| Auditors' remunerations | 874 | 863 | - | 83 |
| Donations | 16,016 | 79,639 | 846 | 71,209 |
| Insurance | 1,074 | 850 | 212 | 323 |
| Depreciation | 26,382 | 16,349 | 8,692 | 8,221 |
| Amortisation | 2,835 | 5,399 | 905 | 2,001 |
| Corporate social responsibility | 4,124 | 6,412 | 700 | 1,574 |
| Vehicle running expenses | 613 | 444 | 175 | 128 |
| | 289,893 | 300,785 | 94,658 | 132,685 |
| 17. MARKETING AND SELLING EXPENSES | | | | |
| Salaries and other benefits | 898,950 | 558,419 | 300,409 | 175,838 |
| Travelling and conveyance | 314,841 | 152,253 | 119,661 | 49,931 |
| Repairs and maintenance | 5,738 | 3,749 | 2,438 | 1,865 |
| Insurance | 5,366 | 3,726 | 2,884 | 1,230 |
| Depreciation | 39,750 | 27,545 | 17,156 | 9,213 |
| Printing and stationery | 5,590 | 2,300 | 991 | 628 |
| Samples | 63,673 | 51,727 | 21,580 | 20,125 |
| Sales promotion expenses | 294,219 | 202,994 | 122,108 | 62,197 |
| Meeting and conferences | 99,905 | 38,808 | 25,375 | 18,395 |
| Communication | 12,736 | 12,212 | 3,212 | 3,336 |
| Subscription | 14,033 | 20,598 | 5,297 | 4,502 |
| Freight, handling and transportation | 62,586 | 61,032 | 32,686 | 17,786 |
| | 1,817,387 | 1,135,363 | 653,797 | 365,046 |
| 18. OTHER EXPENSES | | | | |
| Workers' Profit Participation Fund | 77,001 | 65,696 | 17,415 | 16,621 |
| Workers' Welfare Fund | 16,586 | 16,414 | 2,202 | 5,354 |
| Central Research Fund | 15,556 | 13,272 | 3,519 | 3,357 |
| Exchange loss - net | 83,733 | 3,477 | 33,007 | 11,325 |
| Allowances for expected credit loss | 8,758 | 1,788 | 5,925 | 828 |
| | 201,634 | 100,647 | 62,068 | 37,485 |
| 19. OTHER INCOME | | | | |
| Income from financial assets | | | | |
| Markup on deposit accounts | 16,052 | 14,637 | 553 | 2,002 |
| Income from non-financial assets | | | | |
| Gain on sale of operating fixed assets (net) | 15,387 | 4,700 | 11,125 | (422) |
| Dividend income | 65,000 | - | - | - |
| Government grant | 8,757 | 16,490 | 2,694 | 4,208 |
| Scrap sales | 8,523 | 4,140 | 2,440 | 1,300 |
| Amortization of financial guarantee | 2,180 | 431 | 727 | 378 |
| | 99,847 | 25,761 | 16,986 | 5,464 |
| | 115,899 | 40,398 | 17,539 | 7,466 |
| 20. FINANCE COSTS | | | | |
| Mark-up on: | | | | |
| - long-term financings | 24,864 | 65,659 | 3,018 | 18,558 |
| - short term borrowings | 49,574 | 1,003 | 33,418 | 887 |
| | 74,438 | 66,662 | 36,436 | 19,445 |
| Bank charges | 9,386 | 6,066 | 4,756 | 552 |
| | 83,824 | 72,728 | 41,192 | 19,997 |

| | | Nine Months Ended | | Quarter ended | |
|------|----------|------------------------------|--------------|---------------|--------------|
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2 0 2 2 | 2 0 2 1 | 2 0 2 2 | 2 0 2 1 |
| Note | | ----- (Rupees in '000) ----- | | | |
| 21. | TAXATION | | | | |
| | Current | 293,880 | 190,662 | 49,078 | 38,557 |
| | Prior | 130,894 | (872) | - | (872) |
| | Deferred | 25,663 | 20,885 | 10,398 | 5,396 |
| | 21.1 | 450,437 | 210,675 | 59,476 | 43,081 |

- 21.1** 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. 166 million in these condensed interim financial statements.

Subsequently, the company has filed petition with Honourable High Court Of Sindh against the retrospective imposition of supertax @ 10%. The court vide its order dated October 03, 2022 had provided interim stay order subject to the submission of security equivalent to the tax amount. Accordingly the company has submitted bank guarantee amounting Rs 131 million with the Nazir of the High Court of Sindh.

| | 30 September | |
|--|------------------------------|-----------|
| | 2 0 2 2 | 2 0 2 1 |
| | ----- (Rupees in '000) ----- | |
| 22. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 1,431,269 | 1,229,519 |
| Adjustments for: | | |
| Depreciation | 150,694 | 119,739 |
| Amortisation | 6,535 | 7,043 |
| Allowances for expected credit losses | 8,758 | 1,788 |
| Gain on disposal of operating fixed assets - net | (15,387) | (4,700) |
| Amortisation of government grant | (8,757) | - |
| Mark-up on deposits accounts | (16,052) | (14,637) |
| Finance costs | 83,824 | 72,728 |
| Workers' Profit Participation Fund | 77,001 | 65,696 |
| Workers' Welfare Fund | 16,586 | 16,414 |
| Central Research Fund | 15,556 | 13,272 |
| | 318,758 | 277,343 |
| Operating profit before working capital changes | 1,750,027 | 1,506,862 |
| Working capital changes | | |
| Decrease / (increase) in current assets | | |
| Stores, spares and loose tools | (245) | (1,039) |
| Stock-in-trade | (403,773) | 87,500 |
| Trade debts | (650,634) | 59,296 |
| Loans and advances | (139,993) | (26,968) |
| Trade deposits, prepayments and other receivables | (429,345) | (11,869) |
| | (1,623,990) | 106,920 |
| (Decrease) / increase in current liabilities | | |
| Trade and other payables | 322,011 | (199,026) |
| | 448,048 | 1,414,756 |

