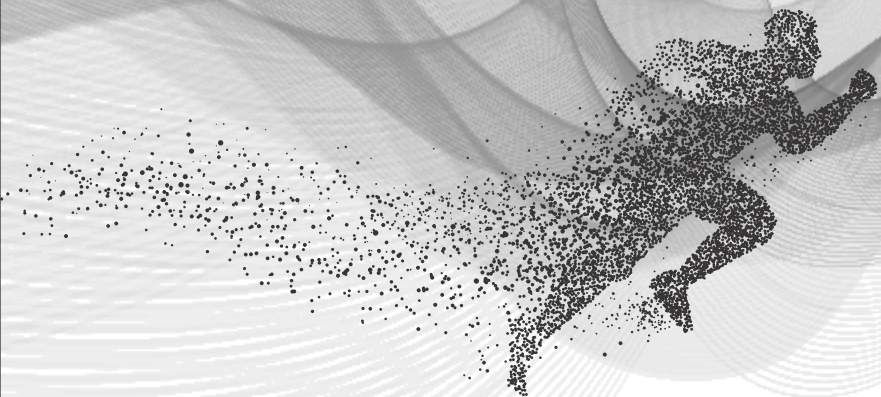


Q1 Report
2020




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	
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

It is our pleasure to present the Un-audited Condensed Interim financial statements of the Company as well as of the Group for the three months ended 31 March 2020.

The Company generated net sales revenue of Rs. 2,566 million during the period under review compared to Rs. 2,119 million in the same period last year registering a growth of 21%. Gross margin improved slightly from 45.9 % to 46.4% mainly on account of strong sales growth as well as continued focus on supply chain initiatives and productivity improvements. Distribution and sales promotion expenses increased by 24.8% over last year primarily due to increase in the size of sales team, increased promotional focus on our core brands and new product launches. Administrative and general expenses were contained and remained within limits. Profit after tax stood at Rs. 288 million compared to Rs. 239 million during the same period last year.

The Group gross margin improved from 45.9 % to 47.4% mainly on account of better sales mix and reasons mentioned above. Manufacturing overheads and administrative expenses of the Subsidiary Company were also contained and remained within limits. The Group profit after tax stood at Rs. 302 million compared to Rs. 229 million during the same period last year.

The global economies suffered a noticeable loss of momentum as a result of COVID-19. At this stage it is impossible to say what the total financial and economic impact will be. Although demand for pharmaceutical products is nondiscretionary and not traditionally sensitive to economic slowdowns, we expect the disruptive nature of the COVID-19 pandemic to moderately influence the performance of pharma industry. In this environment, we are determined to sustain our own growth with mitigating steps like diversification of supply chain, increase in inventory levels of essential material & supplies, modestly increasing working capital and looking at non-traditional modes of promotional activities.

On behalf of the Board, we would like to express our sincere gratitude to the shareholders, Doctors, Pharmacist, Consumers, Business partners and the Bankers for the continued patronage and business and specially to the employees and management for their continued, dedicated, untiring efforts, hard work and unwavering passion in this testing time.

For & On behalf of the Board

Lahore: 29 April 2020

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

ہم کمپنی اور گروپ کی پہلی سہ ماہی تھمتمہ 31 مارچ 2020 کی غیر تصفیق شدہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت میں کمپنی کی آمدن فروخت 2,566 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں 2,119 ملین روپے تھی اس طرح شرح اضافہ 21 فیصد رہی۔ آمدن فروخت میں اضافہ پیداوار کی امور میں بہتری اور سپلائی چین کی بہتری کے اقدامات پر مرکوز توجہ کی بدولت خام منافع کی شرح میں معمولی اضافہ ہوا اور یہ 45.9 فیصد سے بڑھ کر 46.4 فیصد ہو گئی۔ ڈسٹری بیوشن اور ریلز پر موشن کے اخراجات میں گزشتہ سال اسی مدت کے موازنہ میں 24.8 فیصد اضافہ ہوا جسکی بنیادی وجہ بیلٹیم کے حجم میں اضافہ اور اپنے موجودہ برانڈز اور نئی متعارف کروائی جانے والی ادویات کے فروغ پر مزید توجہ دینا ہے۔ انتظامی و دیگر امور پر ہونے والے اخراجات موثر انضباط کی وجہ سے اپنے اہداف میں ہی رہے۔ بعد از ٹیکس خالص منافع 288 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 239 ملین روپے تھا۔

