

Contents >>

02

Company Information 04

Directors' Review to the Members 07

Directors' Review to the Members (Urdu) 09

Auditors review report

10

Condensed Interim Statement of Financial Position

11

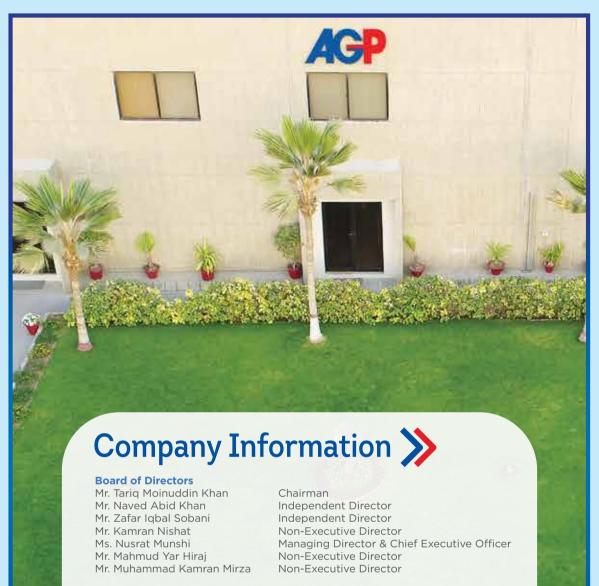
Condensed Interim Statement of Profit or Loss 12

Condensed Interim Statement of Comprehensive Income 13

Condensed Interim Statement of Changes In Equity 14

Condensed Interim Statement of Cash Flows 15

Notes to the Condensed Interim Financial Statements



Audit Committee

Mr. Zafar Igbal 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 Ms. Nusrat Munshi Member Mr. Mahmud Yar Hiraj Member Mr. Muhammad Kamran Mirza Member

Chief Financial Officer

Mr. Junaid Aslam

Company Secretary

Mr. Umair Mukhtar



Directors' Review to the Members

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial information of the Company for the half year ended June 30, 2020.

Financial Highlights

The financial results of the Company in comparison to the corresponding period last year are as follows:

		June	30	
PARTICULARS		2020	2019	Variation
		PKR in	Million	%
Net Sales Gross Profit		3,174 1.744	3,159 1,837	0.5 -5.0
Net Profit		755	743	1.6
Earnings Per Share (PKR)		2.70	2.65	1.6

Operating Results of the Company

The Company maintained its revenue stream at PKR 3,174 Million amidst a volatile and challenging economic environment. Improved institutional business neutralized decrease in domestic portfolio, however export sales remained suppressed due to borders closure amid Corona virus outbreak, Gross profit was recorded at PKR 1,744 Million, depicting a decline of 5% as compared to the same period last year, mainly on the account of surge in the cost of goods sold due to devaluation of the local currency and variation in the product portfolio.

Marketing and selling expenses reduced by 17.9%, as major promotional activities were not carried out during the lock down in the second guarter of 2020 due to the pandemic. Finance costs also dropped by 16.4% as compared to the same period last year because of reduction in principal amount of loan coupled with decrease in policy rate by the State bank of Pakistan. However, administrative expenses witnessed an increase of PKR 23.8 Million, mainly on account of growth in personnel costs and higher cost to adopt precautionary measures in the work place to protect the staff members.

Steady sales performance and reduction in selling and marketing expenses have led the Company to achieve a net profit of PKR 755 Million. This translated into earnings per share of Rs. 2.70, signifying a modest growth of 1.6% over the same period last year.

Future Outlook

The lockdown imposed since March 2020 resulted in the suspension of normal business activities and supply chain disruptions which posed unprecedented challenges to businesses. However, Pakistan is amongst the fortunate nations where Covid-19 had a limited impact. With the pandemic curve now flattening, the Government has now eased down the lockdown restrictions across the country and is working on the revival of commercial activity. To accelerate business growth and ensure liquidity in the economy, the Government and State Bank of Pakistan have introduced a set of measures such as refinancing policies, reduction of policy rate, short-term tax reliefs and subsidies. These measures are helping to build fiscal resilience, stimulate business recovery and spur economic growth.

During the lockdown, the Company implemented preemptive measures to ensure continuation of business operations resulting in an uninterrupted supply of medicines. As the country is navigating from the impact of Covid-19 with the support of government reforms, the Company is committed to focus on its core competencies and explore new business opportunities to pursue its growth trajectory. The Company has taken measures to cater to the normalization of demand and is determined to enhance sales, optimize costs, increase productivity and deliver excellence to its customers and stakeholders with its future endeavors.

Acknowledgement

We pay special tribute to the entire medical community particularly Health Care Practitioners and Paramedic Staff for their tireless efforts in confronting and containing this pandemic and acknowledge the efforts of Security and Rescue forces for taking this challenge head-on and keeping the citizens protected.

We would like to express gratitude to our employees for their resilience, perseverance and commitment to serve our customers in these challenges. We would also like to thank our valued customers, esteemed business partners and other stakeholders for their trust and support during these testing times.

