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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. Shazib Masud Mr. Taufiq Ahmed Khan Mrs. Zainub Abbas Mr. Romesh Elapata Miss Nael Najam | Chairman Chief Executive Officer (Alternate Director) |
| | | |
| 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 | |
| Registered, Head Office & Plant | 17.5 Kilometer Multan Road, Lahore - 53700, Pakistan UAN: +92 (42) 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 1st quarter ended March 31, 2019. 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 Company generated net sales revenue of Rs. 2.119 billion compared to Rs. 1.637 billion in the same period last year registering a growth of 29%. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 971.75 million and 45.87 % as compared to Rs. 801.59 million and 48.96% respectively. The decrease in gross profit margins is mainly attributable to depreciation of Pakistani Rupee. The distribution selling & promotional expenses increased by 11% and administrative expenses increased by 15%.

The healthy growth in topline and efficient management of resources, translated into an absolute increase of 44% in net profit after tax (NPAT). Your Company reported a net profit after tax of Rs. 239 million as compared to NPAT of Rs. 165 million in corresponding period last year. The earning per share (EPS) for the period under review stood at Rs. 8.35 (2018 restated: 5.78).

The sales growth and profit growth momentum of your company is expected to continue. The price increase allowed by the Government has helped to some extent in absorbing the impact of 28% depreciation of the Pakistani Rupee. However, any further adverse movement in exchange rate will not be beneficial for the patient or the industry. General inflationary pressures and hike in policy rate by SBP will also impact cost of doing business across the board.

We remain positive about the economy and plan to play a contributory role in the expansion of health services in Pakistan. We are flexible and strong to withstand ups and downs of the economic cycles. We look forward to keeping Highnoon vibrant and successful.

On behalf of the Board, we express our sincere gratitude to the shareholders, healthcare practitioners, pharmacist, consumers, business partners and the banks for the continued support. The Board is appreciative of the management and the employees for their dedication and hard work that makes Highnoon successful.

For & On behalf of the Board

Lahore: 29 April 2019

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی پہلی سہ ماہی ختمہ 31 مارچ 2019 کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے رہا ہوں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مدنظر رکھتے ہوئے تیار کیے گئے ہیں۔

اس سال کی پہلی سہ ماہی میں کمپنی کی خالص فروخت آمدن 2.119 ارب روپے رہی اس کا موازنہ پچھلے سال کی اسی مدت کی خالص فروخت آمدن 1.637 ارب روپے سے کیا جائے تو خالص فروخت آمدن میں اضافہ کی شرح 29 فیصد بنتی ہے۔ زیر جائزہ مدت میں خام منافع 971.75 ملین روپے رہا جو کہ فروخت آمدن کا 45.87 فیصد ہے، جس کے موازنہ میں پچھلے سال کی اسی مدت کا خام منافع 801.59 ملین روپے اور 48.96 فیصد تھا خام منافع کی شرح میں کمی کی وجہ پاکستانی روپے کی قدر میں کمی رہی۔ تقسیم اور فروخت کاری کے اخراجات میں اضافہ 11 فیصد اور انتظامی اخراجات میں 15 فیصد اضافہ ہوا۔

کمپنی کی فروخت آمدن میں حوصلہ افزا اضافہ، بہتر انتظامی امور اور وسائل کے مؤثر استعمال کی بناء پر کمپنی کے بعد از ٹیکس منافع میں 44% فیصد کا اضافہ ہوا زیر جائزہ مدت میں کمپنی کا بعد از ٹیکس خالص منافع 239 ملین روپے رہا۔ جو کہ پچھلے سال اسی مدت میں 165 ملین روپے تھا۔ زیر جائزہ مدت میں فی شخص آمدن 8.35 روپے رہی (2018: 5.78 روپے)۔

کمپنی کی فروخت آمدن اور منافع کی شرح نمو میں اضافہ کی رفتار جاری رہنے کا امکان موجود ہے۔ گورنمنٹ کی جانب سے قیمتوں میں اضافہ کی اجازت پاکستانی روپے کی قدر میں 28 فیصد کمی کی وجہ سے پڑنے والے منفی اثرات کا کافی حد تک مندرل کرنے میں مددگار رہی۔ البتہ روپے کی قدر میں مزید کمی مریض اور صنعت کے لیے فائدہ مند نہیں ہوگی۔ افراط زر کا دباؤ اور سٹیٹ بینک آف پاکستان کا بڑھتا ہوا پالیسی ریٹ بھی کاروباری لاگت پر اپنا اثر چھوڑے گا۔

ہم معیشت کے بارے میں مثبت سوچ رکھتے ہیں اور پاکستان کے شعبہ صحت کی ترقی میں اپنا حصہ ڈالتے رہیں گے۔ ہم معیشت کے اتار چڑھاؤ کی مطابقت میں اپنے آپ کو ڈھالنے کی لچک اور صلاحیت رکھتے ہیں۔ آنے والے وقت میں ہم ہائی نون لیبارٹریز لمیٹڈ کو متحرک اور کامیاب کمپنی کے طور پر دیکھ رہے ہیں۔

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے حصص داران، ڈاکٹرز، فارماسسٹس، صارفین، شرکاء داروں اور بینکوں کی جاری سرپرستی اور کاروباری تعاون کے لیے نہایت مشکور ہوں اور اس کے ساتھ میں اپنے ملازمین اور انتظامیہ کی غیر متزلزل انتھک کوششوں اور محنت کی بھرپور قدر کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 29 اپریل 2019

