

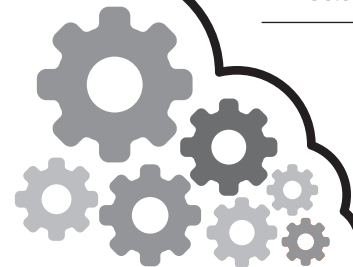


Q2 | 2018 REPORT





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We at Highnoon Laboratories Limited understand the duties of being responsible corporate citizen and stand true to our conviction and promise to work for the betterment and prosperity of our people.

“Highnoon for a Healthier Nation”



We strive to maintain excellence in our business practices with the objective to benefit the medical community, consumers, stakeholders and employees; and to improve quality of life by providing quality products.



Excel in meeting customer needs.
Maintain leadership in national pharmaceutical industry.
Gain confidence of Doctors,
Pharmacists and Consumers who use our products.
Seek employee involvement, continuous improvement
and enhanced performance goals. Enhance export business.

Company Information

Board of Directors	Mr. Tausif Ahmad Khan Dr. Adeel Abbas Haideri Mr. Ghulam Hussain Khan Mr. Romesh Elapata Mr. Shazib Masud Mr. Taufiq Ahmed Khan Mrs. Zainub Abbas	Chairman Chief Executive Officer
Chief Financial Officer	Mr. Javed Hussain Tel: +92(42)37511953 Email: javed@highnoon.com.pk	
Company Secretary	Mr. Khadim Hussain Mirza Tel: +92(42)37510036 Email: khadim@highnoon.com.pk	
Bankers	Habib Bank Limited United Bank Limited J.S. Bank Limited Allied Bank Limited Standard Chartered Bank (Pakistan) Limited	
Registered, Head Office & Plant	17.5 Kilometer Multan Road, Lahore - 53700, Pakistan UAN: 111 000 465 Fax: +92 (42) 37510037 Email: info@highnoon.com.pk URL: www.highnoon-labs.com	
Legal Advisors	Raja Muhammad Akram & Company	
Tax Advisors	Yousuf Islam & Associates	
Auditors	EY Ford Rhodes Chartered Accountants	
Shares Registrar	Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial, Model Town, Lahore. Tel: +92 (42) 35916714, 35916719, Fax: +92 (42) 35869637	

Directors' Report

The Board of Directors of the Company take pleasure in presenting the unaudited condensed interim financial statements of your Company for the half year ended June 30, 2018. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and the provisions of the Companies Act, 2017.

The net sales of the Company for the six months under review closed at Rs. 3,555 million with an increase of 24% as compared to net sale of Rs. 2,857 million in the same period last year. Net sales for the second quarter registered a growth of 29% in comparison to the corresponding period. The gross profit in absolute terms increased by 20% to Rs. 1,683 million against gross profit of Rs. 1,398 million in June 30, 2017. Gross profit margin in percentage term was 47.3% against 48.9% in corresponding period, the decrease in gross profit margin is attributable to change in sales mix and devaluation of PKR.

Distribution, selling and promotional expenses have been increased by 35%, the increase mainly represents increase in sales team and additional market spend in tandem with new product launches in segments of nutraceuticals and antibiotics.

Your Company reported Net Profit after Tax of Rs. 339 million resulting in earning per share (EPS) of Rs. 11.87 (2017: Rs. 11.09).

Looking forward, recent hike in policy rate and devaluation of Pak rupee will put pressure on input cost of your Company with corresponding impact on bottom line. PKR has depreciated approximately by 15% in the last six months which will directly impact imported raw and packing material cost. On the other hand, pharmaceutical price increase is linked with inflation which is insufficient to cover the gap created by PKR depreciation and inflation taken together.

The Board wishes to place on record its appreciation to government authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. The Board would also like to place on record its deep sense of appreciation to the employees for their contribution and services.

For & On behalf of the Board

Lahore: 27 August 2018

Taufig Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے مالیاتی گوشوارے برائے ششماہی ختمہ 30 جون 2018 کو پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مد نظر رکھتے ہوئے تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی خالص فروخت آمدن 3,555 ملین روپے رہی جو کہ پچھلے سال کی ششماہی کی خالص فروخت آمدن 2,857 ملین روپے کی نسبت 24 فیصد زیادہ ہے۔ جبکہ دوسری سہ ماہی کی خالص فروخت آمدن پچھلے سال کی دوسری سہ ماہی کی خالص فروخت آمدن کے موازنہ میں 29 فیصد زیادہ رہی۔ زیر جائزہ مدت میں خام منافع 1,683 ملین روپے رہا جو کہ 30 جون 2017 کے خام منافع 1,398 ملین روپے کے موازنہ میں 20 فیصد زیادہ ہے، جبکہ خام منافع کا تناسب 47.3 فیصد رہا جو کہ پچھلے سال اسی مدت میں 48.9 فیصد تھا۔ خام منافع میں کمی کی وجہ سے کمزور پاکستانی روپے کی قدر میں کمی رہی۔

تقسیم اور فروخت کاری کے اخراجات میں اضافہ 35 فیصد رہا اس اضافہ کی بڑی وجہ نیوٹرا سیوٹیکل اور اینٹی بائیوٹک کے شعبہ سے متعلق نئی ادویات کو مارکیٹ میں متعارف کروانے کے لیے فروخت کاری کی ٹیم کی افرادی قوت میں اضافہ اور نئی ادویات کے مارکیٹ میں متعارف کروانے سے متعلق اضافی اخراجات رہے۔

آپ کی کمپنی کا بعد از ٹیکس خالص منافع 339 ملین روپے رہا۔ جس کے نتیجہ میں فی حصص آمدن 11.87 روپے رہی (2017: 11.09 روپے)۔

پالیسی ریٹ میں حالیہ اضافہ اور پاکستانی روپے کی قدر میں کمی، آنے والے وقت میں کمپنی کی پیداواری لاگت میں اضافہ کے باعث کمپنی کے خالص منافع پر اثر انداز ہو سکتے ہیں۔ پچھلے چھ ماہ کے دوران پاکستانی روپے کی قدر میں تقریباً 15 فیصد کمی واقع ہوئی ہے۔ اس کی کاربراہ راست اثر درآمدی خام مال اور پیکیجنگ میٹریل کی قیمتوں پر پڑے گا۔ جبکہ دوا بنیوں کی قیمت میں اضافہ افراط زر سے منسلک ہے۔ جو کہ افراط زر اور پاکستانی روپے کی قدر میں کمی کی بناء پر پیدا ہونے والے فرق کو پورا کرنے کے لیے ناکافی ہے۔

کمپنی کا بورڈ آف ڈائریکٹرز، حکومتی عہدیداروں، بینکوں، کاروباری شراکت داروں، حصہ داروں، ڈاکٹروں، فارماسسٹس کے تعاون کا بے حد مشکور ہے۔ بورڈ اپنے ملازمین اور انتظامیہ کی بھرپور کوششوں اور محنت کی بھی قدر کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 27 اگست 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Highnoon Laboratories Limited
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Highnoon Laboratories Limited (the Company) as at 30 June 2018 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated 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.

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 auditor's report is Naseem Akbar.

Other Matter Paragraph

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

Chartered Accountants
Lahore: 28th August 2018

Condensed Interim Financial Information Highnoon Laboratories Ltd.

