



Half Yearly **REPORT** JUNE **2018**



AGP
we value life

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COMPANY INFORMATION

Board of Directors

Mr. Tariq Moinuddin Khan – Chairman
Mr. Naved Abid Khan
Mr. Zafar Iqbal Sobani
Mr. Kamran Nishat
Ms. Nusrat Munshi - Chief Executive Officer
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Chief Financial Officer

Mr. Junaid Aslam

Company Secretary

Mr. Umair Mukhtar

Head of Internal Audit

Mr. Shahzaib Tariq

Auditors

EY Ford Rhodes – Chartered Accountants

Legal Advisors

Sattar & Sattar

Bankers

Faysal Bank Limited
United Bank Limited
MCB Islamic Bank Limited
JS Bank Limited
Dubai Islamic Bank
The Bank Of Punjab

Audit Committee

Mr. Naved Abid Khan – Chairman
Mr. Kamran Nishat
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Human Resource & Remuneration Committee

Mr. Zafar Iqbal Sobani – Chairman
Ms. Nusrat Munshi
Mr. Mahmud Yar Hiraj
Mr. Muhammad Kamran Mirza

Share Registrar

Central Depository Company of Pakistan Limited

Registered Office and Plants

Registered Office / Plant – I
B-23-C, SITE Area, Karachi
Tel: +9221 111-247-247
Fax: +9221 32570678

Plant – II

D-109, SITE Area, Karachi
Tel: +9221 32572695 & 32563598
Fax: +9221 32564670

Website and email

www.agp.com.pk
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, 2018.

Operating Results of the Company

The Company remains committed to the objective of maximizing the shareholders' value by optimum utilization of available resources to achieve operational excellence with specific focus on quality and compliance. As a result of these efforts, the sales revenue at Rs. 2,866 million registered a growth of 22.3% in comparison to the sales revenue of Rs. 2,343 million in the corresponding period last year. The robust increase in sales was mainly on the back of large government institutional order for the Hepatitis C products and due to healthy offtake in the overall portfolio of the company. The Company also launched four new products during the first half year in the anti-infective therapeutic class and hepatology. The better sales performance has led gross profit to escalate to Rs. 1,581 million against Rs. 1,405 million in the corresponding period last year, which represents an increase of 12.5%.

The marketing and selling expenses have increased by 24.5% in line with increase of field force staff to support the sales growth targets along with inflationary impact and higher expenses associated with new product launches. The other operating expenses have risen by 36.9% mainly on account of exchange loss resulting from significant depreciation of Pak Rupee against US Dollar. The administrative expenses were well controlled despite business growth and general inflationary pressures and reflected a modest decrease of 0.5% when compared to the corresponding period in 2017. The Company converted its syndicate financing into sukuk certificates in June 2017. The lower markup spreads on the sukuk along with reduction in the principal debt amount have reduced the financial cost of the Company by 46.4% during the period.

The robust topline along with lower financial cost translated in to a profit before tax of Rs. 801 million over Rs. 681 million in the corresponding period last year, representing an increase of 17.6%. The encouraging results yielded earnings per share of Rs. 2.42 for the half year ended June 30 2018, as opposed to Rs. 2.15 in the corresponding period in 2017.


Future Outlook

The economy of the country has been under pressure with widening current account deficit and depletion in FCY reserves on the back of rising imports due to higher oil prices and stagnant exports. The Pak Rupee has seen a devaluation of over 20% in the last six months as a result these pressures. Month on month inflation rates are also on the rise and the State Bank of Pakistan has increased the key interest rates by 175 basis points since January 2018 in order to arrest the rising inflation. Going forward, the adoption of appropriate fiscal and monetary policy to enhance exports and curb imports is likely to improve the situation of current account deficit and stabilize the currency. Further, the Chinese Pakistan Economic Corridor (CPEC) is likely to boost the economy and there is an expectation that Foreign Direct Investment will improve because of CPEC related inflows.