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Condensed Interim
Un-consolidated
Financial Statements



Highnoon Laboratories Limited

for the First Quarter ended
31 March 2019



Condensed Interim Statement of Financial Position

| | Un Audited 31 March 2019 | Audited 31 December 2018 |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|
| Note | ----- (Rupees) ----- | |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital and reserves | | |
| Authorized share capital | | |
| 50,000,000 (2018: 50,000,000) Ordinary shares of Rs. 10 each | 500,000,000 | 500,000,000 |
| Issued, subscribed and paid up share capital | 286,073,930 | 286,073,930 |
| Revenue reserves | 2,457,101,669 | 2,213,966,374 |
| Revaluation surplus on property, plant and equipment | 366,119,402 | 370,409,400 |
| Total Equity | 3,109,295,001 | 2,870,449,704 |
| Non-current liabilities | | |
| Liabilities against assets subject to finance lease | 40,707,113 | 44,486,094 |
| Long term advances | 34,578,041 | 44,110,306 |
| Deferred liabilities | 384,021,783 | 374,124,390 |
| | 459,306,937 | 462,720,790 |
| Current liabilities | | |
| Trade and other payables | 403,297,564 | 342,711,626 |
| Unclaimed dividend | 20,141,170 | 20,175,464 |
| Mark up accrued | 26,935 | 30,476 |
| Short term borrowings | - | - |
| Current portion of long term liabilities | 72,023,918 | 36,956,830 |
| Provision for taxation - net | 32,162,522 | 38,024,485 |
| | 527,652,109 | 437,898,881 |
| Total Liabilities | 986,959,046 | 900,619,671 |
| TOTAL EQUITY AND LIABILITIES | 4,096,254,047 | 3,771,069,375 |
| CONTINGENCIES AND COMMITMENTS | 3 | |

The annexed notes from 1 to 11 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 March 2019

| | Un Audited 31 March 2019 | Audited 31 December 2018 |
|-------------------------------------------|--------------------------------|--------------------------------|
| Note | ----- (Rupees) ----- | |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 4 951,011,893 | 976,068,012 |
| Long term investment | 5 200,000,000 | 200,000,000 |
| Long term deposits | 14,020,764 | 14,020,764 |
| Long term advances | 34,737,432 | 29,316,392 |
| | 1,199,770,089 | 1,219,405,168 |
| CURRENT ASSETS | | |
| Stock in trade | 6 1,355,298,294 | 1,352,928,094 |
| Trade debts | 375,730,124 | 281,509,755 |
| Advances | 62,435,405 | 75,263,456 |
| Trade deposits and short term prepayments | 40,251,056 | 30,572,873 |
| Profit accrued | 936,477 | 318,836 |
| Other receivables | 1,985,341 | 3,457,488 |
| Loan to subsidiary | 20,000,000 | 20,000,000 |
| Tax refunds due from the Government | 4,854,633 | 7,638,162 |
| Cash and bank balances | 1,034,992,628 | 779,975,543 |
| | 2,896,483,958 | 2,551,664,207 |
| TOTAL ASSETS | 4,096,254,047 | 3,771,069,375 |

Javed Hussain
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (un-audited) For the Period Ended 31 March 2019

| | Note | First Quarter Ended 31 March | |
|------------------------------------------------|------|---------------------------------|---------------|
| | | 2019 | 2018 |
| | | ----- (Rupees) ----- | |
| Sales - net | 7 | 2,118,648,441 | 1,637,202,674 |
| Cost of sales | 8 | 1,146,895,726 | 835,615,724 |
| Gross profit | | 971,752,715 | 801,586,950 |
| Distribution, selling and promotional expenses | | 531,075,228 | 478,702,096 |
| Administrative and general expenses | | 79,640,325 | 68,985,013 |
| Research and development expenses | | 1,249,292 | 852,238 |
| Other operating expenses | | 30,811,760 | 21,078,784 |
| | | 642,776,605 | 569,618,131 |
| Other income | | 9,173,620 | 8,970,540 |
| Operating Profit | | 338,149,730 | 240,939,359 |
| Finance costs | | 4,234,963 | 2,129,118 |
| Profit before taxation | | 333,914,767 | 238,810,241 |
| Taxation | | 95,069,470 | 73,370,754 |
| Profit for the year | | 238,845,297 | 165,439,487 |
| | | Restated | |
| Earnings per share - basic and diluted | | 8.35 | 5.78 |

The annexed notes from 1 to 11 form an integral part of these unconsolidated 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 Period Ended 31 March 2019

| | First Quarter Ended 31 March | |
|---------------------|---------------------------------|-------------|
| | 2019 | 2018 |
| | ----- (Rupees) ----- | |
| Profit for the year | 238,845,297 | 165,439,487 |

| | | |
|-----------------------------------------|-------------|-------------|
| Total comprehensive income for the year | 238,845,297 | 165,439,487 |
|-----------------------------------------|-------------|-------------|

The annexed notes from 1 to 11 form an integral part of these unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer



Condensed Interim Statement of Cash Flows (un-audited) For the Period Ended 31 March 2019

| First Quarter Ended 31 March | |
|---------------------------------|------|
| 2019 | 2018 |
| ----- (Rupees) ----- | |