23. TRANSACTIONS WITH RELATED PARTIES

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

| Name and country of Incorporation | Basis of relationship | % of shares held by related parties | Nature of transactions | Nine months ended | | Quarter ended | |
|---|--------------------------|--|---|----------------------|----------------------|----------------------|----------------------|
| | | | | September 30 2022 | September 30 2021 | September 30 2022 | September 30 2021 |
| | | | | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| ------(Rupees in '000)----- | | | | | | | |
| Parent Company | | | | | | | |
| Aitkenstuart Pakistan (Private) Limited - Pakistan | Parent Company | 55.80% | Dividend paid | 390,626 | 148,350 | - | - |
| Subsidiary Company | | | | | | | |
| OBS AGP (Private) Limited - Pakistan | Subsidiary Company | | Sale of goods | 173,570 | - | 28,325 | - |
| | | | Expenditure incurred / paid by the Company on behalf of subsidiary | 24,697 | - | 9,789 | - |
| | | | Dividend received | 65,000 | - | - | - |
| Associated Companies | | | | | | | |
| Aspin Pharma (Private) Limited - Pakistan | Common directorship | 4.79% | Sale of goods | 32,206 | 24,444 | 9,399 | 3,148 |
| | | | Expenditure incurred / paid by the Company on behalf of associate | 761 | 509 | 287 | 164 |
| | | | Expenditure incurred / paid by the associate on behalf of the Company | 13,993 | 8,330 | 5,297 | 4,216 |
| | | | Dividend paid | 33,500 | 13,400 | - | - |
| Muller and Phipps Pakistan (Private) Limited - Pakistan | Common directorship | 13.54% | Sale of goods | 5,485,019 | 4,287,457 | 1,803,956 | 1,393,660 |
| | | | Settlement of amount incurred by the associate on behalf of the Company | 100,555 | 119,275 | 36,935 | 54,402 |
| | | | Dividend paid | 94,800 | 37,920 | - | - |
| Staff retirement benefits - AGP Limited staff provident fund | | | | 26,224 | 25,170 | 9,152 | 9,666 |
| Key management personnel | | | | 196,750 | 151,070 | 54,648 | 50,434 |
| | | | Remuneration and other benefits | 14 | 6 | - | - |
| Directors | | | | 6,750 | 9,700 | 2,500 | 2,875 |
| | | | Board and other meeting fees | 1,578 | 631 | - | - |
| Others (due to common directorship) | | | | | | | |
| Sharmeen Khan Memorial Foundation | | | Donation given | 2,300 | - | - | - |
| Muller and Phipps Express Logistics (Private) Limited - Pakistan | | | Services incurred | 59 | 31 | 21 | 12 |

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

24. INFORMATION ABOUT OPERATING SEGMENTS

- 24.1** 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.
- 24.2** Export sales made to Afghanistan represents geographical component of gross turnover of the Company.
- 24.3** 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 September 2022 ----- (Rupees in '000)----- | 30 September 2021 ----- (Rupees in '000)----- |
|--|---|---|
| - Muller & Phipps Pakistan (Private) Limited | 5,485,019 | 4,287,457 |
| - Al - Haj Malem Khan Mangal | 847,988 | 456,811 |

- 24.4** 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.

25. DATE OF AUTHORIZATION


These condensed interim financial statements were authorized for issue on 20 October 2022 by the Board of Directors of the Company.

26. SUBSEQUENT EVENTS

- 26.1** The Board of Directors in its meeting held on 20 October 2022 has proposed a interim cash dividend for the year 2022 of Rs. Nil per share (2021:Nil), aggregating to Rs. Nil (2021: Nil).

27. GENERAL

- 27.1** Corresponding figures have also been reclassified, whereby necessary, for better presentation. However, there has been no material reclassification to report.
- 27.2** 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 NINE MONTHS ENDED
SEPTEMBER 30, 2022**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

