



w e v a l u e l i f e

AGP-Sec./ 302
October 30, 2023

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

SUBJECT: FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

Dear Sir,

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

Umair Mukhtar
Company Secretary



A S C E N D



THIRD QUARTERLY
REPORT 2023

COMPANY INFORMATION

Board of Directors

Mr. Tariq Moinuddin Khan - Chairman
Ms. Nusrat Munshi - Managing Director and Chief Executive Officer
Mr. Zafar Iqbal Sobani - Independent Director
Mr. Shauzab Ali - Independent Director
Mr. Kamran Nishat - Non - Executive Director
Mr. Muhammad Kamran Nasir - Non - Executive Director
Mr. Mahmud Yar Hiraj - Non - Executive Director
Mr. Muhammad Kamran Mirza - Non - Executive Director

Human Resource and Remuneration Committee

Mr. Shauzab Ali - Chairman
Mr. Kamran Nishat - Member
Mr. Muhammad Kamran Nasir - Member
Ms. Nusrat Munshi - Member
Mr. Mahmud Yar Hiraj - Member
Mr. Muhammad Kamran Mirza - Member

Board Audit Committee

Mr. Zafar Iqbal Sobani - Chairman
Mr. Kamran Nishat - Member
Mr. Muhammad Kamran Nasir - 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

Board Strategy Committee

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

Chief Financial Officer

Mr. Junaid Aslam

Head of Internal Audit

Syed Shah Hussain Qadri

Company Secretary

Mr. Umair Mukhtar

Habib Metropolitan Bank Limited IS Bank Limited
MCB Islamic Bank Limited
MCB Limited
Mezan 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



Directors' Review to the Members

On behalf of the Board of Directors, we are pleased to present the Company's standalone and consolidated condensed financial statements for the nine (9) months ended September 30, 2023.

Operating Results of the Company

The revenue of the Company is recorded at PKR 9.8 billion with a phenomenal growth of 35% over the same period last year. The continued penetration of our leading brands in the domestic market registered an increase of 27%, and sales to Afghanistan have grown by 42%. However, the encouraging growth in revenue could not be fully translated to the gross margins mainly due to massive devaluation of local currency and significant rise in cost of production and operations.

Marketing and Selling expenses increased in line with the sales growth of the Company. The management effectively contained administrative expenses despite substantial increase in volume and cost of doing business. Other expenses have increased mainly due to exchange loss on account of PKR devaluation. Other income has increased mainly because of dividend received from the subsidiary Company, OBS AGP (Private) Limited. Finance cost remained high because of long-term financing obtained for equity investment in the subsidiary company, OBS Pakistan (Private) Limited. Resultantly, despite tough economic environment, the Company managed to record an encouraging net profit of PKR 852 million, resulting in earnings per share of PKR 3.04.

The performance of the subsidiaries has been promising during the period under review with OBS AGP (Private) Limited achieving a topline of PKR 3.3 billion with a gross profit of PKR 1.7 billion and a net profit of PKR 240 million and OBS Pakistan (Private) Limited attaining a topline of PKR 1.1 billion with a gross profit of PKR 679 million and a net profit of PKR 231 million.

The consolidated topline performance has achieved new heights of PKR 13 billion for the nine (9) months ended September 30, 2023. With this encouraging sales momentum, the consolidated gross profit and net profit reached at PKR 6.7 billion and PKR 1.1 billion respectively. The consolidated net profit attributable to the Company stood at PKR 973 million, resulting in earnings per share of PKR 3.47.

Strategic Outlook

During the period under review, the economic adversities such as currency devaluation of more than 40% and a rise in inflation by almost 32%, have adversely impacted the business environment of the country. However, over the last few weeks, some stability is observed in macroeconomic factors particularly appreciation of the local currency. General inflation may also rebound with the decrease in fuel prices. This upturn is anticipated to signify a restored business confidence.

Going forward, economic environment is expected to remain challenging and accordingly, we will remain abundantly cautious to the evolving circumstances. AGP will make endeavors to continue increasing our

market share across various therapeutic classes through proficient marketing strategies and efficient resource allocation. The Company is expected to remain resolute in preserving its competitive market position on the back of its robust portfolio and achieve economies of scale through launches of new products, line extensions and internalization of certain brands newly acquired via its subsidiary companies.

Awards and Achievements

Pleased to announce that AGP has secured 2nd position in the pharmaceutical category of the Best Corporate Report Awards arranged by ICAP and ICMAP for the year 2022. The consistency of recognition amongst top 3 players for the past 4 years goes on to prove Company's strong governance, adoption of best corporate practices, and transparent disclosure of information. The Company also achieved the 3rd position in the "Best Place to Work Awards" in the pharmaceutical industry which is an initiative by Pakistan Society of Human Resource Management organized by Engage Consulting, a leading HR Consultancy firm.

Acknowledgment

We extend our sincere appreciation to all stakeholders for their unwavering trust and support in the Company. We also extend our heartfelt gratitude to our hardworking and dedicated employees who exemplify the Company's vision and tirelessly work towards its realization, thereby contributing to the improved accessibility of quality healthcare for the society at large.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Non-Executive Director

ممبران کے لیے ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والے نو (۹) ماہ کے لیے کمپنی کی غیر آڈٹ شدہ انفرادی اور اجتماعی عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

کمپنی کے کاروباری نتائج

کمپنی کی آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں ۳۵ فیصد کی غیر معمولی نمو کے ساتھ ۹.۸ بلین روپے ریکارڈ کی گئی۔ ہمارے معروف برانڈز کے مقامی مارکیٹ میں مسلسل نفوذ میں ۲۷ فیصد اضافہ ریکارڈ کیا گیا ہے اور افغانستان کو فروخت میں ۴۲ فیصد اضافہ ہوا ہے۔ تاہم، آمدنی میں قابل ذکر نمو بنیادی طور پر مقامی کرنسی کی قدر میں بڑے پیمانے پر تخفیف اور پیداوار اور آپریشن کی لاگت میں نمایاں اضافہ کی وجہ سے مجموعی منافع میں مکمل طور پر تبدیل نہیں کی جاسکی۔

کمپنی کی سیلز میں اضافے کے ساتھ ساتھ مارکیٹنگ اور سیلز کے اخراجات میں اضافہ ہوا۔ کاروبار کرنے کے حجم اور لاگت میں کافی اضافہ کے باوجود انتظامی اخراجات مؤثر طریقے سے کنٹرول کیے گئے تھے۔ دیگر اخراجات میں اضافہ بنیادی طور پر روپے کی قدر میں کمی کی وجہ سے زرمبادلہ کے نقصان کی وجہ سے ہوا ہے۔ دیگر آمدن میں اضافہ بنیادی طور پر ذیلی کمپنی، اوبی ایس اے جی پی (پرائیویٹ) لمیٹڈ سے موصول ہونے والے منافع کی وجہ سے ہوا ہے۔ ذیلی کمپنی اوبی ایس پاکستان میں ایکویٹی سرمایہ کاری کے لیے حاصل کردہ طویل مدتی فنانشنگ کی وجہ سے مالیاتی لاگت بلند رہی۔ اس کے نتیجے میں، مشکل اقتصادی ماحول کے باوجود، کمپنی نے ۸۵۲ ملین روپے کا حوصلہ افزا خالص منافع ریکارڈ کرانے میں کامیاب رہی، جس کا نتیجہ ۳.۰۴ روپے فی حصص آمدنی کی شکل میں سامنے آیا۔

اجتماعی بنیادوں پر ٹاپ لائن کارکردگی نے ۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والے نو ماہ (۹) کے لیے ۱۳ بلین روپے کی نئی بلند حاصل کی ہے۔ سیلز کی اس حوصلہ افزا تیزی کے ساتھ، اجتماعی مجموعی منافع جات اور خالص منافع جات بالترتیب ۶.۷ بلین روپے اور ۱.۱ بلین روپے تک پہنچ گئے۔ کمپنی سے منسوب اجتماعی خالص منافع جات ۹۷۳ ملین روپے رہے، جس کا نتیجہ ۳.۴ روپے فی حصص آمدنی کی شکل میں سامنے آیا۔

مستقبل کی توقعات

زیر جائزہ مدت کے دوران، معاشی مخالفین جیسے کرنسی کی قدر میں ۴۰ فیصد سے زیادہ کمی اور افراط زر میں تقریباً ۳۲ فیصد اضافے نے ملک کے کاروباری ماحول پر منفی اثر ڈالا ہے۔ تاہم، گزشتہ چند ہفتوں کے دوران، مجموعی اقتصادی عوامل میں کچھ استحکام کا مشاہدہ کیا گیا ہے، خاص طور پر مقامی کرنسی کی قدر۔ عام افراط زر بھی ایندھن کی قیمتوں میں کمی کے ساتھ پلٹ سکتا ہے۔ یہ اضافہ متوقع طور پر ایک بحال کاروباری اعتماد کی نشاندہی کرتا ہے۔

