

# 30 YEARS OF QUALITY

HALF  
YEARLY REPORT  
JUNE

2  
19



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# Company Information

**Board of Directors**

Mr. Tariq Moinuddin Khan  
Chairman

Ms. Nusrat Munshi  
Managing Director &  
Chief Executive Officer

Mr. Naved Abid Khan  
Independent Director

Mr. Zafar Iqbal Sobani  
Independent Director

Mr. Kamran Nishat  
Non Executive Director

Mr. Mahmud Yar Hiraj  
Non Executive Director

Mr. Muhammad Kamran Mirza  
Non Executive Director

**Audit Committee**

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

**Human Resource and  
Remuneration Committee**

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

**Chief Financial Officer**

Mr. Junaid Aslam

**Company Secretary**

Mr. Adnan Husseini

**Head of Internal Audit**

Mr. Shahzaib Tariq

**Auditors**

EY Ford Rhodes  
Chartered Accountants

**Legal advisors**

Sattar & Sattar

**Share Registrar**

CDC Share Registrar Services Limited

**Bankers**

Dubai Islamic bank  
Faysal Bank Limited  
JS Bank Limited  
MCB Islamic Bank Limited  
MCB Limited  
Meezan Bank limited  
The Bank of Punjab  
United Bank Limited

**Credit Rating by the Pakistan Credit Rating Agency**

Long term entity rating A+ (A Plus)  
Short term entity rating A1 (A One)

**Registered Office and Plant-I**

B-23-C, S.I.T.E., Karachi  
Tel: +9221 111-247-247  
Fax: +9221 32570678

**Plant-II**

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

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

Email: [info@agp.com.pk](mailto: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 statements of your Company for the half year ended June 30, 2019. These condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 - "Interim Financial Reporting", and the provisions and directives issued under the Companies Act, 2017 (Act). In case where requirements of IAS 34 differ with the Act, the provisions and directives issued under the Act have been followed.

### Operating Results of the Company

-----PKR in nearest million-----

	June 30, 2019	June 30, 2018
<b>Sales – net</b>	<b>3,159</b>	<b>2,866</b>
<b>Gross profit</b>	<b>1,837</b>	<b>1,581</b>
<b>EBITDA</b>	<b>1,084</b>	<b>943</b>
<b>Profit before tax</b>	<b>915</b>	<b>801</b>
<b>Net profit after tax</b>	<b>743</b>	<b>676</b>
<b>Earnings per share in PKR</b>	<b>2.65</b>	<b>2.42</b>

Despite the economic headwinds, quality and efficient use of resources have continued to be the key catalysts in sustaining the growth and profitability of your company. The sales of the company grew by 10.2% as compared to the corresponding period last year primarily driven by both value and volumetric growth of our core brands.

The gross profit recorded by the company was PKR 1,837 million as compared to PKR 1,581 million in 2018, registering a growth of 16.2% as a result of growth in value, change in product mix and production efficiencies.

The marketing and selling expenses, reported at PKR 643 million, have increased by 14.1% on account of increase in marketing teams and spending on marketing campaigns to support new launches and existing business growth. The financial cost of the company increased by 13.8% to PKR 107 million due to significant increase in markup rates.

The Company posted an increase of 9.9% in the profit after tax of PKR 743 million, with earnings per share of PKR 2.65 against PKR 2.42 per share in the corresponding period. The Board is pleased to announce an interim cash dividend of PKR 1.25 per share for the year ending December 31, 2019.

## Future Outlook

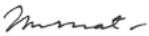
The economy of the country has been under pressure with current and fiscal account deficit and depletion in foreign currency reserves. As a result of these pressures, the Pak Rupee has seen a devaluation of over 15.6% since December 2018. The month on month inflation has been on the rise and the State Bank of Pakistan has increased the policy rate by 325 basis points, since January 2019, in order to arrest the rising inflation. With IMF bailout package in place, and the steps being taken by economic managers coupled with the opening of fiscal space due to lower imports, it is expected that current account will improve and local currency will stabilize.

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 one off 15% price increase allowed by the Drug Regulatory Authority of Pakistan in January 2019. 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 four new products in the second half of 2019. Also, given the overall present low per capita spent on health care and the essential nature of the industry, the future growth prospects remain strong.

## Acknowledgement

We would like to place on record our sincere appreciation for the commitment, dedication and effort by each employee in achieving the company's objectives.

We would also like to thank our esteemed business partners, valued customers and other stakeholders who have always shown their confidence in the Company.



