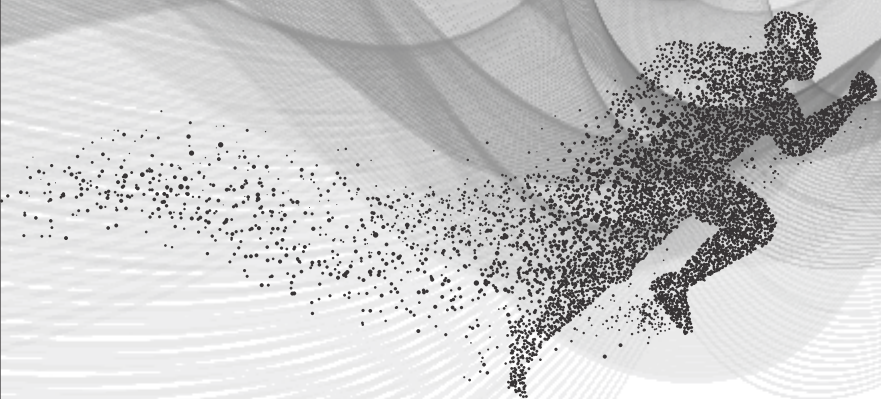


# Q2 Report **2020**



**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

<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>Audit Committee</b>	Mr. Shazib Masud Mr. Ghulam Hussain Khan Mrs. Zainub Abbas	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Mr. Shazib Masud Dr. Adeel Abbas Haideri Mrs. Zainub Abbas	Chairman Member Member
<b>Chief Financial Officer</b>	Mr. Ashfaq P. Alidina Tel: +92(42)37511953 Email: ashfaq.alidina@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 Habib Metropolitan 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' Review

The Directors are pleased to present their review, together with Reviewed unconsolidated condensed interim financial statements of your Company along with the group for the quarter and six months ended June 30, 2020. The world has seen an unprecedented era of uncertainty and turbulence in the wake of COVID 19 in the previous quarter, perturbing the economy and shaking the socioeconomic indicators worldwide. Against this backdrop, your Company has delivered competitive, profitable and responsible growth.

The Company generated net sales revenue of Rs. 5,057 million in the six months compared to Rs. 4,408 million in the same period last year posting a growth of 15%. Gross profit margin increased from 46.03 % to 48.49% mainly due to favorable sales mix and additional production volume, as well as unwavering focus on enhancing production capacity and introducing process efficiencies.

Distribution and sales promotion expenses increased by 16% over last year primarily due to Company's investment in existing as well as new brands, launched to sustain the growth momentum. After accounting for all expenses, the Company profit after tax increased by 33% to Rs. 652 million compared to Rs. 489 million in the corresponding period. Earning per share for the six months period increased to Rs. 18.83 as compared to Rs. 14.12 in the corresponding period.

Gross margin of the Group also improved from 46.5 % to 49.3%. Manufacturing overheads and administrative expenses of the subsidiary company were contained and remained within limits following the fiscal discipline maintained across the Group. The Group profit after tax stood at Rs. 669 million compared to Rs. 485 million of corresponding period registering a growth of 38%.

Despite the uncertainty that engulfs the national and international markets due to COVID-19, we are fully prepared to combat any potential inflictions quickly and efficiently by adopting potent risk mitigating strategies both at operational and financial forefronts.

On behalf of the Board, we would like to express our sincere gratitude to the shareholders, business partners and bankers for their continued patronage and specially to the employees and management for their continued, dedicated, untiring efforts, made during this testing time.

For & On behalf of the Board

Lahore: 24 August 2020

Taufiq Ahmed Khan  
Director

Dr. Adeel Abbas Haideri  
Chief Executive Officer

## ڈائریکٹرز جائزہ

ڈائریکٹرز آپ کی کمپنی اور گروپ کی غیر آڈٹ شدہ مالیاتی رپورٹ بمعہ مالیاتی تجزیہ برائے سہ ماہی اور ششماہ ختمہ 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ چھ ماہ میں کمپنی کی آمدن فروخت 5,057 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں 4,408 ملین روپے تھی اس طرح شرح اضافہ 15 فیصد رہی۔ آمدن فروخت میں اضافے، موزوں مجموعہ ادویات پیداواری مراحل کی کارکردگی میں بہتری لانے کے اقدامات پر مرکوز مسلسل توجہ کی بدولت خام منافع کی شرح 46.03 فیصد سے بڑھ کر 48.49 فیصد ہو گئی۔

کرونا وائرس کی وجہ سے گزشتہ سہ ماہی میں دنیائے غیر معمولی عدم استحکام اور گراؤ کا سامنا کیا ہے جس نے بین الاقوامی معیشت اور عالمی سطح پر معاشی اور معاشرتی انتشار یوں کو ہلا کر رکھ دیا ہے۔ اس تنزلی کے برعکس آپ کی کمپنی نے مسابقتی، منافع بخش اور قابل بھروسہ ترقی کا مظاہرہ کیا ہے۔

ڈسٹری بیوشن اور ریلز پر موزوں کے اخراجات میں گزشتہ سال اسی مدت کے موازنہ میں 16 فیصد اضافہ ہوا جسکی بنیادی وجہ آمدن فروخت کی شرح اضافہ کو برقرار رکھنے کے لیے اپنے موجودہ برانڈز اور نئی متعارف کروائی جانے والی ادویات کے فروغ کے لیے سرمایہ کاری کرنا ہے۔ انتظامی و دیگر امور پر ہونے والے اخراجات کو منہا کرنے کے بعد بعد از ٹیکس خالص منافع 33 فیصد کی شرح سے بڑھ کر 652 ملین روپے رہا جو گزشتہ سال اسی مدت میں 489 ملین روپے تھا۔ چھ ماہ کا کافی حصہ منافع بڑھ کر 18.83 روپے تک پہنچ گیا جو گزشتہ سال کی اسی مدت میں 14.12 روپے تھا۔

گروپ کے خام منافع کی شرح بھی 46.5 فیصد سے بڑھ کر 49.3 فیصد ہو گئی۔ ذیلی کمپنی کے پیداواری اور انتظامی اخراجات کو بھی گروپ کی مالیاتی انضباط کی پالیسی پر عمل پیرا ہو کر اہداف کے اندر ہی رکھا گیا۔ گروپ کا بعد از ٹیکس خالص منافع 669 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 485 ملین روپے تھا اس طرح شرح اضافہ 38 فیصد رہی۔