The impact of Pak Rupee depreciation is a major cost escalation for the pharmaceutical industry in general, where approximately 95% of the active pharmaceutical ingredients used in manufacturing of the drug are imported. This impact is mitigated to a certain extent by the annual inflationary price increase allowed as per the new drug pricing policy issued by the Drug Regulatory Authority of Pakistan in June 2018. The Company remains optimistic about the future outlook of the business given its internal economies of scale, strength and growth of current product mix along with a strong new product pipeline. The Company is determined to explore new avenues of growth in both domestic and export markets. The focus on new product launches will continue and the Company has plans to launch at least four new products in the second half of 2018. Also, given the overall present low per capita spent on health care and the essential nature of the industry, the future prospects remain strong.

Acknowledgment

We would like to thank our valued customers and other stakeholders for their continued support and patronage. We would also like to thank all our employees for their sincere commitment and efforts to help the Company in achieving its objectives for the period under review.



Nusrat Munshi
Chief Executive Officer



Muhammad Kamran Mirza
Director

ڈائریکٹروں کا جائزہ برائے ممبران

ہم انتہائی مسرت کے ساتھ ڈائریکٹروں کی جانب سے کمپنی کی ششماہی اختتام پذیر 30 جون 2018 سے متعلق کمپنی غیر آڈٹ شدہ مرتکز عبوری مالیاتی معلومات آپکی خدمت میں پیش کر رہے ہیں۔

کمپنی کے کاروباری نتائج

کمپنی اپنے بنیادی مقصد یعنی حصص داران کی سرمایہ کاری کی قدر میں اضافے کیلئے پر عزم ہے اور اس مقصد کے حصول کی خاطر تمام تر دستیاب وسائل کو بھرپور انداز سے زیر استعمال لانے کیلئے کوشاں ہے تا کہ کاروباری عمل میں بہترین کارکردگی کا مظاہر کیا جا سکے اور بالخصوص اعلیٰ معیار اور قواعد کی پاسداری پر توجہ مرکوز کی جائے۔ انہی کوششوں کا نتیجہ ہے کہ گزشتہ سال کی آمدن از فروخت 2,343 ملین روپے کے مقابلے میں رواں سال آمدن از فروخت 2,886 ملین روپے درج کی گئی ہے اور اس طرح اس سال آمدن از فروخت میں 22.3% کا اضافہ درج کیا گیا ہے۔ آمدن از فروخت میں درج کئے جانے والے اس زبردست اضافے کی وجہ سرکاری اداروں کی جانب سے بیٹاٹنٹس سی کی مصنوعات کے بڑے پیمانے پر ملنے والے آرڈر تھے اور اس کے علاوہ اس کا سپرا کمپنی کی جانب سے مصنوعات کے ضمن میں پیش کیا جانے والا بہتر امتزاج بھی تھا۔ نیز کمپنی کی جانب سے پہلی ششماہی کے دوران بیٹا ٹو لوجی اور اینٹی انفیکٹیو تھیراپیوٹک کلاس میں چار نئی مصنوعات کو بھی متعارف کروایا گیا ہے۔ فروخت کے سلسلے میں بہتر کارکردگی کی وجہ سے گزشتہ سال کے خام منافع 1,405 ملین روپے کے مقابلے میں اس سال کمپنی کا خام منافع 1,581 ملین روپے درج کیا گیا ہے جو گزشتہ سال کے مقابلے میں 12.5% زائد ہے۔

فروخت میں اضافے کے اہداف کے حصول کیلئے اسی تناسب سے میدان عمل میں مصروف افرادی قوت میں اضافہ کیا گیا ہے جس کی وجہ سے مارکنگ اور فروختگی کے اخراجات میں 24.5% اضافہ درج کیا گیا ہے اس کے ساتھ ساتھ افراط زر اور متعارف کروائی گئی نئی مصنوعات پر آنے والے اخراجات کے اثرات بھی اس اضافے میں شامل ہیں۔ اس کے علاوہ دیگر کاروباری اخراجات میں شرح مبادلہ کی مد میں 36.9% کا اضافہ درج کیا گیا ہے جس کی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں آنے والی زبردست کمی تھی۔ البتہ انتظامی امور پر آنے والے اخراجات کو زبردست انداز سے قابو میں رکھا گیا اور کاروباری حجم میں اضافے اور افراط زر میں اضافے کے باوجود 2017 کے مقابلے میں اس سال انتظامی اخراجات میں محض 0.5% کمی درج کی گئی ہے۔ کمپنی کی جانب سے اپنی سنڈیکٹ فنانسنگ کو جون 2017 میں سکوک سرٹیفیکیشن میں تبدیل کر دیا گیا ہے۔ سکوک پر شرح سود کے پھیلاؤ میں کمی اور اصل قرضوں کے حجم میں آنے والی کمی کی وجہ سے کمپنی تمویلی لاگت میں اس سال 46.4% کمی واقع ہوئی ہے۔

