

PROMISING A HEALTHIER TOMORROW



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

Chairman
Member
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

Ms. Eisha Athar Baqai

Legal Advisor

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
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 Company's unaudited standalone and consolidated interim financial statements for the nine (9) months ended September 30, 2021.

Operating Results

Net sales of the Company stood at PKR 5,195 Million with a growth of 4.1% during nine months ended September 30, 2021 in comparison to the corresponding period last year. During the period under review, domestic sales have shown an increase of 13.5%, however, exports to Afghanistan during the third quarter were adversely impacted due to the recent political developments in the country. Gross margins were maintained due to favorable sales mix.

With the contained impact of COVID-19 pandemic and ease in lock down situation, marketing and selling activities were restored to their pre-COVID-19 levels which resulted in an increase of PKR 246 Million. Administrative expenses also witnessed an increase of PKR 163 Million mainly on account of expenses associated with COVID-19 Vaccine business, salary increments, CSR activities and donations. Resultantly, AGP posted net profit and earnings per share of PKR 1,019 Million and PKR 3.64 respectively during the nine months ended September 30, 2021.

In its commitment to pursue inorganic growth, AGP acquired twenty-two (22) brands from Sandoz AG through its sixty-five percent (65%) owned subsidiary OBS AGP (Private) Limited ("OBS AGP"). OBS AGP achieved net sales of PKR 745 Million in its first two (2) months of operations.

On a consolidated basis, sales were recorded at PKR 5,940 Million and gross profit of PKR 3,184 Million was achieved during the period. The net profit and earnings per share stood at PKR 1,166 Million and PKR 3.98, respectively.

Awards and Recognition

AGP has secured 2nd Position in the Best Corporate Report Awards (BCR) in the Pharmaceutical Sector for the year 2020 held by the joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). Moreover, the Company achieved a position among the top pharma companies in the export sector and was recognized at the first "Pharma Export Summit and Awards 2021" held by the Pakistan Pharmaceutical Manufacturer's Association.

Future Outlook

Initiatives taken by the Government of Pakistan to inoculate the population has yielded positive results with COVID-19 recording a significant decline in recent months. However, the global recovery from COVID-19 accompanied by strong demand and the energy crisis in China has resulted in higher commodity prices and logistics cost. This has led to demand-pull inflation across the world which has also impacted Pakistan. High inflation coupled with PKR devaluation will adversely affect the cost of production. Under these circumstances, the Government of Pakistan is expected to implement appropriate measures to contain inflation and foster economic growth.

As Pakistan's economy stabilizes, AGP remains ambitious for sustainable growth on the back of its strong portfolio, new product launches and value addition derived from OBS AGP. The company continues to focus on increasing the market share of its products and capitalizing on organic and inorganic growth opportunities.

Acknowledgement

We hold our shareholders in high esteem for placing their utmost trust and confidence in AGP's capabilities, which has certainly enhanced with the addition of OBS AGP.

We would also like to express our gratitude to the treasured human capital of our Company and its subsidiary, who have been working relentlessly to stay committed to our mission, core values and ensuring accessibility towards high quality medicines.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Non-Executive Director

ممبران کے لیے ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ ستمبر، ۲۰۲۱ کو ختم ہونے والے نو (۹) ماہ کے لیے کمپنی کی غیر آڈٹ شدہ انفرادی اور اجتماعی عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

کمپنی کے کاروباری نتائج

گزشتہ سال کی اسی مدت کے مقابلے میں ۳۰ ستمبر ۲۰۲۱ کو ختم ہونے والے نو مہینوں کے دوران کمپنی کی خالص فروخت ۴۱ فیصد اضافے کے ساتھ ۱۹۵ ملین روپے رہی۔ زیر جائزہ مدت کے دوران، مقامی فروخت میں ۱۳.۵ فیصد اضافہ ہوا ہے، تاہم تیسری سہ ماہی کے دوران افغانستان کو برآمدات پر ملک میں حالیہ سیاسی پیش رفت کی وجہ سے منفی اثر پڑا۔ فروخت کے مناسب امتزاج کی وجہ سے مجموعی منافع جات برقرار رکھے گئے۔

کوویڈ-۱۹ عالمی وبا کے محدود رکھے گئے اثرات اور لاک ڈاؤن کی صورتحال میں نرمی کے ساتھ، مارکیٹنگ اور فروخت کی سرگرمیاں کوویڈ-۱۹ سے پہلے کی سطح پر بحال کر دی گئیں جس کے نتیجے میں ۲۴۶ ملین روپے کا اضافہ ہوا۔ انتظامی اخراجات میں بھی ۱۶۳ ملین روپے کا اضافہ دیکھا گیا جو بنیادی طور پر کوویڈ-۱۹ دیکھین کے کاروبار، تنخواہوں میں اضافے، سی ایس آر سرگرمیوں اور عطیات سے وابستہ اخراجات کی وجہ سے تھا۔ نتیجتاً، اے جی پی نے ۳۰ ستمبر ۲۰۲۱ کو ختم ہونے والے نو مہینوں کے دوران بالترتیب ۱۰۹ ملین روپے اور فی حصص ۳۶۴ روپے کا خالص منافع اور فی حصص آمدنی درج کرائی۔

غیر نامیاتی نمونہ کو آگے بڑھانے کے اپنے عزم کی پیروی میں، اے جی پی نے اپنی بینسٹھ فیصد (۶۵٪) ملکیت والی ذیلی کمپنی او بی ایس اے جی پی (پرائیویٹ) لمیٹڈ (OBS AGP) کے ذریعے سینڈوز اے جی پی (Sandoz AG) سے بائیس (۲۲) برانڈز حاصل کیے ہیں۔ او بی ایس اے جی پی نے اپنے پہلے دو (۲) ماہ کے آپریشنز میں ۴۵ ملین روپے کی خالص فروخت حاصل کی۔

اجتماعی بنیادوں پر، فروخت ۹۴۰ ملین روپے ریکارڈ کی گئی اور اس عرصے کے دوران ۱۸۴ ملین روپے کا مجموعی منافع حاصل ہوا۔ خالص منافع اور فی حصص آمدنی بالترتیب ۱۶۶ ملین روپے اور ۳۹۸ روپے رہی۔

انعامات اور اعزازات

اے جی پی نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (ICMAP) کی مشترکہ کمیٹی کے زیر اہتمام سال ۲۰۲۰ کے لیے دواسازی کے شعبے میں بیسٹ کارپوریٹ رپورٹ ایوارڈز (BCR) میں دوسری پوزیشن حاصل کی ہے۔ مزید برآں، کمپنی نے برآمدی شعبے میں سرفہرست فارما کمپنیوں میں ایک پوزیشن حاصل کی اور اسے پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن کے زیر اہتمام پہلی ”فارما ایکسپورٹ سمسٹ اینڈ ایوارڈز ۲۰۲۱“ میں اس کا اعتراف کیا گیا۔