کرونا وائرس کی وجہ سے عالمی اور مقامی منڈیوں میں پیدا ہونے والی غیر یقینی صورتحال کے باوجود ہم ان حالات کا موثر اور مستعدی سے مقابلہ کرنے کے لیے ہمد وقت تیار ہیں ہم ان خطرات کے تدارک کے لیے موثر پیداواری اور مالیاتی حکمت عملی اپنائے ہوئے ہیں۔ ہم بورڈ کی طرف سے حصہ داروں اور کاروباری شرکاء کے تعاون اور مسلسل کاروباری حمایت پر اور خاص طور پر انتظامیہ اور کارکنان کے انکی لگن، انتخاب کاوشوں، سخت محنت اور آزمائش کی اس گھڑی 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: 24 اگست 2020

# Condensed Interim Un-consolidated Financial Statements

**Highnoon Laboratories Limited**

for the Half Year ended  
30 June 2020

## 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 2020 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 unconsolidated condensed 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. The figures of unconsolidated condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 30 June 2020 and 2019 have not been reviewed as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

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



Chartered Accountants  
Lahore: 28th August 2020

## Condensed Interim un-consolidated Statement of Financial Position

		Un Audited 30 June 2020	Audited 31 December 2019
Note		----- (Rupees) -----	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital			
50,000,000 (2019: 50,000,000) Ordinary			
shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	346,149,440	314,681,310
Revenue reserves - Accumulated profit		2,987,848,107	2,770,544,148
Revaluation surplus on property, plant and equipment		350,124,585	356,336,117
Total Equity		3,684,122,132	3,441,561,575
Non-current liabilities			
Long term liabilities		57,553,450	61,214,905
Long term advances		35,122,390	27,609,796
Long term loan	7	73,944,275	-
Deferred liabilities		442,013,468	417,661,559
		608,633,583	506,486,260
Current liabilities			
Trade and other payables		627,152,947	598,033,068
Unclaimed dividend		51,725,529	30,555,993
Mark up accrued		339,726	100,501
Short term borrowings	8	-	-
Current portion of long term liabilities	9	66,673,393	20,779,266
Provision for taxation - net		112,433,782	31,054,361
		858,325,377	680,523,189
Total Liabilities		1,466,958,960	1,187,009,449
TOTAL EQUITY AND LIABILITIES		5,151,081,082	4,628,571,024
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The annexed notes from 1 to 22 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 2020

		Un Audited 30 June 2020	Audited 31 December 2019
	Note	----- (Rupees) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,190,460,302	1,118,266,226
Long term investment		200,000,000	200,000,000
Long term deposits		21,443,429	21,182,621
Long term advances		26,756,064	27,673,080
Deferred tax asset		31,486,437	21,858,373
		1,470,146,232	1,388,980,300
Current Assets			
Stock in trade	12	1,744,559,714	1,790,210,793
Trade debts		712,184,220	391,162,800
Advances	13	195,343,040	148,027,394
Trade deposits and short term prepayments		47,736,478	34,916,154
Other receivables		3,982,366	3,271,494
Loan to subsidiary		10,000,000	10,000,000
Short term investment		429,524,221	-
Tax refunds due from the Government		11,694,754	3,106,649
Cash and bank balances	14	525,910,057	858,895,440
		3,680,934,850	3,239,590,724
TOTAL ASSETS		5,151,081,082	4,628,571,024

Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim un-consolidated Statement of Profit or Loss (un-audited) For the Six Months Ended 30 June 2020

Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
Revenue from contract with customers- net	15	5,056,869,657	4,407,872,579	2,491,263,754
Cost of sales	16	(2,604,872,322)	(2,378,750,570)	(1,231,854,844)
Gross profit		2,451,997,335	2,029,122,009	1,262,030,522
Distribution, selling and promotional expenses		(1,306,937,097)	(1,126,538,266)	(650,767,998)
Administrative and general expenses		(205,317,132)	(169,517,365)	(100,060,133)
Research and development expenses		(2,749,978)	(2,585,504)	(1,413,948)
Other operating expenses		(77,582,427)	(60,300,382)	(41,636,267)
		(1,592,586,634)	(1,358,941,517)	(793,878,346)
Operating profit		859,410,701	670,180,492	468,152,176
Other income	17	40,595,931	46,470,083	25,313,266
Finance costs		(3,129,189)	(10,978,008)	(1,711,748)
Profit before taxation		896,877,443	705,672,567	491,753,694
Taxation		(245,231,170)	(216,979,783)	(127,669,238)
Profit for the period		651,646,273	488,692,784	364,084,456
			Restated	Restated
Earnings per share - basic and diluted		18.83	14.12	10.52

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim un-consolidated Statement of Comprehensive Income (un-audited) For the Six Months Ended 30 June 2020

	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	651,646,273	488,692,784	364,084,456	249,847,487
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	651,646,273	488,692,784	364,084,456	249,847,487

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer



## Condensed Interim un-consolidated Statement of Cash Flows (un-audited) For the Six Months Ended 30 June 2020

		30 June	
	Note	2020	2019
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		896,877,443	705,672,567
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation		49,908,783	57,440,800
Gain on disposal of property plant and equipment	17	(7,676,260)	(12,966,686)
Exchange loss - net		2,942,160	85,232
Provision for slow moving and obsolete stocks	12.1	37,660,707	17,490,889
Provision for defined benefit obligation		40,018,692	32,499,996
Provision for Workers' Profit Participation Fund		47,956,083	37,300,944
Provision for Central Research Fund		9,555,672	-
Finance costs		3,129,189	10,978,008
		183,495,026	142,829,183
Profit before working capital changes		1,080,372,469	848,501,750
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		7,990,372	(189,552,526)
Trade debts		(323,963,580)	(19,770,716)
Advances		(47,315,646)	(107,100,468)
Trade deposits and short term prepayments		(12,820,324)	(30,947,517)
Other receivables		(2,573,907)	(6,591,892)
Tax refund due from the government		(8,588,105)	7,210,402
Decrease in current liabilities:			
Trade and other payables		(11,099,421)	164,456,219
		(398,370,611)	(182,296,498)
Cash generated from operations		682,001,858	666,205,252
Taxes paid		(174,351,468)	(143,712,888)
Gratuity paid		(18,567,203)	(20,325,204)
Finance costs paid		(2,889,964)	(10,305,659)
Central Research Fund paid		(14,557,777)	-
Net cash flows generated from operating activities		471,635,446	491,861,501

## Condensed Interim un-consolidated Statement of Cash Flows (un-audited) For the Six Months Ended 30 June 2020

	Note	30 June	
		2020	2019
		----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(140,882,506)	(184,598,078)
Additions in long term advances		917,016	(10,280,532)
Additions in short term investments		(429,524,221)	(50,775,761)
Increase in long term deposits - net		(260,808)	4,703,350
Proceeds from disposal of property plant and equipment		26,455,909	59,403,570
Net cash (used in) investing activities		(543,294,610)	(181,547,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities - net		(5,363,153)	57,921,448
Long term loan obtained		133,361,198	-
Long term advances - net		(1,408,084)	(16,058,826)
Dividend paid		(387,916,180)	(350,797,737)
Net cash (used in) financing activities		(261,326,219)	(308,935,115)
Net (decrease)/increase in cash and cash equivalents		(332,985,383)	1,378,934
Cash and cash equivalents at beginning of the period		858,895,440	779,975,543
Cash and cash equivalents at end of the period	14	525,910,057	781,354,477