For the Second Quarter Ended
30 June 2018

Condensed Interim Statement of Financial Position

	Note	Un Audited 30 June 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated	Audited 31 December 2016 (Rupees) Restated
EQUITY AND LIABILITIES				
Equity				
Share capital and reserves				
Authorized share capital				
50,000,000 (31 Dec. 2017: 50,000,000)				
Ordinary shares of Rs. 10 each				
		500,000,000	500,000,000	250,000,000
Share capital				
6		286,073,930	255,423,160	228,056,400
Revenue reserves				
		1,836,827,723	1,776,525,305	1,376,455,659
Surplus on revaluation of operating fixed assets				
		377,219,691	384,003,155	209,883,736
Total Equity				
		2,500,121,344	2,415,951,620	1,814,395,795
Non-current liabilities				
Liabilities against assets subject				
to finance lease	7	39,617,159	14,442,288	16,843,781
Long term advances				
		49,290,255	35,516,612	27,248,879
Deferred liabilities				
		337,537,695	373,229,929	312,920,256
		426,445,109	423,188,829	357,012,916
Current liabilities				
Trade and other payables				
		502,443,555	396,054,603	463,044,827
Unclaimed dividend				
		49,433,257	40,194,970	28,767,015
Mark up accrued				
		16,106	64,035	18,622
Short term borrowing				
8		-	-	-
Current portion of long term liabilities				
9		33,200,933	27,565,672	27,104,927
Income tax-net				
		35,971,185	59,101,868	143,275,421
		621,065,036	522,981,148	662,210,812
TOTAL EQUITY AND LIABILITIES				
		3,547,631,489	3,362,121,597	2,833,619,523

CONTINGENCIES AND COMMITMENTS 10

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 30 June 2018

Note	Un Audited 30 June 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated	Audited 31 December 2016 (Rupees) Restated
ASSETS			
Non-current assets			
Property, plant and equipment			
11	941,085,638	934,825,946	728,634,523
Intangible assets			
	-	5,073,017	21,765,868
Long term investment			
	200,000,000	200,000,000	200,000,000
Long term deposits			
	13,348,064	12,695,663	12,111,613
Long term advances			
	15,326,962	16,074,304	15,529,356
	1,169,760,664	1,168,668,930	978,041,360
Current assets			
Stock in trade			
12	1,443,702,693	1,115,539,075	992,637,743
Trade debts			
13	347,793,274	250,692,198	75,154,453
Advances			
14	95,531,025	57,879,171	74,672,999
Trade deposits and short term prepayments			
	38,966,340	24,329,555	17,423,457
Profit accrued			
	1,299,322	2,015,658	1,235,074
Other receivables			
	4,658,311	4,819,473	3,341,447
Loan to subsidiary			
	20,000,000	20,000,000	-
Tax refunds due from the Government			
	5,863,383	5,611,106	10,413,130
Short term investments			
15	-	100,000,000	-
Cash and bank balances			
16	420,056,477	612,566,431	680,699,860
	2,377,870,825	2,193,452,667	1,855,578,163
TOTAL ASSETS			
	3,547,631,489	3,362,121,597	2,833,619,523

Javed Hussain
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-Audited)

For The Six And Three Months Ended 30 June 2018

	Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2018	2017	2018	2017
		----- (Rupees) -----		----- (Rupees) -----	
Sales - net	17	3,555,169,892	2,857,837,915	1,917,967,216	1,490,021,938
Cost of sales	18	(1,872,476,677)	(1,460,114,048)	(1,037,189,294)	(742,472,360)
Gross profit		1,682,693,215	1,397,723,867	880,777,922	747,549,578
Distribution, selling and promotional expenses		(1,014,216,659)	(752,833,011)	(536,087,516)	(404,902,938)
Administrative and general expenses		(147,268,151)	(131,283,442)	(77,400,204)	(67,503,796)
Research and development expenses		(2,055,277)	(1,816,843)	(1,230,184)	(1,048,999)
Other operating expenses		(45,945,019)	(44,945,909)	(24,861,981)	(23,919,513)
		(1,209,485,105)	(930,879,205)	(639,579,885)	(497,375,246)
Operating Profit		473,208,110	466,844,662	241,198,037	250,174,332
Other income	19	26,030,395	13,730,982	16,992,696	6,394,090
		499,238,505	480,575,644	258,190,733	256,568,422
Finance costs	20	(4,485,457)	(2,353,126)	(2,237,699)	(1,195,620)
Profit before taxation		494,753,048	478,222,518	255,953,034	255,372,802
Taxation		(155,160,164)	(161,028,030)	(77,351,840)	(98,443,321)
Profit for the period		339,592,884	317,194,488	178,601,194	156,929,481
		Restated		Restated	
Earnings per share - basic and diluted		11.87	11.09	6.24	5.49

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Six Months Ended 30 June 2018

	2018	2017
	----- (Rupees) -----	
Profit for the period	339,592,884	317,194,488
Other comprehensive income:		
Items to be reclassified to profit and loss in subsequent periods:		
Net unrealized gain on available for sale investments	-	145,555
Total comprehensive income for the period	339,592,884	317,340,043

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited) For The Six Months Ended 30 June 2018

	Note	2018	2017
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		494,753,048	478,222,518
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		46,497,507	38,073,717
Amortization of intangible assets		5,073,017	8,346,425
Gain on disposal of property, plant and equipment	19	(14,704,401)	(3,211,778)
Exchange loss		3,520,553	5,699,512
Provision for slow moving and obsolete stocks	12.1	7,566,226	4,529,998
Provision for defined benefit obligation		25,501,098	22,184,868
Finance costs	20	4,485,457	2,353,126
		77,939,457	77,975,868
Profit before working capital changes		572,692,505	556,198,386
Effect on cash flow due to working capital changes :			
(Increase) / decrease in current assets:			
Stock in trade		(335,729,844)	26,158,968
Trade debts		(97,101,076)	(157,308,220)
Advances		(37,651,854)	(59,114,010)
Trade deposits and short term prepayments		(14,636,785)	(9,925,805)
Profit accrued		716,336	419,732
Other receivables		161,162	(473,723)
Tax refund due from government		(252,277)	4,494,046
Increase/(decrease) in current liabilities:			
Trade and other payables		102,868,399	(99,746,369)
		(381,625,939)	(295,495,381)
Cash generated from operations		191,066,566	260,703,005
Taxes paid		(185,353,277)	(162,195,482)
Gratuity paid		(54,130,901)	(9,891,989)
Finance cost paid		(2,143,667)	(1,069,973)
Long term advances		11,461,948	8,622,417
Net cash flow (used)/generated in operating activities		(39,099,331)	96,167,978

Condensed Interim Cash Flow Statement (Un-Audited) For The Six Months Ended 30 June 2018

	Note	2018	2017
		----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment	11.1.1	(18,406,779)	(41,628,722)
Long term advances-net		747,342	-
Long term deposits - net		(652,401)	-
Short term investment (made)/ disposed -net		100,000,000	(100,000,000)
Proceeds from disposal of property, plant and equipment		28,803,481	9,290,066
Net cash flow generated/(used) in investing activities		110,491,643	(132,338,656)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities		(17,717,392)	(16,139,793)
Dividend paid		(246,184,873)	(177,222,147)
Net cash flow used in financing activities		(263,902,265)	(193,361,940)
Net decrease in cash and cash equivalents		(192,509,953)	(229,532,618)
Cash and cash equivalents at beginning of the period		612,566,431	680,699,860
Cash and cash equivalents at end of the period		420,056,477	451,167,242

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Six Months Ended 30 June 2018

	Share Capital	Revenue reserves			Available for sale reserve	Surplus on revaluation of fixed assets - net of tax	Total (Restated)
		General reserve	Unappropriated profit	Sub total			
				(Rupees)			
Balance as at 01 January 2017	228,056,400	114,000,000	1,262,455,659	1,376,455,659	-	-	1,604,512,059
Effect of restatement of policy as stated in note-4	-	-	-	-	-	209,883,736	209,883,736
Balance as at 01 January 2017 - restated	228,056,400	114,000,000	1,262,455,659	1,376,455,659	-	209,883,736	1,814,395,795
Balance as at 01 January 2017-restated	228,056,400	114,000,000	1,262,455,659	1,376,455,659	-	209,883,736	1,814,395,795
Profit for the period ended 30 June 2017	-	-	317,194,488	317,194,488	-	-	317,194,488
Other comprehensive income	-	-	-	-	145,555	-	145,555
Total comprehensive income for the period ended June 2017	-	-	317,194,488	317,194,488	145,555	-	317,340,043
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	2,979,913	2,979,913	-	(2,979,913)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2016	27,366,770	-	(27,366,770)	(27,366,770)	-	-	-
Final dividend @ Rs. 8.50 per share for the year ended 31 December 2016	-	-	(193,847,940)	(193,847,940)	-	-	(193,847,940)
Balance as at 30 June 2017 - restated	255,423,170	114,000,000	1,361,415,350	1,475,415,350	145,555	206,903,823	1,937,887,898
Balance as at 01 January 2018	255,423,160	114,000,000	1,662,525,305	1,776,525,305	-	-	2,031,948,465
Effect of restatement of policy as stated in note-4	-	-	-	-	-	384,003,155	384,003,155
Balance as at 01 January 2018 - restated	255,423,160	114,000,000	1,662,525,305	1,776,525,305	-	384,003,155	2,415,951,620
Balance as at 01 January 2018 - restated	255,423,160	114,000,000	1,662,525,305	1,776,525,305	-	384,003,155	2,415,951,620
Profit for the period ended 30 June 2018	-	-	339,592,884	339,592,884	-	-	339,592,884
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended June 2018	-	-	339,592,884	339,592,884	-	-	339,592,884
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	6,783,464	6,783,464	-	(6,783,464)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2017	30,650,770	-	(30,650,770)	(30,650,770)	-	-	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	(255,423,160)	(255,423,160)	-	-	(255,423,160)
Balance as at 30 June 2018	286,073,930	114,000,000	1,722,827,723	1,836,827,723	-	377,219,691	2,500,121,344

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Selected Notes to the Condensed Interim Financial Information For The Six Months Ended 30 June 2018

1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ('the Company') was incorporated as a private limited company in Pakistan in 1984 and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange Limited since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 Km, Multan Road, Lahore.

