

PROMISING A HEALTHIER TOMORROW



HALF YEARLY REPORT

2021

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Company Information

Board of Directors

Mr. Tariq Moinuddin Khan
Ms. Nusrat Munshi
Mr. Zafar Iqbal Sobani
Mr. Naved Abid Khan
Mr. Kamran Nishat
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Chairman
Managing Director & Chief Executive Officer
Independent Director
Independent Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Audit Committee

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

Chairman
Member
Member
Member

Human Resource and Remuneration Committee

Mr. Naved Abid Khan
Ms. Nusrat Munshi
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Chairman
Member
Member
Member

Strategy Committee

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

Chairman
Member
Member
Member

Chief Financial Officer

Mr. Junaid Aslam

Company Secretary

Mr. Umair Mukhtar

Head of Internal Audit

Mr. Shahzaib Tariq

Legal Advisors

Sattar & Sattar

Bankers

Allied Bank Limited
Dubai Islamic Bank
Faysal Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Bank Limited

Registered Office and Plant-I

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

Plant-II

D-109, S.I.T.E., Karachi
Tel.: +9221 32572695 & 32563598
Fax: +9221 32564670

Website

www.agp.com.pk

Auditors

EY Ford Rhodes
Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

Meezan Bank Limited
The Bank of Punjab
United Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Bank Al Habib Limited

Tel.: +9221 111-247-247
Fax: +9221 32570678

Plant-III

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

Email

info@agp.com.pk



Directors' Review to the Members

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial information of the Company for the half year ended June 30, 2021.

Financial Highlights

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

PARTICULARS		June 30		Variation
		2021	2020	
		PKR in Million		%
Net Sales	PKR in Million	3,647	3,174	14.9
Gross Profit		1,961	1,744	12.4
Profit Before Tax		940	924	1.7
Net Profit		773	755	2.4
Earnings Per Share	PKR	2.76	2.70	2.4

Operating Results of the Company

AGP delivered an encouraging topline performance of PKR 3,647 Million in the first half of the year, reflecting a year-on-year (YoY) growth of 14.9%. Exports to Afghanistan continued to grow impressively while our top brands supported the overall sales growth. Sales of COVID-19 vaccines (Sputnik V) also added to the sales growth, however its positive impact was offset by underperformance of our institutional business. Building onto a promising performance in sales, the Gross Profit of the Company registered double-digit YoY growth of 12.4%. The Company maintained robust gross margin on its pharmaceutical business, however, overall gross margins declined slightly due to negligible margins in the one-off COVID-19 vaccine business.

The impressive topline performance had a limited impact on bottom line results primarily due to an increase in marketing expenses that grew by PKR 237 Million YoY, owing to the resumption of promotional activities that were restricted during the same period last year due to COVID-19. Administrative expenses also witnessed a YoY increase of PKR 73 Million during the 6 months' period, mainly on account of salary increments, and legal and professional expenses related to the COVID-19 vaccine business. Profitability was supported by a decrease in finance costs by PKR 37 Million due to the principal repayment of our Sukuk and a lower interest rates compared to the same period last year. Furthermore, the Company recorded an exchange gain of PKR 8 Million against the exchange loss of PKR 36 Million in the same period last year. The Company also earned a mark-up of PKR 13 Million on deposit accounts. Consequently, in comparison to the same period last year, the Company was able to register an increase of 2.4% in net profit and Earnings Per Share.

Future Outlook

The business environment continues to remain disrupted due to COVID-19 as new variants have continuously hit the country. Over 18 months have passed since the first case was detected in the country and businesses have started to adapt to the new environment. In this regard, the Company has ensured continuous supply of its medicines to patients in need through smart inventory management, uninterrupted flow of production and robust operations, while ensuring employee wellbeing.

The Government of Pakistan's concerted efforts, including fiscal and monetary measures and smart lockdowns have helped the country in dealing with the pandemic in an efficient manner. On the fiscal and monetary front, aggressive stimulus has been put in place by maintaining a low policy rate of 7%, containing inflation at moderate levels, provision of temporary refinancing facilities and targeted fiscal support. The market-based flexible exchange rate system, growth in remittances and support for exporting sectors have helped to contain the current account deficit; thus, the economic outlook of the country looks promising.

With the economy on the path of recovery, consumer and business confidence is rising and AGP is fully geared to honor its commitment towards sustainable growth. The Company has diligently delivered its inorganic growth objectives by acquiring 22 pharmaceutical products from Sandoz AG which are commercialized in Pakistan under the Sandoz Brand. This acquisition has resulted in an enhancement of AGP's product portfolio which, in turn will strengthen the Company as a major player in the pharmaceutical industry with consolidated revenues expected to cross PKR 10 Billion over the next 12 months. The Company has also initiated the process of upgrading and enhancing its production capabilities to commence in-house manufacturing of majority of the volumes of the acquired brands. This would result in economies of scale, operational synergies, and logistical efficiencies and in turn, maximize shareholders' value.