آگے بڑھتے ہوئے، معاشی استحکام کی پائیداری غیر یقینی ہے اور اس کے مطابق، ہم تغیر پذیر حالات سے بھرپور محتاط رہیں گے۔ اے جی پی جوش و خروش سے مارکیٹنگ کی ماہرانہ حکمت عملی اور وسائل کی مؤثر تخصیص کے ذریعے علاج معالجے کے مختلف درجوں میں اپنے مارکیٹ شیئر میں اضافہ جاری رکھنے کی کوشش کرے گی۔ توقع کی جارہی ہے کہ کمپنی اپنے مضبوط پورٹ فولیو کی بدولت مارکیٹ میں اپنی مسابقتی پوزیشن برقرار رکھے، نئی پروڈکٹس متعارف کرانے اور اپنی ذیلی کمپنیوں کے ذریعے اپنے نئے حاصل کردہ کچھ مخصوص برانڈز کے انتخاب میں توسیع اور انٹرنائزیشن کے آغاز کے ذریعے درجے کی معیشتیں حاصل کرنے کے لیے پُر عزم رہے گی۔

انعامات اور اعزازات

مجھے یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہا ہے جی پی نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (ICMAP) کے زیر اہتمام سال ۲۰۲۲ کے لیے دواسازی کے شعبے میں بیسٹ کارپوریٹ رپورٹ ایوارڈز (BCR) میں دوسری پوزیشن

حاصل کی ہے۔ پچھلے ۴ سالوں سے سرفہرست ۳ کھلاڑیوں میں مستقل طور پر تسلیم کی جانے والی کمپنی کی مضبوط گورننس، بہترین کارپوریٹ طریقے اپنانے اور معلومات کا شفاف انکشاف ثابت کرتی ہے۔ کمپنی نے فارماسیوٹیکل اور ہیلتھ کیئر انڈسٹری میں 'کام کرنے کی بہترین جگہ' کے ایوارڈز میں تیسری پوزیشن حاصل کی جو کہ پاکستان سوسائٹی آف ہیومن ریسورس مینجمنٹ کا ایک اقدام ہے جس کا اہتمام ایک معروف ایچ آر کنسلٹنسی فرم انگیج کنسلٹنگ نے کیا ہے۔

اظہارِ تشکر

ہم کمپنی پر غیر متزلزل مکمل اعتماد اور سرپرستی پر تمام اسٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ ہم اپنے محنتی اور لگن سے سرشار ملازمین کا بھی دل کی گہرائیوں سے شکریہ ادا کرتے ہیں جو کمپنی کے وژن کی مثال پیش کرتے ہیں اور اس کے حصول کے لیے انتھک محنت کرتے ہیں، اس طرح بڑے پیمانے پر معاشرے کے لیے معیاری صحت کی دیکھ بھال کی بہتر رسائی میں حصہ ڈالتے ہیں۔



محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر

نصرت نشی
چیف ایگزیکٹو آفیسر

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 2023**

AGP LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,479,585	3,177,562
Intangible assets	5	18,217,205	8,907,053
Long-term deposits and receivables		38,517	27,158
		21,735,307	12,111,773
CURRENT ASSETS			
Stores, spares and loose tools		10,005	9,207
Stock-in-trade	6	3,117,864	2,237,294
Trade debts	7	2,095,672	1,357,120
Advances	8	459,104	268,247
Trade deposits, prepayments and other receivables	9	211,646	241,105
Taxation – net		29,138	-
Short-term investments		120,000	106,000
Cash and bank balances	10	160,835	216,532
		6,204,264	4,435,505
TOTAL ASSETS		27,939,571	16,547,278
EQUITY AND LIABILITIES			
Issued, subscribed and paid-up capital			
Share capital		2,800,000	2,800,000
Revenue reserve - unappropriated profits		8,160,323	7,747,448
		10,960,323	10,547,448
Non-controlling interest		992,388	583,623
		11,952,711	11,131,071
NON-CURRENT LIABILITIES			
Long-term financings	11	6,971,461	1,868,563
Deferred grant		1,163	591
Gas infrastructure development cess		6,947	7,405
Deferred tax liabilities - net		175,687	131,312
		7,155,258	2,007,871
CURRENT LIABILITIES			
Trade and other payables	12	5,560,998	1,778,347
Unclaimed dividends		1,917	1,795
Taxation – net		-	78,444
Accrued interest		278,636	129,752
Short-term borrowings		1,886,428	689,082
Current maturity of non-current liabilities		1,103,623	730,916
		8,831,602	3,408,336
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		27,939,571	16,547,278

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



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Note	Nine months ended		Quarter ended	
		30 September	30 September	30 September	30 September
		2023	2022	2023	2022
		----- (Rupees in '000) -----			
Revenue from contracts with customers - net	14	12,939,026	10,460,926	4,850,799	3,336,602
Cost of sales	15	(6,223,629)	(5,240,041)	(2,314,980)	(1,732,795)
Gross profit		6,715,397	5,220,885	2,535,819	1,603,807
Administrative expenses	16	(462,356)	(409,385)	(152,816)	(132,427)
Marketing and selling expenses	17	(3,454,971)	(2,558,414)	(1,244,527)	(913,804)
Other expenses	18	(231,960)	(201,782)	(74,183)	(62,215)
Other income	19	90,268	60,443	44,203	20,326
Finance costs	20	(981,724)	(368,949)	(550,051)	(159,137)
		(5,040,743)	(3,478,087)	(1,977,374)	(1,247,257)
Profit before taxation		1,674,654	1,742,798	558,445	356,550
Taxation	21	(547,021)	(615,946)	(162,968)	(82,731)
Profit for the period		1,127,633	1,126,852	395,477	273,819
Profit attributable to:					
Equity holders of the parent company		972,875	1,043,124	338,671	253,060
Non-controlling interest		154,758	83,728	56,806	20,758
		1,127,633	1,126,852	395,477	273,818
Earnings per share - basic and diluted		Rs. 3.47	Rs. 3.73	Rs. 1.21	Rs. 0.90

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



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Nine months ended		Quarter ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Profit for the period	1,127,633	1,126,852	395,477	273,819
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	1,127,633	1,126,852	395,477	273,819
Comprehensive income attributable to:				
Equity holders of the parent company	972,875	1,043,124	338,671	253,060
Non-controlling interest	154,758	83,728	56,806	20,758
	1,127,633	1,126,852	395,477	273,818

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

Chief Financial Officer

Chief Executive Officer

Director

AGP LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Attributable to owners of the parent company			Non-controlling interest	Total equity
	Share capital	Revenue reserve - Unappropriated profits	Total		
----- Rupees in '000-----					
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
Balance as at 31 December 2022 - Audited	2,800,000	7,747,448	10,547,448	583,623	11,131,071
Acquisition of a subsidiary company				324,007	324,007
Total comprehensive income for the period	-	972,875	972,875	154,758	1,127,633
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	972,875	972,875	154,758	1,127,633
Final dividend for the year ended 31 December 2022 @ Rs. 2 per share	-	(560,000)	(560,000)	-	(560,000)
Final dividend for the year ended 31 December 2022 @ Rs. 20 per share	-	-	-	(70,000)	(70,000)
Balance as at 30 September 2023	2,800,000	8,160,323	10,960,323	992,388	11,952,711

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



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Note	30 September 2023 ----- (Rupees in '000) -----	30 September 2022 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	23	4,851,919	716,146
Payments for:			
Finance costs		(832,840)	(295,822)
Income tax		(610,229)	(394,639)
Central Research Fund		(21,754)	(20,618)
Net cash flows generated from operating activities		3,387,096	5,067
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(543,682)	(819,030)
Expenditure incurred for intangible assets		(9,322,683)	-
Proceeds from issue of share capital to minority shareholders		324,007	-
Proceeds from disposal of operating fixed assets		15,645	33,194
Deposits and receivables - paid / given		(11,359)	(4,884)
Interest income received		64,987	27,764
Net cash flows used in investing activities		(9,473,085)	(762,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(629,878)	(734,645)
Long-term financings - obtained		6,104,027	-
Repayment of Long-term financings		(627,204)	(290,892)
Net cash flows used in financing activities		4,846,945	(1,025,537)
Net increase in cash and cash equivalents		(1,239,044)	(1,783,426)
Cash and cash equivalents at the beginning of the period		(366,550)	687,809
Cash and cash equivalents at the end of the period		(1,605,594)	(1,095,617)

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

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



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

1. The Group and its operations

1.1 The Group consist of AGP Limited (the "Holding Company") and its subsidiary companies, OBS AGP (Private) Limited (the "OBS AGP") and OBS Pakistan (Private) Limited (the OBS PK), 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 OBS Pakistan (Private) Limited - a subsidiary company

OBS PK was incorporated in Pakistan as a private limited company in December 2021 under Companies Act, 2017. OBS PK is in the business of trading pharmaceutical products. Since incorporation, OBS PK was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. During the period from April to September 2023, the holding company acquired 91.82% shareholding of OBS PK i.e. 10.20 million ordinary shares having face value of Rs. 10 each, issued at Rs. 115.88 each, 10.20 million ordinary shares having face value of Rs 10 each, issued at Rs. 92.36 each, and 20 million ordinary shares issued at face value of Rs. 10 each.

1.5 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.80% (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 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. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.2 Basis of preparation

2.2.1 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the annual consolidated audited financial statements of the Group for the year ended 31 December 2022. 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.

- 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 consolidated 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 consolidated 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.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly, have not been detailed in these consolidated condensed interim financial statements.

