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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

<b>Board of Directors</b>	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)
<b>Chief Financial Officer</b>	Mr. Javed Hussain Tel: +92(42)37511953 Email: javed@highnoon.com.pk	
<b>Company Secretary</b>	Mr. Khadim Hussain Mirza Tel: +92(42)37510036 Email: khadim@highnoon.com.pk	
<b>Bankers</b>	Habib Bank Limited United Bank Limited J.S. Bank Limited Allied Bank Limited	
<b>Registered, Head Office &amp; Plant</b>	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	
<b>Legal Advisors</b>	Raja Muhammad Akram & Company	
<b>Tax Advisors</b>	Yousuf Islam & Associates	
<b>Auditors</b>	EY Ford Rhodes Chartered Accountants	
<b>Shares Registrar</b>	Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial, Model Town, Lahore. Tel: +92 (42) 35916714, 35916719, Fax: +92 (42) 35869637	

## Directors' Report

The Board of Directors of the Company take pleasure in presenting un-audited condensed interim financial statements of your Company for the half year ended June 30, 2019. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and the provisions of the Companies Act, 2017.

The Company generated net sales revenue of Rs. 4,408 million during the period under review compared to Rs. 3,555 million in the same period last year registering a growth of 24%. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 2,029 million and 46% as compared to Rs. 1,683 million and 47% respectively. The decrease in gross profit percentage is mainly attributable to depreciation of Pak Rupee. Distribution selling & promotional expenses increased by 11% and administrative expenses increased by 15% respectively. Other operating expenses increased by Rs. 15 million mainly due to increase in provision for statutory levies that are linked with profitability of the Company.

Your Company reported net profit after tax of Rs. 488 million as compared to Rs. 339 million in corresponding period last year. The earning per share (EPS) for the period under review was Rs. 15.53 (2018 restated: Rs. 10.79).

The recent hike in the policy rate, devaluation as well as other fiscal measures taken by the Government have impacted our profitability, however, we are consistently focusing on improving our efficiencies and cost structure to ensure reasonable returns despite the economic and geopolitical challenges.

We remain optimistic that the pharmaceutical industry offers good long-term potential driven by rising health care awareness, higher incidence of chronic ailments and gradually increasing government spending on insurance coverage. The Company's future focus will continue to be on strengthening customer relationships and brand building. Emphasis will be also on expanding the product portfolio and to maintain and consolidate our share across therapeutic segments.

On behalf of the Board, we would like to express our sincere gratitude to the Shareholders, Healthcare practitioners, Pharmacist, Consumers, Business partners and the Bankers for the continued patronage and to the employees for their continued, dedicated, untiring efforts and hard work.

For & On behalf of the Board

Lahore: 26 August 2019

Taufiq Ahmed Khan  
Director

Dr. Adeel Abbas Haideri  
Chief Executive Officer

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے مالیاتی گوشوارے برائے ششماہی ختمہ 30 جون 2019 پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مد نظر رکھتے ہوئے تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی خالص فروخت آمدن 4,408 ملین روپے رہی جو کہ پچھلے سال کی ششماہی کی خالص فروخت آمدن 3,555 ملین روپے کے موازنہ میں 24 فیصد زیادہ ہے۔ زیر جائزہ مدت میں کمپنی کا خام منافع 2029 ملین روپے رہا اور خام منافع کا فروخت آمدن کے ساتھ تناسب 46 فیصد رہا۔ جس کے موازنہ میں پچھلے سال کی پہلی ششماہی کا خام منافع اور اس کا تناسب بالترتیب 1683 ملین روپے اور 47 فیصد تھا۔ خام منافع میں کمی کی بڑی وجہ پاکستانی روپے کی قدر میں کمی رہی۔ تقسیم اور فروخت کاری کے اخراجات میں 11 فیصد اور انتظامی اخراجات میں اضافہ کی شرح 15 فیصد رہی۔ دیگر آپریٹنگ اخراجات میں 15 ملین روپے کا اضافہ ہوا۔ جس کی بڑی وجہ کمپنی کے منافع سے منسلک قانونی ضابطوں سے متعلق پروویژنز ہیں۔

آپ کی کمپنی کا بعد از ٹیکس خالص منافع 488 ملین روپے رہا جو کہ پچھلے سال کے اس عرصے میں 339 ملین روپے تھا۔ زیر جائزہ مدت کے دوران فی حصص آمدن 15.53 روپے رہی۔ (2018: 10.79 روپے)

پالیسی ریٹ میں حالیہ اضافے، پاکستانی روپے کی قدر میں کمی اور گورنمنٹ کے دیگر مالیاتی اقدام نے کمپنی کی شرح منافع پر اپنا اثر چھوڑا ہے البتہ معاشی اور جغرافیائی مشکلات کے باوجود ایک معقول شرح منافع کو یقینی بنانے کے لیے ہم مستقل مزاجی سے اپنی کارکردگی اور پیداواری لاگت میں بہتری لانے کی کوششیں جاری رکھے ہوئے ہیں۔

ہم پر اعتماد ہیں کہ دوا سازی کی صنعت صحت کی دیکھ بھال کے بڑھتے ہوئے شعور، بڑھتی ہوئی دائمی بیماریوں اور گورنمنٹ کے انشورنس کو ترجیح پر بڑھتے ہوئے اخراجات کے رجحان سے متعلق طویل مدتی بہتر کارکردگی دکھانے کی صلاحیت رکھتی ہے۔ کمپنی آنے والے وقت میں کسٹمرز سے تعلقات مزید بہتر کرنے اور اپنے برانڈز کو مزید بہتر بنانے کا ارادہ رکھتی ہے۔ اپنی موجودہ مجموعہ ادویات میں مزید اضافہ کرنا اور تمام طبقہ علاج میں اپنے حصہ کو برقرار رکھنا اور اس کو مستحکم کرنا ہماری توجہ کا اہم مرکز رہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے حصہ داروں، ڈاکٹروں، فارماسسٹس، صارفین، کاروباری شراکت داروں اور بینکرز کے تعاون کے بے حد مشکور ہیں۔ بورڈ اپنے ملازمین اور انتظامیہ کی بھرپور کوششوں اور محنت کی بھی قدر کرتا ہے۔

لاہور: 26 اگست 2019

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری  
چیف ایگزیکٹو آفیسر

توفیق احمد خان  
ڈائریکٹر

لاہور: 26 اگست 2019

# Condensed Interim Un-consolidated Financial Statements

Highnoon Laboratories Limited

Half year ended  
30 June 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT To the members of Highnoon Laboratories Limited Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Highnoon Laboratories Limited as at 30 June 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures of unconsolidated condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2019 and 2018 have not been reviewed as we are required to review only the cumulative figures for the six months period ended 30 June 2019.

The engagement partner on the audit resulting in this independent auditor's review report is Sajjad Hussain Gill.



