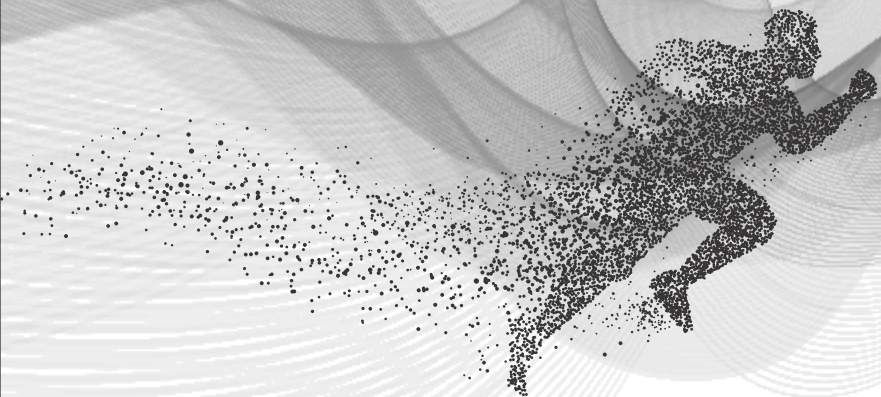


Q3 Report
2020




HIGHNOON
LABORATORIES LIMITED



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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)
Audit Committee	Mr. Shazib Masud Mr. Ghulam Hussain Khan Mrs. Zainub Abbas	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Shazib Masud Dr. Adeel Abbas Haideri Mrs. Zainub Abbas	Chairman Member Member
Chief Financial Officer	Mr. Ashfaq P. Alidina Tel: +92(42)37511953 Email: ashfaq.alidina@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 Habib Metropolitan Bank	
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 Directors are pleased to present their review, together with un-audited condensed interim financial statements of your Company and the Group for the nine months period ended on September 30, 2020.

The Company generated net sales revenue of Rs. 7,899 million during the period under review compared to Rs. 6,660 million in corresponding period of last year registering a growth of 19%. Gross profit margin increased from 45.7 % to 48.8% mainly due to volumetric increase which was achieved through a well-coordinated marketing drive. An unequivocal emphasis on enhancement of production capacities and introduction of process efficiencies also contributed to improving profit margins.

Distribution and sales promotion expenses increased by 21% over corresponding period primarily due to Company's investment in existing and new brands, launched to sustain the growth momentum, as well as due to extensive and innovative marketing initiatives in the wake of the pandemic. Other operating expenses increased in line with profit owing to the statutory levies chargeable on profit. Due to the promising liquidity position of your Company coupled with apt credit management, finance costs witnessed a marked decrease of 73%. The profit after tax increased by 38% to Rs. 978 million compared to Rs. 707 million in the corresponding period. Earnings per share for the period under review increased to Rs.28.25 as compared to Rs. 20.41 in the corresponding period.

The gross profit margin of the Group also improved from 46.5 % to 49.8%. Manufacturing overheads and administrative expenses of the subsidiary company were contained and remained within limits following the fiscal discipline maintained across the Group. The Group profit after tax of Rs. 1,017 million compared to Rs. 725 million during the corresponding period posted a remarkable growth of 40%.

We will strive to outperform the market by focusing on our growth objective. The Company will continue to focus on profitable growth, sustainable cash flows, and cost effectiveness, as these have become more critical during these times of uncertainty due to COVID -19.

On behalf of the Board, we would like to express our sincere gratitude to the shareholders, doctors, pharmacists, consumers, business partners, and bankers for their continued patronage and especially to the employees and management for their continued, dedicated, untiring efforts, hard work and unwavering passion in these testing times.

For & On behalf of the Board

Lahore: 26 October 2020

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

ڈائریکٹرز آپ کی کمپنی اور گروپ کا مالیاتی تجزیہ بعد غیر آڈٹ شدہ مالیاتی رپورٹ برائے سہ ماہی اوری نو ماہ مدت ختم شدہ 30 ستمبر 2020 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت میں کمپنی کی آمدن فروخت 899،7 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں 6،660 ملین روپے تھی اس طرح شرح اضافہ 19 فیصد رہی۔ خام منافع کی شرح 45.7 فیصد سے بڑھ کر 48.8 فیصد ہو گئی جس کی بنیادی وجہ ایک مربوط مارکیٹنگ حکمت عملی کے ذریعہ حجم فروخت میں حاصل شدہ اضافہ ہے۔ پیداواری استعداد میں اضافے پر بھرپور توجہ اور پیداواری مراحل کی کارکردگی میں بہتری لانے کے اقدامات بھی شرح منافع میں ہونے والی بہتری کا باعث بنے۔

ڈسٹری بیوشن اور سیلز پرموشن کے اخراجات میں گزشتہ سال اسی مدت کے موازنہ میں 21 فیصد اضافہ ہوا جس کی بنیادی وجہ آمدن فروخت کی شرح اضافہ کو برقرار رکھنے کے لیے اپنے موجودہ برانڈز اور نئی متعارف کروائی جانے والی ادویات کے فروغ کے لیے سرمایہ کاری کرنا ہے اور عالمی وبا کے تناظر میں اٹھانے والے وسیع اور جدید نوعیت کے مارکیٹنگ اقدامات ہیں۔ متفرق آپریٹنگ اخراجات میں اضافہ منافع میں اضافہ کے عین مطابق ہے کیونکہ اس مدت میں وہ قانونی ادائیگیاں شامل ہیں جو منافع کے حساب سے واجب الادا ہیں۔ کمپنی کی مضبوط لیکویڈٹی پوزیشن اور مناسب کریڈٹ مینجمنٹ کی بدولت مالیاتی اخراجات میں 73 فیصد کی گراں قدر کمی ہوئی ہے۔ بعد از ٹیکس خالص منافع 38 فیصد کی شرح سے بڑھ کر 978 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 707 ملین روپے تھا۔ زیر جائزہ مدت میں فی حصص منافع بڑھ کر 28.25 روپے تک پہنچ گیا جو گزشتہ سال کی اسی مدت میں 20.41 روپے تھا۔