Nusrat Munshi

Chief Executive Officer

Muhammad Kamran Mirza

Non-Executive Director

مستقبل کی پیش بنی

مارچ2020 سے لا گولاک ڈاؤن کے نتیج میں معمول کی کاروباری سرگرمیاں معطل ہو گئیں اور سپلائی چین میں رکاوٹ ہوئی جس نے کاروبار کے لئے غیر معمولی چیلنجز پیدا کردیئے۔ تاہم پاکستان ان خوش قسمت مما لک میں شامل ہے جہاں 19-Covid کے اثرات محدودرہے۔ وبا کاخم اب سیدھا ہونے کے ساتھ حکومت نے ملک بھر میں لاک ڈاؤن کی پابندیاں زم کردی ہیں اور تجارتی سرگرمی کی بحالی کے لئے کام کررہی ہے۔ کاروباری نمومیں تیزی اور معیشت میں روانیت کو یقنی بنانے کے لئے حکومت اور اسٹیٹ بینک آف پاکستان نے کئی ایک اقدامات متعارف کروائے جن میں ری فائنٹ کی پالیسیاں، پالیسی نرخ میں کمی ، قلیل مدتی شکس ریلیف اور پاکستان نے کئی ایک اقدامات نے مالیاتی استحکام، مالیاتی بحالی کے محرکات اور معاشی ترقی کو مہیز کرنے میں مدودی۔

لاک ڈاؤن کے دوران کاروباری افعال کے تسلسل کے ساتھ دوائیوں کی بلارکاٹ فراہمی کویقینی بنانے کے لئے کمپنی نے احتیاطی اقدامات اختیار کئے۔حکومت کی اصلاحات کے نتیج میں 19-Covid کے اثرات ملک سے دور ہوتے جارہے ہیں کمپنی اپنی بنیادی صلاحیتوں پر توجہ مرکوز کرنے اوراپنی نمو کے راستے پر آنے کے لئے نئے کاروباری مواقع تلاش کرے گی۔ کمپنی نے معمول کی طلب کی ضروریات کو پورا کرنے کے لئے اقدامات کئے ہیں اوراپنی مستبقل کی کاوشوں میں فروخت میں اضافہ، لا گتوں میں کمی، پیداورایت میں اضافہ اور استیفیدان کوشاندارخد مات فراہم کرنے کے لئے بیعزم ہے۔

اعتراف

ہم اپنی تمام طبی برادری خصوصی طوپر صحت کے معالجین اور وبائی عملہ کی وباء سے مقابلہ کرنے اور قابو کرنے کی انتقک کوششوں پرانہیں خصوصی خراج تحسین پیش کرتے ہیں اور سیکیو رٹی اور ریسکیو فورسز کی اس چیلنج کو قبول کرنے اور شہریوں کو محفوظ رکھنے کی کاوشوں کا اعتراف کرتے ہیں۔

ہم اپنے ملاز مین سے اظہار عکر کرتے ہیں جنہوں نے ان چیلنجز میں لچک داررو بیے ، استقامت اورعزم کے ساتھ ہمارے گا ہوں کی خدمت کی - آ زمائش اس گھڑی میں ہم اپنے قابل قدر گا ہوں ،معزز کاروباری شراکت داروں اور دیگر مستفیدان کے اعتماداور تعاون بران کے مشکور ہیں -

محمد كامران مرزا نان الكرزيكو دُارَيكِرُ سسسسسا منشی نفرت منشی جف ایگزیگؤ آفیس

ممبران کے لئے ڈائر یکٹران کا جائزہ

بورڈ آف ڈائر کیٹرز کی جانب سے ہم کمپنی کی غیر آ ڈٹ شدہ مالیاتی معلومات برائے گئتمہ مدت 30 جون 2020 پیش کرتے ہوئے اظہار مسرے محسوس کرتے ہیں۔

مالیاتی جھلکیاں سمپنی کے مالیاتی نتائج کا گزشتہ مال اس مدت کے ساتھ مواز ندورج ذیل ہے:

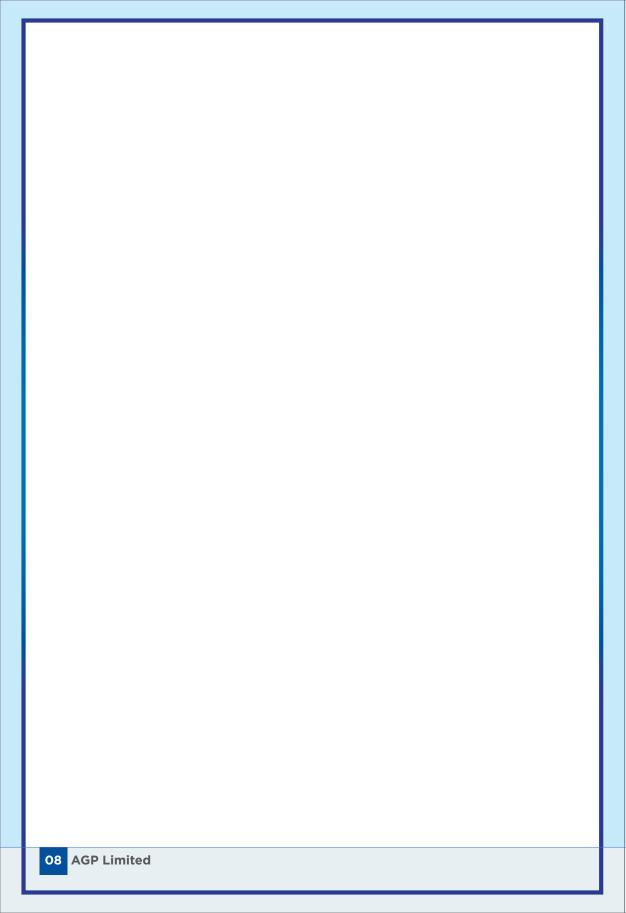
	بون	تغصيلات	
تبديلي	2019 2020		
(نيمد)	بن میں		
0.5	3,159	3,174	خالص فروخت
-5.0	1,837	1,744	خام منافع
1.6	743	755	خالص منافع
1.6	2.65	2.70	فی حصص آ مدن (روپ)