گروپ کے خام منافع کی شرح 45.9 فیصد سے بڑھ کر 47.4 فیصد ہو گئی جسکی وجہ مجموعہ فروخت میں نفع بخش توازن اور مندرجہ بالا بیان کی گئی دیگر وجوہات ہیں۔ ذیلی کمپنی کے پیداواری اور انتظامی اخراجات کو موثر انضباط کی بدولت اہداف کے اندر ہی رکھا گیا۔ گروپ کا بعد از ٹیکس خالص منافع 302 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 229 ملین روپے تھا۔

کرونا وائرس کی وجہ سے عالمی معیشت کی ترقی کی رفتار میں نمایاں کمی واقع ہوئی ہے۔ اسوقت تخمینہ لگانا ممکن نہیں کہ عالمی معیشت پر اسکا مجموعی مالیاتی اور اقتصادی اثر کتنا ہوگا۔ اگرچہ ادویات کی طلب غیر روایتی طور پر معاشی ست روی کے مقابلے میں غیر حساس ہوتی ہے پھر بھی ہمیں توقع ہے کہ کرونا وائرس کی وبا کا ادویات کی صنعت پر درمیانے درجے کے منفی اثرات ہوں گے۔ ان حالات میں ہم اپنی شرح ترقی کو برقرار رکھنے کے لیے پر عزم ہیں اور ہم ان اثرات سے نمٹنے کے لیے اقدامات اٹھا رہے ہیں جن میں سپلائی چین میں تنوع، خام مال اور ضروری اجزائے پیداوار کا اضافی ذخیرہ، ورکنگ کپٹیل میں مناسب اضافہ اور غیر روایتی پروموشن سرگرمیاں اختیار کرنا شامل ہیں۔

ہم بورڈ کی طرف سے حصہ داروں، ڈاکٹرز، فارماسسٹ، صارفین اور کاروباری شرکاء کے تعاون اور مسلسل کاروباری حمایت پر اور خاص طور پر انتظامیہ اور کارکنان کے اگلی لگن، انتھک کوششوں، سخت محنت اور آزمائش کی اس گٹھی میں غیر متزلزل عزم پر تہ دل سے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 29 اپریل 2020

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Condensed Interim Un-consolidated Financial Statements



Highnoon Laboratories Limited

for the First Quarter ended
31 March 2020

Condensed Interim un-consolidated Statement of Financial Position

	Un Audited 31 March 2020	Audited 31 December 2019
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	314,681,310	314,681,310
Revenue reserves	3,061,061,554	2,770,544,148
Revaluation surplus on property, plant and equipment	353,380,528	356,336,117
Total Equity	3,729,123,392	3,441,561,575
Non-current liabilities		
Long term lease liabilities	58,337,267	61,214,905
Long term advances	32,017,476	27,609,796
Deferred liabilities	433,845,972	417,661,559
	524,200,715	506,486,260
Current liabilities		
Trade and other payables	655,120,216	598,033,068
Unclaimed dividend	29,905,558	30,555,993
Mark up accrued	-	100,501
Short term borrowings	-	-
Current portion of long term liabilities	32,315,419	20,779,266
Provision for taxation - net	66,353,907	31,054,361
	783,695,100	680,523,189
Total Liabilities	1,307,895,815	1,187,009,449
TOTAL EQUITY AND LIABILITIES	5,037,019,207	4,628,571,024
CONTINGENCIES AND COMMITMENTS	3	

The annexed notes from 1 to 12 form an integral part of these condensed interim unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 March 2020

