



# ASCEND



HALF YEARLY  
REPORT 2023

# TABLE OF CONTENTS

01	Company Information	02
02	Directors' Review to the Members	04
03	Directors' Review to the Members (Urdu)	07
04	Independent Auditors' Review Report	09
05	Condensed Interim Statement of Financial Position	10
06	Condensed Interim Statement of Profit or Loss	11
07	Condensed Interim Statement of Comprehensive Income	12
08	Condensed Interim Statement of Changes In Equity	13
09	Condensed Interim Statement of Cash Flows	14
10	Notes to the Condensed Interim Financial Statements	15
11	Consolidated Condensed Interim Statement of Financial Position	28
12	Consolidated Condensed Interim Statement of Profit or Loss	29
13	Consolidated Condensed Interim Statement of Comprehensive Income	30
14	Consolidated Condensed Interim Statement of Changes In Equity	31
15	Consolidated Condensed Interim Statement of Cash Flows	32
16	Notes to the Consolidated Condensed Interim Financial Statements	33

# COMPANY INFORMATION

## Board of Directors

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

## Human Resource And Remuneration Committee

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

## Audit Committee

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

## Bankers

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

## Strategy Committee

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

## Chief Financial Officer

Mr. Junaid Aslam

## Head of Internal Audit

Mr. Umair Muhammad Siddiq

## Company Secretary

Mr. Umair Mukhtar

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

**Legal Advisor**

Sattar & Sattar

**Website**

[www.agp.com.pk](http://www.agp.com.pk)

**Auditors**

EY Ford Rhodes  
Chartered Accountants

**Email**

[info@agp.com.pk](mailto:info@agp.com.pk)

**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  
+9221 32563598  
Fax: +9221 32564670

**Plant - III**

F/46, S.I.T.E.,  
Super Highway  
Phase II, Karachi



# DIRECTORS' REVIEW TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the Company's audited standalone and consolidated condensed interim financial statements for the half year ended June 30, 2023.

## Operating Results of the Company

AGP experienced growth in the first half of the year 2023, achieving the highest-ever top-line performance of PKR 6 billion despite challenging and deteriorating economic conditions in the country, growing at the rate of 23% over the last year. The continued sales penetration of our leading brands in the domestic market contributed to an increase of 14.3% as compared to the prior period, whilst export sales grew significantly by 59%.

The Company's robust revenue expansion was impeded by external factors outside of its influence, preventing a corresponding positive impact on the bottom line. Marketing and Selling expenses increased due to sales growth and inflationary pressures whereas administrative expenses were contained despite substantial growth in business volume.

The continued devaluation of local currency by 48.2% led the Company to face a significant exchange loss of PKR 116 million. Other income has increased significantly by 60% due to the dividends received from its subsidiary Company, OBS AGP (Private) Limited, amounting to PKR 130 million. The finance costs increased substantially due to long-term loan obtained for investment in the subsidiary Company, OBS Pakistan (Private) Limited, compounded by escalating KIBOR rates. As a result, AGP managed to achieve a standalone net profit of PKR 444 million, resulting in earnings per share of PKR 1.59.

OBS AGP (Private) Limited was able to achieve a topline of PKR 2.1 billion with a gross profit of PKR 1.1 billion and net profit of PKR 188 million, and OBS Pakistan (Private) Limited attained a topline of PKR 626 million with a gross profit of PKR 393 million and net profit of PKR 229 million.

Resultantly, the consolidated top-line performance reached an impressive figure of PKR 8 billion. With this promising sales momentum, the consolidated gross profit reached PKR 4.2 billion, while the consolidated net profit amounted to PKR 732 million. The consolidated net profit attributable to the Company stood at PKR 634 million, resulting in earnings per share of PKR 2.27.

## Strategic Outlook

The half-yearly progress was severely affected by the prevailing economic conditions and political uncertainties within the country. These challenges mainly encompassed currency devaluation, inflation, and escalating interest rates. Despite these obstacles, AGP remains determined to maintain a competitive market position by capitalizing on its existing product portfolio, quality manufacturing capabilities and marketing expertise. The management will continue to develop a strong value chain proposition to be better equipped with dealing with any uncertainties.

The Company has effectively internalized the flagship product of Sandoz portfolio and is committed to also internalize key products from the recently acquired Pfizer portfolio from Viartis Inc. This strategy aims to achieve optimal production and operational synergies and enhance shareholder value to the fullest extent.

In July 2023, the Company secured Shareholders' approval to increase its equity stake by up to seven and a half percent (7.5%), which will result in an aggregate holding of up to ninety-two and a half percent (92.5%), in the equity of in OBS Pakistan (Private) Limited.

## Awards and Achievements

The Company has accomplished a series of accolades which include the 'Top Exporter' award at the 6th Pakistan Pharmaceutical Manufacturers' Association (PPMA) Summit. The Company has also been recognized in 8 different categories at the GDEIB awards 2023. AGP has taken the lead as the first Company in the pharmaceutical industry to upgrade its ERP system to SAP RISE with S/4 HANA on cloud-based technological solution. This transition is anticipated to result in enhanced user performance, streamlined business integration, and fortified cybersecurity capabilities, among other benefits.

# DIRECTORS' REVIEW TO THE MEMBERS

## Acknowledgment

We sincerely express our heartfelt appreciation to the stakeholders for entrusting the management with their unwavering trust and confidence. We also express our sincere thanks exclusively to the Mergers & Acquisition team, consisting of employees from both the Company and its parent Company, for successfully concluding the most recent acquisition transaction. Our gratitude goes out to our dedicated employees especially the Information Technology teams for embracing the Company's vision and diligently working towards its realization.



Nusrat Munshi  
Chief Executive Officer



Muhammad Kamran Mirza  
Non-Executive Director

Dated: August 24, 2023

## ڈائریکٹر کا جائزہ برائے ممبران

جولائی ۲۰۲۳ میں، کمپنی نے اپنا ایکویٹی شیئر سائے سات فیصد (۷.۵%) تک بڑھانے کے لیے شیئر ہولڈرز کی منظوری حاصل کی، جس کے نتیجے میں اسے او بی ایس پاکستان (پرائیویٹ) لمیٹڈ کی ایکویٹی میں مجموعی طور پر ساڑھے بانوے فیصد (۹۲.۵%) تک ہولڈنگ حاصل ہوگی۔۔

### انعامات اور کامیابیاں

کمپنی نے اعزازات کا ایک سلسلہ قائم کیا ہے جس چھٹی پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن (PPMA) سمٹ میں ”ٹاپ ایکسپورٹر“ ایوارڈ شامل ہے۔ GDEIB ایوارڈ ۲۰۲۳ میں بھی ۸ مختلف کیٹگریز میں کمپنی کا اعتراف کیا گیا۔ AGP نے اپنے ERP سسٹم کو کلاؤڈ بیسڈ ٹیکنالوجیکل سولوشن پر S/4 HANA کے ساتھ SAP RISE تک اپگرڈ کر کے فارماسیوٹیکل انڈسٹری میں پہلی کمپنی کے طور پر سبقت حاصل کر لی ہے۔ دیگر فوائد کے علاوہ اس تبدیلی کا نتیجہ صارف سے متعلق کارکردگی میں اضافے، کاروبار کے ہموار انداز میں مربوط ہونے اور سائبر سیکیورٹی کی صلاحیت مستحکم ہونے کی صورت میں نکلنے کی توقع ہے۔

### 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 برائڈ کی خریداری میں شامل کمپنی ملازمین اور OBS گروپ سے بھی تیدل سے اظہار تشکر کرتے ہیں۔ ہم اسٹیک ہولڈرز کو ان کے غیر متزلزل اعتماد اور بھروسے کے ساتھ انتظامیہ کو ذمہ داری سونپنے پر تہ دل سے شکریہ ادا کرتے ہیں۔ ہم حالیہ ایکویزیشن ٹرانزیکشن کامیابی کے ساتھ مکمل کرنے پر مہم جرائنڈ ایکویزیشن ٹیم کا خصوصی طور پر شکریہ ادا کرتے ہیں، جس میں کمپنی اور اس کی بیرون کمپنی دونوں کے ملازمین شامل ہیں۔ ہم اپنے سچی لگن سے سرشار ملازمین خاص طور پر انفارمیشن ٹیکنالوجی ٹیموں کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی کا نصب العین اپنایا اور اس کی تکمیل کے لیے تندہی سے کام کیا۔



محمد کامران مرزا  
ٹاپ ایگزیکٹو ڈائریکٹر



محترمہ نصرت نیش  
چیف ایگزیکٹو آفیسر



## ڈائریکٹر کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ جون، ۲۰۲۳ کو ختم ہونے والے نصف سال کے لیے آپ کی کمپنی کے آڈٹ شدہ انفرادی (standalone) اور اجتماعی (consolidated) مختصر عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

### کمپنی کے آپریٹنگ نتائج

AGP نے سال ۲۰۲۳ کی پہلی ششماہی میں بھی نموکا مظاہرہ کیا، جس نے ملک میں چیلنجنگ اور مگڑتے ہوئے معاشی حالات کے باوجود ۶ بلین روپے کی اعلیٰ ترین کارکردگی حاصل کی، جو گزشتہ سال کے مقابلے میں ۲۳ کی شرح سے بڑھی۔ مقامی مارکیٹ میں ہمارے سرفہرست برانڈز کی مسلسل فروخت کی رسائی نے گزشتہ مدت کے مقابلے میں اضافے میں ۱۴۳ فیصد حصہ ڈالا، جب کہ برآمدی فروخت میں نمایاں طور پر ۵۹ فیصد اضافہ ہوا۔ کمپنی کی مستحکم آمدنی کی توسیع میں اس کے اثر سے باہر بیرونی عوامل کی وجہ سے رکاوٹ آئی، جس نے بائمر لائن پر اسی طرح کے مثبت اثرات روک دیے۔ فروخت میں اضافے اور افراط زر کے دباؤ کی وجہ سے مارکیٹنگ اور فروخت کے اخراجات میں اضافہ ہوا جبکہ کاروباری حجم میں خاطر خواہ اضافے کے باوجود انتظامی اخراجات پر قابو پایا گیا۔