سمینی کے مالیاتی نتائج

نازک اور دشوارگز ارمعاشی ماحول میں کمپنی نے اپنی آمدن فروخت کو 3,174 ملین روپے پر برقر اررکھا- ادارتی کاروبار میں بہتری نے گھر بلوپورٹ فولیومیں کمی کے اثرات کو برابر کردیا، تاہم برآمدی فروخت کرونا وبائے پھیلاؤ کے نتیج میں سرحدوں کی بندش کی وجہ سے دباؤ کا شکار رہی - خام منافع 1,744 ملین روپے رہاجو کہ گزشتہ سال اسی مدت کی بذبیعت 5 فیصد کم ہے، جس کی بنیادی وجہ مقامی کرنسی کی قدر میں کی کے نتیج میں مال فروخت کی لاگت میں اضافہ اور مصنوعات کے پورٹ فولیومیں تبدیلی تھی۔

مارکیٹنگ اور فروخت کے اخراجات میں 17.9 فیصد کمی ہوئی کیونکہ وبا کے نتیج میں 2020 کی دوسری سہ ماہی میں لاک ڈاؤن کی وجہ سے کوئی بڑی اشتہاری سرگرمیاں انجام نہیں دی گئیں۔ مالیاتی لاگت میں گزشتہ سال اس مدت کی بہنست 16.4 فیصد کمی ہوئی جس کی وجر ضہ کی اصل رقم میں کمی کے ساتھ اسٹیٹ بینک کے پالیسی نرخ میں کمی تھی۔ تاہم انتظامی اخراجات میں 23.8 ملین روپے کا مشاہد کیم اس کے تعظ کے لئے کام کی جگہ پرا حتیاطی تدابیرا ختیار کرنے کی بلندلاگت شامل ہے۔

فروخت کی مشحکم کارکردگی اور فروخت و مارکیٹنگ کے اخراجات میں کمی کے نتیجے میں کمپنی کو 755 ملین روپے کا خالص منافع ہوا -جس سے 2.70 روپے فی حصص آمدن کی عکاسی ہوتی ہے جس میں گزشہ سال اسی مدت کی بذسبت 1.6 فیصد کی معتدل نموہوئی ہے۔





EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530 Pakistan UAN: +9221 111 11 39 37 (EYFR) Tel: +9221 3565 0007-11 Fax: +9221 3565 1965 ey.khi@pk.ey.com ev.com/ok

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 2020 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the sixmonth 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 other comprehensive income for the three months ended 30 June 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

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

Date: 27 August 2020

A member firm of Ernst & Young Global Limited

Condensed Interim Statement Of Financial Position

As At 30 June 2020

400570	Note	3 0 June 3 1 December 2 0 2 0 2 0 2 0 1 9 (Un-audited) (Audited)(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS Property, plant and equipment Intangible assets Long-term loans, deposits and receivables	4 5	2,033,964 5,396,043 15,320 7,445,327	1,976,564 5,395,055 13,514 7,385,133
CURRENT ASSETS Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits, prepayments and other receivables Taxation – net Cash and bank balances	6 7 8	6,490 1,266,027 453,081 75,388 124,832 437,756 41,795	6,785 1,013,401 522,535 36,340 85,463 434,809 117,154 2,216,487
TOTAL ASSETS		9,850,696	9,601,620
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES Authorised capital 350,000,000 (2019: 350,000,000) ordinary shares of Rs.10 each		3,500,000	3,500,000
Issued, subscribed and paid-up capital Share capital Revenue reserve - unappropriated profits		2,800,000 4,857,663 7,657,663	2,800,000 4,662,899 7,462,899
NON-CURRENT LIABILITIES Deferred tax liabilities - net Long-term financings		74,362 648,118 722,480	70,920 717,065 787,985
CURRENT LIABILITIES Trade and other payables Unclaimed dividend Accrued interest Short-term borrowings Current maturity of long-term financings	9	870,189 1,672 6,859 100,872 490,961 1,470,553	845,557 969 13,249 - 490,961 1,350,736
CONTINGENCIES AND COMMITMENTS TOTAL EQUITY AND LIABILITIES	10	9,850,696	9,601,620

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

90

mmat.

Bely

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Statement of Profit or Loss

For The Half Year Ended 30 June 2020 (Un-Audited)

		Half yea	r ended	Quarter	ended
		3 0 June	3 0 June	3 0 June	3 0 June
		2020	2019	2020	2019
	Note		(Rupees	in '000)	
Revenue from contracts with customers - net	11	3,173,671	3,159,327	1,417,371	1,548,318
Cost of sales	12	(1,429,285)	(1,322,628)	(644,707)	(644,206)
Gross profit		1,744,386	1,836,699	772,664	904,112
Administrative expenses	13	(100,357)	(76,537)	(56,972)	(43,625)
Marketing and selling expenses	14	(527,754)	(642,611)	(251,109)	(336,539)
Other expenses		(113,315)	(99,620)	(47,888)	(58,193)
Other income		10,894	4,097	5,079	597
Finance costs		(89,653)	(107,191)	(41,875)	(53,590)
		(820,185)	(921,862)	(392,765)	(491,350)
Profit before taxation		924,201	914,837	379,899	412,762
Taxation		(169,437)	(171,742)	(59,828)	(94,964)
					, , ,
Net profit for the period		754,764	743,095	320,071	317,798
·					
Earnings per share - basic and diluted		Rs. 2.70	Rs. 2.65	Rs. 1.14	Rs. 1.13

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

90

mmat-

Bely

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income For The Half Year Ended 30 June 2020 (Un-Audited)

Net profit for the period

Other comprehensive income, net of tax

Total comprehensive income for the period

Half yea	Half year ended		ended		
3 0 June	3 0 June	3 0 June	3 0 June		
2020	2019	2020	2019		
	(Rupees in '000)				
754,764	743,095	320,071	317,798		
-	-	-	-		
754,764	743,095	320,071	317,798		