These Unconsolidated condensed interim financial statements are the separate Unconsolidated condensed interim financial statements of the company in which investment in subsidiary is stated at cost less impairment losses, if any. The unconsolidated condensed interim financial statements are prepared separately.

2 STATEMENT OF COMPLIANCE

These unconsolidated condensed financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan on interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 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. In case the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

3 BASIS OF PREPARATION

3.1 Basis of preparation

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 11 and recognition of certain employees retirement benefits at present value. In these unconsolidated condensed interim financial statements all the transactions have been accounted for on accrual basis.

3.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pak rupee, which is also the functional currency of the Company. Figures have been rounded off to the nearest rupee, unless otherwise stated.

3.3 These unconsolidated 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 Company's annual financial statements as at 31 December 2017.

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2017 except for:

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such surplus to an account called ' Surplus on revaluation of property plant and equipments which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017.

The effect of change in accounting policy on unconsolidated condensed interim financial statements is summarized below:

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5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2017.

6 SHARE CAPITAL

		Un Audited 30 June 2018	Audited 31 December 2017
	Note	----- (Rupees) -----	
Issued, subscribed and paid-up			
5,905,000 (31 December 2017: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (31 December 2017: 95,000) ordinary shares of Rs. 10 each issued for consideration other than cash	6.1	950,000	950,000
19,717,768 (31 December 2017: 16,805,640) ordinary shares of Rs. 10 each issued as fully paid bonus shares		197,174,080	168,056,400
2,889,985 (31 December 2017: 2,736,677) ordinary shares of Rs. 10 each issued as fully paid bonus shares		28,899,850	27,366,760
		226,073,930	195,423,160
	6.2	286,073,930	255,423,160

6.1 This represents the issuance of shares against the purchase of plant and machinery and other assets.

6.2 Reconciliation of Issued, subscribed and paid-up share capital

	2018 Number	2017 Number	2018 Rupees	2017 Rupees
Issued, subscribed and paid-up of Rs. 10 each as at 01 January	25,542,316	22,805,640	255,423,160	228,056,400
Issuance of bonus shares of Rs. 10 each	3,065,077	2,736,676	30,650,770	27,366,760
Issued, subscribed and paid-up of Rs. 10 each as at 31 December	28,607,393	25,542,316	286,073,930	255,423,160

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

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments		64,725,443	31,603,616
Less: Current portion shown under current liabilities	9	25,108,284	17,161,328
		39,617,159	14,442,288

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	2018 ----- (Rupees) -----		
Not later than one year	29,015,581	3,907,297	25,108,284
Later than one year but not later than five years	43,374,791	3,757,632	39,617,159
	72,390,372	7,664,929	64,725,443

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	2017 ----- (Rupees) -----		
Not later than one year	18,922,140	1,760,812	17,161,328
Later than one year but not later than five years	15,641,542	1,199,254	14,442,288
	34,563,682	2,960,066	31,603,616

Salient features of the leases are as follows:

	2018	2017
Discounting factor	7.00%-8.50%	7.00%-8.50%
Period of lease	36 months	36 months
Security deposits	5%-10%	5%-10%

The Company has entered into finance lease arrangements with various financial institutions for lease vehicles as shown in note 11.2. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of minimum lease payments.

All lease agreements carry renewal option at the end of lease period and the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

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

8 SHORT TERM BORROWINGS

Short term borrowings

8.1 Short term running finances are availed from various commercial banks against aggregate sanctioned limit of Rs.505 million (2017: Rs. 505 million).These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 100 to 150 basis points (2017: one month KIBOR to six months KIBOR plus 100 to 150 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs.639.46 million (2017: Rs. 639.46 million) on fixed assets and first joint pari passu hypothecation charge of Rs.482.5 million (2017: Rs. 482.5 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company.

8.2 Out of total borrowing facility, an amount of Rs. 50,000,000 (2017: Rs. 50,000,000) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 5.75% (2017: 5.75%) per annum.

8.3 The Company also has aggregate sanctioned import credit facilities negotiated with various commercial banks amounting to Rs. 1,000 million (2017: Rs. 1000 million). These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 125 to 150 basis points (2017: one month KIBOR to six months KIBOR plus 125 to 150 basis points) per annum. These available facilities are secured by way of joint pari passu, ranking hypothecation charge over present and future current assets of the Company and lien on export documents or firm contracts and have various maturity dates.

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

9 CURRENT PORTION OF LONG TERM LIABILITIES

Liabilities against assets subject to finance lease	7	25,108,284	17,161,328
Long term advances		8,092,649	10,404,344
		33,200,933	27,565,672

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements.

10.2 Commitments

Commitments against irrevocable letters of credit include:

	Note	Un Audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
Raw materials		510,272,423	241,304,472
Packing materials		45,195,042	32,055,375
Finished Goods		21,170,560	26,313,228
Plant and machinery		69,652,656	23,536,496
		646,290,681	323,209,571

Rentals under ijarah agreements:

Not later than one year	7,501,069	19,314,806
Later than one year but not later than five years	4,055,329	3,927,008
	11,556,398	23,241,814

11 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

Owned assets	11.1	855,879,810	889,678,169
Leased assets	11.2	85,205,828	45,147,777
		941,085,638	934,825,946

11.1 Operating fixed assets (owned)

Opening book value		889,678,169	677,233,432
Add: Additions during the period / year - cost	11.1.1	18,406,779	65,987,470
Transferred from leased assets during the period / year - vehicles		-	15,489,553
Adjustment during the period / year		-	215,900,458
		18,406,779	297,377,481
Less: Deletions during the period / year	11.1.2	14,099,080	17,137,350
Depreciation during the period / year		38,106,058	67,795,394
Adjustment during the period / year		-	-
		52,205,138	84,932,744
Book value at the end of the period / year		855,879,810	889,678,169

11.1.1 Additions during the period / year - cost

Plant and machinery	5,112,500	11,102,301
Laboratory equipment	340,960	585,000
Furniture and fixtures	1,099,160	204,280
Electric and gas appliances	482,970	832,500
Office equipment	1,440,828	1,417,665
Vehicles	9,930,361	51,845,724
	18,406,779	65,987,470

11.1.2 Deletions during the period / year

Plant and machinery	-	364,135
Laboratory equipment	2,530,929	-
Office equipment	-	166,979
Vehicles	11,568,151	16,606,236
	14,099,080	17,137,350

	Note	Un Audited 30 June 2018	Audited 31 December 2017
11.2 Operating fixed assets (leased - vehicles)			
Opening book value		45,147,777	51,401,091
Add: Additions during the period / year - cost		48,449,500	20,019,500
Adjustment during the period / year		-	-
		93,597,277	71,420,591
Less: Transfers to owned assets during the period / year		-	15,489,553
Depreciation during the period / year		8,391,449	10,783,261
		8,391,449	26,272,814
Book value at the end of the period / year		85,205,828	45,147,777

