



A BRAND NEW DAY

2021

QUARTERLY REPORT

Q 3 Ended 30 September

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A BRAND-NEW JOURNEY: MARKING NEW MILESTONES AND TERRITORIES

As a foundation stone of our corporate identity, our logo is the symbolic reflection of our values. On the imagery and the nuances of the new mark: The bright colourful sun at the angle is a bolder and global version. It connotes the highest vibrant transmission of energy to Earth. A deep sense of simplicity, solidity and permanence. Vim and vigour. Our boundless optimism. Culminating the highest peaks. To sum up, our new mark embeds a sense of pride, unity, hope and aspires everyone at Highnoon to outperform.

A BRAND NEW DAY

We are determined every day to enrich life with perseverance, passion, integrity and reliability. As our name connotes the highest vibrant transmission of energy to Earth. We have embarked on a new journey to empower healthcare professionals to improve their patients' lives with new products, health services and social programs that touch millions of lives; with a sense of pride, unity, hope and belonging in all of us.

COMPANY INFORMATION

Board of Directors
Mr. Tausif Ahmad Khan
Chairman

Dr. Adeel Abbas Haideri
Chief Executive Officer

Mr. Ghulam Hussain Khan
Mr. Taufiq Ahmed Khan
Mrs. Zainub Abbas
Mr. Romesh Elapata
Mrs. Nael Najam

Chief Financial Officer
Mr. Ashfaq P. Alidina
Tel : +92 42 3751 1953
Email : ashfaq.alidina@highnoon.com.pk

Company Secretary
Mr. Khadim Hussain Mirza
Tel: +92 42 3751 0036
Email: khadim@highnoon.com.pk

Bankers
Habib Bank Limited
United Bank Limited
J.S. Bank Limited
Allied Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited

Registered, Head office & Plant
17.5 Kilometer Multan Road,
Lahore - 53700, Pakistan
UAN : +92 42 111 000 465
Fax : +92 42 3751 0037
E-mail : info@highnoon.com.pk
Web : www.highnoon-labs.com

Corporate Office
901-9th floor, Tricon Corporate Center
73-E, Jail Road, Lahore
UAN : +92 304 111 0465
PH : +92 42 36407346

Legal Advisor
Raja Muhammad Akram
& Company

Tax Advisor
Yousuf Islam & Associates

Auditors
EY Ford Rhodes
Chartered Accountants

Shares Registrar
Corplink (Pvt.) Ltd.
Wings Arcade,
1-K Commercial,
Model Town, Lahore.
Tel : +92 42 3591 6714, 3591 6719
Fax : +92 42 3586 9637

Audit Committee
Mrs. Nael Najam
Chairperson
Mr. Ghulam Hussain Khan
Member
Mrs. Zainub Abbas
Member

Human Resource and
Remuneration Committee
Mrs. Nael Najam
Chairperson
Dr. Adeel Abbas Haideri
Member
Mrs. Zainub Abbas
Member

Executive Committee
Dr. Adeel Abbas Haideri Chairman
CEO

Mr. Ashfaq P. Alidina Member
Chief Financial Officer

Mr. Sajjad Hafeez Butt Member
COO (Technical)

Dr. Saleem Akhtar Member
Group Director
Quality Operations

Mr. Ahmad Raza Member
Group Director
Research & Development

Mr. Azfar Abbas Haideri Member
Director Commercial

Ms. Iram Naila Member
Director
Regulatory Affairs

I.T. Steering Committee
Dr. Adeel Abbas Haideri Chairman
CEO

Mr. Ashfaq P. Alidina Member
Chief Financial Officer

Mr. Sajjad Hafeez Butt Member
COO (Technical)

Mr. Azfar Abbas Haideri Member
Director Commercial

Directors' Report

The Directors are pleased to present their review, together with un-audited condensed interim financial statements of your Company and the Group for the nine months period ended on September 30, 2021.

The Company generated net sales revenue of Rs. 9,579 million during the period under review compared to Rs. 7,899 million in corresponding period of last year registering a growth of 21%. Gross profit margin increased from 48.78 % to 49.58% mainly due to better product mix, enhancement of production capacities and process efficiencies.

Distribution and sales promotion expenses increased by 24% over corresponding period primarily due to Company's investment on new brands, launched to sustain the growth momentum, as well as due to innovative digitalization marketing initiatives in the wake of the pandemic. Other operating expenses increased in line with profit owing to the statutory levies chargeable on profit. The profit after tax increased by 25% to Rs. 1,227 million compared to Rs. 977 million in the corresponding period. Earnings per share for the period under review increased to Rs. 32.23 as compared to Rs. 25.68 in the corresponding period.

The consolidated gross profit margin of the Group also improved from 49.78% to 50.54%. Manufacturing overheads and administrative expenses of the subsidiary company were contained following the fiscal discipline maintained across the Group. The Group profit after tax of Rs. 1,268 million compared to Rs. 1,017 million during the corresponding period reflected a growth of 24.7 %.

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

On behalf of the Board, we would like to express our sincere gratitude to the shareholders, doctors, pharmacists, consumers, business partners and bankers for their continued patronage and especially to the employees and management for their continued and untiring efforts.

For & On behalf of the Board

Lahore: 22 October 2021

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

ڈائریکٹرز آپ کی کمپنی اور گروپ کا مالیاتی تجزیہ بمعہ غیر آڈٹ شدہ مالیاتی رپورٹ برائے سہ ماہی اور نو ماہ مدت بختم شدہ 30 ستمبر 2021 پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

زیر جائزہ مدت میں کمپنی کی آمدن فروخت و 9,579 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں 7,899 ملین روپے تھی اس طرح شرح اضافہ 21 فیصد رہی۔ خام منافع کی شرح 48.78 فیصد سے بڑھ کر 49.58 فیصد ہو گئی جس کی بنیادی وجہ ایک مربوط مارکیٹنگ حکمت عملی کے ذریعہ حجم فروخت میں حاصل شدہ اضافہ ہے۔ پیداواری استعداد میں اضافے پر بھرپور توجہ اور پیداواری مراحل کی کارکردگی میں بہتری لانے کے اقدامات بھی شرح منافع میں ہونے والی بہتری کا باعث بنے۔