Acknowledgement

We would like to appreciate the dedicated efforts of our committed employees for contributing towards the sustainable growth of the Company despite the difficult times due to the pandemic. We would also like to extend our foremost gratitude to the team, comprising of employees of the Company and OBS Group, who helped the Company to successfully conclude the acquisition. We would also like to thank our stakeholders for reposing their continuous faith and confidence in the Company and we assure them of our commitment to continuously generate value for all stakeholders.


Nusrat Munshi
Chief Executive Officer


Muhammad Kamran Mirza
Non-Executive Director

ممبران کے لیے ڈائریکٹر کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، ۳۰ جون ۲۰۲۱ کو ختم ہونے والے نصف سال کے لیے کمپنی کی غیر آڈٹ شدہ مختصر عبوری مالی معلومات پیش کرنا ہمارے لیے باعث مسرت ہے۔

مالیاتی جھلکیاں

گزشتہ سال اسی مدت کے مقابلے میں کمپنی کے مالیاتی نتائج درج ذیل ہیں

کوائف	۳۰ جون ۲۰۲۱	۳۰ جون ۲۰۲۰	فرق (%)
خالص آمدنی	۳،۶۴۷	۳،۱۷۴	۱۴.۹ فیصد
مجموعی منافع	۱،۹۶۱	۱،۷۴۴	۱۲.۴ فیصد
قبل از ٹیکس منافع	۹۴۰	۹۲۴	۰.۷ فیصد
خالص منافع	۷۷۳	۷۵۵	۲.۴ فیصد
فی شیئر آمدنی	۲.۷۶	۲.۷۰	۲.۴ فیصد

کمپنی کے کاروباری نتائج

اے جی پی نے سال کے پہلے نصف میں ۳،۶۴۷ ملین روپے کی ایک حوصلہ افزا کارکردگی پیش کی، جو کہ سال بہ سال (YoY) ۱۴.۹ فیصد نمو کی عکاسی کرتی ہے۔ افغانستان کو برآمدات میں متاثر کن اضافہ جاری رہا اور ہمارے ٹاپ برانڈز نے مجموعی سٹلز میں اضافے میں معاونت کی۔ ویکسین کے کاروباری فروخت (سپونٹک - V) نے بھی سٹلز کی نمو میں اضافہ کیا، تاہم اس کے مثبت اثرات ہمارے ادارہ جاتی کاروبار کی کم تر کارکردگی سے زائل ہو گئے۔ فروخت میں ایک امید افزا کارکردگی کی بنیاد پر، کمپنی کے مجموعی منافع میں ۱۲.۴ فیصد کی دوہری ہندسوں کی سال بہ سال نمو سے اضافہ ہوا۔ کمپنی نے فارماسیوٹیکل کاروبار پر مضبوط مجموعی مارجن برقرار رکھا، تاہم، ایک وقتی کوویڈ ۱۹ ویکسین بزنس میں برائے نام منافع جات کی وجہ سے مجموعی منافع جات تھوڑے سے کم رہے۔ مارکیٹنگ کے اخراجات میں اضافے کی وجہ سے یہ متاثر کن خالص مجموعی کارکردگی حتمی نتائج پر محدود اثرات مرتب کر سکی جس میں پروموشنل سرگرمیوں کی بحالی کی وجہ سے ۲۳۷ ملین روپے تک بڑھ گئے جو گزشتہ سال اسی مدت کے دوران میں کوویڈ ۱۹ کی وجہ سے محدود رہی تھیں۔ انتظامی اخراجات میں ۶ ماہ کے دوران میں ۳ ملین روپے کا سال بہ سال اضافہ دیکھنے میں آیا، جو بنیادی طور پر تنخواہوں میں اضافے اور کوویڈ ویکسین بزنس سے متعلق قانونی اور پیشہ ورانہ اخراجات کا نتیجہ ہے۔

منفعت کو صکوک کی اصل رقم کی واپسی اور شرح سود میں کمی کی وجہ سے مالیاتی لاگتوں میں ۳۷ ملین روپے کمی سے سہارا ملا۔ مزید یہ کہ کمپنی نے گزشتہ سال کی اسی مدت میں ۳۶ ملین روپے کے زرمبادلہ کے نقصان کے مقابلے میں ۸ ملین روپے کا زرمبادلہ کا نفع ریکارڈ کیا۔ کمپنی نے ڈپازٹ اکاؤنٹس پر ۱۳ ملین روپے کا مارک اپ بھی کمایا۔ اس کے نتیجے میں، پچھلے سال کی اسی مدت کے مقابلے میں، کمپنی خالص منافع اور فی حصص آمدنی میں ۲.۴ فیصد اضافہ درج کرانے میں کامیاب رہی۔

