



Third Quarter **REPORT** SEPTEMBER **2018**



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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
MCB Bank Limited
Meezan Bank Limited

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 nine months ended 30 September 2018.

Operating Results of the Company

The Company continued with the objective to maximize shareholders' value and attain operational excellence and achieved the sales revenue of Rs. 4,035 million with a growth of 14.1% as compared to Rs. 3,537 million in the corresponding period last year. The increase in sales was on account of large government institutional order for the Hepatitis C products. The general performance of the remaining portfolio was also encouraging and the Company has launched seven new products in the first nine months of the year in the anti-infective, anti-diabetic, Hepatology and Oncology therapeutic classes. However, the sales to Afghanistan declined significantly in the third quarter due to transportation strike against various levies implemented at the border by the Afghan authorities. An agreement between transporters and Afghan authorities was reached later in October and we expect the supplies to become normalized in the fourth quarter of the calendar year.

The proportionate increase of impressive topline could not be passed on to gross profit due to the sharp devaluation of Pak Rupee against USD and relatively thin margins in the government institutional order for Hepatitis C products. Resultantly, the Company realized a gross profit of Rs. 2,280 million, an increase of 6.5% over the same period last year. With internal operational efficiencies including better sales mix of existing products and launches of new products the Company managed to maintain gross profit margin ratio of over 56.5%.

The marketing and selling expenses have increased by 22.8% on account of strengthening of field force staff to support the sales growth targets along with inflationary impact and higher expenses associated with new product launches. Taking advantage of the low markup rates, the Company refinanced its long term loan through an islamic sukuk issue which has reduced the financial cost by 43.8% as compared to the corresponding period last year. The result of these efforts translated in to a profit before tax of Rs. 1,115 million, representing an increase of 5.7% over the corresponding period last year.

Future Outlook

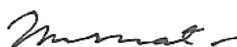
The economy is experiencing financial vulnerabilities, amid large fiscal and current account deficit, a visible decline in foreign exchange reserves, mounting currency pressures and rise in international oil prices. Consequently, Pak Rupee has experienced a devaluation of around 25% since the end of last calendar year. Also, the State Bank of Pakistan has increased the interest rates by 275 basis points since January 2018 in order to control inflation and stabilize local currency.

The impact of rapid depreciation of Pak Rupee along with anticipation of further devaluation pose a challenge for the pharmaceutical industry in general as majority of the active pharmaceutical ingredients 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.

The business fundamentals and financial depth of the Company is strong enough to continue to push it towards a sustainable growth path despite the external challenges. The pharmaceutical industry is a relatively inelastic segment of the economy and we expect that the sector will continue to grow in double digits. The Company will continue to focus on organic growth coupled with new product launches, domestic penetration and new export markets.

Acknowledgment

We would like to thank our valued customers, esteemed business partners and shareholders for their continued support and patronage. Moreover, we also wish to thank our staff who remained committed to deliver towards the success of the Company.



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 نو مابی اختتام پذیر 30 ستمبر 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 اپنے عزم کو جاری رکھے ہوئے ہے اور اس مقصد کے حصول کی خاطر تمام تر دستیاب وسائل کو بھرپور انداز سے زیر استعمال لاتے ہوئے گزشتہ سال کی آمدن از فروخت 3,537 ملین روپے کے مقابلے میں رواں سال آمدن از فروخت 4,035 ملین روپے درج کی گئی ہے اور اس طرح اس سال آمدن از فروخت میں 14.1% کا اضافہ درج کیا گیا ہے۔ آمدن از فروخت میں درج کئے جانے والے اس زبردست اضافے کی وجہ سرکاری اداروں کی جانب سے بیٹائٹس 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 پہلے نو ماہ کے دوران اینٹی انفیکٹیو، اینٹی ڈائیپٹک، بیبا ٹو لوجی اور اونکولوجی تھیراپیوٹک کلاس میں سات نئی مصنوعات کو بھی متعارف کروایا گیا ہے۔ تاہم پاک افغان سرحد پر افغان حکام کی جانب سے مختلف لیویز عائد کئے جانے کے خلاف ٹرانسپورٹ کی بڑتال کی وجہ سے سال رواں کی تیسری سہ ماہی کے دوران افغانستان میں کی جانے والی فروخت میں بہت کمی واقع ہوئی ہے۔ بعد ازاں اکتوبر کے مہینے میں افغان حکام اور ٹرانسپورٹر ز کے مابین ایک معاہدہ طے پایا چکا تھا جس کے بعد ہم امید کرتے ہیں کہ سال رواں کی چوتھی سہ ماہی کے دوران مال کی ترسیل میں تعطل ختم ہو جائے گا۔