کمپنی کی منفعت میں زبردست اضافے اور تمویلی لاگت میں کمی کے باعث کمپنی کا منافع قبل از ٹیکس 801 ملین روپے درج کیا گیا ہے جبکہ گزشتہ برس یہ منافع 681 ملین روپے درج کیا گیا تھا، اس طرح اس منافع میں 17.6% کا اضافہ درج کیا گیا ہے۔ اسی طرح منافع میں اس زبردست اضافے کے باعث 30 جون 2018 کو ختم ہونے والی ششماہی میں آمدن فی حصص 2.42 روپے رہی جبکہ 2017 کی ششماہی کے دوران آمدن فی حصص 2.15 درج کی گئی تھی۔

مستقبل پر نظر

نیل کی بڑھتی ہوئی قیمتوں کی وجہ سے درآمدات میں اضافے اور برآمدات میں کمی کی وجہ پاکستان کی معیشت دباؤ کا شکار رہی اور کرنٹ اکاؤنٹ کا خسارہ بڑھنے کے ساتھ ساتھ غیر ملکی کرنسی کے ذخائر میں بھی کمی واقع ہوئی ہے۔ معیشت پر اس دباؤ کی وجہ سے دسمبر 2017 سے اب تک پاکستانی کرنسی کی قدر میں 20% تک کمی واقع ہوئی ہے۔ ہر ماہ افراط زر کی شرح میں بھی اضافہ درج کیا گیا ہے اور اسٹیٹ بینک آف پاکستان کی جانب سے افراط زر پر قابو پانے کیلئے اہم شرح سود میں جنوری 2018 سے اب تک 175 پوائنٹس کا اضافہ کیا گیا ہے۔ مزید برآں، اگر ایک ایسی مالیاتی اور مالی پالیسی مرتب کی جائے جس میں درآمدات میں کمی لانے اور برآمدات میں اضافے پر توجہ دی جائے تو کرنٹ اکاؤنٹ کے خسارے میں کمی لانے کے ساتھ ساتھ ملک کی کرنسی میں توازن بھی پیدا کیا جا سکتا ہے۔ اس کے علاوہ پاک چین معاشی راہداری کی وجہ سے بھی پاکستان کی معیشت میں زبردست استحکام پیدا ہونے کے امکانات روشن ہیں اور براہ راست غیر ملکی سرمایہ کاری کی وجہ سے سی پیک سے متعلقہ رقوم کی ترسیل میں بھی بہتری آئے گی۔

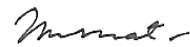
عمومی طور پر پاکستانی روپے کی قدر میں آنے والی کمی کے باعث دواسازی کی صنعت کی لاگت میں اضافہ ہو جا تا ہے کیونکہ دواسازی کی صنعت میں استعمال کئے جانے والے اجزائے ترکیبی میں سے تقریباً 95% اجزاء کو درآمد کیا جا تا ہے۔ تاہم ڈرگ ریگولیٹری اتھارٹی آف پاکستان کی جانب سے جون 2018 میں جاری کی گئی نئی ڈرگ پرائسنگ پالیسی کے مطابق ان منفی اثرات کو کم کرنے کیلئے افراط زر کی بنیاد پر دواساز کمپنیوں کو قیمت فروخت بڑھانے کی اجازت دی گئی ہے۔ کمپنی اس بات کے لئے بھی پر عزم ہے کہ مقامی اور بین الاقوامی مارکیٹوں میں کاروبار کیلئے نئی نئی راہیں تلاش کی جائیں۔ کمپنی کی جانب سے نت نئی مصنوعات کو متعارف کروانے کا سلسلہ جاری رہے گا، البتہ فی الحال کم از کم چار مصنوعات اس وقت زیر غور ہیں جنہیں مالی سال 2018 کی دوسری ششماہی میں متعارف کروائے جانے کا منصوبہ ہے۔ اس کے علاوہ مجموعی طور پر صحت پر کئے جانے والے موجودہ فی کس اخراجات کی کم از کم سطح اور صنعت کی بنیادی حیثیت کو مد نظر رکھتے ہوئے بھی مستقبل میں کاروبار کے امکانات تابناک ہیں۔

