



w e v a l u e l i f e

April 28, 2023

AGP-Sec./277

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

Subject: **Quarterly Financial Statements for the period ended March 31, 2023**

Dear Sir,

We have transmitted the Quarterly Financial Statements of the Company for the period ended March 31, 2023 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,

A handwritten signature in blue ink, appearing to read 'Umair Mukhtar', enclosed in a circular scribble.

Umair Mukhtar
Company Secretary



A S C E N D



FIRST QUARTERLY
REPORT 2023

TABLE OF CONTENTS

01	Company Information	02
02	Directors' Review to the Members	04
03	Directors' Review to the Members (Urdu)	05
04	Condensed Interim Statement of Financial Position	07
05	Condensed Interim Statement of Profit or Loss	10
06	Condensed Interim Statement of Comprehensive Income	11
07	Condensed Interim Statement of Changes In Equity	12
08	Condensed Interim Statement of Cash Flows	13
09	Notes to the Condensed Interim Financial Statements	14
10	Consolidated Condensed Interim Statement of Financial Position	25
11	Consolidated Condensed Interim Statement of Profit or Loss	26
12	Consolidated Condensed Interim Statement of Comprehensive Income	27
13	Consolidated Condensed Interim Statement of Changes In Equity	28
14	Consolidated Condensed Interim Statement of Cash Flows	29
16	Notes to the Consolidated Condensed Interim Financial Statements	30

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

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

Audit Committee

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

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited

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

Mr. Umair Muhammad Siddiq

Company Secretary

Mr. Umair Mukhtar

Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Limited
Meezan Bank Limited
National Bank of Pakistan
The Bank of Punjab

Legal Advisor

Sattar & Sattar

Auditors

EY Ford Rhodes

Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

Website

www.agp.com.pk

Email

info@agp.com.pk

**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

+9221 32563598

Fax: +9221 32564670

Plant - III

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

Super Highway

Phase II, Karachi

The image shows a close-up, low-angle shot of the AGP logo mounted on a light-colored, textured building facade. The letters 'A', 'G', and 'P' are blue, while the letter 'A' is red. The logo is three-dimensional and casts a shadow on the wall. The background is a dark purple gradient with faint, curved white lines.

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 three months ended March 31, 2023.

Operating Results of the Company

The Company achieved highest-ever quarterly sale of PKR 3.2 billion with an increase of 27% over the same period last year. This growth is mainly attributable to the robust performance in domestic retail sales and Afghanistan sales. Domestic retail sales grew on the back of outstanding performance of top brands. Afghanistan sales have grown significantly with stability in geo-political conditions in Afghanistan followed by dedicated efforts of the management to increase its market share in the region. However, margins remained under pressure due to massive devaluation of local currency and significant increase in cost of doing business.

Administrative expenses have increased primarily due to salary increments and promotions. Marketing and selling expenses have increased in line with business growth and due to high inflationary pressure. Further, due to significant depreciation of Pak Rupee, the Company recorded an exchange loss of ~PKR 114 million which is almost 7times as compared to same period last year. Furthermore, due to substantial increase in borrowing rates, the Company's finance cost has risen to PKR 31 million, up by almost 2times over the same period last year. Resultantly, on a standalone basis, the Company posted a net profit of PKR 325 million with earnings per share of PKR 1.16.

The topline performance of the subsidiary, OBS AGP (Private) Limited has been encouraging and consequently on a consolidated basis, the Company achieved a remarkable topline performance of PKR 3.9 billion. Building onto this promising performance in sales, consolidated gross profit is recorded at PKR 2 billion; the consolidated net profit stands at PKR 396 million; net profit attributable to parent Company at PKR 356 million; and earnings per share at PKR 1.27.

Strategic Outlook

The economic and political situation of the country poses unprecedented challenges to the business community. Massive PKR devaluation coupled with inflation surge and hike in fuel and freight prices has significantly raised cost of doing business in the country. The business environment will remain tough given the economic headwinds, however, we are closely monitoring the situation to make necessary adjustments to navigate potential risks to our business.

The Company will continue to capitalize on its existing product portfolio and emphasize on potential synergies from internal manufacturing of main brands of its subsidiary company. The Company will continue to focus on increasing its share in the domestic market as well as establishing a strong presence in international markets.

The start of second quarter of the year marks another significant milestone as the Company has successfully acquired a portfolio of certain pharmaceutical brands ("Brands") from Viatrix Inc. ("Viatrix") which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. after securing necessary regulatory approvals. These Brands are well established with high brand equity and strong customer loyalty. The Company has plans to integrate and commence in-house manufacturing of the majority of these brands in due course. This would result in economies of scale, operational synergies, and logistical efficiencies and in turn, maximize shareholders' value.

Acknowledgement

We express our appreciation to the stakeholders for placing their unwavering trust and confidence in the Company. We would like to extend our gratitude to our employees for embodying the Company's vision and making sincere efforts towards its achievement, thus actively contributing to improving people's access to high-quality healthcare. We also extend our sincere gratitude to the team, comprising of employees of the Company and its parent company, for successfully concluding the acquisition transaction and warmly welcomes the business employees who joined our team from Pfizer Pakistan.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Non-Executive Director

ڈائریکٹرز کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والے تین ماہ کے لیے کمپنی کے غیر آڈٹ شدہ انفرادی (standalone) اور اجماعی (consolidated) مختصر عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

کمپنی کی کاروباری سرگرمیوں کے نتائج

کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں ۲۷ فیصد اضافے کے ساتھ ۳۲.۲ بلین کی ایکسٹنڈڈ مارکیٹ کی سب سے زیادہ سہ ماہی فروخت حاصل کی۔ یہ ترقی بنیادی طور پر گھریلو خوردہ فروخت اور افغانستان کی فروخت میں مضبوط کارکردگی سے منسوب ہے۔ اعلیٰ برانڈز کی شاندار کارکردگی کی وجہ سے گھریلو خوردہ فروخت میں اضافہ ہوا۔ افغانستان میں جغرافیائی سیاسی حالات میں استحکام کے ساتھ افغانستان کی فروخت میں نمایاں اضافہ ہوا ہے جس کے بعد انتظامیہ کی جانب سے خطے میں اپنا مارکیٹ شیئر بڑھانے کے لیے منظم کوششیں کی گئی ہیں۔ تاہم، مقامی کرنسی کی قدر میں بڑے پیمانے پر کمی اور کاروبار کرنے کی لاگت میں نمایاں اضافے کی وجہ سے مارجن واپس رہا۔

بنیادی طور پر نچو اہوں میں اضافے اور ترقیوں کی وجہ سے انتظامی اخراجات میں اضافہ ہوا ہے۔ مارکیٹنگ اور سٹاک اخراجات میں کاروبار کی ترقی کے مطابق اور منجانبی کے بلند وادی کی وجہ سے اضافہ ہوا ہے۔ مزید برآں، پاکستانی روپے کی قدر میں کمی کی وجہ سے، کمپنی نے زرمبادلہ کی مدت میں ۱۱.۴ بلین روپے کا نقصان درج کرایا جو پچھلے سال کی اسی مدت کے مقابلے میں تقریباً گنا ہے۔ مزید برآں، قرض لینے کی شرح میں خاطر خواہ اضافے کی وجہ سے کمپنی کی مالیاتی لاگت ۳۱ بلین روپے ہو گئی ہے، جو پچھلے سال کی اسی مدت کے مقابلے میں تقریباً ۲ گنا زیادہ ہے۔ نتیجتاً، انفرادی بنیادوں پر، کمپنی نے ۱.۱۶ روپے کی فی حصص آمدنی کے ساتھ ۳۲.۵ بلین روپے کا خالص منافع کمایا۔