مقامی کرنسی کی قدر میں ۲۸.۲ فیصد کی جاری کمی کے باعث کمپنی کو زرمبادلہ کی مد میں ۱۱۶ بلین روپے کے نمایاں نقصان کا سامنا کرنا پڑا۔ اس کی ذیلی کمپنی، AGP OBS (پرائیویٹ) لمیٹڈ سے ملنے والے ڈیویڈنڈ کی وجہ سے دیگر آمدنی میں ۶۰ فیصد کا نمایاں اضافہ ہوا ہے، جس کی مالیت ۱۳۰ بلین روپے ہے۔ ذیلی کمپنی، OBS پاکستان (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کے لیے حاصل کیے گئے طویل مدتی قرض کی وجہ سے مالیاتی لاگت میں KIBOR کی بڑھتی شرحوں کے ساتھ خاطر خواہ اضافہ ہوا۔ نتیجے کے طور پر، AGP ۲۴۴ بلین روپے کا انفرادی خالص منافع حاصل کرنے میں کامیاب رہی، جس کے نتیجے میں فی شیئر ۱.۵۹ روپے کی آمدنی ہوئی۔ OBS AGP (پرائیویٹ) لمیٹڈ ۱۱.۱ روپے کے مجموعی منافع اور ۱۸۸ بلین روپے کے خالص منافع کے ساتھ ۲۱.۱ روپے کی ٹاپ لائن حاصل کرنے میں کامیاب رہی اور OBS پاکستان (پرائیویٹ) لمیٹڈ نے ۳۹۳ بلین روپے کے مجموعی منافع اور ۲۲۹ بلین روپے کے خالص منافع کے ساتھ ۶۲۶ بلین روپے کی ٹاپ لائن حاصل کی۔

اس کے نتیجے میں مجموعی خالص ٹاپ لائن کارکردگی ۸ بلین روپے کے متاثر کن عدد تک پہنچ گئی۔ فروخت کی اس شاندار رفتار کے ساتھ، مجتمع مجموعی منافع ۴۲ بلین روپے تک پہنچ گیا، جب کہ مجتمع خالص منافع کی مالیت ۳۲ بلین روپے تک پہنچ گئی۔ کمپنی سے منسوب مجتمع خالص منافع ۶۳۳ بلین روپے رہا اور نتیجتاً فی شیئر آمدنی ۲.۲۷ روپے رہی۔

### مستقبل کی توقعات

ملک کے اندر موجود معاشی حالات اور سیاسی بے یقینی کی وجہ سے ششماہی نموری طرح متاثر ہوئی۔ ان چیلنجوں میں بنیادی طور پر کرنسی کی قدر میں کمی، افراط زر، اور بڑھتی ہوئی شرح سود شامل ہیں۔ ان رکاوٹوں کے باوجود، AGP اپنے موجودہ پروڈکٹ پورٹ فولیو، کوالٹی مینوفیکچرنگ کی صلاحیتوں اور مارکیٹنگ کی مہارت سے فائدہ اٹھا کر مسابقتی مارکیٹ پوزیشن برقرار رکھنے کے لیے پرعزم ہے۔ انتظامیہ کسی بھی غیر یقینی صورتحال سے نمٹنے کے لیے بہتر طریقے سے لیس ہونے کے لیے ایک مضبوط ویلیو چین پروپوزیشن تیار کرنا جاری رکھے گی۔

کمپنی نے Sandoz پورٹ فولیو کے فلیگ شپ پروڈکٹ مؤثر طریقے سے اندرون کمپنی تیار کی ہے اور Viatris Inc. سے حال ہی میں حاصل کیے گئے Pfizer پورٹ فولیو سے اہم مصنوعات بھی اندرون کمپنی تیار کرنے کے لیے پرعزم ہے۔ اس حکمت عملی کا مقصد بہترین پیداوار اور آپریشنل ہم آہنگی حاصل کرنا اور شیئر ہولڈر کی قدر زیادہ سے زیادہ حد تک بڑھانا ہے۔



**UNCONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
JUNE 30, 2023**

## 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 2023 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 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2023.

### Scope of Review

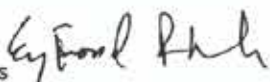
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial 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 review resulting in this independent auditors' review report is Mr. Omer Chughtai.

Chartered Accountants



Place: Karachi

UDIN Number: RR202310120mC1IX7Pzw

Date: 25 August 2023

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	3,144,412	3,015,316
Intangible assets	5	5,403,978	5,410,626
Long-term investments	6	2,864,629	729,531
Long-term deposits and receivables		24,145	22,532
		11,437,164	9,178,005
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		10,245	9,207
Stock-in-trade	7	2,368,140	1,875,833
Trade debts	8	1,120,406	1,162,368
Advances	9	505,417	217,073
Trade deposits, prepayments and other receivables	10	144,028	236,945
Taxation – net		75,646	-
Cash and bank balances	11	160,250	149,647
		4,384,132	3,651,073
<b>TOTAL ASSETS</b>		15,821,296	12,829,078
<b>EQUITY AND LIABILITIES</b>			
Issued, subscribed and paid-up capital			
Share capital		2,800,000	2,800,000
Revenue reserve – unappropriated profits		7,307,672	7,423,285
		10,107,672	10,223,285
<b>NON-CURRENT LIABILITIES</b>			
Long-term financings	12	2,238,895	35,586
Deferred grant		1,444	583
Gas infrastructure development cess		6,947	7,405
Deferred tax liabilities – net		158,409	129,371
		2,405,695	172,945
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,203,197	1,616,792
Unclaimed dividends		1,940	1,795
Taxation – net		-	24,017
Accrued interest		51,000	40,138
Short-term borrowings	13	833,451	689,082
Current maturity of non-current liabilities		218,341	61,024
		3,307,929	2,432,848
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		15,821,296	12,829,078

The annexed notes 1 to 29 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 2023 (UN-AUDITED)

		Half Year ended		Quarter ended	
		30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
	Note	----- (Rupees in '000) -----			
Revenue from contracts with customers - net	15	6,043,819	4,899,398	2,878,790	2,400,670
Cost of sales	16	(3,383,457)	(2,309,501)	(1,688,088)	(1,064,553)
Gross profit		2,660,362	2,589,897	1,190,702	1,336,117
Administrative expenses	17	(238,201)	(204,256)	(116,790)	(116,838)
Marketing and selling expenses	18	(1,560,543)	(1,163,769)	(780,570)	(617,442)
Other expenses	19	(168,982)	(139,566)	(23,821)	(76,130)
Other income	20	157,537	98,360	143,058	14,103
Finance costs	21	(138,458)	(42,632)	(107,455)	(27,871)
		(1,948,647)	(1,451,863)	(885,578)	(824,178)
Profit before taxation		711,715	1,138,034	305,124	511,939
Taxation	22	(267,328)	(397,004)	(185,901)	(286,190)
Profit for the period		444,387	741,030	119,223	225,749
Earnings per share - basic and diluted		Rs. 1.59	Rs. 2.65	Rs. 0.43	Rs. 0.81

The annexed notes 1 to 29 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 2023 (UN-AUDITED)

	Half Year ended		Quarter ended	
	30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
	----- (Rupees in '000) -----			
Profit for the period	444,387	741,030	119,223	225,749
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	444,387	741,030	119,223	225,749

The annexed notes 1 to 29 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 2023 (UN-AUDITED)

	Share capital	Revenue reserve - Unappropriated profits	Total
	----- Rupees in ' 000 -----		
<b>Balance as at 31 December 2021 - Audited</b>	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 @ Re. 2.5 per share	-	(700,000)	(700,000)
<b>Balance as at 30 June 2022</b>	<b>2,800,000</b>	<b>6,736,281</b>	<b>9,536,281</b>
<b>Balance as at 31 December 2022 - Audited</b>	<b>2,800,000</b>	<b>7,423,285</b>	<b>10,223,285</b>
Profit for the period	-	444,387	444,387
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	444,387	444,387
Final dividend for the year ended 31 December 2022 @ Rs. 2 per share	-	(560,000)	(560,000)
<b>Balance as at 30 June 2023</b>	<b>2,800,000</b>	<b>7,307,672</b>	<b>10,107,672</b>

The annexed notes 1 to 29 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 2023 (UN-AUDITED)

		30 June 2 0 2 3	30 June 2 0 2 2
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows generated from operations	23	798,104	292,996
<b>Payments for:</b>			
Finance costs		(85,607)	(21,145)
Income tax		(337,954)	(234,131)
Central Research Fund		(21,755)	(20,618)
<b>Net cash flows generated from operating activities</b>		<b>352,788</b>	<b>17,102</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(263,745)	(535,425)
Investment made in the subsidiary company		(2,124,048)	-
Dividend received		130,000	65,000
Proceeds from disposal of operating fixed assets		8,010	12,381
Deposits and receivables - paid / given		(1,613)	(1,874)
Interest income received		14,247	15,499
<b>Net cash flows used in investing activities</b>		<b>(2,237,149)</b>	<b>(444,419)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(559,855)	(699,653)
Long-term financings - obtained		2,363,975	-
Lien released on bank balances		52,416	-
Repayment of long-term financings		(53,525)	(341,064)
<b>Net cash flows generated from / (used in) financing activities</b>		<b>1,803,011</b>	<b>(1,040,717)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(81,350)</b>	<b>(1,468,034)</b>
Cash and cash equivalents at the beginning of the period		(670,474)	524,869
<b>Cash and cash equivalents at the end of the period</b>	24	<b>(751,824)</b>	<b>(943,165)</b>

The annexed notes 1 to 29 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 2023 (UN-AUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1** AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company got listed on Pakistan Stock Exchange Limited on 05 March 2018. The registered office of the Company is situated at B-23C, S.I.T.E, Karachi. The principal activities of the Company include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products.
- 1.2** As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.80% (31 December 2022: 55.80%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.
- 1.3** During the period, the Company has made an investment of Rs. 2,124 million in OBS Pakistan (Private) Limited (OBS PK), by virtue of this investment the Company has acquired 85% shareholding of OBS PK and become the subsidiary company. Subsequent to the period end, the shareholders of the Company have duly approved further acquisition of 7.5% shareholding in OBS PK.