		30 September 2023	31 December 2022
		(Unaudited)	(Audited)
	Note	----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	3,100,514	2,798,792
Capital work-in-progress	4.2	379,071	378,770
		<u>3,479,585</u>	<u>3,177,562</u>

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note	----- (Rupees in '000) -----			
Buildings - factory / office sites	107,720	97,825	-	552
Plant and machinery	74,234	110,767	17	325
Furniture and fixtures	2,642	25,461	-	62
Motor vehicles	155,392	430,270	6,726	18,678
Office equipment	31,463	18,820	90	974
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	52,309	10,994	-	342
Laboratory equipment	52,981	28,991	-	-
Computers and related accessories	53,931	73,766	375	525
4.2	<u>543,682</u>	<u>802,232</u>	<u>7,208</u>	<u>21,458</u>

		30 September 2023	31 December 2022
		(Unaudited)	(Audited)
	Note	----- (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	9,584,130	952,886
	Transferred during the period / year to:		
	- operating fixed assets	(543,682)	(802,232)
	- intangible assets	(9,040,147)	(20,167)
	Closing balance	<u>379,071</u>	<u>378,770</u>

4.2.1 Capital work-in-progress comprise of:

	Additions (at cost)		Closing Balance	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note	----- (Rupees in '000) -----			
Buildings - factory / office sites	197,502	235,461	309,025	219,243
Trademarks	9,038,326	-	-	-
Plant and machinery	10,804	69,076	12,599	76,029
Furniture and fixtures	2,642	25,444	-	-
Motor vehicles	106,919	439,255	-	48,473
Office equipment	31,563	18,820	100	-
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	52,248	37,191	34,964	35,025
Laboratory equipment	57,318	28,927	4,337	-
Computers and related accessories	53,930	73,207	-	-
Softwares	19,868	20,167	18,046	-
4.2	<u>9,584,130</u>	<u>952,886</u>	<u>379,071</u>	<u>378,770</u>

		30 September	31 December
		2 0 2 3	2 0 2 2
		(Unaudited)	(Audited)
	Note	----- (Rupees in '000) -----	
5. INTANGIBLE ASSETS			
Goodwill	5.1 & 5.3	1,031,233	743,226
Trademarks - indefinite	5.1 & 5.2	17,102,397	8,064,071
Trademarks - (definite lives)	5.1	60,402	66,173
Computer software	5.4	23,173	33,583
		<u>18,217,205</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. This also includes Goodwill arised due to acquisition under IFRS 3 amounting to Rs.288 million (note 5.3).

5.2 During the period, the Group Company has acquired a portfolio of certain Pharmaceutical brands from Viatrix Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc.

		30 September	31 December
		2 0 2 3	2 0 2 2
		(Unaudited)	(Audited)
	Note	----- (Rupees in '000) -----	
5.3 Investment in OBS Pakistan (Private) Limited by Holding Company		2,124,048	-
Net Assets of OBS Pakistan (Private) Limited		(2,160,048)	-
Non controlling interest (15%)		324,007	-
Goodwill		<u>288,007</u>	<u>-</u>

6. STOCK-IN-TRADE

Raw and packing materials

In hand	6.1	1,730,381	1,123,154
In transit		80,158	93,739
		<u>1,810,539</u>	<u>1,216,893</u>
Work-in-process		191,390	185,087

Finished goods

- Manufacturing		453,010	444,008
- Trading	6.1	695,445	435,119
		<u>1,148,455</u>	<u>879,127</u>

Provision for obsolescence and slow moving stock

	6.2	<u>(32,520)</u>	<u>(43,813)</u>
		<u>3,117,864</u>	<u>2,237,294</u>

6.1 Included herein items having value of Rs. 1,086.28 million (31 December 2022: Rs. 451.81 million), representing stock held by third parties, out of which stock of Rs. 805.26 million (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. 21.64 million (31 December 2022: Rs. 21.38 million) written down to net realisable value of Rs. 17.34 million (31 December 2022: Rs. 18.48 million) resulting in a writedown of Rs. 4.29 million (31 December 2022: Rs. 2.19 million).

		30 September	31 December
		2023	2022
		(Unaudited)	(Audited)
	Note	----- (Rupees in '000) -----	
6.4 Provision for obsolescence and slow moving stock is as follows:			
Opening balance		43,813	48,021
Provision made during the period / year - net		30,774	44,723
Written off during the period / year	7.3.1	(42,067)	(48,931)
		<u>32,520</u>	<u>43,813</u>

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Note	-----Rupees in '000-----	
7. TRADE DEBTS - unsecured		
Related parties		
- Aspin Pharma (Private) Limited	6,469	-
- Muller & Phipps Pakistan (Private) Limited	1,159,854	994,488
	<u>1,166,323</u>	<u>994,488</u>
Others than related parties	932,722	363,837
	<u>2,099,045</u>	<u>1,358,325</u>
Less: Allowances for expected credit losses	7.1 (3,373)	(1,205)
	<u><u>2,095,672</u></u>	<u><u>1,357,120</u></u>

7.1 The movement in allowance for expected credit losses:

Opening balance	1,205	1,318
Allowance for expected credit losses for the period / year (net)	2,168	(113)
Closing balance	<u>3,373</u>	<u>1,205</u>

8. ADVANCES - Considered good

Advances - unsecured

- suppliers	446,203	263,451
- employees	12,901	4,796
	<u>459,104</u>	<u>268,247</u>

9. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits - considered good, unsecured

Security deposits	32,727	26,363
Margin on letters of credit	94,556	146,119
	<u>127,283</u>	<u>172,482</u>

Prepayments - insurance

30,617 2,470

Other receivables

Current portion of receivables from employees - secured	12,908	6,328
OBS Pharma (Private) Limite - associated company	9.1 29,083	46,349
Aitkenstuart Pakistan (Private) Limited - associated company	9.1 1,489	-
Accrued profit	5,272	-
Sales tax refundable	3,143	9,771
Others	1,851	3,705
	<u>53,746</u>	<u>66,153</u>
	<u>211,646</u>	<u>241,105</u>

9.1 Represent receivable against expenditure incurred on behalf of OBS Pharma (Private) Limited and Aitkenstuart Pakistan (Private) Limited - (related parties).

	30 September (Un-audited)	31 December (Audited)
Note	----- Rupees in '000 -----	
10. CASH AND BANK BALANCES		
Cash at banks		
Current accounts		
- local currency	54,425	18,953
- foreign currency	602	481
Deposit accounts	10.1 102,524	195,024
	<u>157,551</u>	<u>214,458</u>
Cash in hand	3,284	2,074
	<u>160,835</u>	<u>216,532</u>

10.1

The amount included Rs. 99.14 million (Dec 2022: Rs 131.03 million) marked as lien against the bank guarantee given.

		30 September 2023	31 December 2022
		(Un-audited)	(Audited)
11. LONG-TERM FINANCINGS - secured	Note	----- Rupees in '000 -----	-----
Running musharikhah under SBP Refinance Scheme		-	48,138
SBP financing scheme for renewable energy		29,654	34,503
Diminishing musharikhah		77,324	92,179
Syndicate term finance [net of transaction cost of Rs. 23.5million]	11.2	2,476,156	-
Sukuk [net of transaction cost of Rs. 48.53 million]	11.3	3,552,525	-
Sukuk [net of transaction cost of Rs. 13.08 million (Dec 2022 16.07million)]	11.4	1,937,096	2,421,104
		8,072,755	2,595,924
Less: current maturity		(1,101,294)	(727,361)
		6,971,461	1,868,563

11.1 The movement in long-term financings is as follows:

Balance at beginning of the year	2,595,924	3,086,161
Proceeds received during the year	5,963,975	99,462
Related Transaction cost	(64,336)	-
Effect of unwinding for the year	316,919	15,132
Financings repaid during the year	(739,727)	(604,831)
Balance at end of the year	8,072,755	2,595,924

11.2 The Holding Company has obtained long-term finance of Rs. 2,364 million (out of total facility of Rs. 2,400 million) through the syndicate term finance agreement repayable in quarterly instalments commencing from July 06, 2024 including grace period of 12 month over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.45% per annum and are secured against the present and future property, plant and equipment of the holding Company to the extent of Rs. 3,000 million. The facility is availed to inject equity in its associated company, OBS Pakistan (Private) Limited in order to acquire certain pharmaceutical products of Viatris Inc, which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Pakistan Limited.

11.3 OBS AGP (Private) Limited (subsidiary company) has issued sukuk certificates of Rs. 2,600 million, which are repayable in quarterly instalments of Rs. 162.5 million commenced from 15 October 2022, over the term of 5 years including one year grace period. These carry profit rate of 3 months KIBOR + 1.55% per annum and are secured against the present and future fixed assets and corporate guarantee of the Holding Company aggregating to Rs. 2,600 million (2022: Rs. 2,600 million), charge through pledge of shares of Holding Company held by Aitkenstuart Pakistan (Private) Limited to the extent of Rs. 1,400 million (2022: Rs. 1,400 million).

11.4 OBS Pakistan (Private) Limited has issued sukuk certificates of Rs. 3,600 million, which are repayable in quarterly instalments of Rs. 163.63 million commencing from 24 February 2025. The sukuk has a term of 7 years inclusive of a grace period of 18 months. This sukuk carries a profit rate of 3 months KIBOR + 1.60% per annum and is secured against pledge of shares worth PKR 6,000 million of the holding company by Aitkenstuart Pakistan (Private) Limited (an associated company), Corporate guarantee issued by the holding company covering the outstanding amount along with profit thereon, and assignment of rights, benefits and receivables of the OBS Pakistan (Private) Limited.

11.5 The Group is in negotiation with certain financial institutions for obtaining further financing amounting upto Rs. 3,300 million for the purpose of payment of the purchase price in respect of acquisition of pharmaceutical brands.