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---------------------------------------------------------------|---------------|---------------|
| Profit before tax | 333,914,767 | 238,810,241 |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation of operating fixed assets | 25,500,120 | 21,621,611 |
| Amortization of intangible assets | - | 1,406,379 |
| Gain on disposal of operating fixed assets | - | (2,291,507) |
| Exchange (gain) / loss - net | 2,897,381 | 423,460 |
| Provision for slow moving and obsolete stocks | - | 2,683,726 |
| Provision for defined benefit obligation | 16,249,998 | 12,750,540 |
| Provision for Workers' Profit Participation Fund | 17,330,902 | 13,095,142 |
| Finance costs | 4,234,963 | 2,129,118 |
| | 66,213,364 | 51,818,469 |
| Profit before working capital changes | 400,128,131 | 290,628,710 |
| Working capital changes: | | |
| (Increase) / decrease in current assets: | | |
| Stock in trade | (2,370,200) | (32,953,525) |
| Trade debts | (97,117,750) | (65,114,464) |
| Advances | 12,828,051 | (62,525,948) |
| Trade deposits and short term prepayments | (9,678,183) | (25,785,231) |
| Profit accrued | (617,641) | (2,409,954) |
| Other receivables | 1,472,147 | 814,745 |
| Tax refund due from government | 2,783,529 | (691,403) |
| Increase in current liabilities: | | |
| Trade and other payables | 44,296,605 | 49,028,853 |
| | (48,403,442) | (139,636,927) |
| Cash generated from operations | 351,724,689 | 150,991,783 |
| Taxes paid | (101,973,002) | (64,058,684) |
| Gratuity paid | (6,352,605) | (51,570,761) |
| Finance costs paid | (4,238,504) | (1,184,164) |
| Net cash flows generated from operating activities | 239,160,578 | 34,178,174 |

Condensed Interim Statement of Cash Flows (un-audited) For the Period Ended 31 March 2019

| First Quarter Ended 31 March | |
|---------------------------------|------|
| 2019 | 2018 |
| ----- (Rupees) ----- | |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|-------------------------------------------------------|-------------|---------------|
| Purchase of property, plant and equipment | (444,000) | (19,363,567) |
| Additions in long term advances | (5,421,041) | (2,721,171) |
| Proceeds from disposal of short term investment - net | - | (200,000,000) |
| Increase in long term deposits - net | - | (1,265,400) |
| Proceeds from disposal of operating fixed assets | - | 9,389,821 |
| Net cash flows used in investing activities | (5,865,041) | (213,960,317) |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|------------------------------------------------------|-------------|---------------|
| Repayment of finance lease liabilities - net | (4,804,415) | (3,516,857) |
| Long term advances - net | 26,560,257 | 14,677,901 |
| Dividend paid | (34,294) | 681,897 |
| Net cash flows Generated from financing activities | 21,721,548 | 11,842,941 |
| Net increase/(Decrease) in cash and cash equivalents | 255,017,085 | (167,939,202) |

| | | |
|----------------------------------------------------|---------------|-------------|
| Cash and cash equivalents at beginning of the year | 779,975,543 | 612,566,431 |
| Net foreign exchange difference | - | 606,621 |
| Cash and cash equivalents at end of the year | 1,034,992,628 | 445,233,850 |

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 Period Ended 31 March 2019

| | Share Capital | Capital Reserves | Revenue reserves | | | Total |
|-----------------------------------------------------------------------------------------------------------|---------------|----------------------------|------------------|-----------------------|---------------|---------------|
| | | Revaluation Surplus on PPE | General reserve | Unappropriated profit | Sub total | |
| ----- (Rupees) ----- | | | | | | |
| Balance as at 01 January 2018 | 255,423,160 | 384,003,155 | 114,000,000 | 1,662,525,305 | 1,776,525,305 | 2,415,951,620 |
| Profit for the quarter ended 31 March 2018 | - | - | - | 165,439,487 | 165,439,487 | 165,439,487 |
| Other comprehensive loss | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 165,439,487 | 165,439,487 | 165,439,487 |
| Incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax" | - | (3,721,750) | - | 3,721,750 | 3,721,750 | - |
| Balance as at 31 March 2018 | 255,423,160 | 380,281,405 | 114,000,000 | 1,831,686,542 | 1,945,686,542 | 2,581,391,107 |
| Balance as at 1 January 2019 | 286,073,930 | 370,409,400 | 114,000,000 | 2,099,966,374 | 2,213,966,374 | 2,870,449,704 |
| Profit for the year ended 31 March 2019 | - | - | - | 238,845,297 | 238,845,297 | 238,845,297 |
| Other comprehensive loss | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 238,845,297 | 238,845,297 | 238,845,297 |
| Incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax" | - | (4,289,998) | - | 4,289,998 | 4,289,998 | - |
| Balance as at 31 December 2018 | 286,073,930 | 366,119,402 | 114,000,000 | 2,343,101,669 | 2,457,101,669 | 3,109,295,001 |

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Selected Notes to the Condensed interim Financial Statements (un-audited) For the Period Ended 31 March 2019

1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ("the Company") was incorporated as a private limited company in Pakistan in year 1984 under the Companies Act, 1913 which was repealed by Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017) and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange 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.

- 1.1 Geographical location and addresses of major business units of the Company are as under:

| Business Units | Geographical Location | Address |
|---------------------------|-----------------------|------------------------------------------------------------------------------------------------------|
| Regional Marketing Office | Lahore | 2nd Floor, 587 - Block H-III, Abdul Haq Road, Opposite Emporium Mall Gate No. 5, Johar Town, Lahore. |

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

2.2 BASIS OF PREPARATION

This condensed interim financial information does 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, 2018.