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

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

- 1.4** The Company holds 65% shareholding of OBS AGP (Private) Limited (OBS AGP) as of reporting date by virtue of which it became the subsidiary company.
- 1.5** These are separate condensed interim financial statements of the Company in which investment in subsidiary is stated at cost less accumulated impairment losses, if any.
- 1.6** The consolidated condensed interim financial statements are separately prepared and presented by the Company.

## 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements of the Company for the period ended 30 June 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) - 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of preparation

- 2.2.1** These condensed interim financial statements are unaudited 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 2022.
- 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 2023 and 30 June 2022 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 2023 and 30 June 2022.
- 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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

**2.2.4** In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended 31 December 2022. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 31 December 2022.

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

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

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

		30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	Note	------(Rupees in '000)-----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	2,902,519	2,636,546
Capital work-in-progress	4.2	241,893	378,770
		<u>3,144,412</u>	<u>3,015,316</u>

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

	Additions (at cost)		Disposals (NBV)	
	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	------(Rupees in '000)-----			
Buildings - factory / office sites	102,479	97,825	-	552
Plant and machinery	60,468	110,767	-	325
Furniture and fixtures	1,925	25,461	-	62
Motor vehicles	152,780	295,040	4,409	18,678
Office equipment	4,032	18,820	-	974
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	36,427	10,994	-	342
Laboratory equipment	16,846	28,991	-	-
Computers and related accessories	12,655	38,302	25	254
	<u>400,622</u>	<u>631,538</u>	<u>4,434</u>	<u>21,187</u>

		30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	Note	------(Rupees in '000)-----	
<b>4.2</b> The following is the movement in capital work-in-progress during the period / year:			
Opening balance		378,770	248,283
Additions during the period / year	4.2.1	263,745	778,426
Transferred during the period / year to:			
- operating fixed assets	4.1	(400,622)	(631,538)
- intangible assets		-	(16,401)
Closing balance	4.2.1	<u>241,893</u>	<u>378,770</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

4.2.1	Capital work-in-progress comprise of:	Note	Additions (at cost)		Closing Balance	
			30 June	31 December	30 June	31 December
			2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
			(Unaudited)	(Audited)	(Unaudited)	(Audited)
----- (Rupees in '000) -----						
	Buildings - factory / office sites		60,769	235,461	177,533	219,243
	Plant and machinery		-	69,076	15,561	76,029
	Furniture and fixtures		1,925	25,444	-	-
	Motor vehicles		106,929	304,025	2,622	48,473
	Office equipment		4,032	18,820	-	-
	Gas and electrical fittings		13,010	5,338	-	-
	Refrigerator and air conditioner		40,416	37,191	39,014	35,025
	Laboratory equipment		21,184	28,927	4,338	-
	Computers and related accessories		12,655	37,743	-	-
	Softwares		2,825	16,401	2,825	-
4.2			263,745	778,426	241,893	378,770

		30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
		----- (Rupees in '000) -----	
5.	INTANGIBLE ASSETS	Note	
	Goodwill	5.1	743,226
	Trademarks - indefinite	5.1	4,641,087
	Computer software	5.2	19,665
			5,403,978
			5,410,626

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

5.2 During the period, an addition of Rs. NIL (Dec 2022: Rs. 16.40 million) were made to computer softwares.

		30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
		----- (Rupees in '000) -----	
6.	LONG-TERM INVESTMENT	Note	
	Investment in subsidiary company - OBS AGP		
	Investment - at cost	6.1	715,000
	Corporate guarantee - at fair value	12.3	14,531
			729,531
	Investment in subsidiary company - OBS PK		
	Investment - at cost	6.2	2,124,048
	Corporate guarantee - at fair value	12.3	11,050
			2,135,098
			2,864,629
			729,531

6.1 OBS AGP was incorporated in Pakistan as a private limited company in November 2020 under Companies Act, 2017. OBS AGP is in the business of trading pharmaceutical products. Since incorporation, OBS AGP was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. On 14 July 2021, the Company acquired 65% shareholding of OBS AGP i.e. 6.5 million ordinary shares having face value of Rs 10 each, issued at Rs. 110 each.

6.2 OBS PK was incorporated in Pakistan as a private limited company in December 2021 under Companies Act, 2017. OBS PK is in the business of trading pharmaceutical products. Since incorporation, OBS PK was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. During the period from April to June 2023, the Company acquired 85% shareholding of OBS PK i.e. 10.2 million ordinary shares having face value of Rs. 10 each, issued at Rs. 115.88 each and 10.20 million ordinary shares having face value of Rs 10 each, issued at Rs. 92.36 each.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
		----- (Rupees in '000) -----	
<b>7. STOCK-IN-TRADE</b>	<b>Note</b>		
<b>Raw and packing materials</b>			
In hand	7.1	1,785,514	1,123,154
In transit		142,612	93,739
		1,928,126	1,216,893
<b>Work-in-process</b>		72,062	185,087
<b>Finished goods</b>			
- Manufacturing		334,597	444,008
- Trading		59,834	69,583
		394,431	513,591
<b>Provision for obsolescence and slow moving stock</b>	7.3	(26,479)	(39,738)
	7.2	2,368,140	1,875,833

**7.1** Included herein items having value of Rs. 250.42 million (31 December 2022: Rs. 50.03 million), representing stock held by third parties.

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

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
		----- (Rupees in '000) -----	
<b>7.3</b>	<b>Note</b>		
Provision for obsolescence and slow moving stock is as follows:			
Opening balance		39,738	44,511
Provision made during the period / year - net		23,985	44,158
Written off during the period / year		(37,244)	(48,931)
		26,479	39,738

## 8. TRADE DEBTS - unsecured

### Related parties

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

### Others than related parties

Less: Allowances for expected credit losses

8.1

10,288	-
179,796	128,053
827,613	676,226
1,017,697	804,279
106,004	359,294
1,123,701	1,163,573
(3,295)	(1,205)
1,120,406	1,162,368

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

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

1,205	1,318
2,090	(113)
3,295	1,205

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		30 June 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
<b>9. ADVANCES - unsecured, Considered good</b>			
- suppliers		498,938	212,277
- employees		6,479	4,796
		<u>505,417</u>	<u>217,073</u>

## 10. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### Trade deposits - considered good, unsecured

Security deposits	16,497	17,384
Margin on letters of credit	45,083	146,119
	<u>61,580</u>	<u>163,503</u>

<b>Prepayments - insurance</b>	30,436	1,027
--------------------------------	--------	-------

### Other receivables

Current portion of receivables from employees - secured	6,993	5,174
---	-------	-------

### Receivable from related parties - unsecured

10.1&10.2

- OBS AGP Pakistan (Private) Limited - subsidiary company	14,657	11,589
- OBS Pakistan (Private) Limited - subsidiary company	9,570	46,349
- Aitkenstuart Pakistan (Private) Limited - associated company	365	-
- OBS Pharma (Private) Limited - associated company	6,666	-

Sales tax refundable	11,582	8,947
----------------------	--------	-------

Others	2,179	356
--------	-------	-----

	<u>52,012</u>	<u>72,415</u>
--	---------------	---------------

	<u>144,028</u>	<u>236,945</u>
--	----------------	----------------

**10.1** Represent shared services charged by the Company to OBS AGP (Private) Limited and OBS Pakistan (Private) Limited - (subsidiary companies).

**10.2** Represent expenditure incurred on behalf of OBS Pharma (Private) Limited and Aitkenstuart Pakistan (Private) Limited - (related parties).