ذیلی ادارے، OBS AGP (پرائیویٹ) لمیٹڈ کی نیلز ٹاپ لائن پر فارمنس حوصلہ افزا رہی ہے اور نتیجتاً ایک مستحکم بنیاد پر، کمپنی نے ۳۰.۹ روپے کی نمایاں ٹاپ لائن کارکردگی حاصل کی گئی۔ نیلز میں اس امیدوار کارکردگی کی بنیاد پر، مجموعی منافع ۲ بلین روپے پر مندرج ہوا۔ مجموعی خالص منافع ۳۹.۶ بلین روپے، بنیادی کمپنی سے منسوب خالص منافع ۳۵.۶ بلین روپے اور فی شیئر آمدنی ۱.۲۷ روپے رہی۔

مستقبل کی توقعات

ملک کی معاشی اور سیاسی صورتحال کاروباری برادری کے لیے بے مثال چیلنج کی حامل ہے۔ منجانبی میں اضافے اور اینڈوین اور مال برداری کی قیمتوں میں اضافے کے ساتھ پاکستانی روپے کی قدر میں بڑے پیمانے پر کمی کے ملک میں کاروبار کرنے کی لاگت میں نمایاں اضافہ کیا ہے۔ معاشی حالات کے پیش نظر کاروباری ماحول کٹھن رہے گا تاہم، ہم اپنے کاروبار کے لیے ممکنہ خطرات کی نگرانی کے لیے ضروری تدابیر بدل کرنے کے لیے صورت حال پر گہری نظر رکھے ہوئے ہیں۔

کمپنی اپنے موجودہ پروڈکٹ پورٹ فولیو سے فائدہ اٹھانا جاری رکھے گی اور اپنی ذیلی کمپنی کے اہم برانڈز کی مقامی مینیوفیکچرنگ سے ممکنہ ہم آہنگی پر زور دے گی۔ کمپنی مقامی مارکیٹ میں اپنا حصہ بڑھانے کے ساتھ ساتھ بین الاقوامی منڈیوں میں مضبوط موجودگی قائم کرنے پر توجہ مرکوز رکھے گی۔

سال کی دوسری سہ ماہی کا آغاز ایک اور اہم سنگ میل کی نشاندہی کرتا ہے کیونکہ کمپنی نے ("Viatris") Viatris Inc. سے کچھ مخصوص فارماسیوٹیکل برانڈز ("برانڈز") کا پورٹ فولیو میامی کے ساتھ حاصل کر لیا ہے جو ضروری ریگولیٹری منظور یوں کو حاصل کرنے کے بعد پاکستان میں بنیادی طور پر ان برانڈز کے تحت کمرشل نئے گئے ہیں جو پہلے Pfizer Inc. کی ملکیت تھے۔ یہ برانڈز اعلیٰ برانڈ ایکیٹیو اور خردیادوں کی مستحکم وابستگی کے ساتھ مستحکم مقام کے حامل ہیں۔ کمپنی ان زیادہ تر برانڈز کی مینیوفیکچرنگ 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، شیئر ہولڈرز کی قدر میں اضافہ ہوگا۔

اظہار تشکر

ہم اپنے قابل احترام اسٹیک ہولڈرز سے اظہار تشکر کرنا چاہتے ہیں 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 ہر شکرگشاہی کیں اور اس کے نتیجے میں صحت کی معیاری دیکھ بھال تک لوگوں کی رسائی میں اضافہ کیا۔ ہم ایکویٹیڈیشن ٹرانزیکشن کی کامیاب تکمیل پر کمپنی اور اپنی بیزنس کمپنی کے ملازمین پر مشتمل ٹیم کا تہجد سے شکریہ ادا کرتے ہیں اور Pfizer Pakistan کے ہماری ٹیم میں شامل ہونے والے کاروباری ملازمین کا تہجد سے خیر مقدم کرتے ہیں۔



محمد کامران مرزا

نان ایگزیکٹو ڈائریکٹر



محترمہ نصرت ہاشمی

چیف ایگزیکٹو آفیسر

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
MARCH 31, 2023**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


AS AT 31 MARCH 2023

		31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,132,425	3,015,316
Intangible assets	5	5,407,279	5,410,626
Long-term investment	6	729,531	729,531
Long-term deposits and receivables		24,106	22,532
		9,293,341	9,178,005
CURRENT ASSETS			
Stores, spares and loose tools		9,343	9,207
Stock-in-trade	7	2,057,620	1,875,833
Trade debts	8	1,181,649	1,162,368
Advances	9	401,729	217,073
Trade deposits, prepayments and other receivables	10	277,745	236,945
Taxation – net		87,049	-
Cash and bank balances	11	173,858	149,647
		4,188,993	3,651,073
TOTAL ASSETS		13,482,334	12,829,078
EQUITY AND LIABILITIES			
Issued, subscribed and paid-up capital			
Share capital		2,800,000	2,800,000
Revenue reserve - unappropriated profits		7,748,447	7,423,285
		10,548,447	10,223,285
NON-CURRENT LIABILITIES			
Long-term financings		37,764	35,586
Deferred grant		779	583
Gas infrastructure development cess		6,945	7,405
Deferred tax liabilities - net		130,406	129,371
		175,894	172,945
CURRENT LIABILITIES			
Trade and other payables		1,931,683	1,616,792
Unclaimed dividends		1,795	1,795
Taxation - net		-	24,017
Accrued interest		22,900	40,138
Short-term borrowings	12	780,000	689,082
Current maturity of non-current liabilities		21,615	61,024
		2,757,993	2,432,848
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		13,482,334	12,829,078

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



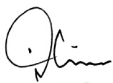
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2 0 2 3	31 March 2 0 2 2
	Note	----- (Rupees in '000) -----	
Revenue from contracts with customers - net	14	3,165,029	2,498,728
Cost of sales	15	(1,695,371)	(1,244,948)
Gross profit		1,469,658	1,253,780
Administrative expenses	16	(121,411)	(87,418)
Marketing and selling expenses	17	(779,973)	(546,327)
Other expenses	18	(145,161)	(63,436)
Other income	19	14,479	19,257
Finance costs	20	(31,003)	(14,761)
		(1,063,069)	(692,685)
Profit before taxation		406,589	561,095
Taxation	21	(81,427)	(110,814)
Profit for the period		325,162	450,281
Earnings per share - basic and diluted		Rs. 1.16	Rs. 1.61

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



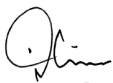
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000) -----	
Profit for the period	325,162	450,281
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	325,162	450,281