گروپ کے خام منافع کی شرح بھی 46.5 فیصد سے بڑھ کر 49.8 فیصد ہو گئی۔ ذیلی کمپنی کے پیداواری اور انتظامی اخراجات کو بھی گروپ کی مالیاتی انضباط کی پالیسی پر عمل پیرا ہو کر اہداف کے اندر رہی رکھا گیا۔ گروپ کا بعد از ٹیکس خالص منافع 1،017 ملین روپے ہوا جو گزشتہ سال کی اسی مدت میں 725 ملین روپے میں 40 فیصد کی شرح سے غیر معمولی اضافہ ہوا۔

ہم اپنے ترقی کے ہدف کو حاصل کرنے کے لیے مارکیٹ کی مجموعی اوسط ترقی کی شرح سے زیادہ شرح اضافہ حاصل کرنے کے لیے کوششیں کرتے رہیں گے۔

ہم آمدن فروخت میں نفع بخش اضافہ، نقدی کے پائیدار بہاؤ، اور لاگت پیداوار میں مؤثر تخفیف جیسے اہداف کے حصول پر توجہ مرکوز رکھیں گے کیونکہ یہ اہداف کرونا جیسی عالمی وبا کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال میں اور بھی زیادہ اہمیت کے حامل ہیں۔

ہم بورڈ کی طرف سے حصہ داروں، ڈاکٹرز، فارماسسٹ، صارفین اور کاروباری شراکاء کے تعاون اور مسلسل کاروباری حمایت پر اور خاص طور پر انتظامیہ اور کارکنان کے انکی لگن، انتھک کوششوں، بخت محنت اور آزمائش کی اس گھڑی میں غیر متزلزل عزم پر تہنودل سے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 26 اکتوبر 2020

Condensed Interim
Un-consolidated
Financial Statements



Highnoon Laboratories Limited

for the Third Quarter ended
30 September 2020

Un-consolidated Condensed Interim Statement of Financial Position

	Un Audited 30 September 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
EQUITY AND LIABILITIES		
EQUITY		
Share capital and reserves		
Authorized share capital		
50,000,000 (2019: 50,000,000) Ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid up share capital	346,149,440	314,681,310
Revenue reserves - Accumulated profit	3,317,155,385	2,770,544,148
Revaluation surplus on property, plant and equipment	347,098,495	356,336,117
Total Equity	4,010,403,320	3,441,561,575
Non-current liabilities		
Long term liabilities	55,960,397	61,214,905
Long term advances	35,790,451	27,609,796
Long term loan	88,556,549	-
Deferred liabilities	459,453,044	417,661,559
	639,760,441	506,486,260
Current liabilities		
Trade and other payables	851,784,140	598,033,068
Unclaimed dividend	49,742,669	30,555,993
Mark up accrued	339,726	100,501
Current portion of long term liabilities	118,952,963	20,779,266
Provision for taxation - net	199,727,886	31,054,361
	1,220,547,384	680,523,189
Total Liabilities	1,860,307,825	1,187,009,449
TOTAL EQUITY AND LIABILITIES	5,870,711,145	4,628,571,024
CONTINGENCIES AND COMMITMENTS	8	

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 30 September 2020

	Un Audited 30 September 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
ASSETS		
Non-current assets		
Property, plant and equipment	1,335,165,852	1,118,266,226
Long term investment	200,000,000	200,000,000
Long term deposits	21,443,429	21,182,621
Long term advances	28,695,097	27,673,080
Deferred tax asset	25,655,188	21,858,373
	1,610,959,566	1,388,980,300
CURRENT ASSETS		
Stock in trade	1,846,533,790	1,790,210,793
Trade debts	728,453,515	391,162,800
Advances	185,231,074	148,027,394
Trade deposits and short term prepayments	51,731,451	34,916,154
Other receivables	763,251	3,271,494
Loan to subsidiary	20,000,000	10,000,000
Tax refunds due from the Government	16,344,037	3,106,649
Short term investment	640,924,753	-
Cash and bank balances	769,769,708	858,895,440
	4,259,751,579	3,239,590,724
TOTAL ASSETS	5,870,711,145	4,628,571,024

Ashfaq P. Alidina
Chief Financial Officer

Un-consolidated Condensed Interim Statement of Profit or Loss (un-audited) For the Nine Months Ended 30 September 2020

Note	Nine Months Period Ended 30 September		Three Months Period Ended 30 September	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
Revenue from contract with				
customers- net	11 7,899,231,624	6,659,512,893	2,842,361,967	2,251,640,314
Cost of revenue	12 (4,046,349,200)	(3,617,898,643)	(1,441,476,878)	(1,239,148,073)
Gross profit	3,852,882,424	3,041,614,250	1,400,885,089	1,012,492,241
Distribution, selling and promotional expenses	(2,089,939,977)	(1,726,694,295)	(783,002,880)	(600,156,029)
Administrative and general expenses	(325,913,281)	(257,145,010)	(120,596,149)	(87,627,645)
Research and development expenses	(4,792,497)	(3,845,972)	(2,042,519)	(1,260,468)
Other operating expenses	(124,787,130)	(87,368,953)	(47,204,703)	(27,068,571)
	(2,545,432,885)	(2,075,054,230)	(952,846,251)	(716,112,713)
Operating profit	1,307,449,539	966,560,020	448,038,838	296,379,528
Other income	59,347,133	64,579,453	18,751,202	18,109,370
Finance costs	(4,489,142)	(16,891,908)	(1,359,953)	(5,913,900)
Profit before taxation	1,362,307,530	1,014,247,565	465,430,087	308,574,998
Taxation	(384,380,069)	(307,673,997)	(139,148,899)	(90,694,214)
Profit for the period	977,927,461	706,573,568	326,281,188	217,880,784
		Restated		Restated
Earnings per share - basic and diluted	28.25	20.41	9.43	6.29