مستقبل کی توقعات

کوویڈ ۱۹ وجہ سے کاروباری ماحول بدستور معطلی کا شکار ہے جس کی نئی اقسام مسلسل ملک کو نشانہ بنارہی ہیں۔ ملک میں پہلا کیس دریافت ہوئے ۱۸ ماہ سے زائد گزر چکے ہیں اور کاروبار نے نئے ماحول کو اپنا ناشروع کر دیا ہے۔ اس سلسلے میں، کمپنی نے ملازمین کی فلاح و بہبود کو یقینی بناتے ہوئے اسمارٹ انوینٹری مینجمنٹ، پیداوار کی بلا تعطل روانی اور آپریشن کے مضبوط نظام کے ساتھ ضرورت مند مریضوں کو اپنی ادویات کی مسلسل فراہمی کو یقینی بنایا ہے۔

حکومت پاکستان کی متفقہ کوششوں بشمول خزانہ جاتی اور مالیاتی اقدامات اور سمارٹ لاک ڈاؤن نے ملک کو وبا سے موثر انداز میں نمٹنے میں مدد فراہم کی ہے۔ خزانہ جاتی اور مالیاتی محاذ پر، ۷ فیصد کاکم پالیسی ریٹ برقرار رکھنے، افراط زر کو اعتدال کی سطح پر محدود رکھنے، ری فنانسنگ کی عارضی سہولیات کی فراہمی اور ہدف شدہ مالی معاونت کے ذریعے جارحانہ محرک بروئے کار لایا گیا۔ مارکیٹ پر مبنی چلک دار آپریشن ریٹ سسٹم، ترسیلات زر میں اضافہ اور برآمدات کے شعبوں کے لیے معاونت نے کرنٹ اکاؤنٹ خسارے کو محدود رکھنے میں مدد دی ہے، لہذا ملک کے لیے معاشی توقعات امید افزا نظر آتی ہیں۔

معیشت کے بحالی کی راہ پر آنے کے ساتھ صارف اور کاروباری اعتماد میں اضافہ ہو رہا ہے اور اے جی پی پائیدار ترقی کی طرف اپنے وعدے پر عمل درآمد کے لیے پوری طرح تیار ہے۔ اے جی پی نے سینڈوز اے جی سے سینڈوز برانڈ کے تحت پاکستان میں کمرشل انڈسٹریل ۲۲ فارماسیوٹیکل برانڈز کی خریداری کے ذریعے اپنے غیر نامیاتی نمو کے اہداف مستعدی سے حاصل کر لیے ہیں۔ اس خریداری کے نتیجے میں اے جی پی کے پورٹ فولیو میں اضافہ ہوا جس سے فارماسیوٹیکل انڈسٹری کے ایک بڑے کھلاڑی کی حیثیت سے کمپنی کو استحکام ملے گا جیسا کہ آئندہ ۱۲ ماہ میں کمپنی کی مجموعی آمدن ۱۱۰ ارب روپے سے بڑھ جانے کی توقع ہے۔ کمپنی نے اپنی پیداواری صلاحیتوں کو اپ گریڈ کرنے اور بڑھانے کا عمل بھی شروع کیا ہے تاکہ خرید شدہ برانڈز کے حجم کی اکثریت کی اپنے پاس تیار شروع کی جاسکے۔ اس کے نتیجے میں معاشی حجم، آپریشنل ہم آہنگی، اور لاجسٹک سے متعلق کارکردگی میں بہتری ہوگی اور اس کے نتیجے میں، جھص یافتگان کی مالیاتی قدر میں زیادہ سے زیادہ اضافہ کیا جاسکے گا۔

اظہار تشکر

ہم وبا کی وجہ سے مشکل حالات کے باوجود کمپنی کی پائیدار ترقی میں حصہ ڈالنے کے لیے اپنے پر عزم ملازمین کی مخلصانہ کوششوں کو سراہتے ہیں۔ کمپنی کے ملازمین اور اداریہ گروپ پر مشتمل ٹیم کو بھرپور خراج تحسین پیش کرتے ہیں، جنہوں نے خریداری کے عمل کو کامیابی کے ساتھ مکمل کرنے کے لیے کمپنی کی معاونت کی۔ ہم کمپنی کو اپنے غیر متزلزل اعتبار اور اعتماد سے نوازنے پر اپنے اسٹیک ہولڈرز سے بھی اظہار تشکر کرنا چاہتے ہیں اور ہم انہیں تمام اسٹیک ہولڈرز کے لیے مسلسل مالیاتی قدر پیدا کرنے کے اپنے عہد کی ایک بار پھر یقین دہانی کراتے ہیں۔



محمد کامران مرزا

نان ایگزیکٹو ڈائریکٹر



نصرت نشی

چیف ایگزیکٹو آفیسر



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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 2021 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 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2021.