Nusrat Munshi  
Chief Executive Officer



Muhammad Kamran Mirza  
Non-Executive Director

## مستقبل کی توقعات

مالیاتی اور کرنٹ اکاؤنٹ خسارے اور زرمبادلہ کے ذخائر میں کمی کے ساتھ ملکی معیشت دباؤ میں رہی ہے۔ اس دباؤ کے نتیجے میں پاکستانی روپے کی قدر میں دسمبر ۲۰۱۸ سے اب تک ۵.۶ فی صد کمی دیکھنے میں آئی ہے۔ ماہ بہ ماہ افراط زر میں بلندی کا رجحان رہا ہے اور اسٹیٹ بینک آف پاکستان نے بڑھتے ہوئے افراط زر کو قابو میں رکھنے کے لیے جنوری ۲۰۱۹ سے اسٹاک پالیسی ریٹ میں ۳۲۵ بنیادی پوائنٹس کا اضافہ کر چکا ہے۔ آئی ایم ایف کا بیل آؤٹ پیکیج لاگو ہونے اور معاشی منتظمین کی طرف سے اٹھائے گئے اقدامات کے ہمراہ کم درآمدات کے نتیجے میں پیدا ہونے والی مالیاتی گنجائش کے ساتھ کرنٹ اکاؤنٹ میں بہتری آئے گی اور مقامی کرنسی میں استحکام کی توقع کی جاتی ہے۔

پاکستانی روپے کی قدر میں کمی فارماسیوٹیکل انڈسٹری کے لیے لاگت میں بڑے اضافے کی عمومی وجہ ہے جہاں ادویات کی تیاری میں استعمال ہونے والے لگ بھگ ۹۵ فی صد فعال ادویاتی اجزاء درآمد کیے جاتے ہیں۔ جنوری ۲۰۱۹ میں ڈرگ ریگولیشنری اتھارٹی آف پاکستان کی طرف سے قیمتوں میں ۱۵ فی صد یک وقت اضافے کی اجازت سے ان اثرات میں ایک خاص حد تک کمی ہوئی۔ کمپنی اپنی داخلی اقتصادیات کی سطح، استحکام اور موجودہ مصنوعات کے امتزاج میں اضافے کے ہمراہ پائپ لائن میں موجود بر دست نئی مصنوعات کی بدولت کاروباری مستقبل کے حوالے سے اچھی توقعات رکھتی ہے۔ کمپنی اندرون ملک اور برآمدی منڈیوں، دونوں میں نمو کے نئے راستے دریافت کرنے کا عزم رکھتی ہے۔ نئی مصنوعات متعارف کرانے پر توجہ برقرار رہے گی اور کمپنی ۲۰۱۹ کے دوسرے نصف میں چار نئی مصنوعات متعارف کرانے کے منصوبے رکھتی ہے۔ صحت کی دیکھ بھال پر نئی فرخروج کی جانے والی موجودہ کم رقم اور انڈسٹری کی ناگزیر نوعیت کے پیش نظر مستقبل میں نمو کے امکانات بدستور مستحکم رہیں گے۔

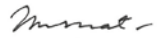
## اظہار تشکر

ہم کمپنی کے مقاصد کے حصول میں اپنے ہر ملازم کی لگن، محنت اور کاوشوں کے لیے پُر خلوص خراج تحسین ریکارڈ پر لانا چاہتے ہیں۔ ہم اپنے معزز بزنس پارٹنرز، قابل قدر سٹمز اور دیگر اسٹیک ہولڈرز کا بھی شکریہ ادا کرنا چاہیں گے جنہوں نے ہمیشہ کمپنی پر اپنے اعتماد کا اظہار کیا ہے۔



محمد کامران مرزا

ٹان ایگزیکٹو ڈائریکٹر



نصرت نشی

چیف ایگزیکٹو آفیسر

## ڈائریکٹرز کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۰ جون، ۲۰۱۹ کو ختم ہونے والے نصف سال کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔ یہ مختصر عبوری مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS)۔ ”عبوری مالیاتی رپورٹنگ“، اوکیٹیز ایکٹ 2017 (ایکٹ) کے ضوابط اور ہدایات کے مطابق تیار کیے گئے ہیں۔ ایسی صورت میں کہ جہاں IAS 34 کے تقاضوں اور ایکٹ میں اختلاف ہو، ایکٹ کے تحت جاری کردہ ضوابط اور ہدایات کی سیوی کی گئی ہے۔

### کمپنی کے کاروباری نتائج

..... نزدیک ترین بلین میں روپے.....

