



**Highnoon**

# Rising Highnoon

Geared For Another Leap

---

**Un-audited Financial Statements  
For the First Quarter Ended March 31, 2022**



# CONTENTS

Company Information	3
Directors' Report	4-5
<b>Condensed Interim Un-consolidated Financial Statements</b>	<b>7</b>
- Statement of Financial Position	8-9
- Statement of Profit or Loss	10
- Statement of Comprehensive Income	11
- Statement of Cash Flows	12
- Statement of Changes in Equity	14
- Selected Notes to the un-consolidated Financial Statements	15
<b>Condensed Interim Consolidated Financial Statements</b>	<b>25</b>
- Consolidated Statement of Financial Position	26
- Consolidated Statement of Profit or Loss	28
- Consolidated Statement of Comprehensive Income	29
- Consolidated Statement of Cash Flows	30
- Consolidated Statement of Changes in Equity	32
- Selected Notes to the Consolidated Financial Statements	33



The name Highnoon, exemplifies the purpose to enrich life with perseverance, passion, integrity and reliability.

As a foundation stone of our corporate identity, our logo is the symbolic reflection of our values. On the imagery and 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 belonging in all of us.

**Dr. Adeel Abbas**  
Chief Executive Officer

## COMPANY INFORMATION

### Board of Directors

Mr. Tausif Ahmad Khan  
Chairman

Dr. Adeel Abbas Haideri  
Chief Executive Officer

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

### 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

Mrs. Zainub Abbas  
Member

Mr. Ghulam Hussain Khan  
Member

### Human Resource and Remuneration Committee

Mrs. Nael Najam  
Chairperson

Mrs. Zainub Abbas  
Member

Dr. Adeel Abbas Haideri  
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  
Chief Commercial Officer

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  
Chief Commercial Officer

## DIRECTORS' REPORT TO THE SHAREHOLDERS

It is our pleasure to present the un-audited condensed interim financial statements of your Company and the Group for the three months ended March 31, 2022.

Your Company generated net sales revenue of Rs. 3,756 million during the period under review compared to Rs. 3,117 million in the same period last year (SPLY) registering a growth of 20.5%. Gross margin improved from 49 % to 50% due to a substantial volumetric growth in sales, improved productivity and unwavering emphasis on improved supply chain practices. Distribution and sales promotion expenses increased by 24% over last year primarily due to new product launches, increased personnel costs and renewed promotional focus on our core brands. A well directed financial discipline ensured that your Company does not go overboard with administrative expenses. A vigorous topline growth and effective resource management culminated into a profit after tax of Rs. 534 million, an increase of 30% over SPLY.

The Group gross margin stayed steady amongst dollar volatility and other operational challenges mainly on account of robust cost monitoring and control and improved sales mix adopted by the Company. Manufacturing overheads and administrative expenses of the Subsidiary Company remained within limits. The Group profit after tax stood at Rs. 538 million compared to Rs. 427 million during the SPLY registering a 26% increase.

We are committed to deliver in line with our existing momentum in the coming months. We are looking forward towards positive acceleration for achieving our corporate targets through perpetual system improvements, supply chain diversifications, optimum financial management and patient driven product innovation.

On behalf of the Board, we would like to express our sincere gratitude to our Shareholders, Pharmacists, Consumers and all Business Partners for their continued patronage. Special gratitude to all our employees and management as well for their unequivocal endeavors to post a very satisfactory first quarter performance.

For & On behalf of the Board



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director

Lahore: April 18, 2022

## ڈائریکٹر ز رپورٹ

آپ کی کمپنی اور گروپ کی 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے غیر پڑتا مل شدہ مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے ہمیں خوشی محسوس ہو رہی ہے۔

آپ کی کمپنی نے زیر جائزہ مدت کے دوران 3,756 ملین روپے کی خالص آمدن فروخت حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص آمدن فروخت 3,117 ملین روپے تھی جو کہ 20.5 فیصد کا اضافہ ظاہر کرتی ہے۔ مجموعی مارجن 49 فیصد سے 50 فیصد تک بہتر ہوا جس کی وجہ فروخت میں خاطر خواہ حجمی نمو، پیداواری مراحل میں بہتری اور خام مال کی خریداری پر مسلسل کڑی توجہ ہے۔ مصنوعات کی مال برداری اور فروخت کے فروغ کے اخراجات میں گزشتہ سال کے مقابلے میں 24 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ نئی مصنوعات کا متعارف کروانا، عملے کے بڑھتے ہوئے اخراجات اور ہماری بنیادی ادویات کی فروخت کو بڑھانے پر لگاتار توجہ ہے۔ کمپنی کلارڈر دست مالیاتی نظم و ضبط اس بات کو یقینی بناتا ہے کہ آپ کی کمپنی انتظامی اخراجات مناسب حد میں رہیں۔ آمدن فروخت میں زبردست نمو اور وسائل کے موثر استعمال کی وجہ سے اس سہ ماہی میں 534 ملین روپے کا بعد از ٹیکس منافع حاصل ہوا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 30 فیصد کا اضافہ ظاہر کرتا ہے۔

گروپ کا مجموعی منافع ڈالر کے اتار چڑھاؤ اور دیگر پیداواری مشکلات کے باوجود لاگت کی کڑی نگرانی اور فروخت میں مختلف ادویات کے بہتر تناسب کی وجہ سے مضکم رہا۔ ماتحت کمپنی کے پیداواری اور انتظامی اخراجات مقررہ حد کے اندر رہے۔ گروپ کا بعد از ٹیکس منافع 538 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 427 ملین تھا، جو کہ 26 فیصد کا اضافہ ظاہر کرتا ہے۔