12 STOCK IN TRADE

Raw materials			
In hand		790,561,395	559,879,435
In transit		79,302,553	70,525,143
With third party		33,679,237	16,867,741
		903,543,185	647,272,319
Packing material			
In hand		196,598,296	139,470,565
In transit		26,987,587	4,592,598
With third party		1,650,402	2,751,235
		225,236,285	146,814,398
Work in process		49,613,990	75,994,076
Finished goods			
In hand		277,771,885	255,768,120
In transit		-	-
		277,771,885	255,768,120
Less: provision for slow moving and obsolete items	12.1	(12,462,652)	(10,309,838)
		1,443,702,693	1,115,539,075

12.1 Provision for slow moving and obsolete items

Opening provision	10,309,838	15,683,130
Charge for the period/year	7,566,226	2,683,726
Written off during the period/year	(5,413,412)	(8,057,018)
Closing provision	12,462,652	10,309,838

13 TRADE DEBTS

Secured - considered good	23,837,319	16,830,047
Unsecured:		
Considered good	323,955,955	233,862,151
Considered doubtful	2,610,909	2,610,909
Less: Provision against doubtful debts	2,610,909	2,610,909
	-	-
	347,793,274	250,692,198

14 ADVANCES

	Note	Un Audited 30 June 2018	Audited 31 December 2017
14 ADVANCES			
Advances - considered good; unsecured To staff against:			
Expenses		29,073,541	14,333,243
Salary		23,178,041	13,137,463
To suppliers		43,279,443	30,408,465
		95,531,025	57,879,171

15 SHORT TERM INVESTMENT

Mutual Funds designated at fair value through profit and loss	-	100,000,000
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16 CASH AND BANK BALANCES

Cash and Imprest		2,014,804	1,997,258
Balance with banks:			
current accounts:			
-local currency		258,793,773	401,143,095
-foreign currency		9,247,900	9,426,078
deposit accounts	16.1	150,000,000	200,000,000
		418,041,673	610,569,173
		420,056,477	612,566,431

16.1 These represents investments in term deposit receipts which carry profit at the rate of 6.10%-7.30% (2017:5.04%-6.15%).

	Un-audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2018	2017	2018	2017
17 SALES - net				
Manufactured products:				
Local	3,313,004,622	2,558,041,626	1,767,721,315	1,328,766,429
Export	129,859,718	183,042,419	77,752,136	106,393,748
	3,442,864,340	2,741,084,045	1,845,473,451	1,435,160,177
Toll manufacturing	161,895,646	128,686,144	99,231,998	64,988,208
	3,604,759,987	2,869,770,189	1,944,705,450	1,500,148,385
Less: Discount	33,813,709	4,040,611	18,644,160	6,500,321
Sales tax	15,776,385	7,891,663	8,094,073	3,626,126
	49,590,094	11,932,274	26,738,233	10,126,447
	3,555,169,892	2,857,837,915	1,917,967,216	1,490,021,938

18 COST OF SALES

Manufactured pharmaceutical products:

Opening stock of finished goods	255,768,120	225,020,552	347,970,352	252,859,428
Cost of goods manufactured	1,568,652,354	1,390,210,118	779,856,247	671,178,512
	<u>1,824,420,474</u>	<u>1,615,230,670</u>	<u>1,127,826,599</u>	<u>924,037,940</u>
Closing stock of finished goods	(277,771,885)	(198,783,666)	(308,855,517)	(198,783,666)
Cost of sales - manufactured	1,546,648,589	1,416,447,004	818,971,082	725,254,274
Cost of sales - purchased products	325,828,088	43,667,044	218,218,212	17,218,086
	<u>1,872,476,677</u>	<u>1,460,114,048</u>	<u>1,037,189,294</u>	<u>742,472,360</u>

19 OTHER INCOME

Income from financial assets:

Income from non-financial assets:		
Return on deposit	8,175,261	7,506,948
Profit on loan to subsidiary	764,778	-
Income from non-financial assets:		
Gain on disposal of property, plant and equipment	14,704,401	3,211,778
Scrap sales	1,884,473	3,009,256
Others	501,482	3,000
	26,030,395	13,730,982

20 FINANCE COST

Mark-up on short term borrowings	106,110	26,101
Finance cost on liability against assets subject to finance lease	2,389,719	1,283,171
Interest on Workers' Profit Participation Fund	337,022	125,138
Bank charges	1,652,606	918,716
	<u>4,485,457</u>	<u>2,353,126</u>

21 RELATED PARTY TRANSACTIONS

The related parties comprises associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties are as stated below:

21.1 Sales of goods

Associated company	37,914,685	113,576,488	4,687,827	54,224,182
--------------------	------------	-------------	-----------	------------

21.2 Purchase of goods

Associated company	185,131,511	85,504,044	140,476,469	46,680,232
Subsidiary	132,222,627	-	69,267,793	-

Un-audited

21.3 Contribution towards employees' benefits fund:

Staff provident fund	15,660,672	12,579,573	9,400,450	6,319,351
Employees' welfare trust	1,291,900	1,226,497	645,950	706,047

21.4 Remuneration

Chief Executive Officer	7,330,691	6,900,980	3,665,346	3,049,315
Directors	-	14,581,416	-	4,830,723
Executives	112,462,516	139,847,269	56,169,374	68,712,441

21.5 The outstanding balances of such parties are as under:

		Un Audited 30 June 2018	Audited 31 December 2017
5 The outstanding balances of such parties are as under:			
	Note		
		----- (Rupees) -----	
Relationship with the Company	Nature of balance		
Associated company	Creditors	5,561,023	2,083,998
Staff provident fund	Contribution payable	6,060,073	2,706,681
Employees' welfare trust	Contribution payable	522,146	361,509
Associated company	Advances	8,049,910	-

22 FINANCIAL RISK MANAGEMENT

22.1 Financial risk factors

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2017.

22.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in unconsolidated condensed interim financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Accordingly, detailed disclosure with reference to fair value has not been given in the unconsolidated condensed interim financial statements.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June 2018, the Company held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value	30 June 2018	Level 1	Level 2	Level 3
	----- (Rupees) -----			

Fair value through profit and loss:

Investment in UBL mutual fund

	31 December 2017	Level 1	Level 2	Level 3
	----- (Rupees) -----			

Investment in UBL mutual fund 100,000,000 100,000,000 - -

There were no financial liabilities measured at fair value as at 30 June 2018.

- During the six month period ended 30 June 2018, there were no transfers between different levels of fair value measurements.
- There were no financial liabilities measured at fair value as at 31 December 2017.

30 June 2018			
Fair value through profit and loss	Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----			

22.3 Financial instruments by categories**Financial assets as per balance sheet:**

Long term Investment	-	-	200,000,000	200,000,000
Long term deposits	-	-	13,348,064	13,348,064
Advances-salaries	-	-	23,178,041	23,178,041
Trade debts	-	-	347,793,274	347,793,274
Trade deposits	-	-	14,011,372	14,011,372
Profit accrued	-	-	1,299,322	1,299,322
Other receivables	-	-	4,658,311	4,658,311
Cash and bank balances	-	420,056,477	-	420,056,477
	-	420,056,477	604,288,385	1,024,344,862

30 June 2018

Financial Liabilities
at amortized cost

---- (Rupees) ----

Financial liabilities as per balance sheet:

Liabilities against assets subject to finance lease	64,725,443
Markup accrued on secured loans	16,106
Trade and other payables	420,500,848
Unclaimed Dividends	49,433,257
	534,675,654

31 December 2017			
Fair value through profit and loss	Cash and cash equivalents	Loans and advances	Total

----- (Rupees) -----

Financial assets as per balance sheet:

Long term Investment	-	-	200,000,000	200,000,000
Long term deposits	-	-	12,695,663	12,695,663
Advances-salaries	-	-	13,137,463	13,137,463
Trade debts	-	-	250,692,198	250,692,198
Trade deposits	-	-	17,560,461	17,560,461
Profit accrued	-	-	2,015,658	2,015,658
Other receivables	-	-	4,819,473	4,819,473
Short term investments	100,000,000	-	-	100,000,000
Cash and bank balances	-	612,566,431	-	612,566,431
	100,000,000	612,566,431	500,920,916	1,213,487,347

31 December 2017

Financial Liabilities
at amortized cost

---- (Rupees) ----

Financial liabilities as per balance sheet:

Liabilities against assets subject to finance lease	31,603,616
Markup accrued on secured loans	64,035
Trade and other payables	359,373,460
Unclaimed Dividends	40,194,970
	431,236,081

23 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized this unconsolidated condensed interim financial information for issuance on 27 August 2018.