۳۰ جون ۲۰۱۸	۳۰ جون ۲۰۱۹	
۲,۸۶۶	۳,۱۵۹	بیلز۔ خالص
۱,۵۸۱	۱,۸۳۷	مجموعی منافع
۹۴۳	۱,۰۸۲	EBITDA
۸۰۱	۹۱۵	قبل از ٹیکس منافع
۶۷۶	۷۴۳	بعد از ٹیکس خالص منافع
۲,۴۲	۲,۶۵	فی شیئر آمدنی، روپوں میں

ناسازگار معاشی حالات کے باوجود، وسائل کا معیاری اور باکفایت استعمال آپ کی کمپنی کی نمو اور منافع کمانے کی اہلیت برقرار رکھنے میں بدستور ایک کلیدی محرک رہا ہے۔ گزشتہ سال اسی مدت کے مقابلے میں کمپنی کی فروخت میں ۰.۲ فی صد اضافہ ہوا جو بنیادی طور پر ہمارے مرکزی برانڈز کی نمو میں بالفاظ قدر اور حجم دونوں اعتبار سے اضافے کا نتیجہ ہے۔

کمپنی نے ۲۰۱۸ میں ۵۸۱، ۵۸۱ ملین روپے کے مقابلے میں ۸۳۷، ۸۳۷ ملین روپے کا مجموعی منافع ریکارڈ کر لیا، اور اس طرح قدر میں اضافے، پروڈکٹ کے امتزاج میں تبدیلی اور پیداواری کفایتوں کے نتیجے میں ۱۲.۲ فی صد مروج کرانی گئی۔

مارکیٹنگ اور سیلنگ کے اخراجات میں، جو ۶۴۳ ملین روپے رپورٹ کیے گئے ہیں، مارکیٹنگ ٹیمز میں اضافے اور نئی متعارف کردہ مصنوعات کے لیے مارکیٹنگ کمپینز اور موجودہ کاروبار کی نمو میں معاونت پر اخراجات میں ۱۲.۱ فی صد اضافہ ہوا ہے۔ مارک اپ کی شرحوں میں نمایاں اضافے کی وجہ سے کمپنی کی مالیاتی لاگت ۱۳.۸ فی صد سے بڑھ کر ۱۰.۷ ملین روپے تک پہنچ گئی۔

کمپنی نے ۲۳ ملین روپے کے بعد از ٹیکس منافع کے ساتھ ۹.۹ فی صد اضافہ درج کر لیا اور گزشتہ سال اسی مدت میں ۲.۴۲ روپے فی شیئر کے مقابلے میں فی شیئر آمدنی ۲.۶۵ روپے رہی۔ ۳۱ دسمبر ۲۰۱۹ کو ختم ہونے والے سال کے لیے ۱.۲۵ روپے فی شیئر کے عبوری کیش ڈیویڈنڈ کا اعلان بورڈ کے لیے باعث مسرت ہے۔



EY Ford Rhodes  
Chartered Accountants  
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## INDEPENDENT AUDITORS' REVIEW REPORT

### To the members of AGP Limited

#### Report on review of Interim Financial Statements

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **AGP Limited** (the Company) as at **30 June 2019** 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 2019** and **2018** have not been reviewed, as we are required to review only the cumulative figures for the half year ended **30 June 2019**.

##### 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 Arif Nazeer.

*EY Ford Rhodes*

Chartered Accountants

Place: Karachi


Date: 26 August 2019

## Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2019

	Note	30 June 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,916,271	1,685,034
Intangible assets	5	5,395,712	5,398,256
Long-term loans and deposits		12,079	11,924
		7,324,062	7,095,214
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		7,188	7,457
Stock-in-trade	6	803,979	797,017
Trade debts	7	516,484	462,045
Loans and advances		60,292	66,915
Trade deposits, prepayments and other receivables		81,590	5,454
Taxation – net		452,986	483,471
Cash and bank balances	8	95,697	24,423
		2,018,216	1,846,782
<b>TOTAL ASSETS</b>		9,342,278	8,941,996
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 350,000,000 (2018: 350,000,000) Ordinary shares of Rs.10/- each		3,500,000	3,500,000
Issued, subscribed and paid-up capital 280,000,000 Ordinary shares of Rs.10/- each fully paid in cash		2,800,000	2,800,000
Revenue reserve - unappropriated profit		4,301,586	3,567,625
		7,101,586	6,367,625
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		47,510	58,786
Long-term financing		952,125	1,192,366
		999,635	1,251,152
<b>CURRENT LIABILITIES</b>			
Trade and other payables		704,816	639,034
Unclaimed dividend		496	31,056
Short-term borrowings	9	34,145	151,383
Current maturity of long-term financing		501,600	501,746
		1,241,057	1,323,219
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	10	9,342,278	8,941,996