| | | 30 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|------|-------------------------------------|----------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 3,134,360 | 2,497,553 |
| Intangible assets | 5 | 8,892,775 | 8,906,624 |
| Long-term deposits and receivables | | 20,506 | 15,622 |
| | | 12,047,641 | 11,419,799 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 8,735 | 8,490 |
| Stock-in-trade | 6 | 2,072,497 | 1,592,912 |
| Trade debts | 7 | 1,734,819 | 1,045,062 |
| Loans and advances | 8 | 293,630 | 65,741 |
| Trade deposits, prepayments and other receivables | 9 | 488,931 | 44,821 |
| Short-term investments | | 112,326 | 235,000 |
| Cash and bank balances | 10 | 45,949 | 456,798 |
| | | 4,756,887 | 3,448,824 |
| TOTAL ASSETS | | 16,804,528 | 14,868,623 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Issued, subscribed and paid-up capital | | | |
| Share capital | | 2,800,000 | 2,800,000 |
| Revenue reserve - unappropriated profits | | 7,220,632 | 6,877,508 |
| | | 10,020,632 | 9,677,508 |
| Non-controlling interest | | 532,518 | 483,790 |
| | | 10,553,150 | 10,161,298 |
| NON-CURRENT LIABILITIES | | | |
| Long-term financings | | 2,025,990 | 2,458,796 |
| Deferred grant | | 4,829 | 3,788 |
| Gas infrastructure development cess | | 7,473 | 8,278 |
| Deferred tax liabilities - net | | 153,178 | 102,970 |
| | | 2,191,470 | 2,573,832 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,700,868 | 1,401,858 |
| Unclaimed dividends | | 2,041 | 1,686 |
| Taxation – net | | 201,188 | 30,088 |
| Accrued interest | | 128,556 | 55,429 |
| Short-term borrowings | 11 | 1,253,892 | 3,989 |
| Current maturity of non-current liabilities | | 773,363 | 640,443 |
| | | 4,059,908 | 2,133,493 |
| CONTINGENCIES AND COMMITMENTS | 12 | | |
| TOTAL EQUITY AND LIABILITIES | | 16,804,528 | 14,868,623 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | | Nine months ended | | Quarter ended | |
|---|----|------------------------------|----------------------|----------------------|----------------------|
| | | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 2021 |
| Note | | ----- (Rupees in '000) ----- | | | |
| Revenue from contracts with customers - net | 13 | 10,460,926 | 5,940,196 | 3,336,602 | 2,292,897 |
| Cost of sales | 14 | (5,240,041) | (2,755,808) | (1,732,795) | (1,069,395) |
| Gross profit | | 5,220,885 | 3,184,388 | 1,603,807 | 1,223,502 |
| Administrative expenses | 15 | (409,385) | (327,702) | (132,427) | (159,602) |
| Marketing and selling expenses | 16 | (2,558,414) | (1,236,732) | (913,804) | (466,415) |
| Other expenses | 17 | (201,782) | (116,629) | (62,215) | (53,467) |
| Other income | 18 | 60,443 | 45,983 | 20,326 | 12,726 |
| Finance costs | 19 | (368,949) | (123,057) | (159,137) | (70,326) |
| | | (3,478,087) | (1,758,137) | (1,247,257) | (737,084) |
| Profit before taxation | | 1,742,798 | 1,426,251 | 356,550 | 486,418 |
| Taxation | 20 | (615,946) | (260,321) | (82,731) | (92,727) |
| Profit for the period | | 1,126,852 | 1,165,930 | 273,819 | 393,691 |
| Profit attributable to: | | | | | |
| Equity holders of the parent company | | 1,043,124 | 1,114,450 | 253,060 | 342,211 |
| Non-controlling interest | | 83,728 | 51,480 | 20,759 | 51,480 |
| | | 1,126,852 | 1,165,930 | 273,819 | 393,691 |
| Earnings per share - basic and diluted | | Rs. 3.73 | Rs. 3.98 | Rs. 0.90 | Rs. 1.22 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | | 30 September 2022 | 30 September 2021 |
|---|------|------------------------------|----------------------|
| | Note | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash flows generated from operations | 21 | 716,146 | 1,160,018 |
| Payments for: | | | |
| Finance costs | | (295,822) | (74,838) |
| Income tax | | (394,639) | (83,665) |
| Workers' Welfare Fund | | - | (27,099) |
| Central Research Fund | | (20,618) | (20,788) |
| Net cash flows generated from operating activities | | 5,067 | 953,628 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | | (819,030) | (3,858,316) |
| Proceeds from disposal of operating fixed assets | | 33,194 | 8,538 |
| Deposits and receivables - paid / given | | (4,884) | (996) |
| Interest income received | | 27,764 | 20,222 |
| Net cash flows used in investing activities | | (762,956) | (3,830,552) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (734,645) | (279,890) |
| Proceeds from issue of ordinary shares to minority shareholders | | - | 385,000 |
| Long-term financings - obtained | | - | 2,194,984 |
| - repaid | | (290,892) | |
| Short-term borrowings - obtained | | 1,249,903 | - |
| Net cash flows generated from financing activities | | 224,366 | 2,300,094 |
| Net (decrease) in cash and cash equivalents | | (533,523) | (576,830) |
| Cash and cash equivalents at the beginning of the period | | 691,798 | 369,780 |
| Cash and cash equivalents at the end of the period | 22 | 158,275 | (207,050) |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | Nine months ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 2021 |
| Profit for the period | 1,126,852 | 1,165,930 | 273,819 | 393,691 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the period | 1,126,852 | 1,165,930 | 273,819 | 393,691 |
| Comprehensive income attributable to: | | | | |
| Equity holders of the parent company | 1,043,124 | 1,114,450 | 253,060 | 342,211 |
| Non-controlling interest | 83,728 | 51,480 | 20,759 | 51,480 |
| | 1,126,852 | 1,165,930 | 273,819 | 393,691 |