ڈسٹری بیوشن اور سیلز پروموشن کے اخراجات میں گزشتہ سال اسی مدت کے موازنہ میں 24 فیصد اضافہ ہوا جس کی بنیادی وجہ آمدن فروخت کی شرح اضافہ کو برقرار رکھنے کے لیے اپنے موجودہ برانڈز اور نئی متعارف کروائی جانے والی ادویات کے فروغ کے لیے سرمایہ کاری کرنا ہے اور عالمی وبا کے تناظر میں اٹھانے والے وسیع اور جدید نوعیت کے مارکیٹنگ اقدامات ہیں۔ متفرق آپریٹنگ اخراجات میں اضافہ منافع میں اضافہ کے عین مطابق ہے کیونکہ اس مد میں وہ قانونی ادائیگیاں شامل ہیں جو منافع کے حساب سے واجب الادا ہیں۔ بعد از انکس خالص منافع 25 فیصد کی شرح سے بڑھ کر 1,227 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 977 ملین روپے تھا۔ زیر جائزہ مدت میں فی حصص منافع بڑھ کر 32.23 روپے تک پہنچ گیا جو گزشتہ سال کی اسی مدت میں 25.68 روپے تھا۔

گروپ کے خام منافع کی شرح بھی 49.78 فیصد سے بڑھ کر 50.54 فیصد ہو گئی۔ ذیلی کمپنی کے پیداواری اور انتظامی اخراجات کو بھی گروپ کی مالیاتی انضباط کی پالیسی پر عمل پیرا ہو کر اہداف کے اندر رہی رکھا گیا۔ گروپ کا بعد از انکس خالص منافع 1,268 ملین روپے موازنہ گزشتہ سال کی اسی مدت میں 1,017 ملین روپے میں 24.7 فیصد کی شرح سے غیر معمولی اضافہ ہوا۔

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

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

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

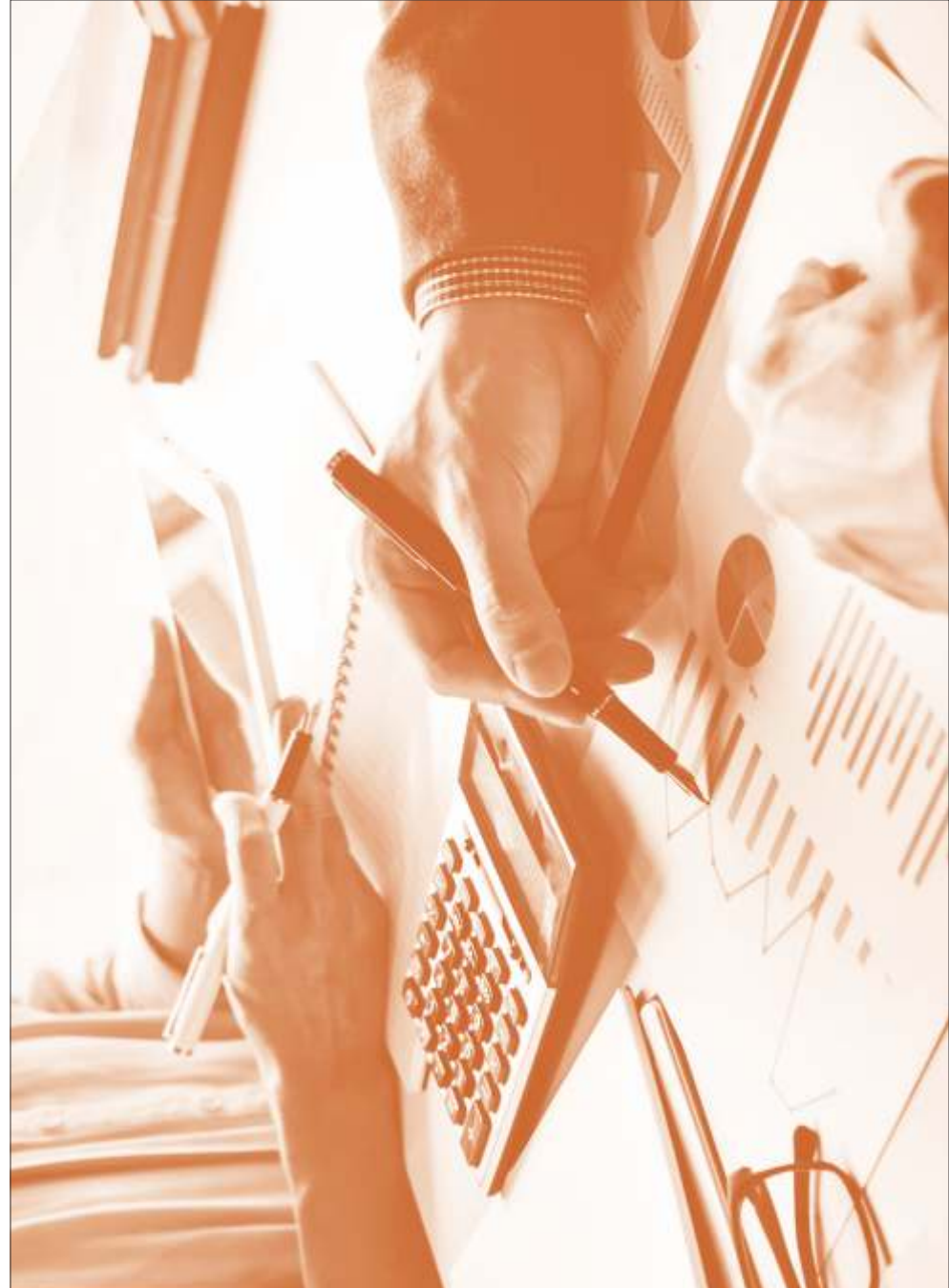
بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 22 اکتوبر 2021

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Un-consolidated Condensed Interim Financial Statements

Highnoon Laboratories Limited
for the Third Quarter ended 30 September 2021

Un-Consolidated Condensed Interim Statement of Financial Position

	Un Audited 30 September 2021	Audited 31 December 2020
Note	----- (Rupees) -----	

EQUITY AND LIABILITIES

EQUITY

Share capital and reserves		
Authorized share capital		
50,000,000 (2020: 50,000,000) Ordinary shares of Rs. 10 each	500,000,000	500,000,000