ہم آئندہ مہینوں میں اپنی کارکردگی کی موجودہ رفتار قرار رکھنے کے لیے پر عزم ہیں۔ ہم نظام میں لگاتار بہتری، خام مال کی خرید میں تنوع، بہترین مالیاتی انتظام اور مصیبتوں کی ضرورت کے مطابق مصنوعات میں جدت لانا کمپنی کے اہداف کو حاصل کرنے کی رفتار میں بہتری کی توقع رکھتے ہیں۔

ہم اپنے حصص یافتگان، ماہرین طب، صارفین اور تمام کاروباری شراکت داروں کی مسلسل سرپرستی کا پورے ذہنی جانب سے تہہ دل سے شکریہ ادا کرنا چاہتے ہیں۔ پہلی سہ ماہی کی انتہائی تسلی بخش کارکردگی حاصل کرنے پر اپنے تمام ملازمین اور انتظامیہ کی پر عزم کوششوں کا خصوصی شکریہ ادا کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز



توفیق احمد خان  
ڈائریکٹر



ڈاکٹر عبدیل عباس حیدری  
چیف ایگزیکٹو آفیسر

لاہور: اپریل 18، 2022



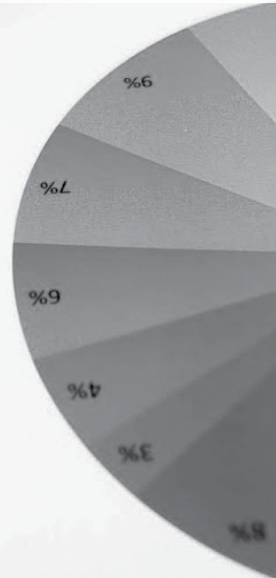


## Condensed Interim Un-Consolidated Financial Statements

Highnoon Laboratories Limited  
for the First Quarter ended March 31, 2022

### Summary Of Sales (Percent)

Product Type 1	17%
Product Type 2	6%
Product Type 3	8%
Product Type 4	3%
Product Type 5	4%
Product Type 6	6%
Product Type 7	7%
Product Type 8	9%
Product Type 9	11%
Product Type 10	14%
Product Type 11	6%
Product Type 12	6%



## Condensed Interim Un-Consolidated Statement of Financial Position (Un Audited)

	Un Audited March 31 2022	Audited December 31 2021
Note	----- (Rupees) -----	
EQUITY AND LIABILITIES		
EQUITY		
Share capital and reserves		
Authorized share capital		
50,000,000 (2021: 50,000,000) Ordinary shares of Rs.10 each	500,000,000	500,000,000
Share capital		
Issued, subscribed and paid up share capital	380,764,390	380,764,390
Capital reserve		
Revaluation surplus on operating fixed assets	391,326,324	391,326,324
Revenue reserves	5,524,231,890	4,990,531,928
Total Equity	6,296,322,604	5,762,622,642
LIABILITIES		
Non-current liabilities		
Lease liabilities	119,757,647	119,757,647
Long-term advances	11,781,573	10,240,467
Long-term loan - secured	-	-
Deferred liabilities	555,405,122	546,646,832
	686,944,342	676,644,946
Current liabilities		
Trade and other payables	715,433,396	976,842,403
Contract liabilities	34,248,835	33,248,835
Unclaimed dividend	64,336,749	64,336,749
Current portion of long-term liabilities	195,269,049	230,887,155
Provision for taxation - net	196,933,836	295,490,567
	1,206,221,865	1,600,805,709
Total liabilities	1,893,166,207	2,277,450,655
TOTAL EQUITY AND LIABILITIES	8,189,488,811	8,040,073,297

### CONTINGENCIES AND COMMITMENTS

6

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.

  
Dr. Adeel Abbas Haideri  
Chief Executive Officer

  
Taufiq Ahmed Khan  
Director

## As at March 31, 2022

		Un Audited March 31 2022	Audited December 31 2021
Note		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,521,069,932	1,516,180,602
Intangible assets		20,659,275	21,189,000
Long-term investment		200,000,000	200,000,000
Long-term deposits		11,443,429	11,443,429
Long-term advances		34,787,298	34,787,298
Deferred tax assets		49,319,243	53,586,728
		1,837,279,177	1,837,187,057
Current assets			
Stock in trade	8	2,268,338,301	2,315,936,343
Trade receivables	9	911,323,706	582,342,125
Advances		314,400,434	316,746,105
Trade deposits and prepayments		25,558,858	50,014,922
Other receivables		23,595,178	26,860,159
Loan to subsidiary		10,000,000	10,000,000
Short-term investment	10	2,206,263,749	2,059,740,193
Tax refunds due from the Government		57,123,456	29,197,207
Cash and bank balances	11	535,605,952	812,049,186
		6,352,209,634	6,202,886,240
TOTAL ASSETS		8,189,488,811	8,040,073,297



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Profit or Loss (Un Audited)

For the Period Ended March 31, 2022

	Note	Un Audited First Quarter Ended March 31	
		2022	2021
		------(Rupees)-----	
Revenue from contracts with customers - net	12	3,756,034,367	3,117,086,155
Cost of sales	13	(1,875,058,779)	(1,592,757,867)
<b>Gross profit</b>		<b>1,880,975,588</b>	<b>1,524,328,288</b>
Distribution, selling and promotional expenses		(1,005,043,051)	(810,311,475)
Administrative and general expenses		(139,993,968)	(123,568,962)
Research and development expenses		(2,814,662)	(2,033,726)
Other operating expenses		(61,320,811)	(50,488,296)
		(1,209,172,492)	(986,402,459)
<b>Operating profit</b>		<b>671,803,096</b>	<b>537,925,829</b>
Other income		58,150,106	30,562,632
Finance costs		(1,342,199)	(7,424,374)
<b>Profit before taxation</b>		<b>728,611,003</b>	<b>561,064,087</b>
Taxation		(194,911,041)	(152,040,502)
<b>Profit for the year</b>		<b>533,699,962</b>	<b>409,023,585</b>
		Restated	
<b>Earnings per share - basic and diluted</b>		<b>14.02</b>	<b>10.74</b>