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Un-consolidated Condensed Interim Statement of Comprehensive Income (un-audited) For the Nine Months Ended 30 September 2020

	Nine Months Period Ended 30 September		Three Months Period Ended 30 September	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	977,927,461	706,573,568	326,281,188	217,880,784
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	977,927,461	706,573,568	326,281,188	217,880,784

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Un-consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2020

	30 September	
	2020	2019
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,362,307,530	1,014,247,565
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of fixed assets	77,795,466	91,004,300
Gain on disposal of fixed assets	(14,676,991)	(19,309,986)
Exchange loss - net	10,285,824	1,197,350
Provision for slow moving and obsolete stocks	37,660,707	17,490,889
Provision for defined benefit obligation	60,028,038	49,411,528
Provision for Workers' Profit Participation Fund	65,934,938	53,379,957
Provision for central research Fund	14,576,177	11,003,908
Finance costs	4,489,142	16,891,908
	256,093,301	221,069,854
Profit before working capital changes	1,618,400,831	1,235,317,419
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	(93,983,704)	(340,293,283)
Trade debts	(347,576,539)	(217,485,466)
Advances	(37,203,680)	(82,088,627)
Trade deposits and short term prepayments	(16,815,297)	(27,370,485)
Other receivables	645,208	(4,148,948)
Loan to subsidiary	(10,000,000)	10,000,000
Tax refund due from the Government	(13,237,388)	3,876,077
Increase in current liabilities:		
Trade and other payables	184,774,308	238,863,778
	(333,397,092)	(418,646,954)
Cash generated from operations	1,285,003,739	816,670,465
Taxes paid	(214,616,894)	(266,497,126)
Gratuity paid	(20,895,649)	(21,360,246)
Finance costs paid	(4,249,917)	(16,922,384)
Workers' Profit Participation Fund paid	-	(2,064,674)
Central Research Fund paid	(14,557,777)	(10,257,195)
Net cash flows generated from operating activities	1,030,683,502	499,568,840

Un-consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2020

	30 September	
	2020	2019
Note	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(324,523,285)	(148,035,406)
Additions in long term advances	(1,022,017)	(6,360,276)
Increase in long term deposits - net	(260,808)	4,703,350
Proceeds from disposal of operating fixed assets	44,505,180	93,626,482
Net cash flows (used in) investing activities	(281,300,930)	(56,065,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities - net	(8,014,112)	(45,922,119)
Long term loan obtained	200,000,000	-
Long term advances - net	329,601	(21,202,804)
Dividend paid	(389,899,040)	(361,515,818)
Net cash flow (used in) financing activities	(197,583,551)	(428,640,741)
Net (decrease)/increase in cash and cash equivalents	551,799,021	14,862,249
Cash and cash equivalents at beginning of the period	858,895,440	779,975,543
Cash and cash equivalents at end of the period	13 1,410,694,461	794,837,792

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Selected notes to the Un-consolidated Condensed Interim Financial Statements (un-audited) For the Nine Months Ended 30 September 2020

1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and 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** During the period the World Health Organization declared COVID-19 a global pandemic. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lockdown as a measure to reduce the spread of the COVID-19. However, the Company, being part of the pharmaceutical sector, did not encounter severe disruption in its operations.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business despite slowed down economic activity.

The Company's management is fully cognisant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

2 STATEMENT OF COMPLIANCE

- 2.1** These unconsolidated condensed interim financial statements have 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 Standard Board (IASB) as notified under the Act; and
- provisions of and directives issued under the Act.

Where provisions and directives issued under the Act differ from the IAS, the provisions and directives issued under the Act have been followed.

- 2.2** These unconsolidated condensed interim financial statements are un-audited and are being submitted to shareholders, as required by Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019.

3 BASIS OF PREPARATION

- 3.1** 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 audited financial statements for the year ended 31 December 2019. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2019, whereas the statement of profit or loss, the statement of comprehensive Income, the statement of cash flows and the statement of changes in equity are extracted from the un-audited condensed interim financial statements for the period ended 30 September 2019.

- 3.2** These condensed interim unconsolidated financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investment in subsidiary Curexa Health (Private) Limited is stated at cost less impairment losses, if any.

Un-consolidated Condensed Interim Statement of Changes in Equity (un-audited) For the Nine Months Ended 30 September 2020

	Share Capital		Capital Reserves		General reserve	Revenue reserves		Sub total	Total
			Revaluation Surplus			Unappropriated profit			
Balance as at 01 January 2019	286,073,930	370,409,400	-	-	114,000,000	2,099,966,374	2,213,966,374	2,870,449,704	
Total Comprehensive Income for the period	-	-	-	-	-	706,573,568	706,573,568	706,573,568	
Surplus transferred to unappropriated profit	-	-	(10,857,972)	-	-	10,857,972	10,857,972	-	
"On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	-	-	-	-	(28,607,380)	(28,607,380)	-	
Transaction with owners of the company, recognized directly in equity - Distributions	28,607,380	-	-	-	-	(371,896,109)	(371,896,109)	(371,896,109)	
Final dividend @ Rs. 13 per share for the year ended 31 December 2018	-	-	-	-	-	(371,896,109)	(371,896,109)	(371,896,109)	
Balance as at 30 September 2019	314,681,310	359,551,428	-	-	114,000,000	2,416,894,425	2,530,894,425	3,205,127,163	
Balance as at 01 January 2020	314,681,310	356,336,117	-	-	114,000,000	2,656,544,148	2,770,544,148	3,441,561,575	
Profit for the period ended 30 September 2020	-	-	-	-	-	977,927,461	977,927,461	977,927,461	
Other comprehensive income	-	-	-	-	-	-	-	-	
Surplus transferred to accumulated profit	-	-	-	-	-	9,237,622	9,237,622	-	
"On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	-	(9,237,622)	-	-	(409,085,716)	(409,085,716)	(409,085,716)	
Transaction with owners of the company, recognized directly in equity - Distributions	31,468,130	-	-	-	-	(31,468,130)	(31,468,130)	-	
Issuance of bonus shares @ 10% for the year ended 31 December 2019	-	-	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)	
Final dividend @ Rs. 13 per share for the year ended 31 December 2019	-	-	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)	
Balance as at 30 September 2020	346,149,440	347,098,495	-	-	114,000,000	3,203,155,385	3,317,155,385	4,010,403,320	