فروخت کے ضمن میں پائے جانے والے زبردست اضافے کو خام منافع میں نہ دکھایا جا سکا جس کی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں آنے والی زبردست کمی اور بیٹائٹس سی کیلئے سرکاری آرڈر میں منافع کی شرح بہت ہی کم تھی۔ اس کے نتیجے میں کمپنی کی جانب سے 2,280 ملین روپے کا خام منافع درج کیا گیا ہے جو کہ گزشتہ مالی سال کے اسی عرصے کے مقابلے میں 6.5% زائد ہے۔ کمپنی میں اندرونی طور پر معاشی کارکردگی کو بہتر بنایا گیا ہے جس میں مصنوعات کے بہتر امتزاج کو فروخت کیلئے پیش کیا جانا اور نئی مصنوعات کو متعارف کروایا جانا شامل ہے جس کی وجہ سے کمپنی اپنے خام منافع کی شرح کو 56.5% سے زائد حد تک قائم کرنے میں کامیاب رہی ہے۔

فروخت کے اہداف کے حصول کیلئے مارکیٹ میں فروخت کی ٹیم کو مزید مضبوط بنانے کی غرض سے مارکٹنگ اور فروخت کے اخراجات میں 22.8% اضافہ درج کیا گیا ہے جس میں افراط زر اور نئی مصنوعات کو متعارف کروانے کے اخراجات کے اثرات بھی شامل ہیں۔ مارک اپ کی کم شرح کا فائدہ اٹھاتے ہوئے کمپنی کی جانب سے طویل المیعاد اسلامی صکوک کے اجراء کے ذریعے تمویل کا بندوبست کیا گیا ہے جس کی وجہ سے گزشتہ سال کے اسی عرصے کے مقابلے میں تمویلی لاگت 43.8% کی کمی واقع ہوئی ہے۔ ان تمام کاوشوں کا نتیجہ 1,115 ملین روپے کے منافع کی صورت میں برآمد ہوا ہے جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 5.7% زائد ہے۔

مستقبل پر نظر

معیشت اس وقت کئی بحرانوں کا شکار ہے جس میں بڑے پیمانے پر مالیاتی و کرنٹ اکاؤنٹ خسارہ، زرمبادلہ کے ذخائر میں واضح کمی، کرنسی پر بڑھنے والا دباؤ اور عالمی منڈی میں تیل کی قیمتوں میں ہونے والا اضافہ شامل ہیں۔ نتیجتاً گزشتہ کلینٹر سال کے اختتام سے اب تک پاکستانی روپے کی قدر میں 25% تک کی کمی واقع ہو چکی ہے۔ اسی طرح اسٹیٹ بینک آف پاکستان کی جانب سے بھی جنوری 2018 سے 275 بیس پوائنٹس کی شرح سود کو بڑھایا جا چکا ہے تاکہ افراط زر کنٹرول کرنے کے ساتھ ساتھ مقامی کرنسی میں استحکام پیدا کیا جا سکے۔