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Comprehensive Income (Un Audited)

For the Period Ended March 31, 2022

	Un Audited First Quarter Ended March 31	
	2022	2021
	------(Rupees)-----	
Profit for the year	533,699,962	409,023,585
Other comprehensive income		
Other comprehensive income not to be reclassified to unconsolidated profit or loss in subsequent periods:		
Revaluation surplus on property, plant and equipment - net of tax	-	-
Experience adjustments on defined benefit plan	-	-
Related deferred tax	-	-
	-	-
<b>Total comprehensive income for the year</b>	<b>533,699,962</b>	<b>409,023,585</b>

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended March 31, 2022

	First Quarter Ended March 31	
	2022	2021
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	728,611,003	561,064,087
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of operating fixed assets	35,090,543	37,456,957
Provision for Workers' Profit Participation Fund	38,325,507	17,129,108
Provision for defined benefit obligation	11,110,415	20,558,141
Finance costs	1,342,199	7,424,374
Provision for Central Research Fund	7,665,101	5,971,886
Exchange (gain) / loss - net	(1,756,433)	3,010,264
Gain on disposal of operating fixed assets	-	(4,820,553)
Un-realized gain on remeasurement of short-term investments	(7,038,059)	-
Return on deposits	(4,536,729)	-
Dividend Income on short-term investment	(46,523,555)	-
	33,678,989	86,730,177
Profit before working capital changes	762,289,992	647,794,264
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
Stock in trade	47,598,042	186,729,195
Trade debtors	(448,981,581)	(421,188,234)
Advances	2,345,671	(104,037,304)
Trade deposits and short-term prepayments	24,456,064	2,549,525
Other receivables	3,264,981	(2,711,125)
Tax refund due from the Government	(27,926,249)	948,470
<b>(Decrease) / increase in current liabilities:</b>		
Trade and other payables	(332,439,949)	247,402,127
Contract liabilities	1,000,000	-
	(730,683,020)	(90,307,346)
<b>Cash generated from operations</b>	31,606,972	557,486,918
Income tax paid	(179,436,508)	(106,235,375)
Workers' Welfare Fund paid	-	-
Gratuity paid	(2,352,125)	(2,379,152)
Finance cost paid	(1,342,199)	(5,266,838)
Long-term advances - net	11,576,859	-
<b>Net cash flows from operating activities</b>	<b>(139,947,001)</b>	<b>443,605,553</b>

## Condensed Interim Un-Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended March 31, 2022

	First Quarter Ended March 31	
	2022	2021
	------(Rupees)-----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(76,349,380)
Additions in long-term advances	-	(5,962,978)
Decrease / (Increase) in long-term deposits	-	(6,251,640)
Addition in short-term investment	(139,485,497)	(285,236,527)
Return on deposits	4,536,729	-
Dividend Income on short-term investment	46,523,555	-
Proceeds from disposal of operating fixed assets	-	18,620,511
Net cash flows used in investing activities	(88,425,213)	(355,180,014)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities- net	(5,300,321)	(5,028,783)
Repayment of long-term loan	(42,926,941)	(41,274,138)
Long-term Advances-Net	-	(2,062,639)
Dividend paid	(175,739)	(90,348)
Net cash flows used in financing activities	(48,403,001)	(48,455,908)
Net foreign exchange difference	331,981	-
Net decrease in cash and bank balances	(276,867,130)	39,969,631
Cash and bank balances at beginning of the year	812,049,186	823,197,491
Cash and bank balances at end of the year	535,605,952	863,167,122

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
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 Period Ended March 31, 2022

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at 1st Jan 2021	346,149,450	413,928,517	114,000,000	3,612,120,784	3,726,120,784	4,486,198,751
Total comprehensive income for the period ended 31 March 2021	-	-	-	409,023,585	409,023,585	409,023,585
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(3,536,390)	-	3,536,390	3,536,390	-
Balance as at 31 March 2021	346,149,450	410,392,127	114,000,000	4,024,680,759	4,138,680,759	4,895,222,336
Balance as at 1st Jan 2022	380,764,390	391,326,324	114,000,000	4,876,531,928	4,990,531,928	5,762,622,642
Total comprehensive income for the period ended 31 March 2022	-	-	-	533,699,962	533,699,962	533,699,962
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax						
Balance as at 31 March 2022	380,764,390	391,326,324	114,000,000	5,410,231,890	5,524,231,890	6,296,322,604

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Aldina  
Chief Financial Officer



## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

### 1. CORPORATE INFORMATION

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.

#### 1.1 Geographical location and addresses of major business units of the Company are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, Lahore
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.

### 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

#### 2.1 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. These accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act and Islamic Financial Accounting Standard (IFAS) as issued by ICAP; and
- Provision and directives issued under the Act.

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.

#### 2.2 Impact of COVID - 19 on the financial statements

The coronavirus outbreak situation, during the period, was evolving in the country. Up to the date of these financial statements, the outbreak has not had a material adverse impact on the financial results of the Company. Presently, healthcare businesses have been allowed to continue their operations by both provincial and federal governments in order to ensure availability of our products in the market.

#### 2.3 Basis of preparation

This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December, 2021. This condensed interim financial information has been prepared under the historical cost convention, except for revaluation of property, plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2021.

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 31 December 2021.