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

3.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention and are presented in Pak Rupee, which is also the functional currency of the Company. The figures have been rounded off to the nearest rupees, unless otherwise stated.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual audited financial statements of the Company for the year ended 31 December 2019 except for the following:

4.1 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Company for the year ended 31 December 2019.

6. LONG TERM LOAN

	Un Audited 30 September 2020	Audited 31 December 2019
	----- (Rupees) -----	
Loan from HBL	188,003,184	-
Less: Current portion	(99,446,635)	-
	88,556,549	-

6.1 This represents loan of Rs. 200 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 200 million. It carries mark-up at SBP rate plus 3% per annum. This finance is secured against demand promissory notes amounting to Rs. 208 million made in favor of bank and first pari passu hypothecation charge on all present and future plant and machinery (installed or to be installed) of the company and equitable mortgage charge over immovable property of the company. The loan is repayable in eight equal quarterly instalments commencing from January 01, 2021 and ending on October 01, 2022. The three tranches of loan were initially recognized at amortized cost using effective interest rate of 8.14%, 8.13% and 7.02% (3-month KIBOR) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

Note	Un Audited 30 September 2020	Audited 31 December 2019
	----- (Rupees) -----	

7 CURRENT PORTION OF LONG TERM LIABILITIES

Long term liabilities	7,906,320	10,665,924
Long term advances	2,262,288	10,113,342
Long term loan	99,446,635	-
Deferred grant	9,337,720	-
	118,952,963	20,779,266

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no significant change in the contingencies since the date of preceding published unconsolidated annual audited financial statements for the year ended December 31, 2019.

8.2 Commitments

Commitments against irrevocable letters of credit include:

Raw materials	705,245,693	454,330,227
Packing materials	97,905,530	47,346,415
Finished goods	18,660,982	12,940,473
Plant and machinery	26,219,878	64,983,943
	848,032,083	579,601,058

Rentals under ijarah agreements:

Not later than one year	-	19,560,716
Later than one year but not later than five years	-	-
	-	19,560,716

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

Owned	(9.1)	983,715,098	924,621,069
Right of use assets (RoU)	(9.2)	59,361,014	67,870,341
Capital work-in-progress		292,089,740	125,774,816
		1,335,165,852	1,118,266,226

9.1 Operating fixed assets (owned)

Opening book value		924,621,069	859,145,356
Add: Additions during the period / year - cost	(9.1.1)	158,208,361	158,568,082
Transferred from RoU assets during the period / year - vehicles		-	119,197,000
		158,208,361	277,765,082
Less: Disposals during the period	(9.1.2)	29,828,189	136,804,857
Depreciation during the period		69,286,142	75,484,512
		99,114,331	212,289,369
Book value at the end of the period		983,715,098	924,621,069

9.1.1 Additions during the period / year - cost	Note	Un Audited	Audited
		30 September 2020	31 December 2019
----- (Rupees) -----			
Building on free hold land		-	-
Plant and machinery		51,055,475	71,128,839
Laboratory equipment		26,127,377	7,709,114
Furniture and fixtures		270,350	1,101,990
Electric and gas appliances		1,556,000	2,845,750
Office equipment		8,767,809	6,217,988
Vehicles		70,431,350	69,564,401
		158,208,361	158,568,082

9.1.2 Disposals during the period

Vehicles	29,828,189	136,804,857
----------	------------	-------------

9.2 Right of use assets

Opening book value	67,870,341	85,939,679
Add: Additions during the period / year - cost	-	81,469,224
	67,870,341	167,408,903
Less: Transfers to owned assets during the period - NBV	-	68,751,744
Depreciation during the period / year	8,509,327	30,786,818
	8,509,327	99,538,562
Book value at the end of the period / year	59,361,014	67,870,341

10 STOCK IN TRADE

Raw materials		
In hand	772,786,032	789,808,946
In transit	159,430,501	8,426,927
With third party	55,900,478	53,205,332
	988,117,011	851,441,205
Packing material		
In hand	262,943,213	181,641,000
In transit	12,431,955	-
With third party	8,679,833	8,775,967
	284,055,001	190,416,967
Work in process	192,355,572	167,463,552
Finished goods		
Trading-in hand	93,505,846	212,661,960
Trading-in transit	-	113,407,257
Manufactured	332,826,206	272,891,928
	426,332,052	598,961,145
Less: provision for slow moving and obsolete items 10.1	(44,325,846)	(18,072,076)
	1,846,533,790	1,790,210,793

10.1 Provision for slow moving and obsolete items

Opening provision	18,072,076	8,596,216
Charge for the period	37,660,707	17,704,485
Written off during the period	(11,406,937)	(8,228,625)
Closing provision	44,325,846	18,072,076