24 GENERAL

24.1 The figures of condensed interim profit and loss account for the three month period ended 30 June 2017 and 2018 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

24.2 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, Defined Benefit Plan and Taxation are estimated and these are subject to final adjustment in the annual financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Directors' Report

The Board of Directors take pleasure in presenting the un-audited consolidated condensed interim financial statements of the Company and its wholly owned subsidiary ("the Group") for the half year ended June 30, 2018. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and the provisions of the Companies Act, 2017.

The net sales of the Group for the six months under review closed at Rs. 3,555 million with an increase of 24% as compared to net sale of Rs. 2,857 million in the same period last year. Net sales for the second quarter registered a growth of 29% in comparison to the corresponding period. The gross profit in absolute terms increased by 22% to Rs 1,702 million against gross profit of Rs, 1,398 million in June 30, 2017. Gross profit margin in percentage term was 47.9% against 48.9% in corresponding period, the decrease in gross profit margin is attributable to change in sales mix and devaluation of PKR.

Distribution, selling and promotional expenses have been increased by 35%, the increase mainly represents increase in sales team and additional market spend in tandem with new product launches in segments of nutraceuticals and antibiotics.

The Group reported Net Profit after Tax of Rs.342 million resulting in earning per share (EPS) of Rs 11.96 (2017: Rs.10.77).

Looking forward, recent hike in policy rate and devaluation of Pak rupee will put pressure on input cost of your Company with corresponding impact on bottom line. PKR has depreciated approximately by 15% in the last six months which will directly impact imported raw and packing material cost. On the other hand, pharmaceutical price increase is linked with inflation which is insufficient to cover the gap created by PKR depreciation and inflation taken together.

The Board wishes to place on record its appreciation to government authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. The Board would also like to place on record its deep sense of appreciation to the employees for their contribution and services.

For & On behalf of the Board

Lahore: 27 August 2018

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی اور اس کی کلی ذیلی کمپنی "ڈی گروپ" کے اشتمال شدہ مالیاتی گوشوارے برائے ششماہی ختمہ 30 جون 2018 کو پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مد نظر رکھتے ہوئے تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران گروپ کی خالص فروخت آمدن 3,555 ملین روپے رہی جو کہ پچھلے سال کی ششماہی کی خالص فروخت آمدن 2,857 ملین روپے کی نسبت 24 فیصد زیادہ ہے۔ جبکہ دوسری سہ ماہی کی خالص فروخت آمدن پچھلے سال کی دوسری سہ ماہی کی خالص فروخت آمدن کے موازنہ میں 29 فیصد زیادہ رہی۔ زیر جائزہ مدت میں خام منافع 1,702 ملین روپے رہا جو کہ 30 جون 2017 کے خام منافع 1,398 ملین روپے کے موازنہ میں 22 فیصد زیادہ ہے، جبکہ خام منافع کا تناسب 47.9 فیصد رہا جو کہ پچھلے سال اسی مدت میں 48.9 فیصد تھا۔ خام منافع میں کمی کی وجہ سے کمپنیز اور پاکستانی روپے کی قدر میں کمی رہی۔

تقسیم اور فروخت کاری کے اخراجات میں اضافہ 35 فیصد رہا اس اضافہ کی بڑی وجہ نیوٹراسیوٹکس اور اینٹی بائیوٹکس کے شعبہ سے متعلق نئی ادویات کو مارکیٹ میں متعارف کروانے کے لیے فروخت کاری کی ٹیم کی افرادی قوت میں اضافہ اور نئی ادویات کے مارکیٹ میں متعارف کروانے سے متعلق اضافی اخراجات رہے۔

گروپ کا بعد از ٹیکس خالص منافع 342 ملین روپے رہا۔ جس کے نتیجہ میں فی حصص آمدن 11.96 روپے رہی (2017: 10.77 روپے)۔

پالیسی ریت میں حالیہ اضافہ اور پاکستانی روپے کی قدر میں کمی، آنے والے وقت میں کمپنی کی پیداواری لاگت میں اضافہ کے باعث خالص منافع پر اثر انداز ہو سکتے ہیں۔ پچھلے چھ ماہ کے دوران پاکستانی روپے کی قدر میں تقریباً 15 فیصد کمی واقع ہوئی ہے۔ اس کی کارہاہ راست اثر درآمدی خام مال اور پیکیجنگ میٹریل کی قیمتوں پر پڑے گا۔ جبکہ دوائیوں کی قیمت میں اضافہ افراط زر سے منسلک ہے۔ جو کہ افراط زر اور پاکستانی روپے کی قدر میں کمی کی بناء پر پیدا ہونے والے فرق کو پورا کرنے کے لیے ناکافی ہے۔

بورڈ آف ڈائریکٹرز، حکومتی عہدیداروں، بینکوں، کاروباری شراکت داروں، حصہ داروں، ڈاکٹروں، فارماسسٹس کے تعاون کا بے حد مشکور ہے۔ بورڈ اپنے ملازمین اور انتظامیہ کی بھرپور کوششوں اور محنت کی بھی قدر کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 27 اگست 2018

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**Condensed Interim Consolidated
Financial Information
Highnoon Laboratories Limited
and its wholly owned subsidiary
Curexa Health (Private) Limited.**

For the Second Quarter Ended
30 June 2018

Condensed Interim Consolidated Statement of Financial Position

Note	Un Audited 30 June 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated	Audited 31 December 2016 (Rupees) Restated
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves			
Authorized share capital			
50,000,000 (2017: 50,000,000) Ordinary shares of Rs. 10 each	500,000,000	500,000,000	250,000,000
Share capital	5 286,073,930	255,423,160	228,056,400
Revenue reserves	1,809,779,060	1,746,972,154	1,363,429,484
Surplus on revaluation of fixed assets	377,219,691	384,003,155	209,883,736
Total Equity	2,473,072,681	2,386,398,469	1,801,369,620
Non-current liabilities			
Long term loan	58,584,171	71,250,000	95,000,000
Long term deposits	470,477	-	-
Liabilities against assets subject to finance lease	6 39,617,159	14,442,288	16,843,781
Long term advances	49,290,255	35,770,552	27,248,879
Deferred liabilities	337,537,695	373,229,929	312,920,256
	485,499,757	494,692,769	452,012,916
Current liabilities			
Trade and other payables	502,103,716	408,088,345	494,131,845
Unclaimed dividend	49,433,257	40,194,970	-
Mark up accrued	2,427,185	2,198,087	148,684
Short term borrowing	7 47,026,557	21,148,760	-
Current portion of long term liabilities	8 56,950,933	51,315,672	27,104,927
Income tax-net	38,068,174	53,856,541	143,275,421
	696,009,822	576,802,375	664,660,877
	1,181,509,579	1,071,495,144	1,116,673,793
TOTAL EQUITY AND LIABILITIES	3,654,582,260	3,457,893,613	2,918,043,413
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes from 1 to 23 form an integral part of these financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

As at 30 June 2018

Note	Un Audited 30 June 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated	Audited 31 December 2016 (Rupees) Restated
ASSETS			
Non-current assets			
Property, plant and equipment	10 1,226,581,571	1,227,713,797	939,072,737
Intangible assets	1,584,487	6,642,350	21,765,868
Goodwill	-	834,230	834,230
Long term deposits	14,325,814	13,431,963	12,111,613
Long term advances	15,326,962	16,074,304	15,529,356
	1,257,818,834	1,264,696,644	989,313,804
Current assets			
Stock in trade	11 1,479,620,621	1,127,919,266	992,637,743
Trade debts	12 340,732,541	250,692,198	75,154,453
Advances	13 96,153,828	59,903,602	74,772,999
Trade deposits and short term prepayments	38,966,340	24,684,710	17,548,529
Profit accrued	958,949	2,015,658	1,235,074
Other receivables	4,658,311	4,819,473	3,341,447
Tax refunds due from the Government	14,715,818	5,611,106	13,746,565
Short term Investment	14 -	100,000,000	-
Cash and bank balances	15 420,957,018	617,550,956	750,292,799
	2,396,763,426	2,193,196,969	1,928,729,609
TOTAL ASSETS	3,654,582,260	3,457,893,613	2,918,043,413