	Un Audited 31 March 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
ASSETS		
Non-current assets		
Property, plant and equipment	4 1,106,365,751	1,118,266,226
Long term investment	5 200,000,000	200,000,000
Long term deposits	26,342,186	21,182,621
Long term advances	28,002,506	27,673,080
Deferred tax asset	20,658,373	21,858,373
	1,381,368,816	1,388,980,300
CURRENT ASSETS		
Stock in trade	6 1,764,593,982	1,790,210,793
Trade debts	732,341,288	391,162,800
Advances	223,418,288	148,027,394
Trade deposits and short term prepayments	47,791,798	34,916,154
Other receivables	5,451,781	3,271,494
Loan to subsidiary	10,000,000	10,000,000
Tax refunds due from the Government	6,606,145	3,106,649
Cash and bank balances	865,447,109	858,895,440
	3,655,650,391	3,239,590,724
TOTAL ASSETS	5,037,019,207	4,628,571,024

Condensed Interim un-consolidated Statement of Profit or Loss (un-audited) For the Period Ended 31 March 2020

	Note	First Quarter Ended 31 March	
		2020	2019
----- (Rupees) -----			
Revenue from contract with customers -net	7	2,565,605,903	2,118,648,441
Cost of revenue	8	1,375,639,090	1,146,895,726
Gross profit		1,189,966,813	971,752,715
Distribution, selling and promotional expenses		656,169,099	525,464,904
Administrative and general expenses		103,229,310	85,250,649
Research and development expenses		1,336,030	1,249,292
Other operating expenses		35,946,160	30,811,760
		796,680,599	642,776,605
Operating Profit		393,286,214	328,976,110
Other income		15,282,665	9,173,620
Finance costs		3,445,130	4,234,963
Profit before taxation		405,123,749	333,914,767
Taxation		117,561,932	95,069,470
Profit for the year		287,561,817	238,845,297
			Restated
Earnings per share - basic and diluted		9.14	7.59

The annexed notes from 1 to 12 form an integral part of these condensed interim unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Condensed Interim un-consolidated Statement of Comprehensive Income (un-audited) For the Period Ended 31 March 2020

	First Quarter Ended 31 March	
	2020	2019
----- (Rupees) -----		
Profit for the year	287,561,817	238,845,297
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	-	-
Total comprehensive income for the year	287,561,817	238,845,297

The annexed notes from 1 to 12 form an integral part of these condensed interim unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Condensed Interim un-consolidated Statement of Cash Flows (un-audited) For the Period Ended 31 March 2020

First Quarter Ended 31 March	
2020	2019
----- (Rupees) -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax	405,123,749	333,914,767
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of operating fixed assets	38,761,894	25,500,120
Exchange loss / (gain) - net	1,766,832	2,897,381
Provision for defined benefit obligation	20,009,346	16,249,998
Provision for Workers' Profit Participation Fund	21,604,862	17,330,902
Provision for central research Fund	4,364,619	3,545,591
Finance costs	3,445,130	4,234,963
	89,952,683	69,758,955
Profit before working capital changes	495,076,432	403,673,722
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	25,616,811	(2,370,200)
Trade debts	(342,945,320)	(97,117,750)
Advances	(75,390,894)	12,828,051
Trade deposits and short term prepayments	(12,875,644)	(9,678,183)
Other receivables	(2,180,287)	854,506
Tax refund due from government	(3,499,496)	2,783,529
Increase/ (decrease) in current liabilities:		
Trade and other payables	34,092,310	40,751,014
	(377,182,520)	(51,949,033)
Cash generated from operations	117,893,912	351,724,689
Taxes paid	(84,037,028)	(101,973,002)
Gratuity paid	(3,824,933)	(6,352,605)
Finance costs paid	(3,545,631)	(4,238,504)
Net cash flows from operating activities	26,486,319	239,160,578

Condensed Interim un-consolidated Statement of Cash Flows (un-audited) For the Period Ended 31 March 2020

First Quarter Ended 31 March	
2020	2019
----- (Rupees) -----	

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(26,861,419)	(444,000)
Additions in long term advances	(329,426)	(5,421,041)
Net cash flows (used in) / generated from investing activities	(32,350,410)	(5,865,041)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liabilities- net	(2,877,638)	(4,804,415)
Long term advances - net	15,943,833	26,560,257
Dividend paid	(650,435)	(34,294)
Net cash flows used in financing activities	12,415,760	21,721,548
Net increase in cash and cash equivalents	6,551,669	255,017,085
Cash and cash equivalents at beginning of the year	858,895,440	779,975,543
Cash and cash equivalents at end of the year	865,447,109	1,034,992,628

The annexed notes from 1 to 12 form an integral part of these condensed interim unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Selected notes to the Condensed Interim un-consolidated Financial Statements (un-audited) For the Period Ended 31 March 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.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 STATEMENT OF COMPLIANCE

This condensed interim un-consolidated 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 un-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 un-consolidated 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, 2019.