Chartered Accountants  
Lahore: 27th August 2019

## Condensed Interim Statement of Financial Position

		Un Audited 30 June 2019	Audited 31 December 2018
Note		----- (Rupees) -----	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
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	6	314,681,320	286,073,930
Revenue reserves		2,308,907,398	2,213,966,374
Revaluation surplus on property, plant and equipment		363,657,661	370,409,400
Total Equity		2,987,246,379	2,870,449,704
<b>Non-current liabilities</b>			
Long term lease liabilities		93,131,906	44,486,094
Long term advances		31,932,659	44,110,306
Deferred liabilities		381,175,393	374,124,390
		506,239,958	462,720,790
<b>Current liabilities</b>			
Trade and other payables		551,566,050	342,711,626
Unclaimed dividend		41,273,836	20,175,464
Mark up accrued		702,825	30,476
Short term borrowings	7	-	-
Current portion of long term liabilities	8	42,351,287	36,956,830
Provision for taxation - net		109,317,918	38,024,485
		745,211,916	437,898,881
Total Liabilities		1,251,451,874	900,619,671
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,238,698,243</b>	<b>3,771,069,375</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

## As at 30 June 2019

		Un Audited 30 June 2019	Audited 31 December 2018
Note		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,056,788,406	976,068,012
Long term investment		200,000,000	200,000,000
Long term deposits		9,317,414	14,020,764
Long term advances		39,596,924	29,316,392
		1,305,702,744	1,219,405,168
<b>CURRENT ASSETS</b>			
Stock in trade	11	1,524,989,731	1,352,928,094
Trade debts		301,195,239	281,509,755
Advances	12	182,363,924	75,263,456
Trade deposits and short term prepayments		61,520,390	30,572,873
Profit accrued		6,051,664	318,836
Other receivables		4,316,552	3,457,488
Loan to subsidiary		20,000,000	20,000,000
Short term investment		50,775,761	-
Tax refunds due from the Government		427,760	7,638,162
Cash and bank balances	13	781,354,478	779,975,543
		2,932,995,499	2,551,664,207
<b>TOTAL ASSETS</b>		<b>4,238,698,243</b>	<b>3,771,069,375</b>

Javed Hussain  
Chief Financial Officer

## Condensed Interim Statement of Profit or Loss (un-audited) For The Six Months Ended 30 June 2019

	Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2019	2018	2019	2018
		----- (Rupees) -----		----- (Rupees) -----	
Sales - net	14	4,407,872,579	3,555,169,892	2,289,224,138	1,917,967,216
Cost of sales	15	2,378,750,570	1,872,476,677	1,231,854,844	1,037,189,294
Gross profit		2,029,122,009	1,682,693,215	1,057,369,294	880,777,922
Distribution, selling and promotional expenses		1,126,538,266	1,014,216,659	595,463,038	536,087,516
Administrative and general expenses		169,517,365	147,268,151	89,877,040	77,400,204
Research and development expenses		2,585,504	2,055,277	1,336,212	1,230,184
Other operating expenses		60,300,382	45,945,019	29,488,622	24,861,981
		1,358,941,517	1,209,485,106	716,164,912	639,579,885
Other income	16	46,470,083	26,030,395	37,296,463	16,992,696
Operating Profit		716,650,575	499,238,504	378,500,845	258,190,733
Finance costs	17	10,978,008	4,485,457	6,743,045	2,237,699
Profit before taxation		705,672,567	494,753,047	371,757,800	255,953,034
Taxation		216,979,783	155,160,163	121,910,313	77,351,840
Profit for the period		488,692,784	339,592,884	249,847,487	178,601,194
		Restated		Restated	
Earnings per share - basic and diluted		15.53	10.79	7.94	5.68

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income (un-audited) For The Six Months Ended 30 June 2019

	Three Month Period Ended 30 June	
	2019	2018
	----- (Rupees) -----	
Profit for the period	488,692,784	339,592,884
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	488,692,784	339,592,884

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

## Condensed Interim Statement of Cash Flows (un-audited) For The Six Months Ended 30 June 2019

	Note	30 June	
		2019	2018
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		705,672,567	494,753,048
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of fixed assets		57,440,800	46,497,507
Amortization of intangible assets		-	5,073,017
Gain on disposal of fixed assets	16	(12,966,686)	(14,704,401)
Exchange loss - net		85,232	3,520,553
Provision for slow moving and obsolete stocks	11.1	17,490,889	7,566,226
Provision for defined benefit obligation		32,499,996	25,501,098
Provision for Workers' Profit Participation Fund		37,300,944	26,789,452
Finance costs		10,978,008	4,485,457
		142,829,183	104,728,909
Profit before working capital changes		848,501,750	599,481,957
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(189,552,526)	(335,729,844)
Trade debts		(19,770,716)	(97,101,076)
Advances		(107,100,468)	(37,651,854)
Trade deposits and short term prepayments		(30,947,517)	(14,636,785)
Profit accrued		(5,732,828)	716,336
Other receivables		(859,064)	161,162
Tax refund due from government		7,210,402	(252,277)
Increase in current liabilities:			
Trade and other payables		164,456,219	76,078,947
		(182,296,498)	(408,415,391)
Cash generated from operations		666,205,252	191,066,566
Taxes paid		(143,712,888)	(185,353,277)
Gratuity paid		(20,325,204)	(54,130,901)
Finance costs paid		(10,305,659)	(2,143,667)
Net cash flows generated from / (used in) operating activities		491,861,501	(50,561,279)

## Condensed Interim Statement of Cash Flows (un-audited) For The Six Months Ended 30 June 2019

	Note	30 June	
		2019	2018
		----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(184,598,078)	(18,406,779)
Additions in long term advances		(10,280,532)	747,342
Additions in short term investments		(50,775,761)	-
Proceeds from disposal of short term investment - net		-	100,000,000
Increase in long term deposits - net		4,703,350	(652,401)
Proceeds from disposal of operating fixed assets		59,403,570	28,803,481
Net cash flows (used in) / generated from investing activities		(181,547,451)	110,491,643
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term lease liabilities - net		57,921,448	(17,717,392)
Long term advances - net		(16,058,826)	11,461,948
Dividend paid		(350,797,737)	(246,184,873)
Net cash flows used is financing activities		(308,935,115)	(252,440,317)
Net increase/(decrease) in cash and cash equivalents		1,378,935	(192,509,954)
Cash and cash equivalents at beginning of the period		779,975,543	612,566,431
Cash and cash equivalents at end of the period	13	781,354,478	420,056,477

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer



## Condensed Interim Statement of Changes in Equity (un-audited) For The Six Months Ended 30 June 2019

	Share Capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus	General reserve	Unappropriated profit	Sub total	
----- (Rupees) -----						
Balance as at 01 January 2018 - restated	255,423,160	384,003,155	114,000,000	1,662,525,305	1,776,525,305	2,415,951,620
Profit for the period ended 30 June 2018	-	-	-	339,592,884	339,592,884	339,592,884
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	339,592,884	339,592,884	339,592,884
<u>Surplus transferred to accumulated profit</u>						
On account of incremental depreciation relating to surplus on revaluation of property plant and equipment net of tax"	-	(6,783,464)	-	6,783,464	6,783,464	-
<u>Transaction with owners of the company, recognized directly in equity - Distributions</u>						
Issuance of bonus shares @12% for the year ended 31 December 2017	30,650,770	-	-	(30,650,770)	(30,650,770)	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	-	(255,423,160)	(255,423,160)	(255,423,160)
Balance as at 30 June 2018	286,073,930	377,219,691	114,000,000	1,722,827,723	1,836,827,723	2,500,121,344
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
Profit for the period ended 30 June 2019	-	-	-	488,692,784	488,692,784	488,692,784
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	488,692,784	488,692,784	488,692,784
<u>Surplus transferred to accumulated profit</u>						
On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	(6,751,739)	-	6,751,739	6,751,739	-
<u>Transaction with owners of the company, recognized directly in equity - Distributions</u>						
Issuance of bonus shares @ 10%	28,607,390	-	-	(28,607,390)	(28,607,390)	-
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 June 2019	314,681,320	363,657,661	114,000,000	2,194,907,398	2,308,907,398	2,987,246,379

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbasi  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

### 1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ("the Company") was incorporated as a private limited company in Pakistan in year 1984 under the Companies act 1913 which was repealed by the Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017) and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 Km, Multan Road, Lahore.