		30 September	31 December
		2 0 2 3	2 0 2 2
		(Un-audited)	(Audited)
	Note	----- Rupees in '000 -----	
12. TRADE AND OTHER PAYABLES			
Creditors	12.1	1,623,255	876,603
Payable to Viatris Inc	12.2	1,628,324	-
Payable to Pfizer Pakistan Limited		722,500	-
Payable to Aitkenstuart Pakistan (Private) Limited - associated company	12.3	277,048	-
Accrued liabilities		666,583	706,003
Compensated absences		72,227	46,133
Contract liabilities (advances from customers)		14,895	22,510
Retention money		972	813
Other payables:			
- Provident fund		15,560	11,084
- Infrastructure Cess		13,801	13,801
- Workers' Profit Participation Fund		78,013	10,807
- Workers' Welfare Fund		37,016	24,483
- Central Research Fund		13,576	21,753
- Withholding tax		368,355	23,208
- Sales tax		25,109	17,571
- Others		3,764	3,578
		5,560,998	1,778,347

12.1 Included herein Rs. 33.81 million (2022: 21.07 million) payable to Aspin Pharma (Private) Limited, a related party.

12.2 Represent the liability towards the purchase of pharmaceutical brands, payable in tranches on weekly basis as per approval from State Bank of Pakistan.

12.3 Represent payable against the deal sourcing fee for the purchase of pharmaceutical brands from Viatris Inc.

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 consolidated financial statements of the Group for the year ended 31 December 2022 except as discussed below:

	30 September 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	------(Rupees in '000)-----	
13.1.2 Guarantees		
Bank guarantees		
- total limit	<u>527,000</u>	<u>527,000</u>
- unutilised portion	<u>387,072</u>	<u>309,160</u>
- utilised portion	<u>139,928</u>	<u>217,840</u>

13.2 COMMITMENTS

13.2.1 As at 30 September 2023, capital expenditure contracted for but not incurred amounted to Rs. 651.22 million (31 December 2022: Rs. 266.12 million).

13.2.3 Letters of credit

Letters of credit		
- limit	<u>2,820,000</u>	<u>3,170,000</u>
- unutilised portion	<u>1,870,838</u>	<u>2,532,111</u>
- utilised portion	<u>949,162</u>	<u>637,889</u>

Ijarah Agreement

OBS AGP (Private) Limited (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:

	30 September 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	------(Rupees in '000)-----	
Not later than one year	<u>30,259</u>	<u>32,207</u>
Later than one year but not later than five years	<u>80,589</u>	<u>109,638</u>
	<u>110,848</u>	<u>141,845</u>

14. REVENUE FROM CONTRACT WITH CUSTOMERS - net

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

Local (disaggregation by types of products)

	Nine months ended		Quarter ended	
	30 September 2 0 2 3	30 September 2 0 2 2	30 September 2 0 2 3	30 September 2 0 2 2
	------(Rupees in '000)-----			
- Manufacturing	7,568,247	5,838,095	2,995,041	1,945,751
- Trading	<u>5,196,358</u>	<u>4,467,842</u>	<u>1,814,166</u>	<u>1,280,911</u>
	<u>12,764,605</u>	<u>10,305,937</u>	<u>4,809,207</u>	<u>3,226,662</u>

Export

	<u>1,452,926</u>	<u>1,020,570</u>	<u>481,963</u>	<u>415,020</u>
Less: Trade discounts	<u>(1,099,154)</u>	<u>(785,281)</u>	<u>(401,860)</u>	<u>(273,750)</u>
Sales returns	<u>(44,371)</u>	<u>(39,608)</u>	<u>17,532</u>	<u>(5,319)</u>
Sales tax	<u>(134,980)</u>	<u>(40,692)</u>	<u>(56,044)</u>	<u>(26,011)</u>
	<u>(1,278,505)</u>	<u>(865,581)</u>	<u>(440,372)</u>	<u>(305,080)</u>
14.2	<u>12,939,026</u>	<u>10,460,926</u>	<u>4,850,798</u>	<u>3,336,602</u>

14.1 The geographical markets disaggregation of the Group's revenue from contract with customers are disclosed in note 25 to these consolidated condensed interim financial statements.

14.2 Included herein sales made to related parties amounting to Rs. 9,957.56 million (30 September 2022: Rs 8,630 million).

Nine months ended		Quarter ended	
30 September 2023	30 September 2022	30 September 2023	30 September 2022

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

15. COST OF SALES

Cost of sales – manufacturing

Raw and packing materials consumed

Opening stock	1,123,154	611,436	1,785,514	820,723
Purchases	3,292,593	2,486,763	1,213,151	990,715
Available for consumption	4,415,747	3,098,199	2,998,665	1,811,438
Closing stock	(1,730,381)	(1,085,465)	(1,730,381)	(1,085,465)
Raw and packing material consumed	2,685,366	2,012,734	1,268,284	725,973

Manufacturing cost

Salaries, wages and other benefits	706,970	552,485	232,620	190,987
Stores and spares consumed	31,289	21,480	11,945	7,565
Provision against slow moving and obsolete materials - net	23,985	28,270	-	-
Processing charges	51,622	9,905	30,391	3,356
Freight	6,977	4,618	307	2,178
Fuel, gas and electricity	218,090	137,488	96,616	63,953
Repairs and maintenance	91,702	69,775	34,101	35,027
Travelling and conveyance	4,302	8,894	3,413	2,129
Insurance	13,148	11,345	4,425	4,114
Laboratory expenses	53,687	34,146	33,864	11,426
Rates and taxes	1,528	1,564	607	383
Depreciation	105,351	84,562	36,358	29,087
Amortisation	6,649	3,700	2,101	1,201
Postage, telegraph and telephones	3,161	2,427	877	989
Printing and stationery	8,826	6,244	5,051	2,669
	1,327,287	976,903	492,676	355,064
	4,012,653	2,989,637	1,760,960	1,081,037

Work-in-process

Opening stock	185,087	82,865	72,062	133,485
Closing stock	(191,390)	(104,276)	(191,390)	(104,276)
	(6,303)	(21,411)	(119,328)	29,209

Cost of goods manufactured

	4,006,350	2,968,226	1,641,632	1,110,246
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Finished goods

Opening stock	444,008	289,992	334,184	265,134
Closing stock	(453,010)	(257,502)	(453,010)	(257,502)
	(9,002)	32,490	(118,826)	7,632
	3,997,348	3,000,716	1,522,806	1,117,878

Cost of sales – trading

Opening stock	435,119	656,640	634,083	698,181
Purchases	2,533,571	2,352,024	870,612	623,600
Closing stock	(695,445)	(665,107)	(695,445)	(665,107)
	2,273,245	2,343,557	809,250	656,674

Direct expenses:

Amortisation of intangible assets	5,772	6,272	1,945	2,445
Provision for obsolescence and slow moving stock - net	6,789	3,583	4	-
Warehousing and Logistic charges	35,092	27,200	15,691	9,068
	47,653	37,055	17,640	11,513

Cost of samples for marketing and sales promotion

	(94,617)	(141,287)	(34,715)	(53,270)
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	6,223,629	5,240,041	2,314,981	1,732,795
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Note	Nine months ended		Quarter ended	
	30 September	30 September	30 September	30 September
	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
	------(Rupees in '000)-----			
16. ADMINISTRATIVE EXPENSES				
Salaries and other benefits	261,206	261,356	92,215	88,277
Travelling and conveyance	1,241	1,321	377	332
Printing and stationery	6,838	5,824	1,145	1,605
Directors' remuneration	8,875	6,750	2,125	2,500
Ijarah rental	-	37	-	37
Postage, telegrams and telephones	1,622	3,223	174	1,696
Legal and professional	57,922	29,755	26,149	14,029
Research cost	11,943	7,258	3,240	1,951
Repairs and maintenance	29,199	16,452	9,811	3,147
Software license renewals and maintenance fee	17,008	15,059	2,305	4,693
Subscription and fee	1,003	1,635	553	1,269
Advertisement	2,504	329	639	4
Auditors' remunerations	1,016	930	-	-
Donations	13,700	17,156	3,145	1,376
Insurance	2,054	2,150	738	479
Depreciation	29,636	27,232	9,915	9,018
Amortisation	5,093	4,381	1,669	926
Corporate social responsibility	11,149	6,480	610	721
Vehicle running expenses	347	2,057	181	367
	462,356	409,385	154,991	132,427
17. MARKETING AND SELLING EXPENSES				
Salaries and other benefits	1,678,281	1,297,331	600,353	451,751
Travelling and conveyance	567,553	407,261	196,441	150,620
Repairs and maintenance	19,063	8,488	7,090	3,526
Ijarah rentals	24,804	13,512	8,033	7,595
Insurance	12,451	5,646	4,391	2,978
Depreciation	99,765	52,118	36,526	23,825
Amortisation	488	-	164	-
Printing and stationery	7,018	7,102	2,170	1,566
Samples	94,617	141,287	34,715	53,270
Sales promotion expenses	573,377	354,100	226,047	141,491
Meeting and conferences	219,661	167,405	85,982	32,045
Communication	32,206	23,914	11,776	8,681
Subscription	30,319	14,125	7,141	2,350
Freight, handling and transportation	78,851	66,125	17,113	34,106
Product registration fee	16,517	-	4,410	-
	3,454,971	2,558,414	1,242,352	913,804
18. OTHER EXPENSES				
Workers' Profit Participation Fund	67,206	77,001	29,137	17,415
Workers' Welfare Fund	12,533	16,586	6,966	2,202
Central Research Fund	13,577	15,556	5,886	3,519
Exchange loss - net	136,476	83,881	32,117	33,154
Allowances for expected credit loss (net)	2,168	8,758	77	5,925
	231,960	201,782	74,183	62,215