Issued, subscribed and paid up share capital	380,764,390	346,149,450
Revenue reserves - Accumulated profit	4,408,650,964	3,726,120,784
Revaluation surplus on property, plant and equipment	404,690,895	413,928,517
Total Equity	5,194,106,249	4,486,198,751

Non-current liabilities

Long term Lease liabilities	121,325,270	129,565,601
Long term advances	36,674,312	33,266,627
Long term loan - secured	121,732,148	165,409,699
Deffered Liabilities	569,407,333	528,330,185
	849,139,063	856,572,112

Current liabilities

Trade and other payables	804,769,662	552,376,172
Unclaimed dividend	64,582,178	44,471,264
Mark up accrued	-	-
Current portion of long term liabilities	113,990,495	194,540,950
Provision for taxation - net	261,148,925	296,237,162
	1,244,491,260	1,087,625,548

Total Liabilities	2,093,630,323	1,944,197,660
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TOTAL EQUITY AND LIABILITIES	7,287,736,572	6,430,396,411
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CONTINGENCIES AND COMMITMENTS

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 30 September 2021

	Un Audited 30 September 2021	Audited 31 December 2020
Note	----- (Rupees) -----	

ASSETS

Non-current assets

Property, plant and equipment	10	1,514,338,508	1,464,057,858
Long term investment		200,000,000	200,000,000
Long term deposits		25,443,429	21,443,429
Long term advances		30,557,213	30,058,266
Deffered tax asset		39,163,490	39,126,098
		1,809,502,640	1,754,685,651

Current assets

Stock in trade	11	1,886,868,469	2,106,010,576
Trade debts		895,298,421	322,553,874
Advances		358,328,467	218,481,665
Trade deposits and short term prepayments		55,837,093	45,960,265
Other receivables		20,203,237	36,524,948
Loan to subsidiary		10,000,000	10,000,000
Tax refunds due from the Government		18,481,030	19,135,488
Short term investment		1,611,011,914	1,093,846,453
Cash and bank balances		622,205,301	823,197,491
		5,478,233,932	4,675,710,760

TOTAL ASSETS		7,287,736,572	6,430,396,411
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Ashfaq P. Alidina
Chief Financial Officer

Un-Consolidated Condensed Interim Statement of Profit or Loss (un-audited) For the Nine Months Ended 30 September 2021

Note	Nine Month Period Ended		Three Month Period Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	----- (Rupees) -----		----- (Rupees) -----	

Revenue from contract with customers- net	12	9,579,542,055	7,899,231,624	3,209,577,357	2,842,361,967
Cost of revenue	13	(4,830,388,545)	(4,046,349,200)	(1,614,549,880)	(1,441,476,878)
Gross profit		4,749,153,510	3,852,882,424	1,595,027,477	1,400,885,089

Distribution, selling and promotional expenses	(2,588,825,376)	(2,084,852,251)	(893,916,452)	(777,915,154)
Administrative and general expenses	(412,276,696)	(324,641,350)	(165,461,325)	(119,324,218)
Research and development expenses	(6,692,184)	(4,792,497)	(2,087,777)	(2,042,519)
Other operating expenses	(148,522,155)	(124,787,130)	(38,158,289)	(47,204,703)
	(3,156,316,411)	(2,539,073,228)	(1,099,623,843)	(946,486,594)
Operating profit	1,592,837,099	1,313,809,196	495,403,634	454,398,495
Other income	114,284,214	59,347,133	41,276,057	18,751,202
Finance costs	(17,166,428)	(10,848,799)	(2,363,181)	(7,719,610)
Profit before taxation	1,689,954,885	1,362,307,530	534,316,510	465,430,087
Taxation	(462,823,212)	(384,380,069)	(157,215,627)	(139,148,899)
Profit for the period	1,227,131,673	977,927,461	377,100,883	326,281,188

		Restated		Restated
Earnings per share - basic and diluted	32.23	25.68	9.90	8.57

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Un-Consolidated Condensed Interim Statement of Comprehensive Income (un-audited) For the Nine Months Ended 30 September 2021

	Nine Month Period Ended		Three Month Period Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	----- (Rupees) -----		----- (Rupees) -----	

Profit for the period	1,227,131,673	977,927,461	377,100,883	326,281,188
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Other comprehensive income	-	-	-	-
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Total comprehensive income for the period	1,227,131,673	977,927,461	377,100,883	326,281,188
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The annexed notes from 1 to 17 form an integral part of these un-audited unconsolidated condensed interim financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Un-Consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2021

	Nine Month Period Ended 30 September	
	2021	2020
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,689,954,885	1,362,307,530
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of fixed assets	122,567,291	77,795,466
Gain on disposal of fixed assets	(9,641,239)	(14,676,991)
Exchange loss - net	2,251,101	10,285,824
Provision for slow moving and obsolete stocks	40,000,647	37,660,707
Provision for defined benefit obligation	57,369,228	60,028,038
Provision for Workers' Profit Participation Fund	91,517,187	65,934,938
Provision for central research Fund	18,321,012	14,576,177
Finance costs	17,166,428	4,489,142
	339,551,655	256,093,301
Profit before working capital changes	2,029,506,540	1,618,400,831
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	179,141,460	(93,983,704)
Trade debts	(574,995,648)	(347,576,539)
Advances	(139,846,802)	(37,203,680)
Trade deposits and short term prepayments	(9,876,828)	(16,815,297)
Other receivables	15,234,977	645,208
Loan to subsidiary	-	(10,000,000)
Tax refund due from the Government	654,458	(13,237,388)
Increase / (Decrease) in current liabilities:		
Trade and other payables	162,892,239	184,774,308
	(366,796,144)	(333,397,092)
Cash generated from operations	1,662,710,396	1,285,003,739
Taxes paid	(496,491,619)	(214,616,894)
Gratuity paid	(13,381,456)	(20,895,649)
Finance costs paid	(17,166,428)	(4,249,917)
Workers' Profit Participation Fund paid	-	-
Central Research Fund paid	(20,833,843)	(14,557,777)
Net cash flows generated from operating activities	1,114,837,050	1,030,683,502