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



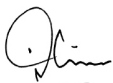
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	Share capital	Revenue reserve - Unappropriated profits	Total
	----- Rupees in ' 000-----		
Balance as at 31 December 2021 - Audited	2,800,000	6,695,251	9,495,251
Total comprehensive income for the period	-	450,281	450,281
Balance as at 31 March 2022	2,800,000	7,145,532	9,945,532
Balance as at 31 December 2022 - Audited	2,800,000	7,423,285	10,223,285
Total comprehensive income for the period	-	325,162	325,162
Balance as at 31 March 2023	2,800,000	7,748,447	10,548,447

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



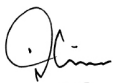
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	Note	31 March 2 0 2 3	31 March 2 0 2 2
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	22	382,180	214,338
Payments for:			
Finance costs		(46,790)	(8,448)
Income tax		(191,456)	(113,623)
Net cash flows generated from operating activities		143,934	92,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(183,095)	(301,267)
Proceeds from disposal of operating fixed assets		4,711	2,018
Deposits and receivables - paid / given		(1,574)	(2,395)
Interest income received		6,753	10,307
Net cash flows used in investing activities		(173,205)	(291,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(6)
Lien released on bank balances		52,416	-
Repayment of long-term financings		(37,436)	(168,519)
Net cash flows generated/(used) in financing activities		14,980	(168,525)
Net decrease in cash and cash equivalents		(14,291)	(367,595)
Cash and cash equivalents at the beginning of the period		(670,474)	524,869
Cash and cash equivalents at the end of the period	23	(684,765)	157,274

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (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 2022: 55.80%) 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 31 March 2023 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 2022.
- 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 2022. 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 2022.
- 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

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 2022, except as described below:

3.1 Amendments to approved accounting standards

Effective date

IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023

New Standards

IFRS 17	Insurance Contracts	January 01, 2023
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The adoption of above amendments and improvements to the standards did not have any material impact on the Company's condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
----- (Rupees in '000) -----			
Operating fixed assets	4.1	2,819,406	2,636,546
Capital work-in-progress	4.2	313,019	378,770
		<u>3,132,425</u>	<u>3,015,316</u>

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	31 March 2 0 2 3	31 December 2 0 2 2	31 March 2 0 2 3	31 December 2 0 2 2
----- (Rupees in '000) -----				
Buildings - factory / office sites	87,797	97,825	-	552
Plant and machinery	58,110	110,767	-	325
Furniture and fixtures	1,374	25,461	-	62
Motor vehicles	48,203	295,040	2,450	18,678
Office equipment	1,451	18,820	-	974
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	25,973	10,994	-	342
Laboratory equipment	6,681	28,991	-	-
Computers and related accessories	6,244	38,302	-	254
	<u>248,843</u>	<u>631,538</u>	<u>2,450</u>	<u>21,187</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		------(Rupees in '000)-----	
4.2	The following is the movement in capital work-in-progress during the period / year:		
	Opening balance	378,770	248,283
	Additions during the period / year	183,092	778,426
	Transferred during the period / year to:		
	- operating fixed assets	(248,843)	(631,538)
	- intangible assets	-	(16,401)
	Closing balance	<u>313,019</u>	<u>378,770</u>

4.2.1 Capital work-in-progress comprise of:

	Note	Additions (at cost)		Closing Balance	
		31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2023 (Unaudited)	31 December 2022 (Audited)
		------(Rupees in '000)-----			
Buildings - factory / office		35,902	235,461	167,348	219,243
Plant and machinery		102	69,076	18,021	76,029
Furniture and fixtures		1,374	25,444	-	-
Motor vehicles		98,126	304,025	98,396	48,473
Office equipment		1,451	18,820	-	-
Gas and electrical fittings		13,010	5,338	-	-
Refrigerator and air conditioner		20,202	37,191	29,254	35,025
Laboratory equipment		6,681	28,927	-	-
Computers and related accessories		6,244	37,743	-	-
Softwares		-	16,401	-	-
	4.2	<u>183,092</u>	<u>778,426</u>	<u>313,019</u>	<u>378,770</u>

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		------(Rupees in '000)-----	
5. INTANGIBLE ASSETS			
Goodwill	5.1	743,226	743,226
Trademarks - indefinite	5.1	4,641,087	4,641,087
Computer software	5.2	22,966	26,313
		<u>5,407,279</u>	<u>5,410,626</u>

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 Apollo 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. NIL million (Dec 2022: Rs. 0.509 million) is made to computer softwares.

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		------(Rupees in '000)-----	
6. LONG-TERM INVESTMENT			
Investment in subsidiary - OBSAGP		715,000	715,000
Financial guarantee - at fair value		14,531	14,531
		<u>729,531</u>	<u>729,531</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		------(Rupees in '000)-----	
7. STOCK-IN-TRADE	Note		
Raw and packing materials			
In hand	7.1	1,340,617	1,123,154
In transit		72,144	93,739
		1,412,761	1,216,893
Work-in-process		166,864	185,087
Finished goods			
- Manufacturing		470,099	444,008
- Trading		22,930	69,583
		493,029	513,591
Provision for obsolescence and slow moving stock	7.4	(15,034)	(39,738)
	7.2	2,057,620	1,875,833

7.1 Included herein items having value of Rs. 215.02 million (31 December 2022: Rs. 38.77 million), representing stock held by third parties.

7.2 Stock in trade includes items having cost of Rs. 21.38 million (31 December 2022: Rs. 21.38 million) written down to net realisable value of Rs. 18.48 million (31 December 2022: Rs. 18.48 million) resulting in a writedown of Rs. 2.19 million (31 December 2022: Rs. 2.19 million).

7.3 During the period, the manufacturing and trading finished goods sold amounted to Rs. 1,264.63 million and Rs. 47.09 million (31 December 2022: Rs 1979.36 million and Rs 563.43 million), respectively that are charged to cost of sales.

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		------(Rupees in '000)-----	
7.4	Note		
Provision for obsolescence and slow moving stock is as follows:			
Opening balance		39,738	44,511
Provision made during the period / year - net		-	44,158
Written off during the period / year		(24,704)	(48,931)
		15,034	39,738

8. TRADE DEBTS - unsecured

Related parties

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

Others than related parties

Less: Allowances for expected credit losses

8.1

	14,450	-
	68,050	128,053
	731,346	676,226
	813,847	804,279
	369,034	359,294
	1,182,881	1,163,573
	(1,232)	(1,205)
	1,181,649	1,162,368

8.1 The movement in allowance for expected credit losses is as follows:

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

	1,205	1,318
	27	(113)
	1,232	1,205

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
Note	----- (Rupees in '000) -----	
9. ADVANCES - unsecured, Considered good		
- suppliers	394,270	212,277
- employees	7,459	4,796
	401,729	217,073

10. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits - considered good, unsecured

Security deposits	17,106	17,384
Margin on letters of credit	131,402	146,119
	148,508	163,503

Prepayments - insurance

41,033	1,027
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Other receivables

Current portion of receivables from employees - secured	10.1	7,448	5,174
Receivable from a subsidiary company - unsecured	10.2	8,796	11,589
Receivable from a related party - unsecured	10.3	53,952	46,349
Sales tax refundable		15,999	8,947
Others		2,009	356
		88,204	72,415
		277,745	236,945

10.1 Represents interest free receivables from the employees of the Company on account of purchase of vehicles (i.e. motor bikes) and laptops, in accordance with their employment terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly instalments. Total Long term receivables from employees as of date is Rs. 20 million [December 2022: Rs 16.16 million].