### 2.4 Functional and presentation currency

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

	Un Audited March 31 2022	Audited December 31 2021
	------(Rupees)-----	
<b>3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
5,905,000 (2021: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
95,000 (2021: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
32,076,439 (2021: 32,076,439) ordinary shares of Rs. 10 each issued as bonus shares	320,764,390	320,764,390
	380,764,390	380,764,390

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

**3.2** Reconciliation of issued, subscribed and paid-up share capital

	Un-Audited March 31, 2022	Audited December 31, 2021	Un-Audited March 31, 2022	Audited December 31, 2021
	Number	Number	Rupees	Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January, 2022	34,614,945	34,614,945	346,149,450	346,149,450
Issuance of bonus shares of Rs. 10 each	3,461,494	3,461,494	34,614,940	34,614,940
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 March, 2022	38,076,439	38,076,439	380,764,390	380,764,390

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

	Un Audited March 31 2022	Audited December 31 2021
	------(Rupees)-----	
<b>4. LONG-TERM LOAN - SECURED</b>		
Long-term loan	164,758,957	164,758,957
Less: Current portion of Long-term loan	(164,758,957)	(164,758,957)
	-	-
<b>4.1 The movement of Long-term loan is as follows;</b>		
Opening balance as at 01 January	164,758,957	323,828,530.00
Addition during the year		
Loan obtained	-	-
Less: deferred grant	-	-
Unwinding of loan	2,273,082	15,720,381
Payment during the year	(42,926,941)	(174,789,954)
Closing balance as at 31 March, 2022	124,105,098	164,758,957

- 4.1.1** 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 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 SBP rate plus 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 the effective interest rate of 3 Months 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

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Repayment Date	Ending Date
Habib Bank Limited	8	Quarterly	41,666,667	1 January 2021	1 October 2022

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

	Un Audited March 31 2022	Audited December 31 2021
	------(Rupees)-----	
<b>5. CURRENT PORTION OF LONG-TERM LIABILITIES</b>		
Lease liabilities	29,747,708	29,747,708
Long-term advances	38,497,724	33,461,971
Long-term loan - secured	124,105,098	164,758,957
Deferred grant	2,918,519	2,918,519
	<b>195,269,049</b>	<b>230,887,155</b>

### 6. CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

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

#### 6.2 Commitments

The Company has following commitments against;

Bank and Letter of contracts	580,350,000	958,374,672
Capital expenditure	291,770,000	111,100,000
	<b>872,120,000</b>	<b>1,069,474,672</b>

- 6.3** The Company has given the post dated cheques of Rs. 16 million to Total Parco Pakistan Limited as a security against fuel cards provided to employees. As mentioned in note 4.1.1, the Company has also issued a demand promisory note of Rs. 342 million in the favour of bank as a security against long term loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme).

	Un Audited March 31 2022	Audited December 31 2021
	------(Rupees)-----	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	1,346,039,122	1,376,185,167
Right of use assets	125,281,942	126,628,439
Capital work in progress	49,748,868	13,366,996
	<b>1,521,069,932</b>	<b>1,516,180,602</b>

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

7.1	Un-audited Quarter Ended March 31		
	Operating fixed assets	Right of use assets	Capital work in progress
	------(Rupees)-----		
Opening	1,376,185,167	126,628,439	13,366,996
Additions	-	-	36,381,872
Transfers/Disposals	3,598,001	-	-
Deprciation for the Period	(33,744,046)	(1,346,497)	-
	1,346,039,122	125,281,942	49,748,868

	Un Audited March 31 2022	Audited December 31 2021
	------(Rupees)-----	
8. STOCK IN TRADE		
Raw materials		
In hand	1,392,853,604	1,082,881,247
In transit	85,690,504	162,249,057
With third party	1,936,961	84,793,190
	1,480,481,069	1,329,923,494
Packing material		
In hand	378,559,515	330,609,389
In transit	9,260,051	12,959,510.00
With third party	-	7,050,343
	387,819,566	350,619,242
Work in progress	153,987,003	237,040,152
Finished goods		
Trading - in hand	135,871,543	136,804,857
Trading - in transit	-	4,081,795
Manufactured	138,346,289	285,673,971
	274,217,832	426,560,623
Less: Provision for slow moving and obsolete items	(28,167,169)	(28,207,168)
	2,268,338,301	2,315,936,343

9. TRADE RECEIVABLES		
Foreign	125,560,340	86,675,859
Local	808,686,173	518,039,073
	934,246,513	604,714,932
Less: allowance for expected credit losses	(22,922,807)	(22,372,807)
	911,323,706	582,342,125

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

### 9.1 Allowance for expected credit losses:

Opening balance	22,372,807	17,295,078
Charged during the year	-	10,582,999
Written off during the year	550,000	(5,505,270)
	22,922,807	22,372,807

### 10. SHORT-TERM INVESTMENT

Investments at fair value through profit or loss

Mutual Funds	2,206,263,749	2,059,740,193
--------------	---------------	---------------

Un Audited  
March 31  
2022

Audited  
December 31  
2021

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

### 11. CASH AND BANK BALANCES

Cash and imprest	1,975,428	1,989,458
Balance with banks	10,030	
Current accounts		
-Local currency	146,641,968	182,281,706
-Foreign currency	10,547,630	12,234,160
Saving accounts	321,440,926	520,543,862
Term deposit receipts	55,000,000	95,000,000
	533,630,524	810,059,728
	535,605,952	812,049,186

11.1 These represents saving accounts which carries profit at the rate of ranging from 7.26% - 8.26% (2021: 5.26% - 7.26%).

11.2 These represents investments in term deposit receipts. They carry profit at the rate of ranging from 5% - 10.5% (2021: 5% - 10%).