Chief Financial Officer



Chief Executive Officer




Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UN-AUDITED)

| | Attributable to owners of the parent company | | | Non-controlling interest | Total equity |
|--|--|--|-------------------|--------------------------|-------------------|
| | Share capital | Revenue reserve - Unappropriated profits | Total reserves | | |
| | Rupees in ' 000 | | | | |
| Balance as at 31 December 2020 - Audited | 2,800,000 | 5,410,326 | 8,210,326 | - | 8,210,326 |
| Acquisition of a subsidiary company | | | | 385,000 | 385,000 |
| Profit for the period | - | 1,114,450 | 1,114,450 | 51,480 | 1,165,930 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - |
| Total comprehensive income for the period | - | 1,114,450 | 1,114,450 | 51,480 | 1,165,930 |
| Final dividend for the year ended 31 December 2020 @ Re. 1 per share | - | (280,000) | (280,000) | - | (280,000) |
| Balance as at 30 September 2021 | 2,800,000 | 6,244,776 | 9,044,776 | 436,480 | 9,481,256 |
| 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 | - | 1,043,124 | 1,043,124 | 83,728 | 1,126,852 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - |
| Total comprehensive income for the period | - | 1,043,124 | 1,043,124 | 83,728 | 1,126,852 |
| 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 September 2022 | 2,800,000 | 7,220,632 | 10,020,632 | 532,518 | 10,553,150 |

The annexed notes 1 to 27 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 NINE MONTHS ENDED 30 SEPTEMBER 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 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|------|-------------------------------------|----------------------------------|
| Note | ----- (Rupees in '000) ----- | |

4. PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--------------------------|-----|------------------|------------------|
| Operating fixed assets | 4.1 | 2,629,684 | 2,249,270 |
| Capital work-in-progress | 4.2 | 504,676 | 248,283 |
| | | <u>3,134,360</u> | <u>2,497,553</u> |

4.1 Details of additions and disposals are as follows:

| | Additions (at cost) | | Disposals (NBV) | |
|------------------------------------|----------------------------|----------------|-----------------|----------------|
| | 30 Sept 2022 | 31 Dec 2021 | 30 Sept 2022 | 31 Dec 2021 |
| | --- (Rupees in '000) ----- | | | |
| Buildings - factory / office sites | 5,829 | 275,376 | 552 | 1,027 |
| Plant and machinery | 77,171 | 62,438 | 171 | 6,097 |
| Furniture and fixtures | 6,525 | 25,990 | 61 | - |
| Motor vehicles | 371,683 | 54,357 | 16,298 | 6,636 |
| Office equipment | 8,003 | 11,826 | 96 | 360 |
| Gas and electrical fittings | 678 | 37,840 | - | - |
| Refrigerator and air conditioner | 2,033 | 30,576 | 251 | 355 |
| Laboratory equipment | 28,775 | 32,187 | - | - |
| Computers and related accessories | 61,435 | 39,384 | 378 | 183 |
| | <u>562,132</u> | <u>569,974</u> | <u>17,807</u> | <u>14,658</u> |

| | 30 September 2022 (Unaudited) | 31 December 2021 (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 | 819,034 | 495,970 |
| Transferred during the period / year to: | | | |
| - operating fixed assets | 4.1 | (562,132) | (569,974) |
| - intangible assets | | (509) | (21,856) |
| Closing balance | 4.2.1 | <u>504,676</u> | <u>248,283</u> |

4.2.1 Capital work-in-progress comprise of:

| Note | Additions (at cost) | | Closing Balance | |
|-----------------------------------|------------------------------|-------------|-----------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2 0 2 2 | 2 0 2 1 | 2 0 2 2 | 2 0 2 1 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | ----- (Rupees in '000) ----- | | | |
| Buildings - factory / office | 254,674 | 147,396 | 330,453 | 81,608 |
| Plant and machinery | 22,002 | 47,285 | 62,550 | 62,064 |
| Furniture and fixtures | 7,774 | 10,582 | 1,266 | 17 |
| Motor vehicles | 382,971 | 91,328 | 50,775 | 39,488 |
| Office equipment | 8,003 | 11,826 | - | - |
| Gas and electrical fittings | 678 | 37,842 | - | - |
| Refrigerator and air conditioner | 17,279 | 17,843 | 24,074 | 8,828 |
| Laboratory equipment | 28,831 | 29,546 | 120 | 64 |
| Computers and related accessories | 69,571 | 37,234 | 8,696 | 559 |
| Solar panels | - | 50,156 | - | 55,655 |
| Softwares | 27,251 | 14,932 | 26,742 | - |
| 4.2 | 819,034 | 495,970 | 504,676 | 248,283 |

5. INTANGIBLE ASSETS

| Note | 30 September | | 31 December | |
|-------------------------|------------------------------|-----------|-------------|-----------|
| | 2 0 2 2 | 2 0 2 1 | 2 0 2 2 | 2 0 2 1 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | ----- (Rupees in '000) ----- | | | |
| Goodwill | 5.1 | 743,226 | 743,226 | |
| Trademarks - indefinite | 5.1 | 8,064,071 | 8,064,071 | |
| Trademarks - definite | 5.1 | 68,119 | 73,890 | |
| Computer software | 5.2 | 17,359 | 25,437 | |
| | | 8,892,775 | 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.