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

10.3 Represent pre-commencement expenditure incurred on behalf of OBS Pakistan (Private) Limited (a related party).

	31 March 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
Note	----- (Rupees in '000) -----	
11. CASH AND BANK BALANCES		
Cash in hand	3,427	1,974
Balances held with banks		
Current accounts		
- local currency	35,890	7,151
- foreign currency	615	481
	36,505	7,632
Deposit accounts	11.1	133,926
	173,858	140,041
		149,647

11.1 The amount included Rs. 78.62 million (Dec 2022: Rs 131.03 million) marked as lien against the bank guarantee given.

	31 March 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
Note	----- (Rupees in '000) -----	
12. SHORT TERM BORROWINGS - Secured		
Running finance from commercial banks	557,615	496,437
Running musharaka form Islamic banks	222,385	192,645
	780,000	689,082

12.1 The terms and conditions are same as disclosed in the annual financial statements of the Company for the year ended 31 December 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

13. CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

13.1.1 There is no material change in the status of contingencies as disclosed in note 23 to the annual financial statements of the Company for the year ended 31 December 2022 except as disclosed below:

31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
----- (Rupees in '000) -----	

13.1.2 Guarantees

Bank guarantees

- total limit
- unutilised portion
- utilised portion

492,000	492,000
359,277	308,362
132,723	183,638

13.2 COMMITMENTS

13.2.1 As at 31 March 2023, capital expenditure contracted for but not incurred amounted to Rs. 409 million (31 December 2022: Rs. 266.12 million).

31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
----- (Rupees in '000) -----	

13.2.2 Financial guarantee issued on behalf of subsidiary company

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

13.3 Letters of credit

Letters of credit

- total limit
- unutilised portion
- utilised portion

3,170,000	3,170,000
2,661,437	2,532,111
508,563	637,889

Note	31 March 2 0 2 3	31 March 2 0 2 2
	----- (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

2,788,092	1,829,564
32,937	525,543
2,821,029	2,355,107

Export

575,887	314,328
---------	---------

Less: Trade discounts

Sales returns

Sales tax

(188,162)	(162,324)
(7,086)	(905)
(36,639)	(7,478)
(231,887)	(170,707)

14.1 & 14.2

3,165,029	2,498,728
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14.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 25.2 to these condensed interim financial statements.

14.2 Included herein sales made to related parties amounting to Rs. 2,620 million (31 March 2022: Rs 1,753 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000) -----	
15. COST OF SALES		
Cost of sales – manufacturing		
Raw and packing materials consumed		
Opening stock	1,123,154	503,469
Purchases	1,489,957	807,898
Available for consumption	2,613,111	1,311,367
Closing stock	(1,340,617)	(674,566)
Raw and packing material consumed	1,272,494	636,801
Manufacturing cost		
Salaries, wages and other benefits	243,838	178,051
Stores and spares consumed	8,869	3,027
Processing charges	8,100	2,570
Freight	1,094	938
Fuel, gas and electricity	51,233	29,074
Repairs and maintenance	28,701	16,969
Travelling and conveyance	437	2,567
Insurance	3,868	3,608
Laboratory expenses	11,561	9,639
Rates and taxes	432	443
Depreciation	33,820	27,505
Amortisation	2,303	1,243
Postage, telegraph and telephones	1,086	596
Printing and stationery	2,890	2,034
	398,234	278,264
	1,670,728	915,065
Work-in-process		
Opening stock	185,087	82,865
Closing stock	(166,864)	(89,757)
	18,223	(6,892)
Cost of goods manufactured	1,688,951	908,173
Finished goods		
Opening stock	444,008	289,992
Closing stock	(470,099)	(274,953)
	(26,091)	15,039
	1,662,860	923,212
Cost of samples for marketing and sales promotion	(14,579)	(21,542)
Cost of sales – trading		
Opening stock	69,583	156,127
Purchases	437	323,827
Closing stock	(22,930)	(136,676)
	47,090	343,278
	1,695,371	1,244,948

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000) -----	
16. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	68,496	46,123
Travelling and conveyance	24	177
Printing and stationery	680	317
Directors' remuneration	1,750	2,000
Meeting and conferences	209	-
Postage, telegrams and telephones	445	41
Legal and professional	7,062	5,308
Research cost	3,553	908
Repairs and maintenance	6,834	5,058
Software license renewals and maintenance fee	11,152	2,435
Subscription and fee	390	136
Advertisement	230	301
Donations	4,821	14,175
Insurance	377	434
Depreciation	9,302	8,533
Amortisation	1,045	945
Corporate social responsibility	4,903	324
Vehicle running expenses	138	203
	<u>121,411</u>	<u>87,418</u>
17. MARKETING AND SELLING EXPENSES		
Salaries and other benefits	375,202	295,439
Travelling and conveyance	125,923	87,559
Repairs and maintenance	3,246	1,131
Insurance	2,950	1,241
Depreciation	20,385	10,079
Printing and stationery	1,902	2,442
Samples	14,579	21,542
Sales promotion expenses	146,851	69,186
Meeting and conferences	37,088	36,061
Communication	6,022	3,391
Subscription	6,589	3,773
Product registration fee	7,724	1,389
Freight, handling and transportation	31,512	13,094
	<u>779,973</u>	<u>546,327</u>
18. OTHER EXPENSES		
Workers' Profit Participation Fund	21,609	30,081
Workers' Welfare Fund	4,744	8,189
Central Research Fund	4,365	6,077
Exchange loss - net	114,416	16,544
Charge of allowances for expected credit loss	27	2,545
	<u>145,161</u>	<u>63,436</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
Note	----- (Rupees in '000) -----	
19. OTHER INCOME		
Income from financial assets		
Markup on deposit accounts	6,753	10,307
Income from non-financial assets		
Gain on sale of operating fixed assets (net)	2,236	1,415
Government grant	55	3,810
Scrap sales	4,708	2,998
Amortization of financial guarantee	727	727
	<u>7,726</u>	<u>8,950</u>
	<u>14,479</u>	<u>19,257</u>
20. FINANCE COSTS		
Mark-up on:		
- long-term financings	1,451	13,529
- short term borrowings	26,295	-
	<u>27,746</u>	<u>13,529</u>
Bank charges	3,257	1,232
	<u>31,003</u>	<u>14,761</u>
21. TAXATION		
Current	80,392	114,872
Deferred	1,035	(4,058)
21.1	<u>81,427</u>	<u>110,814</u>

- 21.1** Through the Finance Act 2022, a Super Tax of 10% has been imposed on the pharmaceutical sector retrospectively for Financial Year (FY) 2021 against which the company has filed a petition with the Honourable High Court Of Sindh (SHC). The SHC vide its order dated 03 October 2022 had provided an interim stay order subject to the submission of security equivalent to the tax amount. Accordingly, the company has submitted a bank guarantee amounting to Rs 131 million with the Nazir of the High Court of Sindh (the Nazir).