The preparation of condensed interim un-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 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 2019.

The accounting policies adopted for the preparation of this condensed interim un-consolidated 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 2019.

Condensed Interim un-consolidated Statement of Changes in Equity (un-audited) For the Period Ended 31 March 2020

	Share Capital	Capital Reserves Revaluation Surplus	General reserve	Revenue reserves Unappropriated Profit	Sub total	Total
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 ended 31 March 2019	-	-	-	238,845,297	238,845,297	238,845,297
Surplus transferred to unappropriated profit "On account of 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 March 2019	286,073,930	366,119,402	114,000,000	2,343,101,669	2,457,101,669	3,109,295,001
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
Total comprehensive income for the year	-	-	-	287,561,817	287,561,817	287,561,817
Surplus transferred to unappropriated profit "On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	(2,955,589)	-	2,955,589	2,955,589	-
Balance as at 31 December 2020	314,681,310	353,380,528	114,000,000	2,947,061,554	3,061,061,554	3,729,123,392

The annexed notes from 1 to 12 form an integral part of these condensed interim unconsolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashtaq P. Altidina
Chief Financial Officer

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 2020	Audited 31 December 2019
----- (Rupees) -----			
Raw materials		563,165,053	454,330,227
Packing materials		81,168,202	47,346,415
Finished Goods		67,756,882	12,940,473
Plant & Machinery		55,549,315	64,983,943
		767,639,452	579,601,058

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	890,195,985	924,621,069
Right of use assets	63,533,531	67,870,341
Capital work in progress	152,636,235	125,774,816
	1,106,365,751	1,118,266,226

4.1

	Net Book Value		
	Operatting Assets Owned	Right of use assets	Capital work in progress
Opening	924,621,069	67,870,341	125,774,816
Additions	-	-	26,861,419
Deletion	-	-	-
Depriciation for the year	(34,425,084)	(4,336,810)	-
	890,195,985	63,533,531	152,636,235

5. LONG TERM INVESTMENT

Subsidiary Company - Unlisted Curexa Health (Private) Limited 20,000,000 (2019: 20,000,000) ordinary shares of Rs.10 equity held: 100% (2019: 100%)	200,000,000	200,000,000
--	-------------	-------------

Un Audited 31 March 2020	Audited 31 December 2019
--------------------------------	--------------------------------

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

6. STOCK IN TRADE

Raw materials		
In hand	619,354,457	789,808,946
In transit	-	8,426,927
With third party	50,582,721	53,205,332
	669,937,178	851,441,205
Packing material		
In hand	170,142,464	181,641,000
With third party	6,037,906	8,775,967
	176,180,370	190,416,967
Work in process	220,058,126	167,463,552
Finished goods		
Trading	397,254,409	212,661,960
In transit	-	113,407,257
Manufactured	319,235,975	272,891,928
	716,490,384	598,961,145
Less: Provision for slow moving and obsolete items	(18,072,076)	(18,072,076)
	1,764,593,982	1,790,210,793

Un-Audited

First Quarter Ended 31 March 2020	2019
--------------------------------------	------

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

7. REVENUE FROM CONTRACT WITH CUSTOMERS -NET

Manufactured products		
Local	2,484,589,422	2,014,422,156
Export	80,706,995	60,682,282
	2,565,296,417	2,075,104,438
Toll manufacturing	66,184,272	107,420,961
	2,631,480,689	2,182,525,399
Less: Discount	58,921,826	53,355,988
Sales tax	6,952,960	10,520,970
	(65,874,786)	(63,876,958)
	2,565,605,903	2,118,648,441

Un-Audited	
First Quarter Ended 31 March	
2020	2019
----- (Rupees) -----	

8. COST OF REVENUE

Opening	598,961,145	345,795,985
Cost of goods manufactured	1,078,586,315	1,084,374,520
	1,677,547,460	1,430,170,505
Purchases	414,582,014	205,350,231
Closing	(716,490,384)	(488,625,010)
Cost of goods sold	1,375,639,090	1,146,895,726

9. 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.