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



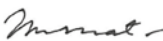
Director

# Condensed Interim Statement of Profit or Loss

FOR THE HALF YEAR ENDED 30 JUNE 2019 – Un-audited

	Note	Half-year ended		Quarter-ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
.....(Rupees in '000).....					
Revenue – net	11	3,159,327	2,866,290	1,558,545	1,312,140
Cost of sales	12	(1,322,628)	(1,285,495)	(644,206)	(534,481)
<b>Gross profit</b>		<b>1,836,699</b>	1,580,795	<b>914,339</b>	777,659
Administrative expenses		(76,537)	(51,682)	(43,625)	(29,954)
Marketing and selling expenses	13	(642,611)	(563,114)	(346,765)	(309,274)
Other expenses		(99,620)	(78,688)	(59,739)	(46,815)
Other income		4,097	8,246	2,145	2,995
Finance costs	14	(107,191)	(94,183)	(53,590)	(45,640)
<b>Profit before taxation</b>		<b>914,837</b>	801,374	<b>412,765</b>	348,971
Taxation					
- Current		152,357	126,489	74,504	69,414
- Prior		30,661	-	30,661	-
- Deferred		(11,276)	(1,598)	(10,200)	(5,043)
		(171,742)	(124,891)	94,965	64,371
<b>Net profit for the period</b>		<b>743,095</b>	676,483	<b>317,800</b>	284,600
<b>Earnings per share – basic and diluted</b>		<b>Rs. 2.65</b>	Rs. 2.42	<b>Rs. 1.13</b>	Rs. 1.02

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

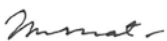
  
Director

# Condensed Interim Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 30 JUNE 2019 – Un-audited

	Half-year ended		Quarter-ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	.....(Rupees in '000).....			
Net profit for the period	743,095	676,483	317,800	284,600
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>743,095</b>	<b>676,483</b>	<b>317,800</b>	<b>284,600</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



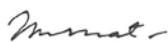
Director

# Condensed Interim Statement of Cash Flows

FOR THE HALF YEAR ENDED 30 JUNE 2019 – Un-audited

	30 June 2019	30 June 2018
.....(Rupees in '000).....		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	914,837	801,374
<b>Adjustments for:</b>		
Depreciation	59,396	47,132
Amortisation	2,544	275
Finance costs	107,191	94,183
Loss / (gain) on sale of property, plant and equipment	1,109	(1,394)
Workers' Profit Participation Fund	48,850	42,766
Workers' Welfare Fund	13,312	11,177
Central Research Fund	9,868	8,640
	<u>242,270</u>	<u>202,779</u>
<b>Operating profit before working capital changes</b>	<b>1,157,107</b>	<b>1,004,153</b>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	269	(174)
Stock-in-trade	(6,962)	(378)
Trade debts	(63,574)	(99,380)
Loans and advances	6,623	(13,133)
Trade deposits, short term prepayments and other receivables	(76,136)	(5,039)
	<u>(139,780)</u>	<u>(118,104)</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	23,934	(167,633)
<b>Cash generated from operations</b>	<b>1,041,261</b>	<b>718,416</b>
Finance costs paid	(113,261)	(94,359)
Income tax paid	(152,531)	(128,955)
Workers' Welfare Fund paid	(14,837)	-
Central Research Fund paid	(15,346)	(14,220)
Long-term loans and deposits	(155)	(1,456)
<b>Net cash generated from operating activities</b>	<b>745,131</b>	<b>479,426</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(303,703)	(238,664)
Sale proceeds of fixed assets	11,960	7,642
<b>Net cash used in investing activities</b>	<b>(291,743)</b>	<b>(231,022)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing repaid	(240,241)	(240,241)
Dividend paid	(30,560)	(320,077)
<b>Net cash used in financing activities</b>	<b>(270,801)</b>	<b>(560,318)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>182,587</b>	<b>(311,914)</b>
Cash and cash equivalents at the beginning of the period	(120,554)	30,304
<b>Cash and cash equivalents at the end of the period</b>	<b>62,033</b>	<b>(281,610)</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



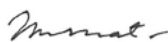
Director

# Condensed Interim Statement of Changes in Equity

FOR THE HALF YEAR ENDED 30 JUNE 2019 – Un-audited

	Issued, subscribed and paid-up capital	Revenue reserve <hr/> Unappropriated profit	Total
	----- (Rupees in '000) -----		
<b>Balance as at 31 December 2017</b>	2,800,000	2,710,935	5,510,935
Total comprehensive income for the period	-	676,483	676,483
Interim dividend for the year ended 31 December 2018 @ Rs. 1.25 per share	-	(350,000)	(350,000)
<b>Balance as at 30 June 2018</b>	<u>2,800,000</u>	<u>3,037,418</u>	<u>5,837,418</u>
<b>Balance as at 31 December 2018, as previously reported</b>	<b>2,800,000</b>	<b>3,567,625</b>	<b>6,367,625</b>
Impact of initial application of IFRS 9 (note 3.1.2)	-	<b>(9,134)</b>	<b>(9,134)</b>
<b>Adjusted balance as at 01 January 2019</b>	<u>2,800,000</u>	<u>3,558,491</u>	<u>6,358,491</u>
Total comprehensive income for the period	-	743,095	743,095
<b>Balance as at 30 June 2019</b>	<u>2,800,000</u>	<u>4,301,586</u>	<u>7,101,586</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