6. STOCK-IN-TRADE

| Note | 30 September | | 31 December | |
|---|------------------------------|-----------|-------------|-----------|
| | 2 0 2 2 | 2 0 2 1 | 2 0 2 2 | 2 0 2 1 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | ----- (Rupees in '000) ----- | | | |
| Raw and packing materials | | | | |
| In hand | 6.1 | 987,280 | 503,469 | |
| In transit | | 98,185 | 107,967 | |
| | | 1,085,465 | 611,436 | |
| Work-in-process | | 104,276 | 82,865 | |
| Finished goods | | | | |
| - Manufacturing | | 257,502 | 289,992 | |
| - Trading | 6.2 | 661,285 | 656,640 | |
| | | 918,787 | 946,632 | |
| Provision for obsolescence and slow moving stock | 6.5 | (36,031) | (48,021) | |
| | 6.3 | 2,072,497 | 1,592,912 | |

6.1 Included herein items having value of Rs. 38.77 million (31 December 2021: Rs. 19.83 million), representing stock held by third parties.

6.2 Included herein items having value of Rs. 583.73 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. 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).

6.4 During the period, the manufacturing and trading finished goods sold amounted to Rs. 1,971.36 million and Rs. 563.43 million (31 December 2021: Rs 1791.82 million and Rs 516.77 million), respectively that are charged to cost of sales.

| | | 30 September 2022 (Unaudited) | 31 December 2021 (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 | (43,843) | (102,701) |
| | | <u>36,031</u> | <u>48,021</u> |
| 7 | TRADE DEBTS - unsecured | | |
| | Related parties | | |
| | - Aspin Pharma (Private) Limited | 2,407 | - |
| | - Muller & Phipps Pakistan (Private) Limited | 1,180,625 | 1,024,602 |
| | | <u>1,183,032</u> | <u>1,024,602</u> |
| | Others than related parties | 561,863 | 21,778 |
| | | <u>1,744,895</u> | <u>1,046,380</u> |
| | Less: Allowances for expected credit losses | (10,076) | (1,318) |
| | | <u>1,734,819</u> | <u>1,045,062</u> |
| 7.1 | The movement in allowance for expected credit losses: | | |
| | Opening balance | 1,318 | 904 |
| | Allowance for expected credit losses for the period / year (net) | 8,758 | 414 |
| | Closing balance | <u>10,076</u> | <u>1,318</u> |
| 8. | LOANS AND ADVANCES - Considered good | | |
| | Advances - unsecured | | |
| | - suppliers | 227,776 | 54,214 |
| | - employees | 7,829 | 9,866 |
| | - custom authorities / clearing agents | 58,025 | 1,661 |
| | | <u>293,630</u> | <u>65,741</u> |
| 9. | TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | |
| | Trade deposits - considered good, unsecured | | |
| | Security deposits | 13,790 | 9,764 |
| | Margin on letters of credit | 176,537 | 25,207 |
| | | <u>190,327</u> | <u>34,971</u> |
| | Prepayments - insurance | 18,609 | 2,112 |
| | Other receivables | | |
| | Current portion of receivables from employees - secured | 4,872 | 4,613 |
| | Sales tax refundable | 268,932 | - |
| | Others | 6,191 | 3,125 |
| | | <u>279,995</u> | <u>7,738</u> |
| | | <u>488,931</u> | <u>44,821</u> |
| 10. | CASH AND BANK BALANCES | | |
| | Cash at banks | | |
| | Current accounts | | |
| | - local currency | 13,440 | 213,570 |
| | - foreign currency | 408 | 402 |
| | Deposit accounts | 29,845 | 242,139 |
| | | <u>43,693</u> | <u>456,111</u> |
| | Cash in hand | 2,256 | 687 |
| | | <u>45,949</u> | <u>456,798</u> |
| 11 | SHORT TERM BORROWINGS | | |
| | Running finance from commercial banks | 803,512 | 3,989 |
| | Running musharaka from Islamic banks | 450,380 | - |
| | | <u>1,253,892</u> | <u>3,989</u> |
| 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 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|----------------------|-------------------------------------|----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Guarantees | | |
| - limit | 310,000 | 310,000 |
| - unutilised portion | 254,432 | 269,554 |
| - utilised portion | 55,568 | 40,446 |

12.2 COMMITMENTS

12.2.1 As at 30 September 2022, capital expenditure contracted for but not incurred amounted to Rs. 163 million (31 December 2021: Rs. 180.88 million).

| | 30 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|--------------------------|-------------------------------------|----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Letters of credit | | |
| Letters of credit | | |
| - limit | 2,620,000 | 2,620,000 |
| - unutilised portion | 1,761,876 | 2,186,879 |
| - utilised portion | 858,124 | 433,121 |

12.2.3 Ijarah agreement

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

| | 30 September 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|-------------------------------------|----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Not later than one year | 23,541 | 2,883 |
| Later than one year but not later than five years | 80,503 | 9,403 |
| | 104,044 | 12,286 |

| | Nine months ended | | Quarter ended | |
|--|------------------------------|----------------------|----------------------|----------------------|
| | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 2021 |
| | ----- (Rupees in '000) ----- | | | |

13. REVENUE FROM CONTRACT WITH CUSTOMERS - net

Sale of goods

(disaggregation by timing - at a point in time)

Local (disaggregation by types of products)