پاکستانی روپے کی قدر میں تیزی کے ساتھ آنے والی کمی اور مزید کمی کیلئے ملنے والے اشاروں کی وجہ سے دواسازی کی کمپنی کیلئے بالخصوص ایک چیلنج پیدا ہو گیا ہے کیونکہ دواسازی کے عمل میں استعمال ہونے والے خام مال کے اہم ترین اجزاء میں سے اکثر کو درآمد کیا جاتا ہے۔ ٹرگ ریگولیٹری اتھارٹی آف پاکستان کی نئی پرائسنگ پالیسی کے تحت سالانہ افراط زر کے مقابلے میں ادویات کی قیمت فروخت میں اضافے کی اجازت کی وجہ سے ان منفی اثرات کو کسی حد تک کم کرنے میں مدد ملی ہے۔

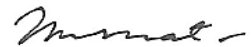
بیرونی دباؤ کے باوجود ہمارے بنیادی کاروباری اشارے اس حد تک مثبت ہیں کہ ہم مستقل شرح نمو کے ساتھ اپنے کاروبار کو آگے کی سمت میں بڑھانے کی سکت رکھتے ہیں۔ جہاں تک دواسازی کی صنعت کا تعلق ہے یہ معیشت کا ایک غیر لچکدار شعبہ ہے اور ہم پر امید ہیں کہ دواسازی کی صنعت کی شرح نمو کی نسبت دو عددی رہے گی۔ کمپنی اپنی فطری نشوونما جاری رکھے گی اور اس سلسلے میں نئی مصنوعات کو متعارف کروانے کے ساتھ ساتھ نا صرف مقامی مارکیٹ میں نئی جگہیں تلاش کی جائیں گی بلکہ برآمدات کیلئے بھی نئی مارکیٹ کی تلاش جاری رہے گی۔

اظہار تشکر

ہم اپنے تمام معزز صارفین اور دیگر شراکت داروں کی جانب سے انکی حمایت اور سرپرستی کیلئے انکے بے حد مشکور ہیں۔ مزید برآں ہم اپنے اسٹاف کے بھی بے حد مشکور ہیں کہ جن کی محنت اور اخلاص کی بدولت کمپنی کامیابی کی منازل طے کر رہی ہے۔



محمد کامران مرزا
ڈائریکٹر



نصرت منشی
چیف ایگزیکٹو آفیسر

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

		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- Rupees in '000-----	
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,687,855	1,478,641
Intangible assets	5	5,385,124	5,385,440
Long-term loans and deposits		12,175	10,852
		7,085,154	6,874,933
CURRENT ASSETS			
Stores, spares and loose tools		6,986	6,723
Stock-in-trade	6	842,736	669,649
Trade debts	7	602,040	466,748
Loans and advances		69,476	48,196
Trade deposits and other receivables		64,346	7,148
Taxation – net		451,527	423,380
Cash and bank balances	8	47,896	30,304
		2,085,007	1,652,148
TOTAL ASSETS		9,170,161	8,527,081
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised capital 350,000,000 (2017: 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
Unappropriated profit		3,313,925	2,710,935
		6,113,925	5,510,935
NON-CURRENT LIABILITIES			
Deferred taxation		38,663	41,053
Long term financing		1,312,449	1,672,773
		1,351,112	1,713,826
CURRENT LIABILITIES			
Trade and other payables		720,114	800,943
Accrued interest		16,428	11,777
Short-term borrowings	9	478,982	-
Current maturity of long-term financing		489,600	489,600
		1,705,124	1,302,320
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		9,170,161	8,527,081

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

		Nine-months ended		Quarter-ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
Note		Rupees in '000			
Sales	11	4,034,710	3,537,053	1,168,422	1,194,138
Cost of sales	12	(1,754,495)	(1,395,096)	(469,000)	(456,968)
Gross profit		2,280,215	2,141,957	699,422	737,170
Administrative expenses		(81,564)	(77,194)	(28,330)	(23,696)
Marketing and selling expenses	13	(842,294)	(686,021)	(280,730)	(235,066)
Other expenses	14	(109,097)	(83,769)	(30,409)	(26,292)
Other income		12,260	16,985	4,016	2,791
Operating profit		1,259,520	1,311,958	363,969	454,907
Finance costs	15	(144,797)	(257,773)	(50,614)	(82,188)
Profit before taxation		1,114,723	1,054,185	313,355	372,719
Taxation		(161,733)	(117,121)	(36,842)	(39,013)
Net profit for the period		952,990	937,064	276,513	333,706
Earnings per share – basic and diluted		3.40	3.35	0.99	1.19