10. 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	
2020	2019
----- (Rupees) -----	

Purchase of goods

Subsidiary	82,791,193	41,920,641
Associate	192,035,824	124,224,194

Interest on Loan to Subsidiary	367,490	594,247
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Contribution towards employees' benefits:

Staff provident fund	11,502,587	9,691,524
Employees' welfare trust	776,850	680,400

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

11. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized the condensed interim un-consolidated financial statements for issuance on 29 April 2020.

12. GENERAL

12.1 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.

12.2 Figures have been rounded off to the nearest rupee.

12.3 The Board of Directors of the Company in its meeting held on 31 March 2020 has proposed cash dividend at the rate of Rs. 13 (2018: Rs. 13) per share and 10% bonus shares for the year ended 31 December 2019, (2018: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 12 May 2020. These unconsolidated financial statements do not reflect these appropriations.

12.4 Corresponding figures has been re arranged or reclassified where ever necessary for better and fair presentation.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

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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 2020

Condensed Interim Consolidated Statement of Financial Position

	Un Audited 31 March 2020	Audited 31 December 2019
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	314,681,310	314,681,310
Revenue reserves	3,081,709,823	2,776,848,331
Revaluation surplus on property, plant and equipment	353,380,528	356,336,117
Total Equity	3,749,771,661	3,447,865,758
Non-current liabilities		
Long term loan	12,667,505	19,000,839
Long term lease liabilities	58,337,267	61,214,905
Long term advances	33,552,132	28,990,796
Deferred liabilities	433,845,972	417,661,559
	538,402,876	526,868,099
Current liabilities		
Trade and other payables	682,186,198	616,872,433
Unclaimed dividend	29,905,558	30,555,993
Mark up accrued	2,778,552	2,884,222
Short term borrowings	31,150,609	36,442,430
Current portion of long term liabilities	57,648,752	46,112,599
Provision for taxation - net	59,474,193	23,894,534
	863,143,862	756,762,211
Total Liabilities	1,401,546,738	1,283,630,310
TOTAL EQUITY AND LIABILITIES	5,151,318,399	4,731,496,068
CONTINGENCIES AND COMMITMENTS	3	

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 March 2020

	Un Audited 31 March 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
ASSETS		
Non-current assets		
Property, plant and equipment	4 1,368,727,182	1,382,588,051
Intangible assets	1,319,808	1,408,441
Goodwill	834,230	834,230
Long term deposits	27,319,936	22,160,371
Long term advances	28,002,506	27,673,080
Deffer Tax Asset	27,157,881	28,357,882
	1,453,361,543	1,463,022,055
CURRENT ASSETS		
Stock in trade	5 1,815,718,335	1,830,646,899
Trade debts	731,702,075	391,162,800
Advances	223,514,615	146,171,036
Trade deposits and short term prepayments	48,916,452	35,410,001
Other receivables	5,819,271	3,066,099
Tax refunds due from the Government	6,606,145	2,987,866
Cash and bank balances	865,679,963	859,029,312
	3,697,956,856	3,268,474,013
TOTAL ASSETS	5,151,318,399	4,731,496,068

Condensed Interim Consolidated Statement of Profit or Loss (un-audited) For the Period Ended 31 March 2020

	Note	First Quarter Ended 31 March	
		2020	2019
----- (Rupees) -----			
Revenue from contract with customers -net	6	2,565,605,903	2,118,648,441
Cost of revenue	7	1,349,999,196	1,146,879,128
Gross profit		1,215,606,707	971,769,313
Distribution, selling and promotional expenses		656,169,099	525,466,800
Administrative and general expenses		109,644,538	90,550,755
Research and development expenses		1,336,030	1,249,292
Other operating expenses		36,698,283	30,811,760
		803,847,950	648,078,607
Operating Profit		411,758,757	323,690,706
Other income		14,915,175	8,579,373
Finance costs		5,964,228	7,570,953
Profit before taxation		420,709,704	324,699,126
Taxation		118,803,801	95,610,206
Profit for the Period		301,905,903	229,088,920
			Restated
Earnings per share - basic and diluted		9.59	7.28