During the period, the tax authorities filed an appeal with the Honourable Supreme Court of Pakistan (SCP). The SCP vide its order dated 16 February 2023 has directed the Companies to deposit 4% super tax. Further, the SHC vide its order dated 24 February has directed the recovery of 4% super tax through encashment of the bank guarantee. Accordingly, the bank guarantee to the extent of 4% amounting to Rs. 52 million has been encashed by the Nazir.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

31 March 31 March
2023 2022
------(Rupees in '000)-----

22. CASH GENERATED FROM OPERATIONS

Profit before taxation	406,589	561,095
Adjustments for:		
Depreciation	63,506	46,117
Amortisation	3,348	2,188
Charge of allowances for expected credit losses	28	2,545
Gain on disposal of operating fixed assets - net	(2,236)	(1,415)
Provision of obsolescence and slow moving stock	-	44,158
Stock written off during the period	(24,704)	(48,931)
Mark-up on deposits accounts	(6,753)	(10,307)
Reversal of GIDC	(728)	-
Amortisation of government grant	(55)	(3,810)
Amortisation of financial guarantee	(727)	(727)
Finance costs	31,003	14,761
Workers' Profit Participation Fund	21,609	30,081
Workers' Welfare Fund	4,744	8,189
Central Research Fund	4,365	6,077
	93,400	88,926
Operating profit before working capital changes	499,989	650,021
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(136)	(200)
Stock-in-trade	(157,083)	(167,845)
Trade debts	(19,308)	(184,888)
Loans and advances	(184,656)	(122,023)
Trade deposits, prepayments and other receivables	(40,800)	(143,598)
	(401,983)	(618,554)
(Decrease) / increase in current liabilities		
Trade and other payables	284,174	182,871
	382,180	214,338

23. CASH AND CASH EQUIVALENTS

Cash and bank balances	173,858	157,274
Lien on bank balance	(78,623)	-
Short-term borrowings	(780,000)	-
	(684,765)	157,274

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

24. 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	31 March 2023	31 March 2022
				(Un-audited)	
				---(Rupees in '000)---	
Parent Company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent Company	55.80%	Expenditure incurred / paid by the Company on behalf of associate	23	-
Subsidiary Company					
OBS AGP (Private) Limited - Pakistan	Subsidiary Company	65%	Sale of goods	421,157	25,179
			Amount received against sale of goods	495,803	-
			Expenditure incurred by the Company on behalf of subsidiary	8,363	5,939
			Expenditure incurred / paid by the subsidiary on behalf of the Company	3,614	-
			Payment received against expenditure incurred by the Company on behalf of subsidiary	7,541	-
Associated Companies					
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79%	Sale of goods	11,545	4,725
			Expenditure incurred / paid by the Company on behalf of associate	2,804	158
			Expenditure incurred / paid by the associate on behalf of the Company	6,054	3,733
OBS Pakistan (Private) Limited - Pakistan	Common directorship (significant influence)	-	Expenditure incurred / paid by the Company on behalf of associate	7,603	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	2,187,436	1,723,177
			Settlement of discounts and expenses given/incurred on behalf of the Company	90,812	28,973
Staff retirement benefits - AGP Limited staff provident fund				8,512	6,761
Key management personnel				133,289	54,275
Directors				1,750	2,000
Others (due to common directorship)				2,600	2,300
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	38	11

24.1 The related parties status of outstanding receivables / payables as at 31 March 2023 and 31 December 2022 are disclosed in respective notes to these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

25. INFORMATION ABOUT OPERATING SEGMENTS

- 25.1** 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.
- 25.2** Export sales made to Afghanistan represents geographical component of gross turnover of the Company.
- 25.3** The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and trading goods is as follows:

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000)-----	
- Muller & Phipps Pakistan (Private) Limited	<u>2,187,436</u>	1,723,177
- Al - Haj Malem Khan Mangal	<u>475,663</u>	257,274

- 25.4** 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.

26. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 28 April 2023 by the Board of Directors of the Company.

27. SUBSEQUENT EVENTS

- 27.1** The Board of Directors in its meeting held on 28 April 2023 has proposed a interim cash dividend for the period ended March 2023 of Rs. Nil per share (March 2022:Nil), aggregating to Rs. Nil million (March 2022: Nil).

Subsequent to period end, the Company through a Special Purpose Vehicle – OBS Pakistan (Private) Limited (OBS PK), has successfully acquired a portfolio of certain Pharmaceutical brands from Viatrix Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc.

For the purpose, the Company has entered into Musharaka agreement with a financial institution to obtain Musharaka Contribution of an amount upto Rs. 2,400 million.

Further, the Company has made an investment of Rs. 434.56 million in OBS PK, by virtue of this investment the Company has acquired 67.6% shareholding of OBS PK. The shareholders of the Company has duly approved the acquisition upto 85% shareholding in OBS PK.

28. GENERAL

- 28.1** Corresponding figures have also been reclassified, whereby necessary, for better presentation. However, there has been no material reclassification to report.
- 28.2** 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 QUARTER ENDED
MARCH 31, 2023**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,316,368	3,177,562
Intangible assets	5	8,900,985	8,907,053
Long-term deposits and receivables		28,819	27,158
		12,246,172	12,111,773
CURRENT ASSETS			
Stores, spares and loose tools		9,343	9,207
Stock-in-trade	6	2,320,811	2,237,294
Trade debts	7	1,422,304	1,357,120
Advances	8	430,692	268,247
Trade deposits, prepayments and other receivables	9	291,732	241,105
Taxation - net		13,845	-
Short-term investments		-	106,000
Cash and bank balances	10	322,971	216,532
		4,811,698	4,435,505
TOTAL ASSETS		17,057,870	16,547,278
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		8,103,577	7,747,448
		10,903,577	10,547,448
Non-controlling interest		623,101	583,623
		11,526,678	11,131,071
NON-CURRENT LIABILITIES			
Long-term financings		1,708,121	1,868,563
Deferred grant		779	591
Gas infrastructure development cess		6,945	7,405
Deferred tax liabilities - net		134,671	131,312
		1,850,516	2,007,871
CURRENT LIABILITIES			
Trade and other payables		2,098,945	1,778,347
Unclaimed dividends		1,795	1,795
Accrued interest		111,335	129,752
Taxation - net		-	78,444
Short-term borrowings	11	780,000	689,082
Current maturity of non-current liabilities		688,601	730,916
		3,680,676	3,408,336
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		17,057,870	16,547,278

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



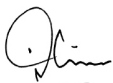
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2 0 2 3	31 March 2 0 2 2
	Note	------(Rupees in '000)-----	
Revenue from contracts with customers - net	13	3,898,626	3,661,151
Cost of sales	14	(1,862,723)	(1,822,357)
Gross profit		2,035,903	1,838,794
Administrative expenses	15	(154,426)	(131,442)
Marketing and selling expenses	16	(1,098,162)	(782,695)
Other expenses	17	(145,161)	(62,924)
Other income	18	21,969	21,085
Finance costs	19	(142,673)	(90,437)
Profit before taxation		(1,518,453)	(1,046,413)
Taxation	20	(121,843)	(178,984)
Profit for the period		395,607	613,397
Profit attributable to:			
Equity holders of the parent company		356,129	555,703
Non-controlling interest		39,478	57,694
		395,607	613,397
Earnings per share - basic and diluted		Rs. 1.27	Rs. 1.98