Un-Consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2021

	Nine Month Period Ended 30 September	
	2021	2020
	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(193,880,700)	(324,523,285)
Additions in long term advances	(498,947)	(1,022,017)
Additions in short term investments	(517,165,461)	(640,924,753)
Increase in long term deposits - net	(4,000,000)	(260,808)
Proceeds from disposal of operating fixed assets	30,800,405	44,505,180
Net cash flows (used in) investing activities	(684,744,703)	(922,225,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term lease liabilities - net	(9,285,101)	(8,014,112)
Long term loan (paid) / obtained	(126,070,174)	200,000,000
Long term advances - net	3,383,999	329,601
Dividend paid	(499,113,261)	(389,899,040)
Net cash flows used is financing activities	(631,084,537)	(197,583,551)
Net (decrease)/increase in cash and cash equivalents	(200,992,190)	(89,125,732)
Cash and cash equivalents at beginning of the period	823,197,491	858,895,440
Cash and cash equivalents at end of the period	622,205,301	769,769,708

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Selected notes to the Un-Consolidated Condensed Interim Financial Statements (un-audited) For the Nine Months Ended 30 September 2021

1 THE COMPANY AND ITS OPERATIONS

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

2 STATEMENT OF COMPLIANCE

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.

- 2.1** 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 2020. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2020, whereas the statement of profit or loss, the statement of comprehensive Income, the statement of cash flows and the statement of changes in equity are extracted from the un-audited condensed interim financial statements for the period ended 30 September 2020.

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

- 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 2020 except for the following:

Un-Consolidated Condensed Interim Statement of Changes in Equity (un-audited) For the Nine Months Ended 30 September 2021

	Share Capital	Capital Reserves Revaluation Surplus	General reserve	Revenue reserves Unappropriated profit	Sub total	Total
	(Rupees)					
Balance as at 01 January 2020	314,681,320	356,536,117	114,000,000	2,656,544,138	2,770,544,138	3,441,561,575
Total Comprehensive Income for the period	-	-	-	977,927,461	977,927,461	977,927,461
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax*	-	(9,237,622)	-	9,237,622	9,237,622	-
Transaction with owners of the company, recognized directly in equity - Distributions						
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 September 2020	346,149,450	347,098,495	114,000,000	3,203,155,375	3,317,155,375	4,010,403,320
Balance as at 01 January 2021	346,149,450	413,928,517	114,000,000	3,612,120,784	3,776,120,784	4,486,198,751
Total Comprehensive Income for the period	-	-	-	1,227,131,673	1,227,131,673	1,227,131,673
Surplus transferred to unappropriated profit						
"On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	(9,237,622)	-	9,237,622	9,237,622	-
Transaction with owners of the company, recognized directly in equity - Distributions						
Issuance of bonus shares @ 10% for the year ended 31 December 2020	34,614,940	-	-	(34,614,940)	(34,614,940)	-
Final dividend @ Rs. 15 per share for the year ended 31 December 2020	-	-	-	(519,224,175)	(519,224,175)	(519,224,175)
Balance as at 30 September 2021	380,764,390	404,690,895	114,000,000	4,294,650,964	4,408,650,964	5,194,106,249

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

5 IMPACT OF COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The National Command and Operation Centre (NCOC), the Government of Pakistan, has from time to time imposed temporary restrictions on movement of people and issued the standard operating procedures (SOPs) for businesses to control the spread of COVID-19. The Company followed the directives and SOPs issued by the NCOC, however, these does not have any negative impact on the Company as the manufacturing plant operations remained broadly unaffected. Accordingly, till date there has been no effects on Company's financial as well as operational results. The management is also not expecting any significant disruptions in the future. The management of the Company, however, continue to evaluate it's effect till the date of authorization of these unconsolidated condensed interim financial statements.

6 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 2020.

7. LONG TERM LOAN - SECURED

	Un Audited 30 September 2021	Audited 31 December 2020
	----- (Rupees) -----	
Loan from HBL	205,065,478	323,828,530.00
Less: Current portion	(83,333,330)	(158,418,531.00)
	121,732,148	165,409,999

- 7.1** This represents loan of Rs. 333 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered 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. 400 million and has been availed to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefits, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the Employees) for months of April to September 2020. It carries mark-up at 3% per annum and is secured against first pari passu equitable mortgage charge of Rs. 266.67 million on fixed assets of the Company including land, building, plant and machinery situated at 17.5KM, Multan Road, Mouza Kanjrah, Lahore and exclusive charge of Rs. 533.34 million over the fixed assets of the Company with 25% margin. Further, the Company has also issued a demand Promissory note amounting to Rs. 342,092,236 in favour of bank. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of three month KIBOR at respective draw down dates. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

	Note	Un Audited 30 September 2021	Audited 31 December 2020
8 CURRENT PORTION OF LONG TERM LIABILITIES		----- (Rupees) -----	
Long term lease liabilities		16,853,888	17,898,658
Long term advances		9,197,941	9,221,627
Long term loan - secured		83,333,330	158,418,831
Deferred grant		4,605,336	9,001,834
		113,990,495	194,540,950

9 CONTINGENCIES AND COMMITMENTS
9.1 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, 2020.

9.2 Commitments

Commitments against irrevocable letters of credit include:

Raw materials	666,210,227	434,422,145
Packing materials	113,509,920	82,632,094
Finished goods	22,117,536	-
Plant and machinery	-	10,101,258
	801,837,683	527,155,497

10 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:

Owned	(10.1)	1,389,302,712	1,254,814,228
Right of use assets (RoU)	(10.2)	111,610,545	133,914,699
Capital work-in-progress		13,425,251	75,328,931
		1,514,338,508	1,464,057,858

10.1 Operating fixed assets (owned)

Opening book value		1,254,814,228	924,621,069
Add: Additions during the period - cost	(10.1.1)	255,784,380	395,810,720
Revaluation adjustment for the period		-	243,109,260
		255,784,380	638,919,980
Less: Disposals during the period		21,159,166	55,067,162
Depreciation for the period	(10.1.2)	100,136,732	253,659,659
		121,295,898	308,726,821
Book value at the end of the period		1,389,302,712	1,254,814,228

10.1.1 Additions during the period - cost

	Un Audited 30 September 2021	Audited 31 December 2020
	----- (Rupees) -----	
Building on free hold land	32,214,269	-
Plant and machinery	74,476,301	244,412,847
Laboratory equipment	23,749,897	37,806,923
Furniture and fixtures	18,289,308	455,983
Electric and gas appliances	11,363,867	3,698,900
Office equipment	48,172,624	15,165,517
Vehicles	47,518,113	94,270,550
	255,784,380	395,810,720

