

# 30 YEARS OF QUALITY

FIRST  
QUARTERLY REPORT  
MARCH

2  
19



**AGP**  
we value life

# Contents

Company Information	01
Directors' Review (English)	02
Directors' Review (Urdu)	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Statement of Cash Flows	09
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11

# 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 Hussein

## Head of Internal Audit

Mr. Shahzaib Tariq

## Auditors

EY Ford Rhodes

Chartered Accountants

## Legal advisors

Sattar & Sattar

## Share Registrar

Central Depository Company of Pakistan 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 (Single A)

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 information of your Company for the three months ended March 31, 2019. These condensed interim financial information 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-----

	March 31, 2019	March 31, 2018
<b>Sales – net</b>	<b>1,611</b>	1,554
<b>Gross profit</b>	<b>933</b>	803
<b>EBITDA</b>	<b>587</b>	525
<b>Profit before tax</b>	<b>502</b>	452
<b>Net profit after tax</b>	<b>425</b>	392
<b>Earnings per share in PKR</b>	<b>1.52</b>	1.40

The Company continues to strive for optimal and efficient use of available resources and maintained high quality standards at all levels. In the midst of external challenges of currency depreciation and monetary tightening, we have continued our efforts towards increasing value for our stakeholders and your Company has been able to improve its margins and profitability compared to the corresponding period last year.

The sales of the company grew by 3.7% as compared to the same quarter last year. Ignoring the impact of government institutional orders for the hepatitis C products for the comparative quarters, the Company has achieved a 23.7% increase in sales primarily driven through growth of existing and new products for the three months ended March 31, 2019.

The gross profit recorded by the company was PKR 933 million in the first quarter of 2019 as compared to PKR 803 million in 2018, registering a growth of 16.2% on the back of volumetric and value growth, change in product mix and production efficiencies.

The marketing and selling expenses reported at PKR 306 million have increased by 20.6%, which is on account of inflation, increase in head count and spending on marketing campaigns to support core business. The financial cost of the company increased by 10.4% to PKR 54 million on the back of significant change in the policy rate during the comparative period.

The Company posted an increase of 8.4% in the profit after tax at PKR 425 million, with earnings per share of PKR 1.52 against PKR 1.40 per share for the same quarter last year.

**Acquisition of Nutraceutical Facility**

The Company has signed a purchase agreement to acquire a nutraceutical product manufacturing facility amounting to PKR 152.4 million, with an objective to diversify and aggressively expand its product offerings in this growing segment. This facility is expected to start commercial production in the last quarter of 2019 after possession, commissioning and upgradation process.

**Future Outlook**

Pakistan continues to face major economic challenges due to high fiscal and current account deficits. This has resulted in a sharp devaluation and an increase in the interest rates, which will lead to significant challenges for the Pharmaceutical Industry.

In order to provide some relief to the pharmaceutical industry, a one-off price increase of 15% was granted by the Drug Regulatory Authority of Pakistan (DRAP) in January 2019, which will partially mitigate the adverse impact of Rupee devaluation and other inflationary pressures. The full impact of the price increase will become evident from the second quarter of 2019.

The Company, despite the economic challenges is optimistic to achieve its growth targets for the year 2019, by leveraging its existing portfolio and robust product pipeline.

**Acknowledgment**

We would like to thank our esteemed business partners, valued customers and other stakeholders for their steadfast support and patronage. We would also like to thank all our employees for their sincere commitment and efforts in helping the Company in achieving its objectives for the period under review.



Nusrat Munshi  
Chief Executive Officer



Muhammad Kamran Mirza  
Non-Executive Director

گزشتہ سال اسی سہ ماہی میں ۱.۴۰ روپے فی شیئر کے مقابلے میں کمپنی نے ۱.۵۲ روپے فی شیئر آمدنی کے ساتھ ۸.۴ فی صد اضافے کے ساتھ ۴۲۵ ملین روپے بعد از ٹیکس منافع درج کرایا۔