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Director

Chief Financial Officer

Chief Executive Officer

Condensed Interim Statement of Changes in Equity For The Half Year Ended 30 June 2020 (Un-Audited)

	Share capital	Revenue reserve - Unappropriated profit	Total
		Rupees in ' 000-	
Balance as at 31 December 2018	2,800,000	3,567,625	6,367,625
Impact of initial application of IFRS 9, net of tax	-	(1,114)	(1,114)
Balance as at 31 December 2018 - Restated	2,800,000	3,566,511	6,366,511
Profit for the period Other comprehensive income for the period, net of tax		743,095	743,095
Total comprehensive income for the period	-	743,095	743,095
Balance as at 30 June 2019	2,800,000	4,309,606	7,109,606
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899
Profit for the period Other comprehensive income for the period, net of tax	:	754,764	754,764 -
Total comprehensive income for the period	-	754,764	754,764
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share		(560,000)	(560,000)
Balance as at 30 June 2020	2,800,000	4,857,663	7,657,663

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Interim Statement of Cash Flows

For The Half Year Ended 30 June 2020 (Un-Audited)

	Note	3 0 June 2 0 2 0 (Rupees	3 0 June 2 0 1 9 in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations Finance costs paid Income tax paid Workers' Profit Participation Fund paid Workers' Welfare Fund paid Central Research Fund paid Net cash flows generated from operating activities	15	858,979 (96,043) (168,941) - - (19,665) 574,330	1,054,260 (113,261) (152,531) (14,837) (15,346) (155) 758,130
CASH FLOWS FROM INVESTING ACTIVITIES Fixed capital expenditure Proceeds from disposal of operating fixed assets Long-term loans, deposits and other receivables Interest income received Net cash flows used in investing activities	4.2	(129,772) 1,906 (1,806) 7,355 (122,317)	(303,703) 11,960 - - - (291,743)
CASH FLOWS FROM FINANCING ACTIVITIES Dividend paid Long-term financing repaid - net Net cashflows used in financing activities		(559,297) (68,947) (628,244)	(30,560) (240,241) (270,801)
Net (decrease) / increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period * No non-cash item is included in investing and financing activities	16	(176,231) 117,154 (59,077)	195,586 (120,554) 75,032

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

For The Half Year Ended 30 June 2020 (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 The Honorable High Court of Sindh vide its order dated 07 May 2019 has sanctioned the Scheme of Arrangement (the Scheme) entered among OBS Pakistan (Private) Limited, OBS Healthcare (Private) Limited, OBS Opthalmics (Private) Limited and Aitkenstuart Pakistan (Private) Limited. Consequently, the 141,485,434 ordinary shares (representing 50.53% shareholding) of the Company held by OBS Pakistan (Private) Limited have been transferred to Aitkenstuart Pakistan (Private) Limited [APPL] under the Scheme by virtue of which APPL becomes the parent company and West End 16 Pte Limited, Singapore is the ultimate parent company.

As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 52.98% (31 December 2019: 52.98%) of the share capital of 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 half year ended 30 June 2020 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 un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.
- **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 2020 and 30 June 2019 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 2020 and 30 June 2019.
- 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.

For The Half Year Ended 30 June 2020 (Un-Audited)

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 2019. 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 2019.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 2019, except for the adoption of the new and amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

New / amended standards and improvements

IFRS 3 Definition of a Business (Amendments)
IFRS 14 Regulatory Deferral Accounting
IAS 1 / IAS 8 Definition of a Material (Amendments)

Conceptual Framework for Financial Reporting issued in March 2018

The adoption of the above new / amended standards and improvements to accounting standards did not have any material effect on the Company's condensed interim financial statements.

3.2 The following disclosures have been presented by the Company to explain the effect of global outbreak of COVID-19 on these condensed interim financial statements.

3.2.1 COVID-19 impact on the Company's financial position and performance

On March 11, 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. The outbreak of COVID-19 continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

Though, COVID-19 pandemic has caused slowdown of the overall economy and has caused disruptions amongst the Company's supply chain partners, workforce, facilities and operations. The Company however, being covered under essential services of providing pharmaceutical products is in better position with less being impacted in terms of the financial performance. The Company continues to monitor the rapidly evolving situation closely, including the potential impacts on revenue, supply chain continuity, employees and operations. The Company has taken effective measures for proactive inventory management to develop alternate and reliable vendor sources and build inventory levels to ensure supplies of goods in the short to medium term.

For The Half Year Ended 30 June 2020 (Un-Audited)

Further, the Company deployed effective measures to maintain sufficient liquidity and funds which includes deferment of expenditures and availing the temporary refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan (SBP) at subsidized rates to support businesses in the aftermath of COVID-19 outbreak. Necessary precautions and procedures were also deployed by the Company to address workforce safety, promote labor mobility and sustain remote working capability to ensure uninterrupted production and hence availability of our medicines for patients.

3.2.2 Property, plant and equipment

Due to COVID-19 pandemic, we do not forsee any change in usage and / or retention strategy of the Company's assets or any adverse effect as the Company operational activities continues without any disruption during the period. Therefore, the significant judgements, estimates and the methods of consumption adopted in determining recoverable and residual values, depreciation method and useful lives of these assets are the same as those applied in preparation of financial statements of the Company for the year ended 31 December 2019.