		30 June 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	

## 11. CASH AND BANK BALANCES

<b>Cash in hand</b>	3,073	1,974
---------------------	-------	-------

### Balances held with banks

Current accounts		
- local currency	6,676	7,151
- foreign currency	622	481
	<u>7,298</u>	<u>7,632</u>

Deposit accounts	11.1	149,879	140,041
------------------	------	---------	---------

	<u>160,250</u>	<u>149,647</u>
--	----------------	----------------

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		30 June 2023 (Un-audited)	31 December 2022 (Audited)
	Note	------(Rupees in '000)-----	
<b>12. LONG-TERM FINANCINGS - secured</b>			
Running musharakah under SBP Refinance Scheme		-	48,138
SBP financing scheme for renewable energy		31,312	34,503
Syndicate term finance	12.2	2,403,769	-
Corporate guarantee contract	12.3	19,826	10,414
		2,454,907	93,055
Less: current maturity	12.1	(216,012)	(57,469)
		<u>2,238,895</u>	<u>35,586</u>

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

Balance at beginning of the period / year		93,055	520,756
Proceeds received during the period / year	12.2	2,363,975	-
Related transaction cost	12.2	(23,449)	-
Corporate guarantee recognized	12.3	11,050	-
Corporate guarantee amortized		(1,637)	(2,906)
Effect of unwinding on interest		65,438	15,132
Financings repaid during the period / year		(53,525)	(439,927)
Balance at end of the period / year		<u>2,454,907</u>	<u>93,055</u>

**12.2** The Company has obtained long-term finance of Rs. 2,364 million (out of total facility of Rs. 3,200 million) through the syndicate term finance agreement repayable in quarterly installment commencing from July 06, 2024 including grace period of 12 month over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.45% per annum and are secured against the present and future property, plant and equipment of the Company to the extent of Rs. 3,000 million. The facility has been used to inject equity in its associated company, OBS Pakistan (Private) Limited in order to acquire certain pharmaceutical products of Viatris Inc, which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Pakistan Limited.

**12.3** The Company has provided corporate guarantee to JS Bank Limited being the investment agent of its subsidiaries, OBS AGP (Private) Limited and OBS Pakistan (Private) Limited. This is in relation to secure all payment obligations and liabilities in respect of sukuk issued by the subsidiary to the investment agent for the benefit of certificate holders of the subsidiary (also see note 6 to these condensed interim financial statements).

		30 June 2023 (Un-audited)	31 December 2022 (Audited)
	Note	------(Rupees in '000)-----	
<b>13. SHORT TERM BORROWINGS - Secured</b>			
Running finance from commercial banks		590,155	496,437
Running musharaka form islamic banks		243,296	192,645
	13.1	<u>833,451</u>	<u>689,082</u>

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 CONTINGENCIES

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

	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----	
<b>14.1.2 Guarantees</b>		
<b>Bank guarantees</b>		
- total limit	492,000	492,000
- unutilised portion	338,885	308,362
- utilised portion	153,115	183,638

### 14.2 COMMITMENTS

- 14.2.1** As at 30 June 2023, capital expenditure contracted for but not incurred amounted to Rs. 609 million (31 December 2022: Rs. 266.12 million).

	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----	
<b>14.2.2</b> Corporate guarantee issued on behalf of subsidiary companies		
- OBS AGP (Private) Limited	2,600,000	2,600,000
- OBS Pakistan (Private) Limited	3,600,000	-

### 14.3 Letters of credit

Letters of credit		
- total limit	2,820,000	3,170,000
- unutilised portion	2,211,118	2,532,111
- utilised portion	608,882	637,889

	Half year ended		Quarter ended	
	30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
	----- (Rupees in '000) -----			

## 15. 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

15.1 & 15.2

	5,271,663	3,895,330	2,483,571	2,065,766
	251,786	683,930	218,849	158,387
	5,523,449	4,579,260	2,702,420	2,224,153
	970,963	605,550	395,076	291,222
	(345,852)	(250,305)	(157,690)	(87,981)
	(25,945)	(20,426)	(18,859)	(19,521)
	(78,796)	(14,681)	(42,157)	(7,203)
	(450,593)	(285,412)	(218,706)	(114,705)
	6,043,819	4,899,398	2,878,790	2,400,670

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

- 15.2** Included herein sales made to related parties amounting to Rs. 4,926 million (30 June 2022: Rs 3,849 million).



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

Half year ended		Quarter ended	
30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
------(Rupees in '000)-----			

## 16. COST OF SALES

### Cost of sales – manufacturing

#### Raw and packing materials consumed

Opening stock	1,123,154	503,469	1,340,617	674,566
Purchases	2,783,694	1,498,805	1,293,737	690,907
Available for consumption	3,906,848	2,002,274	2,634,354	1,365,473
Closing stock	(1,785,514)	(712,756)	(1,785,514)	(712,756)
Raw and packing material consumed	2,121,334	1,289,518	848,840	652,717

#### Manufacturing cost

Salaries, wages and other benefits	469,218	352,299	225,380	174,248
Stores and spares consumed	19,344	13,915	10,475	10,888
Provision against slow moving and obsolete materials - net	23,985	28,270	23,985	28,270
Processing charges	21,231	6,549	13,131	3,979
Freight	4,657	2,440	3,563	1,502
Fuel, gas and electricity	119,794	72,663	68,561	43,589
Repairs and maintenance	56,692	34,747	27,991	17,778
Travelling and conveyance	888	6,763	451	4,196
Insurance	8,723	7,231	4,855	3,623
Laboratory expenses	19,823	22,720	8,262	13,081
Rates and taxes	921	1,181	489	738
Depreciation	68,993	55,475	35,173	27,970
Amortisation	4,548	2,499	2,245	1,256
Postage, telegraph and telephones	2,283	1,438	1,197	842
Printing and stationery	3,775	3,575	885	1,541
	824,875	611,765	426,643	333,501
	2,946,209	1,901,283	1,275,483	986,218

#### Work-in-process

Opening stock	185,087	82,865	166,864	89,757
Closing stock	(72,062)	(133,485)	(72,062)	(133,485)
	113,025	(50,620)	94,802	(43,728)

#### Cost of goods manufactured

	3,059,234	1,850,663	1,370,285	942,490
--	-----------	-----------	-----------	---------

#### Finished goods

Opening stock	444,008	289,992	470,099	274,953
Closing stock	(334,597)	(265,134)	(334,597)	(265,134)
	109,411	24,858	135,502	9,819
	3,168,645	1,875,521	1,505,787	952,309

#### Cost of samples for marketing and sales promotion

	(23,658)	(42,093)	(9,079)	(20,551)
--	----------	----------	---------	----------

#### Cost of sales – trading

Opening stock	69,583	156,127	22,930	136,676
Purchases	228,721	416,046	228,284	92,219
Closing stock	(59,834)	(96,100)	(59,834)	(96,100)
	238,470	476,073	191,380	132,795
	3,383,457	2,309,501	1,688,088	1,064,553

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

	Half year ended		Quarter ended	
	30 June	30 June	30 June	30 June
	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
	----- (Rupees in '000) -----			
<b>17. ADMINISTRATIVE EXPENSES</b>				
Salaries and other benefits	122,182	121,293	53,686	75,170
Travelling and conveyance	91	415	67	238
Printing and stationery	5,585	4,105	4,905	3,788
Directors' remuneration	6,750	4,250	5,000	2,250
Meeting and conferences	1,026	1,087	817	1,087
Postage, telegrams and telephones	1,361	587	916	546
Legal and professional	20,756	10,631	13,694	5,323
Research cost	8,384	3,356	4,831	2,448
Repairs and maintenance	16,477	9,561	9,643	4,503
Software license renewals and maintenance fee	13,062	7,892	1,910	5,457
Subscription and fee	450	366	60	230
Advertisement	1,615	325	1,385	24
Auditors' remunerations	1,016	874	1,016	874
Donations	9,847	15,170	5,026	995
Insurance	800	862	423	428
Depreciation	18,817	17,690	9,515	9,157
Amortisation	2,101	1,930	1,056	985
Corporate social responsibility	7,640	3,424	2,737	3,100
Vehicle running expenses	241	438	103	235
	<b>238,201</b>	<b>204,256</b>	<b>116,790</b>	<b>116,838</b>
<b>18. MARKETING AND SELLING EXPENSES</b>				
Salaries and other benefits	740,571	598,541	365,369	303,102
Travelling and conveyance	259,887	195,180	133,964	107,621
Repairs and maintenance	6,338	3,300	3,092	2,169
Insurance	6,314	2,482	3,364	1,241
Depreciation	42,404	22,594	22,019	12,515
Printing and stationery	4,244	4,599	2,342	2,157
Samples	23,658	42,093	9,079	20,551
Sales promotion expenses	298,176	172,111	151,325	102,925
Meeting and conferences	81,913	73,443	44,825	37,382
Communication	12,422	9,524	6,400	6,133
Subscription	13,354	8,736	6,765	4,963
Product registration fee	12,107	1,266	4,383	123
Freight, handling and transportation	59,155	29,900	27,643	16,806
	<b>1,560,543</b>	<b>1,163,769</b>	<b>780,570</b>	<b>617,442</b>
<b>19. OTHER EXPENSES</b>				
Workers' Profit Participation Fund	38,069	59,586	16,460	29,505
Workers' Welfare Fund	5,567	14,384	823	6,195
Central Research Fund	7,691	12,037	3,326	5,960
Exchange loss - net	115,565	50,726	1,149	34,182
Charge of allowances for expected credit loss	2,090	2,833	2,063	288
	<b>168,982</b>	<b>139,566</b>	<b>23,821</b>	<b>76,130</b>
<b>20. OTHER INCOME</b>				
<b>Income from financial assets</b>				
Markup on deposit accounts	14,247	15,499	7,494	5,192
<b>Income from non-financial assets</b>				
Gain on sale of operating fixed assets (net)	3,576	4,262	1,340	2,847
Dividend income	130,000	65,000	130,000	-
Government grant	95	6,063	40	2,253
Scrap sales	7,982	6,083	3,274	3,085
Amortization of corporate guarantee	1,637	1,453	910	726
	<b>143,290</b>	<b>82,861</b>	<b>135,564</b>	<b>8,911</b>
	<b>157,537</b>	<b>98,360</b>	<b>143,058</b>	<b>14,103</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		Half year ended		Quarter ended	
		30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
		----- (Rupees in '000) -----			
21.	FINANCE COSTS				
	Mark-up on:				
	- long-term financings	65,438	21,846	63,987	8,317
	- short term borrowings	67,898	16,156	41,603	16,156
		133,336	38,002	105,590	24,473
	Bank charges	5,122	4,630	1,865	3,398
		138,458	42,632	107,455	27,871
22.	TAXATION				
	Current	152,554	250,845	72,162	135,973
	Prior	85,736	130,894	85,736	130,894
	Deferred	29,038	15,265	28,003	19,323
		267,328	397,004	185,901	286,190

- 22.1** Through the Finance Act 2023, new slab rates for supertax has been introduced for tax year 2023 (FY 2022) and onwards. As a result, the highest slab rate of 10% instead of 4% will be applicable on tax payers of all sectors having income in excess of Rs. 500 million. Accordingly, the Company has accounted for Rs. 78.55 million as a prior year tax expense for the FY 2022 and Rs. 43.05 million as current period tax expense.