Scope of Review

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

Conclusion

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

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 30 August 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		30 June 2021 (Unaudited)	31 December 2020 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,433,516	2,203,001
Intangible assets	5	5,395,513	5,397,875
Long-term deposits and receivables		14,711	14,339
		7,843,740	7,615,215
CURRENT ASSETS			
Stores, spares and loose tools		8,147	7,144
Stock-in-trade	6	1,284,790	1,184,441
Trade debts	7	532,124	705,290
Loans and advances		68,937	30,016
Trade deposits, prepayments and other receivables		56,931	31,157
Taxation – net		140,969	247,623
Cash and bank balances	8	548,244	369,780
		2,640,142	2,575,451
TOTAL ASSETS		10,483,882	10,190,666
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital			
Share capital		2,800,000	2,800,000
Revenue reserve - unappropriated profits		5,902,564	5,410,326
		8,702,564	8,210,326
NON-CURRENT LIABILITIES			
Long-term financings	9	145,066	399,732
Deferred grant		6,901	7,906
Gas infrastructure development cess		8,323	8,383
Deferred tax liabilities - net		71,690	56,201
		231,980	472,222
CURRENT LIABILITIES			
Trade and other payables		850,968	837,209
Unclaimed dividends		1,844	1,701
Accrued interest		2,589	3,870
Current maturity of non-current liabilities		693,937	665,338
		1,549,338	1,508,118
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		10,483,882	10,190,666

The annexed notes 1 to 23 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 2021 (UN-AUDITED)

		Half Year ended		Quarter ended	
	Note	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		----- (Rupees in '000) -----			
Revenue from contracts with customers - net	11	3,647,299	3,173,671	2,005,299	1,417,371
Cost of sales	12	(1,686,414)	(1,429,285)	(969,584)	(644,707)
Gross profit		1,960,885	1,744,386	1,035,715	772,664
Administrative expenses	13	(168,100)	(94,329)	(91,701)	(52,541)
Marketing and selling expenses	14	(770,317)	(533,782)	(421,888)	(255,540)
Other expenses	15	(71,010)	(113,315)	(39,556)	(47,888)
Other income	16	41,105	10,894	18,232	5,079
Finance costs		(52,731)	(89,653)	(22,690)	(41,875)
		(1,021,053)	(820,185)	(557,603)	(392,765)
Profit before taxation		939,832	924,201	478,112	379,899
Taxation		(167,594)	(169,437)	(89,467)	(59,828)
Net profit for the period		772,238	754,764	388,645	320,071
Earnings per share - basic and diluted		Rs. 2.76	Rs. 2.70	Rs. 1.39	Rs. 1.14

The annexed notes 1 to 23 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 2021 (UN-AUDITED)

	Half year ended		Quarter ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net profit for the period	772,238	754,764	388,645	320,071
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	772,238	754,764	388,645	320,071

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

	Share capital	Revenue reserve - Unappropriated profits	Total
	----- Rupees in ' 000 -----		
Balance as at 31 December 2019 - Audited	2,800,000	4,662,899	7,462,899
Profit for the period	-	754,764	754,764
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	754,764	754,764
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share	-	(560,000)	(560,000)
Balance as at 30 June 2020	2,800,000	4,857,663	7,657,663
Balance as at 31 December 2020 - Audited	2,800,000	5,410,326	8,210,326
Profit for the period	-	772,238	772,238
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	772,238	772,238
Final dividend for the year ended 31 December 2020 @ Re. 1 per share	-	(280,000)	(280,000)
Balance as at 30 June 2021	2,800,000	5,902,564	8,702,564

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.




Chief Financial Officer



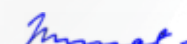
Chief Executive Officer



Director



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

	Note	30 June 2021 ----(Rupees in '000)----	30 June 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	1,097,337	858,979
Payments for:			
Finance costs		(54,012)	(96,043)
Income tax		(45,451)	(168,941)
Central Research Fund		(20,788)	(19,665)
Net cash flows generated from operating activities		977,086	574,330
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(312,856)	(129,772)
Proceeds from disposal of operating fixed assets		8,960	1,906
Long-term deposits and receivables		(372)	(1,806)
Interest income received		12,635	7,355
Net cash flows used in investing activities		(291,633)	(122,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(279,857)	(559,297)
Long-term financings repaid - net		(227,132)	(68,947)
Net cash flows used in financing activities		(506,989)	(628,244)
Net increase / (decrease) in cash and cash equivalents		178,464	(176,231)
Cash and cash equivalents at the beginning of the period		369,780	117,154
Cash and cash equivalents at the end of the period	18	548,244	(59,077)

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

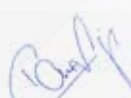
The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (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 52.98% (31 December 2020: 52.98%) of the share capital of the 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 condensed interim financial statements of the Company for the period ended 30 June 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) - 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

2.2.1 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required 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 2020.

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 2021 and 30 June 2020 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 2021 and 30 June 2020.

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.