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

	Nine-months ended		Quarter-ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	----- Rupees in ' 000-----			
Net profit for the period	952,990	937,064	276,513	333,706
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>952,990</u>	<u>937,064</u>	<u>276,513</u>	<u>333,706</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

30 September 30 September
2018 2017
----- Rupees in '000 -----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation 1,114,723 1,054,185

Adjustments for:

Depreciation	71,573	66,542
Amortisation	373	13,631
Finance costs	127,984	241,929
(Gain) / loss on sale of property, plant and equipment	(1,419)	2,570
Gain on sale on redemption of mutual fund units	-	(3)
Liabilities no longer payable written back	(2,219)	(5,527)
Workers' Profit Participation Fund	60,045	55,943
Workers' Welfare Fund	14,695	12,252
Central Research Fund	11,981	11,302

283,013 398,639

Operating profit before working capital changes 1,397,736 1,452,824

Working capital changes

(Increase) / decrease in current assets

Stores, spares and loose tools	(263)	538
Stock-in-trade	(173,087)	(8,449)
Trade debts	(135,292)	(257,564)
Loans and advances	(21,280)	(28,367)
Trade deposits, short term prepayments and other receivables	(57,198)	(8,973)

(387,120) (302,815)

Decrease in current liabilities

Trade and other payables (181,034) (57,857)

Cash generated from operations

829,582 1,092,152

Finance costs paid	(123,334)	(354,050)
Income tax paid	(192,270)	(155,893)
Workers' Welfare Fund paid	-	(23,048)
Central Research Fund paid	(14,220)	(11,797)
Long-term loans and deposits	(1,323)	(4,584)

498,435 542,780

CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(287,892)	(202,552)
Sale proceeds of fixed assets	8,468	14,644
Redemption of short term investments	-	32

(279,424) (187,876)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing repaid	(360,324)	(1,056,858)
Dividend paid	(320,077)	-

(680,401) (1,056,858)

Net decrease in cash and cash equivalents (461,390) (701,954)

Cash and cash equivalents at the beginning of the period 30,304 480,094

Cash and cash equivalents at the end of the period (431,086) (221,860)

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Unappropriated profit	Total equity
	-----	Rupees in '000	-----
Balance as at 01 January 2017	2,800,000	1,477,031	4,277,031
Total comprehensive income for the period	-	937,064	937,064
Balance as at 30 September 2017	2,800,000	2,414,095	5,214,095
Balance as at 01 January 2018	2,800,000	2,710,935	5,510,935
Total comprehensive income for the period	-	952,990	952,990
Interim dividend @ Rs. 1.25 per share for the year 31 December 2018	-	(350,000)	(350,000)
Balance as at 30 September 2018	2,800,000	3,313,925	6,113,925

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

AGP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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** This condensed interim financial information of the Company for the period ended September 30, 2018 has 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.
- 2.2** The Act has been enacted on May 30, 2017 and is followed in terms of circular 23 dated October 4, 2017 issued by Securities and Exchange Commission of Pakistan.
- 2.3** The disclosures in this condensed interim financial information do not include the information reported for annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2017.
- 2.4** This condensed interim financial information is un-audited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

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

3.2 Accounting estimates, judgements and financial risk management.

The preparation of the condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Any revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2017. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2017.