	Note	30 June 2 0 2 3	30 June 2 0 2 2
		------(Rupees in '000)-----	
<b>23. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		711,715	1,138,034
<b>Adjustments for:</b>			
Depreciation		130,214	95,759
Amortisation		6,649	4,429
Charge of allowances for expected credit losses		2,090	2,833
Gain on disposal of operating fixed assets - net		(3,576)	(4,262)
Provision of obsolescence and slow moving stock		23,985	-
Stock written off during the period		(37,244)	-
Mark-up on deposits accounts		(14,247)	(15,499)
Reversal of GIDC		(728)	-
Amortisation of government grant		(95)	(6,063)
Amortisation of corporate guarantee		(1,637)	(1,453)
Finance costs		138,458	42,632
Dividend income		(130,000)	(65,000)
Workers' Profit Participation Fund		38,069	59,586
Workers' Welfare Fund		5,567	14,384
Central Research Fund		7,691	12,037
		165,196	139,383
<b>Operating profit before working capital changes</b>		876,911	1,277,417
<b>Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores, spares and loose tools		(1,038)	7
Stock-in-trade		(479,048)	(189,932)
Trade debts		39,872	(476,335)
Loans and advances		(288,344)	(34,225)
Trade deposits, prepayments and other receivables		92,917	(278,869)
		(635,641)	(979,354)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		556,834	(5,067)
		798,104	292,996

<b>24. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	11	160,250	52,270
Lien on bank balance		(78,623)	-
Short-term borrowings	13	(833,451)	(995,435)
		(751,824)	(943,165)

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

### 25. 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	
				30 June 2023	30 June 2022	30 June 2023	30 June 2022
				(Un-audited)		(Un-audited)	
				---(Rupees in '000)---			
<b>Parent Company</b>							
Aitkenstuart Pakistan (Private) Limited - Pakistan	Parent Company	55.80%	Expenditure incurred / paid by the Company on behalf of associate	388	-	365	-
			Dividend paid	312,501	390,626	312,501	390,626
<b>Subsidiary Company</b>							
OBS AGP (Private) Limited -	Subsidiary Company	65%	Sale of goods	676,259	145,245	255,102	120,066
			Expenditure incurred by the Company on behalf of subsidiary	21,627	14,908	13,264	8,969
			Expenditure incurred / paid by the subsidiary on behalf of the Company	3,614	-	-	-
			Dividend received	130,000	65,000	130,000	65,000
OBS Pakistan (Private) Limited - Pakistan	Subsidiary Company	85%	Investment in subsidiary	2,124,048	-	2,124,048	-
			Expenditure incurred / paid by the Company on behalf of subsidiary	30,942	-	23,339	-
<b>Associated Companies</b>							
Aspin Pharma (Private) Limited - Pakistan	Common directorship	4.79%	Sale of goods	19,425	22,807	7,880	18,082
			Expenditure incurred / paid by the Company on behalf of associate	3,336	474	532	316
			Expenditure incurred / paid by the associate on behalf of the Company	16,257	8,696	10,203	4,963
			Dividend paid	26,800	33,500	26,800	33,500
OBS Pharma (Private) Limited - Pakistan	Common directorship	-	Expenditure incurred / paid by the Company on behalf of associate	6,666	-	6,666	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	4,230,643	3,681,063	2,043,207	1,957,886
			Settlement of discounts and expenses given/incurred on behalf of the Company	196,647	63,620	105,835	34,647
			Dividend paid	75,840	94,800	75,840	94,800
<b>Staff retirement benefits - AGP Limited staff provident fund</b>							
			Contribution paid	25,510	17,072	16,998	10,311
<b>Key management personnel</b>							
			Remuneration and other benefits	202,264	142,102	68,975	87,827
			Dividend paid	11	14	11	14
<b>Directors</b>							
			Board and other meeting fee	6,750	4,250	5,000	2,250
			Dividend paid	1,261	1,578	1,261	1,578
<b>Others (due to common directorship)</b>							
Sharmeen Khan Memorial Foundation			Donation given	2,600	2,300	-	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	53	38	15	27

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

## 26. INFORMATION ABOUT OPERATING SEGMENTS

**26.1** 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.

**26.2** Export sales made to Afghanistan represents geographical component of gross turnover of the Company.

**26.3** 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 2 0 2 3	30 June 2 0 2 2
	----- (Rupees in '000) -----	
- Muller & Phipps Pakistan (Private) Limited	4,230,643	3,681,063
- Al - Haj Malem Khan Mangal	757,010	495,143
- OBS AGP (Private) Limited	712,058	145,245

**26.4** 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.

## 27. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on August 24, 2023 by the Board of Directors of the Company.

## 28. SUBSEQUENT EVENTS

**28.1** The Board of Directors in its meeting held on August 24, 2023 has proposed a interim cash dividend for the period ended June 2023 of Rs. Nil per share (June 2022: Nil), aggregating to Rs. Nil million (June 2022: Nil).

## 29. GENERAL

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



Chief Financial Officer



Chief Executive Officer



Director

**CONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
JUNE 30, 2023**

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Note		----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
	4	3,328,395	3,177,562
	5	18,216,265	8,907,053
		36,892	27,158
		21,581,552	12,111,773
<b>CURRENT ASSETS</b>			
		10,245	9,207
	6	2,932,966	2,237,294
	7	1,349,260	1,357,120
	8	557,345	268,247
	9	144,777	241,105
		125,000	106,000
	10	465,053	216,532
		5,584,646	4,435,505
<b>TOTAL ASSETS</b>		<b>27,166,198</b>	<b>16,547,278</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
		2,800,000	2,800,000
		7,821,652	7,747,448
		10,621,652	10,547,448
		935,582	583,623
		11,557,234	11,131,071
<b>NON-CURRENT LIABILITIES</b>			
	11	4,710,457	1,868,563
		1,452	591
		6,945	7,405
		162,544	131,312
		4,881,339	2,007,871
<b>CURRENT LIABILITIES</b>			
	12	8,485,242	1,778,347
		1,940	1,795
		169,944	129,752
		1,153,149	689,082
		34,171	78,444
		883,119	730,916
		10,727,565	3,408,336
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,166,198</b>	<b>16,547,278</b>

The annexed notes 1 to 27 form an integral part of these 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 2023 (UN-AUDITED)

	Note	Half Year ended		Quarter ended	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		(Rupees in '000)			
Revenue from contracts with customers - net	14	8,088,227	7,124,324	4,189,601	3,463,172
Cost of sales	15	(3,908,649)	(3,507,246)	(2,045,926)	(1,680,031)
Gross profit		4,179,578	3,617,078	2,143,675	1,783,141
Administrative expenses	16	(309,540)	(278,045)	(155,114)	(150,307)
Marketing and selling expenses	17	(2,210,444)	(1,643,524)	(1,112,282)	(861,983)
Other expenses	18	(157,777)	(139,567)	(12,616)	(76,643)
Other income	19	46,065	40,118	24,096	19,033
Finance costs	20	(431,673)	(209,812)	(289,000)	(119,375)
		(3,063,369)	(2,230,830)	(1,544,916)	(1,189,275)
Profit before taxation		1,116,209	1,386,248	598,759	593,866
Taxation	21	(384,053)	(533,215)	(262,210)	(354,232)
Profit for the period		732,156	853,033	336,549	239,634
Profit attributable to:					
Equity holders of the parent company		634,204	790,064	278,075	234,540
Non-controlling interest		97,952	62,969	58,473	5,095
		732,156	853,033	336,549	239,635
Earnings per share - basic and diluted		Rs. 2.27	Rs. 2.82	Rs. 0.99	Rs. 0.84

The annexed notes 1 to 27 form an integral part of these 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 2023 (UN-AUDITED)

	Half year ended		Quarter ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit for the period	732,156	853,033	336,549	239,634
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	732,156	853,033	336,549	239,634

The annexed notes 1 to 27 form an integral part of these 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 2023 (UN-AUDITED)