3.2.3 Intangible assets

The carrying value of goodwill and intangibles assets having indefinite useful lives has been allocated to AGP Limited, (i.e. a single cash generating unit (CGU)), which is also the operating and reportable segment for impairment testing. The Company performed its impairment test annually at year end (i.e. 31 December 2019). However, given the current situation because of COVID-19, the Company performed its impairment testing as at 30 June 2020 and considers the relationship between its market capitalisation, using the Level 1 input of the fair value hierarchy - quoted prices of the Company, and its book value, among other factors. As a result of this assessment, the management did not identify any impairment for the cash generating unit to which goodwill of Rs. 743.23 million and intangible asset with indefinite useful lives of Rs. 4,641.09 million are allocated.

3.2.4 Allowance for expected credit loss

The Company has established a provision matrix that is based on the Company's historical credit loss experience. The matrix has been adjusted for forward-looking factors specific to the debtors and the economic environment including the macroeconomic effects resulting from COVID-19 outbreak. Management also considered the impact of COVID-19 on the probability of default, exposure at default and loss given default and concluded that there is no material impact on these condensed interim financial statements.

3.2.5 Revenue from contract with customers

Given the current economic condition and overall domestic and international lockdown due to COVID-19 outbreak, the Company budgeted revenue for FY 2020 from ongoing and future contracts with customers falling within the scope of "IFRS 15 - Revenue from Contracts with Customers" has been slightly affected. The suppressed domestic demand alongwith the closure of Afghanistan borders contributed towards decline of sales in the second quarter of FY 2020, however some products in the portfolio remained immune in this downturn.

The company, being a part of the essential industry, continued to operate in these challenging times. The appropriate SOPs were adopted to keep the work environment safe for the employees. With Government identifying the various virus hotspots across the country for implementing the smart lock downs and the economy opening up with the suggested precautions, the pandemic curve is expected to flatten in the coming months and the revenue stream of the Company is expected to return to its previous growth trajectory.

For The Half Year Ended 30 June 2020 (Un-Audited)

3.2.6 Refinancing Scheme

With a view to support businesses to continue payment of wages and salaries to their workers and employees in the aftermath of COVID-19 outbreak, State Bank of Pakistan (SBP) has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the workers and employees of business concerns for three (3) months (i.e. April 2020 to June 2020) at a subsidized mark-up rate. However, since the impact of pandemic continues, subsequently the facility has been extended to the Company for a further period of three (3) months (i.e. from July 2020 to September 2020). The Company has availed and entered into an arrangement of said refinancing scheme with the Faysal Bank Limited (FBL) upto Rs.350 million at a mark-up rate of one percent (1%) per annum.

30 June

31 December

4.	PROPERTY, PLANT AND EQUIPMENT	Note	2 0 2 0 (Un-audited) (Rupees	2 0 1 9 (Audited) s in '000)
	Operating fixed assets Capital work-in-progress	4.1 4.2	1,817,834 216,130 2,033,964	1,846,072 130,492 1,976,564

4.1 Details of additions and disposals are as follows:

		Additions (at cost)		Disposals (NBV)	
		30 June	31 December	30 June	31 December
		2020	2019	2020	2019
		(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Note		(Rupees	in '000)	
Leasehold land		-	70,112	-	-
Factory building on leasehold land		2,358	77,826	-	141
Office building on leasehold land		-	-	-	42
Plant and machinery		12,070	84,022	-	4,762
Furniture and fixtures		802	8,195	-	-
Motor vehicles		-	45,967	896	6,688
Office equipment		6,772	10,797	-	160
Gas and electrical fittings		3,591	1,524	-	_
Refrigerator and air conditioner		1,101	27,038	-	216
Laboratory equipment		328	37,895	-	1,198
Computers and related accessories		13,254	16,373	-	123
	4.2	40,276	379,749	896	13,330

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

		30 June	31 December
		2020	2019
		(Un-audited)	(Audited)
	Note	(Rupees	s in '000)
		100 100	
Opening balance		130,492	79,444
Additions during the period / year	4.2.1	129,772	433,088
Transferred during the period / year to:			
 operating fixed assets 	4.1	(40,276)	(379,749)
- intangible assets		(3,858)	(2,291)
Closing balance	4.2.1	216,130	130,492

For The Half Year Ended 30 June 2020 (Un-Audited)

4.2.1 Capital work-in-progress comprise of:

	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		(Rupees	in '000)	
Leasehold land	-	70,112	-	-
Factory building on leasehold land	1,385	135,861	7,059	-
Office building on leasehold land	31,815	-	107,286	83,504
Plant and machinery	64,493	79,570	92,552	40,129
Furniture and fixtures	995	7,723	193	-
Motor vehicles	-	43,998	-	-
Office equipment	6,952	10,660	180	-
Gas and electrical fittings	3,591	1,524	-	-
Refrigerator and air conditioner	1,403	26,734	5,360	5,059
Laboratory equipment	328	36,499	-	-
Computers and related accessories	11,888	18,116	435	1,800
Softwares	6,922	2,291	3,065	
	129,772	433,088	216,130	130,492
		30 Ju	ne 3	1 December
		202		2019
		(Un-aud	,	(Audited)
INTANGIBLE ASSETS	Note	e	-(Rupees in '	000)
Goodwill		7.	43,226	743,226
Trademarks - indefinite			43,220 41 087	1 6/1 087

5.	INTANGIBLE ASSETS	

Goodwill
Trademarks - indefinite
Computer software
'

3.2.3

Additions (at cost)

	743,226	743,226
	4,641,087	4,641,087
.3	11,730	10,742
	5.396.043	5.395.055

Closing Balanes

6. STOCK-IN-TRADE

Raw and packing materials

In	hand
In	transit

Work-in-process Finished goods

- Manufacturing
- Trading

Provision for obsolescence and slow moving stock	6.3
Trovidion for obodicoconico ana cion moving clock	0.0

626,976	521,864
72,807	35,005
699,783	556,869
82,462	58,022
205,198	217,846
292,167	201,774
497,365	419,620
(13,583)	(21,110)
1,266,027	1,013,401
	72,807 699,783 82,462 205,198 292,167 497,365

- 6.1 Stock-in-trade includes items having cost of Rs. 13.20 million (31 December 2019: Rs. 4.88 million) written down to net realisable value of Rs. 11.51 million (31 December 2019: Rs. 3.98 million) resulting in a written down of Rs. 1.69 million (31 December 2019: Rs. 0.90 million).
- 6.2 Included herein items having value of Rs. 17.14 million (31 December 2019: Rs. 21.51 million) held with third parties.