	Nine months ended		Quarter ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
19. OTHER INCOME	------(Rupees in '000)-----			
Income from financial assets				
Markup on deposit accounts	64,987	27,764	32,667	4,061
Income from non-financial assets				
Gain on sale of operating fixed assets (net)	8,437	15,387	4,723	11,131
Dividend Income	1,707	-	1,707	-
Government grant	376	8,757	281	2,694
Scrap sales	11,463	8,523	3,512	2,440
Others	3,298	12	1,313	-
	<u>25,281</u>	<u>32,679</u>	<u>11,536</u>	<u>16,265</u>
	<u>90,268</u>	<u>60,443</u>	<u>44,203</u>	<u>20,326</u>
20. FINANCE COSTS				
Mark-up on:				
- long-term financings	767,763	306,757	441,946	118,003
- short term borrowings	198,489	52,569	97,935	36,368
	<u>966,252</u>	<u>359,326</u>	<u>539,881</u>	<u>154,371</u>
Bank charges	15,472	9,623	10,170	4,766
	<u>981,724</u>	<u>368,949</u>	<u>550,051</u>	<u>159,137</u>
21. TAXATION				
Current	408,805	389,123	149,219	59,911
Prior	93,843	165,096	607	903
Deferred	44,373	61,727	13,142	21,917
21.1	<u>547,021</u>	<u>615,946</u>	<u>162,968</u>	<u>82,731</u>
21.1	Through the Finance Act 2023, new slab rates for supertax has been introduced for tax year 2023 (FY 2022) and onwards. As a result, the highest slab rate of 10% instead of 4% will be applicable on tax payers of all sectors having income in excess of Rs. 500 million. Accordingly, the Group has accounted for Rs. 86.05 million as a prior year tax expense for the FY 2022 and Rs. 87.91 million as current period tax expense.			
	However, the Group has filed a petition in the Islamabad High Court (the "IHC") challenging the amendment made through Finance Act, 2023 and a stay order has been granted against the said amendment.			
22. CASH GENERATED FROM OPERATIONS			30 September	30 September
			2023	2022
			(Un-audited)	
			------(Rupees in '000)-----	
Profit before taxation			1,674,654	1,742,798
Adjustments for:				
Depreciation			234,752	163,912
Amortisation			12,230	14,353
Allowances for expected credit losses			2,168	8,758
(Gain) / loss on disposal of operating fixed assets - net			(8,437)	(15,387)
Provision of obsolescence and slow moving stock			30,774	-
Stock written off during the period			(42,067)	-
Reversal of GIDC			(728)	-
Amortisation of government grant			(376)	(8,757)
Mark-up on deposits accounts			(64,987)	(27,764)
Finance costs			981,724	368,949
Workers' Profit Participation Fund			67,206	77,001
Workers' Welfare Fund			12,533	16,586
Central Research Fund			13,577	15,556
			<u>1,238,369</u>	<u>613,207</u>
Operating profit before working capital changes			2,913,023	2,356,005
Working capital changes				
Decrease / (increase) in current assets				
Stores, spares and loose tools			(798)	(245)
Stock-in-trade			(869,277)	(479,585)
Trade debts			(740,720)	(698,515)
Loans and advances			(190,857)	(227,889)
Trade deposits, prepayments and other receivables			29,459	(444,110)
			<u>(1,772,193)</u>	<u>(1,850,344)</u>
(Decrease) / increase in current liabilities				
Trade and other payables			3,711,089	210,485
			<u>4,851,919</u>	<u>716,146</u>
23. CASH AND CASH EQUIVALENT				
Cash and bank balances			160,835	45,949
Short-term investments			120,000	112,326
Short-term borrowings			(1,886,428)	(1,253,892)

(1,605,593)

(1,095,617)

24. 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 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
---(Rupees in '000)---							
Parent Company							
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent Company	55.80%	Expenditure incurred / paid by the Company on behalf of associate	2,563	5,612	1,308	-
			Consultancy fees	65,000		65,000	-
			Amount received against issuance of shares	36,000	-	-	-
			Dividend paid	368,501	418,626	-	-
Associated Companies							
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79%	Sale of goods	25,824	32,206	6,399	9,399
			Expenditure incurred / paid by the Company on behalf of associate	6,878	761	3,542	287
			Expenditure incurred / paid by the associate on behalf of the Company	23,556	13,993	7,299	5,297
			Dividend paid	26,800	33,500	-	-
OBS Pharma (Private) Limited - Pakistan	Common directorship	-	Expenditure incurred / paid by the Company on behalf of associate	29,083	-	22,417	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	9,931,734	8,598,268	3,749,066	2,780,534
			Settlement of discounts and expenses given/incurred on behalf of the Company	510,523	341,247	105,105	142,463
			Amount paid against purchase of handheld devices	-	24,086	-	-
			Warehouse and logistic charges	16,863	27,371	6,122	15,439
			Dividend paid	75,840	94,800	-	-
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	54,982	34,403	19,740	11,543
Key management personnel			Remuneration and other benefits	291,087	219,971	61,902	63,129
			Dividend paid	14,011	3,514	-	-
Directors			Board and other meeting fee	8,875	6,750	2,125	2,500
			Dividend paid	1,262	1,578	-	-
Others (due to common directorship)			Donation given	2,600	2,300	-	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	55	59	2	21

24.1 The related parties status of outstanding receivables / payables as at 30 September 2023 and 31 December 2022 are disclosed in respective notes to these condensed interim financial statements.

25. INFORMATION ABOUT OPERATING SEGMENTS

25.1 For management purposes, the activities of the Group are organized 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, organizational 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 condensed interim financial statements are related to the Company's only reportable segment in Pakistan.

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

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:

	30 September 2 0 2 3	30 September 2 0 2 2
	----- (Rupees in '000)-----	
- Muller & Phipps Pakistan (Private) Limited	<u>9,931,734</u>	<u>8,598,268</u>

25.4 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.

26. DATE OF AUTHORIZATION

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

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.



Chief Financial Officer



Chief Executive Officer



Director

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 2023**

AGP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,293,537	3,015,316
Intangible assets	5	5,400,880	5,410,626
Long-term investments	6	3,064,629	729,531
Long-term deposits and receivables		26,497	22,532
		11,785,543	9,178,005
CURRENT ASSETS			
Stores, spares and loose tools		10,005	9,207
Stock-in-trade	7	2,466,646	1,875,833
Trade debts	8	1,739,008	1,162,368
Advances	9	525,070	217,073
Trade deposits, prepayments and other receivables	10	301,470	236,945
Taxation – net		132,847	-
Cash and bank balances	11	108,679	149,647
		5,283,725	3,651,073
TOTAL ASSETS		17,069,268	12,829,078
EQUITY AND LIABILITIES			
Issued, subscribed and paid-up capital			
Share capital		2,800,000	2,800,000
Revenue reserve - unappropriated profits		7,714,854	7,423,285
		10,514,854	10,223,285
NON-CURRENT LIABILITIES			
Long-term financings	12	2,092,955	35,586
Deferred grant		1,163	583
Gas infrastructure development cess		6,947	7,405
Deferred tax liabilities - net		171,380	129,371
		2,272,445	172,945
CURRENT LIABILITIES			
Trade and other payables	13	2,300,838	1,616,792
Unclaimed dividends		1,917	1,795
Taxation - net		-	24,017
Accrued interest		70,626	40,138
Short-term borrowings	14	1,474,857	689,082
Current maturity of non-current liabilities		433,731	61,024
		4,281,969	2,432,848
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		17,069,268	12,829,078

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Note	Nine months ended		Quarter ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		----- (Rupees in '000) -----			
Revenue from contracts with customers - net	16	9,759,113	7,218,037	3,715,294	2,318,639
Cost of sales	17	(5,367,829)	(3,509,929)	(1,984,372)	(1,200,429)
Gross profit		4,391,284	3,708,108	1,730,922	1,118,210
Administrative expenses	18	(332,799)	(288,627)	(95,624)	(85,458)
Marketing and selling expenses	19	(2,384,952)	(1,818,653)	(823,383)	(653,797)
Other expenses	20	(225,580)	(201,634)	(56,598)	(62,068)
Other income	21	173,362	115,899	15,825	17,539
Finance costs	22	(357,193)	(83,824)	(218,735)	(41,192)
		(3,127,162)	(2,276,839)	(1,178,515)	(824,976)
Profit before taxation		1,264,122	1,431,269	552,407	293,234
Taxation	23	(412,553)	(450,437)	(145,225)	(59,476)
Profit for the period		851,569	980,832	407,182	233,758
Earnings per share - basic and diluted		Rs. 3.04	Rs. 3.50	Rs. 1.45	Rs. 0.83