# Notes to The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED 30 JUNE 2019 – 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 (now Companies Act, 2017). 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. Effective from 5th March 2018, the Company has been listed on Pakistan Stock Exchange Limited.

During the period the Hon'ble High Court of Sindh at Karachi vide its order dated May 7, 2019 has sanctioned the Scheme of Arrangement entered into between OBS Pakistan (Private) Limited, OBS Healthcare (Private) Limited, OBS Ophthalmics (Private) Limited and AitkenStuart Pakistan (Private) Limited. Further, effective 03 June 2019, OBS Pakistan (Private) Limited is no longer a related party.

Consequently, shares of AGP Limited (being a listed entity and subsidiary of OBS Pakistan (Private) Limited) held with OBS Pakistan (Private) Limited, have been amalgamated with and into AitkenStuart Pakistan (Private) Limited. Accordingly, the Company is now subsidiary of AitkenStuart 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.

## 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 2018. 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 2019 and 30 June 2018 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 2019 and 30 June 2018.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of financial statements of the Company for the year ended 31 December 2018, except as disclosed in these condensed interim financial statements.

### 3.1 New / revised standards, interpretations and amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

**Standard or Interpretation**

IFRS 9	-	Financial Instruments
IFRS 15	-	Revenue from Contracts with Customers
IFRS 16	-	Leases
IAS 19	-	Employee Benefits: Plan Amendment, Curtailment or Settlement (Amendment)
IAS 28	-	Investment In Associates And Joint Ventures: Long-Term Interest in Associates and Joint Ventures (Amendments)
IFRIC 23	-	Uncertainty over Income Tax Treatments

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except as follows:

**3.1.1 IFRS 15 Revenue from Contracts with Customers**

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in distribution, and manufacturing of pharmaceutical products. The Company has assessed that significant performance obligation in contracts with customers, is to deliver the goods which also coincides with the transfer of control and is discharged at that point of time.

The Company adopted IFRS 15 using the modified retrospective approach with the date of initial application of January 01, 2019. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to contracts that are not completed as at January 01, 2019.

Set out below, are the amounts by which each condensed interim financial statements line item is affected for the period ended June 30, 2019 and June 30, 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 did not have an impact on other comprehensive income (OCI) or the Company's operating, investing and financing cash flows. The first column shows amounts prepared under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

	Amounts prepared under		
	IFRS 15	IAS 18	Increase/ (decrease)
	----- (Rupees in '000) -----		
<b>STATEMENT OF PROFIT OR LOSS</b>			
<b>FOR THE PERIOD ENDED JUNE 30, 2019</b>			
Revenue – net	3,159,327	3,183,838	(24,511)
Marketing and selling expenses	642,611	667,122	(24,511)
<b>FOR THE PERIOD ENDED JUNE 30, 2018</b>			
Revenue - net	2,856,057	2,866,290	(10,232)
Marketing and selling expenses	552,883	563,114	(10,232)

The nature of the classification adjustments and the reason for the change in the statement of profit or loss for the year ended June 30, 2019 and June 30, 2018 is described below:

The Company offers discounts to its distributors who shall pass the same onwards. These discounts are offset by the receivable from the distributor, accordingly, the Company accounted for such discounts as a reduction from the transaction price and, therefore, are presented net of revenue.

### 3.1.2 IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Company has applied IFRS 9 modified retrospectively, with the initial application date of 1 January 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 229 (I)/2019.

The Company's financial assets mainly includes long-term loans and deposits, trade debts, loans and advances, trade deposits, other receivables, bank balances held with commercial banks and cash in hand.

IFRS 9 retain but simplifies the measurement model and establishes the measurement categories of financial asset: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company's trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

Further the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL.