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

### 2 STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investment in subsidiary is stated at cost less impairment losses, if any. The unconsolidated condensed interim financial statements are prepared separately.
- International Accounting Standard 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017
- Provisions of and directives issued under the Companies Act, 2017.

The disclosures in these condensed interim financial statements do not include the information reported for complete annual financial statements and should therefore be read in conjunction with the financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2018. The comparative financial statements of financial position is extracted from the annual financial statements, as of December 31, 2018, 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 unconsolidated condensed interim financial statements, for the half year ended June 30, 2018.

These unconsolidated condensed interim financial statements are un audited and are being submitted to the members, as required under section 237 of the Companies Act, 2017 and the listed Companies (Code of Corporate Governance) Regulations, 2017.

### 3 BASIS OF PREPARATION

#### 3.1 Basis of preparation

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for which is carried at revalued amount as referred to in note 11 and recognition of certain employees retirement benefits at present value.

#### 3.2 Functional and presentation currency

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

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2018.

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

### 4 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 published financial statements of the Company for the year ended 31 December 2018 except for the following:

#### 4.1 IFRS 15 Revenue from contracts with customers

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. IFRS 15 introduces a single five step model for revenue recognition and establishes a comprehensive framework for revenue recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of aforementioned has been determined to be immaterial to these interim financial information.

#### 4.2 IFRS 16 Leases

During the current year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognized in the current period.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognized in the current period.

The Company also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

Relied on its assessment of whether leases are onerous immediately before the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

#### 4.2.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

##### i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

##### iv) Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

The Company has the option, under some of its leases to lease the assets for additional terms of three to ten years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to 10 years) and there will be a significant negative effect on production if a replacement is not readily available.

### 4.3 IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 financial instruments: Recognition and Measurement, IFRS 9 sets out new requirements for the accounting of financial instruments including classification, measurement, impairment, and hedge accounting.

Under IFRS 9, the Company classifies financial assets, based on the business model in which they are managed, and their contractual cashflows. The principal categories of financial assets under IFRS 9 are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). In accordance with the expected loss impairment model introduced by IFRS 9, the Company assesses lifetime expected credit losses on assets carried at amortized cost which include trade debts, advance to employees, balance with banks, interest accrued, long term advances, long term deposits, long term investments, other receivables, term deposits with financial institution. While fair value changes for assets carried at fair value through profit and loss, which includes short-term investments through mutual funds, are recognized in the statement of profit or loss. The Company does not have assets carried at fair value through other comprehensive income.

The management has reviewed and assessed the Company's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the financial statements of the Company. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Company's financial statements of prior period and accordingly no adjustment has been made to the figures reported in previous period.

## 5 ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note	Un Audited 30 June 2019	Audited 31 December 2018
<b>6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
Authorized:			
5,905,000 (2018: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2018: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
25,468,132 (2018: 22,607,393) ordinary shares of Rs. 10 each issued as bonus shares		254,681,320	226,073,930
	6.2	314,681,320	286,073,930

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

### 6.2 Reconciliation of issued, subscribed and paid-up share capital

	Un-audited 30 June 2019 Number	Audited 31 December 2018 Number	Un-audited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
Issued, subscribed and paid-up of Rs. 10 each as at 01 January	28,607,393	25,542,316	286,073,930	255,423,160
Issuance of bonus shares of Rs. 10 each	2,860,739	3,065,077	28,607,390	30,650,770
Issued, subscribed and paid-up of Rs. 10 each as at 30 June	31,468,132	28,607,393	314,681,320	286,073,930

## 7. SHORT TERM BORROWINGS

7.1 The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 505 million (2018: Rs. 505 million). Out of these facilities, Rs. 310 million is available as sublimit and can interchangeably be utilized for L/C sight/issuance. These facilities carry mark-up at rates ranging from one month KIBOR to three months KIBOR plus 50 to 100 basis points (2018: one month KIBOR to six months KIBOR plus 100 to 150 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 639.46 million (2018: Rs. 639.46 million) on fixed assets and first joint pari passu hypothecation charge of Rs. 482.5 million (2018: Rs. 552 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company.

7.2 Out of total borrowing facility, an amount of Rs. 50 million (2018: Rs. 50 million) represents export refinance facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 4% (2018: 4%) per annum.

7.3 The Company also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1200 million (2018: Rs. 1200 million). Out of these facilities, Rs. 470 million is available as sublimit and can interchangeably be utilized as running finance.

	Un Audited 30 June 2019	Audited 31 December 2018
<b>8 CURRENT PORTION OF LONG TERM LIABILITIES</b>		
----- (Rupees) -----		
Long term lease liabilities	34,038,892	24,763,256
Long term advances	8,312,395	12,193,574
	42,351,287	36,956,830

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

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

	Note	Un Audited 30 June 2019	Audited 31 December 2018
----- (Rupees) -----			
<b>9.2 Commitments</b>			
<b>Commitments against irrevocable letters of credit include:</b>			
Raw materials		570,206,153	324,563,123
Packing materials		28,909,894	23,515,118
Finished goods		32,789,444	15,861,921
Plant and machinery		148,365,019	128,128,340
		780,270,510	492,068,502
<b>Rentals under ijarah agreements:</b>			
Not later than one year		11,696,658	9,987,189
Later than one year but not later than five years		19,262,218	17,225,638
		30,958,876	27,212,827

**10 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets:			
Owned	10.1	844,218,861	859,145,356
Right of use assets	10.2	146,412,119	85,939,679
Capital work-in-progress		66,157,426	30,982,977
		1,056,788,406	976,068,012

**10.1 Operating fixed assets (owned)**

Opening book value		859,145,356	889,678,169
Add: Additions during the period / year - cost	10.1.1	48,089,842	68,234,235
Transferred from leased assets during the period / year - vehicles		22,506,480	2,762,643
Adjustment during the period / year		-	-
		70,596,322	70,996,878
Less: Deletions during the period / year	10.1.2	46,436,884	21,536,522
Depreciation during the period / year		39,085,933	79,993,169
		85,522,817	101,529,691
Book value at the end of the period / year		844,218,861	859,145,356

**10.1.1 Additions during the period / year - cost**

Building on free hold land	-	3,187,218
Plant and machinery	1,874,832	15,432,676
Laboratory equipment	2,302,800	3,822,971
Furniture and fixtures	151,170	9,237,019
Electric and gas appliances	49,140	3,082,129
Office equipment	2,051,499	18,470,961
Vehicles	41,660,401	15,001,261
	48,089,842	68,234,235

**10.1.2 Deletions during the period / year**

Laboratory equipment	-	2,193,630
Vehicles	46,436,884	19,342,892
	46,436,884	21,536,522

	Note	Un Audited 30 June 2019	Audited 31 December 2018
----- (Rupees) -----			
<b>10.2 Right of use assets</b>			
Opening book value		85,939,679	45,147,777
Add: Additions during the period / year - cost		101,333,787	61,605,500
Adjustment during the period / year		-	-
		101,333,787	61,605,500
Less: Transfers to owned assets during the period / year		22,506,480	2,762,643
Depreciation during the period / year		18,354,867	18,050,955
		40,861,347	20,813,598
Book value at the end of the period / year		146,412,119	85,939,679

**11 STOCK IN TRADE**

Raw materials			
In hand		773,342,523	575,196,237
In transit		65,691,727	125,235,676
With third party		-	10,782,962
		839,034,250	711,214,875
Packing material			
In hand		165,774,702	181,389,732
In transit		15,445,521	11,201,294
		181,220,223	192,591,026
Work in process		113,718,281	111,922,424
Finished goods			
Trading		110,694,176	232,567,466
Manufactured		299,810,047	113,228,519
		410,504,223	345,795,985
Less: provision for slow moving and obsolete items	11.1	(19,487,246)	(8,596,216)
		1,524,989,731	1,352,928,094