	Attributable to owners of the parent company				
	Share capital	Revenue reserve - Unappropriated profits	Total	Non-controlling interest	Total equity
	----- Rupees in '000-----				
<b>Balance as at 31 December 2021</b>	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 period, 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)
<b>Balance as at 30 June 2022</b>	<b>2,800,000</b>	<b>6,967,572</b>	<b>9,767,572</b>	<b>511,759</b>	<b>10,279,331</b>
<b>Balance as at 31 December 2022</b>	2,800,000	7,747,448	10,547,448	583,623	11,131,071
<b>Acquisition of a subsidiary company</b>				324,007	324,007
Total comprehensive income for the period	-	634,204	634,204	97,952	732,156
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	634,204	634,204	97,952	732,156
Final dividend for the year ended 31 December 2022 @ Rs. 2 per share	-	(560,000)	(560,000)		(560,000)
Final dividend for the year ended 31 December 2022 @ Rs. 20 per share				(70,000)	(70,000)
<b>Balance as at 30 June 2023</b>	<b>2,800,000</b>	<b>7,821,652</b>	<b>10,621,652</b>	<b>935,582</b>	<b>11,557,234</b>

The annexed notes 1 to 27 form an integral part of these 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 2023 (UN-AUDITED)

		30 June 2 0 2 3	30 June 2 0 2 2
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows generated from operations	23	7,529,558	553,832
<b>Payments for:</b>			
Finance costs		(326,043)	(172,042)
Income tax		(397,093)	(286,644)
Central Research Fund		(21,754)	(20,618)
<b>Net cash flows generated from operating activities</b>		<b>6,784,668</b>	<b>74,528</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(595,543)	(604,628)
Expenditure incurred for intangible assets		(9,033,326)	-
Proceeds from issue of share capital to minority shareholders		324,007	-
Proceeds from disposal of operating fixed assets		1,034	3,863
Deposits and receivables - paid / given		(9,734)	(3,262)
Interest income received		32,320	23,703
<b>Net cash flows used in investing activities</b>		<b>(9,281,242)</b>	<b>(580,324)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(629,855)	(731,153)
Long-term financings - obtained		3,339,427	-
Repayment of Long-term financings		(409,544)	(328,406)
<b>Net cash flows used in financing activities</b>		<b>2,300,028</b>	<b>(1,059,559)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(196,546)</b>	<b>(1,565,355)</b>
Cash and cash equivalents at the beginning of the period		(366,550)	687,809
<b>Cash and cash equivalents at the end of the period</b>		<b>(563,096)</b>	<b>(877,546)</b>

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

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



Chief Financial Officer



Chief Executive Officer



Director

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

## 1. The Group and its operations

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

## 1.2 AGP Limited - the Holding Company

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

## 1.3 OBS Pakistan (Private) Limited - a subsidiary company

OBS Pakistan was incorporated in Pakistan as a private limited company in December 2021 under Companies Act, 2017. OBS Pakistan is in the business of trading pharmaceutical products. Since incorporation, OBS Pakistan was a wholly owned subsidiary of Aitkenstuart Pakistan (Private) Limited. During the period from April to June 2023, the Company acquired 85% shareholding of OBS PK i.e. 10.2 million ordinary shares having face value of Rs. 10 each, issued at Rs. 115.88 each and 10.20 million ordinary shares having face value of Rs 10 each, issued at Rs. 92.36 each. Subsequent to the period end, the shareholders of the Holding Company have duly approved further acquisition of 7.5% shareholding in OBS PK.

## 1.4 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.

**1.5** As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 55.8% (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. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

### 2.2 Basis of preparation

**2.2.1** These consolidated condensed interim financial statements do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the annual consolidated audited financial statements of the Group for the year ended 31 December 2022. These consolidated condensed interim financial statements are unaudited, and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

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

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

**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 2022. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2022.

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

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

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

## 4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets  
Capital work-in-progress

		30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
Note		----- (Rupees in '000) -----	
	4.1	3,084,802	2,798,792
	4.2	243,593	378,770
		<u>3,328,395</u>	<u>3,177,562</u>

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

Note	Additions (at cost)		Disposals (NBV)	
	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----			
	102,479	1,476	-	-
	-	208,818	-	181
	60,468	10,169	-	118
	1,925	15,649	-	-
	175,253	13,171	4,409	3,355
	4,032	8,598	-	-
	13,010	37,841	-	-
	36,427	20,195	-	-
	16,846	18,847	-	-
	32,273	13,815	339	183
4.2	<u>442,713</u>	<u>348,579</u>	<u>4,748</u>	<u>3,837</u>

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

		30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
Opening balance		378,770	248,283
Additions during the period / year	4.2.1	9,340,862	952,886
Transferred during the period / year to:			
- operating fixed assets	4.1	(442,713)	(802,232)
- intangible assets		(9,033,326)	(20,167)
Closing balance	4.2.1	<u>243,593</u>	<u>378,770</u>

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

## 4.2.1 Capital work-in-progress comprise of:

	Additions (at cost)		Closing Balance	
	30 June	31 December	30 June	31 December
	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note	----- (Rupees in '000) -----			
Buildings - factory / office sites	60,769	235,461	177,533	219,243
Trademarks	9,033,326	-	-	-
Plant and machinery	-	69,076	15,561	76,029
Furniture and fixtures	1,925	25,444	-	-
Motor vehicles	130,302	439,255	3,522	48,473
Office equipment	4,032	18,820	-	-
Gas and electrical fittings	13,010	5,338	-	-
Refrigerator and air conditioner	40,416	37,191	39,014	35,025
Laboratory equipment	21,184	28,927	4,338	-
Computers and related accessories	32,273	73,207	-	-
Softwares	3,625	20,167	3,625	-
4.2	9,340,862	952,886	243,593	378,770

	Note	30 June	31 December
		2 0 2 3	2 0 2 2
		(Unaudited)	(Audited)
		----- (Rupees in '000) -----	
5. INTANGIBLE ASSETS			
Goodwill	5.1	1,031,233	743,226
Trademarks - indefinite	5.1 & 5.2	17,097,398	8,064,071
Trademarks - (definite lives)	5.1	62,347	66,173
Computer software	5.4	25,287	33,583
		18,216,265	8,907,053

5.1 Goodwill of Rs. 743.23 million and intangible assets (trademarks) of Rs. 4,701.52 million arose due to business acquisition of AGP (Private) Limited in the year 2014 by the Holding Company [the then Appollo Pharma Limited, the parent company at that time], which were later amalgamated into the parent company (surviving entity i.e. the Holding Company) under the approved scheme of arrangement. Later, Apollo Pharma Limited changed its name to AGP Limited. This also includes Goodwill arised due to acquisition under IFRS 3 amounting to Rs.288.007 million (note 5.3).

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

	Note	30 June	31 December
		2 0 2 3	2 0 2 2
		(Unaudited)	(Audited)
		----- (Rupees in '000) -----	
5.3 Investment in OBS Pakistan (Private) Limited by Holding Company		2,124,048	-
Net Assets of OBS Pakistan (Private) Limited		(2,160,048)	-
Non controlling interest (15%)		324,007	-
Goodwill	5.1	288,007	-

5.4 During the period, an addition of Rs. NIL (Dec 2022: Rs. 16.40 million) is made to computer softwares.

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Note		------(Rupees in '000)-----	
<b>6. STOCK-IN-TRADE</b>			
<b>Raw and packing materials</b>			
In hand	6.1	1,785,514	1,123,154
In transit		142,612	93,739
		1,928,126	1,216,893
<b>Work-in-process</b>		72,062	185,087
<b>Finished goods</b>			
- Manufacturing		334,184	444,008
- Trading		634,083	435,119
		968,267	879,127
<b>Provision for obsolescence and slow moving stock</b>		(35,489)	(43,813)
6.2		2,932,966	2,237,294

**6.1** Included herein items having value of Rs. 708.97 million (31 December 2022: Rs. 520.34 million), representing stock held by third parties, out of which stock of Rs. 459.55 million (2022: Rs. 500.51 million) is held with Muller & Phipps Pakistan (Private) Limited (a related party)

**6.2** Stock in trade includes items having cost of Rs. 26.48 million (31 December 2022: Rs. 21.38 million) written down to net realisable value of Rs. 22.18 million (31 December 2022: Rs. 18.48 million) resulting in a writedown of Rs. 4.29 million (31 December 2022: Rs. 2.19 million).

**6.3** During the period, the manufacturing and trading finished goods sold amounted to Rs. 2,572.44 million and Rs. 1,002.97 million (31 December 2022: Rs 2,508.68 million and Rs 3,318.9 million), respectively that are charged to cost of sales.

		31 June 2023 (Unaudited)	31 December 2022 (Audited)
Note		------(Rupees in '000)-----	
<b>6.4</b>	Provision for obsolescence and slow moving stock is as follows:		
	Opening balance	43,813	97,686
	Provision made during the period / year - net	30,774	49,526
	Written off during the period / year	(39,098)	(102,701)
7.3.1		35,489	44,511

**6.4.1** Included herein stock written off of Rs. 40.01 million (31 December 2022: Nil) related to MyHep All, since institutional orders were not materialised as per the initially anticipated volumes and accordingly, the same expired.