	Note	30 September 2018 (Un-audited)	31 December 2017 (Audited)
		----- Rupees in '000-----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Opening Net Book Value (NBV)		1,414,807	1,357,979
Additions during the period / year (cost)	4.1	97,500	164,350
Disposals during the period / year (NBV)	4.1	(7,048)	(17,214)
Depreciation charged during the period / year		(71,573)	(90,308)
Closing NBV		1,433,686	1,414,807
Capital work-in-progress	4.2	254,169	63,834
		1,687,855	1,478,641

4.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (NBV)	
	30 September 2018 (Un-audited)	31 December 2017 (Audited)	30 September 2018 (Un-audited)	31 December 2017 (Audited)
	----- Rupees in '000 -----			
Building				
- Factory	1,260	11,746	-	2,146
- Office	-	44	-	-
Plant and machinery	5,698	9,970	1,988	589
Furniture and fixtures	1,728	3,720	-	164
Motor vehicles	47,597	62,996	4,834	8,371
Office equipment	3,284	2,823	41	-
Refrigerators and air-conditioners	1,857	21,798	181	5,185
Laboratory equipment	28,953	43,655	-	657
Computers and related accessories	7,123	7,598	4	102
	97,500	164,350	7,048	17,214

4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating assets	Closing balance
	----- Rupees in '000 -----			
Advance against land	-	35,070	-	35,070
Building - factory / office	28,356	53,801	(1,260)	80,897
Plant and machinery	26,165	79,887	(5,698)	100,354
Furniture and fixtures	618	4,092	(1,728)	2,982
Motor vehicles	740	54,491	(47,597)	7,634
Office equipment	328	4,946	(3,284)	1,990
Refrigerators and air-conditioners	1,126	9,323	(1,857)	8,592
Laboratory equipment	3,676	27,422	(28,953)	2,145
Computers and related accessories	-	7,422	(7,123)	299
Intangible assets	2,825	11,438	(57)	14,206
	<u>63,834</u>	<u>287,892</u>	<u>(97,557)</u>	<u>254,169</u>

	Note	30 September 2018 (Un-audited)	31 December 2017 (Audited)
		----- Rupees in '000 -----	
5. INTANGIBLE ASSETS			
Goodwill		743,226	743,226
Trade marks		4,641,346	4,641,346
Computer software		552	868
		<u>5,385,124</u>	<u>5,385,440</u>
6. STOCK-IN-TRADE			
Raw and packing materials			
- In hand		460,189	274,853
- In transit		78,549	89,768
		<u>538,738</u>	<u>364,621</u>
Work – in – process		39,225	48,783
Finished goods		264,773	256,245
		<u>842,736</u>	<u>669,649</u>
7. TRADE DEBTS – considered good			
Related parties			
- Holding Company		3,901	1,421
- Muller and Phipps (Private) Limited		522,616	398,415
		<u>526,517</u>	<u>399,836</u>
Others		75,523	66,912
		<u>602,040</u>	<u>466,748</u>
8. CASH AND BANK BALANCES			
With banks in			
- deposit accounts	8.1	12,312	9,258
- current accounts		35,062	20,845
		<u>47,374</u>	<u>30,103</u>
Cash in hand		522	201
		<u>47,896</u>	<u>30,304</u>

8.1 These carry profit rates ranging from 3.75% to 5.5% (31 December 2017: 2.67% to 5.25%) per annum.

		30 September 2018 (Un-audited) ----- Rupees in '000-----	31 December 2017 (Audited) ----- Rupees in '000-----
9. SHORT-TERM BORROWINGS	Note		
Running finance	9.1	478,982	-
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 1 to 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 September 2018 (Un-audited) ----- Rupees in '000-----	31 December 2017 (Audited) ----- Rupees in '000-----
10.2 Commitments			
- Outstanding letters of credit		95,300	203,948
- Capital commitments		40,491	92,580
- Bank guarantees		69,616	49,351
11. SALES			
Local			
- Manufacturing		3,467,771	3,274,270
- Trading		543,332	252,736
		4,011,103	3,527,006
Export		23,607	10,047
		4,034,710	3,537,053