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 2020. 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 2020.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2020, except for the adoption of the amended standards and interpretations by the Company, which became effective for the current period:

New / amended standards and improvements

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)

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

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

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

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

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

3.2 Property, plant and equipment

Due to COVID-19 pandemic, we do not foresee any change in usage and / or retention strategy of the Company's assets or any adverse effect as the Company's operational activities continues without any disruption during the period. Therefore, the significant judgements, estimates and the methods of consumption adopted in determining recoverable and residual values, depreciation method and useful lives of these assets are the same as those applied in preparation of financial statements of the Company for the year ended 31 December 2020.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

3.3 Intangible assets

The carrying value of goodwill and intangible assets having indefinite useful lives has been allocated to AGP Limited, (i.e. a single cash generating unit (CGU)), which is also the operating and reportable segment for impairment testing. The Company performed its impairment test annually at year end (i.e. 31 December 2020). However, given the current situation because of COVID-19, the Company performed its impairment testing as at 30 June 2021 and considers the relationship between its market capitalisation, using the Level 1 input of the fair value hierarchy - quoted prices of the Company, and its book value, among other factors. As a result of this assessment, the management did not identify any impairment for the cash generating unit to which goodwill of Rs. 743.23 million and intangible assets with indefinite useful lives of Rs. 4,641.09 million are allocated.

3.4 Allowance for expected credit loss

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

3.5 Revenue from contract with customers

The Company continues cautious attitude, adhering to the strict SOPs including Government recommended precautions to keep the work environment safe for the employees and ensure business continuity for the Company.

Given the current economic condition due to COVID-19 outbreak, the Company's budgeted revenue for FY 2021 was slightly affected in the first six months of the year.

		30 June 2021 (Unaudited) ----(Rupees in '000)----	31 December 2020 (Audited)
	Note		
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,127,069	1,858,858
Capital work-in-progress	4.2	306,447	344,143
	3.2	<u>2,433,516</u>	<u>2,203,001</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

4.1 Details of additions and disposals are as follows:

Note	Additions (at cost)		Disposals (NBV)	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	----- (Rupees in '000) -----			
Factory building	1,476	2,358	-	-
Office building	208,818	-	181	-
Plant and machinery	10,169	12,070	118	-
Furniture and fixtures	15,649	802	-	-
Motor vehicles	13,171	-	3,355	896
Office equipment	8,598	6,772	-	-
Gas and electrical fittings	37,841	3,591	-	-
Refrigerator and air conditioner	20,195	1,101	-	-
Laboratory equipment	18,847	328	-	-
Computers and related accessories	13,815	13,254	183	-
4.2	348,579	40,276	3,837	896

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

Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	---- (Rupees in '000) ----	
Opening balance	344,143	130,492
Additions during the period / year	312,957	380,568
Transferred during the period / year to:		
- operating fixed assets	(348,579)	(157,753)
- intangible assets	(2,074)	(9,164)
Closing balance	306,447	344,143

4.2.1 Capital work-in-progress comprise of:

Note	Additions (at cost)		Closing Balance	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	----- (Rupees in '000) -----			
Buildings - factory / office	97,639	170,701	96,932	209,587
Plant and machinery	33,149	70,223	100,201	77,221
Furniture and fixtures	241	18,195	17	15,425
Motor vehicles	38,019	27,967	27,365	2,517
Office equipment	8,783	9,572	185	-
Gas and electrical fittings	37,841	3,591	-	-
Refrigerator and air conditioner	15,865	26,796	17,231	21,561
Laboratory equipment	16,142	11,596	-	2,705
Computers and related accessories	11,106	20,344	-	2,709
Solar panels	50,141	5,498	55,639	5,498
Softwares	4,031	16,085	8,877	6,920
4.2	312,957	380,568	306,447	344,143

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

5. INTANGIBLE ASSETS

Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	---- (Rupees in '000) ----	
Goodwill	743,226	743,226
Trademarks - indefinite	4,641,087	4,641,087
Computer software	11,200	13,562
3.3	5,395,513	5,397,875

6. STOCK-IN-TRADE

Raw and packing materials

In hand	683,803	568,332
In transit	75,860	32,442
	759,663	600,774
	73,801	86,860
	259,391	217,995
	244,068	376,498
	503,459	594,493
	(52,133)	(97,686)
6.3	1,284,790	1,184,441

6.1 Included herein items having value of Rs. 26.92 million (31 December 2020: Rs. 14.87 million), representing stock held by third parties.

6.2 Stock in trade includes items having cost of Rs. 5.71 million (31 December 2020: Rs. 1.56 million) written down to net realisable value of Rs. 4.68 million (31 December 2020: Rs. 1.20 million) resulting in a written down of Rs. 1.03 million (31 December 2020: Rs. 0.36 million).

Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	---- (Rupees in '000) ----	
6.3	97,686	21,110
Provision for obsolescence and slow moving stock is as follows:		
Opening balance	47,376	93,270
Provision made during the period / year - net	(92,929)	(16,694)
Written off during the period / year	52,133	97,686

6.3.1 Included herein stock written off of Rs. 89.30 million (31 December 2020: Nil) related to SARS Covid Antibody Kits, since the testing was not executed as per the initially anticipated volumes and accordingly, the same expired.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

	Note	30 June 2021 (Un-audited) ----(Rupees in '000)----	31 December 2020 (Audited)
7. TRADE DEBTS - unsecured			
Related parties			
- Aspin Pharma (Private) Limited		3,480	3,140
- Muller & Phipps Pakistan (Private) Limited		496,695	654,779
		500,175	657,919
Others than related parties	7.1	33,813	48,275
		533,988	706,194
Less: Allowances for expected credit losses 3.4 & 7.2		(1,864)	(904)
		532,124	705,290

7.1 Included herein Rs. 4.95 million (31 December 2020 : Rs. 3.49 million) receivable from OBS Pakistan (Private) Limited (OBS) which was a related party as on 31 December 2020, however, as on 30 June 2021 OBS is no longer a related party of the Company.

	Note	30 June 2021 (Un-audited) ----(Rupees in '000)----	31 December 2020 (Audited)
7.2 The movement in allowance for expected credit losses:			
Opening balance		904	1,224
Allowance for expected credit losses for the period / year (net)		960	(320)
Closing balance		1,864	904

8. CASH AND BANK BALANCES

Cash at banks			
Current accounts			
- local currency		107,270	66,854
- foreign currency		346	346
Deposit accounts	8.1	439,894	301,757
		547,510	368,957
Cash in hand		734	823
		548,244	369,780

8.1 These carry profit at the rates ranging from 3.27% to 7.78% (2020: 2.75% to 11.66%) per annum.

9. LONG-TERM FINANCINGS

9.1 There are no major changes in the status of the financing facilities obtained and utilised by the Company as disclosed in the annual financial statements of the Company for the year ended 31 December 2020 except as disclosed in note 9.2 to these condensed interim financial statements.

9.2 During the period, the Company has obtained new financing through SBP Financing Scheme for Renewable Energy of Rs. 75 million for a period of 7 years including 3 months grace period. The repayment will be made in 81 equal monthly installments after grace period. It carries mark-up at the SBP rate (i.e. 2%) + 4% per annum. The facility is secured against first parri passu hypothecation charge of Rs. 100 million over present and future plant and machinery of the Company. As of reporting date, Rs. 25.7 million of the facility remained unutilised.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

10.1.1 There is no material change in the status of contingencies as disclosed in note 21 to the annual financial statements of the Company for the year ended 31 December 2020 except as disclosed below:

	30 June 2021 (Unaudited) ----(Rupees in '000)----	31 December 2020 (Audited)
Guarantees		
- limit	310,000	310,000
- unutilised portion	285,355	287,160
- utilised portion	24,645	22,840

10.2 COMMITMENTS

10.2.1 As at 30 June 2021, capital expenditure contracted for but not incurred amounted to Rs 103.35 million (31 December 2020: Rs 95.67 million).

	30 June 2021 (Unaudited) ----(Rupees in '000)----	31 December 2020 (Audited)
10.2.2 Letters of credit		
Letters of credit		
- limit	2,470,000	2,320,000
- unutilised portion	2,339,689	2,117,043
- utilised portion	130,311	202,957

	Half year ended 30 June 2021 (Unaudited)	30 June 2020	Quarter ended 30 June 2021 (Unaudited)	30 June 2020
11. REVENUE FROM CONTRACT WITH CUSTOMERS - net				
Sale of goods (at a point in time)				
Local				
- Manufacturing	3,143,014	2,649,395	1,661,214	1,164,789
- Trading	366,311	887,975	318,012	419,107
	3,509,325	3,537,370	1,979,226	1,583,896
Export	328,247	243,305	127,240	98,222
Less: Trade discounts	(167,644)	(578,157)	(89,118)	(244,573)
Sales returns	(13,671)	(21,211)	(7,899)	(15,339)
Sales tax	(8,958)	(7,636)	(4,150)	(4,835)
	(190,273)	(607,004)	(101,167)	(264,747)
11.1	3,647,299	3,173,671	2,005,299	1,417,371

11.1 Included herein sales made to related parties amounting to Rs. 2,915 million (30 June 2020: Rs 2,510 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