مستقبل کی توقعات

حکومت پاکستان کی جانب سے آبادی کو حفاظتی ٹیکہ لگانے کے لیے اٹھائے گئے اقدامات کے مثبت نتائج برآمد ہوئے ہیں اور حالیہ مہینوں میں کوویڈ-۱۹ میں نمایاں کمی ریکارڈ کی گئی ہے۔ تاہم، زبردست طلب اور چین میں توانائی کے بحران کے ساتھ کوویڈ-۱۹ سے عالمی بحالی کے نتیجے میں اجناس کی قیمتوں اور رسد کی لاگت میں اضافہ ہوا ہے۔ اس کے نتیجے سے پوری دنیا میں طلب سے منسلک مہنگائی میں اضافہ ہوا ہے جس کا اثر پاکستان پر بھی پڑا ہے۔ پاکستانی روپے کی قدر میں کمی کے ساتھ بلند

افراط زر پیداواری لاگت کو بری طرح متاثر کرے گی۔ ان حالات میں، حکومت پاکستان سے توقع کی جاتی ہے کہ وہ افراط زر پر قابو پانے اور اقتصادی نمونہ فروغ دینے کے لیے مناسب اقدامات پر عمل درآمد کرے گی۔

جیسے جیسے پاکستان کی معیشت مستحکم ہو رہی ہے، اے جی پی اپنے مضبوط پورٹ فولیو، نئی مصنوعات کے اجرا اور او بی ایس اے جی پی سے حاصل کردہ قدر میں اضافے کی بدولت پائیدار ترقی کے لیے بلند عزم رکھتی ہے۔ کمپنی نے اپنی مصنوعات کے مارکیٹ شیئر کو بڑھانے اور نامیاتی اور غیر نامیاتی ترقی کے مواقع سے فائدہ اٹھانے پر توجہ مرکوز کر رکھی ہے۔

اظہار تشکر

ہم اے جی پی کی صلاحیتوں پر مکمل اعتبار اور اعتماد رکھنے کے لیے ہمارے حصص یافتگان کو خراج تحسین پیش کرتے ہیں، جسے یقیناً او بی ایس اے جی پی کے اضافے سے فروغ حاصل ہوا ہے۔

ہم اپنی کمپنی اور اس کے ذیلی کمپنی کے قیمتی انفرادی سرمائے کا بھی شکریہ ادا کرنا چاہیں گے، جو ہمارے مشن، بنیادی اقدار اور اعلیٰ معیار کی ادویات تک رسائی یقینی بنانے کے عزم پر قائم رہنے کے لیے انتھک محنت کر رہے ہیں۔



محمد کامران مرزا
نان ایگزیکٹو ڈائریکٹر



نصرت نشی
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		30 September 2021 (Unaudited)	31 December 2020 (Audited)
	Note	(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,462,639	2,203,001
Intangible assets	5	5,399,962	5,397,875
Investment in subsidiary	6	729,531	-
Long-term deposits and receivables		15,335	14,339
		8,607,467	7,615,215
CURRENT ASSETS			
Stores, spares and loose tools		8,183	7,144
Stock-in-trade	7	1,096,941	1,184,441
Trade debts	8	644,206	705,290
Loans and advances		56,984	30,016
Trade deposits, prepayments and other receivables		42,332	31,157
Taxation – net		126,843	247,623
Cash and bank balances	9	47,537	369,780
		2,023,026	2,575,451
TOTAL ASSETS		10,630,493	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		6,149,170	5,410,326
		8,949,170	8,210,326
NON-CURRENT LIABILITIES			
Long-term financings	10	104,208	399,732
Deferred grant		6,431	7,906
Gas infrastructure development cess		7,697	8,383
Deferred tax liabilities - net		77,086	56,201
		195,422	472,222
CURRENT LIABILITIES			
Trade and other payables		684,982	837,209
Unclaimed dividends		1,811	1,701
Accrued interest		2,725	3,870
Short-term borrowings		202,585	-
Current maturity of non-current liabilities		593,798	665,338
		1,485,901	1,508,118
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		10,630,493	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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

		Nine months ended		Quarter ended	
	Note	30 September 2021	30 September 2020	30 September 2021	30 September 2020
		(Rupees in '000)			
Revenue from contracts with customers - net	12	5,194,746	4,991,309	1,547,447	1,817,638
Cost of sales	13	(2,396,102)	(2,299,053)	(709,689)	(869,768)
Gross profit		2,798,644	2,692,256	837,758	947,870
Administrative expenses	14	(300,785)	(137,908)	(132,685)	(43,579)
Marketing and selling expenses	15	(1,135,363)	(889,622)	(365,046)	(355,840)
Other expenses	16	(100,647)	(148,096)	(37,485)	(34,782)
Other income	17	40,398	19,487	7,466	8,593
Finance costs		(72,728)	(121,664)	(19,997)	(32,011)
		(1,569,125)	(1,277,803)	(547,747)	(457,619)
Profit before taxation		1,229,519	1,414,453	290,011	490,251
Taxation		(210,675)	(245,507)	(43,081)	(76,070)
Net profit for the period		1,018,844	1,168,946	246,930	414,181
Earnings per share - basic and diluted		Rs. 3.64	Rs. 4.17	Rs. 0.88	Rs. 1.48

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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Nine months ended		Quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)			
Net profit for the period	1,018,844	1,168,946	246,930	414,181
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	1,018,844	1,168,946	246,930	414,181

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 CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Share capital	Revenue reserve - Unappropriated profits	Total
	(Rupees in '000)		
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899
Total comprehensive income for the period	-	1,168,946	1,168,946
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share		(560,000)	(560,000)
Balance as at 30 September 2020	2,800,000	5,271,845	8,071,845
Balance as at 31 December 2020	2,800,000	5,410,326	8,210,326
Total comprehensive income for the period	-	1,018,844	1,018,844
Final dividend for the year ended 31 December 2020 @ Re. 1 per share	-	(280,000)	(280,000)
Balance as at 30 September 2021	2,800,000	6,149,170	8,949,170

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 CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Note	30 September 2021 ----- (Rupees in '000) -----	30 September 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	1,414,756	1,172,729
Payments for:			
Finance costs		(73,873)	(130,426)
Income tax		(69,011)	(177,252)
Workers' Welfare Fund		(27,100)	-
Central Research Fund		(20,788)	(19,664)
Net cash flows generated from operating activities		1,223,984	845,387
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(392,345)	(220,812)
Investment in subsidiary		(715,000)	-
Proceeds from disposal of operating fixed assets		8,538	3,549
Long-term deposits and receivables		(996)	(1,360)
Interest income received		14,637	8,491
Net cash flows used in investing activities		(1,085,166)	(210,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(279,890)	(559,316)
Long-term financings repaid - net		(383,756)	(50,275)
Net cash flows used in financing activities		(663,646)	(609,591)
Net increase / (decrease) in cash and cash equivalents		(524,828)	25,664
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	(155,048)	142,818

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 NINE MONTHS ENDED 30 SEPTEMBER 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.
- 1.3** During the period the Company acquired 65% shareholding of OBS AGP (Private) Limited (OBS AGP). By virtue of this transaction OBS AGP became subsidiary of the Company. OBS AGP is incorporated in Pakistan as a private limited company. The principal activities of OBS AGP include import, marketing, export,
- 1.4** These are separate condensed interim financial statements of the Company in which investment in subsidiary is stated at cost less accumulated impairment losses, if any.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the period ended 30 September 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 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. These 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 condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- 2.2.3** In preparing these 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.
- 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

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 following accounting policy and the adoption of the amended standards and interpretations by the Company, which became effective for the current period:

3.1 Financial guarantee contract

Financial guarantee contract (FGC) is recognised initially at fair value. After initial recognition, FGC is measured at the higher of:

- The amount of the loss allowance, and
- The amount initially recognised less cumulative amortisation, where appropriate.