Condensed Interim Consolidated Profit and Loss Account (Un-Audited) For The Six And Three Months Ended 30 June 2018

	Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2018	2017	2018	2017
		----- (Rupees) -----		----- (Rupees) -----	
Sales - net	16	3,555,169,892	2,857,837,915	1,917,967,218	1,490,021,938
Cost of sales	17	(1,852,799,423)	(1,460,114,048)	(1,029,393,090)	(742,472,360)
Gross profit		1,702,370,469	1,397,723,867	888,574,128	747,549,578
Distribution, selling and promotional expenses		(1,015,020,732)	(752,833,011)	(536,318,636)	(404,902,938)
Administrative and general expenses		(156,532,695)	(140,405,303)	(82,772,387)	(72,854,507)
Research and development expenses		(2,059,772)	(1,816,843)	(1,207,534)	(1,048,999)
Other operating expenses		(45,992,353)	(44,945,909)	(24,913,569)	(23,919,513)
		(1,219,605,552)	(940,001,066)	(645,212,126)	(502,725,957)
Operating Profit		482,764,917	457,722,801	243,362,002	244,823,621
Other income	18	25,265,606	13,730,982	16,635,438	6,394,090
		508,030,523	471,453,783	259,997,440	251,217,711
Finance costs	19	(9,047,927)	(2,372,869)	(4,522,613)	(1,214,203)
Profit before taxation		498,982,596	469,080,914	255,474,827	250,003,508
Taxation		(156,885,224)	(161,028,030)	(82,605,231)	(98,443,321)
Profit for the period		342,097,372	308,052,884	172,869,596	151,560,187
Shareholders of the Parent		342,097,372	308,052,884	172,869,596	151,560,187
Non Controlling Interest		-	-	-	-
		342,097,372	308,052,884	172,869,596	151,560,187
		Restated		Restated	
Earnings per share - basic and diluted		11.96	10.77	6.04	5.30

The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited) For The Six Months Ended 30 June 2018

	2018	2017
	----- (Rupees) -----	
Profit for the period	342,097,372	308,052,884
Other Comprehensive (loss) / income:		
Item to be reclassified to profit and loss in subsequent periods:		
Net unrealized gain on available for sale investments	-	145,555
Total comprehensive income for the period	342,097,372	308,198,439

The annexed notes from 1 to 23 form an integral part of these financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Cash Flow Statement (Un-Audited) For The Six Months Ended 30 June 2018

	Note	2018	2017
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		498,982,596	469,080,914
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		60,650,973	39,360,008
Amortization of intangible assets		5,251,955	8,346,425
Gain on disposal of property, plant and equipment		(14,704,401)	(3,211,778)
Exchange loss - net		3,520,553	5,699,512
Provision for slow moving and obsolete stocks	11.1	7,566,226	4,529,998
Provision for defined benefit obligation		25,501,098	22,184,868
Finance costs	19	9,047,927	2,372,869
		96,834,331	79,281,902
Profit before working capital changes		595,816,927	548,362,816
Effect on cash flow due to working capital changes :			
(Increase) / decrease in current assets:			
Stock in trade		(359,267,581)	26,158,968
Trade debts		(90,040,343)	(157,308,220)
Advances		(36,250,226)	(59,014,010)
Trade deposits and short term prepayments		(14,281,630)	(9,868,955)
Profit accrued		1,056,709	419,732
Other receivables		161,162	(473,723)
Tax refund due from government		(9,104,712)	4,386,146
Increase/(decrease) in current liabilities:			
Trade and other payables		90,108,848	(100,430,277)
		(417,617,773)	(296,130,339)
Cash generated from operations		178,199,154	252,232,477
Taxes paid		(177,379,876)	(162,195,482)
Gratuity paid		(54,130,901)	(9,891,989)
Finance cost paid		(6,474,707)	(1,089,716)
Long term advances		963,879	8,670,513
Net cash flow generated from operating activities		(58,822,451)	87,725,803

Condensed Interim Consolidated Cash Flow Statement (Un-Audited) For The Six Months Ended 30 June 2018

	Note	2018	2017
		----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of property, plant and equipment	10.1.1	(25,168,327)	(101,795,191)
Additions of intangible		(194,092)	-
Additions in long term advances		747,342	-
Additions in short term investment		100,000,000	(100,000,000)
Additions in long term deposits-net		(893,851)	(538,100)
Proceeds from disposal of property, plant and equipment		28,803,481	9,290,066
Net cash flow used in investing activities		103,294,553	(193,043,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities - net		(17,717,392)	(16,139,793)
Repayment of long term loan		(12,665,829)	-
Short term borrowings-net		25,877,797	-
Dividend paid		(236,946,586)	(177,222,147)
Net cash flow used in financing activities		(241,452,010)	(193,361,940)
Net (decrease) / increase in cash and cash equivalents		(196,979,908)	(298,679,362)
Cash and cash equivalents at beginning of the year		617,550,956	
Net foreign exchange difference		385,970	750,292,800
Cash and cash equivalents at end of the period		420,957,018	-
			451,613,438

The annexed notes from 1 to 23 form an integral part of these financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited) For The Six Months Ended 30 June 2018

	Share Capital	Revenue reserves			Available for sale reserve	Surplus on revaluation of fixed assets - net of tax	Total
		General reserve	Unappropriated profit	Sub total			
(Rupees)							
Balance as at 01 January 2017	228,056,400	114,000,000	1,249,429,484	1,363,429,484	-	-	1,591,485,884
Effect of restatement of policy as stated in note-5	-	-	-	-	-	209,883,736	209,883,736
Balance as at 01 January 2017 - restated	228,056,400	114,000,000	1,249,429,484	1,363,429,484	-	209,883,736	1,801,369,620
Profit for the period ended 30 June 2017	-	-	308,052,884	308,052,884	-	-	308,052,884
Other comprehensive income	-	-	-	-	145,555	-	145,555
Total comprehensive income for the period ended June 2017	-	-	308,052,884	308,052,884	145,555	-	308,198,439
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	2,979,913	2,979,913	-	(2,979,913)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2016	27,366,770	-	(27,366,770)	(27,366,770)	-	-	-
Final dividend @ Rs. 8.50 per share for the year ended 31 December 2016	-	-	(193,847,940)	(193,847,940)	-	-	(193,847,940)
Balance as at 30 June 2017 - restated	255,423,170	114,000,000	1,339,247,571	1,453,247,571	145,555	206,903,823	1,915,720,119
Balance as at 01 January 2018	255,423,160	114,000,000	1,632,972,154	1,746,972,154	-	-	2,002,395,314
Effect of restatement of policy as stated in note-5	-	-	-	-	-	-	384,003,155
Balance as at 01 January 2018 - restated	255,423,160	114,000,000	1,632,972,154	1,746,972,154	-	384,003,155	2,386,398,469
Profit for the period ended 30 June 2018	-	-	342,097,372	342,097,372	-	-	342,097,372
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended June 2018	-	-	342,097,372	342,097,372	-	-	342,097,372
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	6,783,464	6,783,464	-	(6,783,464)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2017	30,650,770	-	(30,650,770)	(30,650,770)	-	-	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	(255,423,160)	(255,423,160)	-	-	(255,423,160)
Balance as at 30 June 2018	286,073,930	114,000,000	1,695,779,060	1,809,779,060	-	377,219,691	2,473,072,681

The annexed notes from 1 to 23 form an integral part of these financial statements.

Selected Notes to the Consolidated Condensed Interim Financial Information For The Six Months Ended 30 June 2018

1 THE GROUP AND ITS OPERATIONS

The Highnoon Group ("the Group") comprises of Highnoon Laboratories Limited ("HNL") ("the Holding Company") and Curexa Health (Private) Ltd (formerly Procef Laboratories (Private) Limited) (formerly Biocef (Private) Limited) ("CXH") ("the Subsidiary Company").