اظہار تشکر

ہم اپنے تمام معزز صارفین اور دیگر شراکت داروں کی جانب سے انکی حمایت اور سرپرستی کیلئے انکے بے حد مشکور ہیں۔ ہم اپنے تمام ملازمین کے بھی بے حد مشکور ہیں کہ زیر نظر عرصے کے دوران مقرر شدہ اہداف کے حصول کیلئے ان کی جانب سے مخلصانہ کوششیں کی گئیں۔



محمد کامران مرزا
ڈائریکٹر



نصرت منشی
چیف ایگزیکٹو آفیسر

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** (the Company) as at **30 June 2018** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and fair presentation of these 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the notes forming part thereof for the quarters ended 30 June 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2018.

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 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' report is Khurram Jameel.



Chartered Accountants

Place: Karachi

Date: 02 August 2018

AGP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
ASSETS		----- Rupees -----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,663,866,645	1,478,640,526
Intangible assets	5	5,385,221,276	5,385,439,685
Long-term loans and deposits		12,308,079	10,852,332
		7,061,396,000	6,874,932,543
CURRENT ASSETS			
Stores, spares and loose tools		6,896,635	6,722,750
Stock-in-trade	6	670,026,610	669,648,797
Trade debts	7	566,128,062	466,747,651
Loans and advances		61,328,970	48,196,130
Trade deposits and other receivables		12,186,720	7,148,088
Taxation – net		425,841,877	423,380,485
Cash and bank balances	8	65,735,466	30,304,370
		1,808,144,340	1,652,148,271
TOTAL ASSETS		8,869,540,340	8,527,080,814
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 350,000,000 (2017: 350,000,000) Ordinary shares of Rs.10/- each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital 280,000,000 Ordinary shares of Rs.10/- each fully paid in cash		2,800,000,000	2,800,000,000
Unappropriated profit		3,037,412,574	2,710,935,227
		5,837,412,574	5,510,935,227
NON-CURRENT LIABILITIES			
Deferred taxation		39,454,697	41,052,938
Long term financing		1,432,531,968	1,672,773,277
		1,471,986,665	1,713,826,215
CURRENT LIABILITIES			
Trade and other payables		711,594,970	800,942,995
Accrued interest		11,600,697	11,776,377
Short-term borrowings	9	347,345,434	-
Current maturity of long-term financing		489,600,000	489,600,000
		1,560,141,101	1,302,319,372
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		8,869,540,340	8,527,080,814

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive



Director




Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 30 JUNE 2018
(UN-AUDITED)

	Note	Half-year ended		Quarter-ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		----- Rupees -----			
Sales	11	2,866,287,235	2,342,915,111	1,312,137,987	1,178,579,232
Cost of sales	12	(1,285,494,936)	(938,128,039)	(534,480,343)	(479,892,642)
Gross profit		1,580,792,299	1,404,787,072	777,657,644	698,686,590
Administrative expenses		(53,234,436)	(53,497,862)	(31,503,750)	(31,231,673)
Marketing and selling expenses	13	(561,564,345)	(450,954,981)	(307,724,221)	(232,003,551)
Other expenses		(78,688,049)	(57,476,556)	(48,209,205)	(29,093,329)
Other income		8,245,670	14,194,258	4,389,025	6,880,930
Operating profit		895,551,139	857,051,930	394,609,493	413,238,967
Finance costs	14	(94,182,980)	(175,585,852)	(45,640,078)	(105,859,330)
Profit before taxation		801,368,159	681,466,079	348,969,415	307,379,637
Taxation					
- Current		126,489,052	75,842,218	69,414,308	32,877,449
- Deferred		(1,598,240)	2,265,831	(5,042,700)	3,409,347
		(124,890,812)	(78,108,049)	(64,371,608)	(36,286,796)
Net profit for the period		676,477,347	603,358,030	284,597,807	271,092,841
Earnings per share – basic and diluted		Rs. 2.42	Rs. 2.15	Rs. 1.02	Rs. 0.97