### نیوٹراسیوٹیکل فیسیلیٹی کا حصول

کمپنی نے ۱۵.۴ ملین روپے مالیت کی نیوٹراسیوٹیکل مینوفیکچرنگ فیسیلیٹی کے حصول کے لیے ایک خریداری کے معاہدے پر دستخط کیے ہیں جس کا مقصد اس بڑھتے ہوئے شعبے میں اپنی پیش کردہ پروڈکٹس میں تنوع لانا اور جارحانہ توسیع کرنا ہے۔ اس فیسیلیٹی کے قبضے، کمیشننگ اور اپ گریڈیشن کے عمل کے بعد ۲۰۱۹ کی آخری سہ ماہی میں کمرشل پروڈکشن شروع کرنے کی توقع ہے۔

### مستقبل کی توقعات

پاکستان کو مالیاتی اور کرنٹ اکاؤنٹ خساروں کی وجہ سے بڑے معاشی چیلنجوں کا بدستور سامنا ہے۔ اس کا نتیجہ روپے کی قدر میں تیزی سے کمی اور شرح سود میں اضافے کی صورت میں سامنے آیا ہے جس کے نتیجے میں فارماسیوٹیکل انڈسٹری کو سنگین چیلنج درپیش ہوں گے۔

فارماسیوٹیکل انڈسٹری کو کچھ ریلیف دینے کے لیے ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کی طرف سے جنوری ۲۰۱۹ میں قیمتوں میں ۱۵ فی صد کا یک وقتی اضافہ کیا ہے، جس سے روپے کی قدر میں کمی اور افراط زر کے دیگر دباؤ کے منفی اثرات میں جزوی کمی ہوگی۔ قیمتوں میں اضافے کے مکمل اثرات ۲۰۱۹ کی دوسری سہ ماہی سے واضح ہوں گے۔

معاشی چیلنجوں کے باوجود کمپنی اپنی موجودہ پورٹ فولیو اور پائپ لائن میں موجود زبردست نئی مصنوعات کی بدولت اپنے ۲۰۱۹ کے نمو کے اہداف پانے کے حوالے سے پرامید ہے۔

### اظہار تشکر

ہم اپنے معزز بزنس پارٹنرز، قابل قدر کسٹمرز اور دیگر اسٹیک ہولڈرز کی غیر متزلزل معاونت اور سرپرستی کے لیے ان کا شکریہ ادا کرنا چاہیں گے۔ ہم زیر جائزہ مدت کے لیے اپنے مقاصد کے حصول میں کمپنی کی مدد کے لیے اپنے تمام ملازمین کی پُر خلوص لگن کاوشوں کا شکریہ ادا کرتے ہیں۔



محمد کامران مرزا

نان ایگزیکٹو ڈائریکٹر



نصرت نشی

چیف ایگزیکٹو آفیسر

## ڈائریکٹر کا جائزہ برائے ممبران

بورڈ آف ڈائریکٹرز کی طرف سے ۳۱ مارچ، ۲۰۱۹ کو ختم ہونے والے تین ماہ کے لیے آپ کی کمپنی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرنا ہمارے لیے باعث مسرت ہے۔ یہ مختصر عبوری مالیاتی معلومات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز 34 (IAS)، عبوری مالیاتی رپورٹنگ، اور کمپنیز ایکٹ ۲۰۱۷ (یکٹ ۱) کے تحت جاری کردہ ضوابط اور ہدایات کے مطابق تیار کی گئی ہیں۔ ایسی صورت میں کہ جہاں IAS 34 کے تقاضے ایکٹ سے مختلف ہوں، ایکٹ کے تحت جاری کردہ ضوابط اور ہدایات کی پیروی کی گئی ہے۔

### کمپنی کے کاروباری نتائج

..... نزدیک ترین ملین روپے.....

۳۱ مارچ ۲۰۱۸

۳۱ مارچ ۲۰۱۹

۱,۵۵۴

۱,۶۱۱

سیلز - خالص

۸۰۳

۹۳۳

مجموعی منافع

۵۲۵

۵۸۷

EBITDA

۴۵۲

۵۰۲

قبل از ٹیکس منافع

۳۹۲

۴۲۵

بعد از ٹیکس خالص منافع

۱,۴۰

۱,۵۲

فی شیئر آمدنی، روپے میں

کمپنی دستیاب وسائل کے زیادہ سے زیادہ اور موثر استعمال اور تمام سطحوں پر کوالٹی کا بلند معیار برقرار رکھنے کے لیے کوششیں جاری رکھے ہوئے ہیں۔ کرنسی کی قدر میں کمی اور مالیاتی سختی کے بیرونی چیلنجوں کے درمیان ہم نے اپنے اسٹیک ہولڈرز کی قدر میں اضافے کی جانب اپنی کوششیں جاری رکھی ہیں اور کمپنی سال گزشتہ کی اسی مدت کے مقابلے میں منافع جات اور منافع کم آنے کی اہلیت بہتر بنانے میں کامیاب رہی ہے۔