Un Audited

First Quarter Ended March 31

Note

2022

2021

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

### 12. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET

Local sales	3,775,720,880	2,964,654,996
Export sales	119,449,449	166,425,494
	3,895,170,329	3,131,080,490

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

Toll manufacturing	103,755,226	86,786,307
	3,998,925,555	3,217,866,797
Less:		
Sales Return/Discount	(242,891,188)	(100,780,642)
	3,756,034,367	3,117,086,155

	Un Audited	
	First Quarter Ended March 31	
	2022	2021
	----- (Rupees) -----	
<b>13. COST OF SALES</b>		
Opening	663,600,775	598,961,145
Cost of Goods Manufactured	1,242,488,262	1,022,230,804
	1,906,089,037	1,621,191,949
Purchases	397,174,577	451,815,575
Closing	(428,204,835)	-480,249,657
Cost of Sales Manufactured	1,875,058,779	1,592,757,867

### 14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### 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 2021.

#### 14.1 Fair values of financial assets and liabilities

Fair value of financial assets measured at fair value through unconsolidated statement of profit or loss is derived from quoted market prices in active markets, if available.

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.

#### 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

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited) For the Period Ended March 31, 2022

As at 31 March 2022, the Company held the following financial instruments carried at fair value on the statement of financial position:

Un-Audited March 31, 2022	Level 1	Level 2	Level 3
----- (Rupees) -----			

### 14.1.2 Financial Assets measured at fair value

#### Fair Value Through Profit & Loss

Investments in Mutual Funds 2,206,263,749

Un-Audited March 31, 2022		
AT FVTPL	Amortized cost	Total
----- (Rupees) -----		

### 15. FINANCIAL INSTRUMENTS BY CATEGORIES

Assets as per statement of financial position:

Long-term Investment	-	200,000,000	200,000,000
Long-term deposits	-	11,443,429	11,443,429
Advances	-	53,706,511	53,706,511
Trade debts	-	911,323,706	911,323,706
Advances	-	-	-
Trade deposits	-	18,037,858	18,037,858
Other receivables	-	23,595,178	23,595,178
Cash and short-term deposits	-	535,605,952	535,605,952
Short-term Investments	2,206,263,749	-	2,206,263,749
	2,206,263,749	1,753,712,634	3,959,976,383



## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

Audited December 31, 2021		
AT FVTPL	Amortized cost	Total

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

Assets as per statement of financial position:

Long-term Investment	-	200,000,000	200,000,000
Long-term deposits	-	11,443,429	11,443,429
Advances	-	55,184,494	55,184,494
Trade debts	-	582,342,125	582,342,125
Trade deposits	-	27,735,434	27,735,434
Other receivables	-	36,524,948	27,735,434
Cash and short-term deposits	-	812,049,186	36,524,948
Short-term Investments	2,059,740,193	-	2,871,789,379
	2,059,740,193	1,725,279,616	3,812,755,243

Un Audited  
March 31  
2022

Audited  
December 31  
2021

Financial Liabilities at  
amortized cost

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

Liabilities as per statement of financial position:

Lease liabilities	149,505,355	149,505,355
Markup accrued on secured loans	-	-
Long-term Loan	124,105,098	164,758,957
Unclaimed dividend	64,336,749	64,336,749
Trade and other payables	679,767,387	931,622,599
	1,017,714,589	1,310,223,660

### 16. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel. The Company carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the of unconsolidated financial statements. Other significant transactions with related parties are as follows:

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

			Un Audited	
			First Quarter Ended March 31	
			2022	2021
------(Rupees)-----				
Undertaking	Relation	Nature of transaction		
Route 2 health (Pvt) Ltd	Associate	Purchases	125,471,227	191,142,382
Curexa Health (Pvt) Ltd	Subsidiary	Purchases	170,581,519	126,360,082
Curexa Health (Pvt) Ltd	Subsidiary	Interest on loan to subsidiary	205,611	209,666
Staff provident fund	Staff retirement benefits	Contribution	16,996,573	13,993,902
Employees' Welfare Trust	Staff welfare benefits	Contribution	1,009,655	858,019

### 17. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated Interim Condensed financial statements for issuance on April 18, 2022.

### 18. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However no significant rearrangement / reclassification have been made in these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
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 First Quarter ended March 31, 2022



## Condensed Interim Consolidated Statement of Financial Position

	Un Audited March 31 2022	Audited December 31 2021
Note	----- (Rupees) -----	
EQUITY AND LIABILITIES		
EQUITY		
Share capital and reserves		
Authorized share capital		
50,000,000 (2021: 50,000,000) Ordinary		
shares of Rs.10 each		
	500,000,000	500,000,000
Share capital		
3		
Issued, subscribed and paid up share capital	380,764,390	380,764,390
Capital reserve		
Revaluation surplus on operating fixed assets	436,249,408	436,249,408
Revenue reserves	5,638,293,730	5,099,966,603
Total Equity	6,455,307,528	5,916,980,401
LIABILITIES		
Non-current liabilities		
Lease liabilities	119,757,647	119,757,647
Long-term advances	11,781,573	10,240,467
Long-term loan - secured	-	-
Deferred liabilities	572,822,321	546,646,832
	704,361,541	676,644,946
Current liabilities		
Trade and other payables	778,087,729	997,463,724
Contract liabilities	34,248,835	33,248,835
Unclaimed dividend	64,336,749	64,336,749
Markup accrued	1,479,098	649,155
Short term borrowings	31,958,179	46,616,000
Current portion of long-term liabilities	206,064,092	245,186,934
Provision for taxation - net	196,933,836	296,560,291
	1,313,108,518	1,684,061,688
Total liabilities	2,017,470,059	2,360,706,634
TOTAL EQUITY AND LIABILITIES	8,472,777,587	8,277,687,035
CONTINGENCIES AND COMMITMENTS		
6		

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.