10.1.2 Disposals during the period

Land - freehold	-	9,900,000
Plant and machinery	-	1,455,243
Laboratory equipment	-	2,009,948
Office equipment	-	2,217,041
Vehicles	21,159,166	39,484,930
	21,159,166	55,067,162

10.2 Right of use assets

Opening book value	133,914,699	67,870,341
Add: Additions during the period / year - cost	-	93,067,642
	-	160,937,983
Less: Transfers to owned assets during the period / year	-	0
Depreciation during the period / year	22,304,154	27,023,284
	22,304,154	27,023,284
Book value at the end of the period / year	111,610,545	133,914,699

11 STOCK IN TRADE

Raw materials		
In hand	991,383,220	925,347,013
In transit	-	209,719,427
With third party	55,900,478	40,985,951
	1,047,283,698	1,176,052,391
Packing material		
In hand	338,842,992	277,093,218
In transit	-	10,033,774
With third party	8,679,833	8,006,406
	347,522,825	295,133,398
Work in process	149,904,942	125,940,489
Finished goods		
Trading-in hand	118,043,755	129,687,540
Trading-in transit	-	31,192,160
Manufactured	274,186,582	392,663,465
	392,230,337	553,543,165
Less: provision for slow moving and obsolete items 10.1	(50,073,333)	(44,658,867)
	1,886,868,469	2,106,010,576

11.1 Provision for slow moving and obsolete items

Opening provision	44,658,867	18,072,076
Charge for the period	40,000,647	41,314,367
Written off during the period	(34,586,181)	(14,727,576)
Closing provision	50,073,333	44,658,867

12 REVENUE - net

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2021	2020	2021	2020
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured products:				
Local	9,220,998,628	7,425,532,187	3,098,701,639	2,624,396,689
Export	436,360,018	440,535,049	144,416,529	213,666,501
	9,657,358,646	7,866,067,236	3,243,118,168	2,838,063,190
Toll manufacturing	278,848,910	239,886,251	92,928,975	97,945,425
	9,936,207,556	8,105,953,487	3,336,047,143	2,936,008,615
Less: Discount	304,678,139	171,838,520	107,745,149	78,252,896
Sales tax	51,987,362	34,883,343	18,724,637	15,393,752
	356,665,501	206,721,863	126,469,786	93,646,648
	9,579,542,055	7,899,231,624	3,209,577,357	2,842,361,967

13 COST OF REVENUE

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2021	2020	2021	2020
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured pharmaceutical products:				
Opening stock of finished goods	553,543,165	598,961,145	363,590,816	509,391,849
Cost of goods manufactured	3,415,643,479	3,093,778,201	1,169,297,870	1,061,193,018
	3,969,186,644	3,692,739,346	1,532,888,686	1,570,584,867
Closing stock of finished goods	(392,230,337)	(426,332,052)	(392,230,337)	(426,332,052)
Cost of sales - manufactured	3,576,956,307	3,266,407,294	1,140,658,349	1,144,252,815
Cost of sales - purchased products	1,253,432,238	779,941,906	473,891,531	297,224,063
	4,830,388,545	4,046,349,200	1,614,549,880	1,441,476,878

14 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

15 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2021	2020	2021	2020
	----- (Rupees) -----		----- (Rupees) -----	
15.1 Purchase of goods				
Route 2 health (Pvt) Ltd -Associate	581,099,038	358,407,641	219,842,743	93,482,499
Curexa Health (Pvt) Ltd -Subsidiary	457,175,268	289,932,101	199,769,817	147,571,535
15.2 Contribution towards employees' benefits fund:				
Staff provident fund	42,499,953	35,567,579	14,335,100	12,252,153
Employees' welfare trust	2,671,706	2,349,043	938,961	787,193
15.3 Remuneration				
Chief Executive Officer	23,731,621	19,152,881	7,664,450.00	3,226,340
Executives	386,875,428	313,709,776	136,817,891	94,281,713

15.4 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un Audited 30 September 2021	Audited 31 December 2020
		----- (Rupees) -----	
Route 2 health (Pvt) Ltd -associate	Creditor/Advances	10,827,931	-
Staff provident fund	Contribution payable	11,272,636	9,737,634
Employees' welfare trust	Contribution payable	845,724	751,613
Curexa Health Private Limited - subsidiary	Creditor/Advances	10,826,610	918,994

16 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated condensed interim financial statements for issuance on 22 October 2021.

17 GENERAL

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

17.1 Figures have been rounded off to the nearest rupee.

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

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Consolidated Condensed Interim Financial Statements

Highnoon Laboratories Limited and its subsidiary
Curexa Health (Private) Limited
for the Third Quarter ended 30 September 2021

Consolidated Condensed Interim Statement of Financial Position

	Un Audited 30 September 2021	Audited 31 December 2020
Note	----- (Rupees) -----	

EQUITY AND LIABILITIES

EQUITY

Share capital and reserves		
Authorized share capital		
50,000,000 (2020: 50,000,000) Ordinary shares of Rs. 10 each	500,000,000	500,000,000

Issued, subscribed and paid up share capital	380,764,390	346,149,450
Revenue reserves	4,511,499,969	3,785,508,559
Revaluation surplus on property, plant and equipment	449,522,742	460,509,721
Total Equity	5,341,787,101	4,592,167,730

Non-current liabilities

Long term loan - secured	6	121,732,148	175,437,704
Long term lease liabilities		121,325,270	129,565,599
Long term advances		39,836,501	35,514,216
Deferred liabilities		580,032,023	528,576,823
		862,925,942	869,094,342

Current liabilities

Trade and other payables		823,448,903	583,375,119
Unclaimed dividend		64,582,178	44,471,264
Mark up accrued		1,709,234	250,749
Short term borrowing		16,281,972	32,210,395
Current portion of long term liabilities	7	131,173,077	221,586,450
Provision for taxation - net		267,786,655	298,133,141
		1,304,982,019	1,180,027,118

Total Liabilities		2,167,907,961	2,049,121,460
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TOTAL EQUITY AND LIABILITIES		7,509,695,062	6,641,289,190
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CONTINGENCIES AND COMMITMENTS