		30 June 2023 (Un-audited)	31 December 2022 (Audited)
Note		------(Rupees in '000)-----	
<b>7. TRADE DEBTS - unsecured</b>			
<b>Related parties</b>			
- Aspin Pharma (Private) Limited		2,517	-
- Muller & Phipps Pakistan (Private) Limited		701,862	994,488
		704,379	994,488
<b>Others than related parties</b>		648,177	363,837
		1,352,556	1,358,325
Less: Allowances for expected credit losses	7.1	(3,296)	(1,205)
		1,349,260	1,357,120



# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		30 June 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
7.1	The movement in allowance for expected credit losses:		
	Opening balance	1,205	1,318
	Allowance for expected credit losses for the period / year (net)	2,091	(113)
	Closing balance	3,296	1,205

## 8. LOANS AND ADVANCES - Considered good

### Advances - unsecured

- suppliers
- employees

548,376	263,451
8,969	4,796
557,345	268,247

## 9. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### Trade deposits - considered good, unsecured

- Security deposits
- Margin on letters of credit

20,882	26,363
45,083	146,119
65,965	172,482

### Prepayments - insurance

40,208	2,470
--------	-------

### Other receivables

- Current portion of receivables from employees - secured
- OBS Pharma (Private) Limite - associated company
- Aitkenstuart Pakistan (Private) Limited - associated company
- Sales tax refundable
- Others

9.1  
9.1

11,509	6,328
6,666	46,349
365	-
12,406	9,771
7,658	3,705
38,604	66,153
144,777	241,105

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

		30 June 2 0 2 3 (Un-audited)	31 December 2 0 2 2 (Audited)
	Note	----- (Rupees in '000) -----	
10.	CASH AND BANK BALANCES		
	Cash at banks		
	Current accounts		
	- local currency	305,336	18,953
	- foreign currency	622	481
	Deposit accounts	155,977	195,024
		461,935	214,458
	Cash in hand	3,118	2,074
		465,053	216,532

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

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		30 June 2023 (Un-audited)	31 December 2022 (Audited)
	Note	----- Rupees in '000 -----	-----
<b>11. LONG-TERM FINANCINGS - secured</b>			
Running musharikhah under SBP Refinance Scheme		-	48,138
SBP financing scheme for renewable energy		31,312	34,503
Diminishing musharikhah		82,297	92,179
Syndicate term finance	11.2	2,403,769	-
Sukuk [net of transaction cost of Rs. 13.8 million (2022: Rs. 16.7 million)]	11.3	2,098,415	2,421,104
Sukuk [net of transaction cost of Rs. 48.53 million]	11.4	975,452	-
		<b>5,591,245</b>	<b>2,595,924</b>
Less: current maturity		<b>(880,788)</b>	<b>(727,361)</b>
		<b>4,710,457</b>	<b>1,868,563</b>

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

Balance at beginning of the year	2,595,924	3,086,161
Proceeds received during the year	3,339,427	99,462
Related Transaction cost	(21,343)	-
Effect of unwinding for the year	65,438	15,132
Financings repaid during the year	(388,201)	(604,831)
Balance at end of the year	<b>5,591,245</b>	<b>2,595,924</b>

**11.2** The Holding Company has obtained long-term finance of Rs. 2,364 million (out of total facility of Rs. 3,200 million) through the syndicate term finance agreement repayable in quarterly instalments commencing from July 06, 2024 including grace period of 12 month over the term of 5 years. These carry profit rate of 3 months KIBOR + 1.45% per annum and are secured against the present and future property, plant and equipment of the Company to the extent of Rs. 3,000 million. The facility is availed to inject equity in its associated company, OBS Pakistan (Private) Limited in order to acquire certain pharmaceutical products of Viatris Inc, which are commercialized in Pakistan primarily under the brands previously owned by Pfizer Pakistan Limited.

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

**11.4** OBS Pakistan (Private) Limited has issued sukuk certificates of Rs. 1,000 million (out of total approved facility of Rs. 3,600 million), which are repayable in quarterly installments of Rs. 45.45 million commencing from 24 February 2025, over the term of 6 years including 18 months of grace period. These carry a profit rate of 3 months KIBOR + 1.60% per annum and are secured against hypothecated assets of the subsidiary company upto Rs. 4,500 million, pledge of Rs. 6000 million shares of the Holding Company by Aitkenstuart Pakistan (Private) Limited (an associated company), Corporate guarantee issued by the Holding Company covering the outstanding amount along with profit thereon, and assignment of rights, benefits and receivables of the subsidiary company.

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

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

		2023	2022
	Note	----- Rupees in '000	-----
<b>12. TRADE AND OTHER PAYABLES</b>			
Creditors	12.1	648,595	876,603
Payable to Viatrix Inc	12.2	4,876,016	-
Payable to Pfizer Pakistan Limited		722,500	-
Payable to Aitkenstuart Pakistan (Private) Limited - associated company	12.3	312,048	-
Accrued liabilities		1,477,532	706,003
Compensated absences		61,409	46,133
Contract liabilities (advances from customers)		7,118	22,510
Retention money		972	813
Other payables:			
- Provident fund		14,854	11,084
- Infrastructure Cess		13,801	13,801
- Workers' Profit Participation Fund		48,876	10,807
- Workers' Welfare Fund		30,050	24,483
- Central Research Fund		7,690	21,753
- Withholding tax		236,274	23,208
- Sales tax		24,441	17,571
- Others		3,066	3,578
		<b>8,485,242</b>	<b>1,778,347</b>

**12.1** Included herein Rs. 44.74 million (2020: Nil) payable to Aspin Pharma (Private) Limited, a related party.

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

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

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 CONTINGENCIES

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

	30 June	31 December
	2 0 2 3	2 0 2 2
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
<b>13.1.2 Guarantees</b>		
<b>Bank guarantees</b>		
- total limit	492,000	492,000
- unutilised portion	338,885	308,362
- utilised portion	153,115	183,638

### 13.2 COMMITMENTS

**13.2.1** As at 30 June 2023, capital expenditure contracted for but not incurred amounted to Rs. 609 million (31 December 2022: Rs. 266.12 million).

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----	
<b>13.2.2 Corporate guarantee issued on behalf of subsidiary companies</b>		
- OBS AGP (Private) Limited	2,600,000	2,600,000
- OBS Pakistan (Private) Limited	3,600,000	-

## 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

## Ijarah Agreement

OBS AGP (Private) Limited (subsidiary company) has entered in an agreement in respect of purchase of vehicles under ijarah arrangement for a period of five years, the rentals of which are payable monthly by the subsidiary company. Future rentals payable are as follows:

	30 June 2 0 2 3 (Unaudited)	31 December 2 0 2 2 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	32,877	32,207
Later than one year but not later than five years	95,995	109,638
	128,872	141,845

	Half year ended		Quarter ended	
	30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
	----- (Rupees in '000) -----			
<b>14. REVENUE FROM CONTRACT WITH CUSTOMERS - net</b>				
<b>Sale of goods</b> (disaggregation by timing				
- at a point in time)				
Local (disaggregation by types of products)				
- Manufacturing	4,573,206	3,892,344	2,196,441	2,062,780
- Trading	3,382,192	3,186,931	1,990,728	1,416,753
	7,955,398	7,079,275	4,187,169	3,479,533
Export	970,963	605,550	395,076	291,222
			-	
Less: Trade discounts	(697,294)	(511,531)	(309,050)	(277,201)
Sales returns	(61,903)	(34,289)	(41,317)	(23,179)
Sales tax	(78,937)	(14,681)	(42,277)	(7,203)
	(838,134)	(560,501)	(392,644)	(307,583)
	8,088,227	7,124,324	4,189,601	3,463,172

Note

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

**14.2** Included herein sales made to related parties amounting to Rs. 7,522 million (30 June 2022: Rs 5,841 million).

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

Half year ended		Quarter ended	
30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
----- (Rupees in '000) -----			

## 15. COST OF SALES

### Cost of sales – manufacturing

#### Raw and packing materials consumed

Opening stock	1,123,154	611,436	1,340,617	811,652
Purchases	2,079,442	1,496,048	956,982	663,592
Available for consumption	3,202,596	2,107,484	2,297,599	1,475,244
Closing stock	(1,785,514)	(820,723)	(1,785,514)	(820,723)
Raw and packing material consumed	1,417,082	1,286,761	512,085	654,521

#### Manufacturing cost

Salaries, wages and other benefits	474,350	361,498	230,024	183,446
Stores and spares consumed	19,344	13,915	10,475	10,888
Provision against slow moving and obsolete materials - net	23,989	28,270	23,989	28,270
Processing charges	21,231	6,549	13,131	3,979
Freight	6,670	2,440	5,577	1,501
Fuel, gas and electricity	121,474	73,535	70,112	43,672
Repairs and maintenance	57,597	34,748	28,744	17,780
Travelling and conveyance	889	6,765	453	4,199
Insurance	8,723	7,231	4,855	3,624
Laboratory expenses	19,823	22,720	8,262	13,081
Rates and taxes	921	1,181	489	738
Depreciation	68,993	55,475	35,173	27,970
Amortisation	4,548	2,499	2,246	1,257
Postage, telegraph and telephones	2,284	1,438	1,198	843
Printing and stationery	3,775	3,575	885	1,541
	834,612	621,839	435,614	342,789
	2,251,694	1,908,600	947,699	997,310

#### Work-in-process

Opening stock	185,087	82,865	166,864	89,757
Closing stock	(72,062)	(133,485)	(72,062)	(133,485)
	113,025	(50,620)	94,802	(43,728)

#### Cost of goods manufactured

	2,364,719	1,857,980	1,042,501	953,582
--	-----------	-----------	-----------	---------

#### Finished goods

Opening stock	444,008	289,992	470,099	274,953
Closing stock	(334,184)	(265,134)	(334,184)	(265,134)
	109,824	24,858	135,915	9,819
	2,474,543	1,882,838	1,178,416	963,401
			-	-

#### Cost of sales – trading

Opening stock	435,119	656,640	288,343	597,643
Purchases	1,662,959	1,728,424	1,217,490	871,882
Closing stock	(634,083)	(698,181)	(634,083)	(698,181)
	1,463,995	1,686,883	871,751	771,344