The annexed notes from 1 to 11 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

Condensed Interim Consolidated Statement of Comprehensive Income (un-audited) For the Period Ended 31 March 2020

	First Quarter Ended 31 March	
	2020	2019
----- (Rupees) -----		
Profit for the year	301,905,903	229,088,920
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	-	-
Total comprehensive income for the period	301,905,903	229,088,920

The annexed notes from 1 to 11 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

Condensed Interim Consolidated Statement of Cash Flows (un-audited) For the Period Ended 31 March 2020

	First Quarter Ended 31 March	
	2020	2019
	----- (Rupees) -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax	420,709,704	324,699,126
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of operating fixed assets	44,704,262	31,986,604
Amortization of intangible assets	90,300	90,271
Exchange loss - net	1,766,832	2,897,381
Provision for central research Fund	4,364,619	3,545,591
Provision for slow moving and obsolete stocks	90,857	-
Provision for defined benefit obligation	20,009,346	16,249,998
Provision for Worker's Profit Participation Fund	21,604,862	17,330,902
Finance costs	6,331,718	7,570,953
	98,962,796	79,671,700
Profit before working capital changes	519,672,500	404,370,826
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	14,837,707	(2,043,165)
Trade debts	(342,306,107)	(94,220,369)
Advances	(77,343,579)	13,370,545
Trade deposits and short term prepayments	(13,506,451)	(9,008,894)
Other receivables	(2,753,172)	1,448,753
Tax refund due from government	(3,618,279)	(4,389,764)
Increase in current liabilities:		
Trade and other payables	42,153,267	52,959,483
	(382,536,614)	(41,883,411)
Cash generated from operations	137,135,886	362,487,415
Taxes paid	(84,832,545)	(94,044,736)
Gratuity paid	(3,824,933)	(6,352,605)
Finance cost paid	(6,437,388)	(7,128,176)
Net cash flows generated from operating activities	42,041,020	254,961,898

Condensed Interim Consolidated Statement of Cash Flows (un-audited) For the Period Ended 31 March 2020

	First Quarter Ended 31 March	
	2020	2019
	----- (Rupees) -----	

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(30,843,393)	(2,201,787)
Purchase of intangible	(1,667)	(113,412)
Additions in long term advances	(329,426)	(5,421,040)
Additions in long term deposits-net	(5,159,565)	-
Net cash flows (used in) / generated from investing activities	(36,334,051)	(7,736,239)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term lease liabilities - net	(2,877,638)	(4,804,415)
Repayment of long term loan	(6,333,334)	(6,333,333)
Short term borrowings-net	(5,291,821)	(1,926,005)
Dividend paid	(650,435)	(34,294)
Long term advances - net	16,096,910	26,710,637
Net cash flows used in financing activities	943,682	13,612,590
Net increase in cash and cash equivalents	6,650,651	260,838,249
Cash and cash equivalents at beginning of the year	859,029,312	780,738,851
Cash and cash equivalents at 30 September 2019	865,679,963	1,041,577,100

The annexed notes from 1 to 11 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 Condensed Interim Consolidated Financial Statements (un-audited) For the Period Ended 31 March 2020

1 THE GROUP 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 Holding 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 Holding 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.

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, 2019.

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 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 2019.

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 Group for the year ended 31 December 2019.

Condensed Interim Consolidated Statement of Changes in Equity (un-audited) For the Period Ended 31 March 2020

	Share Capital	Capital Reserves Revaluation Surplus	General reserve	Revenue reserves		Sub total	Total
				Unappropriated profit	(Rupees)		
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	
Total comprehensive income for the period	-	-	-	229,088,920	229,088,920	229,088,920	
Incremental depreciation relating to surplus on revaluation of fixed assets - 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	
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	-	-	-	301,905,903	301,905,903	301,905,903	
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	(2,955,589)	-	2,955,589	2,955,589	-	
Balance as at 31 March 2020	314,681,310	353,380,528	114,000,000	2,967,709,823	3,081,709,823	3,749,771,661	

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashtfaq P. Altidina
Chief Financial Officer