8

The annexed notes from 1 to 16 form an integral part of these Un-audited Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 30 September 2021

	Un Audited 30 September 2021	Audited 31 December 2020
Note	----- (Rupees) -----	

ASSETS

Non-current assets

Property, plant and equipment	9	1,817,057,251	1,778,876,923
Intangible assets		557,452	922,162
Goodwill		834,230	834,230
Long term deposits		31,719,885	21,543,429
Long term advances		30,557,213	30,058,266
Deffered tax asset		39,163,490	28,902,300
		1,919,889,521	1,861,137,310

Current assets

Stock in trade	10	1,968,854,048	2,182,900,364
Trade debts		930,972,860	322,553,874
Advances		358,365,840	219,203,696
Trade deposits and short term prepayments		58,698,600	48,301,875
Other receivables		19,835,746	36,333,012
Short term investment		1,611,011,914	1,093,846,453
Tax refunds due from the Government		18,481,030	18,879,456
Cash and bank balances		623,585,503	858,133,150
		5,589,805,541	4,780,151,880

TOTAL ASSETS		7,509,695,062	6,641,289,190
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Ashfaq P. Alidina
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss (un-audited) For the Nine Months Ended 30 September 2021

Note	Nine Month Period Ended		Three Month Period Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	----- (Rupees) -----		----- (Rupees) -----	
Revenue from contract with customers- net	11	9,579,542,055	7,899,231,624	3,209,577,357
Cost of revenue	12	4,737,445,241	3,966,841,126	1,581,712,879
Gross profit		4,842,096,814	3,932,390,498	1,627,864,478
Distribution, selling and promotional expenses		2,588,825,376	2,084,852,251	893,916,452
Administrative and general expenses		440,113,807	345,914,144	173,778,677
Research and development expenses		6,692,184	4,792,497	2,087,777
Other operating expenses		152,665,328	127,963,697	40,354,752
		3,188,296,695	2,563,522,589	1,110,137,658
Operating profit		1,653,800,119	1,368,867,909	517,726,820
Other income		113,342,697	58,405,616	40,757,095
Finance costs		(21,540,625)	(17,167,600)	(3,054,170)
Profit before taxation		1,745,602,191	1,410,105,925	555,429,745
Taxation		(476,758,645)	(392,589,398)	(164,656,961)
Profit for the period		1,268,843,546	1,017,516,527	390,772,784
Earnings per share - basic and diluted		33.32	26.72	10.26

The annexed notes from 1 to 16 form an integral part of these Un-audited Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (un-audited) For the Nine Months Ended 30 September 2021

	Nine Month Period Ended		Three Month Period Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	----- (Rupees) -----		----- (Rupees) -----	
Profit after tax for the year	1,268,843,546	1,017,516,527	390,772,784	348,375,435
Total comprehensive income for the year	1,268,843,546	1,017,516,527	390,772,784	348,375,435

The annexed notes from 1 to 16 form an integral part of these Un-audited Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2021

	Nine Month Period Ended 30 September	
	2021	2020
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,745,602,191	1,410,105,925
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of fixed assets	141,546,237	96,169,143
Amortization of intangible assets	364,710	364,710
Gain on disposal of fixed assets	(9,641,239)	(14,676,991)
Exchange loss - net	2,251,101	10,285,824
Provision for slow moving and obsolete stocks	43,323,274	41,419,720
Provision for defined benefit obligation	57,369,228	60,028,038
Provision for Worker's Profit Participation Fund	95,142,464	68,590,411
Provision for Central Research Fund	18,838,909	15,097,271
Finance costs	21,540,625	10,807,943
	370,735,309	288,086,069
Profit before working capital changes	2,116,337,500	1,698,191,994
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	170,723,042	(136,814,523)
Trade debts	(610,670,087)	(347,576,539)
Advances	(139,162,144)	(30,991,164)
Trade deposits and short term prepayments	(10,396,725)	(17,536,493)
Other receivables	15,410,532	1,012,699
Tax refund due from government	398,426	(18,433,911)
Increase in current liabilities:		
Trade and other payables	146,623,307	182,891,866
	(427,073,649)	(367,448,065)
Cash generated from operations	1,689,263,851	1,330,743,929
Taxes paid	(504,986,809)	(213,983,119)
Gratuity paid	(13,381,456)	(20,895,649)
Finance cost paid	(20,082,140)	(12,763,643)
Workers' Profit Participation Fund paid	-	-
Central Research Fund paid	(21,726,281)	(14,852,488)
Net cash flows generated from operating activities	1,129,087,165	1,068,249,030

Consolidated Condensed Interim Statement of Cash Flows (un-audited) For the Nine Months Ended 30 September 2021

	Nine Month Period Ended 30 September	
	2021	2020
	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(200,759,324)	(331,519,956)
Additions in long term advances	(498,947)	(1,022,017)
Additions in short term investment	(517,165,461)	(640,924,753)
Additions in long term deposits-net	(10,176,456)	(360,808)
Proceeds from disposal of operating fixed assets	30,800,405	44,505,180
Net cash flows used in investing activities	(697,799,783)	(929,322,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(9,285,101)	(8,014,112)
Long term loan obtained/ (Re-paid)	(145,806,843)	195,065,381
Short term borrowings-net	(15,928,423)	(26,325,954)
Dividend paid	(499,113,261)	(389,899,040)
Long term advances	4,298,599	1,057,677
Net cash flows used in financing activities	(665,835,029)	(228,116,048)
Net increase/Decrease in cash and cash equivalents	(234,547,647)	(89,189,372)
Cash and cash equivalents at beginning of the period	858,133,150	859,029,312
Cash and cash equivalents at end of the period	623,585,503	769,839,940

The annexed notes from 1 to 16 form an integral part of these Un-audited Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

Selected Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For the Nine Months Ended 30 September 2021

1 THE COMPANY AND ITS OPERATIONS

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

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

The Subsidiary Company was incorporated with the principle object to carry on business as manufacturer, importer and dealers of all kinds of pharmaceutical.

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 2020. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2020, whereas the consolidated Statement of Profit or Loss, the consolidated Statement of Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the period ended 30 September 2020.

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 2020.