This condensed interim financial information has been prepared under the historical cost convention, except for revaluation of property, plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2018.

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 31 December 2018.

3 CONTINGENCIES

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

Commitments:

Commitments against letter of credit includes:

| Note | Un Audited 31 March 2019 | Audited 31 December 2018 |
|-------------------|--------------------------------|--------------------------------|
| | ----- (Rupees) ----- | |
| Raw materials | 663,877,280 | 324,563,123 |
| Packing materials | 59,795,960 | 23,515,118 |
| Plant & Machinery | 140,873,689 | 128,128,340 |
| Finished goods | 11,830,455 | 15,861,921 |
| | 876,377,384 | 492,068,502 |

4. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--------------------------|-------------|-------------|
| Operating assets | 919,584,916 | 945,085,035 |
| Capital work in progress | 31,426,977 | 30,982,977 |
| | 951,011,893 | 976,068,012 |

5. LONG TERM INVESTMENT

| | | | |
|--------------------------------------------------|-----|-------------|-------------|
| Subsidiary Company - Unlisted | | | |
| Curexa Health (Private) Limited | | | |
| (formerly Procef Laboratories (Private) Limited) | | | |
| 20,000,000 (2018: 20,000,000) ordinary shares | | | |
| of Rs.10 equity held: 100% (2018: 100%) | 5.1 | 200,000,000 | 200,000,000 |

5.1 Curexa Health (Private) Limited (formerly Procef Laboratories (Private) Limited) a wholly owned subsidiary company engaged in the production of cephalosporin drugs was incorporated on 10 June 2015 as a private limited company with an authorized share capital of Rs. 200 million. It is set up with the principle object to carry on business as manufacturers, importers, exporters, producers, preparers, refiners, buyer, seller and dealers of all kinds of pharmaceutical, drugs, medicines, medicaments, basic raw material, herbs salts, acids, alkalis, chemicals & surgical material, instruments and appliances patent and proprietary articles. It owns Greenfield pharmaceuticals project that envisages production of cephalosporin drugs.

5.2 Investments in associated company has been made in accordance with the requirements of Companies Act, 2017.

| Un Audited 31 March 2019 | Audited 31 December 2018 |
|--------------------------------|--------------------------------|
| ----- (Rupees) ----- | |

6. STOCK IN TRADE

| | | |
|----------------------------------------------------|---------------|---------------|
| Raw materials | | |
| In hand | 557,757,547 | 575,196,237 |
| In transit | - | 125,235,676 |
| With third party | 9,351,494 | 10,782,962 |
| | 567,109,041 | 711,214,875 |
| Packing material | | |
| In hand | 163,105,924 | 181,389,732 |
| In transit | 14,989,005 | 11,201,294 |
| With third party | 5,335,694 | - |
| | 183,430,623 | 192,591,026 |
| Work in process | 124,729,836 | 111,922,424 |
| Finished goods | | |
| Trading | 182,623,816 | 232,567,466 |
| Manufactured | 306,001,194 | 113,228,519 |
| | 488,625,010 | 345,795,985 |
| Less: Provision for slow moving and obsolete items | (8,596,216) | (8,596,216) |
| | 1,355,298,294 | 1,352,928,094 |

| Un-Audited | |
|--------------------------------------|------|
| First Quarter Ended 31 March 2018 | 2017 |
| ----- (Rupees) ----- | |

7. SALES-net

| | | |
|-----------------------|---------------|---------------|
| Manufactured products | | |
| Local | 2,014,422,156 | 1,545,283,305 |
| Export | 60,682,282 | 52,107,582 |
| | 2,075,104,438 | 1,597,390,887 |
| Toll manufacturing | 107,420,961 | 62,663,648 |
| | 2,182,525,399 | 1,660,054,535 |
| Less: Discount | 53,355,988 | 15,169,549 |
| Sales tax | 10,520,970 | 7,682,312 |
| | (63,876,958) | (22,851,861) |
| | 2,118,648,441 | 1,637,202,674 |

8. COST OF SALES

| | Un-Audited | |
|----------------------------|------------------------------|---------------|
| | First Quarter Ended 31 March | |
| | 2019 | 2018 |
| | ----- (Rupees) ----- | |
| Opening | 345,795,985 | 255,768,120 |
| Cost of goods manufactured | 1,084,374,520 | 820,208,080 |
| | 1,430,170,505 | 1,075,976,200 |
| Purchases | 205,350,231 | 107,609,876 |
| Closing | (488,625,010) | (347,970,352) |
| Cost of goods sold | 1,146,895,726 | 835,615,724 |

9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel. Significant transactions with related parties are as follows:

| | Un-Audited | |
|--------------------------------------------------|------------------------------|------------|
| | First Quarter Ended 31 March | |
| | 2019 | 2018 |
| | ----- (Rupees) ----- | |
| Sales of goods | | |
| Associate | - | 33,226,858 |
| Purchase of goods | | |
| Subsidiary | 41,920,641 | 62,954,834 |
| Associate | 124,224,194 | 44,655,042 |
| Interest on Loan to Subsidiary | 594,247 | 452,396 |
| Contribution towards employees' benefits: | | |
| Staff provident fund | 9,691,524 | 7,537,790 |
| Employees' welfare trust | 680,400 | 645,950 |

Transactions with key management personnel under the terms of employment are excluded from related party transactions.