3 CONTINGENCIES AND COMMITMENTS

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

Commitments:

Commitments against irrevocable letters of credit include:

	Note	Un Audited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----			
Raw materials		563,165,053	461,670,227
Packing materials		81,168,202	47,346,415
Plant & Machinery		65,849,315	66,233,943
Finished goods		67,756,882	12,940,473
		<u>777,939,452</u>	<u>588,191,058</u>

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets-owned	1,152,557,416	1,188,571,085
Right of use assets	63,533,531	67,870,341
Capital work-in-progress	152,636,235	126,146,625
	<u>1,368,727,182</u>	<u>1,382,588,051</u>

4.1

	Net Book Value		
	Operatting Assets Owned	Right of use assets	Capital work in progress
Opening	1,188,571,085	67,870,341	126,146,625
Additions	4,353,785	-	26,861,419
Deletion/Transfer	-	-	(371,809)
Depriciation for the year	(40,367,454)	(4,336,810)	-
	<u>1,152,557,416</u>	<u>63,533,531</u>	<u>152,636,235</u>

Un Audited 31 March 2020	Audited 31 December 2019
--------------------------------	--------------------------------

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

5. STOCK IN TRADE

Raw materials		
In hand	636,867,692	804,797,902
In transit	8,813,416	8,426,927
With third party	50,582,721	53,205,332
	<u>696,263,829</u>	<u>866,430,161</u>
Packing material		
In hand	196,114,709	206,945,781
In transit	-	3,755,785
With third party	6,037,906	8,775,967
	<u>202,152,615</u>	<u>219,477,533</u>
Work in process	230,765,313	179,497,794
Finished goods - in hand		
Trading	385,368,014	213,790,656
In transit	-	113,407,257
Manufactured	320,460,194	272,891,928
	<u>705,828,208</u>	<u>584,442,183</u>
Less: Provision for slow moving and obsolete items	(19,291,630)	(19,200,772)
	<u>1,815,718,335</u>	<u>1,830,646,898</u>

----- Un-Audited -----

First Quarter Ended 31 March 2020	2019
--------------------------------------	------

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

6. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

Manufactured products		
Local	2,484,589,422	2,014,422,156
Export	80,706,995	60,682,282
	<u>2,565,296,417</u>	<u>2,075,104,438</u>
Toll manufacturing	66,184,272	107,420,961
	<u>2,631,480,689</u>	<u>2,182,525,399</u>
Less: Discount	58,921,826	53,355,988
Sales tax	6,952,960	10,520,970
	<u>65,874,786</u>	<u>63,876,958</u>
	<u>2,565,605,903</u>	<u>2,118,648,441</u>

Un-Audited	
First Quarter Ended 31 March	
2020	2019
----- (Rupees) -----	

7. COST OF REVENUE

Opening	598,961,145	345,795,985
Cost of goods manufactured	1,139,498,877	1,125,453,844
	1,738,460,022	1,471,249,829
Purchases	316,143,163	162,091,366
Closing	(704,603,989)	486,462,067
Cost of goods sold	1,349,999,196	1,146,879,128

8. 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.

9. 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:

Un-Audited	
First Quarter Ended 31 March	
2020	2019
----- (Rupees) -----	

9.1 Purchase of goods

Associate	192,035,824	9,691,524
-----------	-------------	-----------

9.2 Contribution towards employees' benefits:

Staff provident fund	11,502,587	9,691,524
Employees' welfare trust	776,850	680,400

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

10. DATE OF AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Holding Company authorized the condensed interim consolidated financial information of the Group for issuance on 29 April 2020.

11. GENERAL

- 11.1** 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.
- 11.2** Figures have been rounded off to the nearest rupee.
- 11.3** The Board of Directors of the Company in its meeting held on 31 March 2020 has proposed cash dividend at the rate of Rs. 13 (2018: Rs. 13) per share and 10% bonus shares for the year ended 31 December 2019, (2018: 10%) subject to the approval of shareholders in the Annual General Meeting to be held on 12 May 2020. These consolidated financial statements do not reflect these appropriations.
- 11.4** Corresponding figures has been re arranged or reclassified where ever necessary for better and fair presentation.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

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