Consolidated Condensed Interim Statement of Changes in Equity (un-audited) For the Nine Months Ended 30 September 2021

	Share Capital	Capital Reserves Revaluation Surplus on PPE	General reserve	Revenue reserves Unappropriated Profit	Sub total	Total
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 September 2020	-	-	-	1,017,516,527	1,017,516,527	1,017,516,527
Other comprehensive loss	-	-	-	1,017,516,527	1,017,516,527	-
Total comprehensive income for the period	-	-	-	1,017,516,527	1,017,516,527	1,017,516,527
Surplus transferred to unappropriated profit	-	9,237,622	-	(9,237,622)	(9,237,622)	-
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-
Transaction with owners of the company, recognized directly in equity - Distributions	-	-	-	-	-	-
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 September 2020	346,149,440	365,573,739	114,000,000	3,230,573,390	3,344,573,390	4,056,296,569
Balance as at 01 January 2021	346,149,450	460,509,721	114,000,000	3,671,508,559	3,785,508,559	4,592,167,730
Total comprehensive income for the period	-	-	-	1,268,843,546	1,268,843,546	1,268,843,546
Surplus transferred to unappropriated profit	-	(10,986,979)	-	10,986,979	10,986,979	-
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-
Transaction with owners of the company, recognized directly in equity - Distributions	-	-	-	-	-	-
Issuance of bonus shares @ 10% for the year ended 31 December 2020	34,614,940	-	-	(34,614,940)	(34,614,940)	-
Final dividend @ Rs. 15 per share for the year ended 31 December 2020	-	-	-	(519,224,175)	(519,224,175)	(519,224,175)
Balance as at 30 September 2021	380,764,390	449,522,742	114,000,000	4,397,499,969	4,511,499,969	5,344,187,101

The annexed notes from 1 to 16 form an integral part of these Un-audited Condensed Interim Consolidated financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashtaq P. Alidina
Chief Financial Officer

4.1 Impact of Covid-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The National Command and Operation Centre (NCOC), the Government of Pakistan, has from time to time imposed temporary restrictions on movement of people and issued the standard operating procedures (SOPs) for businesses to control the spread of COVID-19. The Company followed the directives and SOPs issued by the NCOC, however, these does not have any negative impact on the Company as the manufacturing plant operations remained broadly unaffected. Accordingly, till date there has been no effects on Company's financial as well as operational results. The management is also not expecting any significant disruptions in the future. The management of the Company, however, continue to evaluate its effect till the date of authorization of these unconsolidated condensed interim financial statements.

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 2020.

6. LONG TERM LOAN

	Note	Un Audited 30 September 2021	Audited 31 December 2020
		----- (Rupees) -----	
SBP payroll refinancing	6.1 & 6.2	222,248,060	360,061,629
Term finance		-	-
Less: Current portion		(100,515,912)	(184,623,925)
		121,732,148	175,437,704

6.1 This represents loan of Rs. 361.46 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered 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. 429 million and is availed to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefits, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the Employees) for months of April to September 2020. It carries mark-up at 3% per annum and is secured against first pari passu equitable mortgage charge of Rs. 266.67 million on fixed assets of the parent including land, building, plant and machinery situated at 17.5KM, Multan Road, Mouza Kanjra, Lahore, exclusive charge of Rs. 533.34 million over the operating fixed assets of the Parent with 25% margin and first charge over land, building and plant and machinery of the Subsidiary amounting to Rs. 130 million with 20% margin. Further, the Group has also issued a demand Promissory note amounting to Rs. 342,092,236 in favour of bank. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of 3M KIBOR at respective draw down dates. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

6.2 This represents loan of Rs. 14.06 million obtained by Subsidiary Company under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) announced by State Bank of Pakistan to mitigate the

effect of COVID-19 on employment in Pakistan. It carries mark-up at 3% per annum. The principal is repayable in equal quarterly installments after grace period till 31-Dec-2020. The three tranches of loan were initially recognized at amortized cost using effective interest rate of 13.38%, 10.33% and 9.33% (1-month KIBOR plus 200 basis points) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

These Loans (6.3) have been secured against:

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

	Note	Un Audited 30 September 2021	Audited 31 December 2020
		----- (Rupees) -----	
7 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term liabilities		16,853,888	17,898,658
Long term advances		9,197,941	9,221,627
Long term loan		100,515,912	184,623,925
Deferred grant		4,605,336	9,842,240
		131,173,077	221,586,450

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no significant change in the contingencies since the date of preceding published consolidated annual audited financial statements for the year ended December 31, 2020.

8.2 Commitments

Commitments against irrevocable letters of credit include:

Raw materials	701,770,227	452,162,145
Packing materials	113,509,920	82,632,094
Finished goods	22,117,536	10,101,258
	837,397,683	544,895,497

Commitments against irrevocable letters of credit include:

Not later than one year	178,512	1,268,633
Later than one year but not later than five years	-	44,628
	178,512	1,313,261

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:			
Owned	(9.1)	1,692,021,455	1,556,392,096
Right of use assets (RoU)	(9.2)	111,610,545	133,914,700
Capital work-in-progress		13,425,251	88,570,127
		1,817,057,251	1,778,876,923

9.1 Operating fixed assets (owned)

Opening book value		1,556,392,095	1,188,571,084
Add: Additions during the period / year - cost	(9.1.1)	275,904,200	404,889,513
Revaluation adjustment for the year		-	306,369,279
		275,904,200	711,258,792
Less: Disposals during the period / year-Net book value		21,159,166	133,969,530
Depreciation during the period / year		119,115,676	209,468,250
		140,274,842	343,437,780
Book value at the end of the period / year		1,692,021,450	1,556,392,095

9.1.1 Additions during the period / year - cost	Note	Un Audited 30 September 2021	Audited 31 December 2020
		(Rupees)	
Building on free hold land		33,412,745	1,389,425
Plant and machinery		91,634,334	249,504,321
Laboratory equipment		24,785,167	38,096,923
Furniture and fixtures		18,401,077	1,066,028
Electric and gas appliances		11,439,916	3,698,900
Office equipment		48,712,847	15,508,416
Vehicles		47,518,113	95,625,500
		275,904,199	404,889,513

9.1.2 Disposals during the period / year

Land - freehold	-	9,900,000
Plant and machinery	-	33,695,663
Laboratory equipment	-	9,980,360
Office equipment	-	15,102,488
Vehicles	21,159,166	65,291,019