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive



Director

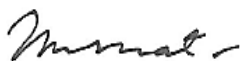


Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2018
(UN-AUDITED)

	Half-year ended		Quarter-ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	----- Rupees -----			
Net profit for the period	676,477,347	603,358,030	284,597,807	271,092,841
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	676,477,347	603,358,030	284,597,807	271,092,841

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive



Director

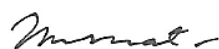


Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018
(UN-AUDITED)

	30 June 2018	30 June 2017
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	801,368,159	681,466,079
Adjustments for:		
Depreciation	47,132,298	43,839,071
Amortisation	275,409	9,050,852
Finance costs	94,182,980	164,826,608
(Gain) / loss on sale of property, plant and equipment	(1,393,739)	5,231,356
Gain on sale of redemption of mutual fund units	-	(3,467)
Liabilities no longer payable written back	-	(5,526,449)
Workers' Profit Participation Fund	42,765,533	36,577,661
Workers' Welfare Fund	11,176,968	7,968,271
Central Research Fund	8,639,502	7,389,426
	202,778,951	269,353,329
Operating profit before working capital changes	1,004,147,110	950,819,408
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(173,885)	417,760
Stock-in-trade	(377,813)	21,167,367
Trade debts	(99,380,411)	(82,972,129)
Loans and advances	(13,132,840)	(16,041,512)
Trade deposits, short term prepayments and other receivables	(5,038,632)	(10,971,195)
	(118,103,581)	(88,399,709)
Decrease in current liabilities		
Trade and other payables	(167,633,021)	(57,253,028)
Due to Holding Company	-	(19,895,686)
	(167,633,021)	(77,148,714)
Cash generated from operations	718,410,508	785,270,985
Finance costs paid	(94,358,660)	(276,190,282)
Income tax paid	(128,950,445)	(104,488,128)
Workers' Welfare Fund paid	-	(23,047,561)
Central Research Fund paid	(14,220,186)	(11,797,122)
Long-term loans and deposits	(1,455,747)	(2,335,123)
Net cash generated from operating activities	479,425,470	367,412,769
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(238,663,700)	(145,158,285)
Sale proceeds of fixed assets	7,642,022	4,996,200
Redemption of short-term investments	-	31,813
Net cash used in investing activities	(231,021,678)	(140,130,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing repaid	(240,241,309)	(966,177,256)
Dividend paid	(320,076,821)	-
	(560,318,130)	(966,177,256)
Net decrease in cash and cash equivalents	(311,914,338)	(738,894,759)
Cash and cash equivalents at the beginning of the period	30,304,370	480,093,541
Cash and cash equivalents at the end of the period	(281,609,968)	(258,801,218)

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2018
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Unappropriated profit	Total equity
	----- Rupees -----		
Balance as at 31 December 2016	2,800,000,000	1,477,031,074	4,277,031,074
Total comprehensive income for the period	-	603,358,030	603,358,030
Balance as at 30 June 2017	<u>2,800,000,000</u>	<u>2,080,389,104</u>	<u>4,880,389,104</u>
Balance as at 31 December 2017	2,800,000,000	2,710,935,227	5,510,935,227
Total comprehensive income for the period	-	676,477,347	676,477,347
Interim dividend @ Rs. 1.25 per share for the year 31 December 2018	-	(350,000,000)	(350,000,000)
Balance as at 30 June 2018	<u>2,800,000,000</u>	<u>3,037,412,574</u>	<u>5,837,412,574</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2018
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at B-23C, S.I.T.E, Karachi. The Company is a subsidiary of OBS Pakistan (Private) Limited (the Holding Company) which holds 50.53% of the share capital of the Company and the Ultimate Parent Company is West End 16 Pte Limited – Singapore. The principal activities of the Company include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products. Effective from 05 March 2018, the Company has been listed on Pakistan Stock Exchange Limited.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 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 2017. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 30 June 2018 and 30 June 2017 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 years ended 30 June 2018 and 30 June 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and amendments

