



we value life

GROWING TOGETHER

HALF YEARLY REPORT

2022

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COMPANY INFORMATION

Board of Directors



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

Audit Committee



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

Human Resource and Remuneration Committee



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

Strategy Committee



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



Chief Financial Officer

Mr. Junaid Aslam

Head of Internal Audit

Ms. Eisha Athar Baqai

Legal Advisors

Sattar & Sattar

Bankers

Allied Bank Limited

Dubai Islamic Bank

Faysal Bank Limited

JS Bank Limited

MCB Islamic Bank Limited

MCB Limited

Meezan Bank Limited

The Bank of Punjab

Habib Bank Limited

Habib Metropolitan Bank Limited

Website

www.agp.com.pk

Email

info@agp.com.pk

Company Secretary

Mr. Umair Mukhtar

Auditors

EY Ford Rhodes

Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

Registered Office

Plant-I

Address:

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

Tel.: +9221 111-247-247

Fax: +9221 325706678

Plant-II

Address:

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

Tel.: +9221 32572695 & 32563598

Fax.: +9221 32564670

Plant-III

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

Phase II, Karachi

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present your Company's unaudited standalone and consolidated condensed interim financial statements of the Company for the half year ended June 30, 2022.

Operating Results of the Company

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

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

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

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

Strategic Outlook

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

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

Acknowledgement

We would like to place on record our gratitude to the stakeholders for reposing their utmost trust and confidence in the Company. We would like to thank our employees for embodying the vision of the Company and making dedicated efforts towards achieving it and in turn enhancing people's access towards quality healthcare. We would also like to extend our foremost gratitude to the employees of the Company and OBS Group who are involved in the acquisition of Brands.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Non-Executive Director

ڈائریکٹرز کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ جون ۲۰۲۲ کو ختم ہونے والے نصف سال کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ انفرادی (standalone) اور اجتماعی (consolidated) مختصر عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

کمپنی کے آپریٹنگ نتائج

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

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

فنانس ایکٹ ۲۰۲۲ کے ذریعے اعلان کردہ سپرنٹنڈنٹ لیوی نے پہلے سے ہی بوجھ تلے دے کاروباری طبقے کو بری طرح متاثر کیا ہے۔ اس کا اثر پچھلے سال کے منافع پر چارج کے ساتھ ساتھ موجودہ سال کے منافع پر عائد ہونے سے بڑھ گیا ہے۔ نتیجتاً، ۱۷۲ ملین روپے کا مجموعی سپرنٹنڈنٹ، عام ٹیکس کے اخراجات سے زیادہ وصول کیا جاتا ہے۔ نتیجتاً، کمپنی کا خالص منافع اور فی شیئر آمدنی متاثر ہوئی ہے، اور گزشتہ سال کی پہلی ششماہی کے مقابلے میں ۴ فیصد کی کمی واقع ہوئی ہے۔ ذیلی کمپنی، OBS AGP (پرائیویٹ) لمیٹڈ کی سبزر نے تیز رفتار اور مستحکم بنیاد پر اپنی نمو جاری رکھی اور ۷۱ روپے کی نمایاں ٹاپ لائن کارکردگی حاصل کی گئی۔ سبزر میں اس امید افزا کارکردگی کی بنیاد پر، مجموعی منافع ۶۱۸ ملین روپے پر مندرج ہوا۔ مجموعی خالص منافع ۸۵۳ ملین روپے، بنیادی کمپنی سے منسوب خالص منافع ۹۰ ملین روپے اور فی شیئر آمدنی ۲.۸۲ روپے رہی۔