9.2 Right of use assets

Opening book value	133,914,699	67,870,341
Add: Additions during the period / year - cost	-	93,067,642
	133,914,699	160,937,983
Less: Transfers to owned assets during the period / year	-	-
Depreciation during the period / year	22,304,154	27,023,283
	22,304,154	27,023,283
Book value at the end of the period / year	111,610,545	133,914,700

10 STOCK IN TRADE

Raw materials		
In hand	1,031,897,118	967,435,860
In transit	-	211,553,806
With third party	55,900,478	40,985,951
	1,087,797,596	1,219,975,617
Packing material		
In hand	379,941,382	312,307,209
In transit	-	10,033,774
With third party	8,679,833	8,006,406
	388,621,215	330,347,389
Work in process	151,377,432	148,824,622
Finished goods		
Trading-in hand	120,296,038	131,479,668
Trading-in transit	4,681,081	31,192,160
Manufactured	274,186,582	370,449,711
	399,163,701	533,121,539
Less: provision for slow moving and obsolete items 10.1	(58,105,896)	(49,368,803)
	1,968,854,048	2,182,900,364

10.1 Provision for slow moving and obsolete items

Opening provision	49,368,803	19,200,772
Charge for the period / year	43,323,274	45,873,380
Written off during the period / year	(34,586,181)	(15,705,349)
Closing provision	58,105,896	49,368,803

11 REVENUE - net

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Manufactured products:				
Local	9,220,998,628	7,425,532,187	3,098,701,639	2,624,396,689
Export	436,360,018	440,535,049	144,416,529	213,666,501
	9,657,358,646	7,866,067,236	3,243,118,168	2,838,063,190
Toll manufacturing	278,848,910	239,886,251	92,928,975	98,310,504
	9,936,207,556	8,105,953,487	3,336,047,143	2,936,373,694
Less: Discount	304,678,139	171,838,520	107,745,149	78,252,896
Sales tax	51,987,362	34,883,343	18,724,637	15,758,831
	356,665,501	206,721,863	126,469,786	94,011,727
	9,579,542,055	7,899,231,624	3,209,577,357	2,842,361,967

12 COST OF REVENUE

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Manufactured pharmaceutical products:				
Opening stock of finished goods	553,543,165	598,961,145	354,148,916	503,819,416
Cost of goods manufactured	3,774,930,347	3,311,791,283	1,298,557,909	1,170,641,066
	4,328,473,512	3,910,752,428	1,652,706,825	1,674,460,482
Closing stock of finished goods	(377,962,699)	(417,534,472)	(377,962,699)	(417,534,472)
Cost of sales - manufactured	3,950,510,813	3,493,217,956	1,274,744,126	1,256,926,010
Cost of sales - purchased products	786,934,428	473,623,170	306,968,753	143,591,488
	4,737,445,241	3,966,841,126	1,581,712,879	1,400,517,498

13 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

14 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2021	2020	2021	2020
	----- (Rupees) -----		----- (Rupees) -----	
14.1 Purchase of goods				
Route 2 health (Pvt) Ltd -Associate	581,099,038	358,407,641	219,842,743	93,482,499
14.2 Contribution towards employees' benefits fund:				
Staff provident fund	44,769,971	30,568,080	15,144,301	10,364,638
Employees' welfare trust	2,671,706	2,042,250	938,961	682,500
14.3 Remuneration				
Chief Executive Officer	23,731,621	19,152,881	7,664,450	3,226,340
Directors	10,015,459	7,232,466	430,516	2,556,233
Executives	386,875,428	325,927,260	136,817,891	106,499,197

Relationship with the Company	Nature of balance	Un Audited 30 September 2021	Audited 31 December 2020
		----- (Rupees) -----	
Route 2 health (Pvt) Ltd -associate	Advances/ Creditors	10,827,931	-
Staff provident fund	Contribution payable	11,904,725	10,565,972
Employees' welfare trust	Contribution payable	845,724	751,613

15 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these un-audited consolidated condensed interim financial statements for issuance on 22 October 2021.

16 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.

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

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashfaq P. Alidina
Chief Financial Officer

BOOK POST



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Un-Consolidated Condensed Interim Statement of Changes in Equity (un-audited)

For the Nine Months Ended 30 September 2021

Statement of Financial Position as at 30 September 2021						
	Share Capital	Capital Reserves Revaluation Surplus	Revenue reserves		Sub total	Total
			General reserve	Unappropriated profit		
(Rupees)						
Balance as at 01 January 2020	314,681,320	356,336,117	114,000,000	2,656,544,138	2,770,544,138	3,441,561,575
Total Comprehensive Income for the period	-	-	-	977,927,461	977,927,461	977,927,461
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	(9,237,622)	-	9,237,622	9,237,622	-
Transaction with owners of the company, recognized directly in equity - Distributions						
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 September 2020	346,149,450	347,098,495	114,000,000	3,203,155,375	3,317,155,375	4,010,403,320
Balance as at 01 January 2021	346,149,450	413,928,517	114,000,000	3,612,120,784	3,726,120,784	4,486,198,751
Effect of change in accounting policy as stated in note - 6	-	-	-	-	-	-
Balance as at 01 January 2018	346,149,450	413,928,517	114,000,000	3,612,120,784	3,726,120,784	4,486,198,751
Profit for the period ended 30 June 2020	-	-	-	1,227,131,673	1,227,131,673	1,227,131,673
Other comprehensive income	-	-	-	-	-	-
Profit for the period ended 30 September 2021	-	-	-	1,227,131,673	1,227,131,673	1,227,131,673
Other comprehensive income	-	-	-	-	-	-
Surplus transferred to unappropriated profit						
"On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax"	-	(9,237,622)	-	9,237,622	9,237,622	-
Transaction with owners of the company, recognized directly in equity - Distributions						
Issuance of bonus shares @ 10% for the year ended 31 December 2020	34,614,940	-	-	(34,614,940)	(34,614,940)	-
Final dividend @ Rs. 15 per share for the year ended 31 December 2020	-	-	-	(519,224,175)	(519,224,175)	(519,224,175)
Balance as at 30 September 2021	380,764,390	404,690,895	114,000,000	4,294,650,964	4,408,650,964	5,194,106,249

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Ashtaq P. Altidina
Chief Financial Officer