**11.1 Provision for slow moving and obsolete items**

Opening provision	8,596,216	10,309,838
Charge for the period / year	17,490,889	4,024,543
Written off during the period / year	(6,599,859)	(5,738,165)
Closing provision	19,487,246	8,596,216

12 ADVANCES	Note	Un Audited 30 June 2019	Audited 31 December 2018
		----- (Rupees) -----	
Advances to staff - secured Executives: against salary		-	4,350,000
Other employees: Expenses		29,677,905	21,552,687
Salary		39,127,756	19,572,805
To suppliers		103,070,263	29,787,964
Current portion of long term advances		10,488,000	-
		182,363,924	75,263,456

## 13 CASH AND BANK BALANCES

Cash in hand		2,036,249	2,026,976
Balance with banks:			
Current accounts:			
- local currency		389,136,355	206,465,433
- foreign currency		18,208,448	27,824,075
Saving accounts	13.1	271,973,426	293,659,059
Deposit accounts	13.2	100,000,000	250,000,000
		779,318,229	777,948,567
		781,354,478	779,975,543

**13.1** These represent saving accounts which carry profit at the rate of 6% - 10.4% (2018: 5.82% - 6%).

**13.2** These represent investments in term deposit receipts which carry profit at the rate of 6.1% - 12.85% (2018: 6.1% - 10.2%) with the maturity of 3 months.

14 REVENUE - net	Un-audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2019	2018	2019	2018
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured products:				
Local	4,114,097,546	3,313,004,622	2,099,675,390	1,767,721,315
Export	153,758,531	129,859,718	93,076,249	77,752,136
	4,267,856,077	3,442,864,340	2,192,751,639	1,845,473,451
Toll manufacturing	246,607,817	161,895,646	139,186,856	99,231,998
	4,514,463,894	3,604,759,986	2,331,938,495	1,944,705,449
Less: Discount	87,466,803	33,813,709	34,110,815	18,644,160
Sales tax	19,124,512	15,776,385	8,603,542	8,094,073
	106,591,315	49,590,094	42,714,357	26,738,233
	4,407,872,579	3,555,169,892	2,289,224,138	1,917,967,216

15 COST OF SALES	Un-audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2019	2018	2019	2018
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured pharmaceutical products:				
Opening stock of finished goods	345,795,985	255,768,120	488,625,010	347,970,352
Cost of goods manufactured	2,238,108,577	1,568,652,354	1,153,734,057	779,856,247
	2,583,904,562	1,824,420,474	1,642,359,067	1,127,826,599
Closing stock of finished goods	(410,504,223)	(277,771,885)	(410,504,223)	(308,855,517)
Cost of sales - manufactured	2,173,400,339	1,546,648,589	1,231,854,844	818,971,082
Cost of sales - purchased products	205,350,231	325,828,088	-	218,218,212
	2,378,750,570	1,872,476,677	1,231,854,844	1,037,189,294

16 OTHER INCOME	Note	Un Audited 30 June 2019	Un Audited 30 June 2018
		----- (Rupees) -----	
Income from financial assets:			
Return on deposit		29,065,476	8,175,261
Profit on loan to subsidiary		1,310,280	764,778
Change in fair value of short term investment		775,761	-
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		12,966,686	14,704,401
Scrap sales		2,351,880	1,884,473
Others		-	501,482
		46,470,083	26,030,395

## 17 FINANCE COST

Mark-up on short term borrowings	978,829	106,110
Finance cost on lease liabilities	8,247,751	2,389,719
Interest on Workers' Profit Participation Fund	-	337,022
Bank charges	1,751,428	1,652,606
	10,978,008	4,485,457

## 18 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			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2019	2018	2019	2018
	----- (Rupees) -----		----- (Rupees) -----	
<b>18.1 Sales of goods</b>				
Associated company	-	37,914,685	-	4,687,827
<b>18.2 Purchase of goods</b>				
Associated company	492,174,367	185,131,511	367,950,173	140,476,469
Subsidiary	252,598,303	132,222,627	210,677,662	-
Purchase of fixed asset from associate	15,137,818	-	-	-

Un-audited			
Six Month Period Ended 30 June		Three Month Period Ended 30 June	
2019	2018	2019	2018
----- (Rupees) -----		----- (Rupees) -----	

**18.3 Contribution towards employees' benefits fund:**

Staff provident fund	19,617,859	15,660,672	9,926,335	9,400,450
Employees' welfare trust	1,359,750	1,291,900	679,350	645,950

**18.4 Remuneration**

Chief Executive Officer	10,708,280	7,330,691	5,643,822	3,665,346
Directors	-	-	-	-
Executives	182,246,336	112,462,516	108,941,531	56,169,374

**18.5 The outstanding balances of such parties are as under:**

Relationship with the Company	Nature of balance	Un Audited 30 June 2019	Audited 31 December 2018
		----- (Rupees) -----	
Associated company	Creditors	-	3,217,952
Staff provident fund	Contribution payable	7,424,705	6,291,047
Employees' welfare trust	Contribution payable	551,349	526,880
Associated company	Advances	11,003,622	-

**19 FINANCIAL RISK MANAGEMENT****19.1 Financial risk factors**

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2018.

**19.2 Fair values of financial assets and liabilities**

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

**Fair value hierarchy**

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

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

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

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

As at 30 June 2019, the Company held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value	30 June 2019	Level 1	Level 2	Level 3
	----- (Rupees) -----			

**Fair value through profit and loss:**

Investment in UBL mutual fund	50,775,761	50,775,761	-	-
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Fair value through profit and loss:	31 December 2018	Level 1	Level 2	Level 3
	----- (Rupees) -----			

Investment in UBL mutual fund	-	-	-	-
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There were no financial liabilities measured at fair value as at 30 June 2019.

- During the six month period ended 30 June 2019, there were no transfers between different levels of fair value measurements.
- There were no financial liabilities measured at fair value as at 31 December 2018.

30 June 2019			
Fair value through profit and loss	Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----			

**19.3 Financial instruments by categories****Financial assets as per statement of financial position:**

Long term Investment	-	-	200,000,000	200,000,000
Long term deposits	-	-	9,317,414	9,317,414
Advances-salaries	-	-	39,127,756	39,127,756
Trade debts	-	-	301,195,239	301,195,239
Trade deposits	-	-	32,681,814	32,681,814
Profit accrued	-	-	6,051,664	6,051,664
Other receivables	-	-	4,316,552	4,316,552
Short term investments	50,775,761	-	-	50,775,761
Cash and bank balances	-	781,354,478	-	781,354,478
	50,775,761	781,354,478	592,690,439	1,424,820,678

30 June 2019

Financial Liabilities  
at amortized cost

---- (Rupees) ----

**Financial liabilities as per balance sheet:**

Long term lease liabilities	93,131,906
Markup accrued on secured loans	702,825
Trade and other payables	432,759,265
Unclaimed dividends	41,273,836
	567,867,832

31 December 2018			
Fair value through profit and loss	Cash and cash equivalents	Loans and advances	Total

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

**Financial assets as per balance sheet:**

Long term Investment	-	-	200,000,000	200,000,000
Long term deposits	-	-	14,020,764	14,020,764
Advances	-	-	23,922,805	23,922,805
Trade debts	-	-	281,509,755	281,509,755
Trade deposits	-	-	18,736,636	18,736,636
Profit accrued	-	-	318,836	318,836
Other receivables	-	-	3,457,488	3,457,488
Short term investments	-	-	-	-
Cash and bank balances	-	779,975,543	-	779,975,543
	-	779,975,543	541,966,284	1,321,941,827

31 December 2018

Financial Liabilities  
at amortized cost

---- (Rupees) ----

**Financial liabilities as per statement of financial position:**

Long term lease liabilities	69,249,350
Markup accrued on secured loans	30,476
Trade and other payables	292,640,526
Unclaimed dividends	20,175,464
	382,095,816

**20 GENERAL**

**21.1** The figures of unconsolidated condensed interim profit and loss account for the three month period ended 30 June 2018 and 2019 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

**20 DATE OF AUTHORIZATION OF ISSUE**

The Board of Directors of the Company authorized this unconsolidated condensed interim financial information for issuance on 26 August 2019.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer



## Directors' Report

The Board of Directors take pleasure in presenting un-audited consolidated condensed interim financial statements of the Company and its wholly owned subsidiary ("the Group") for the half year ended June 30, 2019. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and the provisions of the Companies Act, 2017.