9.1 Remuneration

| | Un-Audited | |
|------------|------------------------------|------------|
| | First Quarter Ended 31 March | |
| | 2019 | 2018 |
| | ----- (Rupees) ----- | |
| CEO | 5,064,458 | 3,665,345 |
| DIRECTORS | - | 4,282,705 |
| EXECUTIVES | 73,304,805 | 56,293,142 |

10. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized the condensed interim financial statements for issuance on 29 April 2019.

11. GENERAL

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

11.1 Figures have been rounded off to the nearest rupee.

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 condensed interim Consolidated financial statements of Highnoon Laboratories Limited (The "Holding Company") and its wholly owned Subsidiary Company ("The Group") for the 1st quarter ended March 31, 2019. These condensed interim consolidated 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 Group generated net sales revenue of Rs. 2.119 billion compared to Rs. 1.637 billion in the same period last year registering a growth of 29%. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 971.77 million and 45.87% as compared to Rs. 813.80 million and 49.71% respectively. The decrease in gross profit margins is mainly attributable to depreciation of Pakistani Rupee. The distribution selling & promotional expenses increased by 11% and administrative expenses increased by 15%.

The healthy growth in topline and efficient management of resources, translated into an absolute increase of 35% in net profit after tax (NPAT). The Group reported a net profit after tax of Rs. 229 million as compared to NPAT of Rs. 169 million in corresponding period last year. The earning per share (EPS) at group level for the period under review stood at Rs. 8.01 (2018 restated: 5.92).

The sales and profit growth momentum is expected to continue. The price increase allowed by the Government has helped to some extent in absorbing the impact of 28% depreciation of the Pakistani Rupee. However, any further adverse movement in exchange rate will not be beneficial for the patient or the industry. General inflationary pressures and hike in policy rate by SBP will also impact cost of doing business across the board.

We remain positive about the economy and plan to play a contributory role in the expansion of health services in Pakistan. We are flexible and strong to withstand ups and downs of the economic cycles. We look forward to keeping Highnoon vibrant and successful.

On behalf of the Board, we express our sincere gratitude to the shareholders, healthcare practitioners, pharmacist, consumers, business partners and the banks for the continued support. The Board is appreciative of the management and the employees for their dedication and hard work that makes Highnoon successful.

For & On behalf of the Board

Lahore: 29 April 2019

Taufig Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی اور اس کی کلی ذیلی کمپنی کی پہلی سہ ماہی ختمہ 31 مارچ 2019 کے ایشیا شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہا ہوں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مدنظر رکھتے ہوئے تیار کیے گئے ہیں۔

اس سال کی پہلی سہ ماہی میں گروپ کی خالص فروخت آمدن 2.119 ارب روپے رہی اس کا موازنہ پچھلے سال کی اسی مدت کی خالص فروخت آمدن 1.637 ارب روپے سے کیا جائے تو خالص فروخت آمدن میں اضافہ کی شرح 29 فیصد بنتی ہے۔ زیر جائزہ مدت میں گروپ کا ایشیا شدہ خام منافع 971.77 ملین روپے رہا جو کہ فروخت آمدن کا 45.87 فیصد ہے، جس کے موازنہ میں پچھلے سال کی اسی مدت میں گروپ کا خام منافع 813.80 ملین روپے اور 49.71 فیصد تھا خام منافع کی شرح میں کمی کی وجہ پاکستانی روپے کی قدر میں کمی رہی۔ تقسیم اور فروخت کاری کے اخراجات میں اضافہ 11 فیصد اور انتظامی اخراجات میں 15 فیصد اضافہ ہوا ہے۔

گروپ کی فروخت آمدن میں حوصلہ افزا اضافہ، بہتر انتظامی امور اور وسائل کے مؤثر استعمال کی بناء پر گروپ کے بعد از ٹیکس منافع میں 35% فیصد اضافہ ہوا۔ زیر جائزہ مدت میں گروپ کا بعد از ٹیکس خالص منافع 229 ملین روپے رہا۔ جو کہ پچھلے سال اسی مدت میں 169 ملین روپے تھا۔ زیر جائزہ مدت میں گروپ کی فی شخص آمدن 8.01 روپے رہی (2018: 5.92 روپے)۔

گروپ کی فروخت آمدن اور منافع کی شرح نمونہ میں اضافہ کی رفتار جاری رہنے کا امکان موجود ہے۔ گورنمنٹ کی جانب سے قیمتوں میں اضافہ کی اجازت پاکستانی روپے کی قدر میں 28 فیصد کمی کی وجہ سے پڑنے والے منفی اثرات کا کافی حد تک مندرجہ کرنے میں مددگار رہی۔ البتہ روپے کی قدر میں مزید کمی مریض اور صنعت کے لیے فائدہ مند نہیں ہوگی۔ افراط زر کا دباؤ اور سٹیٹ بینک آف پاکستان کا بڑھتا ہوا پالیسی ریٹ بھی کاروباری لاگت پر اپنا اثر چھوڑے گا۔

ہم معیشت کے بارے میں مثبت سوچ رکھتے ہیں اور پاکستان کے شعبہ صحت کی ترقی میں اپنا حصہ ڈالتے رہیں گے۔ ہم معیشت کے اتار چڑھاؤ کی مطابقت میں اپنے آپ کو ڈھالنے کی پلک اور صلاحیت رکھتے ہیں۔ آنے والے وقت میں ہم بانی نون لیبارٹریز لمیٹڈ کو متحرک اور کامیاب کمپنی کے طور پر دیکھ رہے ہیں۔