  
Dr. Adeel Abbas Haideri  
Chief Executive Officer

  
Taufiq Ahmed Khan  
Director

## As at March 31, 2022

		Un Audited March 31 2022	Audited December 31 2021
Note		----- (Rupees) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,835,281,581	1,829,680,375
Intangible assets		20,973,587	21,624,882
Goodwill		834,230	834,230
Long-term deposits		11,543,429	11,543,429
Long-term advances		37,754,566	38,094,634
Deferred tax assets		49,319,243	37,246,285
		1,955,706,636	1,939,023,835
Current assets			
Stock in trade	8	2,395,783,425	2,438,761,425
Stores and spares		11,775,223	11,663,484
Trade receivables	9	910,290,261	582,342,125
Advances		326,201,589	323,925,430
Trade deposits and prepayments		27,221,606	52,606,687
Other receivables		22,561,733	23,751,863
Short-term investment	10	2,206,263,749	2,059,740,193
Tax refunds due from the Government		67,627,283	28,814,302
Cash and bank balances	11	549,346,082	817,057,691
		6,517,070,951	6,338,663,200
TOTAL ASSETS		8,472,777,587	8,277,687,035



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Profit or Loss (Un Audited)

For the Period Ended March 31, 2022

	Note	Un Audited First Quarter Ended March 31	
		2022	2021
		----- (Rupees) -----	
Revenue from contracts with customers - net	12	3,756,034,368	3,117,086,155
Cost of sales	13	(1,852,127,385)	(1,557,525,056)
<b>Gross profit</b>		<b>1,903,906,983</b>	<b>1,559,561,099</b>
Distribution, selling and promotional expenses		(1,005,043,051)	(810,311,475)
Administrative and general expenses		(151,306,133)	(134,038,401)
Research and development expenses		(2,814,662)	(2,033,726)
Other operating expenses		(62,715,639)	(51,325,579)
		(1,221,879,485)	(997,709,181)
<b>Operating profit</b>		<b>682,027,498</b>	<b>561,851,918</b>
Other income		58,076,503	30,195,142
Finance costs		(2,979,997)	(9,379,188)
<b>Profit before taxation</b>		<b>737,124,004</b>	<b>582,667,872</b>
Taxation		(198,796,877)	(155,282,924)
<b>Profit for the year</b>		<b>538,327,127</b>	<b>427,384,948</b>
			Restated
<b>Earnings per share - basic and diluted</b>		<b>14.14</b>	<b>11.22</b>

The annexed notes from 1 to 18 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Comprehensive Income (Un Audited)

For the Period Ended March 31, 2022

	Un Audited First Quarter Ended March 31	
	2022	2021
	------(Rupees)-----	
Profit for the year	538,327,127	427,384,948
Other comprehensive income		
Other comprehensive income not to be reclassified to unconsolidated profit or loss in subsequent periods:		
Revaluation surplus on property, plant and equipment - net of tax	-	-
Experience adjustments on defined benefit plan	-	-
Related deferred tax	-	-
	-	-
<b>Total comprehensive income for the year</b>	<b>538,327,127</b>	<b>427,384,948</b>

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended March 31, 2022

	First Quarter Ended March 31	
	2022	2021
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	737,124,004	582,667,872
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/Ammortization of operating fixed/Intangible assets	41,672,709	43,845,247
Provision for Workers' Profit Participation Fund	39,212,598	17,875,998
Provision for defined benefit obligation	11,110,415	20,558,141
Provision for slow moving and obsolete stocks	5,482,183	-
Provision for Worker's Welfare Fund	330,485	-
Finance costs	3,175,686	9,746,678
Provision for Central Research Fund	7,842,106	6,124,100
Allowance for expected credit losses	(132,008)	
Bad debts written off	-	-
Exchange (gain) / loss - net	(1,756,433)	3,010,264
Gain on disposal of operating fixed assets	-	(4,820,553)
Un-realized gain on remeasurement of short-term investments	(7,038,059)	-
Return on deposits	(4,536,729)	-
Dividend Income on short-term investment	(46,523,555)	-
	48,839,398	96,339,875
Profit before working capital changes	785,963,402	679,007,747
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	54,399,126	166,109,476
Trade debtors	(464,427,507)	(421,188,234)
Advances	(3,141)	(103,357,137)
Trade deposits and short-term prepayments	25,385,081	1,704,018
Other receivables		(2,501,426)
Tax refund due from the Government	4,298,426	692,438
Short-Term Investments	(34,502,614)	(285,236,527)
Stock and Spares	(111,739)	
(Decrease) / increase in current liabilities:		
Trade and other payables	(298,921,354)	204,563,684
Contract liabilities	1,000,000	
	(712,883,722)	(439,213,708)
Cash generated from operations	73,079,680	239,794,039
Income tax paid	(186,074,162)	(106,670,518)
Workers' Welfare Fund paid	-	-
Gratuity paid	(2,352,125)	(2,379,152)
Finance cost paid	(2,582,675)	(6,107,622)
Workers' Profit Participation Fund paid	-	-
Central Research Fund paid	-	(892,438)
Long-term advances - net	11,576,859	-
Net cash flows from operating activities	(106,352,423)	123,744,309



## Condensed Interim Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended March 31, 2022

	First Quarter Ended March 31	
	2022	2021
	------(Rupees)-----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,172,472)	(76,914,398)
Additions in long-term advances	472,076	(12,768,186)
Decrease / (Increase) in long-term deposits		(6,151,640)
Addition in short-term investment	(139,485,497)	-
Return on deposits	4,536,729	-
Dividend Income on short-term investment	46,523,555	-
Proceeds from disposal of operating fixed assets	-	18,620,511
Net cash flows used in investing activities	(95,125,609)	(77,213,713)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities- net	(5,300,321)	(5,028,783)
Repayment of long-term loan	(46,443,469)	(41,093,885)
Long-term Advances-Net	11,792	(1,599,808)
Short term borrowings-net	(14,657,821)	9,391,878
Deferred Gran	-	(3,017,381)
Dividend paid	(175,739)	(90,348)
Net cash flows used in financing activities	(66,565,558)	(41,438,327)
Net foreign exchange difference	331,981	-
Net decrease in cash and bank balances	(267,711,609)	5,092,269
Cash and bank balances at beginning of the year	817,057,691	858,133,150
Cash and bank balances at end	549,346,082	863,225,419