	30 September 2018	30 September 2017
	----- Rupees in '000 -----	
12. COST OF SALES		
Cost of sales – manufacturing		
Raw and packing materials consumed		
Opening stock	274,853	224,674
Purchases	1,096,892	982,857
	<u>1,371,745</u>	<u>1,207,531</u>
Closing stock	(538,738)	(274,853)
	<u>833,007</u>	<u>932,678</u>
Manufacturing cost		
Salaries, wages and other benefits	172,871	157,789
Stores and spares consumed	13,974	9,093
Contractual labour	77,318	67,913
Processing charges	11,025	8,795
Freight and octroi	1,270	2,292
Fuel and power	53,153	48,415
Repairs and maintenance	37,548	30,128
Travelling and conveyance	9,208	3,420
Insurance	1,406	2,064
Laboratory expenses	18,050	12,647
Rent, rates and taxes	1,490	2,623
Depreciation	49,382	45,366
Amortisation	30	17
Communication	1,232	1,167
Printing and stationery	1,471	1,280
	<u>449,428</u>	<u>393,009</u>
	<u>1,282,435</u>	<u>1,325,687</u>
Work-in-process		
Opening stock	48,783	54,124
Closing stock	(39,225)	(48,783)
	<u>9,558</u>	<u>5,341</u>
Cost of goods manufactured	<u>1,291,993</u>	<u>1,331,028</u>
Finished goods		
Opening stock	152,127	121,628
Closing stock	(179,948)	(199,395)
	<u>(27,821)</u>	<u>(77,767)</u>
Stock adjustment account		
Samples	(41,904)	(34,676)
Cost of sales – trading		
Opening stock	104,117	58,344
Purchases	512,935	175,017
Closing stock	(84,825)	(56,850)
	<u>532,227</u>	<u>176,511</u>
	<u>1,754,495</u>	<u>1,395,096</u>

	30 September 2018	30 September 2017
	----- Rupees in '000-----	
13. MARKETING AND SELLING EXPENSES		
Salaries, wages and other benefits	379,905	238,945
Travelling and conveyance	125,027	112,572
Repairs and maintenance	4,284	2,675
Insurance	3,177	3,153
Depreciation	18,728	14,686
Amortisation	249	13,186
Printing and stationery	3,394	3,356
Samples	41,904	34,676
Sales promotion expenses	235,070	237,021
Communication	30,490	24,939
Advertisement	66	812
	842,294	686,021
14. OTHER EXPENSES		
Workers' profit participation fund	60,045	55,943
Workers' welfare fund	14,695	12,252
Central research fund	11,981	11,302
Exchange loss – net	22,376	1,702
Loss on sale of fixed assets	-	2,570
	109,097	83,769
15. FINANCE COSTS		
Mark-up on long term financing	127,985	241,928
Mark-up on short-term borrowings	12,855	13,518
Bank charges	3,957	2,327
	144,797	257,773

16. 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 information, are as follows:

Relationship	Nature of transactions	30 September 2018	30 September 2017
		----- Rupees in '000-----	
Holding Company	Sale of goods	22,361	21,953
	Expenses charged to the Holding Company	15,837	4,877
	Expenses charged by the Holding Company	34,204	6,497
Associated Companies	Sale of goods	3,169,441	2,921,821
	Expenses charged to the associated companies	5,742	549
	Expenses charged by the associated companies	27,997	42,582
Retirement fund	Contribution paid	15,076	11,717
Key management personnel	Remuneration	48,520	44,252

30 September 2018 (Un-audited)	31 December 2017 (Audited)
----- Rupees in '000 -----	

Period / year end balances are as follows:

Receivable from the Holding Company	3,901	1,421
Receivable from associated companies	522,616	398,415
Payable to associated companies	20,172	17,394

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This condensed interim financial information 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 this condensed interim financial information approximate their fair values.

18. DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on 25 October 2018 by the Board of Directors of the Company.

19. GENERAL

The figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



Chief Executive



Director



Chief Financial Officer



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