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except that the Company has adopted the following standards which became effective for the current period:

IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
IAS 28	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Amendment)
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
----- Rupees -----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Opening Net Book Value (NBV)		1,414,806,918	1,357,978,394
Additions during the period / year (cost)	4.1	30,446,248	164,350,481
Disposals during the period / year (NBV)	4.1	(6,248,283)	(17,214,324)
Depreciation charged during the period / year		(47,132,298)	(90,307,633)
Closing NBV		1,391,872,585	1,414,806,918
Capital work-in-progress	4.2	271,994,060	63,833,608
		1,663,866,645	1,478,640,526

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	30 June 2018 (Un-audited)	31 December 2017 (Audited)	30 June 2018 (Un-audited)	31 December 2017 (Audited)
----- Rupees -----				
Building				
- Factory	1,259,000	11,746,492	-	2,145,794
- Office	-	43,510	-	-
Plant and machinery	380,250	9,969,759	1,988,851	589,030
Furniture and fixtures	858,000	3,720,200	-	164,008
Motor vehicles	12,860,000	62,995,792	4,033,836	8,371,376
Office equipment	1,689,800	2,822,763	41,328	-
Refrigerators and air-conditioners	1,818,496	21,798,062	180,648	5,184,546
Laboratory equipment	6,648,530	43,655,103	-	657,324
Computers and related accessories	4,932,172	7,598,800	3,620	102,246
	30,446,248	164,350,481	6,248,283	17,214,324

4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating assets	Closing balance
----- Rupees -----				
Advance against land	-	34,746,525	-	34,746,525
Building - factory / office	28,355,691	51,781,689	(1,259,000)	78,878,380
Plant and machinery	26,164,645	56,266,278	(380,250)	82,050,673
Furniture and fixtures	618,475	1,897,350	(858,000)	1,657,825
Motor vehicles	739,500	57,675,173	(12,860,000)	45,554,673
Office equipment	327,600	4,024,705	(1,689,800)	2,662,505
Refrigerators and air-conditioners	1,126,094	12,377,138	(1,818,496)	11,684,736
Laboratory equipment	3,676,176	9,649,705	(6,648,530)	6,677,351
Computers and related accessories	-	6,510,073	(4,932,172)	1,577,901
Intangible assets	2,825,427	3,735,064	(57,000)	6,503,491
	63,833,608	238,663,700	(30,503,248)	271,994,060

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
		----- Rupees -----	
5. INTANGIBLE ASSETS			
Goodwill		743,226,130	743,226,130
Trade marks		4,641,346,236	4,641,346,236
Computer software		648,910	867,319
		<u>5,385,221,276</u>	<u>5,385,439,685</u>
6. STOCK-IN-TRADE			
Stock-in-trade has been written down by Rs. 5.522 million (31 December 2017: Rs. 8.864 million) to arrive at net realisable value.			
		30 June 2018 (Un-audited)	31 December 2017 (Audited)
		----- Rupees -----	
7. TRADE DEBTS – considered good			
Related parties			
- Holding Company		3,398,174	1,420,740
- Muller and Phipps (Private) Limited		477,844,697	398,414,869
		<u>481,242,871</u>	<u>399,835,609</u>
Others		84,885,191	66,912,042
		<u>566,128,062</u>	<u>466,747,651</u>
8. CASH AND BANK BALANCES			
With banks in			
- deposit accounts	8.1	22,339,233	9,258,280
- current accounts		43,327,636	20,844,928
		<u>65,666,869</u>	<u>30,103,208</u>
Cash in hand		68,597	201,162
		<u>65,735,466</u>	<u>30,304,370</u>
8.1	These carry profit rates ranging from 3.75% to 4.5% (31 December 2017: 2.67% to 5.25%) per annum.		
9. SHORT-TERM BORROWINGS	Note		
Running finance	7.1	<u>347,345,434</u>	-
9.1	Represent running finance facilities of Rs. 950 million (31 December 2017: Rs. 700 million) from commercial banks and Rs. 750 million (31 December 2017: Rs. 450 million) from Islamic banks carrying markup rates ranging from 3 months KIBOR plus 0.4% to 1% (31 December 2017: 3 months KIBOR plus 0.4% to 1%) per annum payable quarterly. The facilities are secured by way of hypothecation charge over current assets of the Company.		
10. CONTINGENCIES AND COMMITMENTS			
10.1 Contingencies			
There is no material change in the status of contingencies as disclosed in note 16 to the annual financial statements of the Company for the year ended 31 December 2017.			
		30 June 2018 (Un-audited)	31 December 2017 (Audited)
		----- Rupees -----	
10.2 Commitments			
- Outstanding letters of credit		267,045,760	203,947,722
- Capital commitments		60,922,133	92,579,933
- Bank guarantees		<u>69,350,614</u>	<u>49,350,614</u>