The amount of the loss allowance at each subsequent reporting period equals the 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the calculation is for lifetime expected credit losses. It is important to note that the simplified impairment approach available for trade receivables cannot be used for financial guarantee contracts.

Expected credit losses for a financial guarantee contract are the cash shortfalls adjusted by the risks that are specific to the cash flows. Cash shortfalls are the difference between:

- The expected payments to reimburse the holder for a credit loss that it incurs, and
- Any amount that an entity expects to receive from the holder, the debtor or any other party.

The financing facility is recognised and measured in accordance with the accounting policies as disclosed in note 10.3 to these consolidated interim financial statements.

3.2 New / amended standards and improvements

New standards, amendments, interpretations and improvements to approved accounting standards and the framework for financial reporting that became effective during the year.

The Company has adopted the following amendments to International Financial Reporting Standards (IFRS) and the framework for financial reporting which became effective for the current year.

IFRS3 - Business Combinations - Definition of a Business (Amendments)
IFRS9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8 - Definition of Material (Amendments)
Conceptual Framework for Financial Reporting

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

3.3 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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

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

3.4 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.

3.5 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 September 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.

3.6 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.

3.7 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 nine months of the year.

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Note	----- (Rupees in '000) -----	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	2,193,299	1,858,858
Capital work-in-progress	4.2	269,340	344,143
	3.4	<u>2,462,639</u>	<u>2,203,001</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

4.1 Details of additions and disposals are as follows:

Note	Additions (at cost)		Disposals (NBV)	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)			
Factory building	5,677	42,651	699	-
Office building	259,815	-	181	-
Plant and machinery	24,325	27,048	1,489	-
Furniture and fixtures	25,494	1,659	-	-
Motor vehicles	32,058	45	4,998	2,065
Office equipment	9,847	6,862	20	-
Gas and electrical fittings	37,842	3,591	-	-
Refrigerator and air conditioner	21,741	5,485	91	-
Laboratory equipment	24,845	329	-	-
Computers and related accessories	20,341	14,433	183	-
4.2	461,985	102,103	7,661	2,065

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

		30 September 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance		344,143	130,492
Additions during the period / year	4.2.1	396,317	380,568
Transferred during the period / year to:			
- operating fixed assets	4.1	(461,985)	(157,753)
- intangible assets		(9,135)	(9,164)
Closing balance	4.2.1	269,340	344,143

4.2.1 Capital work-in-progress comprise of:

Note	Additions (at cost)		Closing Balance	
	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	(Rupees in '000)			
Leasehold land				
Buildings - factory / office	109,095	170,701	53,190	209,587
Plant and machinery	43,804	70,223	96,700	77,221
Furniture and fixtures	10,069	18,195	-	15,425
Motor vehicles	80,066	27,967	50,525	2,517
Office equipment	10,260	9,572	413	-
Gas and electrical fittings	37,841	3,591	-	-
Refrigerator and air conditioner	288	26,796	108	21,561
Laboratory equipment	24,239	11,596	2,099	2,705
Computers and related accessories	17,886	20,344	254	2,709
Solar panels	50,156	5,498	55,655	5,498
Softwares	12,612	16,085	10,396	6,920
4.2	396,316	380,568	269,340	344,143

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

Note	30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	(Rupees in '000)		(Rupees in '000)	
5. INTANGIBLE ASSETS				
Goodwill		743,226		743,226
Trademarks - indefinite		4,641,087		4,641,087
Computer software		15,649		13,562
		5,399,962		5,397,875
6. Investment in Subsidiary				
Investment in subsidiary - OBS AGP (Private) Limited	6.1	715,000		-
Fairvalue of financial guarantee	10.3	14,531		-
		729,531		-

6.1 On 14 July 2021, the Company acquired 65% shareholding of OBS AGP (Private) Limited consisting of 6.5 million ordinary shares issued at Rs. 110 each (inclusive of share premium at Rs. 100 per share).

Note	30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	(Rupees in '000)		(Rupees in '000)	
7. STOCK-IN-TRADE				
Raw and packing materials				
In hand	7.1	695,811		568,332
In transit		51,212		32,442
		747,023		600,774
Work-in-process		67,031		86,860
Finished goods				
- Manufacturing		194,686		217,995
- Trading		140,334		376,498
		335,020		594,493
Provision for obsolescence and slow moving stock	7.3	(52,133)		(97,686)
	7.2	1,096,941		1,184,441

7.1 Included herein items having value of Rs. 24.97 million (31 December 2020: Rs. 14.87 million), representing stock held by third parties.

7.2 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 September 2021 (Un-audited)		31 December 2020 (Audited)	
	(Rupees in '000)		(Rupees in '000)	
7.3 Provision for obsolescence and slow moving stock is as follows				
Opening balance		97,686		21,110
Provision made during the period / year - net		49,280		93,270
Written off during the period / year	7.3.1	(94,833)		(16,694)
		52,133		97,686

7.3.1 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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

		30 September 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited)
8. TRADE DEBTS - unsecured	Note		
Related parties			
- Aspin Pharma (Private) Limited		-	3,140
- Muller & Phipps Pakistan (Private) Limited		589,684	654,779
		589,684	657,919
Others than related parties	8.1	57,214	48,275
		646,898	706,194
Less: Allowances for expected credit losses	3.4 & 8.2	(2,692)	(904)
		644,206	705,290

8.1 Included herein Rs. Nil (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 September 2021 OBS is no longer a related party of the Company.

		30 September 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited)
8.2	Note		
The movement in allowance for expected credit losses:			
Opening balance		904	1,224
Allowance for expected credit losses for the period / year (net)		1,788	(320)
Closing balance		2,692	904

9. CASH AND BANK BALANCES

Cash at banks

Current accounts			
- local currency		23,855	66,854
- foreign currency		395	346
Deposit accounts	9.1	22,502	301,757
		46,752	368,957
Cash in hand		785	823
		47,537	369,780

9.1 These carry profit at the rates ranging from 2.75% to 6.20% (2020: 2.75% to 11.66%) per annum.

10. LONG-TERM FINANCINGS

10.1 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 10.2 & 10.3 to these condensed interim financial statements.

10.2 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.

10.3 The Company has provided corporate guarantee in favour of JS Bank Limited being the investment agent, to secure all the payment obligations and liabilities in respect of Sukuk issued by the subsidiary, OBS AGP (Private) Limited, for the benefit of Sukuk certificate holders.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

11. CONTINGENCIES AND COMMITMENTS

11.1 CONTINGENCIES

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

11.2 COMMITMENTS

11.2.1 As at 30 September 2021, capital expenditure contracted for but not incurred amounted to Rs 180.11 million (31 December 2020: Rs 95.67 million).