11 REVENUE - net	Un-audited			
	Nine Months Period Ended		Three Months Period Ended	
	30 September		30 September	
	2020	2019	2020	2019
----- (Rupees) -----				
Manufactured products:				
Local	7,425,532,187	6,222,166,294	2,624,396,689	2,108,068,748
Export	440,535,049	268,717,775	213,666,501	114,959,244
	7,866,067,236	6,490,884,069	2,838,063,190	2,223,027,992
Toll manufacturing	239,886,251	326,589,550	97,945,425	79,981,733
	8,105,953,487	6,817,473,619	2,936,008,615	2,303,009,725
Less: Discount	171,838,520	131,753,256	78,252,896	44,286,453
Sales tax	34,883,343	26,207,470	15,393,752	7,082,958
	206,721,863	157,960,726	93,646,648	51,369,411
	7,899,231,624	6,659,512,893	2,842,361,967	2,251,640,314

12 COST OF REVENUE	Un-audited			
	Nine Months Period Ended		Three Months Period Ended	
	30 September		30 September	
	2020	2019	2020	2019
----- (Rupees) -----				
Manufactured pharmaceutical products:				
Opening stock of finished goods	598,961,145	345,795,985	509,391,849	410,504,223
Cost of goods manufactured	3,093,778,201	3,232,191,168	1,061,193,018	994,082,591
	3,692,739,346	3,577,987,153	1,570,584,867	1,404,586,814
Closing stock of finished goods	(426,332,052)	(582,474,015)	(426,332,052)	(582,474,015)
Cost of sales - manufactured	3,266,407,294	2,995,513,138	1,144,252,815	822,112,799
Cost of sales - purchased products	779,941,906	622,385,505	297,224,063	417,035,274
	4,046,349,200	3,617,898,643	1,441,476,878	1,239,148,073

13 CASH AND CASH EQUIVALENT	Note	Un Audited	Un Audited
		30 September 2020	30 September 2019
----- (Rupees) -----			
Cash and Bank		769,769,708	794,837,792
Short Term Investment		640,924,753	-
		1,410,694,461	794,837,792

14 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

15 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Nine Months Period Ended 30 September		Three Months Period Ended 30 September	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
15.1 Purchase of goods				
Route 2 health (Pvt) Ltd -Associate	358,407,641	396,450,981	93,482,499	187,725,677
Curexa Health (Pvt) Ltd -Subsidiary	289,932,101	226,323,401	147,571,535	86,294,046
Purchase of fixed asset from associate	-	15,137,818	-	-
15.2 Contribution towards employees' benefits fund:				
Staff provident fund	35,567,579	29,637,745	12,252,153	10,019,886
Employees' welfare trust	2,349,043	2,042,250	787,193	682,500
15.3 Remuneration				
Chief Executive Officer	19,152,881	14,997,079	3,226,340	4,288,799
Executives	313,709,776	235,320,314	94,281,713	53,073,978

15.4 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un Audited	Audited
		30 September 2020	31 December 2019
		----- (Rupees) -----	
Route 2 health (Pvt) Ltd -associate	Advances/ Creditors	8,137,405	134,175,261
Staff provident fund	Contribution payable	9,092,619	7,953,622
Employees' welfare trust	Contribution payable	648,805	684,081
Curexa Health (Pvt) Ltd -subsidiary	Advances	8,116,203	4,909,996

16 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated condensed interim financial statements for issuance on 26 October 2020.

17 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.

17.1 Figures have been rounded off to the nearest rupee.

17.2 Corresponding figures have been re-arranged or re-classified where necessary for the purpose of comparison, however no significant re-classification or re-arrangements have been made in these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

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Consolidated Condensed Interim Financial Statements



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

for the Third Quarter ended
30 September 2020

Consolidated Condensed Interim Statement of Financial Position

	Un Audited 30 September 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
EQUITY AND LIABILITIES		
EQUITY		
Share capital and reserves		
Authorized share capital		
50,000,000 (2019: 50,000,000) Ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid up share capital	346,149,440	314,681,310
Revenue reserves	3,363,048,634	2,776,848,331
Revaluation surplus on property, plant and equipment	347,098,495	356,336,117
Total Equity	4,056,296,569	3,447,865,758
Non-current liabilities		
Long term loan	94,688,183	19,000,839
Long term liabilities	55,960,397	61,214,905
Long term advances	37,899,526	28,990,796
Deferred liabilities	460,595,443	417,661,559
	649,143,549	526,868,099
Current liabilities		
Trade and other payables	871,848,434	616,872,433
Unclaimed dividend	49,742,669	30,555,993
Mark up accrued	928,522	2,884,222
Short term borrowings	10,116,476	36,442,430
Current portion of long term liabilities	151,078,483	46,112,599
Provision for taxation - net	199,727,886	23,894,534
	1,283,442,470	756,762,211
Total Liabilities	1,932,586,019	1,283,630,310
TOTAL EQUITY AND LIABILITIES	5,988,882,588	4,731,496,068
CONTINGENCIES AND COMMITMENTS	8	

*The annexed notes from 1 to 17 form an integral part of these Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 30 September 2020

	Un Audited 30 September 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
ASSETS		
Non-current assets		
Property, plant and equipment	1,588,110,669	1,382,588,051
Intangible assets	1,043,731	1,408,441
Goodwill	834,230	834,230
Long term deposits	22,521,179	22,160,371
Long term advances	28,695,097	27,673,080
Deffered tax asset	30,491,541	28,357,882
	1,671,696,447	1,463,022,055
CURRENT ASSETS		
Stock in trade	1,926,041,702	1,830,646,899
Trade debts	728,453,515	391,162,800
Advances	177,162,200	146,171,036
Trade deposits and short term prepayments	52,946,494	35,410,001
Other receivables	395,760	3,066,099
Short term investment	640,924,753	-
Tax refunds due from the Government	21,421,777	2,987,866
Cash and bank balances	769,839,940	859,029,312
	4,317,186,141	3,268,474,013
TOTAL ASSETS	5,988,882,588	4,731,496,068

Consolidated Condensed Interim Statement of Profit or Loss (un-audited) For the Nine Months Ended 30 September 2020