The Company has concluded, based on the assessment carried out by the management that it is in compliance with the requirements of the new accounting standard.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2019 relates solely to the new impairment requirements. The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the class of the Company's financial assets as at 1 January 2019

Financial Asset	Original category under IAS 39	New category under IFRS 9	Carrying amount under IAS 39	Effect of adoption of IFRS 9	Carrying amount under IFRS 9
----- (Rupees in '000) -----					
Long-term loans and deposits	Loans and receivables	Amortised Cost	12,079	-	12,079
Trade debts	Loans and receivables	Amortised Cost	525,618	9,134	516,484
Loans and advances	Loans and receivables	Amortised Cost	60,292	-	60,292
Trade deposits and other receivables	Loans and receivables	Amortised Cost	75,404	-	75,404
Cash and bank balances	Loans and receivables	Amortised Cost	95,697	-	95,697

### 3.1.3 IFRS 16 Leases

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It resulted in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The Company has adopted IFRS 16 and concluded that it is in compliance with the requirement of the new accounting standard.

	Note	30 June 2019 (Un-audited)	31 December 2018 (Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		.....(Rupees in '000) .....	
Operating fixed assets	4.1	1,591,459	1,605,590
Capital work-in-progress	4.2	324,812	79,444
		<u>1,916,271</u>	<u>1,685,034</u>

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

	Additions (at cost)		Disposals (NBV)	
	30 June 2019 (Un-audited)	31 December 2018 (Audited)	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	----- (Rupees in '000) -----			
Leasehold land	-	35,171	-	-
Building				
- Factory	3,582	42,915	141	-
- Office	-	615	42	-
Plant and machinery	11,795	79,836	4,736	4,008
Furniture and fixtures	1,695	6,795	-	12
Motor vehicles	34,256	56,735	6,688	6,384
Office equipment	1,374	4,996	-	274
Refrigerators and air-conditioners	251	34,681	217	542
Gas & Electrical Fittings	-	392	-	-
Laboratory equipment	1,440	37,029	1,198	-
Computers and related accessories	3,942	7,730	47	35
	<u>58,335</u>	<u>306,895</u>	<u>13,069</u>	<u>11,255</u>

4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets and intangible assets	Closing balance
	----- (Rupees in '000) -----			
Building - factory / office	25,469	87,279	(4,386)	108,362
Plant and machinery	44,581	86,825	(11,076)	120,330
Furniture and fixtures	472	4,251	(1,053)	3,670
Motor vehicles	1,969	36,255	(34,256)	3,968
Office equipment	137	2,129	(568)	1,698
Refrigerators and air-conditioners	5,363	9,812	(219)	14,956
Laboratory equipment	1,396	3,469	(2,835)	2,030
Computers and related accessories	57	9,088	(3,942)	5,203
Land	-	59,378	-	59,378
Intangible - software	-	5,217	-	5,217
	<b>79,444</b>	<b>303,703</b>	<b>(58,335)</b>	<b>324,812</b>

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	----- (Rupees in '000) -----	
<b>5 INTANGIBLE ASSETS</b>		
Goodwill	743,226	743,226
Trade marks - indefinite	4,641,087	4,641,087
Computer software	11,399	13,943
	<b>5,395,712</b>	<b>5,398,256</b>

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
<b>6 STOCK-IN-TRADE</b>		
Raw and packing materials		
In hand	407,901	376,020
In transit	71,970	93,415
	<b>479,871</b>	<b>469,435</b>
Work-in-process	76,970	43,601
Finished goods	269,753	301,210
Provision for obsolescence and slow moving stock	(22,615)	(17,229)
	<b>803,979</b>	<b>797,017</b>

Stock-in-trade has been written down by Rs. 3.34 million (31 December 2018: Rs. 2.35 million) to arrive at net realisable value.

		30 June 2019 (Un-audited)	31 December 2018 (Audited)
7. TRADE DEBTS		.....(Rupees in '000).....	
<b>Related parties – considered good</b>			
- Aspin Pharma (Private) Limited – associate		893	-
- Muller and Phipps (Private) Limited		449,542	396,435
		<u>450,435</u>	<u>396,435</u>
Others – considered good	7	75,183	65,610
		<u>525,618</u>	<u>462,045</u>
<b>Less: Allowance for expected credit losses (balances considered doubtful)</b>			
		<u>(9,134)</u>	<u>-</u>
		<u><u>516,484</u></u>	<u><u>462,045</u></u>

- 7.1 These balances include a balance receivable from OBS Pakistan (Private) Limited (OBS) of Rs. Nil (31 December 2018: Rs. 8.05 million) which was a related party as on 31 December 2018, however, as on 30 June 2019 OBS is not a related party to AGP Limited, as it is no longer a group company of AGP Limited.

		30 June 2019 (Un-audited)	31 December 2018 (Audited)
8 CASH AND BANK BALANCES		.....(Rupees in '000).....	
With banks in			
Deposit accounts			
- Local currency		11,070	2,069
- Foreign currency		374	231
		<u>83,829</u>	<u>21,943</u>
Current accounts		<u>95,273</u>	<u>24,243</u>
Cash in hand		424	180
		<u><u>95,697</u></u>	<u><u>24,423</u></u>

- 8.1 These carry profit rates ranging from 4.22% to 10.25% (31 December 2018: 1.35% to 7.5%) per annum.