The Group generated net sales revenue of Rs. 4,408 million during the period under review compared to Rs.3,555 million in the same period last year registering a growth of 24 %. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 2,048 million and 46 % as compared to Rs. 1,702 million and 48% respectively. The decrease in gross profit percentage is mainly attributable to depreciation of Pak Rupee. Distribution selling & promotional expenses increased by 11 % and administrative expenses increased by 16% respectively. Other operating expenses increased by Rs.16 million mainly due to increase in provision for statutory levies that are linked with profitability.

The Group reported net profit after tax of Rs.485 million as compared to Rs 342 million in corresponding period last year. The earning per share (EPS) for the period under review was Rs 15.42 (2018 restated: Rs.10.87).

The recent hike in the policy rate, devaluation as well as other fiscal measures taken by the Government have impacted our profitability, however, we are consistently focusing on improving our efficiencies and cost structure to ensure reasonable returns despite the economic and geopolitical challenges.

We remain optimistic that the pharmaceutical industry offers good long-term potential driven by rising health care awareness, higher incidence of chronic ailments and gradually increasing government spending on insurance coverage. The Group's future focus will continue to be on strengthening customer relationships and brand building. Emphasis will be also on expanding the product portfolio and to maintain and consolidate our share across therapeutic segments.

On behalf of the Board, we would like to express our sincere gratitude to the Shareholders, Healthcare practitioners, Pharmacist, Consumers, Business partners and the Bankers for the continued patronage and to the employees for their continued, dedicated, untiring efforts and hard work.

For & On behalf of the Board

Lahore: 26 August 2019

Taufiq Ahmed Khan  
Director

Dr. Adeel Abbas Haideri  
Chief Executive Officer

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی اور اس کی کلی ذیلی کمپنی "ڈی گروپ" کے اشتہال شدہ مالیاتی گوشوارے برائے ششماہی مختتمہ 30 جون 2019 پیش کرتے ہوئے خوش محسوس کر رہا ہے۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مدنظر رکھتے ہوئے تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران گروپ کی خالص فروخت آمدن 4,408 ملین روپے رہی جو کہ پچھلے سال کی ششماہی کی خالص فروخت آمدن 3,555 ملین روپے سے 24 فیصد زیادہ ہے۔ زیر جائزہ مدت میں گروپ کا خام منافع 2048 ملین روپے رہا اور خام منافع کا فروخت آمدن کے ساتھ تناسب 46 فیصد رہا۔ جس کے موازنہ میں پچھلے سال کی پہلی ششماہی کا خام منافع اور اس کا تناسب بالترتیب 1702 ملین روپے اور 48 فیصد تھا۔ خام منافع میں کمی کی بڑی وجہ پاکستانی روپے کی قدر میں کمی رہی۔ تقسیم اور فروخت کاری کے اخراجات میں 11 فیصد اور انتظامی اخراجات میں اضافہ کی شرح 16 فیصد رہی۔ دیگر آپریٹنگ اخراجات میں 16 ملین روپے کا اضافہ ہوا، جس کی بڑی وجہ گروپ کے منافع سے منسلک قانونی ضابطوں سے متعلق پروویژن ہیں۔

گروپ کا بعد از ٹیکس خالص منافع 485 ملین روپے رہا جو کہ پچھلے سال کے اسی عرصے میں 342 ملین روپے تھا۔ زیر جائزہ مدت کے دوران فی حصص آمدن 15.42 روپے رہی۔ (2018: 10.87 روپے)

پالیسی ریٹ میں حالیہ اضافے، پاکستانی روپے کی قدر میں کمی اور گورنمنٹ کے دیگر مالیاتی اقدام نے گروپ کے شرح منافع پر اپنا اثر چھوڑا ہے البتہ معاشی اور جغرافیائی مشکلات کے باوجود ایک معقول شرح منافع کو یقینی بنانے کے لیے ہم مستقل مزاجی سے اپنی کارکردگی اور پیداواری لاگت میں بہتری لانے کی کوششیں جاری رکھے ہوئے ہیں۔

ہم پر اعتماد ہیں کہ دوا سازی کی صنعت صحت کی دیکھ بھال کے بڑھتے ہوئے شعور، بڑھتی ہوئی دائمی بیماریوں اور گورنمنٹ کے انشورنس کو توجہ پر بڑھتے ہوئے اخراجات کے رجحان سے متعلق طویل مدتی بہتر کارکردگی دکھانے کی صلاحیت رکھتی ہے۔ ہم آنے والے وقت میں کسٹمرز سے تعلقات مزید بہتر کرنے اور اپنے برانڈز کو مزید بہتر بنانے کا ارادہ رکھتے ہیں۔ اپنی موجودہ مجموعہ ادویات میں مزید اضافہ کرنا اور تمام طبقہء علاج میں اپنے حصہ کو برقرار رکھنا اور اس کو مستحکم کرنا ہماری توجہ کا اہم مرکز رہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے حصہ داروں، ڈاکٹروں، فارماسسٹس، صارفین، کاروباری شراکت داروں اور بینکرز کے تعاون کے بے حد مشکور ہیں۔ بورڈ اپنے ملازمین اور انتظامیہ کی بھرپور کوششوں اور محنت کی بھی قدر کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری  
چیف ایگزیکٹو آفیسر

توفیق احمد خان  
ڈائریکٹر

لاہور: 26 اگست 2019



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Condensed Interim  
Consolidated Financial  
Statements



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

Half year ended  
30 June 2019



# Consolidated Condensed Interim Statement of Financial Position

		Un Audited 30 June 2019	Audited 31 December 2018
Note		----- (Rupees) -----	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
50,000,000 (2018: 50,000,000) Ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	5	314,681,320	286,073,930
Revenue reserves		2,282,139,563	2,190,679,480
Revaluation surplus on property, plant and equipment		363,657,661	370,409,400
Total Equity		2,960,478,544	2,847,162,810
Non-current liabilities			
Long term loan		33,250,838	44,335,010
Liabilities against assets subject to finance lease	6	98,714,138	44,486,094
Long term advances		32,996,768	44,871,947
Deferred liabilities		381,175,393	374,124,390
		546,137,137	507,817,441
Current liabilities			
Trade and other payables		582,163,206	358,332,007
Unclaimed dividend		41,273,836	20,175,464
Mark up accrued		3,284,537	2,651,012
Short term borrowing	7	14,778,304	22,011,812
Current portion of long term liabilities	8	66,101,287	62,289,325
Income tax - net		109,317,918	30,597,052
		816,919,088	496,056,672
Total Liabilities		1,363,056,225	1,003,874,113
TOTAL EQUITY AND LIABILITIES		4,323,534,769	3,851,036,923
CONTINGENCIES AND COMMITMENTS	9		