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer



## Condensed Interim un-consolidated Statement of Changes in Equity (un-audited) For the Six Months Ended 30 June 2020

	Share Capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus	General reserve	Unappropriated profit	Sub total	
(Rupees)						
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 ended 30 June 2019	-	-	-	488,692,784	488,692,784	488,692,784
<u>Surplus transferred to unappropriated 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% for the year ended 31 December 2018	28,607,380	-	-	(28,607,380)	(28,607,380)	-
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	314,681,310	363,657,661	114,000,000	2,194,907,408	2,308,907,408	2,987,246,379
Balance as at 01 January 2020	314,681,310	356,336,117	114,000,000	2,656,544,148	2,770,544,148	3,441,561,575
Profit for the period ended 30 June 2020	-	-	-	651,646,273	651,646,273	651,646,273
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2020	-	-	-	651,646,273	651,646,273	651,646,273
<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	-	(6,211,532)	-	6,211,532	6,211,532	-
<u>Transaction with owners of the company, recognized directly in equity - Distributions</u> Issuance of bonus shares @ 10% for the year ended 31 December 2019	31,468,130	-	-	(31,468,130)	(31,468,130)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2019	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)
Balance as at 30 June 2020	346,149,440	350,124,585	114,000,000	2,873,848,107	2,987,848,107	3,684,122,132

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Selected notes to the Condensed Interim un-consolidated Financial Statements (un-audited) For the Six Months Ended 30 June 2020

### 1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 KM, Multan Road, Lahore.

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

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

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

### 2 STATEMENT OF COMPLIANCE

- 2.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Act; and
- provisions of and directives issued under the Act.

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

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

### 3 BASIS OF PREPARATION

- 3.1** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2019. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2019, whereas the statement of profit or loss, the statement of comprehensive Income, the statement of cash flows and the statement of changes in equity are extracted from the un-audited condensed interim financial statements for the period ended 30 June 2019.

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

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

#### 4 SIGNIFICANT ACCOUNTING POLICIES

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

##### 4.1 Government grants

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

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

#### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Note	Un Audited 30 June 2020	Audited 31 December 2019
----- (Rupees) -----			
<b>6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
5,905,000 (2019: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2019: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
28,614,944 (2019: 25,468,131) ordinary shares of Rs. 10 each issued as bonus shares		286,149,440	254,681,310
	6.2	346,149,440	314,681,310

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 2020 Number	Audited 31 December 2019 Number	Un-audited 30 June 2020 Rupees	Audited 31 December 2019 Rupees
Issued, subscribed and paid-up of Rs.10 each as at 01 January	31,468,131	28,607,393	314,681,310	286,073,930
Issuance of bonus shares of Rs. 10 each	3,146,813	2,860,738	31,468,130	28,607,380
Issued, subscribed and paid-up of Rs.10 each as at 30 June	34,614,944	31,468,131	346,149,440	314,681,310

	Un Audited 30 June 2020	Audited 31 December 2019
----- (Rupees) -----		
Loan from HBL	124,569,472	-
Add: Unwinding of interest	505,741	-
	125,075,213	-
Less: Current portion	(51,130,938)	-
	73,944,275	-

#### 7. LONG TERM LOAN

**7.1** This represents loan of Rs. 133 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 200 million. It carries mark-up at SBP rate plus 3% per annum. This finance is secured against demand promissory notes amounting to Rs. 208 million made in favor of bank and first pari passu hypothecation charge on all present and future plant and machinery (installed or to be installed) of the company and equitable mortgage charge over immovable property of the company. The loan is repayable in eight equal quarterly installments commencing from January 01, 2021 and ending on October 01, 2022. The two tranches of loan were initially recognized at amortized cost using effective interest rate of 8.14% and 8.13% (3-month KIBOR) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

#### 8. SHORT TERM BORROWINGS

**8.1** 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 (2019: Rs. 505 million). Out of these facilities, Rs. 375 million is available as sublimit and can interchangeably be utilized for L/C sight/Usance. These facilities carry mark-up at rates ranging from one month KIBOR to three months KIBOR plus 50 to 100 basis points (2019: one month KIBOR to three months KIBOR plus 50 to 100 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 684.62 million (2019: Rs. 684.62 million) on fixed assets and first joint pari passu hypothecation charge of Rs. 412 million (2019: Rs. 412 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company. Out of total borrowing facility, an amount of Rs. 50 million (2019: Rs. 50 million) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 4% (2019: 4%) per annum.

**8.2** The Company also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1,405 million (2019: Rs. 1,405 million). Out of these facilities, Rs. 305 million is available as sublimit and can interchangeably be utilized as Running Finance.

	Note	Un Audited 30 June 2020	Audited 31 December 2019
<b>9 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
		(Rupees)	
Long term liabilities		8,964,226	10,665,924
Long term advances		1,192,664	10,113,342
Long term loan		51,130,938	-
Deferred grant		5,385,565	-
		66,673,393	20,779,266

**10 CONTINGENCIES AND COMMITMENTS****10.1 Contingencies**

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

**10.2 Commitments****Commitments against irrevocable letters of credit include:**

Raw materials	662,217,998	454,330,227
Packing materials	162,703,874	47,346,415
Finished goods	18,898,970	12,940,473
Plant and machinery	59,483,091	64,983,943
	903,303,933	579,601,058

**Rentals under ijarah agreements:**

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

**11 PROPERTY, PLANT AND EQUIPMENT****Operating fixed assets:**

Owned	11.1	966,184,972	924,621,069
Right of use assets (RoU)	11.2	62,197,456	67,870,341
Capital work-in-progress		162,077,874	125,774,816
		1,190,460,302	1,118,266,226

**11.1 Operating fixed assets (owned)**

Opening book value		924,621,069	859,145,356
Add: Additions during the period / year - cost	11.1.1	104,579,448	158,568,082
Transferred from RoU assets during the period / year - vehicles		-	119,197,000
		104,579,448	277,765,082
Less: Disposals during the period / year-Net book value	11.1.2	18,779,649	136,804,857
Depreciation during the period / year		44,235,895	75,484,512
		63,015,544	212,289,369
Book value at the end of the period / year		966,184,972	924,621,069

	Note	Un Audited 30 June 2020	Audited 31 December 2019
<b>11.1.1 Additions during the period / year - cost</b>			
		(Rupees)	
Building on free hold land		-	-
Plant and machinery		47,160,360	71,128,839
Laboratory equipment		8,552,173	7,709,114
Furniture and fixtures		69,350	1,101,990
Electric and gas appliances		-	2,845,750
Office equipment		5,171,415	6,217,988
Vehicles		43,626,150	69,564,401
		104,579,448	158,568,082