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
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 Period Ended March 31, 2022

	Share capital	Capital Reserves	Revenue reserves			Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at 1st Jan 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 ended 31 March 2022	-	-	-	427,384,948	427,384,948	427,384,948
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax		(4,119,509.00)		4,119,509	4,119,509	
Balance as at 31 March 2021	346,149,450	456,390,212	114,000,000	4,103,013,016	4,217,013,016	5,019,552,678
Balance as at 1st Jan 2022	380,764,390	436,249,408	114,000,000	4,985,966,603	5,099,966,603	5,916,980,401
Total comprehensive income for the period ended 31 March 2022				538,327,127	538,327,127	538,327,127
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax						
Balance as at 31 March 2022	380,764,390	436,249,408	114,000,000	5,524,293,730	5,638,293,730	6,455,307,528

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

### 1. CORPORATE INFORMATION

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

- 1.1** Highnoon Laboratories Limited ("the Holding Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Group is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Group 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.

Geographical location and addresses of major business units of the Company are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, Lahore
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.
Subsidiary Registered office/ Manufacturing facility	Lahore	517- Sundar Industrial Estate, Raiwind, Lahore

### 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

#### 2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act and Islamic Financial Accounting Standard (IFAS) as issued by ICAP; and
- Provision and directives issued under the Act.

#### 2.2 Basis of preparation

This condensed interim consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's Group annual financial statements as at 31 December, 2021. This condensed interim financial information has been prepared under the historical cost convention, except for revaluation of property, plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2021.

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual audited financial statements of the Group for the year ended 31 December 2021.

	Un Audited March 31 2022	Audited December 31 2021
	------(Rupees)-----	
<b>3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
5,905,000 (2021: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
95,000 (2021: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
32,076,439 (2021: 32,076,439) ordinary shares of Rs. 10 each issued as bonus shares	320,764,390	320,764,390
	<b>380,764,390</b>	<b>380,764,390</b>

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

**3.2** Reconciliation of issued, subscribed and paid-up share capital

	Un-Audited First Quarter Mar-22 Number	Audited 2021 Number	Un-Audited First Quarter Mar-22 Rupees	Audited 2021 Rupees
Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January, 2022	34,614,945	34,614,945	346,149,450	346,149,450
Issuance of bonus shares of Rs. 10 each	3,461,494	3,461,494	34,614,940	34,614,940
Issued, subscribed and paid-up shares of Rs. 10 each as at 31 March, 2022	<b>38,076,439</b>	<b>38,076,439</b>	<b>380,764,390</b>	<b>380,764,390</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

	Un Audited March 31 2022	Audited December 31 2021
	----- (Rupees) -----	
<b>4. LONG-TERM LOAN - SECURED</b>		
Long-Term loan		
JS Bank Term loan	134,561,050	-
Payroll financing loan	-	178,615,376
Less: Current portion of Long-term loan	(134,561,050)	(178,615,376)
	-	-

### 4.1 The movement of Long-term loan is as follows;

Opening balance as at 01 January	178,615,376	347,394,125.00
Addition during the year		
Loan obtained	-	-
Less: deferred grant	-	-
Unwinding of loan	2,495,215	17,138,420
Payment during the year	(46,549,541)	(185,917,169)
Closing balance as at 31 March, 2022	134,561,050	178,615,376

- 4.1.1** 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 SBP rate plus 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.

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Repayment Date	Ending Date
Habib Bank Limited	8	Quarterly	41,666,667	1 January 2021	1 October 2022
JS Bank Limited	8	Quarterly	825,615,3	1 January 2021	1 October 2022

	Un Audited March 31 2022	Audited December 31 2021
	----- (Rupees) -----	
<b>5. CURRENT PORTION OF LONG-TERM LIABILITIES</b>		
Lease liabilities	29,747,708	29,747,708
Long-term advances	38,706,238	33,658,693
Long-term loan - secured	134,561,050	178,615,376
Deferred grant	3,049,096	3,165,157
	<b>206,064,092</b>	<b>245,186,934</b>

### 6. CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

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

#### 6.2 Commitments

The Company has following commitments against;

Bank and Letter of contracts	580,350,000	958,374,672
Capital expenditure	322,322,763	111,100,000
	<b>902,672,763</b>	<b>1,069,474,672</b>

	Un Audited March 31 2022	Audited December 31 2021
	----- (Rupees) -----	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	1,651,498,687	1,682,948,599
Right of use assets	125,281,942	126,628,439
Capital work in progress	52,112,611	13,714,996
Advances - considered good	6,388,341	6,388,341
	<b>1,835,281,581</b>	<b>1,829,680,375</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

7.1	Un-audited Quarter Ended March 31			
	Operating fixed assets	Right of use assets	Capital work in progress	Advance -Considered Goods
	------(Rupees)-----			
Opening	1,682,948,599	126,628,439	13,714,996	6,388,341
Additions	5,156,729	-	38,397,615	
Transfers/Disposals	3,598,001		-	-
Deprciation for the Period	(40,204,642)	(1,346,497)		-
	1,651,498,687	125,281,942	52,112,611	6,388,341

8.	STOCK IN TRADE	Un Audited March 31 2022	Audited December 31 2021
		------(Rupees)-----	
	Raw materials	1,502,150,634	1,396,216,611
	Packing material	421,332,300	398,119,251
	Work in progress	177,443,125	253,045,580
	Finished goods	331,997,418	423,077,851
	Less: Provision for slow moving and obsolete items	(37,140,051)	(31,697,868)
		2,395,783,425	2,438,761,425