	Half-year ended		Quarter-ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
----- Rupees -----				
11. SALES				
Local				
- Manufacturing	2,398,985,608	2,123,624,677	1,204,390,245	1,077,982,982
- Trading	450,782,522	212,761,854	104,918,669	98,289,065
	2,849,768,130	2,336,386,531	1,309,308,914	1,176,272,047
Export	16,519,105	6,528,580	2,829,073	2,307,185
	2,866,287,235	2,342,915,111	1,312,137,987	1,178,579,232
12. COST OF SALES				
Cost of sales – manufacturing				
Raw and packing materials consumed				
Opening stock	274,852,614	224,673,882	348,148,429	251,537,095
Purchases	753,261,393	566,245,995	382,588,142	273,452,629
	1,028,114,007	790,919,877	730,736,571	524,989,724
Closing stock	(413,058,974)	(251,631,077)	(413,058,974)	(251,631,077)
	615,055,033	539,288,800	317,677,597	273,358,647
Manufacturing cost				
Salaries, wages and other benefits	119,270,829	102,968,537	58,485,084	51,864,877
Stores and spares consumed	10,542,611	6,520,376	6,177,150	2,917,834
Contractual labour	51,044,314	44,271,334	27,570,567	23,362,707
Processing charges	5,737,555	5,727,280	2,959,833	3,404,251
Freight and octroi	883,049	1,226,806	535,445	1,063,695
Fuel and power	33,513,974	30,728,623	20,502,712	17,600,926
Repairs and maintenance	27,222,917	19,099,245	14,799,967	9,583,372
Travelling and conveyance	3,290,979	3,053,456	3,290,979	1,152,803
Insurance	816,585	1,293,096	419,089	325,560
Laboratory expenses	16,029,492	8,744,786	8,804,472	5,858,089
Rent, rates and taxes	428,465	40,420	210,667	(100,241)
Depreciation	32,651,492	30,057,588	16,351,343	15,048,956
Amortisation	16,503	8,372	8,401	8,372
Communication	816,668	861,230	477,005	384,519
Printing and stationery	1,082,323	884,856	568,018	557,938
	303,347,756	255,486,005	161,160,732	133,033,658
	918,402,789	794,774,805	478,838,329	406,392,305
Work-in-process				
Opening stock	48,782,930	54,123,528	54,376,264	49,643,400
Closing stock	(49,002,878)	(48,544,317)	(49,002,878)	(48,544,317)
	(219,948)	5,579,211	5,373,386	1,099,083
Cost of goods manufactured	918,182,841	800,354,016	484,211,715	407,491,388
Finished goods				
Opening stock	152,127,189	121,627,540	134,992,493	119,493,523
Closing stock	(149,423,231)	(108,651,941)	(149,423,231)	(108,651,941)
	2,703,958	12,975,599	(14,430,738)	10,841,582
Stock adjustment account				
Samples	(27,091,210)	(23,061,312)	(12,361,903)	(11,170,397)
Cost of sales – trading				
Opening stock	104,117,383	58,343,534	47,843,160	122,044,983
Purchases	346,123,491	139,894,850	87,759,636	1,063,734
Closing stock	(58,541,527)	(50,378,648)	(58,541,527)	(50,378,648)
	391,699,347	147,859,736	77,061,269	72,730,069
	1,285,494,936	938,128,039	534,480,343	479,892,642