**11.1.2 Disposals during the period / year**

Vehicles	18,779,649	136,804,857
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**11.2 Right of use assets**

Opening book value	67,870,341	85,939,679
Add: Additions during the period / year - cost	-	81,469,224
	67,870,341	167,408,903
Less: Transfers to owned assets during the period / year	-	68,751,744
Depreciation during the period / year	5,672,885	30,786,818
	5,672,885	99,538,562
Book value at the end of the period / year	62,197,456	67,870,341

**12 STOCK IN TRADE**

Raw materials		
In hand	719,449,692	789,808,946
In transit	95,992,271	8,426,927
With third party	43,977,695	53,205,332
	859,419,658	851,441,205
Packing material		
In hand	193,490,798	181,641,000
In transit	39,609,152	-
With third party	8,236,333	8,775,967
	241,336,283	190,416,967
Work in process	178,737,770	167,463,552
Finished goods		
Trading-in hand	147,358,698	212,661,960
Trading-in transit	-	113,407,257
Manufactured	362,033,151	272,891,928
	509,391,849	598,961,145
Less: provision for slow moving and obsolete items 12.1	(44,325,846)	(18,072,076)
	1,744,559,714	1,790,210,793

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

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

	Note	Un Audited 30 June 2020	Audited 31 December 2019
		----- (Rupees) -----	
<b>13 ADVANCES</b>			
Advances to staff - secured			
- against expenses		4,126,155	32,231,892
- against salary		38,328,792	37,725,808
- current portion of advances against vehicles		12,676,306	12,808,820
		55,131,253	82,766,520
Advance to supplier - Un secured		90,170,247	60,750,709
Margin against letter of credit		50,041,540	4,510,165
		195,343,040	148,027,394

**14 CASH AND BANK BALANCES**

Cash and imprest		3,600,144	2,036,264
Balance with banks:			
Current accounts:			
- Local currency		107,090,249	112,865,150
- Foreign currency		14,082,978	11,415,440
Saving accounts	14.1	271,551,470	606,024,891
Term deposit receipts	14.2	129,585,216	126,553,695
		522,309,913	856,859,176
		525,910,057	858,895,440

**14.1** These represent saving accounts which carries profit at the rate of ranging from 6.58% to 11.45% (2019: 5.82% - 6%).

**14.2** These represent investments in term deposit receipts which carry profit at the rate of 5.95% - 12.85% (2019: 6.1% - 10.2%) with the maturity of upto 3 months.

	Note	Un-audited			
		Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2020	2019	2020	2019
		----- (Rupees) -----		----- (Rupees) -----	
<b>15 REVENUE - net</b>					
Manufactured products:					
Local	15.1	4,801,135,498	4,114,097,546	2,316,911,155	2,099,675,390
Export		226,868,548	153,758,531	146,161,553	93,076,249
		5,028,004,046	4,267,856,077	2,463,072,708	2,192,751,639
Toll manufacturing		141,940,826	246,607,817	75,391,475	139,186,856
		5,169,944,872	4,514,463,894	2,538,464,183	2,331,938,495
Less: Discount		93,585,624	87,466,803	34,663,798	34,110,815
Sales tax		19,489,591	19,124,512	12,536,631	8,603,542
		113,075,215	106,591,315	47,200,429	42,714,357
		5,056,869,657	4,407,872,579	2,491,263,754	2,289,224,138

**15.1** These include trading sales amounting to Rs. 665 million. (2019: RS. 557 million).

	Note	Un Audited 30 June 2020	Un Audited 30 June 2019
		----- (Rupees) -----	
<b>15.2 Geographical information</b>			
<b>Sales to external customers - net</b>			
Pakistan		4,830,001,117	4,254,114,038
Afghanistan		130,005,591	76,776,004
United Arab Emirates		40,101,648	33,808,536
France		32,833,878	25,945,676
Kenya		12,293,002	9,719,032
Cambodia		8,572,390	6,474,803
Mauritius		2,861,331	419,513
Tanzania		-	614,977
Macao		200,699	-
<b>Total revenue from contracts with customers</b>		5,056,869,657	4,407,872,579

**Timing of revenue recognition**

Goods transferred at a point in time	5,056,869,657	4,407,872,579
--------------------------------------	---------------	---------------

	Un-audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
<b>16 COST OF REVENUE</b>				
Manufactured pharmaceutical products:				
Opening stock of finished goods	598,961,145	345,795,985	716,490,384	488,625,010
Cost of goods manufactured	2,032,585,183	2,113,526,529	953,998,868	1,029,152,009
	2,631,546,328	2,459,322,514	1,670,489,252	1,517,777,019
	(509,391,849)	(410,504,223)	(509,391,849)	(410,504,223)
Closing stock of finished goods				
Cost of sales - manufactured	2,122,154,479	2,048,818,291	1,161,097,463	1,107,272,796
Cost of sales - purchased products	482,717,843	329,932,279	68,135,829	124,582,048
	2,604,872,322	2,378,750,570	1,229,233,232	1,231,854,844

	Note	Un Audited 30 June 2020	Un Audited 30 June 2019
		----- (Rupees) -----	
<b>17 OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Return on bank deposits		25,804,178	29,065,476
Profit on loan to subsidiary		737,079	1,310,280
Change in fair value of short term investment		895,079	775,761
Profit on short term investments		4,328,292	-
<b>Income from non-financial assets:</b>			
Gain on disposal of property plant and equipment		7,676,260	12,966,686
Scrap sales		1,155,043	2,351,880
		40,595,931	46,470,083

**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		Three Month Period Ended	
	30 June		30 June	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
<b>18.1 Purchase of goods</b>				
Route 2 health (Pvt) Ltd -Associate	264,925,142	208,725,304	72,889,318	84,501,110
Curexa Health (Pvt) Ltd -Subsidiary	142,360,566	117,545,240	59,569,373	75,624,599
Purchase of fixed asset from associate	-	15,137,818	-	-
<b>18.2 Contribution towards employees' benefits fund:</b>				
Staff provident fund	23,315,426	19,617,859	11,812,839	9,926,335
Employees' welfare trust	1,561,850	1,359,750	785,000	679,350
<b>18.3 Remuneration</b>				
Chief Executive Officer	16,547,912	10,708,280	9,976,327	5,643,822
Executives	227,159,738	182,246,336	125,543,400	108,941,531

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

Relationship with the Company	Nature of balance	Un Audited	Audited
		30 June 2020	31 December 2019
		(Rupees)	
Route 2 health (Pvt) Ltd -associate	Advances/ Creditors	23,234,182	134,175,261
Staff provident fund	Contribution payable	7,424,705	7,953,622
Employees' welfare trust	Contribution payable	551,349	684,081
Curexa Health (Pvt) Ltd -subsidiary	Advances	18,970,804	4,909,996

**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 2019.

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

The carrying values of all financial assets and liabilities reflected in these 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 2020, 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 Mutual fund	429,524,221	429,524,221	-	-
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Fair value through profit and loss:	31 December 2019	Level 1	Level 2	Level 3
	(Rupees)			

Investment in Mutual fund	-	-	-	-
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There were no financial liabilities measured at fair value as at 30 June 2020.