کمپنی کی سبزیز میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں ۷.۳ فی صد کا اضافہ ہوا۔ اگر ہم دونوں مقابل سہ ماہیوں کے لیے پیپا ٹائٹس سی پروڈکٹس کے لیے حکومتی اداروں کے آرڈرز (Government institutional orders) کا اثر نظر انداز کر دیں، تو کمپنی نے ۳۱ مارچ ۲۰۱۹ میں ختم ہونے والے تین ماہ کے لیے، گزشتہ سال اسی مدت کے مقابلے میں قیمت میں اضافے، موجودہ اور نئی پروڈکٹس کی فروخت کے حجم میں اضافے کے نتیجے میں سبزیز میں ۷.۳ فی صد اضافہ حاصل کیا ہے۔

۲۰۱۸ میں ۸۰۳ ملین روپے کے مقابلے میں کمپنی نے حجم کی نمو، قیمت میں اضافے، پروڈکٹس میں تبدیلی اور پیداواری کفایت کی بدولت ۲۰۱۹ کی پہلی سہ ماہی میں ۹۳۳ ملین روپے کا مجموعی منافع ریکارڈ کر لیا اور ۱۶.۲ فی صد کی نمو درج کرائی۔


۲۰۱۹ میں ۳۰۶ ملین روپے کے ساتھ مارکیٹنگ اور فروخت کے اخراجات میں ۲۰۰.۶ فی صد تک اضافہ ہوا جو افراط زر، افرادی قوت میں اضافے اور مرکزی کاروبار میں معاونت کے لیے مارکیٹنگ کمپنیز پر اخراجات میں اضافے کا نتیجہ ہے۔ مقابل مدت کے دوران پالیسی شرح میں نمایاں تبدیلی کی وجہ سے کمپنی کی مالیاتی لاگت ۱۰.۴ فی صد اضافے کے ساتھ ۵۴ ملین روپے تک بڑھ گئی۔

## Condensed Interim Statement of Financial Position

AS AT 31 MARCH 2019

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
..... (Rupees in '000) .....			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	1,749,400	1,685,034
Intangible assets	4	5,396,991	5,398,256
Long-term loans and deposits		12,295	11,924
		<b>7,158,686</b>	<b>7,095,214</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		7,061	7,457
Stock-in-trade	5	785,789	797,017
Trade debts	6	587,575	483,439
Loans and advances		122,730	66,915
Trade deposits, prepayments and other receivables		9,632	5,454
Taxation – net		475,139	483,471
Cash and bank balances		61,754	24,423
		<b>2,049,680</b>	<b>1,868,176</b>
<b>TOTAL ASSETS</b>		<b>9,208,366</b>	<b>8,963,390</b>
<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		<b>3,500,000</b>	<b>3,500,000</b>
Issued, subscribed and paid-up capital			
280,000,000 Ordinary shares of Rs.10/- each fully paid in cash		<b>2,800,000</b>	<b>2,800,000</b>
Revenue reserve – unappropriated profit		<b>3,992,922</b>	<b>3,567,625</b>
		<b>6,792,922</b>	<b>6,367,625</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		57,711	58,786
Long-term financing		<b>1,072,006</b>	<b>1,192,366</b>
		<b>1,129,717</b>	<b>1,251,152</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		736,811	660,428
Unclaimed dividend		607	31,056
Accrued interest		13,854	18,552
Short-term borrowings		44,855	144,977
Current maturity of long-term financing		489,600	489,600
		<b>1,285,727</b>	<b>1,344,613</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,208,366</b>	<b>8,963,390</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