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

# As at 30 June 2019

		Un Audited 30 June 2019	Audited 31 December 2018
Note		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,325,457,193	1,254,937,388
Intangible assets		1,705,135	1,772,294
Goodwill		834,230	834,230
Long term deposits		10,295,164	14,998,514
Long term advances		39,596,924	29,316,392
		1,377,888,646	1,301,858,818
CURRENT ASSETS			
Stock in trade	11	1,544,337,853	1,367,923,887
Trade debts	12	301,195,239	281,509,755
Advances	13	182,477,798	76,376,676
Trade deposits and short term prepayments		67,870,473	31,242,162
Profit accrued		5,335,631	318,836
Other receivables		4,316,552	3,457,488
Short term investment	14	50,775,761	-
Tax refunds due from the Government		7,698,880	7,610,450
Cash and bank balances	15	781,637,936	780,738,851
		2,945,646,123	2,549,178,105
TOTAL ASSETS		4,323,534,769	3,851,036,923

Javed Hussain  
Chief Financial Officer

## Condensed Interim Consolidated Profit or Loss (un-audited) For The Six Months Ended 30 June 2019

	Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2019	2018	2019	2018
		----- (Rupees) -----		----- (Rupees) -----	
Sales - net	16	4,407,872,579	3,555,169,892	2,289,224,138	1,917,967,218
Cost of sales	17	2,359,047,527	1,852,799,423	1,212,168,399	1,029,393,090
Gross profit		2,048,825,052	1,702,370,469	1,077,055,739	888,574,128
Distribution, selling and promotional expenses		1,126,538,266	1,015,020,732	595,463,038	536,318,636
Administrative and general expenses		181,595,669	156,532,695	96,653,342	82,772,387
Research and development expenses		2,585,504	2,059,772	1,336,212	1,207,534
Other operating expenses		61,729,309	45,992,353	30,917,549	24,913,569
	18	1,372,448,748	1,219,605,552	724,370,141	645,212,126
		45,159,803	25,265,606	36,580,430	16,635,438
Other income		721,536,107	508,030,523	389,266,028	259,997,440
Operating Profit	19	17,717,872	9,047,927	10,146,919	4,522,613
Finance costs		703,818,235	498,982,596	379,119,109	255,474,827
Profit before taxation		218,606,392	156,885,224	122,996,186	82,605,231
Taxation		485,211,843	342,097,372	256,122,923	172,869,596
Profit for the year					
Shareholders of the Parent		485,211,843	342,097,372	256,122,923	172,869,596
Non Controlling Interest		-	-	-	-
		485,211,843	342,097,372	256,122,923	172,869,596
			Restated		Restated
Earnings per share - basic and diluted		15.42	10.87	8.14	5.49

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

## Consolidated Condensed Interim Statement of Comprehensive Income (un-audited) For The Six Months Ended 30 June 2019

	Three Month Period Ended 30 June	
	2019	2018
	----- (Rupees) -----	
Profit after tax for the year	485,211,843	342,097,372
Total comprehensive income for the year	485,211,843	342,097,372

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Cash Flows (un-audited)

### For The Six Months Ended 30 June 2019

	Note	30 June	
		2019	2018
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		703,818,235	498,982,596
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		70,637,445	60,650,973
Amortization of intangible assets		180,571	5,251,955
Gain on disposal of property, plant and equipment		(12,966,686)	(14,704,401)
Exchange loss - net		85,232	3,520,553
Provision for slow moving and obsolete stocks	11.1	17,788,590	7,566,226
Provision for defined benefit obligation		32,499,996	25,501,098
Provision for Worker's Profit Participation Fund		38,642,456	-
Finance costs		17,717,872	9,047,927
		164,585,476	96,834,331
Profit before working capital changes		868,403,711	595,816,927
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(194,202,556)	(359,267,581)
Trade debts		(19,770,716)	(90,040,343)
Advances		(106,101,122)	(36,250,226)
Trade deposits and short term prepayments		(36,628,311)	(14,281,630)
Profit accrued		(5,016,795)	1,056,709
Other receivables		(859,064)	161,162
Tax refund due from government		(88,430)	(9,104,712)
Increase in current liabilities:			
Trade and other payables		178,091,482	90,108,848
		(184,575,512)	(417,617,773)
Cash generated from operations		683,828,199	178,199,154
Taxes paid		(137,912,054)	(177,379,876)
Gratuity paid		(20,325,204)	(54,130,901)
Finance costs paid		(17,084,347)	(6,474,707)
Net cash flows generated from / (used in) operating activities		508,506,594	(59,786,330)

## Condensed Interim Consolidated Statement of Cash Flows (un-audited)

### For The Six Months Ended 30 June 2019

	Note	30 June	
		2019	2018
		----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(187,684,134)	(25,168,327)
Purchase of intangible		(113,412)	(194,092)
Additions in long term advances		(10,280,532)	747,342
Additions in short term investment		(50,775,761)	100,000,000
Additions in long term deposits-net		4,703,350	(893,851)
Proceeds from disposal of property, plant and equipment		59,493,570	28,803,481
Net cash flows used in investing activities		(184,656,919)	103,294,553
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities - net		63,503,680	(17,717,392)
Repayment of long term loan		(12,666,667)	(12,665,829)
Short term borrowings-net		(7,233,508)	25,877,797
Dividend paid		(350,797,737)	(236,946,586)
Long term advances		(15,756,358)	963,879
Net cash flows used in financing activities		(322,950,590)	(240,488,131)
Net increase/Decrease in cash and cash equivalents		899,085	(196,979,908)
Cash and cash equivalents at beginning of the year		780,738,851	617,550,956
Net foreign exchange difference		-	385,970
Cash and cash equivalents at end of the year		781,637,936	420,957,018

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

# Consolidated Condensed Interim Statement of Changes in Equity (un-audited) For The Six Months Ended 30 June 2019

	Share Capital	Capital Reserves	Revenue reserves			Total
	Revaluation Surplus	General reserve	Unappropriated profit	Sub total		
	(Rupees)					
	255,423,160	384,003,155	114,000,000	1,632,972,154	1,746,972,154	2,386,398,469
	-	-	-	342,097,372	342,097,372	342,097,372
	-	-	-	-	-	-
	-	-	-	342,097,372	342,097,372	342,097,372
Surplus transferred to accumulated profit	-	(6,783,464)	-	6,783,464	6,783,464	-
	30,650,770	-	-	(30,650,770)	(30,650,770)	-
	-	-	-	(255,423,160)	(255,423,160)	(255,423,160)
	286,073,930	377,219,691	114,000,000	1,695,779,060	1,809,779,060	2,473,072,681
	286,073,930	370,409,400	114,000,000	2,076,679,480	2,190,679,480	2,847,162,810
	-	-	-	485,211,843	485,211,843	485,211,843
	-	-	-	-	-	-
	-	-	-	485,211,843	485,211,843	485,211,843
Surplus transferred to accumulated profit	-	(6,751,739)	-	6,751,739	6,751,739	-
	28,607,390	-	-	(28,607,390)	(28,607,390)	-
	-	-	-	(371,896,109)	(371,896,109)	(371,896,109)
	314,681,320	363,657,661	114,000,000	2,168,139,563	2,282,139,563	2,960,478,544

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

# Selected Notes to the Condensed interim Consolidated Financial Information For The Six Months Ended 30 June 2019 (un-audited)

## 1 THE COMPANY AND ITS OPERATIONS

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

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

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

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

## 2 STATEMENT OF COMPLIANCE

**2.1** These consolidated condensed financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan on interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

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

## 3 BASIS OF PREPARATION

**3.1** These condensed consolidated interim financial information of the Group for the six months period ended 30 June 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under Companies Act, 2017, provisions of and directives issued under Companies Act, 2017.