مستقبل کی توقعات

ملک کے معاشی حالات پوری صنعت کے لیے، خاص طور پر ادویات سازی کے شعبے کے لیے آزمائش سے بھرپور رہے ہیں جو قیمتوں پر کنٹرول والے ماحول میں کام کرتا ہے۔ بین الاقوامی اجناس کی قیمتیں بڑھ رہی ہیں اور عالمی مالیاتی حالات امریکی ڈالر کی قدر میں غیر معمولی اضافے کے ساتھ خراب ہو رہے ہیں، جو ۲۰۲۱ کی پہلی ششماہی میں ۱۵۶.۲ روپے کی اوسط کے مقابلے میں ۲۰۲۲ کی پہلی ششماہی میں ۱۸۷.۸ کی اوسط تک پہنچ گیا۔ ملکی سیاسی بے یقینی نے صورتحال کو مزید خراب کر دیا ہے۔ ان چیلنجوں کے درمیان، AGP اہم مصنوعات کی مستحکم طلب، مینوفیکچرنگ کی معیاری صلاحیتوں اور گہرائی سے انتظامی مہارت کے ذریعے کارفرما مضبوط کاروباری بنیادی اصولوں کی پشت پر اپنے وسائل کو استعمال کرتے ہوئے خود کو پائیدار نمو کے لیے کوشش جاری رکھنے کے لیے اچھی پوزیشن میں پاتی ہے۔ انتظامیہ غیر یقینی صورتحال سے نمٹنے کی بہتر تیاری کے لیے صحت کی دیکھ بھال کی مصنوعات کی ایک مضبوط ویلو چین کی تیاری جاری رکھے گی۔

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

اظہار تشکر

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



محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر



نصرت منشی
چیف ایگزیکٹو آفیسر

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of AGP Limited

Report on review of Interim Financial Statements

Introduction

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

Scope of Review

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

Conclusion

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

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


Chartered Accountants

Place: Karachi

UDIN Number: RR2022100993CgP1rcHx

Date: 30 August 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

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

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company got listed on Pakistan Stock Exchange Limited on 05 March 2018. The registered office of the Company is situated at B-23C, S.I.T.E, Karachi. The principal activities of the Company include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.
- 1.2 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.80% (31 December 2021: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.
- 1.3 The Company holds 65% shareholding of OBS AGP (Private) Limited (OBSAGP) as of reporting date by virtue of which it became the subsidiary company.
- 1.4 These are separate condensed interim financial statements of the Company in which investment in subsidiary is stated at cost less accumulated impairment losses, if any.
- 1.5 The consolidated condensed interim financial statements are separately prepared and presented by the Company.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the period ended 30 June 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) - 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

- 2.2.1 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2021.
- 2.2.2 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2022 and 30 June 2021 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended 30 June 2022 and 30 June 2021.
- 2.2.3 The preparation of these condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- 2.2.4 In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended 31 December 2021. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 31 December 2021.
- 2.2.5 These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand rupees, otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Amended standards

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

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

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

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

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

4.1 Details of additions and disposals are as follows:

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

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

4.2.1 Capital work-in-progress comprise of:

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

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

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

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

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

7. STOCK-IN-TRADE

Raw and packing materials

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

Work-in-process

Finished goods

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

Provision for obsolescence and slow moving stock

7.4	(29,601)	(44,511)
7.2	1,285,841	1,095,909

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

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

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

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

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

13. CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

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

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

13.2 COMMITMENTS

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	————(Rupees in '000)————	

13.2.2 Financial guarantee issued on behalf of subsidiary company

	2,600,000	2,600,000
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13.2.3 Letters of credit

Letters of credit

- limit	2,620,000	2,620,000
- unutilised portion	2,405,228	2,186,879
- utilised portion	214,772	433,121

	Half year ended		Quarter ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	————(Rupees in '000)————			

14. REVENUE FROM CONTRACT WITH CUSTOMERS - net

Sale of goods (disaggregation by timing)

- at a point in time)

Local (disaggregation by types of products)

- Manufacturing

- Trading

Export

Less: Trade discounts

Sales returns

Sales tax

14.2

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

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

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

Half year ended		Quarter ended	
30 June 2022	30 June 2021	30 June 2022	30 June 2021
(Rupees in '000)			

15. COST OF SALES

Cost of sales – manufacturing

Raw and packing materials consumed

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

Manufacturing cost

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

Work-in-process

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

Cost of goods manufactured

	1,859,863	1,411,187	951,693	730,602
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Finished goods