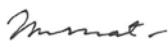


## Condensed Interim Statement of Profit or Loss

FOR THE PERIOD ENDED 31 MARCH 2019 – Un-audited

	Note	31 March 2019	31 March 2018
		(Rupees in '000)	
Revenue – net	8	1,611,009	1,554,149
Cost of sales	9	(678,422)	(751,015)
<b>Gross profit</b>		<b>932,587</b>	<b>803,134</b>
Administrative expenses	10	(32,912)	(21,731)
Marketing and selling expenses		(306,072)	(253,840)
Other expenses		(41,427)	(30,479)
Other income		3,500	3,857
Finance costs		(53,601)	(48,543)
		(430,512)	(350,736)
<b>Profit before taxation</b>		<b>502,075</b>	<b>452,398</b>
Taxation		(76,778)	(60,519)
<b>Net profit for the period</b>		<b>425,297</b>	<b>391,879</b>
<b>Earnings per share – basic and diluted</b>		<b>1.52</b>	<b>1.40</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



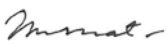
Director

# Condensed Interim Statement of Comprehensive Income

FOR THE PERIOD ENDED 31 MARCH 2019 – Un-audited

	31 March 2019	31 March 2018
	..... (Rupees in '000) .....	
<b>Net profit for the year</b>	<b>425,297</b>	391,879
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>425,297</b>	391,879

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



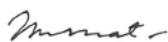
Director

# Condensed Interim Statement of Cash Flows

FOR THE PERIOD ENDED 31 MARCH 2019 – Un-audited

		31 March 2019	31 March 2018
		..... (Rupees in '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	11	506,663	155,298
Finance costs paid		(56,056)	(41,149)
Income tax paid		(69,524)	(65,765)
Long-term loans and deposits		(370)	(909)
Net cash generated from operating activities		380,713	47,475
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(97,685)	(86,445)
Proceeds from disposal of operating fixed assets		5,234	4,999
Net cash used in investing activities		(92,451)	(81,446)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(30,449)	-
Long-term financing repaid		(120,360)	(120,133)
		(150,809)	(120,133)
Net increase/(decrease) in cash and cash equivalents		137,453	(154,104)
Cash and cash equivalents at the beginning of the period		(120,554)	30,304
Cash and cash equivalents at the end of the period	12	16,899	(123,800)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



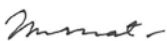
Director

# Condensed Interim Statement of Changes in Equity

FOR THE PERIOD ENDED 31 MARCH 2019 – Un-audited

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit	Total
	(Rupees in '000)		
<b>Balance as at 01 January 2018</b>	2,800,000	2,710,935	5,510,935
Total comprehensive income for the period	-	391,879	391,879
<b>Balance as at 31 March 2018</b>	<u>2,800,000</u>	<u>3,102,814</u>	<u>5,902,814</u>
<b>Balance as at 01 January 2019</b>	2,800,000	3,567,625	6,367,625
Total comprehensive income for the period	-	425,297	425,297
<b>Balance as at 31 March 2019</b>	<u>2,800,000</u>	<u>3,992,922</u>	<u>6,792,922</u>

The annexed notes 1 to 14 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 PERIOD ENDED 31 MARCH 2019 – Un-audited

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1 AGP Limited (the Company) was incorporated as a public limited company in May 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at B-23C S.I.T.E Karachi. The Company is 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 pharmaceutical products.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements of the Company for the period ended 31 March 2019 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.

The disclosures in these condensed interim financial statements 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 31 December 2018.

These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

### 2.2 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 for the adoption of IFRS 15 "Revenue from contracts with customers".

#### 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 principal activities of the Company include import, marketing, export, dealership, distribution, wholesale and manufacturing of pharmaceutical products. The Company has assessed that the significant performance obligation in contracts with customers including sales return are appropriately recognised and the impact of the adoption of new standard is immaterial to the overall condensed interim financial statements, hence the Company has concluded that it is in compliance with the requirements of the new accounting standard.

**IFRS 9 – Financial Instruments – Classification and measurement**

The Securities and Exchange Commission of Pakistan (SECP) has modified the effective date of application of IFRS 9 in place of IAS 39, through SRO. 229 (I)/2019, dated 14 February, 2019, as reporting period / year ending on or after 30 June 2019.

**2.3 Functional and presentation currency**

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. The condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

**2.4 Significant accounting judgments and estimates**

The preparation of the condensed interim financial statements 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 statements, 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, 2018. 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, 2018.