30 June

31 December

For The Half Year Ended 30 June 2020 (Un-Audited)

6.3	Provision for obsolescence and slow moving stock is as follows:	Note	30 June 2 0 2 0 (Un-audited) (Rupee	31 December 2 0 1 9 (Audited) s in '000)
	Opening balance (Reversal) / provision for the period / year Written off during the year		21,110 (1,259) (6,268) 13,583	17,229 11,900 (8,019) 21,110
7.	TRADE DEBTS - unsecured			
	Related parties - OBS Pakistan (Private) Limited - Aspin Pharma (Private) Limited - Muller & Phipps Pakistan (Private) Limited Others than related parties Less: Allowances for expected credit losses	7.1	660 - 426,909 427,569 32,038 459,607 (6,526) 453,081	625 1,054 491,824 493,503 30,256 523,759 (1,224) 522,535
7.1	The movement in allowance for expected credit losses is as follows:			
	Opening balance Adjustment due to initial application of IFRS 9 Allowance for expected credit lossess for the period / year Closing balance		1,224 - 5,302 6,526	1,114 110 1,224
8.	CASH AND BANK BALANCES			
	Cash at banks:			
	Current accounts - local currency - foreign currency Deposit accounts Cash in hand		21,966 346 18,689 41,001 794	4,448 346 111,716 116,510 644
			41,795	117,154
9.	SHORT-TERM BORROWINGS			
	Running finance under mark-up arrangements Running musharka arrangements	9.1 9.2	47,625 53,247 100,872	-
9.1	As of reporting date, the facilities obtained from commerce	ial banks	s of Rs.1,150 million	remained unutilised

9.1 As of reporting date, the facilities obtained from commercial banks of Rs.1,150 million remained unutilised to the extent of Rs. 1,102.3 million (31 December 2019: facility limit of Rs. 1,150 million remained fully unutilised) carrying markup at the rate of 1 - 3 months KIBOR plus 0.30% to 1.50% (31 December 2019: 1 - 3 months KIBOR plus 0.40% to 1.50%) per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company.

For The Half Year Ended 30 June 2020 (Un-Audited)

9.2 As of reporting date, the facilities obtained from islamic banks of Rs.700 million remained unutilised to the extent of Rs. 646.75 million (31 December 2019: facility limit of Rs. 700 million remained fully unutilised) carrying markup at the rate of 1 - 3 months KIBOR plus 0.70% to 1% (31 December 2019: 1 - 3 months KIBOR plus 0.40% to 1%) per annum payable quarterly. The facility is secured by way of hypothecation charge over current assets of the Company.

10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

There are no material changes in the status of contigencies as reported in notes 18.1.1 to 18.1.4 to the annual financial statements of the Company for the year ended 31 December 2019, except those as stated below:

10.1.1 In year 2020, during the course of tax audit for tax years 2018 and 2019, the Company has received a show cause notice from Sindh Revenue Board (SRB), for depositing Sindh Sales Tax (SST) of Rs. 22.21 million on account of contract labour services acquired by the Company during years ended 31 December 2017 and 2018 based on the contention by SRB that the services of labour and manpower supply are covered under Second Schedule to the Sindh Sales Tax on Services Act, 2011 (the Act). In addition, under Withholding Rules 2014, the Company is liable to deduct the amount of sales tax at the applicable tax rate on the basis of gross value of the taxable services.

On the other hand, the Company's contention was that SRB relied upon the Notifications issued by SRB to impose SST on the reimbursements of, inter alia, salary payments that the Company made to providers of services, though these reimbursements do not fall within the definition of "labour and manpower supply services" under Section 2(55A) of the Act nor do they constitute part of the value of such taxable service. Therefore, the amount of sales tax shall be worked out on the basis of net value of the taxable services. Further, the Notifications were unlawful and unconstitutional, as under the Constitution no tax may be levied for the purposes of the province except by or under an Act of the Provincial Assembly. Hence, being aggreived, the Company had filed a constitutional petition C.P.No. D-1014 of 2020 with the Honourable High Court of Sindh (SHC) against the said show cause notice, whereby SHC has granted a stay order dated 17 February 2020 against recovery of the amount and directed SRB not to pass any final adverse order till next date of hearing. The Company expects a favorable outcome on this matter and accordingly, no provision has been made in these condensed interim financial statements.

10.1.2 Economic Coordination Committee (ECC) of the Cabinet in its meeting held on 26 June 2019 has taken the decision to discontinue Industrial Support Package (ISP) for industrial consumers, which includes a decreased off peak hour rate/unit. The decision was effective from 01 July 2019, but since, there were some clarity issues, as to timeline and implementation, therefore K-Electric Limited (KEL)continued to provide relief to industrial consumers during off-peak hours under the support package. However, as per Ministry of Energy Corrigendum of SRO 575 (1) / 2019 dated 22 January 2020, industrial tariff rates were revised w.e.f 01 July 2019 due to withdrawal of ISP from off-peak consumption, accordingly, the impact of the same amounting to Rs. 5.46 million has been included in the energy bill for the month of March 2020 by KEL. The Company being aggrieved filed a constitutional petition C.P.No. D-2300 of 2020 against the withdrawal of ISP in the Honourable High Court of Sindh (SHC), whereby SHC has granted stay order dated 28 April 2020 in respect of recovery of ISP charges. The Company, is confident of a favorable outcome, hence, no provision for the above charges has been made in these condensed interim financial statements.