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

Cost of samples for marketing and sales promotion

	(42,093)	(31,602)	(20,551)	(13,055)
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Cost of sales – trading

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

Half year ended		Quarter ended	
30 June 2022	30 June 2021	30 June 2022	30 June 2021
(Rupees in '000)			

16. ADMINISTRATIVE EXPENSES

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

17. MARKETING AND SELLING EXPENSES

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

18. OTHER EXPENSES

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

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

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

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

21. TRANSACTIONS WITH RELATED PARTIES

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

Name and country of Incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	Half year ended		Quarter ended	
				June 30	June 30	June 30	June 30
				2 0 2 2	2 0 2 1	2 0 2 2	2 0 2 1
				(Un-audited)		(Un-audited)	
----- (Rupees in '000) -----							
Parent Company							
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent Company	55.80%	Dividend paid	390,626	148,350	390,626	148,350
Subsidiary Company							
OBS AGP (Private) Limited - Pakistan	Subsidiary Company		Sale of goods	145,245	-	120,066	-
			Expenditure incurred / paid by the Company on behalf of subsidiary	14,908	-	8,969	-
			Dividend received	65,000	-	65,000	-
Associated Companies							
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79%	Sale of goods	22,807	21,296	18,082	11,323
			Expenditure incurred / paid by the Company on behalf of associate	474	345	316	184
			Expenditure incurred / paid by the associate on behalf of the Company	8,696	4,114	4,963	1,316
			Dividend paid	33,500	13,400	33,500	13,400
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	3,681,063	2,893,797	1,957,886	1,523,680
			Settlement of amount incurred by the associate on behalf of the Company	63,620	64,873	34,647	40,254
			Dividend paid	94,800	37,920	94,800	37,920
Staff retirement benefits - AGP Limited staff provident fund							
			Contribution paid	17,072	15,504	10,311	9,678
Key management personnel							
			Remuneration and other benefits	142,102	100,636	87,827	30,900
			Dividend paid	14	6	14	6
Directors							
			Board and other meeting fees	4,250	6,825	2,250	2,850
			Dividend paid	1,578	631	1,578	631
Others (due to common directorship)							
Sharmeen Khan Memorial Foundation			Donation given	2,300	-	-	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	38	19	27	7

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

22. INFORMATION ABOUT OPERATING SEGMENTS

- 22.1** For management purposes, the activities of the Company are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Company are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these condensed interim financial statements are related to the Company's only reportable segment in Pakistan.
- 22.2** Export sales made to Afghanistan represents geographical component of gross turnover of the Company.
- 22.3** The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and trading goods is as follows:

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

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

23. DATE OF AUTHORIZATION

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

24. SUBSEQUENT EVENTS

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

25. GENERAL

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



Chief Financial Officer



Chief Executive Officer



Director

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

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

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer




Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

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

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022 (UN-AUDITED)

1. The Group and its operations

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

1.2 AGP Limited - the Holding Company

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

1.3 OBS AGP (Private) Limited - a subsidiary company

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

1.4 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.80% (2021: 52.98%) of the share capital of the Holding Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) - 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

2.2.1 These consolidated condensed interim financial statements are unaudited. These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual consolidated audited financial statements of the Group for the year ended 31 December 2021.

2.2.2 The preparation of these consolidated condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

2.2.3 In preparing these consolidated condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual consolidated financial statements of the Group as at and for the year ended 31 December 2021. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2021.

2.2.4 These consolidated condensed interim financial statements are presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand rupees, otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Amended standards

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

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

Standards

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

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Note	————(Rupees in '000)————	

4. PROPERTY, PLANT AND EQUIPMENT

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

4.1 Details of additions and disposals are as follows:

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Note	————(Rupees in '000)————	

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

Opening balance		248,283	344,143
Additions during the period / year	4.2.1	604,628	495,970
Transferred during the period / year to:			
- operating fixed assets	4.1	(250,915)	(569,974)
- intangible assets		(509)	(21,856)
Closing balance	4.2.1	<u>601,487</u>	<u>248,283</u>