	30 September 2021 (Unaudited) (Rupees in '000)	31 December 2020 (Audited)
11.2.2 Letters of credit		
Letters of credit		
- limit	2,470,000	2,320,000
- unutilised portion	2,433,603	2,117,043
- utilised portion	36,397	202,957

	Nine months ended 30 September 2021 (Un-audited) (Rupees in '000)	Quarter ended 30 September 2021 (Un-audited)
12. REVENUE FROM CONTRACT WITH CUSTOMERS - net		

Sale of goods (at a point in time)

Local				
- Manufacturing	4,624,116	4,164,178	1,481,102	1,514,783
- Trading	492,206	979,908	125,895	91,933
	5,116,322	5,144,086	1,606,997	1,606,716
Export	414,000	558,326	85,753	315,021
Less: Trade discounts	(287,968)	(667,607)	(120,324)	(89,450)
Sales returns	(30,174)	(33,199)	(16,503)	(11,988)
Sales tax	(17,434)	(10,297)	(8,476)	(2,661)
	(335,576)	(711,103)	(145,303)	(104,099)
	5,194,746	4,991,309	1,547,447	1,817,638

12.1 Included herein sales made to related parties amounting to Rs. 4,312 million (30 September 2020: Rs 3,957 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Nine months ended		Quarter ended	
	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
	(Rupees in '000)		(Rupees in '000)	
13. COST OF SALES				
Cost of sales – manufacturing				
Raw and packing materials consumed				
Opening stock	600,774	556,869	759,663	699,783
Purchases	1,341,790	1,509,896	294,524	583,208
Available for consumption	1,942,564	2,066,765	1,054,187	1,282,991
Closing stock	(747,040)	(849,724)	(747,040)	(849,724)
Raw and packing material consumed	1,195,524	1,217,041	307,147	433,267
Manufacturing cost				
Salaries, wages and other benefits 13.1	409,155	328,839	134,824	115,724
Stores and spares consumed	12,208	10,599	4,120	3,159
Provision against slow moving and obsolete materials - net	49,280	89,884	1,904	91,143
Processing charges	9,530	7,296	3,053	2,822
Freight	1,923	2,513	1,096	842
Fuel, gas and electricity	97,188	82,620	35,785	33,394
Repairs and maintenance	48,065	32,571	15,892	10,083
Travelling and conveyance	10,659	14,958	3,221	3,140
Insurance	9,387	4,757	3,365	1,640
Laboratory expenses	21,619	12,789	11,843	3,058
Rates and taxes	1,253	1,500	648	226
Depreciation	75,845	69,924	25,871	23,907
Amortisation	1,644	707	611	373
Postage, telegraph and telephones	2,129	1,900	642	753
Printing and stationery	4,479	4,391	1,739	2,543
	754,364	665,248	244,614	292,807
	1,949,888	1,882,289	551,761	726,074
Work-in-process				
Opening stock	86,860	58,022	73,801	82,462
Closing stock	(67,031)	(65,123)	(67,031)	(65,123)
	19,829	(7,101)	6,770	17,339
Cost of goods manufactured	1,969,717	1,875,188	558,531	743,413
Finished goods				
Opening stock	217,995	217,846	259,391	205,198
Closing stock	(194,686)	(106,677)	(194,686)	(106,677)
	23,309	111,169	64,705	98,521
	1,993,026	1,986,357	623,236	841,934
Cost of samples for marketing and sales promotion	(51,727)	(39,727)	(20,125)	(15,495)
Cost of sales – trading				
Opening stock	376,498	201,774	244,068	292,166
Purchases	218,639	423,685	2,844	24,199
Closing stock	(140,334)	(273,036)	(140,334)	(273,036)
	454,803	352,423	106,578	43,329
	2,396,102	2,299,053	709,689	869,768

13.1 Included herein is a sum of Rs. 6.57 million (30 September 2020: Rs. 5.76 million) in respect of staff retirement benefits.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Note	Nine months ended		Quarter ended	
		30 September 2021 (Un-audited)	30 September 2020 (Un-audited)	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
		(Rupees in '000)		(Rupees in '000)	
14. ADMINISTRATIVE EXPENSES					
Salaries and other benefits 14.1	14.1	110,716	83,592	37,657	27,842
Travelling and conveyance		82	370	18	3
Printing and stationery		3,243	1,180	560	69
Directors' remuneration		9,700	2,550	2,875	1,050
Postage, telegrams and telephones		601	388	200	146
Legal and professional		38,575	21,133	(1,526)	7,318
Research cost		769	890	382	536
Repairs and maintenance		16,217	256	4,488	(1,291)
Software license renewals and maintenance fee		8,943	7,161	3,841	2,240
Subscription and fee		1,105	841	431	412
Advertisement		878	1,282	220	38
Auditors' remunerations		863	803	83	25
Donations		79,639	6,405	71,209	1,484
Insurance		850	333	323	126
Depreciation		16,349	6,686	8,221	2,169
Amortisation		5,399	3,849	2,001	1,340
Corporate social responsibility		6,412	-	1,574	-
Vehicle running expenses		444	189	128	72
		300,785	137,908	132,685	43,579

14.1 Included herein is a sum of Rs. 3.49 million (30 September 2020: Rs. 2.76 million) in respect of staff retirement benefits.

	Note	Nine months ended		Quarter ended	
		30 September 2021 (Un-audited)	30 September 2020 (Un-audited)	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
		(Rupees in '000)		(Rupees in '000)	
15. MARKETING AND SELLING EXPENSES					
Salaries and other benefits 15.1	15.1	558,419	474,570	175,838	181,264
Travelling and conveyance		152,253	125,855	49,931	55,215
Repairs and maintenance		3,749	2,942	1,865	1,897
Insurance		3,726	3,732	1,230	1,257
Depreciation		27,545	25,459	9,213	8,471
Amortisation		-	27	-	-
Printing and stationery		2,300	2,644	628	730
Samples		51,727	39,727	20,125	15,495
Sales promotion expenses		202,994	156,981	62,197	66,423
Meeting and conferences		38,808	9,090	18,395	1,829
Communication		12,212	10,617	3,336	3,493
Subscription		20,598	8,800	4,502	4,210
Freight, handling and transportation		61,032	29,178	17,786	15,556
		1,135,363	889,622	365,046	355,840

15.1 Included herein is a sum of Rs. 14.08 million (30 September 2020: Rs. 11.61 million) in respect of staff retirement benefits.