- Manufacturing
- Trading

Export

Less: Trade discounts

Sales returns

Sales tax

| | Nine months ended | | Quarter ended | |
|-----------------------|------------------------------|----------------------|----------------------|----------------------|
| | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 2021 |
| | ----- (Rupees in '000) ----- | | | |
| Local | 5,838,095 | 4,624,116 | 1,945,751 | 1,481,102 |
| - Manufacturing | 4,467,842 | 1,268,239 | 1,280,911 | 901,928 |
| - Trading | 10,305,937 | 5,892,355 | 3,226,662 | 2,383,030 |
| Export | 1,020,570 | 414,000 | 415,020 | 85,753 |
| Less: Trade discounts | (785,281) | (318,551) | (273,750) | (150,907) |
| Sales returns | (39,608) | (30,174) | (5,319) | (16,503) |
| Sales tax | (40,692) | (17,434) | (26,011) | (8,476) |
| | (865,581) | (366,159) | (305,080) | (175,886) |
| | 10,460,926 | 5,940,196 | 3,336,602 | 2,292,897 |

13.2

13.1 The geographical markets disaggregation of the Group's revenue from contract with customers are disclosed in note 24.2 to these consolidated condensed interim financial statements.

13.2 Included herein sales made to related parties amounting to Rs.8,630 million(30 Sept 2021: Rs 4,882 million).

14. COST OF SALES

Cost of sales – manufacturing

Raw and packing materials consumed

| | Nine months ended 30 September 2022 | 30 September 2021 | Quarter ended 30 September 2022 | 30 September 2021 |
|-----------------------------------|---|----------------------|---------------------------------------|----------------------|
| | | | | |
| Opening stock | 611,436 | 600,774 | 820,723 | 759,663 |
| Purchases | 2,486,763 | 1,344,634 | 990,715 | 297,368 |
| Available for consumption | 3,098,199 | 1,945,408 | 1,811,438 | 1,057,031 |
| Closing stock | (1,085,465) | (747,040) | (1,085,465) | (747,040) |
| Raw and packing material consumed | 2,012,734 | 1,198,368 | 725,973 | 309,991 |

Manufacturing cost

| | | | | |
|---|-----------|-----------|-----------|---------|
| Salaries, wages and other benefits | 552,485 | 409,155 | 190,987 | 134,824 |
| Stores and spares consumed | 21,480 | 12,208 | 7,565 | 4,120 |
| Provision against slow moving and obsolete material - net | 28,270 | 49,280 | - | 1,904 |
| Processing charges | 9,905 | 9,530 | 3,356 | 3,053 |
| Freight | 4,618 | 3,342 | 2,178 | 2,515 |
| Fuel, gas and electricity | 137,488 | 97,188 | 63,953 | 35,785 |
| Repairs and maintenance | 69,775 | 48,065 | 35,027 | 15,892 |
| Travelling and conveyance | 8,894 | 10,659 | 2,129 | 3,221 |
| Insurance | 11,345 | 9,387 | 4,114 | 3,365 |
| Laboratory expenses | 34,146 | 21,619 | 11,426 | 11,843 |
| Rates and taxes | 1,564 | 1,253 | 383 | 648 |
| Depreciation | 84,562 | 75,845 | 29,087 | 25,871 |
| Amortisation | 3,700 | 1,644 | 1,201 | 611 |
| Postage, telegraph and telephones | 2,427 | 2,129 | 989 | 642 |
| Printing and stationery | 6,244 | 4,481 | 2,669 | 1,741 |
| | 976,903 | 755,785 | 355,064 | 246,035 |
| | 2,989,637 | 1,954,153 | 1,081,037 | 556,026 |

Work-in-process

| | | | | |
|---------------|-----------|----------|-----------|----------|
| Opening stock | 82,865 | 86,860 | 133,485 | 73,801 |
| Closing stock | (104,276) | (67,031) | (104,276) | (67,031) |
| | (21,411) | 19,829 | 29,209 | 6,770 |

Cost of goods manufactured

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| | 2,968,226 | 1,973,982 | 1,110,246 | 562,796 |
| | | | | |
| Opening stock | 289,992 | 217,995 | 265,134 | 259,391 |
| Closing stock | (257,502) | (194,686) | (257,502) | (194,686) |
| | 32,490 | 23,309 | 7,632 | 64,705 |
| | 3,000,716 | 1,997,291 | 1,117,878 | 627,501 |

Cost of sales – trading

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Opening stock | 656,640 | 376,498 | 698,181 | 244,068 |
| Purchases | 2,352,024 | 1,028,064 | 623,600 | 812,269 |
| Closing stock | (665,107) | (580,627) | (665,107) | (580,627) |
| | 2,343,557 | 823,935 | 656,674 | 475,710 |

Direct expenses

| | | | | |
|--|-----------|---------|---------|---------|
| Amortisation | 6,272 | - | 2,445 | - |
| Provision for obsolescence and slow moving stock - net | 3,583 | - | - | - |
| Warehousing charges | 27,200 | - | 9,068 | - |
| | 37,055 | - | 11,513 | - |
| | 2,380,612 | 823,935 | 668,187 | 475,710 |