Note	Nine Months Period Ended 30 September		Three Months Period Ended 30 September		
	2020	2019	2020	2019	
	----- (Rupees) -----		----- (Rupees) -----		
Revenue from contract with customers- net	11	7,899,231,624	6,659,512,893	2,842,361,967	2,251,640,314
Cost of revenue	12	3,966,841,126	3,565,319,712	1,400,517,498	1,206,272,185
Gross profit		3,932,390,498	3,094,193,181	1,441,844,469	1,045,368,129
Distribution, selling and promotional expenses		2,089,939,977	1,726,694,295	783,002,880	600,156,029
Administrative and general expenses		347,186,075	275,235,787	128,559,172	93,640,118
Research and development expenses		4,792,497	3,845,972	2,042,519	1,260,468
Other operating expenses		127,963,697	90,269,590	49,782,093	28,540,281
		2,569,882,246	2,096,045,644	963,386,664	723,596,896
Operating profit		1,362,508,252	998,147,537	478,457,805	321,771,233
Other income		58,405,616	63,269,173	18,546,764	18,109,370
Finance costs		(10,807,943)	(25,686,887)	(3,326,486)	(7,969,015)
Profit before taxation		1,410,105,925	1,035,729,823	493,678,083	331,911,588
Taxation		(392,589,398)	(310,693,605)	(145,302,648)	(92,087,213)
Profit for the year		1,017,516,527	725,036,218	348,375,435	239,824,375
			Restated		Restated
Earnings per share - basic and diluted		29.40	20.95	10.06	6.93

The annexed notes from 1 to 17 form an integral part of these Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (un-audited) For the Nine Months Ended 30 September 2020

	Nine Months Period Ended 30 September		Three Months Period Ended 30 September	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
Profit after tax for the year	1,017,516,527	725,036,218	348,375,435	239,824,375
Total comprehensive income for the year	1,017,516,527	725,036,218	348,375,435	239,824,375

The annexed notes from 1 to 17 form an integral part of these Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2020

Note	30 September	
	2020	2019
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,410,105,925	1,035,729,823
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of fixed assets	96,169,143	110,911,105
Amortization of intangible assets	364,710	270,871
Gain on disposal of fixed assets	(14,676,991)	(19,309,986)
Exchange loss - net	10,285,824	1,197,350
Provision for slow moving and obsolete stocks	41,419,720	17,974,269
Provision for defined benefit obligation	60,028,038	49,411,528
Provision for Worker's Profit Participation Fund	68,590,411	56,036,573
Provision for Central Research Fund	15,097,271	11,247,929
Finance costs	10,807,943	25,686,887
	288,086,069	253,426,526
Profit before working capital changes	1,698,191,994	1,289,156,349
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	(136,814,523)	(354,645,597)
Trade debts	(347,576,539)	(222,383,726)
Advances	(30,991,164)	(81,059,781)
Trade deposits and short term prepayments	(17,536,493)	(27,240,428)
Other receivables	1,012,699	(4,653,233)
Tax refund due from government	(18,433,911)	(2,879,294)
Increase in current liabilities:		
Trade and other payables	182,891,866	246,709,503
	(367,448,065)	(446,152,556)
Cash generated from operations	1,330,743,929	843,003,793
Taxes paid	(213,983,119)	(262,089,302)
Gratuity paid	(20,895,649)	(21,360,246)
Finance cost paid	(12,763,643)	(24,892,088)
Workers' Profit Participation Fund paid	-	(3,952,756)
Central Research Fund paid	(14,852,488)	(10,257,195)
Net cash flows generated from operating activities	1,068,249,030	520,452,206

Consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2020

Note	30 September	
	2020	2019
	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(331,519,956)	(151,547,131)
Purchase of intangible	-	(83,312)
Additions in long term advances	(1,022,017)	(6,360,276)
Additions in long term deposits-net	(360,808)	4,703,350
Proceeds from disposal of operating fixed assets	44,505,180	93,626,482
Net cash flows used in investing activities	(288,397,601)	(59,660,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(8,014,112)	(45,922,119)
Long term loan obtained/ (Re-paid)	195,065,381	(19,000,000)
Short term borrowings-net	(26,325,954)	642,073
Dividend paid	(389,899,040)	(361,515,818)
Long term advances	1,057,677	(20,752,074)
Net cash flows used in financing activities	(228,116,048)	(446,547,938)
Net increase/Decrease in cash and cash equivalents	551,735,381	14,243,381
Cash and cash equivalents at beginning of the period	859,029,312	780,738,851
Cash and cash equivalents at end of the period	13 1,410,764,693	794,982,232

The annexed notes from 1 to 17 form an integral part of these Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Selected Notes to the Consolidated Condensed Interim Financial Statements (un-audited)

For the Nine Months Ended 30 September 2020

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"). Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and 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 with the principle object to carry on business as manufacturer, importer and dealers of all kinds of pharmaceutical.

- 1.1** "During the year, the World Health Organization declared COVID-19 a global pandemic. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of the COVID-19. However, the Company, being part of the pharmaceutical sector, did not encounter severe disruption in its operations.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business despite slowed down economic activity."

The Company's management is fully cognisant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

2 STATEMENT OF COMPLIANCE

- 2.1** These consolidated condensed interim financial statements have 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 Standard Board (IASB) as notified under the Act; and
- provisions of and directives issued under the Act.

Where provisions and directives issued under the Act differ from the IAS, the provisions and directives issued under the Act have been followed.

- 2.2** These consolidated condensed interim financial statements are un-audited and are being submitted to shareholders, as required by Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019.

3 BASIS OF PREPARATION

- 3.1** These consolidated 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 audited financial statements for the year ended 31 December 2019. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2019, whereas the consolidated Statement of Profit or Loss, the consolidated Statement of Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the period ended 30 September 2019.