For The Half Year Ended 30 June 2020 (Un-Audited)

10.2 **COMMITMENTS**

10.2.1 As at 30 June 2020, capital expenditure contracted for but not incurred amounted to Rs. 57.18 million (31 December 2019: Rs. 92.55 million).

> 30 June 2020 (Un-audited)

31 December 2019 (Audited) ----(Rupees in '000)---

10.2.2 Letters of credit

Letters of credit

-limit

-unutilised portion

206,445	
2,320,000	
2,113,555	

2.320.000 1.929.854

30 June

Quarter ended

30 June

11.	REVENUE FROM CONTRACT WITH
	CUSTOMERS - net

2020 2019 2020 2019 (Un-audited) (Un-audited) Note -----(Rupees in '000)--

30 June

Half year ended

30 June

Sale of goods (at a point in time)

Manufacturing

Trading

Export

Less: Trade discounts Sales returns Sales tax

2,649,395	2,892,080	1,164,789	1,379,593
887,975	551,792	419,107	264,861
3,537,370	3,443,872	1,583,896	1,644,454
243,305	140,384	98,222	117,914
(578,157)	(421,068)	(244,573)	(211,399)
(21,211)	(2,924)	(15,339)	(2,237)
(7,636)	(937)	(4,835)	(414)
(607,004)	(424,929)	(264,747)	(214,050)
3,173,671	3,159,327	1,417,371	1,548,318

Included herein sales made to related parties amounting to Rs. 2,510 million (30 June 2019: Rs. 2,624 million). 11.1

11.1

Half year ended

Quarter ended

For The Half Year Ended 30 June 2020 (Un-Audited)

Cost of sales – trading Opening stock

Purchases

Closing stock

		iuii yee	ii ciiaca	Guarter	Cilaca
		30 June	30 June	30 June	30 June
		2020	2019	2020	2019
		(Un-audited) (Un-audited)			
12.	COST OF SALES		(Rupees	in '000)	
	Cost of sales – manufacturing				
	Raw and packing materials consumed	EEC 000	070 000	E4E 000	450 440
	Opening stock	556,869	376,020	515,923	450,119
	Purchases	926,688 1,483,557	882,867	509,203 1,025,126	412,577
	Available for consumption		1,258,887		862,696
	Closing stock	<u>(699,783)</u> 783,774	<u>(479,871)</u> 779,016	(699,783) 325,343	(479,871)
	Raw and packing material consumed	763,774	779,016	323,343	382,825
	Manufacturing cost				
	Salaries, wages and other benefits	213,115	190,127	110,564	95,546
	Stores and spares consumed	7,440	8,970	4,720	4,591
	Provision / (reversal) against slow moving	1,110	0,0.0	.,. 20	.,001
	and obsolete materials - net	(1,259)	8,609	(1,259)	8,609
	Processing charges	4,474	3,202	1,955	1,903
	Freight	1,671	1,935	1,156	1,271
	Fuel, gas and electricity	49,226	42,283	26,961	25,733
	Repairs and maintenance	22,488	28,457	9,668	12,407
	Travelling and conveyance	11,818	4,983	655	1,838
	Insurance	3,117	3,270	1,538	2,550
	Laboratory expenses	9,731	6,161	6,497	3,755
	Rates and taxes	1,274	618	1,170	95
	Depreciation	46,017	41,016	22,111	20,518
	Amortisation	334	109	206	55
	Postage, telegraph and telephones	1,147	1,328	475	938
	Printing and stationery	1,848	1,631	741	934
		372,441	342,699	187,158	180,743
		1,156,215	1,121,715	512,501	563,568
	Work-in-process				
	Opening stock	58,022	43,601	90,117	50,024
	Closing stock	(82,462)	(76,970)	(82,462)	(76,970)
		(24,440)	(33,369)	7,655	(26,946)
	Cost of goods manufactured	1,131,775	1,088,346	520,156	536,622
	Finished goods				
	Opening stock	217,846	216,385	175,265	177,336
	Closing stock	(205,198)	(150,416)	(205,198)	(150,416)
	Closing Stock	12,648	65,969	(29,933)	26,920
		1,144,423	1,154,315	490,223	563,542
		1,174,423	1,104,010	430,223	505,542
	Cost of samples for marketing and sales				
	promotion	(24,232)	(26,902)	(8,789)	(13,214)
	promotion	(24,202)	(20,002)	(0,703)	(10,214)

201,774

399,486

(292,166)

309,094

1,429,285

190,761

264,678

(292,166)

163,273

644,707

84,825

229,727

(119,337)

1,322,628

195,215

125,539

87,676

93,878

644,206

(119,337)

For The Half Year Ended 30 June 2020 (Un-Audited)