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
.....(Rupees in '000).....			
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	1,613,412	1,605,590
Capital work-in-progress	3.2	135,988	79,444
		<u>1,749,400</u>	<u>1,685,034</u>

**3.1** Following are the additions and disposals during the period from 01 January 2019 to 31 March 2019:

Additions	Disposals	
	Cost	Accumulated Depreciation
.....(Rupees in '000).....		
Factory building	3,582	-
Plant & machinery	9,370	1,914
Furniture & fixtures	1,570	-
Motor vehicles	21,426	10,368
Office equipment	970	-
Refrigerator and air conditioner	32	686
Laboratory equipment	1,439	445
Computers & related accessories	2,813	-
	<u>41,202</u>	<u>13,413</u>
		<u>9,725</u>

**3.2 Capital work-in-progress**

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
	(Rupees in '000)			
Land	-	9,199	-	9,199
Building	25,470	33,437	3,582	55,325
Plant and machinery	44,581	10,972	9,370	46,183
Motor vehicles	1,969	25,354	21,426	5,897
Furniture & fixtures	472	1,480	1,570	382
Refrigerators and air-conditioners	5,363	5,215	32	10,546
Laboratory equipment	1,396	1,606	1,439	1,563
Office equipment	136	2,013	970	1,179
Computers and related accessories	57	7,870	2,813	5,114
Intangible – Software	-	600	-	600
	<u>79,444</u>	<u>97,746</u>	<u>41,202</u>	<u>135,988</u>

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
<b>4. INTANGIBLE ASSETS</b>		(Rupees in '000)	
Goodwill		743,226	743,226
Trademarks - indefinite		4,641,087	4,641,087
Computer software		12,678	13,943
		<u>5,396,991</u>	<u>5,398,256</u>
<b>5. STOCK-IN-TRADE</b>			
<b>Raw and packing materials</b>			
In hand		414,276	376,020
In transit		35,843	93,415
		<u>450,119</u>	<u>469,435</u>
<b>Work-in-process</b>		50,024	43,601
<b>Finished goods</b>		302,875	301,210
<b>Provision for obsolescence and slow moving stock</b>		(17,229)	(17,229)
		<u>785,789</u>	<u>797,017</u>
<b>6. TRADE DEBTS – considered good</b>			
<b>Related parties</b>			
- OBS Pakistan (Private) Limited – parent		6,289	8,048
- Muller and Phipps Pakistan (Private) Limited – associate		512,419	417,829
		<u>518,708</u>	<u>425,877</u>
<b>Others</b>		68,867	57,562
		<u>587,575</u>	<u>483,439</u>

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 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.

### 7.2 COMMITMENTS

Outstanding letters of credit

**156,907**

152,984

Capital commitments

**51,037**

4,462

Bank guarantees

**32,396**

26,265

## 8. REVENUE – net

Local

- Manufacturing

- Trading

**31 March  
2019**

**31 March  
2018**

(Rupees in '000)

**1,512,487**

1,178,066

**286,931**

903,645

**1,799,418**

2,081,711

Export

**22,470**

16,408

Less: Trade discounts

Sales return

Sales tax

**(209,669)**

(543,327)

**(687)**

(137)

**(523)**

(506)

**(210,879)**

(543,970)

**1,611,009**

1,554,149



	Note	31 March 2019	31 March 2018
.....(Rupees in '000).....			
<b>9. COST OF SALES</b>			
<b>Cost of sales – manufacturing</b>			
<b>Raw and packing materials consumed</b>			
Opening stock		376,020	274,852
Purchases		470,291	370,673
Available for consumption		846,311	645,525
Closing stock		(450,119)	(348,148)
Raw and packing material consumed		396,192	297,377
<b>Manufacturing cost</b>			
Salaries, wages, allowances and other benefits 9.1		94,581	84,260
Processing charges		1,299	2,778
Freight		664	348
Fuel, gas and electricity		16,550	13,011
Repairs and maintenance		16,050	9,613
Travelling and conveyance		3,145	2,810
Stores & spares consumed		4,379	4,365
Insurance		720	397
Laboratory expenses		2,406	7,225
Rent, rates and taxes		523	218
Depreciation		20,498	16,300
Amortisation of intangible assets		54	8
Postage, telegraph and telephones		390	340
Printing and stationery		696	514
		161,955	142,187
		558,147	439,564
<b>Work-in-process</b>			
Opening stock		43,601	48,783
Closing stock		(50,024)	(54,376)
		(6,423)	(5,593)
<b>Cost of goods manufactured</b>		551,724	433,971
<b>Finished goods</b>			
Opening stock		216,385	152,127
Closing stock		(177,336)	(134,992)
		39,049	17,135
		590,773	451,106
<b>Stock adjustment account</b>			
Samples		(13,688)	(14,729)
<b>Cost of sales – trading</b>			
Opening stock		84,825	104,117
Purchases		142,051	258,364
Closing stock		(125,539)	(47,843)
		101,337	314,638
		678,422	751,015