Cost of samples for marketing and sales promotion

| | | | | |
|--|-----------|-----------|-----------|-----------|
| | (141,287) | (65,418) | (53,270) | (33,816) |
| | 5,240,041 | 2,755,808 | 1,732,795 | 1,069,395 |

| Note | Nine months ended | | Quarter ended | |
|---|------------------------------|------------------|----------------|----------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2022 | 2021 | 2022 | 2021 |
| | ----- (Rupees in '000) ----- | | | |
| 15. ADMINISTRATIVE EXPENSES | | | | |
| Salaries and other benefits | 261,356 | 113,362 | 88,277 | 40,303 |
| Travelling and conveyance | 1,321 | 82 | 332 | 18 |
| Printing and stationery | 5,824 | 3,243 | 1,605 | 560 |
| Directors' remuneration | 6,750 | 9,700 | 2,500 | 2,875 |
| Ijarah rental | 37 | - | 37 | - |
| Postage, telegrams and telephones | 3,223 | 602 | 1,696 | 201 |
| Legal and professional | 29,755 | 46,422 | 14,029 | 6,321 |
| Research cost | 7,258 | 769 | 1,951 | 382 |
| Repairs and maintenance | 16,452 | 26,523 | 3,147 | 14,794 |
| Software license renewals and maintenance fee | 15,059 | 10,288 | 4,693 | 5,186 |
| Subscription and fee | 1,635 | 5,505 | 1,269 | 4,831 |
| Advertisement | 329 | 878 | 4 | 220 |
| Auditors' remunerations | 930 | 863 | - | 83 |
| Donations | 17,156 | 79,639 | 1,376 | 71,209 |
| Insurance | 2,150 | 1,132 | 479 | 605 |
| Depreciation | 27,232 | 16,437 | 9,018 | 8,309 |
| Amortisation | 4,381 | 5,401 | 926 | 2,003 |
| Corporate social responsibility | 6,480 | 6,412 | 721 | 1,574 |
| Vehicle running expenses | 2,057 | 444 | 367 | 128 |
| | 409,385 | 327,702 | 132,427 | 159,602 |
| 16. MARKETING AND SELLING EXPENSES | | | | |
| Salaries and other benefits | 1,297,331 | 600,675 | 451,751 | 218,094 |
| Travelling and conveyance | 407,261 | 154,457 | 150,620 | 52,135 |
| Repairs and maintenance | 8,488 | 4,768 | 3,526 | 2,884 |
| Ijarah rentals | 13,512 | - | 7,595 | - |
| Insurance | 5,646 | 3,726 | 2,978 | 1,230 |
| Depreciation | 52,118 | 27,827 | 23,825 | 9,495 |
| Printing and stationery | 7,102 | 2,314 | 1,567 | 642 |
| Samples | 141,287 | 65,418 | 53,270 | 33,816 |
| Sales promotion expenses | 354,100 | 224,994 | 141,490 | 84,197 |
| Meeting and conferences | 167,405 | 57,239 | 32,045 | 36,826 |
| Communication | 23,914 | 13,655 | 8,681 | 4,779 |
| Subscription | 14,125 | 20,598 | 2,350 | 4,502 |
| Freight, handling and transportation | 66,125 | 61,061 | 34,106 | 17,815 |
| | 2,558,414 | 1,236,732 | 913,804 | 466,415 |
| 17. OTHER EXPENSES | | | | |
| Workers' Profit Participation Fund | 77,001 | 76,234 | 17,415 | 27,159 |
| Workers' Welfare Fund | 16,586 | 19,908 | 2,202 | 8,848 |
| Central Research Fund | 15,556 | 13,272 | 3,519 | 3,357 |
| Exchange loss - net | 83,881 | 5,427 | 33,154 | 13,275 |
| Allowances for expected credit loss (net) | 8,758 | 1,788 | 5,925 | 828 |
| | 201,782 | 116,629 | 62,215 | 53,467 |
| 18. OTHER INCOME | | | | |
| Income from financial assets | | | | |
| Markup on deposit accounts | 27,764 | 20,222 | 4,061 | 7,587 |
| Income from non-financial assets | | | | |
| Gain on sale of operating fixed assets (net) | 15,387 | 4,700 | 11,131 | (422) |
| Government grant | 8,757 | 16,490 | 2,694 | 4,208 |
| Scrap sales | 8,523 | 4,140 | 2,440 | 1,300 |
| Others | 12 | 431 | - | 53 |
| | 32,679 | 25,761 | 16,265 | 5,139 |
| | 60,443 | 45,983 | 20,326 | 12,726 |

| Note | Nine months ended | | Quarter ended | |
|--------------------------|------------------------------|--------------|---------------|--------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2022 | 2021 | 2022 | 2021 |
| | ----- (Rupees in '000) ----- | | | |
| 19. FINANCE COSTS | | | | |
| Mark-up on: | | | | |
| - long-term financings | 306,757 | 115,965 | 118,003 | 68,864 |
| - short term borrowings | 52,569 | 1,003 | 36,368 | 887 |
| | 359,326 | 116,968 | 154,371 | 69,751 |
| Bank charges | 9,623 | 6,089 | 4,766 | 575 |
| | 368,949 | 123,057 | 159,137 | 70,326 |

20. TAXATION

| | | | | |
|----------|---------|---------|--------|--------|
| Current | 389,123 | 239,966 | 59,911 | 87,861 |
| Prior | 165,096 | (872) | 903 | (872) |
| Deferred | 61,727 | 21,227 | 21,917 | 5,738 |
| 20.1 | 615,946 | 260,321 | 82,731 | 92,727 |

- 20.1** 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 Group has made provision of Super Tax amounting to Rs. 209.16 million in these consolidated condensed interim financial statements.