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

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

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

### 4 ACCOUNTING POLICIES

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

#### 4.1 IFRS 15 Revenue from contracts with customers

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. IFRS 15 introduces a single five step model for revenue recognition and establishes a comprehensive framework for revenue recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of aforementioned has been determined to be immaterial to these interim financial information.

#### 4.2 IFRS 16 Leases

During the current year, the Group have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has lease contracts for its various branches. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Group elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognized in the current period.

The Group also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

Relied on its assessment of whether leases are onerous immediately before the date of initial application.

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

#### 4.2.1 Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

##### i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

##### iv) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

## Selected Notes to the Condensed interim Financial Statements (un-audited) For The Six Months Ended 30 June 2019

The Group have the option, under some of its leases to lease the assets for additional terms of three to ten years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to 10 years) and there will be a significant negative effect on production if a replacement is not readily available.

### 4.3 IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 financial instruments: Recognition and Measurement, IFRS 9 sets out new requirements for the accounting of financial instruments including classification, measurement, impairment, and hedge accounting.

Under IFRS 9, the Group classifies financial assets, based on the business model in which they are managed, and their contractual cashflows. The principal categories of financial assets under IFRS 9 are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). In accordance with the expected loss impairment model introduced by IFRS 9, the Group assesses lifetime expected credit losses on assets carried at amortized cost which include trade debts, advance to employees, balance with banks, interest accrued, long term advances, long term deposits, long term investments, other receivables, term deposits with financial institution. While fair value changes for assets carried at fair value through profit and loss, which includes short-term investments through mutual funds, are recognized in the statement of profit or loss. The Group does not have assets carried at fair value through other comprehensive income.

The management has reviewed and assessed the Group's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the financial statements of the Group. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Group's financial statements of prior period and accordingly no adjustment has been made to the figures reported in previous period.

### 5 SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP	Note	Un Audited 30 June 2019	Audited 31 December 2018
		----- (Rupees) -----	
5,905,000 (31 December 2017: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (31 December 2017: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	5.1	950,000	950,000
25,468,132 (31 December 2018: 22,607,393) ordinary shares of Rs. 10 each issued as bonus shares		254,681,320	226,073,930
		314,681,320	286,073,930

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

	Note	Un Audited 30 June 2019	Audited 31 December 2018
		----- (Rupees) -----	
<b>6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Present value of minimum lease payment		132,753,030	69,249,350
Less: current portion shown under current liabilities	8	34,038,892	24,763,256
		98,714,138	44,486,094

### 7. SHORT TERM BORROWINGS

short term borrowings	14,778,304	22,011,812
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- 7.1 Short term running finances are availed from various commercial banks against aggregate sanctioned limit of Rs. 555 million (2018: Rs. 555 million) (including Rs. 30 million for FATR (funds against trust receipt) and Rs. 20 million related to Running finance (2018: 50 million). These facilities carry mark-up at rates ranging from one month KIBOR to three months KIBOR plus 100 to 200 basis points (2018: one month KIBOR to three months KIBOR plus 100 to 200 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 639.46 million (2018: Rs. 639.46 million) on fixed assets and first joint pari passu hypothecation charge of Rs. 482.5 million (2018: Rs. 552 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Holding Company and overall present and future current assets with 20% margin of the Subsidiary Company.
- 7.2 Out of total borrowing facility, an amount of Rs. 50,000,000 (2017: Rs. 50,000,000) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 4% (2018: 4%) per annum.
- 7.3 The Group also has aggregate sanctioned import credit facilities negotiated with various commercial banks amounting to Rs. 1200 million (2018: Rs. 1200 million). Out of these facilities, Rs. 470 million is available as sublimit and can interchangeably be utilized as Running Finance.

	Un Audited 30 June 2019	Audited 31 December 2018
	----- (Rupees) -----	
<b>8 CURRENT PORTION OF LONG TERM LIABILITIES</b>		
Liabilities against assets subject to finance lease	34,038,892	24,763,256
Long term advances	8,312,395	12,193,574
Long term loan	23,750,000	25,332,495
	66,101,287	62,289,325

### 9 CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

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



	Note	Un Audited 30 June 2019	Audited 31 December 2018
<b>Commitments</b>		----- (Rupees) -----	
<b>Commitments against irrevocable letters of credit include:</b>			
Raw materials		573,943,643	324,563,123
Packing materials		29,270,994	23,515,118
Finished goods		32,789,444	15,861,921
Plant and machinery		148,365,019	128,128,340
		784,369,100	492,068,502
<b>Rentals under ijarah agreements:</b>			
Not later than one year		14,179,290	9,987,189
Later than one year but not later than five years		21,805,031	17,225,638
		35,984,321	27,212,827

**10 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets:			
Owned assets	10.1	1,112,887,648	1,138,014,732
Right of Use-Assets	10.2	146,412,119	85,939,679
Capital work-in-progress		66,157,426	30,982,977
		1,325,457,193	1,254,937,388

**10.1 Operating fixed assets (owned)**

Opening book value		1,138,014,732	1,182,566,020
Add: Additions during the period / year - cost	10.1.1	51,085,898	82,091,064
Transferred from leased assets during the period / year - vehicles		22,506,480	2,762,643
		73,592,378	84,853,707
Less: Deletions during the period / year	10.1.2	46,436,884	21,536,522
Depreciation during the period / year		52,282,578	107,868,473
		98,719,462	129,404,995

Book value at the end of the period / year		1,112,887,648	1,138,014,732
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**10.1.1 Additions during the period / year - cost**

Plant and machinery	2,306,905	19,111,274
Building	-	3,930,895
Laboratory equipment	4,325,955	9,160,605
Furniture and fixtures	285,670	10,333,283
Electric and gas appliances	194,140	4,921,334
Office equipment	2,239,327	19,632,412
Vehicles	41,733,901	15,001,261
	51,085,898	82,091,064

**10.1.2 Deletions during the period / year**

Plant and machinery	-	-
Laboratory equipment	-	2,193,630
Office equipment	-	-
Vehicles	46,436,884	19,342,892
	46,436,884	21,536,522

	Note	Un Audited 30 June 2019	Audited 31 December 2018
<b>10.2 Right of use assets</b>		----- (Rupees) -----	
Opening book value		85,939,679	45,147,777
Add: Additions during the period / year - cost		101,333,787	61,605,500
Adjustment during the period / year		-	-
		187,273,466	106,753,277
Less: Transfers to owned assets during the period / year		22,506,480	2,762,643
Depreciation during the period / year		18,354,867	18,050,955
		40,861,347	20,813,598
Book value at the end of the period / year		146,412,119	85,939,679

**11 STOCK IN TRADE**

Raw materials			
In hand		781,953,359	591,435,860
In transit		67,406,277	125,235,676
With third party		-	10,782,962
		849,359,636	727,454,498
Packing material			
In hand		179,670,278	196,311,774
In transit		15,445,521	11,821,638
With third party		-	-
		195,115,799	208,133,412
Work in process		120,185,776	112,613,709
Finished goods			
Trading		100,361,623	232,567,466
Manufactured		299,810,047	96,461,098
		400,171,670	329,028,564
Less: provision for slow moving and obsolete items	11.1	(20,495,027)	(9,306,296)
		1,544,337,853	1,367,923,887

**11.1 Provision for slow moving and obsolete items**

Opening provision	9,306,296	11,361,112
Charge for the year	17,788,590	4,583,349
Written off during the year	(6,599,859)	(6,638,165)
Closing provision	20,495,027	9,306,296