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



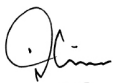
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000) -----	
Profit for the period	395,607	613,397
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	395,607	613,397
<u>Total comprehensive income attributable to:</u>		
Equity holders of the parent company	356,129	555,703
Non-controlling interest	39,478	57,694
	395,607	613,397

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



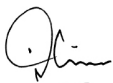
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	Attributable to owners of the parent company				Total equity
	Share capital	Revenue reserve - Unappropriated profits	Total reserves	Non-controlling interest	
	----- Rupees in ' 000-----				
Balance as at 31 December 2021 - Audited	2,800,000	6,877,508	9,677,508	483,790	10,161,298
Total comprehensive income for the period	-	555,703	555,703	57,694	613,397
Balance as at 31 March 2022	2,800,000	7,433,211	10,233,211	541,484	10,774,695
Balance as at 31 December 2022 - Audited	2,800,000	7,747,448	10,547,448	583,623	11,131,071
Total comprehensive income for the period		356,129	356,129	39,478	395,607
Balance as at 31 March 2023	2,800,000	8,103,577	10,903,577	623,101	11,526,678

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



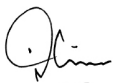
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2 0 2 3	31 March 2 0 2 2
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	21	680,750	576,862
Payments for:			
Finance costs		(159,645)	(72,098)
Income tax		(210,772)	(126,865)
Net cash flows generated from operating activities		310,333	377,899
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(215,430)	(329,707)
Proceeds from disposal of operating fixed assets		5,098	2,018
Deposits and receivables - paid / given		(1,661)	(3,132)
Proceeds from sale of short term investments		106,000	-
Interest income received		13,164	12,862
Dividend income received from short term investment		1,707	-
Net cash flows used in investing activities		(91,122)	(317,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(6)
Lien released on bank balances		52,416	-
Repayment of long-term financings		(203,690)	(168,519)
Net cash flows used in financing activities		(151,274)	(168,525)
Net increase / (decrease) in cash and cash equivalents		67,937	(108,585)
Cash and cash equivalents at the beginning of the period		(603,589)	687,809
Cash and cash equivalents at the end of the period	22	(535,652)	579,224

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 PERIOD ENDED 31 MARCH 2023 (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 Aitken Stuart Pakistan (Private) Limited. Effective from 14 July 2021, the Holding Company acquired 65% shareholding of OBS AGP from Aitken Stuart Pakistan (Private) Limited at a cost of Rs. 715 million through purchase of ordinary right shares offered by OBS AGP which was renounced by Aitken Stuart Pakistan (Private) Limited.

1.4 As of reporting date, Aitken Stuart Pakistan (Private) Limited (parent company) holds 55.8% (2022: 55.80%) of the share capital of the Holding Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

2. STATEMENT OF COMPLIANCE & BASIS OF PREPERATION

2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the period ended 31 March 2023 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 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 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 audited financial statements of the Group for the year ended 31 December 2022.

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 Group's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Group as at and for the year ended 31 December 2022. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group as at and for the year ended 31 December 2022.

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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2022, except as described below:

3.1 Amendments to approved accounting standards

		Effective date
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Defination of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023

New Standards

IFRS 17	Insurance Contracts	January 01, 2023
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The adoption of above amendments and improvements to the standards did not have any material impact on the Group's condensed interim financial statements.

	Note	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
----- (Rupees in '000) -----			
4.	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	4.1	2,979,975	2,798,792
Capital work-in-progress	4.2	336,393	378,770
		3,316,368	3,177,562

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	31 March 2 0 2 3	31 December 2 0 2 2	31 March 2 0 2 3	31 December 2 0 2 2
----- (Rupees in '000) -----				
Buildings - factory / office	87,797	97,825	-	552
Plant and machinery	58,110	110,767	-	325
Furniture and fixtures	1,374	25,461	-	62
Motor vehicles	48,203	430,270	2,450	18,678
Office equipment	1,451	18,820	-	974
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	25,973	10,994	-	342
Laboratory equipment	6,681	28,991	-	-
Computers and related accessories	15,209	73,766	314	525
	257,808	802,232	2,764	21,458

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	Note	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
----- (Rupees in '000) -----			
4.2	The following is the movement in capital work-in-progress during the period / year:		
	Opening balance	378,770	248,283
	Additions during the period / year	215,430	952,886
	Transferred during the period / year to:		
	- operating fixed assets	(257,808)	(802,232)
	- intangible assets	-	(20,167)
	Closing balance	<u>336,392</u>	<u>378,770</u>

4.2.1 Capital work-in-progress comprise of:

Note	Additions (at cost)		Closing Balance		
	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)	
	----- (Rupees in '000) -----				
	Buildings - factory / office	35,902	235,461	167,348	219,243
	Plant and machinery	102	69,076	18,020	76,029
	Furniture and fixtures	1,374	25,444	-	-
	Motor vehicles	121,499	439,255	121,769	48,473
	Office equipment	1,451	18,820	-	-
	Gas and electrical fittings	13,010	5,338	-	-
	Refrigerator and air conditioner	20,202	37,191	29,255	35,025
	Laboratory equipment	6,681	28,927	-	-
	Computers and related accessories	15,209	73,207	-	-
	Solar panels	-	-	-	-
	Softwares	-	20,167	-	-
4.2		<u>215,430</u>	<u>952,886</u>	<u>336,392</u>	<u>378,770</u>

	Note	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
----- (Rupees in '000) -----			
5.	INTANGIBLE ASSETS		
	Goodwill	743,226	743,226
	Trademarks - indefinite	8,064,071	8,064,071
	Trademarks - definite	64,271	66,173
	Computer software	29,417	33,583
		<u>8,900,985</u>	<u>8,907,053</u>

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. NIL million (Dec 2022: Rs. 0.509 million) is made to computer softwares.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
		----- (Rupees in '000) -----	
6. STOCK-IN-TRADE			
Raw and packing materials			
In hand	6.1	1,340,617	1,123,154
In transit		72,144	93,739
		1,412,761	1,216,893
Work-in-process		166,864	185,087
Finished goods			
- Manufacturing		470,099	444,008
- Trading		288,343	435,119
		758,442	879,127
Provision for obsolescence and slow moving stock	6.4	(17,256)	(43,813)
	6.2	2,320,811	2,237,294

6.1 Included herein items having value of Rs. 566.84 million (31 December 2022: Rs. 451.81 million), representing stock held by third parties, out of which stock of Rs. 351.82 million (31 December 2022: Rs. 401.78 million), is held with Muller & Phipps Pakistan (Private) Limited (a related party).