The Holding Company was incorporated as a private limited company in Pakistan in year 1984 and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange since November 1994. Holding company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of HNL is situated at 17.5 Km, Multan Road, Lahore.

The subsidiary company was incorporated on 10 June 2015 as a private limited company. The registered office of CXH is situated at 17.5 KM Multan Road, Lahore. It is set up with principle object to carry on business as manufacturers, importers, exporters, producers, preparers, refiners, buyers, seller and dealers of all kinds of pharmaceutical, drugs, medicines medicaments, basic raw material, herb salts, acids, alkalis, chemical and surgical material, instruments and appliances patent and proprietary articles. It owns Greenfield pharmaceuticals project that envisages production of cephalosporin drugs. CXH is in construction phase and hence has not yet started commercial operations. However, the Subsidiary has started its commercial operation in the month of November 2017.

HNL acquired 80% shares of CHL in September 2015 and it became subsidiary company of HNL. Subsequently HNL also acquired right shares of CHL and it shareholding increased to 88%. In May 2016 The Holding Company has further acquired 1,107,700 shares at par value of Rs.10 per share as a result of which CHL became wholly owned subsidiary of HNL.

2 STATEMENT OF COMPLIANCE

2.1 These consolidated condensed financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan on interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 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. In case the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

2.2 This condensed interim consolidated financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3 BASIS OF PREPARATION

3.1 These condensed consolidated interim financial information of the Group for the six months period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the repealed Companies Act, 2017, provisions of and directives issued under the repealed Companies Act, 2017.

3.2 This condensed consolidated interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2017 except as follows:

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such surplus to an account called 'Surplus on revaluation of property plant and equipments which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017.

The effect of change in accounting policy on consolidated condensed interim financial statements is summarized below:

				Effect on 2016 ---- (Rupees) ----
Increase in Surplus on revaluation of fixed assets				209,883,736
				Effect on 2017 ---- (Rupees) ----
Increase in Surplus on revaluation of fixed assets				384,003,155
	As reported at 31 December 2017 ---- (Rupees) ----	Adjustment ---- (Rupees) ----	Restated as at 31 December 2017 ---- (Rupees) ----	
Total Equity	2,031,948,465	384,003,155	2,415,951,620	

5 SHARE CAPITAL

	Note	Un Audited 30 June 2018 ----- (Rupees) -----	Audited 31 December 2017
Issued, subscribed and paid-up			
5,905,000 (31 December 2017: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (31 December 2017: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	5.1	950,000	950,000
19,717,768 (31 December 2017: 16,805,640) ordinary shares of Rs. 10 each issued as fully paid bonus shares		197,174,080	168,056,400
2,889,985 (31 December 2017: 2,736,677) ordinary shares of Rs. 10 each issued as fully paid bonus shares		28,899,850	27,366,760
		286,073,930	255,423,160

5.1 This represents the issuance of shares against the purchase of plant and machinery and other assets.

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Note	Un Audited 30 June 2018	Audited 31 December 2017
	----- (Rupees) -----	
Present value of minimum lease payments	64,725,443	31,603,616
Less: Current portion shown under current liabilities	25,108,284	17,161,328
	39,617,159	14,442,288

	Minimum lease payments	Finance cost for future periods	Principal outstanding
Un-audited 30 June 2018 ----- (Rupees) -----			
Not later than one year	29,015,581	3,907,297	25,108,284
Later than one year but not later than five years	43,374,791	3,757,632	39,617,159
	72,390,372	7,664,929	64,725,443

	Minimum lease payments	Finance cost for future periods	Principal outstanding
Audited 31 December 2017 ----- (Rupees) -----			
Not later than one year	18,922,140	1,760,812	17,161,328
Later than one year but not later than five years	15,641,542	1,199,254	14,442,288
	34,563,682	2,960,066	31,603,616

Salient features of the leases are as follows:

	30-Jun-18	31-Dec-17
Discounting factor	7.00%-8.50%	7.00%-8.50%
Period of lease	36 months	36 months
Security deposits	5%-10%	5%-10%

The Company has entered into finance lease arrangements with various financial institutions for lease vehicles as shown in note 10.2. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of minimum lease payments.

All lease agreements carry renewal option at the end of lease period and the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

7 SHORT TERM BORROWINGS

Note	Un Audited 30 June 2018	Audited 31 December 2017
	----- (Rupees) -----	
short term borrowings	47,026,557	21,148,760

7.1 Short term running finances are availed from various commercial banks against aggregate sanctioned limit of Rs. 555 million (2017: Rs. 550 million) (including Rs. 30 million for FATR (funds against trust receipt) and Rs.15 million related to Running finance (2017: Nil). These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 100 to 200 basis points (2017: one month KIBOR to six months KIBOR plus 100 to 150 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 639.46 million (2017: Rs. 639.46 million) on fixed assets

and first joint pari passu hypothecation charge of Rs. 482.5 million (2017: Rs. 482.5 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Holding Company and overall present and future current assets with 20% margin of the Subsidiary Company. Lease finance facility is also availed amounting to Rs 50 million.

7.2 Out of total borrowing facility, an amount of Rs. 50,000,000 (2017: Rs. 50,000,000) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 5.75% (2017: 5.75%) per annum.

7.3 The Group also has aggregate sanctioned import credit facilities negotiated with various commercial banks amounting to Rs. 1000 million (2017: Rs. 1000 million). These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 125 to 150 basis points (2017: one month KIBOR to six months KIBOR plus 125 to 150 basis points) per annum. These available facilities are secured by way of joint pari passu, ranking hypothecation charge over present and future current assets of the Company and lien on export documents or firm contracts.

	Note	Un Audited 30 June 2018	Audited 31 December 2017
8 CURRENT PORTION OF LONG TERM LIABILITIES			
		----- (Rupees) -----	
Liabilities against assets subject to finance lease	6	25,108,284	17,161,328
Long term advances		8,092,649	10,404,344
Long term loan		23,750,000	23,750,000
		56,950,933	51,315,672

9 CONTINGENCIES AND COMMITMENTS

Contingencies:

There is no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments:

Commitments against irrevocable letters of credit include:

	Note	Un Audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
Raw materials		510,272,423	247,475,952
Packing materials		45,195,042	33,881,308
Finished goods		21,170,560	26,313,228
Plant and machinery		69,652,656	23,536,496
		646,290,681	331,206,984

Rentals under ijara agreements:

Not later than one year	7,501,069	21,261,914
Later than one year but not later than five years	4,055,329	8,644,956
	11,556,398	29,906,870

10 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

Owned assets	10.1	1,141,375,743	1,182,566,020
Leased assets	10.2	85,205,828	45,147,777
		1,226,581,571	1,227,713,797

	Note	Un Audited 30 June 2018	Audited 31 December 2017
10.1 Operating fixed assets (owned)		----- (Rupees) -----	
Opening book value		1,182,566,020	725,649,060
Add: Additions during the period / year - cost	10.1.1	25,168,327	317,199,595
Revaluation adjustment		-	215,900,458
Transferred from leased assets during the period / year - vehicles		-	15,489,553
		25,168,327	548,589,606
Less: Deletions during the period / year	10.1.2	14,099,080	17,137,350
Depreciation during the period / year		52,259,524	74,535,296
		66,358,604	91,672,646
Book value at the end of the period / year		1,141,375,743	1,182,566,020

10.1.1 Additions during the period / year - cost

Plant and machinery	11,874,048	153,906,049
Building	-	72,100,860
Laboratory equipment	340,960	16,276,424
Furniture and fixtures	1,099,160	2,126,960
Electric and gas appliances	482,970	18,015,318
Office equipment	1,440,828	2,928,260
Vehicles	9,930,361	51,845,724
	25,168,327	317,199,595

10.1.2 Deletions during the period / year

Plant and machinery	-	364,135
Laboratory equipment	2,530,929	-
Office equipment	-	166,979
Vehicles	11,568,151	16,606,236
	14,099,080	17,137,350

10.2 Operating fixed assets (leased - vehicles)

Opening book value	45,147,777	51,401,091
Add: Additions during the period / year - cost	48,449,500	20,019,500
Adjustment during the period / year	-	-
	93,597,277	71,420,591
Less: Transfers to owned assets during the period / year	-	15,489,553
Depreciation during the period / year	8,391,449	10,783,261
	8,391,449	26,272,814
Book value at the end of the period / year	85,205,828	45,147,777