#### Direct expenses:

Amortisation of intangible assets	3,827	3,827	1,924	1,414
Provision for obsolescence and slow moving stock - net	6,785	3,583	6,785	3,583
Warehousing and Logistic charges	19,401	18,132	11,330	6,764
	30,013	25,542	20,039	11,761

#### Cost of samples for marketing and sales promotion

	(59,902)	(88,017)	(24,279)	(66,475)
	3,908,649	3,507,246	2,045,927	1,680,031

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

	Half year ended		Quarter ended	
	30 June 2 0 2 3	30 June 2 0 2 2	30 June 2 0 2 3	30 June 2 0 2 2
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	------(Rupees in '000)-----			
<b>16. ADMINISTRATIVE EXPENSES</b>				
Salaries and other benefits	168,991	173,079	72,774	96,339
Travelling and conveyance	864	989	244	812
Printing and stationery	5,693	4,219	4,936	3,866
Meeting and conferences	2,175	1,087	1,966	1,043
Directors' remuneration	6,750	4,250	5,000	2,250
Postage, telegrams and telephones	1,448	1,527	288	1,384
Legal and professional	31,773	15,726	23,295	6,522
Research cost	8,703	5,307	4,856	4,399
Repairs and maintenance	17,363	13,305	10,529	5,311
Software license renewals and maintenance fee	14,703	10,366	3,248	6,232
Subscription and fee	2,194	366	1,804	230
Advertisement	1,865	325	1,635	24
Auditors' remunerations	1,016	930	1,016	930
Donations	10,555	15,780	5,281	1,250
Insurance	1,316	1,671	667	838
Depreciation	19,721	18,214	10,063	9,445
Amortisation	3,424	3,455	1,721	2,510
Corporate social responsibility	10,539	5,759	5,636	5,435
Vehicle running expenses	447	1,690	155	1,487
	<b>309,540</b>	<b>278,045</b>	<b>155,114</b>	<b>150,307</b>
<b>17. MARKETING AND SELLING EXPENSES</b>				
Salaries and other benefits	1,077,928	845,580	528,956	419,075
Travelling and conveyance	371,112	256,641	205,505	138,377
Repairs and maintenance	15,087	4,962	10,936	2,318
Ijarah rentals	16,771	5,917	8,844	5,355
Insurance	8,060	2,668	4,246	1,391
Depreciation	63,239	28,293	32,882	16,301
Amortisation	324	-	163	-
Printing and stationery	4,848	5,536	2,716	2,820
Samples	59,902	88,017	24,279	44,572
Sales promotion expenses	347,330	212,610	175,414	126,177
Meeting and conferences	131,504	134,273	64,696	70,296
Communication	20,430	15,233	10,883	9,582
Subscription	20,064	11,775	9,427	8,002
Freight, handling and transportation	61,738	32,019	28,952	17,717
Product registration fee	12,107	-	4,383	-
	<b>2,210,444</b>	<b>1,643,524</b>	<b>1,112,282</b>	<b>861,983</b>
<b>18. OTHER EXPENSES</b>				
Workers' Profit Participation Fund	38,069	59,586	16,460	29,505
Workers' Welfare Fund	5,567	14,384	823	6,195
Central Research Fund	7,691	12,037	3,326	5,960
Exchange loss - net	104,359	50,727	(10,057)	34,695
Allowances for expected credit loss (net)	2,091	2,833	2,064	288
	<b>157,777</b>	<b>139,567</b>	<b>12,616</b>	<b>76,643</b>

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

Note	Half year ended		Quarter ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
----- (Rupees in '000) -----				

## 19. OTHER INCOME

### Income from financial assets

Markup on deposit accounts	32,320	23,703	19,155	10,841
----------------------------	--------	--------	--------	--------

### Income from non-financial assets

Gain on sale of operating fixed assets (net)	3,714	4,256	1,380	2,841
Government grant	95	6,063	40	2,253
Scrap sales	7,951	6,083	3,243	3,085
Others	1,985	13	278	13
	13,745	16,415	4,941	8,192
	46,065	40,118	24,096	19,033

## 20. FINANCE COSTS

### Mark-up on:

- long-term financings	325,817	188,754	213,952	99,638
- short term borrowings	100,554	16,201	73,007	16,201

### Bank charges

	426,371	204,955	286,959	115,839
	5,302	4,857	2,041	3,536
	431,673	209,812	289,000	119,375

## 21. TAXATION

Current	259,586	329,212	141,101	156,873
Prior	93,236	164,194	89,878	164,194
Deferred	31,231	39,810	31,231	33,165
21.1	384,053	533,216	262,210	354,232

- 21.1** Through the Finance Act 2023, new slab rates for supertax has been introduced for tax year 2023 (FY 2022) and onwards. As a result, the highest slab rate of 10% instead of 4% will be applicable on tax payers of all sectors having income in excess of Rs. 500 million. Accordingly, the Company has accounted for Rs. 86.05 million as a prior year tax expense for the FY 2022 and Rs. 44.85 million as current period tax expense.

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

30 June 31 December  
2023 2022  
(Unaudited) (Audited)  
----- (Rupees in '000) -----

## 22. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,116,209	1,386,248
<b>Adjustments for:</b>		
Depreciation	151,953	101,982
Amortisation	12,123	9,781
Allowances for expected credit losses	2,091	2,833
(Gain) / loss on disposal of operating fixed assets - net	3,714	4,256
Provision of obsolescence and slow moving stock	30,774	31,853
Stock written off during the period	(39,098)	(43,180)
Reversal of GIDC	(728)	-
Amortisation of government grant	(95)	(6,063)
Mark-up on deposits accounts	(32,320)	(23,703)
Finance costs	431,673	209,812
Workers' Profit Participation Fund	38,069	59,586
Workers' Welfare Fund	5,567	14,384
Central Research Fund	7,691	12,037
	611,414	373,578
<b>Operating profit before working capital changes</b>	<b>1,727,623</b>	<b>1,759,826</b>
<b>Working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Stores, spares and loose tools	(1,038)	7
Stock-in-trade	(687,348)	(276,360)
Trade debts	5,769	(520,929)
Loans and advances	(289,098)	(59,878)
Trade deposits, prepayments and other receivables	96,328	(294,705)
	(875,387)	(1,151,865)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	6,677,322	(54,129)
	7,529,558	553,832

## 23. CASH AND CASH EQUIVALENT

Cash and bank balances	465,053	58,270
Short-term investments	125,000	122,500
Short-term borrowings	(1,153,149)	(1,058,316)
	(563,096)	(877,546)



# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

## 24. TRANSACTIONS WITH RELATED PARTIES

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

Name and country of Incorporation		Basis of relationship	% of shares held by related parties	Nature of transactions	Half year ended		Quarter ended	
					30 June 2023	30 June 2022	30 June 2023	30 June 2022
---(Rupees in '000)---								
<b>Parent Company</b>								
Aitkenstuart Pakistan (Private) Limited - Pakistan		Parent Company	55.80%	Expenditure incurred / paid by the Company on behalf of associate	1,255	5,612	1,232	5,612
				Amount received against issuance of shares	36,000	-	36,000	-
				Dividend paid	368,501	418,626	368,501	418,626
<b>Associated Companies</b>								
Aspin Pharma (Private) Limited - Pakistan		Common directorship	4.79%	Sale of goods	19,425	22,807	7,880	18,082
				Expenditure incurred / paid by the Company on behalf of associate	3,336	474	532	316
				Expenditure incurred / paid by the associate on behalf of the Company	16,257	8,696	10,203	4,963
				Dividend paid	26,800	33,500	26,800	33,500
OBS Pharma (Private) Limited - Pakistan		Common directorship	-	Expenditure incurred / paid by the Company on behalf of associate	6,666	-	6,666	-
Muller and Phipps Pakistan (Private) Limited - Pakistan		Common directorship	13.54%	Sale of goods	6,182,668	5,817,734	2,825,015	2,954,940
				Settlement of discounts and expenses given/incurred on behalf of the Company	405,418	153,848	198,204	103,242
				Amount paid against purchase of handheld devices	-	24,086	-	24,086
				Warehouse and logistic charges	10,741	11,932	6,715	5,175
				Amount paid against warehouse and logistic charges	10,112	11,127	4,314	6,176
				Dividend paid	75,840	94,800	75,840	94,800
<b>Staff retirement benefits - AGP Limited staff provident fund</b>					35,242	22,860	22,523	14,090
<b>Key management personnel</b>					229,185	156,842	84,019	97,855
				Dividend paid	14,011	7,014	14,011	7,014
<b>Directors</b>					6,750	4,250	5,000	2,250
				Dividend paid	1,261	1,578	1,261	1,578
<b>Others (due to common directorship)</b>					2,600	2,300	-	-
Sharmeen Khan Memorial Foundation				Donation given				
Muller and Phipps Express Logistics (Private) Limited - Pakistan				Services incurred	53	38	15	27

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023 (UN-AUDITED)

25. INFORMATION ABOUT OPERATING SEGMENTS

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

	30 June 2 0 2 3	30 June 2 0 2 2
	----- (Rupees in '000)-----	
- Muller & Phipps Pakistan (Private) Limited	6,182,668	5,817,734

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

26. DATE OF AUTHORIZATION

August 24, 2023

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

27. GENERAL

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



Chief Financial Officer




Chief Executive Officer




Director



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

 [info@agp.com.pk](mailto:info@agp.com.pk)

 +92-21-111 247 247

 +92-21-2570678