4.2.1 Capital work-in-progress comprise of:

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

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

5.1 Goodwill and trademarks

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

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

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

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

- 6.1 Included herein items having value of Rs. 19.20 million (31 December 2021: Rs. 19.83 million), representing stock held by third parties.
- 6.2 Included herein items having value of Rs. 602.08 million (31 December 2021: Rs. 500.51 million), representing stock of the subsidiary company held with Muller & Phipps Pakistan (Private) Limited (a related party).
- 6.3 Stock in trade includes items having cost of Rs. 6.69 million (31 December 2021: Rs. 5.71 million) written down to net realisable value of Rs. 5.46 million (31 December 2021: Rs. 4.68 million) resulting in a writedown of Rs. 1.23 million (31 December 2021: Rs. 1.03 million).
- 6.4 During the period, the manufacturing and trading finished goods sold amounted to Rs. 1,862.92 million and Rs. 476.07 million (31 December 2021: Rs 625.46 million and Rs 91.36 million), respectively that are charged to cost of sales.

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

7 TRADE DEBTS - unsecured

Related parties

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

Others than related parties

Less: Allowances for expected credit losses

7.1

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

- 7.1 The movement in allowance for expected credit losses:

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

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

8. LOANS AND ADVANCES - Considered good

Advances - unsecured

- suppliers
- employees
- custom authorities / clearing agents

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

9. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits - considered good, unsecured

Security deposits
Margin on letters of credit

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

Prepayments - insurance

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

Other receivables

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

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

30 June 2022 (Unaudited)	31 December 2021 (Audited)
(Rupees in '000)	

10. CASH AND BANK BALANCES

Cash at banks

Current accounts
- local currency
- foreign currency
Deposit accounts

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

Cash in hand

11. SHORT TERM BORROWINGS

Running finance from commercial banks
Running musharaka from Islamic banks

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

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

12. CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

- 12.1.1 There is no material change in the status of contingencies as disclosed in note 22 to the annual consolidated financial statements of the Group for the year ended 31 December 2021 except as disclosed below:

30 June 2022 (Unaudited)	31 December 2021 (Audited)
(Rupees in '000)	

Guarantees

- limit
- unutilised portion
- utilised portion

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

12.2 COMMITMENTS

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

30 June 2022 (Unaudited)	31 December 2021 (Audited)
(Rupees in '000)	

12.2.2 Letters of credit

- Letters of credit
- limit
 - unutilised portion
 - utilised portion

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

12.2.3 Ijarah agreement

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

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

	Half year ended		Quarter ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Note	————(Rupees in '000)————			

13. REVENUE FROM CONTRACT WITH CUSTOMERS - net

Sale of goods (disaggregation by timing)

- at a point in time)

Local (disaggregation by types of products)

- Manufacturing

- Trading

Export

Less: Trade discounts

Sales returns

Sales tax

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

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

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

14. COST OF SALES

Cost of sales – manufacturing

Raw and packing materials consumed

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

Manufacturing cost

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

Work-in-process

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

Cost of goods manufactured

	1,857,108	1,411,187	952,710	730,602
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Finished goods

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

Cost of sales – trading

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

Direct expenses

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

Cost of samples for marketing and sales promotion

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

Half year ended		Quarter ended	
30 June 2022	30 June 2021	30 June 2022	30 June 2021
(Rupees in '000)			

15. ADMINISTRATIVE EXPENSES

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

16. MARKETING AND SELLING EXPENSES

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

17. OTHER EXPENSES

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

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

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

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

22. TRANSACTIONS WITH RELATED PARTIES

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

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

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

23. INFORMATION ABOUT OPERATING SEGMENTS

- 23.1** For management purposes, the activities of the Group are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Group are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these consolidated condensed interim financial statements are related to the Group's only reportable segment in Pakistan.
- 23.2** Export sales made to Afghanistan represents the geographical breakup of the Group's gross turnover.
- 23.3** The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue related to manufactured and trading goods is as follows:

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

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

24. DATE OF AUTHORIZATION

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

25. SUBSEQUENT EVENTS

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

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

26. GENERAL

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



Chief Financial Officer



Chief Executive Officer



Director



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