11 STOCK IN TRADE

	Note	Un Audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
Raw materials			
In hand		809,134,025	561,751,173
In transit		89,737,308	73,291,056
With third party		33,679,237	16,867,741
		932,550,570	651,909,970
Packing material			
In hand		213,720,416	145,954,635
In transit		26,987,587	4,592,598
With third party		1,650,402	2,751,234
		242,358,405	153,298,467
Work in process		50,144,439	78,152,547
Finished goods			
In hand		267,466,875	255,919,394
In transit		-	-
		267,466,875	255,919,394
Less: provision for slow moving and obsolete items	11.1	(12,899,668)	(11,361,112)
		1,479,620,621	1,127,919,266

11.1 Provision for slow moving and obsolete items

Opening provision	11,361,112	15,683,130
Charge for the period/year	7,566,226	3,735,000
Written off during the period/year	(6,027,670)	(8,057,018)
Closing provision	12,899,668	11,361,112

12 TRADE DEBTS

Secured - considered good	23,837,319	16,830,047
Unsecured:		
Considered good	316,895,222	233,862,151
Considered doubtful	2,610,909	2,610,909
Less: Provision against doubtful debts	2,610,909	2,610,909
	-	-
	340,732,541	250,692,198

13 ADVANCES

Advances - considered good; unsecured To staff against:		
Expenses	29,345,004	16,331,274
Salary	23,178,041	13,138,863
To suppliers	43,630,783	30,433,465
	96,153,828	59,903,602

14 SHORT TERM INVESTMENT

Available for sale	14.1	-	100,000,000
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14.1 Mutual Funds designated at fair value through profit and loss

15 CASH AND BANK BALANCES

		Un Audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
Cash and Imprest		2,071,953	2,015,266
Balance with banks:			
current accounts:			
-local currency		259,637,155	406,109,612
-foreign currency		9,247,910	9,426,078
deposit accounts	15.1	150,000,000	200,000,000
		418,885,065	615,535,690
		420,957,018	617,550,956

15.1 These represents investments in term deposit receipts which carry profit at the rate of 6.10%-7.30% (2017:5.04%-6.15%).

16 SALES - net	Un-audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured products:				
Local	3,313,004,622	2,544,615,256	1,767,721,317	1,328,766,429
Export	129,859,718	196,468,789	77,752,136	106,393,748
	3,442,864,340	2,741,084,045	1,845,473,453	1,435,160,177
Purchased products-local	-	-	-	-
Third party	161,895,646	128,686,144	99,231,998	64,988,208
	3,604,759,986	2,869,770,189	1,944,705,451	1,500,148,385
Less: Discount	33,813,709	4,040,611	18,644,160	6,500,321
Sales tax	15,776,385	7,891,663	8,094,073	3,626,126
	49,590,094	11,932,274	26,738,233	10,126,447
	3,555,169,892	2,857,837,915	1,917,967,218	1,490,021,938

17 COST OF SALES	Un-audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured pharmaceutical products:				
Opening stock of finished goods	256,602,340	225,020,552	344,377,356	252,859,428
Cost of goods manufactured	1,663,633,849	1,390,210,118	797,312,613	671,178,512
	1,920,236,189	1,615,230,670	1,141,689,969	924,037,940
Closing stock of finished goods	(267,049,330)	(198,783,666)	(267,049,330)	(198,783,666)
Cost of sales - manufactured	1,653,186,859	1,416,447,004	874,640,639	725,254,274
Cost of sales - purchased products	199,612,564	43,667,044	154,752,451	17,218,086
	1,852,799,423	1,460,114,048	1,029,393,090	742,472,360

18 OTHER INCOME	Note	Un Audited	Audited
		30 June 2018	31 December 2017
		----- (Rupees) -----	
Income from financial assets:			
Return on deposit		8,175,260	7,506,948
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		14,704,401	3,211,778
Scrap sales		1,884,473	3,009,256
Others		501,472	3,000
		25,265,606	13,730,982

19 FINANCE COST

Mark-up on short term borrowings	4,715,914	26,101
Finance cost on liability against assets subject to finance lease	2,389,719	1,283,171
Interest on Workers' Profit Participation Fund	289,688	125,138
Bank charges	1,652,606	938,459
	9,047,927	2,372,869

20 RELATED PARTY TRANSACTIONS

The related parties comprises associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties are as stated below:

20.1 Contribution towards employees' benefits fund:	Un-audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	

Staff provident fund	16,938,240	12,579,573	9,400,450	6,319,351
Employees' welfare trust	1,291,900	1,226,497	645,950	706,047

20.2 Remuneration

Chief Executive Officer	10,030,691	6,900,980	5,015,346	3,049,315
Directors	-	10,404,404	-	4,830,723
Executives	112,462,516	140,237,269	56,169,374	68,907,441

20.3 The outstanding balances of such parties are as under:

Note

Relationship with the Company	Nature of balance	Un Audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
Associated company	Creditors	5,561,023	2,083,998
Staff provident fund	Contribution payable	6,060,073	2,706,681
Employees' welfare trust	Contribution payable	522,146	361,509
Associated company	Advances	8,049,910	-

21 FINANCIAL RISK MANAGEMENT

21.1 Financial risk factors

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2016.

21.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Accordingly, detailed disclosure with reference to fair value has not been given in the financial statements.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June 2018, the Company held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value	30 June 2018	Level 1	Level 2	Level 3
	(Rupees)			

Fair value through profit and loss:

Investment in UBL mutual fund

31 December 2017	Level 1	Level 2	Level 3
------------------	---------	---------	---------

Available for sale financial assets

(Rupees)

Investment in UBL mutual fund 100,000,000 100,000,000 - -

There were no financial liabilities measured at fair value as at 30 June 2018.

- During the six month period ended 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

- There were no financial assets and liabilities measured at fair value as at 31 December 2017.

30 June 2018			
Cash and cash equivalents	Loans and advances	Available for sale	Total
(Rupees)			

21.3 Financial instruments by categories**Financial assets as per balance sheet:**

Long term deposits	-	14,325,814	-	14,325,814
Advances-salaries	-	23,178,041	-	23,178,041
Trade debts	-	340,732,541	-	340,732,541
Trade deposits	-	38,966,340	-	38,966,340
Profit accrued	-	958,949	-	958,949
Other receivables	-	4,658,311	-	4,658,311
Short term investments	-	-	-	-
Cash and bank balances	-	420,957,018	-	420,957,018
	-	843,777,014	-	843,777,014

30 June 2018

Financial Liabilities
at amortized cost

---- (Rupees) ----

Financial liabilities as per balance sheet:

Liabilities against assets subject to finance lease	39,617,159
Markup accrued on secured loans	2,427,185
Trade and other payables	502,103,716
	544,148,060

31 December 2017			
Cash and cash equivalents	Loans and advances	Fair value through P&L	Total

(Rupees)

Financial assets as per balance sheet:

Long term deposits	-	13,431,963	-	13,431,963
Advances-salaries	-	13,138,863	-	13,138,863
Trade debts	-	250,692,198	-	250,692,198
Trade deposits	-	17,560,461	-	17,560,461
Profit accrued	-	2,015,658	-	2,015,658
Other receivables	-	4,819,473	-	4,819,473
Short term investments	-	-	100,000,000	100,000,000
Cash and bank balances	617,550,956	-	-	617,550,956
	617,550,956	301,658,616	100,000,000	1,019,209,572

31 December 2017

Financial Liabilities
at amortized cost

---- (Rupees) ----

Financial liabilities as per balance sheet:

Long term loan	95,000,000
Liabilities against assets subject to finance lease	31,603,616
Markup accrued on secured loans	2,198,087
Short term borrowings	21,148,760
Trade and other payables	410,997,859
	560,948,322

22 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized this unconsolidated condensed interim financial information for issuance on 27 August 2018.

23 GENERAL

23.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, Defined Benefit Plan and Taxation are estimated and these are subject to final adjustment in the annual audited financial statements.

23.2 Figures have been rounded off to the nearest rupee unless otherwise specified.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

BOOK POST



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