Consolidated Condensed Interim Statement of Changes in Equity (un-audited) For the Nine Months Ended 30 September 2020

	Share Capital		Capital Reserves		Revenue reserves		Sub total	Total
	Share Capital	Reserves Revaluation Surplus	General reserve	Unappropriated profit				
Balance as at 01 January 2019	286,073,930	370,409,400	114,000,000	2,076,679,480	2,190,679,480	2,847,162,810		
Total comprehensive income for the period	-	-	-	725,036,218	725,036,218	725,036,218		
Surplus transferred to unappropriated profit	-	(10,857,972)	-	10,857,972	10,857,972	-		
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	(28,607,380)	(28,607,380)	-		
Transaction with owners of the company, recognized directly in equity - Distributions	28,607,380	-	-	(371,896,109)	(371,896,109)	(371,896,109)		
Issuance of bonus shares @ 10% for the year ended 31 December 2018	-	-	-	(371,896,109)	(371,896,109)	(371,896,109)		
Final dividend @ Rs. 13 per share for the year ended 31 December 2018	-	-	-	(371,896,109)	(371,896,109)	(371,896,109)		
Balance as at 30 September 2019	314,681,310	359,551,428	114,000,000	2,412,070,181	2,526,070,181	3,200,302,919		
Balance as at 01 Jan 2020	314,681,310	356,336,117	114,000,000	2,662,848,331	2,776,848,331	3,447,865,758		
Total comprehensive income for the period	-	-	-	1,017,516,527	1,017,516,527	1,017,516,527		
Surplus transferred to unappropriated profit	-	(9,237,622)	-	9,237,622	9,237,622	-		
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	(409,085,716)	(409,085,716)	-		
Transaction with owners of the company, recognized directly in equity - Distributions	31,468,130	-	-	(31,468,130)	(31,468,130)	-		
Issuance of bonus shares @ 10% for the year ended 31 December 2019	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)		
Final dividend @ Rs. 13 per share for the year ended 31 December 2019	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)		
Balance as at 30 September 2020	346,149,440	347,098,495	114,000,000	3,249,048,634	3,363,048,634	4,056,296,569		

The annexed notes from 1 to 17 form an integral part of these Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

3.2 These consolidated condensed interim financial statements have been prepared under the historical cost convention and are presented in Pak Rupee, which is also the functional currency of the Group. The figures have been rounded off to the nearest rupees, unless otherwise stated.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual audited financial statements of the Company for the year ended 31 December 2019.

4.1 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Group for the year ended 31 December 2019.

6. LONG TERM LOAN	Note	Un Audited	Audited
		30 September 2020	31 December 2019
----- (Rupees) -----			
SBP payroll refinancing	6.1 & 6.3	200,927,005	44,334,172
Term finance	6.2	25,333,333	-
Less: Current portion		(131,572,155)	(25,333,333)
		94,688,183	19,000,839

6.1 This represents loan of Rs. 200 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 200 million. It carries mark-up at SBP rate plus 3% per annum. This finance is secured against demand promissory notes amounting to Rs. 208 million made in favor of bank and first pari passu hypothecation charge on all present and future plant and machinery (installed or to be installed) of company and equitable mortgage charge over immovable property of the company. The loan is repayable in eight equal quarterly installments commencing from January 01, 2021 and ending October 01, 2022. The three tranches of loan were initially recognized at amortized cost using effective interest rate of 8.14%, 8.13%, 7.02% (3-month KIBOR) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

6.2 This loan of 25 Million has been obtained by the Subsidiary Company for the purchase of machinery and equipment of cephalosporin manufacturing plant. The markup is payable quarterly at the rate of 1 months KIBOR plus 1.5% (2019: 1 months KIBOR plus 1.5%) per annum on the outstanding amount of loan. The tenor of loan is 5 years and principle amount is repayable in equal quarterly installments after lapse of grace period of one year. The loan was obtained in 2016.

6.3 "This represents loan of Rs. 14.06 million obtained by Subsidiary Company under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. It carries mark-up at 3% per annum. The principal is repayable in equal quarterly installments after grace period till 31-Dec-2020. The three tranches of loan were initially recognized at amortized cost using effective interest rate of 13.38%, 10.33% and 9.33% (1-month KIBOR plus 200 basis points) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant."

These Loans (6.2 and 6.3) have been secured against:

- 'first pari passu charge over plant and machinery to be imported;
- 'land and building located at 517 Sunder Industrial Estate Raiwind Road, Lahore owned by the Company measuring 3,377.15 square meters.

7 CURRENT PORTION OF LONG TERM LIABILITIES	Note	Un Audited	Audited
		30 September 2020	31 December 2019
----- (Rupees) -----			
Long term liabilities		7,906,320	10,665,924
Long term advances		2,262,288	10,113,342
Long term loan		131,572,155	25,333,333
Deferred grant		9,337,720	-
		151,078,483	46,112,599

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no significant change in the contingencies since the date of preceding published consolidated annual audited financial statements for the year ended December 31, 2019.

8.2 Commitments

Commitments against irrevocable letters of credit include:

Raw materials	681,717,998	461,670,227
Packing materials	162,703,874	47,346,415
Finished goods	18,898,970	12,940,473
Plant and machinery	69,783,091	66,233,943
	933,103,933	588,191,058

Rentals under ijarah agreements:

Not later than one year	2,068,860	22,043,348
Later than one year but not later than five years	-	1,291,293
	2,068,860	23,334,641

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

Owned	(9.1)	1,236,170,418	1,188,571,085
Right of use assets (RoU)	(9.2)	59,361,014	67,870,341
Capital work-in-progress		292,579,237	126,146,625
		1,588,110,669	1,382,588,051