6.2 Stock in trade includes items having cost of Rs. 21.38 million (31 December 2022: Rs. 21.38 million) written down to net realisable value of Rs. 18.48 million (31 December 2022: Rs. 18.48 million) resulting in a writedown of Rs. 2.19 million (31 December 2022: Rs. 2.19 million).

6.3 During the period, the manufacturing and trading finished goods sold amounted to Rs. 1,264.63 million and Rs. 600.09 million (31 December 2022: Rs 2,508.68 million and Rs 3,318.19 million), respectively that are charged to cost of sales.

		31 March 2023 (Un-audited)	31 December 2022 (Audited)
		----- (Rupees in '000) -----	
6.4	Provision for obsolescence and slow moving stock is as follows:		
	Opening balance	43,813	48,021
	Provision (reversed) / made during the period / year - net	-	44,723
	Written off during the period / year	(26,557)	(48,931)
		17,256	43,813

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

	14,450	-
	1,009,547	994,488
	1,023,997	994,488
	399,540	363,837
	1,423,537	1,358,325
	(1,233)	(1,205)
	1,422,304	1,357,120

7.1 The movement in allowance for expected credit losses:

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

1,205	1,318
27	(113)
1,232	1,205

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

		31 March 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
8. ADVANCES - Considered good			
Advances - unsecured			
- suppliers		422,357	263,451
- employees		8,335	4,796
		<u>430,692</u>	<u>268,247</u>
9. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits - considered good, unsecured			
Security deposits		25,490	26,363
Margin on letters of credit		131,402	146,119
		<u>156,892</u>	<u>172,482</u>
Prepayments - insurance		53,618	2,470
Other receivables			
Current portion of receivables from employees - secured	9.1	8,880	6,328
Receivable from a related party - unsecured	9.2	53,952	46,349
Sales tax refundable		16,824	9,771
Others		1,566	3,705
		<u>81,222</u>	<u>66,153</u>
		<u>291,732</u>	<u>241,105</u>
9.1	Represents interest free receivables from the employees of the Group on account of purchase of vehicles (i.e. motor bikes) and laptops, in accordance with their employment terms. These receivables are secured against the title of said assets and are recoverable within five and three years respectively in equal monthly instalments. Total Long term receivables from employees as of date is Rs. 26.15 million [December 2022: Rs 21.94 million].		
9.2	Represent pre-commencement expenditure incurred on behalf of OBS Pakistan (Private) Limited (a related party).		
		31 March 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
10. CASH AND BANK BALANCES			
Cash at banks			
Current accounts			
- local currency		42,330	18,953
- foreign currency		615	481
		<u>42,945</u>	<u>19,434</u>
Deposit accounts	10.1	276,505	195,024
		<u>319,450</u>	<u>214,458</u>
Cash in hand		3,521	2,074
		<u>322,971</u>	<u>216,532</u>
10.1	The amount included Rs. 78.62 million (Dec 2022: Rs 131.03 million) marked as lien against the bank guarantee given.		
		31 March 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
11. SHORT TERM BORROWINGS - Secured			
Running finance from commercial banks		557,615	496,437
Running musharaka form Islamic banks		222,385	192,645
	11.1	<u>780,000</u>	<u>689,082</u>
11.1	The terms and conditions are same as disclosed in the annual financial statements of the Company for the year ended 31 December 2022.		

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 There is no material change in the status of contingencies as disclosed in note 23 to the annual financial statements of the Group for the year ended 31 December 2022.

	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----	
Bank guarantees		
- total limit	527,000	527,000
- unutilised portion	360,075	309,160
- utilised portion	166,925	217,840

12.2 Commitments

12.2.1 As at 31 March 2023, capital expenditure contracted for but not incurred amounted to Rs. 409 million (31 December 2022: Rs. 266.12 million).

12.3 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 are payable monthly by the subsidiary company. Future rentals payable are as follows:

	31 March 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	30,428	32,207
Later than one year but not later than five years	95,648	109,638
	126,076	141,845

12.4 Letters of credit

Letters of credit		
- limit	3,170,000	3,170,000
- unutilised portion	2,661,437	2,532,111
- utilised portion	508,563	637,889

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	2,376,765	1,829,564
- Trading	1,391,464	1,770,178
	3,768,229	3,599,742

Export	575,887	314,328
--------	---------	---------

Less: Trade discounts	(388,244)	(234,330)
Sales returns	(20,586)	(11,111)
Sales tax	(36,660)	(7,478)
	(445,490)	(252,919)

Note

----- (Rupees in '000) -----

	31 March 2 0 2 3	31 March 2 0 2 2
	3,898,626	3,661,151

13.1 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.

13.2 Included herein sales of Rs. 3,369 million (31 March 2022: Rs 2,868 million) made to related parties (see note 23).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

31 March 31 March
2 0 2 3 2 0 2 2
----- (Rupees in '000) -----

14. COST OF SALES

Cost of sales – manufacturing

Raw and packing materials consumed

Opening stock	1,216,893	611,436
Purchases	1,028,721	832,456
Available for consumption	2,245,614	1,443,892
Closing stock	(1,340,617)	(811,652)
Raw and packing material consumed	904,997	632,240

Manufacturing cost

Salaries, wages and other benefits	244,326	178,052
Stores and spares consumed	8,869	3,027
Provision against slow moving and obsolete materials - net		-
Processing charges	8,100	2,570
Freight	1,093	939
Fuel, gas and electricity	51,362	29,862
Repairs and maintenance	28,853	16,968
Travelling and conveyance	436	2,566
Insurance	3,868	3,607
Laboratory expenses	11,561	9,639
Rates and taxes	432	443
Depreciation	33,820	27,505
Amortisation	2,302	1,243
Postage, telegraph and telephones	1,086	595
Printing and stationery	2,890	2,034
	398,998	279,050
	1,303,995	911,290

Work-in-process

Opening stock	185,087	82,865
Closing stock	(166,864)	(89,757)
	18,223	(6,892)

Cost of goods manufactured

	1,322,218	904,398
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Finished goods

Opening stock	444,008	289,992
Closing stock	(470,099)	(274,953)
	(26,091)	15,039
	1,296,127	919,437

Cost of sales – trading

Opening Stock	435,119	656,640
Purchases	445,469	856,542
Closing stock - trading goods	(288,343)	(597,643)
	592,245	915,539

Direct expenses:

Amortisation of intangible assets	1,903	2,412
Warehousing charges	8,071	6,511
	9,974	8,923
	602,219	924,462