		Half year ended		Quarter ended		
		30 June	30 June	30 June	30 June	
		2020	2019	2020	2019	
		(Un-aเ	ıdited)	(Un-au	ıdited)	
13. ADMII	NISTRATIVE EXPENSES		(Rupees	in '000)		
Salarie	es and other benefits	55,750	45,002	27,174	24,058	
Travell	ing and conveyance	367	141	163	97	
	g and stationery	1,111	1,485	946	252	
Directo	ors' remuneration	1,500	525	1,200	300	
Postag	ge, telegrams and telephones	242	208	133	146	
Legal	and professional	13,815	12,024	8,898	7,921	
Resea	rch cost	354	1,065	145	519	
Repair	s and maintenance	7,575	5,683	5,915	4,497	
Softwa	are license renewals and					
	itenance fee	4,921	3,872	2,223	2,237	
Subsc	ription and fee	429	399	211	137	
	isement	1,244	61	878	61	
Audito	rs' remunerations	778	482	778	482	
Donati	ons	4,921	568	4,616	334	
Insura	nce	207	177	102	95	
Depre	ciation	4,517	2,438	2,281	1,275	
Amort		2,509	2,270	1,255	1,141	
Vehicle	e running expenses	117	137	54	73	
		100,357	76,537	56,972	43,625	
14. MARK	ETING AND SELLING EXPENSES					
Salarie	es and other benefits	293,306	322,614	149,423	161,507	
	ing and conveyance	70,640	86,231	24,319	44,720	
	s and maintenance	1,045	2,512	523	1,856	
Insura		2,475	2,355	1,017	424	
Depre	ciation	16,988	15,981	8,476	8,011	
Amort		27	165	-	83	
Printin	g and stationery	1,914	2,321	986	1,261	
Sampl		24,232	26,902	8,789	13,214	
	promotion expenses	90,558	128,503	42,646	77,642	
	g and conferences	7,261	27,288	3,425	8,078	
	unication	7,124	5,781	3,411	2,742	
Subsc	ription	4,590	4,547	3,590	2,971	
Freigh	, handling and transportation	7,594	17,411	4,504	14,030	
· ·	-	527,754	642,611	251,109	336,539	

For The Half Year Ended 30 June 2020 (Un-Audited)

15.	CASH GENERATED FROM OPERATIONS	Note		31 December 2 0 1 9 -audited) ees in '000)	
	Profit before taxation		924,201	914,837	
	Adjustments for: Depreciation Amortisation Allowances for expected credit losses Loss / (gain) on disposal of operating fixed assets Mark-up on deposits accounts Finance costs Provision for Workers' Profit Participation Fund Provision for Workers' Welfare Fund Provision for Central Research Fund		67,522 2,870 5,301 (911) (7,355) 89,653 49,433 12,819 9,987 229,319	59,396 2,544 - 1,109 - 107,191 48,850 13,312 9,868 242,270	
	Operating profit before working capital changes		1,153,520	1,157,107	
	Working capital changes				
	Decrease / (increase) in current assets Stores, spares and loose tools Stock-in-trade Trade debts Loans and advances Trade deposits, prepayments and other receivable	s	295 (252,626) 64,151 (39,048) (39,369) (266,597)	269 (6,962) (63,574) 6,623 (76,136) (139,780)	
	(Decrease) / increase in current liabilities Trade and other payables		(27,944) 858,979	36,933 1,054,260	
16	CASH AND CASH EQUIVALENTS				
	Cash and bank balances Short-term borrowings	8	41,795 (100,872) (59,077)	95,697 (33,664) 62,033	

17. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises ultimate parent company, parent company, group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than those disclosed elsewhere in these condensed interim financial statements, are as follows:

For The Half Year Ended 30 June 2020 (Un-Audited)

	% of shares		S	Half year ended		Quarter ended	
Name and country of Incorporation	Basis of relationship	held by related parties	Nature of transactions	June 30 2 0 2 0	June 30 2 0 1 9	June 30 2 0 2 0	June 30 2 0 1 9
				(Un-audited) (Un-audited)(Rupees in '000)			
Parent Company Aitkenstuart Pakistan	Parent						
(Private) Limited	Company	52.98%	Dividend paid	296,701	176,857	-	
Associated Companies							
OBS Pakistan (Private) Limited - Pakistan	Common directorship	NIL	Sale of goods	•	5,329	-	5,329
			Expenditure incurred / paid by the Company on behalf of associate	656	2,755	329	2,003
			Expenditure incurred / paid by the associate on behalf of the Company		7,266		
			benan of the Company				
Aspin Pharma (Private)	Common	4.79%	Sale of goods	21,158	7,728	1,870	1,500
Limited- Pakistan	directorship		Expenditure incurred / paid by the Company on behalf of associate	403	925	170	460
			Expenditure incurred / paid by the associate on behalf of the Company	3,494	714	3,494	714
			Dividend paid	26,800	16,750	-	-
Muller and Phipps Pakista			Sale of goods	2,488,814	2,611,211	1,099,766	1,301,499
(Private) Limited - Pakista			Settlement of amount incurred by the associate on behalf of				
			the Company	33,239	25,488	14,423	15,164
			Dividend paid	75,840	47,400		
Staff retirement benefits -			Contribution paid	12,532	11,509	7,445	6,256
AGP Limited staff provide fund	ent						
Key management personnel			Remuneration and				
			other benefits	95,367	89,706	28,493	59,835
			Dividend paid	12	40		
Directors			Board and other	4865		4.000	
			meeting fee Dividend paid	1500 1,262	525 788	1,200	300

17.1 The related parties status of outstanding receivables / payables as at 30 June 2020 and 31 December 2019 is disclosed in respective notes to these condensed interim financial statements.

18. **INFORMATION ABOUT OPERATING SEGMENTS**

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

For The Half Year Ended 30 June 2020 (Un-Audited)

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

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 30 June 2 0 2 0 1 9 (Un-audited) ------(Rupees in '000)------

Muller & Phipps Pakistan (Private) Limited

2,488,814 2,596,016

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

19. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on August 22, 2020 by the Board of Directors of the Company

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

Qui

Chief Executive Officer

Director

Chief Financial Officer

Half Yearly Report June 2020



AGP Limited B-23-C, S.I.T.E. Karachi-75700, Pakistan. E-mail: info@agp.com.pk Tel.: +92-21-111 247 247 Fax: +92-21-2570678