	Half-year ended		Quarter-ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	----- Rupees -----			
13. MARKETING AND SELLING EXPENSES				
Salaries, wages and other benefits	265,540,467	196,251,174	141,101,754	103,070,781
Travelling and conveyance	86,876,168	73,445,817	47,483,380	41,065,368
Repairs and maintenance	2,258,131	1,698,897	1,577,036	1,235,664
Insurance	1,997,464	2,020,455	1,026,863	1,184,884
Depreciation	12,087,794	9,497,629	6,105,033	4,632,544
Amortisation	165,296	8,733,059	83,105	4,404,428
Printing and stationery	2,139,245	2,755,783	1,446,423	1,264,552
Samples	27,091,210	23,061,312	12,361,903	11,170,397
Sales promotion expenses	143,260,165	118,900,354	83,470,402	55,924,219
Communication	20,082,405	13,778,551	13,002,322	7,908,764
Advertisement	66,000	811,950	66,000	141,950
	561,564,345	450,954,981	307,724,221	232,003,551

14. FINANCE COSTS

Mark-up on long term financing	84,827,838	164,826,608	42,244,539	95,992,838
Mark-up on short-term borrowings	6,114,388	9,105,558	2,535,965	8,460,365
Bank charges	3,240,754	1,653,686	859,574	1,406,127
	94,182,980	175,585,852	45,640,078	105,859,330

15. TRANSACTIONS WITH RELATED PARTIES

The related parties include the Holding Company, associated companies, staff retirement fund, directors and other key management personnel. Transactions with related parties, other than those disclosed elsewhere in the condensed interim financial statements, are as follows:

Relationship	Nature of transactions	Half-year ended		Quarter-ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		----- Rupees -----			
Holding Company	Sale of goods	15,656,020	15,504,627	8,661,791	7,858,334
	Expenses charged to the Holding Company	14,484,618	4,185,057	2,787,478	4,097,244
	Expenses charged by the Holding Company	32,728,523	6,496,828	3,611,007	6,478,611
Associated companies	Sale of goods	2,153,891,788	1,911,758,207	1,077,999,233	996,318,120
	Expenses charged to the associated companies	4,495,818	251,575	997,416	30,936
	Expenses charged by the associated companies	20,220,121	31,834,527	7,294,691	22,713,063
Retirement fund	Contribution paid	11,933,859	7,893,134	7,163,968	4,334,361
Key management personnel	Remuneration	42,515,842	40,246,676	3,888,612	4,005,194

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	----- Rupees -----	

Period / year end balances are as follows:

Receivable from the Holding Company	3,398,174	1,420,740
Receivable from associated companies	477,844,697	398,414,869
Payable to associated companies	12,753,605	17,394,373

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017. There have been no changes in any risk management policies since the year end.


The carrying values of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

17. DATE OF AUTHORISATION

These financial statements were authorized for issue on 02 August 2018 by the Board of Directors of the Company.

18. GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.



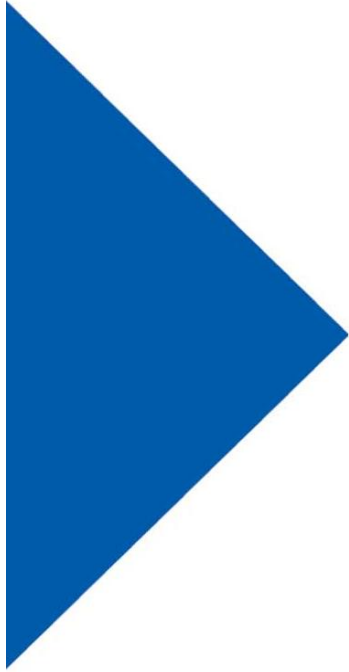
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