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Note	30 September 2023	30 September 2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	24	822,408	380,868
Payments for:			
Finance costs		(132,332)	(37,119)
Income tax		(527,408)	(330,239)
Central Research Fund		(21,754)	(20,618)
Net cash flows generated from operating activities		<u>140,914</u>	<u>(7,108)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(485,045)	(655,529)
Investment made in the subsidiary company		(2,324,048)	-
Dividend received		130,000	65,000
Proceeds from disposal of operating fixed assets		15,157	33,063
Deposits and receivables - paid / given		(3,965)	(3,235)
Interest income received		20,277	16,052
Net cash flows used in investing activities		<u>(2,647,624)</u>	<u>(544,649)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(559,878)	(699,653)
Long-term financings - obtained		2,363,975	-
Lien released on bank balances		52,416	-
Repayment of long-term financings		(124,130)	(390,474)
Net cash flows generated from / (used in) financing activities		<u>1,732,383</u>	<u>(1,090,127)</u>
Net decrease in cash and cash equivalents		<u>(774,327)</u>	<u>(1,641,884)</u>
Cash and cash equivalents at the beginning of the period		<u>(670,474)</u>	<u>524,869</u>
Cash and cash equivalents at the end of the period	25	<u><u>(1,444,801)</u></u>	<u><u>(1,117,015)</u></u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

AGP LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

	Nine months ended		Quarter ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	----- (Rupees in '000) -----			
Profit for the period	851,569	980,832	407,182	233,758
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	851,569	980,832	407,182	233,758

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

AGP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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
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 @ Re. 2.5 per share	-	(700,000)	(700,000)
Balance as at 30 September 2022	2,800,000	6,976,083	9,776,083
Balance as at 31 December 2022 - Audited	2,800,000	7,423,285	10,223,285
Profit for the period	-	851,569	851,569
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	851,569	851,569
Final dividend for the year ended 31 December 2022 @ Rs. 2 per share	-	(560,000)	(560,000)
Balance as at 30 September 2023	2,800,000	7,714,854	10,514,854

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements

Chief Financial Officer

Chief Executive Officer

Director

AGP LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 (OBS AGP) as of reporting date by virtue of which it became the subsidiary company.
- 1.4** During the period, the Company has made an investment of Rs. 2,324 million in OBS Pakistan (Private) Limited (OBS PK), by virtue of this investment the Company has acquired 91.82% shareholding of OBS PK and OBSPK become the subsidiary company. (Also see note 6.2)

The Company through OBS PK, has successfully acquired a portfolio of certain Pharmaceutical brands from Viartis Inc. which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Inc. (Also see note 12.2)

For the purpose, the Company also has entered into Musharaka agreement with a financial institution to obtain Musharaka Contribution of an amount upto Rs. 2,400 million. (Also see note 6.1)

- 1.5** 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.
- 1.6** 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 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 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.

- 2.2.4** In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended 31 December 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.
- 2.2.5** These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand rupees, unless otherwise stated.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly, have not been detailed in these condensed interim financial statements.

		30 September 2 0 2 3	31 December 2 0 2 2
		(Unaudited)	(Audited)
	Note	----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,914,466	2,636,546
Capital work-in-progress	4.2	379,071	378,770
		<u>3,293,537</u>	<u>3,015,316</u>

- 4.1** Details of additions and disposals are as follows:

	<u>Additions (at cost)</u>		<u>Disposals (NBV)</u>	
	30 September 2 0 2 3	31 December 2 0 2 2	30 September 2 0 2 3	31 December 2 0 2 2
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note	----- (Rupees in '000) -----			
Buildings - factory / office sites	107,720	97,825	-	552
Plant and machinery	74,234	110,767	17	325
Furniture and fixtures	2,642	25,461	-	62
Motor vehicles	155,392	295,040	6,726	18,678
Office equipment	4,032	18,820	90	974
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	52,309	10,994	-	342
Laboratory equipment	52,981	28,991	-	-
Computers and related accessories	22,424	38,302	25	254
	<u>484,744</u>	<u>631,538</u>	<u>6,858</u>	<u>21,187</u>

	Note	30 September 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	485,045	778,426
	Transferred during the period / year to:		
	- operating fixed assets	(484,744)	(631,538)
	- intangible assets	-	(16,401)
	Closing balance	379,071	378,770

	Note	Additions (at cost)		Closing Balance	
		30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
------(Rupees in '000)-----					
4.2.1	Capital work-in-progress comprise of:				
	Buildings - factory / office sites	197,502	235,461	309,025	219,243
	Plant and machinery	10,804	69,076	12,599	76,029
	Furniture and fixtures	2,642	25,444	-	-
	Motor vehicles	106,919	304,025	-	48,473
	Office equipment	4,132	18,820	100	-
	Gas and electrical fittings	13,010	5,338	-	-
	Refrigerator and air conditioner	52,248	37,191	34,964	35,025
	Laboratory equipment	57,318	28,927	4,337	-
	Computers and related accessories	22,424	37,743	-	-
	Softwares	18,046	16,401	18,046	-
		485,045	778,426	379,071	378,770

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
------(Rupees in '000)-----			
5.	INTANGIBLE ASSETS		
	Goodwill	5.1	743,226
	Trademarks - indefinite	5.1	4,641,087
	Computer software	5.2	16,567
			26,313
			5,400,880
			5,410,626

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 addition of Rs. NIL (Dec 2022: Rs. 16.40 million) were made to computer softwares.

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
------(Rupees in '000)-----			
6.	LONG-TERM INVESTMENTS		
	Investment in OBS AGP (Private) Limited - subsidiary company		
	Investment - at cost	6.1	715,000
	Corporate guarantee - at fair value	12.3	14,531
			729,531
	Investment in OBS Pakistan (Private) Limited - subsidiary company		
	Investment - at cost	6.2	2,324,048
	Corporate guarantee - at fair value	12.3	11,050
			-
			2,335,098
			3,064,629
			729,531

- 6.1** 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. On 14 July 2021, the Company subscribed 65% shareholding of OBS AGP i.e. 6.5 million ordinary shares having face value of Rs 10 each, issued at Rs. 110 each.
- 6.2** OBS PK was incorporated in Pakistan as a private limited company in December 2021 under Companies Act, 2017. OBS PK is in the business of trading pharmaceutical products. Since incorporation, OBS PK was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. During the period from April to September 2023, the Company subscribed 91.82% shareholding of OBS PK i.e. 10.20 million ordinary shares having face value of Rs. 10 each, issued at Rs. 115.88 each, 10.20 million ordinary shares having face value of Rs 10 each, issued at Rs. 92.36 each, and 20 million ordinary shares issued at face value of Rs. 10 each.

		30 September 2023	31 December 2022
		(Unaudited)	(Audited)
		------(Rupees in '000)-----	
7. STOCK-IN-TRADE	Note		
Raw and packing materials			
In hand	7.1	1,730,381	1,123,154
In transit		80,158	93,739
		1,810,539	1,216,893
Work-in-process		191,390	185,087
Finished goods			
- Manufacturing		453,010	444,008
- Trading		35,216	69,583
		488,226	513,591
Provision for obsolescence and slow moving stock	7.3	(23,509)	(39,738)
	7.2	2,466,646	1,875,833

7.1 Included herein items having value of Rs. 281.02 million (31 December 2022: Rs. 50.03 million), representing stock held by third parties.

7.2 Stock in trade includes items having cost of Rs. 21.64 million (31 December 2022: Rs. 21.38 million) written down to net realizable value of Rs. 17.34 million (31 December 2022: Rs. 18.48 million) resulting in a writedown of Rs. 4.29 million (31 December 2022: Rs. 2.19 million).

		30 September 2023	31 December 2022
		(Unaudited)	(Audited)
		------(Rupees in '000)-----	
7.3 Provision for obsolescence and slow moving stock is as follows:	Note		
Opening balance		39,738	44,511
Provision made during the period / year - net		23,985	44,158
Written off during the period / year		(40,214)	(48,931)
		23,509	39,738

8. TRADE DEBTS - unsecured

Related parties

- Aspin Pharma (Private) Limited		6,469	-
- OBS AGP (Private) Limited		409,339	128,053
- Muller & Phipps Pakistan (Private) Limited		1,159,854	676,226
		1,575,662	804,279

Other than related parties

		166,719	359,294
		1,742,381	1,163,573
Less: Allowances for expected credit losses	8.1	(3,373)	(1,205)
		1,739,008	1,162,368

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

Opening balance		1,205	1,318
Allowance for expected credit losses for the period / year		2,168	(113)
Closing balance		3,373	1,205

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Note	------(Rupees in '000)-----	
9. ADVANCES - unsecured, Considered good		
- suppliers	515,448	212,277
- employees	9,622	4,796
	<u>525,070</u>	<u>217,073</u>
10. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Trade deposits - considered good, unsecured		
Security deposits	26,722	17,384
Margin on letters of credit	94,556	146,119
	<u>121,278</u>	<u>163,503</u>
Prepayments - insurance	16,955	1,027
Other receivables		
Current portion of receivables from employees - secured	8,098	5,174
Receivable from related parties - unsecured		
- OBS AGP (Private) Limited - subsidiary company 10.1	22,938	11,589
- OBS Pakistan (Private) Limited - subsidiary company 10.1	9,793	46,349
- Aitkenstuart Pakistan (Private) Limited - associated compar 10.2	373	-
- OBS Pharma (Private) Limited - associated company 10.2	12,041	-
- OBS Pakistan (Private) Limited - subsidiary company 10.3	105,000	-
Sales tax refundable	3,143	8,947
Others	1,851	356
	<u>163,237</u>	<u>72,415</u>
	<u>301,470</u>	<u>236,945</u>

10.1 Represents receivable against shared services charged by the Company to OBS AGP (Private) Limited and OBS Pakistan (Private) Limited.