- During the six month period ended 30 June 2020, there were no transfers between different levels of fair value measurements.
- There were no financial liabilities measured at fair value as at 31 December 2019.

30 June 2020			
Fair value through profit and loss	Cash and cash equivalents	Amortized cost	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	-	-	21,443,429	21,443,429
Advances-salaries	-	-	38,328,792	38,328,792
Trade debts	-	-	712,184,220	712,184,220
Trade deposits	-	-	24,711,555	24,711,555
Other receivables	-	-	3,982,366	3,982,366
Short term investments	429,524,221	-	-	429,524,221
Cash and bank balances	-	525,910,057	-	525,910,057
	429,524,221	525,910,057	1,000,650,362	1,956,084,640

30 June 2020

Financial Liabilities  
at amortized cost

---- (Rupees) ----

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

Long term lease liabilities	66,517,676
Markup accrued on secured loans	339,726
Trade and other payables	520,882,342
Unclaimed dividends	51,725,529
	639,465,273

31 December 2019			
Fair value through profit and loss	Cash and cash equivalents	Amortized cost	Total

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

#### Financial assets as per statement of financial position:

Long term Investment	-	200,000,000	200,000,000
Long term deposits	-	21,182,621	21,182,621
Advances	-	37,725,808	37,725,808
Trade debts	-	391,162,800	391,162,800
Trade deposits	-	22,411,600	22,411,600
Other receivables	-	3,271,494	3,271,494
Cash and bank balances	858,895,440	-	858,895,440
	858,895,440	675,754,323	1,534,649,763

31 December 2019

Financial Liabilities  
at amortized cost

---- (Rupees) ----

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

Long term lease liabilities	71,880,829
Markup accrued on secured loans	100,501
Trade and other payables	542,670,707
Unclaimed dividends	30,555,993
	645,208,030

## 20 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated condensed interim financial statements for issuance on 24-08-2020.

## 21 CORRESPONDING FIGURES

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

## 22 GENERAL

The figures of unconsolidated condensed interim statement of profit or loss for the three month period ended 30 June 2019 and 2020 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

# Condensed Interim Consolidated Financial Statements



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

for the Half Year ended  
30 June 2020

## Condensed Interim Consolidated Statement of Financial Position

		Un Audited 30 June 2020	Audited 31 December 2019
Note		----- (Rupees) -----	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital and reserves			
Authorized share capital			
50,000,000 (2019: 50,000,000) Ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	6	346,149,440	314,681,310
Revenue reserves		3,011,647,109	2,776,848,331
Revaluation surplus on property, plant and equipment		350,124,585	356,336,117
Total Equity		3,707,921,134	3,447,865,758
<b>Non-current liabilities</b>			
Long term loan	7	93,707,021	19,000,839
Long term liabilities		57,553,450	61,214,905
Long term advances		36,827,653	28,990,796
Deferred liabilities		442,013,468	417,661,559
		630,101,592	526,868,099
<b>Current liabilities</b>			
Trade and other payables		636,930,358	616,872,433
Unclaimed dividend		51,725,529	30,555,993
Mark up accrued		1,873,067	2,884,222
Short term borrowings	8	42,574,054	36,442,430
Current portion of long term liabilities	9	92,006,726	46,112,599
Provision for taxation - net		112,433,782	23,894,534
		937,543,516	756,762,211
Total Liabilities		1,567,645,108	1,283,630,310
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,275,566,242</b>	<b>4,731,496,068</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

## As at 30 June 2020

		Un Audited 30 June 2020	Audited 31 December 2019
Note		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,448,459,216	1,382,588,051
Intangible assets		1,165,301	1,408,441
Goodwill		834,230	834,230
Long term deposits		22,421,179	22,160,371
Long term advances		26,756,064	27,673,080
Deffered tax asset		37,985,945	28,357,882
		1,537,621,935	1,463,022,055
<b>CURRENT ASSETS</b>			
Stock in trade	12	1,820,855,302	1,830,646,899
Trade debts		712,184,220	391,162,800
Advances	13	176,412,365	146,171,036
Trade deposits and short term prepayments		49,238,645	35,410,001
Other receivables		3,614,875	3,066,099
Short term investment		429,524,221	-
Tax refunds due from the Government		19,962,029	2,987,866
Cash and bank balances	14	526,152,650	859,029,312
		3,737,944,307	3,268,474,013
<b>TOTAL ASSETS</b>		<b>5,275,566,242</b>	<b>4,731,496,068</b>

Ashfaq P. Alidina  
Chief Financial Officer



## Condensed Interim Consolidated Statement of Profit or Loss (un-audited) For the Six Months Ended 30 June 2020

	Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2020	2019	2020	2019
		----- (Rupees) -----		----- (Rupees) -----	
Revenue from contract with					
customers- net	15	5,056,869,657	4,407,872,579	2,491,263,754	2,289,224,138
Cost of revenue	16	2,566,323,628	2,359,047,527	1,216,324,432	1,212,168,399
Gross profit		2,490,546,029	2,048,825,052	1,274,939,322	1,077,055,739
Distribution, selling and promotional expenses		1,306,937,097	1,126,538,266	650,767,998	595,463,038
Administrative and general expenses		218,626,903	181,595,669	108,982,365	96,653,342
Research and development expenses		2,749,978	2,585,504	1,413,948	1,336,212
Other operating expenses		78,181,604	61,729,309	41,483,321	30,917,549
		1,606,495,582	1,372,448,748	802,647,632	724,370,141
Operating profit		884,050,447	676,376,304	472,291,690	352,685,598
Other income	17	39,858,852	45,159,803	36,580,430	36,580,430
Finance costs		(7,481,457)	(17,717,872)	(10,146,919)	(10,146,919)
Profit before taxation		916,427,842	703,818,235	498,725,201	379,119,109
Taxation		(247,286,750)	(218,606,392)	(122,996,186)	(122,996,186)
Profit for the period		669,141,092	485,211,843	375,729,015	256,122,923
		Restated		Restated	
Earnings per share - basic and diluted		19.33	14.02	10.85	7.40

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim 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 Six Months Ended 30 June 2020