9.	TRADE RECEIVABLES		
	Foreign	125,560,340	86,675,859
	Local	807,652,728	518,039,073
		933,213,068	604,714,932
	Less: allowance for expected credit losses	(22,922,807)	(22,372,807)
		910,290,261	582,342,125

### 9.1 Allowance for expected credit losses:

Opening balance	22,372,807	17,295,078
Charged during the year	-	10,582,999
Written off during the year	550,000	(5,505,270)
	22,922,807	22,372,807

### 10. SHORT-TERM INVESTMENT

Investments at fair value through profit or loss

Mutual Funds	2,206,263,749	2,059,740,193
--------------	---------------	---------------

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

		Un Audited March 31 2022	Audited December 31 2021
		------(Rupees)-----	
<b>11. CASH AND BANK BALANCES</b>			
Cash and imprest		1,987,367	1,992,946
Balance with banks			
Current accounts			
-Local currency		160,370,159	187,286,723
-Foreign currency		10,547,630	12,234,160
Saving accounts	11.1	321,440,926	520,543,862
Term deposit receipts	11.2	55,000,000	95,000,000
		547,358,715	815,064,745
		549,346,082	817,057,691

**11.1** These represents saving accounts which carries profit at the rate of ranging from 7.26% - 8.26% (2021: 5.26% - 7.26%).

**11.2** These represents investments in term deposit receipts. They carry profit at the rate of ranging from 5% - 10.5% (2021: 5% - 10%).

		Un Audited	
		First Quarter Ended March 31	
	Note	2022	2021
		------(Rupees)-----	
<b>12. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>			
Local sales		3,775,720,880	2,964,654,996
Export sales		119,449,449	166,425,494
		3,895,170,329	3,131,080,490
Toll manufacturing		103,755,226	86,786,307
		3,998,925,555	3,217,866,797
Less:			
Sales Return/Discount		(242,891,188)	(100,780,642)
		3,756,034,367	3,117,086,155



## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

	Un Audited	
	First Quarter Ended March 31	
	2022	2021
	------(Rupees)-----	
<b>13. COST OF SALES</b>		
Opening	688,225,291	598,961,145
Cost of Goods Manufactured	1,467,422,834	1,126,813,247
	2,155,648,125	1,725,774,392
Purchases	226,593,058	303,241,739
Closing	(530,113,798)	(471,491,075)
Cost of Sales Manufactured	1,852,127,385	1,557,525,056

### 14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### 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 2021.

#### 14.1 Fair values of financial assets and liabilities

Fair value of financial assets measured at fair value through consolidated statement of profit or loss is derived from quoted market prices in active markets, if available.

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.

#### 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 31 March 2022, the Company held the following financial instruments carried at fair value on the statement of financial position:

Un-Audited Mar-22	Level 1	Level 2	Level 3
	------(Rupees)-----		

#### 14.1.2 Financial Assets measured at fair value

#### Fair Value Through Profit & Loss

Investments in Mutual Funds 2,206,263,749

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

Mar-22		
AT FVTPL	Amortized cost	Total

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

### 15. FINANCIAL INSTRUMENTS BY CATEGORIES

Assets as per statement of financial position:

Long-term deposits	-	11,543,429	11,543,429
Advances	-	53,804,280	53,804,280
Trade debts	-	910,290,261	910,290,261
Trade deposits	-	18,047,232	18,047,232
Other receivables	-	22,561,733	22,561,733
Cash and short-term deposits	-	549,346,082	549,346,082
short-term Investments	2,206,263,749	-	2,206,263,749
	2,206,263,749	1,565,593,017	3,771,856,766

2021		
AT FVTPL	Amortized cost	Total

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

Assets as per statement of financial position:

Long-term deposits	-	11,543,429	11,543,429
Advances	-	55,268,858	55,268,858
Trade debts	-	582,342,125	582,342,125
Trade deposits	-	27,744,808	27,744,808
Other receivables	-	23,751,863	27,744,808
Cash and short-term deposits	-	817,057,691	23,751,863
short-term Investments	2,059,740,193		2,876,797,884
	2,059,740,193	1,517,708,774	3,605,193,775

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended March 31, 2022

	Un Audited March 31 2022	Audited December 31 2021
Financial Liabilities at amortized cost		
------(Rupees)-----		
Liabilities as per statement of financial position:		
Lease liabilities	149,505,355	149,505,355
Markup accrued on secured loans	1,479,098	649,155
Short term borrowings	31,958,179	46,616,000
Current Portion of Long-term Loan	134,561,050	178,615,376
Unclaimed dividend	64,336,749	64,336,749
Trade and other payables	679,767,387	973,244,957
	1,061,607,818	1,412,967,592

### 16. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel. The Company carries out transactions with various related parties.

			Un Audited First Quarter Ended March 31 2022	2021
			------(Rupees)-----	
Undertaking	Relation	Nature of transaction		
Route 2 health (Pvt) Ltd	Associate	Purchases	125,471,227	191,142,382
Staff provident fund	Staff retirement benefits	Contribution	16,996,573	13,993,902
Employees' Welfare Trust	Staff welfare benefits	Contribution	1,009,655	858,019

### 17. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these Condensed Interim Consolidated financial statements for issuance on April 18, 2022.

### 18. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However no significant rearrangement / reclassification have been made in these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer



**Highnoon**

17.5 Kilometer Multan Road, Lahore - 53700, Pakistan

Tel: + 92 42 111 000 465, Fax: + 92 42 3751 0037

Email: [info@highnoon.com.pk](mailto:info@highnoon.com.pk), Web: [www.highnoon-labs.com](http://www.highnoon-labs.com)