	Note	Nine months ended		Quarter ended	
		30 September 2021 (Un-audited)	30 September 2020 (Un-audited)	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
		(Rupees in '000)		(Rupees in '000)	
16. OTHER EXPENSES					
Workers' Profit Participation Fund		65,696	75,338	16,621	25,905
Workers' Welfare Fund		16,414	20,189	5,354	7,370
Central Research Fund		13,272	15,220	3,357	5,233
Exchange loss - net		3,477	35,320	11,325	(455)
Allowances for expected credit loss (net)		1,788	2,029	828	(3,271)
Assets written off		-	-	-	-
Loss on disposal of operating fixed assets - (net)		-	-	-	-
		100,647	148,096	37,485	34,782

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

17. OTHER INCOME

Income from financial assets

Markup on deposit accounts

Income from non-financial assets

Gain on sale of operating fixed assets (net)

Government grant

Scrap sales

Others

Nine months ended		Quarter ended	
30 September 2021	30 September 2020	30 September 2021	30 September 2020
(Un-audited)		(Un-audited)	
----- (Rupees in '000) -----		----- (Rupees in '000) -----	
14,637	8,491	2,002	1,136
4,700	1,487	(422)	576
16,490	5,421	4,208	5,421
4,140	4,088	1,300	1,460
431	-	378	-
25,761	10,996	5,464	7,457
40,398	19,487	7,466	8,593

18. CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for:

Depreciation

Amortisation

Allowances for expected credit losses

Gain on disposal of operating fixed assets - net

Assets written off

Mark-up on deposits accounts

Finance costs

Workers' Profit Participation Fund

Workers' Welfare Fund

Central Research Fund

Operating profit before working capital

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

30 September 2021		30 September 2020	
(Un-audited)		(Un-audited)	
----- (Rupees in '000) -----		----- (Rupees in '000) -----	
1,229,519	1,414,453		
119,739	102,069		
7,043	4,583		
1,788	2,029		
(4,700)	-		
-	(1,487)		
(14,637)	(8,491)		
72,728	121,664		
65,696	75,338		
16,414	20,189		
13,272	15,220		
277,343	331,114		
1,506,862	1,745,567		

19. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short-term borrowings

9	47,537	142,818
	(202,585)	-
	(155,048)	142,818

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

20. 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	Nine months ended		Quarter ended	
				30 September 2 0 2 1	30 September 2 0 2 0	30 September 2 0 2 1	30 September 2 0 2 0
				(Un-audited)		(Un-audited)	
				----- (Rupees in '000) -----			
Parent Company							
Aitkenstuart Pakistan (Private) Limited -Pakistan	Parent Company	52.98%	Dividend paid	148,350	296,701	-	-
Subsidiary Company							
OBS AGP (Private) Limited - Pakistan	Subsidiary Company	65.00%	Other receivable / expenditure incurred / paid by the Company on behalf of subsidiary	22,758		22,758	-
Associated Companies							
OBS Pakistan (Private) Limited - Pakistan (note 7.1)	Common directorship	NIL	Other receivable / Expenditure incurred / paid by the Company on behalf of associate	-	656	-	-
Aspin Pharma (Private) Limited- Pakistan	Common directorship	4.79%	Sale of goods	24,444	34,784	3,148	13,626
			Expenditure incurred / paid by the Company on behalf of associate	509	590	164	187
			Expenditure incurred / paid by the associate on behalf of the Company	8,330	9,538	4,216	6,044
			Dividend paid	13,400	26,800	-	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	4,287,457	3,921,403	1,393,660	1,432,589
			Settlement of amount incurred by the associate on behalf of the Company	93,291	53,547	28,418	20,308
			Dividend paid	37,920	75,840	-	-
OBS Green (Private) Limited - Pakistan	Common directorship	NIL	Purchase of PPE Kits	-	400	-	400
Staff retirement benefits - AGP Limited staff provident fund							
			Contribution paid	23,787	19,193	8,282	6,661
Key management personnel							
			Remuneration and other benefits	139,643	123,980	61,511	28,612
			Dividend paid	6	12	-	-
Directors							
			Board and other meeting fees	9,700	2,550	2,875	1,050
			Dividend paid	631	1,262	-	-
Others (due to common directorship)							
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	78,978	92,359	25,852	28,275
			Services / bank charges	16	5	-	-
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	31	32	12	7

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

21. INFORMATION ABOUT OPERATING SEGMENTS

21.1 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.

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

21.3 The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and trading goods is as follows:

30 September 2021	30 September 2020
----- (Rupees in '000)-----	
- Muller & Phipps Pakistan (Private) Limited	
<u>4,287,457</u>	<u>3,921,403</u>

21.4 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.

22. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 28 September 2021 by the Board of Directors of the Company.

23. GENERAL

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

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Chief Financial
Officer



Chief Executive
Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

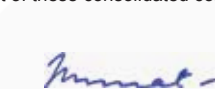
AS AT 30 SEPTEMBER 2021

		30 September 2021 (Unaudited)	31 December 2020 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,469,578	2,203,001
Intangible assets	5	8,858,622	5,397,875
Long-term deposits and receivables		15,335	14,339
		11,343,535	7,615,215
CURRENT ASSETS			
Stores, spares and loose tools		8,183	7,144
Stock-in-trade	6	1,537,234	1,184,441
Trade debts	7	865,092	705,290
Loans and advances		152,713	30,016
Trade deposits, prepayments and other receivables		23,444	31,157
Taxation – net		92,195	247,623
Cash and bank balances	8	121,285	369,780
		2,800,146	2,575,451
TOTAL ASSETS		14,143,681	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		6,244,776	5,410,326
Equity attributable to owners of the Company		9,044,776	8,210,326
Non-controlling interest		436,480	-
		9,481,256	8,210,326
NON-CURRENT LIABILITIES			
Long-term financings	9	2,668,418	399,732
Deferred grant		6,431	7,906
Gas infrastructure development cess		7,697	8,383
Deferred tax liabilities - net		77,428	56,201
		2,759,974	472,222
CURRENT LIABILITIES			
Trade and other payables		926,418	837,209
Unclaimed dividends		1,811	1,701
Accrued interest		52,089	3,870
Short-term borrowings		328,335	-
Current maturity of non-current liabilities		593,798	665,338
		1,902,451	1,508,118
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		14,143,681	10,190,666

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

		Nine months ended		Quarter ended	
	Note	30 September 2021	30 September 2020	30 September 2021	30 September 2020
		----- (Rupees in '000) -----			
Revenue from contracts with customers - net	11	5,940,196	4,991,309	2,292,897	1,817,638
Cost of sales	12	(2,755,808)	(2,299,053)	(1,069,395)	(869,768)
Gross profit		3,184,388	2,692,256	1,223,502	947,870
Administrative expenses	13	(327,702)	(137,908)	(159,602)	(43,579)
Marketing and selling expenses	14	(1,236,732)	(889,622)	(466,415)	(355,840)
Other expenses	15	(116,629)	(148,096)	(53,467)	(34,781)
Other income	16	45,983	19,487	12,726	8,593
Finance costs		(123,057)	(121,664)	(70,326)	(32,011)
		(1,758,137)	(1,277,803)	(737,084)	(457,618)
Profit before taxation		1,426,251	1,414,453	486,418	490,252
Taxation		(260,321)	(245,507)	(92,727)	(76,070)
Net profit for the period		1,165,930	1,168,946	393,691	414,182
Net profit attributable to:					
Owners of the Parent Company		1,114,450	-	342,211	-
Non-controlling interest		51,480	-	51,480	-
		1,165,930		393,691	
Earnings per share - basic and diluted		Rs. 3.98	Rs. 4.17	Rs. 1.22	Rs. 1.48