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے حصہ داران، ڈاکٹرز، فارماسسٹس، صارفین، شراکت داروں اور بینکوں کی جاری سرپرستی اور کاروباری تعاون کے لیے نہایت مشکور ہوں اور اس کے ساتھ میں اپنے ملازمین اور انتظامیہ کی غیر متزلزل انتھک کوششوں اور محنت کی بھرپور قدر کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 29 اپریل 2019

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Condensed Interim
Consolidated Financial
Statements



Highnoon Laboratories Limited
and its subsidiary
Curexa Health (Private) Limited

for the First Quarter ended
31 March 2019



Condensed Interim Consolidated Statement of Financial Position

| | Un Audited 31 March 2019 | Audited 31 December 2018 |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|
| Note | ----- (Rupees) ----- | |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital and reserves | | |
| Authorized share capital | | |
| 50,000,000 (2018: 50,000,000) Ordinary shares of Rs. 10 each | 500,000,000 | 500,000,000 |
| Share capital | | |
| Revenue reserves | 286,073,930 | 286,073,930 |
| Surplus on revaluation of fixed assets | 2,424,058,398 | 2,190,679,480 |
| Total Equity | 366,119,402 | 370,409,400 |
| | 3,076,251,730 | 2,847,162,810 |
| Non-current liabilities | | |
| Long term loan | 63,334,171 | 44,335,010 |
| Liabilities against assets subject to finance lease | 40,707,113 | 44,486,094 |
| Long term advances | 35,490,062 | 44,871,947 |
| Deferred liabilities | 384,021,783 | 374,124,390 |
| | 523,553,129 | 507,817,441 |
| Current liabilities | | |
| Trade and other payables | 435,065,364 | 358,332,007 |
| Unclaimed dividend | 20,141,170 | 20,175,464 |
| Mark up accrued | 3,093,789 | 2,651,012 |
| Short term borrowing | 20,085,807 | 22,011,812 |
| Current portion of long term liabilities | 72,023,918 | 62,289,325 |
| Income tax-net | 32,162,522 | 30,597,052 |
| | 582,572,570 | 496,056,672 |
| Total Liabilities | 1,106,125,699 | 1,003,874,113 |
| TOTAL EQUITY AND LIABILITIES | 4,182,377,429 | 3,851,036,923 |
| CONTINGENCIES AND COMMITMENTS | | |
| | 3 | |

*The annexed notes from 1 to 10 form an integral part of these financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 March 2019

| | | Un Audited 31 March 2019 | Audited 31 December 2018 |
|-------------------------------------------|------|--------------------------------|--------------------------------|
| | Note | ----- (Rupees) ----- | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 1,225,152,570 | 1,254,937,388 |
| Intangible assets | | 1,795,435 | 1,772,294 |
| Goodwill | | 834,230 | 834,230 |
| Long term deposits | | 14,998,514 | 14,998,514 |
| Long term advances | | 34,737,432 | 29,316,392 |
| | | 1,277,518,181 | 1,301,858,818 |
| Current assets | | | |
| Stock in trade | 5 | 1,369,967,052 | 1,367,923,887 |
| Trade debts | | 375,730,124 | 281,509,755 |
| Advances | | 63,006,131 | 76,376,676 |
| Trade deposits and short term prepayments | | 40,251,056 | 31,242,162 |
| Profit accrued | | 342,230 | 318,836 |
| Other receivables | | 1,985,341 | 3,457,488 |
| Tax refunds due from the Government | | 12,000,214 | 7,610,450 |
| Cash and bank balances | | 1,041,577,100 | 780,738,851 |
| | | 2,904,859,248 | 2,549,178,105 |
| TOTAL ASSETS | | 4,182,377,429 | 3,851,036,923 |

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Profit or Loss Account (un-audited) For the Period Ended 31 March 2019

| | Note | First Quarter Ended 31 March | |
|------------------------------------------------|------|---------------------------------|---------------|
| | | 2019 | 2018 |
| | | ----- (Rupees) ----- | |
| Sales - net | 6 | 2,118,648,441 | 1,637,202,674 |
| Cost of sales | 7 | 1,146,879,128 | 823,406,333 |
| Gross profit | | 971,769,313 | 813,796,341 |
| Distribution, selling and promotional expenses | | 531,075,228 | 478,702,096 |
| Administrative and general expenses | | 84,942,327 | 73,760,308 |
| Research and development expenses | | 1,249,292 | 852,238 |
| Other operating expenses | | 30,811,760 | 21,078,784 |
| | | 648,078,607 | 574,393,426 |
| Other income | | 8,579,373 | 8,630,168 |
| Operating Profit | | 332,270,079 | 248,033,083 |
| Finance costs | | 7,570,953 | 4,525,314 |
| Profit before taxation | | 324,699,126 | 243,507,769 |
| Taxation | | 95,610,206 | 74,279,993 |
| Profit for the year | | 229,088,920 | 169,227,776 |
| | | Restated | |
| Earnings per share - basic and diluted | | 8.01 | 5.92 |

The annexed notes from 1 to 10 form an integral part of these financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer



Condensed Interim Consolidated Statement of Comprehensive Income (un-audited) For the Period Ended 31 March 2019

| | First Quarter Ended 31 March | |
|-----------------------------------------|---------------------------------|-------------|
| | 2019 | 2018 |
| | ----- (Rupees) ----- | |
| Profit after tax for the year | 229,088,920 | 169,227,776 |
| Total comprehensive income for the year | 229,088,920 | 169,227,776 |

The annexed notes from 1 to 10 form an integral part of these financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer



Condensed Interim Consolidated Statement of Cash Flows (un-audited) For the Period Ended 31 March 2019

| First Quarter Ended 31 March | |
|---------------------------------|------|
| 2019 | 2018 |
| ----- (Rupees) ----- | |

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---------------------------------------------------------------|--------------|---------------|
| Profit before tax | 324,699,126 | 243,507,769 |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation of property, plant and equipment | 31,986,604 | 29,064,917 |
| Amortization of intangible assets | 90,271 | 1,493,613 |
| Gain on disposal of property, plant and equipment | - | (2,291,507) |
| Exchange loss - net | 2,897,381 | 423,460 |
| Provision for slow moving and obsolete stocks | - | 2,845,539 |
| Provision for defined benefit obligation | 16,249,998 | 12,750,540 |
| Provision for Worker's Profit Participation Fund | 17,330,902 | - |
| Finance costs | 7,570,953 | 4,525,314 |
| | 76,126,109 | 48,811,876 |
| Profit before working capital changes | 400,825,235 | 292,319,645 |
| Working capital changes: | | |
| (Increase) / decrease in current assets: | | |
| Stock in trade | (2,043,165) | (41,293,413) |
| Trade debts | (94,220,369) | (65,114,464) |
| Advances | 13,370,545 | (60,887,062) |
| Trade deposits and short term prepayments | (9,008,894) | (25,430,076) |
| Profit accrued | (23,394) | (2,069,582) |
| Other receivables | 1,472,147 | 814,745 |
| Tax refund due from government | (4,389,764) | (7,367,013) |
| Increase in current liabilities: | | |
| Trade and other payables | 56,505,074 | 58,998,024 |
| | (38,337,820) | (142,348,841) |
| Cash generated from operations | 362,487,415 | 149,970,804 |
| Taxes paid | (94,044,736) | (58,441,428) |
| Gratuity paid | (6,352,605) | (51,570,761) |
| Finance cost paid | (7,128,176) | (3,339,531) |
| Net cash flows generated from operating activities | 254,961,898 | 36,619,084 |

Condensed Interim Consolidated Statement of Cash Flows (un-audited) For the Period Ended 31 March 2019

| First Quarter Ended 31 March | |
|---------------------------------|------|
| 2019 | 2018 |
| ----- (Rupees) ----- | |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---------------------------------------------------------|-------------|---------------|
| Purchase of property, plant and equipment | (2,201,787) | (23,697,093) |
| Purchase of intangible | (113,412) | (134,091) |
| Additions in long term advances | (5,421,040) | (2,721,171) |
| Additions in short term investment | - | (200,000,000) |
| Additions in long term deposits-net | - | (1,466,850) |
| Proceeds from disposal of property, plant and equipment | - | 9,389,821 |
| Net cash flows used in investing activities | (7,736,239) | (218,629,384) |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|----------------------------------------------------|---------------|---------------|
| Repayment of finance lease liabilities - net | (4,804,415) | (3,516,857) |
| Repayment of long term loan | (6,333,333) | (6,332,495) |
| Short term borrowing-net | (1,926,005) | 6,653,912 |
| Dividend paid | (34,294) | 681,897 |
| Long term advances | 26,710,637 | 14,779,811 |
| Net cash flows generated in financing activities | 13,612,590 | 12,266,268 |
| Net increase/Decrease in cash and cash equivalents | 260,838,249 | (169,744,032) |
| Cash and cash equivalents at beginning of the year | 780,738,851 | 617,550,956 |
| Net foreign exchange difference | - | 606,621 |
| Cash and cash equivalents at end of the year | 1,041,577,100 | 448,413,545 |

The annexed notes from 1 to 10 form an integral part of these financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes In Equity (un-audited) For the Period Ended 31 March 2019

| | Share Capital | Capital Reserves | Revenue reserves | | | Total |
|---------------------------------------------------------------------------------------------------------|---------------|----------------------------|------------------|-----------------------|---------------|---------------|
| | | Revaluation Surplus on PPE | General reserve | Unappropriated profit | Sub total | |
| ----- (Rupees) ----- | | | | | | |
| Balance as at 01 January 2018 | 255,423,160 | 384,003,155 | 114,000,000 | 1,632,972,154 | 1,746,972,154 | 2,386,398,469 |
| Profit for the quarter ended 31 March 2018 | - | - | - | 169,227,776 | 169,227,776 | 169,227,776 |
| Other comprehensive loss | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 169,227,776 | 169,227,776 | 169,227,776 |
| Incremental depreciation relating to surplus on revaluation of property, plant & equipment - net of tax | - | (3,721,750) | - | 3,721,750 | 3,721,750 | - |
| Balance as at 31 March 2018 | 255,423,160 | 380,281,405 | 114,000,000 | 1,805,921,680 | 1,919,921,680 | 2,555,626,245 |
| Balance as at 01 Jan 2019 | 286,073,930 | 370,409,400 | 114,000,000 | 2,076,679,480 | 2,190,679,480 | 2,847,162,810 |
| Profit for the quarter ended 31 March 2019 | - | - | - | 229,088,920 | 229,088,920 | 229,088,920 |
| Other comprehensive loss | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 229,088,920 | 229,088,920 | 229,088,920 |
| Incremental depreciation relating to surplus on revaluation of property, plant & equipment - net of tax | - | (4,289,998) | - | 4,289,998 | 4,289,998 | - |
| Balance as at 31 March 2019 | 286,073,930 | 366,119,402 | 114,000,000 | 2,310,058,398 | 2,424,058,398 | 3,076,251,730 |

The annexed notes from 1 to 10 form an integral part of these financial statements.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Selected Notes to the Condensed Interim Consolidated Financial Statements (un-audited) For the Period Ended 31 March 2019

1 THE COMPANY AND ITS OPERATIONS

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

The Holding Company was incorporated as a private limited company in Pakistan in year 1984 under the Companies Act, 1913 which was repealed by Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017) and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange 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.