		30 June 2019 (Un-audited)	31 December 2018 (Audited)
9. SHORT-TERM BORROWINGS		.....(Rupees in '000).....	
Running finance from commercial banks			
		-	549
Running musharka from Islamic banks			
		33,664	144,428
Accrued Interest			
		481	6,406
		<u>34,145</u>	<u>151,383</u>

- 9.1 Represent running finance facilities of Rs. 950 million (31 December 2018: Rs. 950 million) from commercial banks and Rs. 750 million (31 December 2018: Rs. 750 million) from Islamic banks carrying markup rates ranging from 1-3 months KIBOR plus 0.3% to 1.5% (31 December 2018: 1-3 months KIBOR plus 0.3% to 1.5%) 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 20 to the annual financial statements of the Company for the year ended 31 December 2018.

	<b>30 June 2019 (Un-audited)</b>	31 December 2018 (Audited)
	..... (Rupees in '000) .....	
<b>10.2 Commitments</b>		
- Outstanding letters of credit	<u>255,987</u>	<u>152,984</u>
- Capital commitments	<u>64,450</u>	<u>4,462</u>
- Bank guarantees	<u>19,978</u>	<u>26,265</u>

Half-year ended		Quarter-ended	
30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- (Rupees in '000) -----			

**11. REVENUE - NET**

Local				
- Manufacturing	<b>2,892,080</b>	2,446,769	<b>1,379,593</b>	1,268,703
- Trading	<b>551,792</b>	1,101,244	<b>264,861</b>	197,599
	<b>3,443,872</b>	3,548,013	<b>1,644,454</b>	1,466,302
Export	<b>140,384</b>	19,651	<b>117,914</b>	3,243
Less: Trade discounts	<b>(421,068)</b>	(697,691)	<b>(201,172)</b>	(154,364)
Sales Return	<b>(2,924)</b>	(2,392)	<b>(2,237)</b>	(2,255)
Sales tax	<b>(937)</b>	(1291)	<b>(414)</b>	(786)
	<b>3,159,327</b>	2,866,290	<b>1,558,545</b>	1,312,140

**12 COST OF SALES**

Cost of sales – manufacturing

**Raw and packing materials consumed**

Opening stock	<b>376,020</b>	274,853	<b>450,120</b>	348,148
Purchases	<b>885,947</b>	748,366	<b>415,654</b>	377,693
Available for consumption	<b>1,261,967</b>	1,023,219	<b>865,774</b>	725,841
Closing stock	<b>(479,871)</b>	(413,058)	<b>(479,871)</b>	(413,058)
Raw and packing material consumed	<b>782,096</b>	610,161	<b>385,903</b>	312,783

	Half-year ended		Quarter-ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
----- (Rupees in '000) -----				
<b>Manufacturing cost</b>				
Salaries, wages, allowances and other benefits	190,127	170,315	95,546	86,055
Stores and spares consumed	8,970	10,543	4,591	6,177
Provision against slow moving and obsolete materials	5,529	4,895	5,529	4,895
Processing charges	3,202	5,738	1,903	2,960
Freight	1,935	883	1,271	535
Fuel, gas and electricity	42,283	33,514	25,735	20,506
Repairs and maintenance	28,457	27,223	12,407	17,610
Travelling and conveyance	4,983	3,291	1,838	481
Insurance	3,270	817	2,550	420
Laboratory expenses	6,161	16,029	3,755	8,804
Rent, rates and taxes	618	428	95	211
Depreciation	41,016	32,651	20,518	16,351
Amortisation	109	17	55	8
Communication	1,328	817	937	477
Printing and stationery	1,631	1,082	935	568
	<b>339,619</b>	<b>308,243</b>	<b>177,665</b>	<b>166,058</b>
	<b>1,121,715</b>	<b>918,404</b>	<b>563,568</b>	<b>478,841</b>
<b>Work-in-process</b>				
Opening stock	43,601	48,783	50,024	54,376
Closing stock	(76,970)	(49,003)	(76,970)	(49,003)
	<b>(33,369)</b>	<b>(220)</b>	<b>(26,946)</b>	<b>5,373</b>
Cost of goods manufactured	<b>1,088,346</b>	<b>918,184</b>	<b>536,622</b>	<b>484,214</b>
<b>Finished goods</b>				
Opening stock	216,385	152,127	177,336	134,992
Closing stock	(150,416)	(149,423)	(150,416)	(149,423)
	<b>65,969</b>	<b>2,704</b>	<b>26,920</b>	<b>(14,431)</b>
<b>Stock adjustment account</b>				
Samples	(26,902)	(27,091)	(13,214)	(12,362)
<b>Cost of sales – trading</b>				
Opening stock	84,825	104,117	125,539	47,843
Purchases	229,727	346,123	87,676	87,759
Closing stock	(119,337)	(58,542)	(119,337)	(58,542)
	<b>195,215</b>	<b>391,698</b>	<b>93,878</b>	<b>77,060</b>
	<b>1,322,628</b>	<b>1,285,495</b>	<b>644,206</b>	<b>534,481</b>