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	30 September 2021	30 September 2020
	(Rupees in '000)	
Net profit for the period	1,165,930	1,168,946
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	1,165,930	1,168,946
Total comprehensive income attributable to:		
Owners of the Parent Company	1,114,450	-
Non-controlling interest	51,480	-
	1,165,930	-

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Attributable to shareholders of the Parent Company			Non Controlling interest	Total Equity
	Share capital	Revenue reserve - Unappropriated profits	Total Reserves		
	Rupees in '000				
Balance as at 31 December 2019	2,800,000	4,662,899	7,462,899	-	7,462,899
Total comprehensive income for the period	-	1,168,946	1,168,946	-	1,168,946
Final dividend for the year ended 31 December 2019 @ Rs. 2 per share		(560,000)	(560,000)	-	(560,000)
Balance as at 30 September 2020	2,800,000	5,271,845	8,071,845	-	8,071,845
Balance as at 31 December 2020	2,800,000	5,410,326	8,210,326	-	8,210,326
Non controlling interest at acquisition			-	385,000	385,000
Profit for the period	-	1,114,450	1,114,450	51,480	1,165,930
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	1,114,450	1,114,450	51,480	1,165,930
Final dividend for the year ended 31 December 2020 @ Re. 1 per share	-	(280,000)	(280,000)	-	(280,000)
Balance as at 30 September 2021	2,800,000	6,244,776	9,044,776	436,480	9,481,256

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director



Chief Financial
Officer



Chief Executive
Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Note	30 September 2021 ----- (Rupees in '000) -----	30 September 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	1,160,018	1,172,729
Payments for:			
Finance costs		(74,838)	(130,426)
Income tax		(83,665)	(177,252)
Workers' Welfare Fund		(27,099)	-
Central Research Fund		(20,788)	(19,664)
Net cash flows generated from operating activities		953,628	845,387
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,858,316)	(220,812)
Proceeds from issue of share capital to Non Controlling Interest (NCI)		385,000	-
Proceeds from disposal of operating fixed assets		8,538	3,549
Long-term deposits and receivables		(996)	(1,360)
Interest income received		20,222	8,491
Net cash flows used in investing activities		(3,445,552)	(210,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(279,890)	(559,316)
Long-term financings received / (repaid)- net		2,194,984	(50,275)
Net cashflows used in / (generated from) financing activities		1,915,094	(609,591)
Net increase in cash and cash equivalents		(576,830)	25,664
Cash and cash equivalents at the beginning of the period		369,780	117,154
Cash and cash equivalents at the end of the period		(207,050)	142,818

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

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

1. The Group and its operations

1.1 The Group Consists of :

- AGP Limited ("the Company");
- OBS AGP (Private) Limited (the "OBS AGP").

1.2 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.

1.3 As of reporting date, Aitkenstuart Pakistan (Private) Limited (parent company) holds 52.98% (2020: 52.98%) of the share capital of the Company and West End 16 Pte Limited, Singapore is the ultimate parent company.

1.4 OBS AGP is incorporated in Pakistan as a private limited company and is a 65% owned subsidiary of the Company. The principal activities of OBS AGP include import, marketing, export, dealership, distribution and wholesale of all kinds of pharmaceutical products.

The condensed interim consolidated financial statements comprise the consolidated statement of financial position of AGP Limited and its subsidiary company, OBS AGP (Private) Limited as at 30 September 2021 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes forming part thereof. Further, comparatives comprise of unconsolidated figures from the standalone financial statement of AGP Limited since the subsidiary was acquired on 14 July 2021.

1.5 Geographical location and addresses of major business units of the Group are as under:

Location	Purpose
a) The company	
B-23C, S.I.T.E, Karachi	Head Office and Production Plant
D-109, S.I.T.E, Karachi	Production Plant
F/46, S.I.T.E Superhighway Phase II, Karachi	Production plant
b) OBS AGP	
2nd Floor, B-23C, S.I.T.E, Karachi	Registered office

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of preparation

2.2.1 These consolidated condensed interim financial statements 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 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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

In preparing these consolidated condensed interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended 31 December 2020. the Group'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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 New / amended standards and improvements

New standards, amendments, interpretations and improvements to approved accounting standards and the framework for financial reporting that became effective during the year.

The Group has adopted the following amendments to International Financial Reporting Standards (IFRS) and the framework for financial reporting which became effective for the current period.

IFRS3 - Business Combinations - Definition of a Business (Amendments)
IFRS9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8 - Definition of Material (Amendments)
Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the consolidated condensed interim financial statements.

3.2 COVID-19 impact on the Group'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 Group's supply chain partners, workforce, facilities and operations. the Group 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 Group continues to monitor the rapidly evolving situation closely, including the potential impacts on revenue, supply chain continuity, employees and operations. The Group has taken effective measures for proactive inventory management to develop alternate and reliable vendor sources and built inventory levels to ensure supplies of goods in the short to medium term.

Further, the Group 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 Group to address workforce safety, promote labour mobility and sustain remote working capability to ensure uninterrupted production and hence availability of our medicines for patients.

3.3 Revenue from contract with customers

The Group 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 Group.

Given the current economic condition due to COVID-19 outbreak, the Group budgeted revenue for FY 2021 from ongoing and future contracts with customers was affected in the first nine months of the year.

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Note	(Rupees in '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	2,200,238	1,858,858
Capital work-in-progress	4.2	269,340	344,143
		<u>2,469,578</u>	<u>2,203,001</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)			
Factory building	5,677	42,651	699	-
Office building	259,815	-	181	-
Plant & machinery	24,325	27,048	1,489	-
Furniture & fixtures	25,494	1,659	-	-
Motor vehicles	32,058	45	4,998	2,065
Office equipment	9,847	6,862	20	-
Gas and electrical fittings	37,842	3,591	-	-
Refrigerator and air conditioner	21,741	5,485	91	-
Laboratory equipment	24,845	329	-	-
Computers & related accessories	27,650	14,433	183	-
	<u>469,294</u>	<u>102,103</u>	<u>7,661</u>	<u>2,065</u>

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Note	(Rupees in '000)	

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

Opening balance		344,143	130,492
Additions during the period / year	4.2.1	403,626	380,568
Transferred during the period / year to:			
- operating fixed assets		(469,294)	(157,753)
- intangible assets		(9,135)	(9,164)
Closing balance		<u>269,340</u>	<u>344,143</u>

4.2.1 Capital work-in-progress comprise of:

	Additions (at cost)		Closing Balance	
	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Note	(Rupees in '000)			
Buildings - factory / office	109,095	170,701	53,190	209,587
Plant and machinery	43,804	70,223	96,700	77,221
Furniture and fixtures	10,069	18,195	-	15,425
Motor vehicles	80,066	27,967	50,525	2,517
Office equipment	10,260	9,572	413	-
Gas and electrical fittings	37,842	3,591	-	-
Refrigerator and air conditioner	288	26,796	108	21,561
Laboratory equipment	24,239	11,596	2,099	2,705
Computers and related accessories	25,195	20,344	254	2,709
Solar panels	50,157	5,498	55,655	5,498
Softwares	12,611	16,085	10,396	6,920
	<u>403,626</u>	<u>380,568</u>	<u>269,340</u>	<u>344,143</u>