	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
Profit after tax for the period	669,141,092	485,211,843	375,729,015	256,122,923
Total comprehensive income for the period	669,141,092	485,211,843	375,729,015	256,122,923

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim 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 Six Months Ended 30 June 2020

	30 June	
	2020	2019
Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	916,427,842	703,818,235
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of fixed assets	62,134,266	70,637,445
Amortization of intangible assets	243,140	180,571
Gain on disposal of fixed assets	17 (7,676,260)	(12,966,686)
Exchange loss - net	2,942,160	85,232
Provision for slow moving and obsolete stocks	12.1 38,660,706	17,788,590
Provision for defined benefit obligation	40,018,692	32,499,996
Provision for Worker's Profit Participation Fund	48,250,002	38,642,456
Provision for Central Research Fund	9,655,535	7,689,331
Finance costs	7,481,457	17,717,872
	201,709,698	172,274,807
Profit before working capital changes	1,118,137,540	876,093,042
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	(28,869,109)	(194,202,556)
Trade debts	(323,963,580)	(19,770,716)
Advances	(30,241,329)	(106,101,122)
Trade deposits and short term prepayments	(13,828,644)	(36,628,311)
Other receivables	(2,205,838)	(5,875,859)
Tax refund due from government	(16,974,163)	(88,430)
Increase in current liabilities:		
Trade and other payables	(20,334,726)	170,402,151
	(436,417,389)	(192,264,843)
Cash generated from operations	681,720,151	683,828,199
Taxes paid	(169,378,322)	(137,912,054)
Gratuity paid	(18,567,203)	(20,325,204)
Finance costs paid	(8,492,612)	(17,084,347)
Central Research Fund paid	(14,852,488)	-
Net cash flows generated from operating activities	470,429,526	508,506,594

## Condensed Interim Consolidated Statement of Cash Flows (un-audited) For the Six Months Ended 30 June 2020

	30 June	
	2020	2019
Note	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(146,785,080)	(187,684,134)
Purchase of intangible	-	(113,412)
Additions in long term advances	917,016	(10,280,532)
Additions in short term investment	(429,524,221)	(50,775,761)
Additions in long term deposits-net	(260,808)	4,703,350
Proceeds from disposal of operating fixed assets	26,455,909	59,493,570
Net cash flows used in investing activities	(549,197,184)	(184,656,919)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(5,363,153)	63,503,680
Long term loan obtained/ (Re-paid)	134,123,105	(12,666,667)
Short term borrowings-net	6,131,624	(7,233,508)
Dividend paid	(387,916,180)	(350,797,737)
Long term advances	(1,084,400)	(15,756,358)
Net cash (used in) financing activities	(254,109,004)	(322,950,590)
Net (decrease)/increase in cash and cash equivalents	(332,876,662)	899,085
Cash and cash equivalents at beginning of the period	859,029,312	780,738,851
Cash and cash equivalents at end of the period	14 526,152,650	781,637,936

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Changes in Equity (un-audited) For the Six Months Ended 30 June 2020

	Share Capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on PPE	General reserve	Unappropriated profit	Sub total	
	----- (Rupees) -----					
Balance as at 01 January 2019	286,073,930	370,409,400	114,000,000	2,076,679,480	2,190,679,480	2,847,162,810
Profit for the period ended 30 June 2019	-	-	-	485,211,843	485,211,843	485,211,843
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2019	-	-	-	485,211,843	485,211,843	485,211,843
<u>Surplus transferred to unappropriated 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% for the year ended 31 December 2018	28,607,380	-	-	(28,607,380)	(28,607,380)	-
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	314,681,310	363,657,661	114,000,000	2,168,139,573	2,282,139,573	2,960,478,544
Balance as at 01 January 2020	314,681,310	356,336,117	114,000,000	2,662,848,331	2,776,848,331	3,447,865,758
Profit for the period ended 30 June 2020	-	-	-	669,141,092	669,141,092	669,141,092
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2020	-	-	-	669,141,092	669,141,092	669,141,092
<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	-	(6,211,532)	-	6,211,532	6,211,532	-
<u>Transaction with owners of the company, recognized directly in equity - Distributions</u> Issuance of bonus shares @ 10% for the year ended 31 December 2019	31,468,130	-	-	(31,468,130)	(31,468,130)	-
Final dividend @ Rs. 13 per share for the year ended 31 December 2019	-	-	-	(409,085,716)	(409,085,716)	(409,085,716)
Balance as at 30 June 2020	346,149,440	350,124,585	114,000,000	2,897,647,109	3,011,647,109	3,707,921,134

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim 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 Six Months Ended 30 June 2020

### 1 THE COMPANY AND ITS OPERATIONS

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

Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 KM, Multan Road, Lahore.

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

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

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

### 2 STATEMENT OF COMPLIANCE

- 2.1** These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Act; and
- provisions of and directives issued under the Act.

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

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

### 3 BASIS OF PREPARATION

- 3.1** These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2019. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2019, whereas the consolidated Statement of Profit or Loss, the consolidated Statement of Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the period ended 30 June 2019.

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

#### 4 SIGNIFICANT ACCOUNTING POLICIES

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

##### 4.1 Government grants

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

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

#### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Note	Un Audited 30 June 2020	Audited 31 December 2019
----- (Rupees) -----			
<b>6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
5,905,000 (2019: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (2019: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
28,614,944 (2019: 25,468,131) ordinary shares of Rs. 10 each issued as bonus shares		286,149,440	254,681,310
	6.2	346,149,440	314,681,310

**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 2020 Number	Audited 31 December 2019 Number	Un-audited 30 June 2020 Rupees	Audited 31 December 2019 Rupees
Issued, subscribed and paid-up of Rs.10 each as at 01 January	31,468,131	28,607,393	314,681,310	286,073,930
Issuance of bonus shares of Rs. 10 each	3,146,813	2,860,738	31,468,130	28,607,380
Issued, subscribed and paid-up of Rs.10 each as at 30 June	34,614,944	31,468,131	346,149,440	314,681,310

	Un Audited 30 June 2020	Audited 31 December 2019
----- (Rupees) -----		
Long term loan	169,665,551	44,334,172
Add: Unwinding of interest	505,741	-
	170,171,292	44,334,172
Less: Current portion	(76,464,271)	(25,333,333)
	93,707,021	19,000,839

**7.1** This represents loan of Rs. 133 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 200 million. It carries mark-up at SBP rate plus 3% per annum. This finance is secured against demand promissory notes amounting to Rs. 208 million made in favor of bank and first pari passu hypothecation charge on all present and future plant and machinery (installed or to be installed) of company and equitable mortgage charge over immovable property of the company. The loan is repayable in eight equal quarterly installments commencing from January 01, 2021 and ending October 01, 2022. The two tranches of loan were initially recognized at amortized cost using effective interest rate of 8.14% and 8.13% (3-month KIBOR) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

**7.2** This loan has been obtained by the Subsidiary Company for the purchase of machinery and equipment of cephalosporin manufacturing plant. The markup is payable quarterly at the rate of 3 months KIBOR plus 1.5% (2019: 3 months KIBOR plus 1.5%) per annum on the outstanding amount of loan. The tenor of loan is 5 years and principle amount is repayable in equal quarterly installments after lapse of grace period of one year. The loan was obtained in 2016.