	Note	Un Audited 30 September 2020	Audited 31 December 2019
----- (Rupees) -----			
9.1 Operating fixed assets (owned)			
Opening book value		1,188,571,085	1,138,014,732
Add: Additions during the period / year - cost	(9.1.1)	165,087,344	169,788,040
Transferred from RoU assets during the period / year - vehicles		-	119,197,000
		165,087,344	288,985,040
Less: Disposals during the period / year - net book value	(9.1.2)	29,828,189	136,804,857
Depreciation during the period / year		87,659,819	101,623,829
		117,488,008	238,428,686
Book value at the end of the period		1,236,170,418	1,188,571,085

9.1.1 Additions during the period / year - cost

Building on free hold land	1,389,425	251,400
Plant and machinery	55,373,263	73,596,116
Laboratory equipment	26,417,377	14,696,919
Furniture and fixtures	804,895	2,009,900
Electric and gas appliances	1,556,000	3,077,818
Office equipment	9,035,034	6,517,486
Vehicles	70,511,350	69,638,401
	165,087,344	169,788,040

9.1.2 Disposals during the period / year

Vehicles	29,828,189	136,804,857
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9.2 Right of use assets

Opening book value	67,870,341	85,939,679
Add: Additions during the period / year - cost	-	81,469,224
	67,870,341	167,408,903
Less: Transfers to owned assets during the period-NBV	-	68,751,744
Depreciation during the period / year	8,509,327	30,786,818
	8,509,327	99,538,562
Book value at the end of the period / year	59,361,014	67,870,341

10 STOCK IN TRADE

Raw materials		
In hand	795,774,792	804,797,902
In transit	159,430,501	8,426,927
With third party	55,900,478	53,205,332
	1,011,105,771	866,430,161
Packing material		
In hand	299,054,349	206,945,781
In transit	12,431,955	3,755,785
With third party	8,679,833	8,775,967
	320,166,137	219,477,533
Work in process	208,430,347	179,497,794
Finished goods		
Trading-in hand	84,069,514	213,790,656
Trading-in transit	15,800,177	113,407,257
Manufactured	334,705,538	272,891,928

	Note	Un Audited 30 September 2020	Audited 31 December 2019
----- (Rupees) -----			
Opening book value		434,575,229	584,442,183
Less: provision for slow moving and obsolete items	10.1	(48,235,782)	(19,200,772)
		1,926,041,702	1,830,646,899

10.1 Provision for slow moving and obsolete items

Opening provision	19,200,772	9,306,296
Charge for the period	41,419,720	18,341,448
Written off during the period	(12,384,710)	(8,446,972)
Closing provision	48,235,782	19,200,772

	Un-audited			
	Nine Months Period Ended 30 September		Three Months Period Ended 30 September	
	2020	2019	2020	2019
----- (Rupees) -----				
11 REVENUE - net				
Manufactured products:				
Local	7,425,532,187	6,222,166,294	2,624,396,689	2,108,068,748
Export	440,535,049	268,717,775	213,666,501	114,959,244
	7,866,067,236	6,490,884,069	2,838,063,190	2,223,027,992
Toll manufacturing	239,886,251	326,589,550	98,310,504	79,981,733
	8,105,953,487	6,817,473,619	2,936,373,694	2,303,009,725
Less: Discount	171,838,520	131,753,256	78,252,896	44,286,453
Sales tax	34,883,343	26,207,470	15,758,831	7,082,958
	206,721,863	157,960,726	94,011,727	51,369,411
	7,899,231,624	6,659,512,893	2,842,361,967	2,251,640,314

12 COST OF REVENUE

Manufactured pharmaceutical products:

Opening stock of finished goods	598,961,145	345,795,985	503,819,416	411,718,491
Cost of goods manufactured	3,311,791,283	3,407,279,115	1,170,641,066	1,071,724,125
	3,910,752,428	3,753,075,100	1,674,460,482	1,483,442,616
Closing stock of finished goods	(417,534,472)	(565,974,015)	(417,534,472)	(565,974,015)
Cost of sales - manufactured	3,493,217,956	3,187,101,085	1,256,926,010	917,468,601
Cost of sales - purchased products	473,623,170	378,218,627	143,591,488	288,803,584
	3,966,841,126	3,565,319,712	1,400,517,498	1,206,272,185

	Note	Un Audited 30 September 2020	Un Audited 30 September 2019
----- (Rupees) -----			
13 CASH AND CASH EQUIVALENT			
Cash and Bank		769,839,940	794,982,232
Short Term Investment		640,924,753	-
		1,410,764,693	794,982,232

14 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

15 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Nine Months Period Ended 30 September		Three Months Period Ended 30 September	
	2020	2019	2020	2019
15.1 Purchase of goods	----- (Rupees) -----		----- (Rupees) -----	
Route 2 health (Pvt) Ltd -Associate	358,407,641	396,450,981	93,482,499	187,725,677
Purchase of fixed asset from associate	-	15,137,818	-	-
15.2 Contribution towards employees' benefits fund:				
Staff provident fund	36,937,994	30,568,080	12,708,570	10,364,638
Employees' welfare trust	2,349,043	2,042,250	787,193	682,500
15.3 Remuneration				
Chief Executive Officer	19,152,881	14,997,079	3,226,340	4,288,799
Directors	7,232,466	5,940,000	2,556,233	4,158,000
Executives	325,927,260	235,320,314	106,499,197	53,073,978

15.4 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un Audited	Audited
		30 June 2020	31 December 2019
		----- (Rupees) -----	
Route 2 health (Pvt) Ltd -associate	Advances/ Creditors	8,137,405	134,175,261
Staff provident fund	Contribution payable	9,442,125	8,614,987
Employees' welfare trust	Contribution payable	648,805	684,081

16 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated condensed interim financial statements for issuance on 26 October 2020.

17 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.

17.1 Figures have been rounded off to the nearest rupee.

17.2 Corresponding figures have been re-arranged or re-classified where necessary for the purpose of comparison, however no significant re-classification or re-arrangements have been made in these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

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