	Half year ended		Quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----			
12. COST OF SALES		Note		
Cost of sales – manufacturing				
Raw and packing materials consumed				
Opening stock	600,774	556,869	748,672	515,923
Purchases	1,047,266	926,688	433,429	509,203
Available for consumption	1,648,040	1,483,557	1,182,101	1,025,126
Closing stock	(759,663)	(699,783)	(759,663)	(699,783)
Raw and packing material consumed	888,377	783,774	422,438	325,343
Manufacturing cost				
Salaries, wages and other benefits	274,331	213,115	138,270	110,564
Stores and spares consumed	8,088	7,440	2,682	4,720
Provision against slow moving and obsolete materials - net	47,376	(1,259)	47,376	(1,259)
Processing charges	6,478	4,474	2,760	1,955
Freight	827	1,671	(247)	1,156
Fuel, gas and electricity	61,403	49,226	33,942	26,961
Repairs and maintenance	32,173	22,488	17,358	9,668
Travelling and conveyance	7,438	11,818	3,049	655
Insurance	6,022	3,117	3,707	1,538
Laboratory expenses	9,776	9,731	5,151	6,497
Rates and taxes	605	1,274	235	1,170
Depreciation	49,974	46,017	25,321	22,111
Amortisation	1,033	334	604	206
Postage, telegraph and telephones	1,487	1,147	866	475
Printing and stationery	2,740	1,848	1,436	741
	509,751	372,441	282,510	187,158
	1,398,128	1,156,215	704,948	512,501
Work-in-process				
Opening stock	86,860	58,022	99,455	90,117
Closing stock	(73,801)	(82,462)	(73,801)	(82,462)
	13,059	(24,440)	25,654	7,655
Cost of goods manufactured	1,411,187	1,131,775	730,602	520,156
Finished goods				
Opening stock	217,995	217,846	254,560	175,265
Closing stock	(259,391)	(205,198)	(259,391)	(205,198)
	(41,396)	12,648	(4,831)	(29,933)
	1,369,791	1,144,423	725,771	490,223
Cost of samples for marketing and sales promotion	(31,602)	(24,232)	(13,055)	(8,789)
Cost of sales – trading				
Opening stock	376,498	201,774	472,911	190,761
Purchases	215,795	399,486	28,025	264,678
Closing stock	(244,068)	(292,166)	(244,068)	(292,166)
	348,225	309,094	256,868	163,273
	1,686,414	1,429,285	969,584	644,707

12.1 Included herein is a sum of Rs. 5.14 million (30 June 2020: Rs. 3.83 million) in respect of staff retirement benefits.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

	Note	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
		----- (Rupees in '000) -----			
13. ADMINISTRATIVE EXPENSES					
Salaries and other benefits	13.1	73,059	55,750	37,253	27,174
Travelling and conveyance		64	367	28	163
Printing and stationery		2,683	1,111	2,588	946
Directors' remuneration		6,825	1,500	2,850	1,200
Postage, telegrams and telephones		401	242	201	133
Legal and professional		40,101	13,815	18,604	8,898
Research cost		387	354	116	145
Repairs and maintenance		11,729	1,547	6,918	1,484
Software license renewals and maintenance fee		5,102	4,921	2,906	2,223
Subscription and fee		674	429	105	211
Advertisement		658	1,244	308	878
Auditors' remunerations		780	778	780	778
Donations		8,430	4,921	6,717	4,616
Insurance		527	207	418	102
Depreciation		8,128	4,517	5,537	2,281
Amortisation		3,398	2,509	1,708	1,255
Corporate social responsibility		4,838	-	4,464	-
Vehicle running expenses		316	117	200	54
		168,100	94,329	91,701	52,541
13.1	Included herein is a sum of Rs. 2.68 million (30 June 2020: Rs. 1.85 million) in respect of staff retirement benefits.				
		30 June 2021 (Un-audited)	30 June 2020 (Un-audited)	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
		----- (Rupees in '000) -----			
14. MARKETING AND SELLING EXPENSES					
Salaries and other benefits	14.1	382,581	293,306	223,504	149,423
Travelling and conveyance		102,322	70,640	50,807	24,319
Repairs and maintenance		1,884	1,045	821	523
Insurance		2,496	2,475	1,100	1,017
Depreciation		18,332	16,988	9,185	8,476
Amortisation		-	27	-	-
Printing and stationery		1,672	1,914	1,096	986
Samples		31,602	24,232	13,055	8,789
Sales promotion expenses		140,797	90,558	65,049	42,646
Meeting and conferences		20,413	7,261	10,627	3,425
Communication		8,876	7,124	4,135	3,411
Subscription		16,096	4,590	8,832	3,590
Freight, handling and transportation		43,246	13,622	33,677	8,935
		770,317	533,782	421,888	255,540
14.1	Included herein is a sum of Rs. 3.52 million (30 June 2020: Rs. 0.75 million) in respect of staff retirement benefits.				
		30 June 2021 (Un-audited)	30 June 2020 (Un-audited)	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
		----- (Rupees in '000) -----			
15. OTHER EXPENSES					
Workers' Profit Participation Fund		49,075	49,433	25,125	20,353
Workers' Welfare Fund		11,060	12,819	6,314	4,538
Central Research Fund		9,915	9,987	5,077	4,112
Exchange loss - net		-	35,775	3,100	13,923
Allowances for expected credit loss (net)		960	5,301	(60)	4,962
		71,010	113,315	39,556	47,888