10.2 Represents receivable against expenditure incurred on behalf of OBS Pharma (Private) Limited and Aitkenstuart Pakistan (Private) Limited.

10.3 Represent short term loan provided to subsidiary carrying markup at the higher of borrowing cost of the Company or KIBOR for the relevant period.

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Note	------(Rupees in '000)-----	
11. CASH AND BANK BALANCES		
Cash in hand	3,197	1,974
Balances held with banks		
Current accounts		
- local currency	4,285	7,151
- foreign currency	602	481
	4,887	7,632
Deposit accounts 11.1	100,595	140,041
	<u>108,679</u>	<u>149,647</u>

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

		30 September 2023 (Un-audited)	31 December 2022 (Audited)
	Note	------(Rupees in '000)-----	
12. LONG-TERM FINANCINGS - secured			
Running musharakah under SBP Refinance Scheme		-	48,138
SBP financing scheme for renewable energy		29,654	34,503
Syndicate term finance (net of transaction cost Rs. 23.5 million)	12.2	2,476,156	-
Corporate guarantee contract	12.3	18,547	10,414
	12.1	2,524,357	93,055
Less: current maturity		(431,402)	(57,469)
		2,092,955	35,586

12.1 The movement in long-term financings is as follows:

Balance at beginning of the period / year		93,055	520,756
Proceeds received during the period / year	12.2	2,363,975	-
Related transaction cost	12.2	(23,449)	-
Corporate guarantee recognized	12.3	11,050	-
Corporate guarantee amortized		(2,916)	(2,906)
Effect of unwinding on interest		206,772	15,132
Financings repaid during the period / year		(124,130)	(439,927)
Balance at end of the period / year		2,524,357	93,055

12.2 The Company has obtained long-term finance of Rs. 2,364 million (out of total facility of Rs. 2,400 million) through the syndicate term finance agreement repayable in quarterly instalments commencing from July 06, 2024 including grace period of 12 months over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.45% per annum and are secured against the present and future property, plant and equipment of the Company to the extent of Rs. 3,000 million. The facility has been used to inject equity in its associated company, OBS Pakistan (Private) Limited in order to acquire certain pharmaceutical products of Viatrix Inc, which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Pakistan Limited.

12.3 The Company has provided corporate guarantee to JS Bank Limited being the investment agent of its subsidiaries. This is in relation to secure all payment obligations and liabilities i.e principal repayment and principal along with profit repayments for OBS AGP and OBS PK respectively, in respect of sukuk issued by the subsidiaries to the investment agent for the benefit of certificate holders of the subsidiaries (also see note 6 to these condensed interim financial statements).

13. TRADE AND OTHER PAYABLES	Note	30	31 December
		September 2023 (Un-audited)	2022 (Audited)
		------(Rupees in '000)-----	
Creditors	13.1	1,290,022	841,334
Accrued liabilities		503,062	503,773
Compensated absences		72,227	45,144
Contract liabilities (advances from customers)		235,134	114,109
Retention money		972	813
Other payables:			
- Provident fund		10,803	8,339
- Infrastructure Cess		13,801	13,801
- Workers' Profit Participation Fund		78,013	10,807
- Workers' Welfare Fund		37,016	24,483
- Central Research Fund		13,576	21,753
- Withholding tax		17,777	11,746
- Sales tax		25,091	17,112
- Others		3,344	3,578
		2,300,838	1,616,792

- 13.1 Included herein Rs. 33.81 million (December 2022: 21.07 million) payable to Aspin Pharma (Private) Limited, a related party.

14. SHORT TERM BORROWINGS - Secured	Note	30	31 December
		September 2023 (Un-audited)	2022 (Audited)
		------(Rupees in '000)-----	
Running finance from commercial banks		645,620	496,437
Running musharakah form Islamic banks		829,237	192,645
	14.1	1,474,857	689,082

- 14.1 The terms and conditions are same as disclosed in the annual financial statements of the Company for the year ended 31 December 2022, except for the following:

During the period, the Company obtained running finance facilities amounting upto Rs. 1000 million from commercial banks, carrying the profit rate ranging from 1 - 3 months KIBOR plus 0.30% to 1.25% per annum payable quarterly.

15. CONTINGENCIES AND COMMITMENTS**15.1 CONTINGENCIES**

15.1.1 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:

	30 September 2 0 2 3 (Unaudited) ------(Rupees in '000)-----	31 December 2 0 2 2 (Audited)
15.1.2 Guarantees		
Bank guarantees		
- total limit	<u>492,000</u>	492,000
- unutilized portion	<u>372,594</u>	308,362
- utilized portion	<u>119,406</u>	183,638

15.2 COMMITMENTS

15.2.1 As at 30 September 2023, capital expenditure contracted for but not incurred amounted to Rs. 651.22 million (31 December 2022: Rs. 266.12 million).

	30 September 2 0 2 3 (Unaudited) ------(Rupees in '000)-----	31 December 2 0 2 2 (Audited)
15.2.2 Corporate guarantee issued on behalf of subsidiary companies		
- OBS AGP (Private) Limited	<u>1,950,000</u>	2,600,000
- OBS Pakistan (Private) Limited	<u>3,600,000</u>	-

15.3 Letters of credit

Letters of credit		
- total limit	<u>2,820,000</u>	3,170,000
- unutilized portion	<u>1,870,838</u>	2,532,111
- utilized portion	<u>949,162</u>	637,889

	Nine months ended		Quarter ended	
	30 September 2 0 2 3	30 September 2 0 2 2	30 September 2 0 2 3	30 September 2 0 2 2
Note	------(Rupees in '000)-----			
16. REVENUE FROM CONTRACT WITH CUSTOMERS - net				
Sale of goods (disaggregation by timing)				
- at a point in time				
Local (disaggregation by types of products)				
- Manufacturing	8,735,533	5,875,334	3,463,870	1,980,004
- Trading	<u>343,095</u>	782,835	<u>91,309</u>	98,905
	<u>9,078,628</u>	6,658,169	<u>3,555,179</u>	2,078,909
Export	<u>1,452,926</u>	1,020,570	<u>481,963</u>	415,020
Less: Trade discounts	<u>(593,621)</u>	(395,127)	<u>(247,769)</u>	(144,822)
Sales returns	<u>(44,371)</u>	(24,883)	<u>(18,426)</u>	(4,457)
Sales tax	<u>(134,449)</u>	(40,692)	<u>(55,653)</u>	(26,011)
	<u>(772,441)</u>	(460,702)	<u>(321,848)</u>	(175,290)
16.1 & 16.2	<u>9,759,113</u>	7,218,037	<u>3,715,294</u>	2,318,639

16.1 The geographical markets disaggregation of the Company's revenue from contract with customers are disclosed in note 26.2 to these condensed interim financial statements.

16.2 Included herein sales made to related parties amounting to Rs. 8,119 million (30 September 2022: Rs 5,691 million).

	Nine months ended		Quarter ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	------(Rupees in '000)-----			
17. COST OF SALES				
Cost of sales – manufacturing				
Raw and packing materials consumed				
Opening stock	1,123,154	503,469	1,785,514	712,756
Purchases	4,406,382	2,605,947	1,622,688	1,107,142
Available for consumption	5,529,536	3,109,416	3,408,202	1,819,898
Closing stock	(1,730,381)	(1,085,465)	(1,730,381)	(1,085,465)
Raw and packing material consumed	3,799,155	2,023,951	1,677,821	734,433
Manufacturing cost				
Salaries, wages and other benefits	706,970	552,484	237,752	200,185
Stores and spares consumed	31,289	21,480	11,945	7,565
Provision against slow moving and obsolete materials - net	23,985	28,270	-	-
Processing charges	51,622	9,905	30,391	3,356
Freight	6,977	4,618	2,320	2,178
Fuel, gas and electricity	215,350	135,724	95,556	63,062
Repairs and maintenance	91,702	69,777	35,010	35,029
Travelling and conveyance	4,302	8,895	3,414	2,132
Insurance	13,148	11,345	4,425	4,114
Laboratory expenses	53,687	34,147	33,864	11,426
Rates and taxes	1,528	1,564	607	383
Depreciation	105,351	84,562	36,358	29,086
Amortisation	6,649	3,700	2,101	1,202
Postage, telegraph and telephones	3,161	2,427	878	989
Printing and stationery	8,826	6,244	5,051	2,669
	1,324,547	975,142	499,672	363,378
	5,123,702	2,999,093	2,177,493	1,097,811
Work-in-process				
Opening stock	185,087	82,865	72,062	133,485
Closing stock	(191,390)	(104,276)	(191,390)	(104,276)
	(6,303)	(21,411)	(119,328)	29,209
Cost of goods manufactured	5,117,399	2,977,682	2,058,165	1,127,020
Finished goods				
Opening stock	444,008	289,992	334,597	265,134
Closing stock	(453,010)	(257,502)	(453,010)	(257,502)
	(9,002)	32,490	(118,413)	7,632
	5,108,397	3,010,172	1,939,752	1,134,652
Cost of samples for marketing and sales promotion	(41,348)	(63,673)	(17,690)	(21,580)
Cost of sales – trading				
Opening stock	69,583	156,127	59,834	96,100
Purchases	266,413	488,680	37,692	72,634
Closing stock	(35,216)	(81,377)	(35,216)	(81,377)
	300,780	563,430	62,310	87,357
	5,367,829	3,509,929	1,984,372	1,200,429