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Note	(Rupees in '000)	

5. INTANGIBLE ASSETS

Goodwill		743,226	743,226
Trademarks - indefinite	5.1	8,097,785	4,641,087
Computer software		17,611	13,562
		<u>8,858,622</u>	<u>5,397,875</u>

5.1 During the period, the subsidiary company has acquired a portfolio of 22 Pharmaceutical brands from Sandoz AG, a company organized under the laws of Switzerland, which are commercialized in Pakistan under the Sandoz brand.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

		30 September 2021 (Unaudited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
6. STOCK-IN-TRADE			
Raw and packing materials			
In hand	6.1	695,811	568,332
In transit		51,212	32,442
		747,023	600,774
Work-in-process		67,031	86,860
Finished goods			
- Manufacturing		194,686	217,995
- Trading		580,627	376,498
		775,313	594,493
Provision for obsolescence and slow moving stock	6.3	(52,133)	(97,686)
	6.2	1,537,234	1,184,441
6.1	Included herein items having value of Rs. 24.97 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).		
6.3	Provision for obsolescence and slow moving stock is as follows:	Note	
		30 September 2021 (Un-audited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
	Opening balance	97,686	21,110
	Provision made during the year - net	73,579	93,270
	Written off during the year	(119,132)	(16,694)
	6.3.1	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.		
7. TRADE DEBTS - unsecured			
	Note	30 September 2021 (Un-audited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
Related parties			
- Aspin Pharma (Private) Limited		-	3,140
- Muller & Phipps Pakistan (Private) Limited		807,484	654,779
		807,484	657,919
Others than related parties	7.1	60,300	48,275
		867,784	706,194
Less: Allowances for expected credit losses	7.2	(2,692)	(904)
		865,092	705,290
7.1	These balances include a balance receivable from OBS Pakistan (Private) Limited (OBS) of Rs. Nil (31 December 2020 : Rs. 3.49 million) which was a related party as on 31 December 2020, however, as on 30 September 2021 OBS is no longer a related party of the Group.		
7.2	The movement in allowance for expected credit losses:	Note	
		30 September 2021 (Un-audited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
	Opening Balance	904	1,224
	Allowance for expected credit losses for the period (net)	1,788	(320)
	Closing balance	2,692	904

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Note	30 September 2021 (Un-audited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
8. CASH AND BANK BALANCES			
Cash at banks			
Current accounts			
- local currency		97,603	66,854
- foreign currency		395	346
Deposit accounts	8.1	22,502	301,757
		120,500	368,957
Cash in hand		785	823
		121,285	369,780
8.1	These carry profit at the rates ranging from 3.27% to 7.78 % (2020: 7.43 % to 11.25%) 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 & 9.3 to these condensed interim consolidated 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.		
9.3	OBS AGP had obtained long-term finance of Rs. 2,600 million through the issuance of Sukuk certificates repayable in quarterly instalments commencing 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 of AGP Limited to the extent of Rs. 2,600 million and the charge through pledge of shares of AGP Limited held by Aitkenstuart Pakistan (Private) Limited to the extent of Rs. 1,400 Million.		
10. CONTINGENCIES AND COMMITMENTS			
10.1 CONTINGENCIES			
	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.		
10.1.1 Bank Guarantees			
		30 September 2021 (Unaudited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
- 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 September 2021, capital expenditure contracted for but not incurred amounted to Rs 180.11 million (31 December 2020: Rs 95.67 million).		
10.2.2 Letters of credit			
		30 September 2021 (Unaudited) ------(Rupees in '000)-----	31 December 2020 (Audited) ------(Rupees in '000)-----
Letters of credit			
- limit		2,470,000	2,320,000
- unutilised portion		2,433,603	2,117,043
- utilised portion		36,397	202,957

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Nine months ended		Quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)			
11. REVENUE FROM CONTRACT WITH CUSTOMERS - net				
Sale of goods (at a point in time)				
Local				
- Manufacturing	4,624,116	4,164,178	1,481,102	1,514,783
- Trading	1,268,239	979,908	901,928	91,933
	5,892,355	5,144,086	2,383,030	1,606,716
Export	414,000	558,326	85,753	315,021
Less: Trade discounts	(318,551)	(667,607)	(150,907)	(89,450)
Sales returns	(30,174)	(33,199)	(16,503)	(11,988)
Sales tax	(17,434)	(10,297)	(8,476)	(2,661)
	(366,159)	(711,103)	(175,886)	(104,099)
	5,940,196	4,991,309	2,292,897	1,817,638
12. COST OF SALES				
Cost of sales – manufacturing				
Raw and packing materials consumed				
Opening stock	600,774	556,869	759,663	699,783
Purchases	1,344,634	1,509,896	297,368	583,208
Available for consumption	1,945,408	2,066,765	1,057,031	1,282,991
Closing stock	(747,040)	(849,724)	(747,040)	(849,724)
Raw and packing material consumed	1,198,368	1,217,041	309,991	433,267
Manufacturing cost				
Salaries, wages and other benefits	409,155	328,839	134,824	115,724
Stores and spares consumed	12,208	10,599	4,120	3,159
Provision against slow moving and obsolete materials - net	49,280	89,884	1,904	91,143
Processing charges	9,530	7,296	3,053	2,822
Freight	3,342	2,513	2,515	842
Fuel, gas and electricity	97,188	82,620	35,785	33,394
Repairs and maintenance	48,065	32,571	15,892	10,083
Travelling and conveyance	10,659	14,958	3,221	3,140
Insurance	9,387	4,757	3,365	1,640
Laboratory expenses	21,619	12,789	11,843	3,058
Rates and taxes	1,253	1,500	648	226
Depreciation	75,845	69,924	25,871	23,907
Amortisation	1,644	707	611	373
Postage, telegraph and telephones	2,129	1,900	642	753
Printing and stationery	4,481	4,391	1,741	2,543
	755,785	665,248	246,035	292,807
	1,954,153	1,882,289	556,026	726,074
Work-in-process				
Opening stock	86,860	58,022	73,801	82,462
Closing stock	(67,031)	(65,123)	(67,031)	(65,123)
	19,829	(7,101)	6,770	17,339
Cost of goods manufactured	1,973,982	1,875,188	562,796	743,413
Finished goods				
Opening stock	217,995	217,846	259,391	205,198
Closing stock	(194,686)	(106,677)	(194,686)	(106,677)
	23,309	111,169	64,705	98,521
	1,997,291	1,986,357	627,501	841,934
Cost of samples for marketing and sales promo	(65,418)	(39,727)	(33,816)	(15,495)
Cost of sales – trading				
Opening stock	376,498	201,774	244,068	292,166
Purchases	1,028,064	423,685	812,269	24,199
Closing stock	(580,627)	(273,036)	(580,627)	(273,036)
	823,935	352,423	475,710	43,329
	2,755,808	2,299,053	1,069,395	869,768

12.1 Included herein is a sum of Rs. 6.57 million (30 September 2020: Rs. 5.76 million) in respect of staff retirement benefits.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