Half-year ended		Quarter-ended	
30 June	30 June	30 June	30 June
2019	2018	2019	2018

----- (Rupees in '000) -----

**13. MARKETING AND SELLING EXPENSES**

Salaries, wages and other benefits	<b>322,614</b>	265,540	<b>161,507</b>	141,101
Travelling and conveyance	<b>86,231</b>	86,876	<b>45,098</b>	47,484
Repairs and maintenance	<b>2,512</b>	2,258	<b>1,478</b>	1,577
Insurance	<b>2,355</b>	1,997	<b>423</b>	1,026
Depreciation	<b>15,981</b>	12,088	<b>8,011</b>	6,105
Amortisation	<b>165</b>	165	<b>83</b>	83
Printing and stationery	<b>2,321</b>	2,139	<b>1,261</b>	1,446
Samples	<b>26,902</b>	27,091	<b>13,214</b>	12,362
Sales promotion expenses	<b>155,791</b>	143,262	<b>95,946</b>	83,472
Communication	<b>5,781</b>	7,096	<b>2,743</b>	4,102
Subscription	<b>4,547</b>	1,616	<b>2,972</b>	1,616
Freight	<b>17,411</b>	12,986	<b>14,029</b>	8,900
	<b>642,611</b>	563,114	<b>346,765</b>	309,274

**14. FINANCE COSTS**

Mark-up on long-term financing	<b>102,351</b>	84,828	<b>50,993</b>	42,245
Mark-up on short-term borrowings	<b>2,973</b>	6,114	<b>888</b>	2,536
Bank charges	<b>1,867</b>	3,241	<b>1,709</b>	859
	<b>107,191</b>	94,183	<b>53,590</b>	45,640

**15. TRANSACTIONS WITH RELATED PARTIES**

The related parties include the associated companies, staff retirement fund, directors and other 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 the condensed interim financial statements, are as follows:

Relationship	Basis of relationship	Shareholding	Nature of transactions	Half-year ended		Quarter-ended	
				30-Jun 2019	30-Jun 2018	30-Jun 2019	30-Jun 2018
..... (Rupees in '000) .....							
OBS Pakistan Private Limited (Note 1)	Common directorship / shareholding	50.53%	Sale of goods	<u>5,329</u>	15,656	<u>400</u>	8,662
			Expenses charged to the related company	<u>2,755</u>	14,485	<u>2,003</u>	2,788
			Expenses charged by the related company	<u>7,266</u>	32,729	<u>7,266</u>	3,611
<b>Associated companies</b>							
Aspin Pharma (Private) Limited	Common directorship	4.79%	Sale of goods	<u>7,728</u>	-	<u>1,500</u>	-
			Expenses charged to the associated companies	<u>925</u>	902	<u>460</u>	301
			Expenses charged by the associated companies	<u>-</u>	714	<u>-</u>	-
Muller & Phipps Pakistan (Private) Limited	Common directorship	13.54%	Sale of goods	<u>2,611,211</u>	2,153,892	<u>1,301,499</u>	1,077,999
			Expenses charged to the associated companies	<u>-</u>	3,594	<u>-</u>	697
			Expenses charged by the associated companies	<u>25,488</u>	19,506	<u>-</u>	7,295
Retirement fund			Contribution paid	<u>11,509</u>	11,934	<u>6,256</u>	7,164
Key management personnel			Remuneration	<u>158,911</u>	112,239	<u>112,630</u>	70,659
Directors			Directors' fee	<u>525</u>	375	<u>300</u>	375

## 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 2018. 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. NON-ADJUSTING EVENTS AFTER THE REPORTING**

Subsequent to the period ended 30 June 2019, the Board of Directors' in their meeting held on 05 August 2019 have proposed an interim cash dividend @ Rs. 1.25/- per share amounting to Rs. 350 million.

**18. DATE OF AUTHORISATION**

These financial statements were authorised for issue on 05 August 2019 by the Board of Directors of the Company.

**19. GENERAL**

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

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



Chief Executive Officer



Chief Financial Officer



Director



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