This loan has been secured against:

- first pari passu charge over plant and machinery to be imported by CHL;
- land and building owned by CHL located at 517 Sundar Industrial Estate Raiwind Road, Lahore, measuring 12,356 square meters; and
- personal guarantee by director of CHL.

#### 8. SHORT TERM BORROWINGS

42,574,054      36,442,430

**8.1** The Group has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs.505 million (2019: Rs. 505 million). Out of these facilities, Rs. 375 million is available as sublimit and can interchangeably be utilized for L/C sight/Usance. These facilities carry mark-up at rates ranging from one month KIBOR to three months KIBOR plus 50 to 100 basis points

(2019: one month KIBOR to three months KIBOR plus 50 to 100 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 684.62 million (2019: Rs. 684.62 million) on fixed assets and first joint pari passu hypothecation charge of Rs.412 million (2019: Rs. 412 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company. Out of total borrowing facility, an amount of Rs.50 million (2019: Rs. 50 million) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 4% (2019: 4%) per annum.

**8.2** The Group also has aggregate sanctioned import credit facilities available from various commercial banks amounting to Rs. 1,405 million (2019: Rs. 1,405 million). Out of these facilities, Rs. 305 million is available as sublimit and can interchangeably be utilized as Running Finance.

**8.3** Short term running finances are availed from commercial banks against aggregate sanctioned limit of Rs. 50 million including Rs. 30 million for FATR (funds against trust receipt) and Rs.20 million related to Running finance (2019: Rs. 50 million including Rs. 30 million for FATR (funds against trust receipt) and Rs.20 million related to Running finance). These facilities carry mark-up at the rate of three months KIBOR plus 200 basis points for the month of January, February and March and for the remaining months of the current year the rate was 1 month KIBOR plus 200 basis points (2019: one month KIBOR plus 200 basis points). These facilities are secured by way of hypothecation charge over all present and future current assets with 20% margin.

	Note	Un Audited 30 June 2020	Audited 31 December 2019
----- (Rupees) -----			
<b>9. CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term lease liabilities		8,964,226	10,665,924
Long term advances		1,192,664	10,113,342
Long term loan		76,464,271	25,333,333
Deferred grant		5,385,565	-
		92,006,726	46,112,599

## 10 CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

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

### 10.2 Commitments:

#### Commitments against irrevocable letters of credit include:

Raw materials	665,917,998	461,670,227
Packing materials	162,703,874	47,346,415
Finished goods	18,898,970	12,940,473
Plant and machinery	69,783,091	66,233,943
	917,303,933	588,191,058

#### Rentals under ijarah agreements:

Not later than one year	2,482,632	22,043,348
Later than one year but not later than five years	206,836	1,291,293
	2,689,468	23,334,641

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

## 11. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:			
-Owned	11.1	1,224,183,886	1,188,571,085
-Right of use assets (RoU)	11.2	62,197,456	67,870,341
Capital work-in-progress		162,077,874	126,146,625
		1,448,459,216	1,382,588,051

### 11.1 Operating fixed assets (owned)

Opening book value	1,188,571,085	1,138,014,732
Add: Additions during the period / year - cost	110,853,831	169,788,040
Transferred from RoU assets during the period / year - vehicles	-	119,197,000
	110,853,831	288,985,040
Less: Disposals during the period / year-Net book value	18,779,649	136,804,857
Depreciation during the period / year	56,461,378	101,623,829
	75,241,027	238,428,686
Book value at the end of the period / year	1,224,183,886	1,188,571,085

#### 11.1.1 Additions during the period / year - cost

Building on free hold land	1,250,345	251,400
Plant and machinery	51,400,808	73,596,116
Laboratory equipment	8,842,173	14,696,919
Furniture and fixtures	360,095	2,009,900
Electric and gas appliances	-	3,077,818
Office equipment	5,294,260	6,517,486
Vehicles	43,706,150	69,638,401
	110,853,831	169,788,040

#### 11.1.2 Disposals during the period / year

Vehicles	18,779,649	136,804,857
----------	------------	-------------

### 11.2 Right of use assets

Opening book value	67,870,341	85,939,679
Add: Additions during the period / year - cost	-	81,469,224
	67,870,341	167,408,903
Less: Disposals during the period / year-Net book value	-	68,751,744
Depreciation during the period / year	5,672,885	30,786,818
	5,672,885	99,538,562
Book value at the end of the period / year	62,197,456	67,870,341

	Un Audited 30 June 2020	Audited 31 December 2019
<b>12 STOCK IN TRADE</b>		
Raw materials		
In hand	742,679,025	804,797,902
In transit	106,438,116	8,426,927
With third party	43,977,695	53,205,332
	893,094,836	866,430,161
Packing material		
In hand	224,115,175	206,945,781
In transit	39,609,152	3,755,785
With third party	8,236,333	8,775,967
	271,960,660	219,477,533
Work in process	191,207,835	179,497,794
Finished goods		
Trading-in hand	141,147,520	213,790,656
Trading-in transit	-	113,407,257
Manufactured	369,898,992	272,891,928
	511,046,512	584,442,183
Less: provision for slow moving and obsolete items	(46,454,541)	(19,200,772)
	1,820,855,302	1,830,646,899

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

Opening provision	19,200,772	9,306,296
Charge for the period / year	38,660,706	18,341,448
Written off during the period / year	(11,406,937)	(8,446,972)
Closing provision	46,454,541	19,200,772

	Un Audited 30 June 2020	Audited 31 December 2019
<b>13 ADVANCES</b>		
Advances to staff - secured		
- against expenses	4,126,155	32,241,892
- against salary	38,368,921	37,748,778
- current portion of advances against vehicles	12,676,306	12,808,820
	55,171,382	82,799,490
Advance to supplier - Un secured	71,199,443	58,861,381
L/C margin	50,041,540	4,510,165
	176,412,365	146,171,036

**14 CASH AND BANK BALANCES**

Cash and imprest	3,799,761	2,078,161
Balance with banks:		
Current accounts:		
- Local currency	107,133,225	112,957,125
- Foreign currency	14,082,978	11,415,440
Saving accounts	271,551,470	606,024,891
Term deposit receipts	129,585,216	126,553,695
	522,352,889	856,951,151
	526,152,650	859,029,312

**14.1** These represents saving accounts which carries profit at the rate of ranging from 6.58%-11.45% (2019: 5.82%-6%).