	Note	30 September 2021	30 September 2020	30 September 2021	30 September 2020
		(Rupees in '000)		(Rupees in '000)	
13. ADMINISTRATIVE EXPENSES					
Salaries and other benefits	13.1	113,362	83,592	40,303	27,842
Travelling and conveyance		82	370	18	3
Printing and stationery		3,243	1,180	560	69
Directors' remuneration		9,700	2,550	2,875	1,050
Postage, telegrams and telephones		602	388	201	146
Legal and professional		46,422	21,133	6,321	7,318
Research cost		769	890	382	536
Repairs and maintenance		26,523	256	14,794	(1,291)
Software license renewals and maintenance fee		10,288	7,161	5,186	2,240
Subscription and fee		5,505	841	4,831	412
Advertisement		878	1,282	220	38
Auditors' remunerations		863	803	83	25
Donations		79,639	6,405	71,209	1,484
Insurance		1,132	333	605	126
Depreciation		16,437	6,686	8,309	2,169
Amortisation		5,401	3,849	2,003	1,340
Corporate social responsibility		6,412	-	1,574	-
Vehicle running expenses		444	189	128	72
		327,702	137,908	159,602	43,579
13.1	Included herein is a sum of Rs. 3.51 million (30 September 2020: Rs. 2.76 million) in respect of staff retirement benefits.				
14. MARKETING AND SELLING EXPENSES					
Salaries and other benefits	14.1	600,675	474,570	218,094	181,264
Travelling and conveyance		154,457	125,855	52,135	55,215
Repairs and maintenance		4,768	2,942	2,884	1,897
Insurance		3,726	3,732	1,230	1,257
Depreciation		27,827	25,459	9,495	8,471
Amortisation		-	27	-	-
Printing and stationery		2,314	2,644	642	730
Samples		65,418	39,727	33,816	15,495
Sales promotion expenses		224,994	156,981	84,197	66,423
Meeting and conferences		57,239	9,090	36,826	1,829
Communication		13,655	10,617	4,779	3,493
Subscription		20,598	8,800	4,502	4,210
Freight, handling and transportation		61,061	29,178	17,815	15,556
		1,236,732	889,622	466,415	355,840
14.1	Included herein is a sum of Rs. 15.43 million (30 September 2020: Rs. 11.61 million) in respect of staff retirement benefits.				
15. OTHER EXPENSES					
Workers' Profit Participation Fund		76,234	75,338	27,159	25,905
Workers' Welfare Fund		19,908	20,189	8,848	7,370
Central Research Fund		13,272	15,220	3,357	5,233
Exchange loss - net		5,427	35,320	13,275	(455)
Allowances for expected credit loss (net)		1,788	2,029	828	(3,272)
		116,629	148,096	53,467	34,781

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

Note	30 September 2021 ------(Rupees in '000)-----	30 September 2020	30 September 2021 ------(Rupees in '000)-----	30 September 2020
16. OTHER INCOME				
Income from financial assets				
Markup on deposit accounts	20,222	8,491	7,587	1,136
Income from non-financial assets				
Gain on sale of operating fixed assets (net)	4,700	1,487	(422)	576
Exchange gain – net	-	-	-	-
Government grant	16,490	5,421	4,208	5,421
Scrap sales	4,140	4,088	1,300	1,460
Others	431	-	53	-
	25,761	10,996	5,139	7,457
	45,983	19,487	12,726	8,593

17. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,426,251	1,414,453
Adjustments for:		
Depreciation	120,109	102,069
Amortisation	7,045	4,583
Allowances for expected credit losses	1,788	2,029
Gain on disposal of operating fixed assets	(4,700)	-
Assets written off	-	(1,487)
Mark-up on deposits accounts	(20,222)	(8,491)
Finance costs	123,057	121,664
Workers' Profit Participation Fund	76,234	75,338
Workers' Welfare Fund	19,908	20,189
Central Research Fund	13,272	15,220
	336,491	331,114
Operating profit before working capital	1,762,742	1,745,567
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(1,039)	309
Stock-in-trade	(352,793)	(177,287)
Trade debts	(161,590)	(184,634)
Loans and advances	(122,697)	(31,428)
Trade deposits, prepayments and	7,019	4,382
	(631,100)	(388,658)
(Decrease) / increase in current liabilities		
Trade and other payables	28,376	(184,180)
	1,160,018	1,172,729
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	121,285	142,818
Short-term borrowings	(328,335)	-
	(207,050)	142,818

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

19. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group 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 Consolidated financial statements, are as follows:

Name and country of Incorporation	Basis of relationship	% of shares held by related parties	Nature of transactions	Nine months ended		Quarter ended	
				30 September 2021 (Un-audited)	30 September 2020 (Un-audited)	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
----- (Rupees in '000) -----							
Parent Company							
Aitken Stuart Pakistan (Private) Limited -Pakistan	Parent Company	52.98%	Dividend paid	148,350	296,701	-	-
Associated Companies							
OBS Pakistan (Private) Limited - Pakistan (note 7.1)	Common directorship	NIL	Expenditure incurred / paid by the Group on behalf of associate	-	656	-	-
Aspin Pharma (Private) Limited- Pakistan	Common directorship	4.79%	Sale of goods	24,444	34,784	3,148	13,626
			Expenditure incurred / paid by the Group on behalf of associate	509	590	164	187
			Expenditure incurred / paid by the associate on behalf of the Group	8,330	9,538	4,216	6,044
			Dividend paid	13,400	26,800	-	-
Muller and Phipps Pakistan (Private) Limited - Pakistan	Common directorship	13.54%	Sale of goods	4,857,746	3,921,403	1,963,949	1,432,589
			Settlement of amount incurred by the associate on behalf of the Group	119,275	53,547	54,402	20,308
			Dividend paid	37,920	75,840	-	-
OBS Green (Private) Limited - Pakistan	Common directorship	NIL	Purchase of PPE Kits	-	400	-	400
Staff retirement benefits - AGP Limited staff provident fund				25,170	19,193	9,665	6,661
Key management personnel				151,071	123,980	72,939	28,612
			Dividend paid	6	12	-	-
Directors				9,700	2,550	2,875	1,050
			Board and other meeting fees	631	1,262	-	-
Others (due to common directorship)				78,978	92,359	25,852	28,275
Dubai Islamic Bank Limited - Pakistan			Repayment of long-term financings	16	5	-	-
			Services / bank charges				
Muller and Phipps Express Logistics (Private) Limited - Pakistan			Services incurred	31	32	12	7

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UN-AUDITED)

20. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Group are organised into one operating segment i.e. manufacture and sale of pharmaceutical products. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Group are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these consolidated condensed interim financial statements are related to the Group's only reportable segment in Pakistan.

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

The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue related to manufactured and trading goods is as follows:

	30 September 2021 ----- (Rupees in '000)-----	30 September 2020 ----- (Rupees in '000)-----
- Muller & Phipps Pakistan (Private) Limited	<u>4,857,746</u>	<u>3,921,403</u>

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

21. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue on 28 September 2021 by the Board of Directors of the Company.

22. GENERAL

- 22.1 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



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