	Note	Un Audited 30 June 2019	Audited 31 December 2018
<b>12 TRADE DEBTS</b>			
Foreign - considered good		55,441,573	47,932,356
Local - Unsecured:			
Considered good		245,753,666	233,577,399
Considered doubtful		2,610,909	2,610,909
Less: Provision against doubtful debts		2,610,909	2,610,909
		-	-
		301,195,239	281,509,755

**13 ADVANCES**

Advances - considered good:			
To staff against:			
Executives:	-		4,350,000
Other Employees			
Expenses	29,791,779	21,624,749	
Salary	39,127,756	19,626,575	
	68,919,535	41,251,324	
To suppliers	103,070,263	30,775,352	
Current portion: Long term advances	10,488,000	-	
	182,477,798	76,376,676	

**14 SHORT TERM INVESTMENT**

Available for sale	14.1	50,775,761	-
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**14.1 Mutual Funds designated at fair value through profit and loss****15 CASH AND BANK BALANCES**

Cash and Imprest		2,227,731	2,198,982
Balance with banks:			
current accounts:			
-local currency		389,228,331	207,056,735
-foreign currency		18,208,448	27,824,075
Saving accounts	15.1	271,973,426	293,659,059
Term deposit receipts		100,000,000	250,000,000
		779,410,205	778,539,869
		781,637,936	780,738,851

**15.1 These represents saving accounts which carry profit at the rate of 6% - 10.4% (2017: 5.82% - 6%).**

	Un-audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2019	2018	2019	2018
	----- (Rupees) -----		----- (Rupees) -----	
<b>16 SALES - net</b>				
Manufactured products:				
Local	4,114,097,546	3,313,004,622	2,099,675,390	1,767,721,317
Export	153,758,531	129,859,718	93,076,249	77,752,136
	4,267,856,077	3,442,864,340	2,192,751,639	1,845,473,453
Purchased products - local	-	-	-	-
Third party	246,607,817	161,895,646	139,186,856	99,231,998
	4,514,463,894	3,604,759,986	2,331,938,495	1,944,705,451
Less: Discount	87,466,803	33,813,709	34,110,815	18,644,160
Sales tax	19,124,512	15,776,385	8,603,542	8,094,073
	106,591,315	49,590,094	42,714,357	26,738,233
	4,407,872,579	3,555,169,892	2,289,224,138	1,917,967,218

**17 COST OF SALES**

Manufactured pharmaceutical products:				
Opening stock of finished goods	345,795,985	256,602,340	486,462,067	344,377,356
Cost of goods manufactured	2,335,554,990	1,663,633,849	1,210,101,146	797,312,613
	2,681,350,975	1,920,236,189	1,696,563,213	1,141,689,969
Closing stock of finished goods	(411,718,491)	(267,049,330)	(411,718,491)	(267,049,330)
Cost of sales - manufactured	2,269,632,484	1,653,186,859	1,284,844,722	874,640,639
Cost of sales - purchased products	89,415,043	199,612,564	(72,676,323)	154,752,451
	2,359,047,527	1,852,799,423	1,212,168,399	1,029,393,090

	Un Audited 30 June 2019	Un Audited 30 June 2018
	----- (Rupees) -----	
<b>18 OTHER INCOME</b>		
Income from financial assets:		
Return on deposit	29,065,476	8,175,260
Change in fair value of short term investment	775,761	-
Income from non-financial assets:		
Gain on disposal of property, plant and equipment	12,966,686	14,704,401
Scrap sales	2,351,880	1,884,473
Others	-	501,472
	45,159,803	25,265,606

**19 FINANCE COST**

Mark-up on short term borrowings	7,718,693	4,715,914
Finance cost on lease liabilities	8,247,751	2,389,719
Interest on Workers' Profit Participation Fund	-	289,688
Bank charges	1,751,428	1,652,606
	17,717,872	9,047,927

## 20 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2019	2018	2019	2018
	----- (Rupees) -----		----- (Rupees) -----	

## 20.3 Contribution towards employees' benefits fund:

Staff provident fund	19,617,859	16,938,240	9,926,335	9,400,450
Employees' welfare trust	1,359,750	1,291,900	679,350	706,047

## 20.4 Remuneration

Chief Executive Officer	10,708,280	10,030,691	5,643,822	5,015,346
Directors	4,158,000	-	2,376,000	-
Executives	182,246,336	112,462,516	108,941,531	56,169,374

## 20.5 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un Audited 30 June 2019	Audited 31 December 2018
		----- (Rupees) -----	
Associated company	Creditors	-	3,117,951
Staff provident fund	Contribution payable	7,424,705	7,872,008
Employees' welfare trust	Contribution payable	551,349	526,880
Associated company	Advances	11,003,622	-

## 21 FINANCIAL RISK MANAGEMENT

## 21.1 Financial risk factors

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

## 21.2 Fair values of financial assets and liabilities

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

## Fair value hierarchy

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

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

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

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

As at 30 June 2019, the Company held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value	30 June 2019	Level 1	Level 2	Level 3
	----- (Rupees) -----			
Fair value through profit and loss:				
Investment in UBL mutual fund	50,775,761	50,775,761	-	-
	31 December 2018	Level 1	Level 2	Level 3
Fair value through profit and loss:				
	----- (Rupees) -----			
Investment in UBL mutual fund	-	-	-	-

There were no financial liabilities measured at fair value as at 30 June 2019.

- During the six month period ended 30 June 2019, there were no transfers between different levels of fair value measurements.
- There were no financial liabilities measured at fair value as at 31 December 2018.

30 June 2019			
Cash and cash equivalents	Loans and advances	Fair value through profit and loss	Total
----- (Rupees) -----			

## 21.3 Financial instruments by categories

## Financial assets as per balance sheet:

Long term deposits	-	10,295,164	-	10,295,164
Advances-salaries	-	39,127,756	-	39,127,756
Trade debts	-	301,195,239	-	301,195,239
Trade deposits	-	32,681,814	-	32,681,814
Profit accrued	-	5,335,631	-	5,335,631
Other receivables	-	4,316,552	-	4,316,552
Short term investments	-	-	50,775,761	50,775,761
Cash and bank balances	781,637,936	-	-	781,637,936
	781,637,936	392,952,156	50,775,761	1,225,365,853

## Financial liabilities as per balance sheet:

Liabilities against assets subject to lease	132,753,030
Markup accrued on secured loans	3,284,537
Trade and other payables	582,163,206
	718,200,773

30 June 2019

Financial Liabilities  
at amortized cost

---- (Rupees) ----

31 December 2018			
Cash and cash equivalents	Loans and advances	Fair value through P&L	Total

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

**Financial assets as per balance sheet:**

Long term deposits	-	14,998,514	-	14,998,514
Advances - salaries	-	4,350,000	-	4,350,000
Trade debts	-	281,509,755	-	281,509,755
Trade deposits	-	18,860,957	-	18,860,957
Profit accrued	-	318,836	-	318,836
Other receivables	-	3,457,488	-	3,457,488
Short term investments	-	-	-	-
Cash and bank balances	780,738,851	-	-	780,738,851
	780,738,851	323,495,550	-	1,104,234,401

31 December 2018

Financial Liabilities  
at amortized cost

---- (Rupees) ----

**'Financial liabilities as per balance sheet**

Liabilities against assets subject to finance lease	69,249,350
Markup accrued on secured loans	2,651,012
Unclaimed dividends	20,175,464
Short term borrowings	22,011,812
Trade and other payables	308,092,117
	422,179,755

**22 DATE OF AUTHORIZATION OF ISSUE**

The Board of Directors of the Holding Company authorized this condensed interim consolidated financial information for issuance on 26 August 2019.

**23 GENERAL**

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

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Javed Hussain  
Chief Financial Officer

# BOOK POST



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