Cost of samples for marketing and sales promotion

	(35,623)	(21,542)
	1,862,723	1,822,357

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000) -----	
15. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	96,217	76,740
Travelling and conveyance	620	457
Printing and stationery	757	353
Directors' remuneration	1,750	2,000
Meeting and conferences	209	
Postage, telegrams and telephones	1,160	143
Legal and professional	8,478	7,815
Research cost	3,847	908
Repairs and maintenance	6,834	7,994
Software license renewals and maintenance fee	11,455	4,134
Subscription and fee	390	4,993
Advertisement	230	301
Donations	5,274	14,530
Insurance	649	833
Depreciation	9,658	8,769
Amortisation	1,703	945
Corporate social responsibility	4,903	324
Vehicle running expenses	292	203
	154,426	131,442
16. MARKETING AND SELLING EXPENSES		
Salaries and other benefits	548,972	426,505
Travelling and conveyance	165,607	117,984
Repairs and maintenance	4,151	2,644
ljarah rentals	7,927	562
Insurance	3,814	1,277
Depreciation	30,357	11,992
Amortisation	161	
Printing and stationery	2,132	2,717
Samples	35,623	43,445
Sales promotion expenses	171,916	86,433
Meeting and conferences	66,808	64,021
Communication	9,547	5,651
Subscription	10,637	3,773
Product registration fee	7,724	1,389
Freight, handling and transportation	32,786	14,302
	1,098,162	782,695
17. OTHER EXPENSES		
Workers' Profit Participation Fund	21,609	30,081
Workers' Welfare Fund	4,744	8,189
Central Research Fund	4,365	6,077
Exchange gain/ (loss) - net	114,416	16,032
Charge of allowances for expected credit loss (net)	27	2,545
	145,161	62,924

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	31 March 2 0 2 3	31 March 2 0 2 2
Note	----- (Rupees in '000) -----	
18. OTHER INCOME		
Income from financial assets		
Markup on deposit accounts	10,093	12,862
Markup on term deposit receipts (TDRs)	3,072	
Income from non-financial assets		
Gain on sale of operating fixed assets (net)	2,334	1,415
Dividend income on mutual funds	1,707	
Government grant	55	3,810
Scrap sales	4,708	2,998
	<u>8,804</u>	<u>8,223</u>
	<u>21,969</u>	<u>21,085</u>
19. FINANCE COSTS		
Mark-up on:		
- long-term financings	111,865	89,116
- short term borrowings	27,547	-
	<u>139,412</u>	<u>89,116</u>
Bank charges	3,261	1,321
	<u>142,673</u>	<u>90,437</u>
20. TAXATION		
Current	118,485	172,339
Deferred	3,358	6,645
20.1	<u>121,843</u>	<u>178,984</u>

20.1 Through the Finance Act 2022, a Super Tax of 10% has been imposed on the pharmaceutical sector retrospectively for Financial Year (FY) 2021 against which the Group has filed a petition with the Honourable High Court Of Sindh (SHC). The SHC vide its order dated 03 October 2022 had provided an interim stay order subject to the submission of security equivalent to the tax amount. Accordingly, the Group has submitted a bank guarantee amounting to Rs 166 million with the Nazir of the High Court of Sindh (the Nazir).

During the period, the tax authorities filed an appeal with the Honourable Supreme Court of Pakistan (SCP). The SCP vide its order dated 16 February 2023 has directed the Companies to deposit 4% super tax. Further, the SHC vide its order dated 24 February 2023 has directed the recovery of 4% super tax through encashment of the bank guarantee. Accordingly, the bank guarantee to the extent of 4% amounting to Rs. 52 million has been encashed by the Nazir.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

31 March **31 March**
2 0 2 3 **2 0 2 2**
 -----(Rupees in '000)-----

21. CASH GENERATED FROM OPERATIONS

Profit before taxation	517,450	792,381
Adjustments for:		
Depreciation	73,859	48,266
Amortisation	6,069	4,600
Charge of allowances for expected credit losses	27	2,545
(Gain) / loss on disposal of operating fixed assets - net	(2,334)	(1,415)
Stock written off during the period	(26,557)	-
Amortisation of government grant	(55)	(3,810)
Reversal of GIDC	(728)	-
Dividend income on mutual funds	(1,707)	-
Mark-up on deposits accounts	(10,093)	(12,862)
Markup on term deposit receipts (TDRs)	(3,072)	-
Finance costs	142,673	90,437
Workers' Profit Participation Fund	21,609	30,081
Workers' Welfare Fund	4,744	8,189
Central Research Fund	4,365	6,077
	208,800	172,108
Operating profit before working capital changes	726,250	964,489
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(136)	(200)
Stock-in-trade	(56,960)	(133,072)
Trade debts	(65,212)	(143,538)
Loans and advances	(162,445)	(288,352)
Trade deposits, prepayments and other receivables	(50,627)	(155,753)
	(335,380)	(720,915)
Increase in current liabilities		
Trade and other payables	289,880	333,288
	680,750	576,862

22. CASH AND CASH EQUIVALENTS

Cash and bank balances	322,971	352,100
Lien on bank balance	(78,623)	-
Short-term borrowings	(780,000)	227,124
	(535,652)	579,224

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

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	31 March 2023	31 March 2022
(Un-audited)					
---(Rupees in '000)---					
Parent Company					
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent company of the Group	55.80%	Expenditure incurred by parent company of the Group on behalf of the Group	-	5,612
			Expenditure incurred by the Group on behalf of the parent company of the Group	23	-
Associated Companies					
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79%	Sale of goods	11,545	4,725
			Expenditure incurred / paid by the Group on behalf of associate	2,804	158
			Expenditure incurred / paid by associate on behalf of the Group	6,054	3,733
OBS Pakistan (Private) Limited - Pakistan	Common directorship (significant influence)	-	Expenditure incurred / paid by the Group on behalf of associate	7,603	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	3,357,653	2,862,794
			Purchase of handheld devices	-	24,086
			Warehouse and Logistics charges	4,026	6,880
			Settlement of discounts and expenses given / incurred on behalf of the Group	207,214	74,449
Staff retirement benefits - AGP Limited staff provident fund				12,719	8,771
Key management personnel				145,167	59,023
Directors				1,750	2,000
Others (due to common directorship)				2,600	2,300
Shameen Khan Memorial Foundation			Donation given	2,600	2,300
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	38	11

23.1 The related parties status of outstanding receivables / payables as at 31 March 2023 and 31 December 2022 are disclosed in respective notes to these consolidated condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

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 financial statements are related to the Group's only reportable segment in Pakistan.

24.2 Export sale is made to Afghanistan which 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:

	31 March 2 0 2 3	31 March 2 0 2 2
	----- (Rupees in '000)-----	
- Muller & Phipps Pakistan (Private) Limited	<u>3,357,653</u>	<u>2,862,794</u>

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 condensed interim financial statements were authorized for issue on 28 April 2023 by the Board of Directors of the Company.

26. SUBSEQUENT EVENTS

26.1 The Board of Directors in its meeting held on 28 April 2023 has proposed a interim cash dividend for the period ended March 2023 of Rs. Nil per share (March 2022:Nil), aggregating to Rs. Nil million (March 2022: Nil).

Subsequent to period end, the Holding Company through a Special Purpose Vehicle – OBS Pakistan (Private) Limited (OBS PK), has successfully acquired a portfolio of certain Pharmaceutical brands from Viatris Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc.

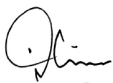
For the purpose, the Holding Company has entered into Musharaka agreement with a financial institution to obtain Musharaka Contribution of an amount upto Rs. 2,400 million.

Further, the Holding Company has made an investment of Rs. 434.56 million in OBS PK, by virtue of this investment the Company has acquired 67.6% shareholding of OBS PK. The shareholders of the Group has duly approved the acquisition of upto 85% shareholding in OBS PK.

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



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