**14.2** These represent investments in term deposit receipts which carry profit at the rate of 5.95% - 12.85% (2019: 6.1% - 10.2%) with the maturity of 3 months.

	Un-audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
<b>15 REVENUE - net</b>				
Manufactured products:				
Local	4,801,135,498	4,114,097,546	2,316,546,076	2,099,675,390
Export	226,868,548	153,758,531	146,161,553	93,076,249
	5,028,004,046	4,267,856,077	2,462,707,629	2,192,751,639
Toll manufacturing	141,575,747	246,607,817	75,391,475	139,186,856
	5,169,579,793	4,514,463,894	2,538,099,104	2,331,938,495
Less: Discount	93,585,624	87,466,803	34,663,798	34,110,815
Sales tax	19,124,512	19,124,512	12,171,552	8,603,542
	112,710,136	106,591,315	46,835,350	42,714,357
	5,056,869,657	4,407,872,579	2,491,263,754	2,289,224,138

**15.1** These includes trading sales amounting to Rs. 665 million. (2019: RS. 557 million).

	Un Audited 30 June 2020	Audited 31 December 2019
Note	----- (Rupees) -----	
<b>15.2 Geographical information</b>		
<b>Sales to external customers - net</b>		
Pakistan	4,830,001,117	4,254,114,038
Afghanistan	130,005,591	76,776,004
United Arab Emirates	40,101,648	33,808,536
France	32,833,878	25,945,676
Kenya	12,293,002	9,719,032
Cambodia	8,572,390	6,474,803
Mauritius	2,861,331	419,513
Tanzania	-	614,977
Macao	200,699	-
<b>Total revenue from contracts with customers</b>	5,056,869,657	4,407,872,579
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	5,056,869,657	4,407,872,579

	Un-audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2020	2019	2020	2019
	----- (Rupees) -----		----- (Rupees) -----	
<b>16 COST OF REVENUE</b>				
Manufactured pharmaceutical products:				
Opening stock of finished goods	598,961,145	345,795,985	704,603,989	486,462,067
Cost of goods manufactured	2,141,150,217	2,210,972,942	1,001,651,340	1,085,519,098
	2,740,111,362	2,556,768,927	1,706,255,329	1,571,981,165
	(503,819,416)	(411,718,491)	(503,819,416)	(411,718,491)
Closing stock of finished goods	2,236,291,946	2,145,050,436	1,202,435,913	1,160,262,674
Cost of sales - manufactured	330,031,682	213,997,091	13,888,519	51,905,725
Cost of sales - purchased products	2,566,323,628	2,359,047,527	1,216,324,432	1,212,168,399

	Note	Un Audited 30 June 2020	Un Audited 30 June 2019
<b>17 OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Return on bank deposits		25,804,178	29,065,476
Change in fair value of short term investment		895,079	775,761
Profit on Short term investments		4,328,292	-
<b>Income from non-financial assets:</b>			
Gain on disposal of property, plant and equipment		7,676,260	12,966,686
Scrap sales		1,155,043	2,351,880
		<u>39,858,852</u>	<u>45,159,803</u>

**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	
	2020	2019	2020	2019
<b>18.1 Purchase of goods</b>				
Route 2 health (Pvt) Ltd -Associate	264,925,142	208,725,304	72,889,318	124,224,194
Purchase of fixed asset from associate	-	15,137,818	-	-
<b>18.2 Contribution towards employees' benefits fund:</b>				
Staff provident fund	24,229,424	19,617,859	12,726,837	9,926,335
Employees' welfare trust	1,561,850	1,359,750	785,000	679,350
<b>18.3 Remuneration</b>				
Chief Executive Officer	16,547,912	10,708,280	9,976,327	5,643,822
Directors	4,666,233	4,158,000	2,566,232	2,376,000
Executives	234,900,905	182,246,336	129,799,817	108,941,531

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

Relationship with the Company	Nature of balance	Un Audited 30 June 2020	Audited 31 December 2019
Route 2 health (Pvt) Ltd -associate	Advances/ Creditors	23,234,182	134,175,261
Staff provident fund	Contribution payable	7,774,211	7,953,622
Employees' welfare trust	Contribution payable	551,349	684,081

**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 2019.

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

The carrying values of all financial assets and liabilities reflected in these 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 Group 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 2020, the Group 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
<b>Fair value through profit and loss:</b>				
Investment in Mutual fund	429,524,221	429,524,221	-	-
<b>Fair value through profit and loss:</b>	31 December 2019	Level 1	Level 2	Level 3
Investment in Mutual fund	-	-	-	-

There were no financial liabilities measured at fair value as at 30 June 2020.

- During the six month period ended 30 June 2020, there were no transfers between different levels of fair value measurements.
- There were no financial liabilities measured at fair value as at 31 December 2019.



30 June 2020			
Fair value through profit and loss	Cash and cash equivalents	Amortized cost	Total
----- (Rupees) -----			

### 19.3 Financial instruments by categories

#### Financial assets as per statement of financial position:

Long term deposits	-	-	22,421,179	22,421,179
Advances-salaries	-	-	38,368,921	38,368,921
Trade debts	-	-	712,184,220	712,184,220
Trade deposits	-	-	24,968,554	24,968,554
Other receivables	-	-	3,982,366	3,982,366
Short term investments	429,524,221	-	-	429,524,221
Cash and bank balances	-	525,910,057	-	525,910,057
	429,524,221	525,910,057	801,925,240	1,757,359,518

30 June 2020

Financial Liabilities  
at amortized cost  
---- (Rupees) ----

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

Long term lease liabilities	66,517,676
Markup accrued on secured loans	1,873,067
Trade and other payables	547,848,729
Unclaimed dividends	51,725,529
	667,965,001

31 December 2019			
Fair value through profit and loss	Cash and cash equivalents	Amortized cost	Total
----- (Rupees) -----			

### Financial instruments by categories

#### Financial assets as per statement of financial position:

Long term deposits	-	-	21,182,621	21,182,621
Advances	-	-	37,725,808	37,725,808
Trade debts	-	-	391,162,800	391,162,800
Trade deposits	-	-	22,411,600	22,411,600
Other receivables	-	-	3,271,494	3,271,494
Cash and bank balances	-	858,895,440	-	858,895,440
	-	858,895,440	475,754,323	1,334,649,763

31 December 2019

Financial Liabilities  
at amortized cost  
---- (Rupees) ----

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

Long term lease liabilities	71,880,829
Markup accrued on secured loans	100,501
Trade and other payables	542,670,707
Unclaimed dividends	30,555,993
	645,208,030

## 20 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Group authorized these consolidated condensed interim financial statements for issuance on 24 August 2020.

## 21 CORRESPONDING FIGURES

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

## 22 GENERAL

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.

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

Dr. Adeel Abbas  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

# BOOK POST



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