Subsequently, the Group has filed petition with Honourable High Court Of Sindh against the retrospective imposition of supertax @ 10%. The court vide its order dated October 03, 2022 had provided interim stay order subject to the submission of security equivalent to the tax amount. Accordingly the Group has submitted bank guarantee amounting Rs 165.20 million with the Nazir of the High Court of Sindh.

| | 30 September | 30 September |
|---|------------------------------|--------------|
| | 2022 | 2021 |
| | ----- (Rupees in '000) ----- | |
| 21. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 1,742,798 | 1,426,251 |
| Adjustments for: | | |
| Depreciation | 163,912 | 120,109 |
| Amortisation | 14,353 | 7,045 |
| Allowances for expected credit losses | 8,758 | 1,788 |
| (Gain) / loss on disposal of operating fixed assets - net | (15,387) | (4,700) |
| Amortisation of government grant | (8,757) | - |
| Mark-up on deposits accounts | (27,764) | (20,222) |
| Finance costs | 368,949 | 123,057 |
| Workers' Profit Participation Fund | 77,001 | 76,234 |
| Workers' Welfare Fund | 16,586 | 19,908 |
| Central Research Fund | 15,556 | 13,272 |
| | 613,207 | 336,491 |
| Operating profit before working capital changes | 2,356,005 | 1,762,742 |
| Working capital changes | | |
| Decrease / (increase) in current assets | | |
| Stores, spares and loose tools | (245) | (1,039) |
| Stock-in-trade | (479,585) | (352,793) |
| Trade debts | (698,515) | (161,590) |
| Loans and advances | (227,889) | (122,697) |
| Trade deposits, prepayments and other receivables | (444,110) | 7,019 |
| | (1,850,344) | (631,100) |
| Increase in current liabilities | | |
| Trade and other payables | 210,485 | 28,376 |
| | 716,146 | 1,160,018 |

22. CASH AND CASH EQUIVALENTS

| | | |
|------------------------|---------|-----------|
| Cash and bank balances | 45,949 | 121,285 |
| Short-term investments | 112,326 | (328,335) |
| | 158,275 | (207,050) |

23. 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 Incorporation | Basis of relationship | % of shares held by related parties | Nature of transactions | Nine months ended | | Quarter ended | |
|---|-----------------------|-------------------------------------|---|-------------------|-------------------|-------------------|-------------------|
| | | | | 30 September 2022 | 30 September 2021 | 30 September 2022 | 30 September 2021 |
| ----- (Rupees in '000) ----- | | | | | | | |
| Parent Company | | | | | | | |
| Aitkenstuart Pakistan (Private) Limited | Parent Company | 55.80% | Expenditure incurred / paid by parent company of the Group on behalf of the Group | 5,612 | - | - | - |
| | | | Dividend paid | 418,626 | 148,350 | - | - |
| Associated companies | | | | | | | |
| Aspin Pharma (Private) Limited- Pakistan | Common directorship | 4.79% | Sale of goods | 32,206 | 24,444 | 9,399 | 3,148 |
| | | | Expenditure incurred / paid by the Group on behalf of associate | 761 | 509 | - | 164 |
| | | | Expenditure incurred / paid by the associate on behalf of the Group | 13,993 | 8,330 | - | 4,216 |
| | | | Dividend paid | 33,500 | 13,400 | 5,297 | - |
| Muller and Phipps Pakistan (Private) Limited - Pakistan | Common directorship | 13.54% | Sale of goods | 8,598,268 | 4,857,746 | 2,780,534 | 1,963,949 |
| | | | Purchase of hand held devices | 24,086 | - | - | - |
| | | | Warehouse and logistics charges | 27,371 | - | 9,239 | - |
| | | | Settlement of amount incurred by the associate on behalf of the Group | 341,247 | 119,275 | 142,463 | 54,402 |
| | | | Dividend paid | 94,800 | 37,920 | - | - |
| Staff retirement benefits - AGP Limited staff provident fund | | | | 34,403 | 25,170 | 11,543 | 9,665 |
| Key management personnel | | | | 219,971 | 151,071 | 65,011 | 72,939 |
| | | | Remuneration and other benefits | 3,514 | 6 | - | - |
| Directors | | | | 6,750 | 9,700 | 2,500 | 2,875 |
| | | | Board and other meeting fee | 1,578 | 631 | - | - |
| Sharmeen Khan Memorial Foundation | | | Donation given | 2,300 | - | - | - |
| Muller and Phipps Express Logistics (Private) Limited - Pakistan | | | Services incurred | 59 | 31 | 21 | 12 |

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

24. INFORMATION ABOUT OPERATING SEGMENTS

- 24.1** 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.
- 24.2** Export sales made to Afghanistan represents the geographical breakup of the Group's gross turnover.
- 24.3** 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 September 2022 | 30 September 2021 |
|--|-----------------------------|----------------------|
| | ----- (Rupees in '000)----- | |
| - Muller & Phipps Pakistan (Private) Limited | 8,598,268 | 4,857,746 |

- 24.4** 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.

25. DATE OF AUTHORIZATION


These consolidated condensed interim financial statements were authorized for issue on 20 October 2022 by the Board of Directors of the Holding Company.

26. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on 20 October 2022 has proposed a interim cash dividend for the year 2022 of Rs. Nil per share (2021:Nil), aggregating to Rs. Nil (2021: Nil).

27. GENERAL

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



Chief Financial Officer



Chief Executive Officer



Director



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