	Nine months ended		Quarter ended	
	30 September	30 September	30 September	30 September
	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
	------(Rupees in '000)-----			
18. ADMINISTRATIVE EXPENSES				
Salaries and other benefits	178,305	170,619	56,123	49,326
Travelling and conveyance	227	641	136	226
Printing and stationery	6,530	5,499	945	1,394
Directors' remuneration	8,875	6,750	2,125	2,500
Postage, telegrams and telephones	1,506	2,237	145	1,650
Legal and professional	35,011	19,190	14,255	8,559
Research cost	10,614	5,297	2,230	1,941
Repairs and maintenance	19,059	12,951	2,582	3,390
Software license renewals and maintenance fee	15,624	11,561	2,562	3,669
Subscription and fee	1,003	1,635	553	1,269
Advertisement	2,254	329	639	4
Auditors' remunerations	1,016	874	-	-
Donations	11,534	16,016	1,687	846
Insurance	1,186	1,074	386	212
Depreciation	28,370	26,382	9,553	8,692
Amortisation	3,096	2,835	995	905
Corporate social responsibility	8,242	4,124	602	700
Vehicle running expenses	347	613	106	175
	332,799	288,627	95,624	85,458
19. MARKETING AND SELLING EXPENSES				
Salaries and other benefits	1,131,401	898,950	390,830	300,409
Travelling and conveyance	395,599	314,841	135,712	119,661
Repairs and maintenance	9,271	5,738	2,933	2,438
Insurance	9,915	5,366	3,601	2,884
Depreciation	66,246	39,750	23,842	17,156
Printing and stationery	5,439	5,590	1,195	991
Samples	41,348	63,673	17,690	21,580
Sales promotion expenses	472,863	294,219	174,687	122,108
Meeting and conferences	122,005	99,905	39,066	25,375
Communication	18,078	12,736	5,656	3,212
Subscription	21,163	14,033	7,809	5,297
Product registration fee	16,517	1,266	4,410	-
Freight, handling and transportation	75,107	62,586	15,952	32,686
	2,384,952	1,818,653	823,383	653,797
20. OTHER EXPENSES				
Workers' Profit Participation Fund	67,206	77,001	29,137	17,415
Workers' Welfare Fund	12,533	16,586	6,966	2,202
Central Research Fund	13,577	15,556	5,886	3,519
Exchange loss - net	130,096	83,733	14,531	33,007
Charge of allowances for expected credit loss	2,168	8,758	78	5,925
	225,580	201,634	56,598	62,068
21. OTHER INCOME				
Income from financial assets				
Markup on deposit accounts	20,277	16,052	6,030	553
Income from non-financial assets				
Gain on sale of operating fixed assets (net)	8,299	15,387	4,723	11,125
Dividend income	130,000	65,000	-	-
Government grant	376	8,757	281	2,694
Scrap sales	11,463	8,523	3,481	2,440
Amortization of corporate guarantee	2,916	2,180	1,279	727
Others	31	-	31	-
	153,085	99,847	9,795	16,986
	173,362	115,899	15,825	17,539

	Note	Nine months ended		Quarter ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
------(Rupees in '000)-----					
22. FINANCE COSTS					
Mark-up on:					
- long-term financings		206,741	24,864	141,303	3,018
- short term borrowings		135,224	49,574	67,326	33,418
		<u>341,965</u>	<u>74,438</u>	<u>208,629</u>	<u>36,436</u>
Bank charges		15,228	9,386	10,106	4,756
		<u>357,193</u>	<u>83,824</u>	<u>218,735</u>	<u>41,192</u>
23. TAXATION					
Current		284,808	293,880	132,254	49,078
Prior		85,736	130,894	-	-
Deferred		42,009	25,663	12,971	10,398
	23.1	<u>412,553</u>	<u>450,437</u>	<u>145,225</u>	<u>59,476</u>

- 23.1** Through the Finance Act 2023, new slab rates for supertax has been introduced for tax year 2023 (FY 2022) and onwards. As a result, the highest slab rate of 10% instead of 4% will be applicable on tax payers of all sectors having income in excess of Rs. 500 million. Accordingly, the Company has accounted for Rs. 78.55 million as a prior year tax expense for the FY 2022 and Rs. 78.55 million as current period tax expense.

However, the Company has filed a petition in the Islamabad High Court (the "IHC") challenging the amendment made through Finance Act, 2023 and a stay order has been granted against the said amendment.

	Note	30 September	30 September
		2023	2022
------(Rupees in '000)-----			
24. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,264,122	1,431,269
Adjustments for:			
Depreciation		199,967	150,694
Amortisation		9,745	6,535
Charge of allowances for expected credit losses		2,168	8,758
Gain on disposal of operating fixed assets - net		(8,299)	(15,387)
Provision of obsolescence and slow moving stock		23,985	28,270
Stock written off during the period		(40,214)	(43,843)
Mark-up on deposits accounts		(20,277)	(16,052)
Reversal of GIDC		(728)	-
Corporate guarantee recognized		(11,050)	-
Amortisation of government grant		(376)	(8,757)
Amortisation of corporate guarantee		(2,916)	(2,180)
Finance costs		357,193	83,824
Dividend income		(130,000)	(65,000)
Workers' Profit Participation Fund		67,206	77,001
Workers' Welfare Fund		12,533	16,586
Central Research Fund		13,577	15,556
		<u>472,514</u>	<u>236,005</u>
Operating profit before working capital changes		<u>1,736,636</u>	<u>1,667,274</u>
Working capital changes			
Decrease / (increase) in current assets			
Stores, spares and loose tools		(798)	(245)
Stock-in-trade		(574,584)	(388,200)
Trade debts		(578,808)	(650,634)
Loans and advances		(307,997)	(139,993)
Trade deposits, prepayments and other receivables		(64,525)	(429,345)
		<u>(1,526,712)</u>	<u>(1,608,417)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		612,484	322,011
		<u>822,408</u>	<u>380,868</u>
25. CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	108,679	40,868
Lien on bank balance		(78,623)	-
Short-term borrowings	14	(1,474,857)	(1,157,883)
		<u>(1,444,801)</u>	<u>(1,117,015)</u>

26. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, subsidiary 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 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	
				30 Sept 2023 (Un-audited)	30 Sept 2022 (Un-audited)	30 Sept 2023 (Un-audited)	30 Sept 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	580	-	192	-
			Dividend paid	312,501	390,626	-	-
Subsidiary Company							
OBS AGP (Private) Limited -	Subsidiary Company	65%	Sale of goods	1,167,286	173,570	491,027	28,325
			Expenditure incurred by the Company on behalf of subsidiary	29,882	24,697	8,255	9,789
			Expenditure incurred / paid by the subsidiary on behalf of the Company	3,614	-	-	-
			Dividend received	130,000	65,000	-	-
OBS Pakistan (Private) Limited - Pakistan	Subsidiary Company	91.82%	Investment in subsidiary	2,324,048	-	200,000	-
			Expenditure incurred / paid by the Company on behalf of subsidiary	23,498	-	7,445	-
			Interest charged	18,412	-	18,412	-
Associated Companies							
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79%	Sale of goods	25,824	32,206	6,399	9,399
			Expenditure incurred / paid by the Company on behalf of associate	6,878	761	3,542	287
			Expenditure incurred / paid by the associate on behalf of the Company	23,556	13,993	7,299	5,297
			Dividend paid	26,800	33,500	-	-
OBS Pharma (Private) Limited - Pakistan	Common directorship	-	Expenditure incurred / paid by the Company on behalf of associate	12,041	-	5,375	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	6,926,285	5,485,019	2,695,642	1,803,956
			Settlement of discounts and expenses given/incurred on behalf of the Company	223,786	100,555	27,139	36,935
			Dividend paid	75,840	94,800	-	-
Staff retirement benefits - AGP Limited staff provident fund							
			Contribution paid	39,105	26,224	13,595	9,152
Key management personnel							
			Remuneration and other benefits	251,694	196,750	49,430	54,648
			Dividend paid	11	14	-	-
Directors							
			Board and other meeting fee	8,875	6,750	2,125	2,500
			Dividend paid	1,262	1,578	-	-
Others (due to common directorship)							
Sharmeen Khan Memorial Foundation			Donation given	2,600	2,300	-	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	93	59	40	21

26.1 The related parties status of outstanding receivables / payables as at 30 September 2023 and 31 December 2022 are disclosed in respective notes to these condensed interim financial statements.

27. INFORMATION ABOUT OPERATING SEGMENTS

- 27.1** For management purposes, the activities of the Company are organized 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, organizational 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.
- 27.2** Export sales made to Afghanistan represents geographical component of gross turnover of the Company.
- 27.3** 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 2023	30 September 2022
	----- (Rupees in '000)-----	
- Muller & Phipps Pakistan (Private) Limited	<u>6,926,285</u>	<u>5,485,019</u>
- Al - Haj Malem Khan Mangal	<u>1,115,769</u>	<u>847,988</u>
- OBS AGP (Private) Limited - Subsidiary Company	<u>1,167,286</u>	<u>173,569</u>

- 27.4** 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.

28. DATE OF AUTHORIZATION

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

29. SUBSEQUENT EVENTS

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

30. GENERAL

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



Chief Financial Officer



Chief Executive Officer



Director



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



+92-21-111 247 247



info@agp.com.pk



+92-21-2570678