The Subsidiary Company was incorporated on 10 June 2015 as a private limited company. The registered office of CHL 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. 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.

1.1 Geographical location and addresses of major business units of the Company are as under:

| Business Units | Geographical Location | Address |
|---------------------------|-----------------------|------------------------------------------------------------------------------------------------------|
| Regional Marketing Office | Lahore | 2nd Floor, 587 - Block H-III, Abdul Haq Road, Opposite Emporium Mall Gate No. 5, Johar Town, Lahore. |

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the first quarter ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

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.

2.2 BASIS OF PREPARATION

This condensed interim consolidated financial information does not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December, 2018.

This condensed interim consolidated financial information has been prepared under the historical cost convention, except for revaluation of property plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim

consolidated financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2018.

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual audited financial statements of the Group for the year ended 31 December 2018.

3. 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:

| | Un Audited 31 March 2019 | Audited 31 December 2018 |
|-------------------|--------------------------------|--------------------------------|
| | ----- (Rupees) ----- | |
| Raw materials | 674,283,490 | 324,563,123 |
| Packing materials | 62,033,811 | 23,515,118 |
| Plant & Machinery | 140,873,689 | 128,128,340 |
| Finished goods | 11,830,455 | 15,861,921 |
| | 889,021,445 | 492,068,502 |

4. PROPERTY, PLANT AND EQUIPMENT

| | | |
|----------------------------------|---------------|---------------|
| Operating assets-owned | 1,193,725,593 | 1,223,954,411 |
| Operating assets-leased vehicles | 31,426,977 | 30,982,977 |
| | 1,225,152,570 | 1,254,937,388 |

5. STOCK IN TRADE

| | | |
|------------------|-------------|-------------|
| Raw materials | | |
| In hand | 574,651,570 | 591,435,860 |
| In transit | - | 125,235,676 |
| With third party | 9,351,494 | 10,782,962 |
| | 584,003,064 | 727,454,498 |

| | | |
|------------------|-------------|-------------|
| Packing material | | |
| In hand | 175,935,908 | 196,311,775 |
| In transit | 14,989,005 | 11,821,638 |
| With third party | 5,335,694 | - |
| | 196,260,607 | 208,133,413 |

| | | |
|-----------------|-------------|-------------|
| Work in process | 126,594,169 | 112,613,709 |
|-----------------|-------------|-------------|

| | | |
|----------------------------------------------------|---------------|---------------|
| Finished goods - in hand | | |
| Trading | 166,422,482 | 232,567,466 |
| In transit | - | - |
| Manufactured | 306,001,194 | 96,461,098 |
| | 472,423,676 | 329,028,564 |
| Less: Provision for slow moving and obsolete items | (9,314,464) | (9,306,296) |
| | 1,369,967,052 | 1,367,923,887 |

| Un-Audited | |
|------------------------------|------|
| First Quarter Ended 31 March | |
| 2019 | 2018 |
| ----- (Rupees) ----- | |

6. SALES-net

| | | |
|-----------------------|---------------|---------------|
| Manufactured products | | |
| Local | 2,014,422,156 | 1,545,283,305 |
| Export | 60,682,282 | 52,107,582 |
| | 2,075,104,438 | 1,597,390,887 |
| Third party | 107,420,961 | 62,663,648 |
| | 2,182,525,399 | 1,660,054,535 |
| Less: Discount | 53,355,988 | 15,169,549 |
| Sales tax | 10,520,970 | 7,682,312 |
| | 63,876,958 | 22,851,861 |
| | 2,118,648,441 | 1,637,202,674 |

7. COST OF SALES

| | | |
|----------------------------|---------------|---------------|
| Opening | 345,795,985 | 255,768,120 |
| Cost of goods manufactured | 1,125,453,844 | 866,321,236 |
| | 1,471,249,829 | 1,122,089,356 |
| Purchases | 162,091,366 | 44,860,113 |
| Closing | 486,462,067 | 343,543,136 |
| Cost of goods sold | 1,146,879,128 | 823,406,333 |

8. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of local associated companies, staff retirement funds, directors and key management personnel. Significant transactions with related parties are stated below:

| | | |
|-------------------------------------------------------------|------------|------------|
| 8.1 Sales of goods | | |
| Associate | - | 33,226,858 |
| 8.2 Purchase of goods | | |
| Associate | 9,691,524 | 44,655,042 |
| 8.3 Contribution towards employees' benefits: | | |
| Staff provident fund | 9,691,524 | 7,537,790 |
| Employees' welfare trust | 680,400 | 645,950 |
| 8.4 Remuneration of directors and key management personnel: | | |
| CEO | 5,064,458 | 3,665,345 |
| Directors | 1,782,000 | 5,632,705 |
| Executives | 73,304,805 | 56,293,142 |

9. DATE OF AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Holding Company authorized the condensed interim consolidated financial statements of the Group for issuance on 29 April, 2019.

10. GENERAL

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

10.2 Figures have been rounded off to the nearest rupee.

Dr. Adeel Abbas Haideri
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer



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