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

16. OTHER INCOME

Income from financial assets

Markup on deposit accounts

Income from non-financial assets

Gain on sale of operating fixed assets (net)

Exchange gain – net

Government grant

Scrap sales

Others

30 June 2021 (Un-audited)	30 June 2020	30 June 2021 (Un-audited)	30 June 2020
------(Rupees in '000)-----			
12,635	7,355	8,155	3,381
5,122	911	4,730	492
7,848	-	-	-
12,282	-	3,727	-
2,840	2,628	1,242	1,206
378	-	378	-
28,470	3,539	10,077	1,698
41,105	10,894	18,232	5,079

17. CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for:

Depreciation

Amortisation

Allowances for expected credit losses

(Gain) / loss on disposal of operating fixed assets - net

Mark-up on deposits accounts

Finance costs

Workers' Profit Participation Fund

Workers' Welfare Fund

Central Research Fund

Operating profit before working capital changes

Working capital changes

Decrease / (increase) in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans and advances

Trade deposits, prepayments and other receivables

(Decrease) / increase in current liabilities

Trade and other payables

18. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short-term borrowings

30 June 2021 (Un-audited)	30 June 2020
Note -----(Rupees in '000)----	
939,832	924,201
76,434	67,522
4,431	2,870
960	5,301
(5,122)	(911)
(12,635)	(7,355)
52,731	89,653
49,075	49,433
11,060	12,819
9,915	9,987
186,849	229,319
1,126,681	1,153,520
(1,003)	295
(100,349)	(252,626)
172,206	64,151
(38,921)	(39,048)
(26,468)	(39,369)
5,465	(266,597)
(34,809)	(27,944)
1,097,337	858,979
8	
548,244	41,795
-	(100,872)
548,244	(59,077)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

19. TRANSACTIONS WITH RELATED PARTIES

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

Name and country of Incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	Half year ended		Quarter ended	
				June 30 2 0 2 1	June 30 2 0 2 0	June 30 2 0 2 1	June 30 2 0 2 0
				(Un-audited)		(Un-audited)	
				-----[Rupees in '000]-----			
<u>Parent Company</u>							
Aitkenstuart Pakistan (Private) Limited -Pakistan	Parent Company	52.98%	Dividend paid	148,350	296,701	-	-
<u>Associated Companies</u>							
OBS Pakistan (Private) Limited - Pakistan (note 7.1)	Common directorship	NIL	Expenditure incurred / paid by the Company on behalf of associate	-	656	-	329
Aspin Pharma (Private) Limited- Pakistan	Common directorship	4.79%	Sale of goods	21,296	21,158	11,323	1,870
			Expenditure incurred / paid by the Company on behalf of associate	345	403	184	170
			Expenditure incurred / paid by the associate on behalf of the Company	4,114	3,494	1,316	3,494
			Dividend paid	13,400	26,800	-	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	2,893,797	2,488,814	1,523,680	1,099,766
			Settlement of amount incurred by the associate on behalf of the Company	64,873	33,239	40,254	14,423
			Dividend paid	37,920	75,840	37,920	-
Staff retirement benefits - AGP Limited staff provident fund			Contribution paid	15,504	12,532	9,678	7,445
Key management personnel			Remuneration and other benefits	78,132	95,367	8,396	28,493
			Dividend paid	6	12	6	-
Directors			Board and other meeting fees	6,825	1,500	2,850	1,200
			Dividend paid	631	1,262	331	-
<u>Others (due to common directorship)</u>							
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	53,126	64,084	26,354	31,541
			Services / bank charges	16	5	2	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	19	25	7	10

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

19.1 The related parties status of outstanding receivables / payables as at 30 June 2021 and 31 December 2020 are disclosed in respective notes to these condensed interim financial statements.

20. INFORMATION ABOUT OPERATING SEGMENTS

20.1 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.

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

20.3 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 2021	30 June 2020
	----(Rupees in '000)----	
- Muller & Phipps Pakistan (Private) Limited	<u>2,893,797</u>	<u>2,488,814</u>

20.4 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.

21. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 26 August 2021 by the Board of Directors of the Company.

22. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on 03 February 2021, has authorized the Company to participate with its parent company through a Special Purpose Vehicle (SPV) for the purpose of acquisition of a selected portfolio of products which are commercialized in Pakistan under the Sandoz brand ("brands") that are owned by Sandoz AG, Switzerland. Effective from 14 July 2021, the acquisition transaction with Sandoz AG is completed on fulfillment of necessary corporate and regulatory approvals and accordingly, OBS AGP (Private) Limited becomes the subsidiary company of the Company with 65% shareholding.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021 (UN-AUDITED)

23. GENERAL

23.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

23.2 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



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