9.1 Included herein is a sum of Rs 1.70 million (2018: Rs. 1.60 million) in respect of staff retirement benefits.

	Note	31 March 2 0 1 9	31 March 2 0 1 8
.....(Rupees in '000).....			
<b>10. MARKETING AND SELLING EXPENSES</b>			
Salaries, benefits and other allowances	10.1	161,106	124,439
Travelling and conveyance		41,511	39,392
Repairs and maintenance		656	681
Insurance		1,931	971
Depreciation		7,970	5,983
Amortisation		82	82
Printing and stationery		1,060	693
Samples		13,688	14,729
Advertisement		76	-
Subscription		1,500	-
Sales promotion expenses		70,072	59,790
Communication		6,420	7,080
		<u>306,072</u>	<u>253,840</u>

10.1 Included herein is a sum of Rs. 3.44 million (2018: Rs. 2.89 million) in respect of staff retirement benefits.

		31 March 2 0 1 9	31 March 2 0 1 8
.....(Rupees in '000).....			
<b>11. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		502,075	452,398
<b>Adjustments for:</b>			
Depreciation		29,631	23,766
Amortisation		1,265	184
Finance costs		51,358	42,583
(Gain) / Loss on disposal of operating fixed assets		(1,546)	(2,061)
Provision for Workers' Profit Participation Fund		27,128	22,397
Provision for Workers' Welfare Fund		6,844	4,222
Provision for Central Research Fund		5,480	4,525
		<u>120,160</u>	<u>95,616</u>
<b>Operating profit before working capital changes</b>		<b>622,235</b>	<b>548,014</b>
<b>Working capital changes</b>			
Decrease / (increase) in current assets			
Stores, spares and loose tools		396	60
Stock-in-trade		11,228	84,288
Trade debts		(104,136)	(263,035)
Loans and advances		(55,815)	(19,802)
Trade deposits, prepayments and other receivables		(4,178)	(169)
		<u>(152,505)</u>	<u>(198,658)</u>
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		36,933	(194,058)
		<u>506,663</u>	<u>155,298</u>

<b>12. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		61,754	-
Short-term borrowings		(44,855)	(123,800)
		<u>16,899</u>	<u>(123,800)</u>

### 13. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of the Holding Company, the Ultimate Holding Company, associates, retirement funds, directors and key management personnel. Transactions with related parties other than those disclosed in respective notes are as follows:

Relationship	Basis of relationship	Percentage of shareholding	Nature of transactions	31 March 2019	31 March 2018
.....(Rupees in '000) .....					
<b><u>Parent company</u></b>					
OBS Pakistan (Private) Limited	Common directorship / shareholding	50.53%	Sale of goods	4,929	6,994
			Expenses charged to	752	11,697
			Expenses charged by	-	29,118
<b><u>Associated companies</u></b>					
Aspin Pharma (Private) Limited	Common directorship	4.79%	Sale of goods	6,228	-
			Expenses charged to	465	601
			Expenses charged by	-	714
Muller and Phipps Pakistan (Private) Limited	Common directorship	13.54%	Sale of goods	1,309,712	1,075,893
			Expenses charged to	-	4,270
			Expenses charged by	10,324	12,211
<b><u>Staff retirement benefit fund</u></b>					
AGP Limited staff provident fund	Staff retirement funds	N/A	Contributions paid	5,253	4,770
<b><u>Key management personnel</u></b>					
			Remuneration	46,507	41,580

**31 March**  
**2019**  
**(Un-audited)**

31 December  
2018  
(Audited)

..... (Rupees in '000) .....

**Period / year end balances are as follows:**

Payable to Muller & Phipps Pakistan (Private)  
Limited – associate

**30,585**

21,394

**14. DATE OF AUTHORISATION**

These condensed interim financial statements were authorized for issue on 25 April 2019 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director



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