



**Innovate to  
Accelerate**



**Highnoon**

Un-audited  
Financial Statements  
For the Third Quarter  
Ended 30 September 2023



# CONTENTS

Company Information	3
Directors' Report	ڈائریکٹرز رپورٹ 4-7
<b>Condensed Interim Un-consolidated Financial Statements</b>	<b>8</b>
- Condensed Interim Un-Consolidated Statement of Financial Position	9-10
- Condensed Interim Un-Consolidated Statement of Profit or Loss	11
- Condensed Interim Un-Consolidated Statement of Comprehensive Income	12
- Condensed Interim Un-Consolidated Statement of Cash Flows	13-14
- Condensed Interim Un-Consolidated Statement of Changes in Equity	15
- Notes to the Condensed Interim Un-Consolidated Financial Statements	16
<b>Condensed Interim Consolidated Financial Statements</b>	<b>30</b>
- Condensed Interim Consolidated Statement of Financial Position	31-32
- Condensed Interim Consolidated Statement of Profit or Loss	33
- Condensed Interim Consolidated Statement of Comprehensive Income	34
- Condensed Interim Consolidated Statement of Cash Flows	35-36
- Condensed Interim Consolidated Statement of Changes in Equity	37
- Notes to the Condensed Interim Consolidated Financial Statements	38



## **Innovate to Accelerate**

We believe in taking risks and embracing change. We're constantly leveraging modern technologies, creating differentiated offerings, pushing the boundaries of what's possible and seeking new ways to accelerate our progress.

Innovation breeds progress and growth. And we're determined to create a culture of creativity and collaboration to encourage our people to think outside the box and embrace new ideas.

At every step, we remind ourselves that these innovations are not only for our profitability. We also have to make a positive impact on the world. Whether it's supporting local communities, reducing our environmental footprint, or promoting ethical business practices, we are making a meaningful difference through our Environmental Social Governance program.

So let us embrace innovation and all that it represents. Let us be bold, daring, curious and creative and use our passion to strive for a brighter future. For with innovation, anything is possible, and possibilities are limitless.

Dr. Adeel Abbas  
Chief Executive Officer

## COMPANY INFORMATION

### Board of Directors

Mr. Tausif Ahmad Khan  
Chairman

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Mr. Ghulam Hussain Khan  
Director

Mr. Taufiq Ahmed Khan  
Director

Mr. Romesh A.J.Elapata  
Director

Mrs. Zainub Abbas  
Director

Mr. Tariq Wajid  
Director

### Chief Financial Officer

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

### Company Secretary

Ms. Mahnoor Ather  
Tel: +92 42 35158051  
Email:  
mahnoor.ather@highnoon.com.pk

### Bankers

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

### Registered Office and Plant

17.5 Kilometer Multan Road,  
Lahore - 53700, Pakistan  
UAN : +92 42 111 000 465  
Fax : +92 42 3751 0037  
E-mail :  
investor.relations@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 35158051 - 2

### 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

Mr. Tariq Wajid  
Chairperson

Ms. Zainub Abbas  
Member

Mr. Ghulam Hussain Khan  
Member

### Human Resource and Remuneration Committee

Mr. Tariq Wajid  
Chairperson

Mrs. Zainub Abbas  
Member

Dr. Adeel Abbas Haideri  
Member

### Management Committee

Dr. Adeel Abbas Haideri Chairman  
Chief Executive Officer

Mr. Ashfaq P. Alidina Member  
Chief Financial Officer

Mr. Sajjad Hafeez Butt Member  
Chief Operating Officer  
(Technical)

Mr. Azfar Abbas Haideri Member  
Chief Commercial Officer

Mr. Zulfiqar Zaidi Member  
Director HR and Strategic  
Planning

Mr. Shahnawaz Baig Member  
Group Director  
Commercial Excellence

### I.T. Steering Committee

Dr. Adeel Abbas Haideri Chairman  
Chief Executive Officer

Mr. Ashfaq P. Alidina Member  
Chief Financial Officer

Mr. Sajjad Hafeez Member  
Chief Operating Officer  
(Technical)

Mr. Ali Ahmed Sarwar Member  
Chief Information Officer

Mr. Taufiq Ahmed Khan Member  
Director

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present their review, together with the unaudited financial statements of the Company, for the quarter and nine months ended September 30, 2023.

### BUSINESS ENVIRONMENT AND CHALLENGES:

The global outlook saw deterioration throughout the period under review amid high inflation, supply chain disruptions, raw material price volatility and uncertainties resulting from the geo political conflict. Soaring food and energy prices diminished real incomes, causing a global cost-of-living crisis too.

Challenges outlined above whilst negatively impacting the global economy further exacerbated Pakistan's economic predicaments of external and fiscal account deficits and high inflation which were further aggravated by unprecedented floods and delays in the completion of IMF programme reviews.

Likewise, the Pharmaceutical Industry continues to face substantial challenges due to the ongoing currency crisis, with a sharp depreciation of the Pak Rupee, rising cost of imported raw materials, energy cost, etc. Our industry is amongst the worst impacted due to these factors with inherent inability to pass on the increased cost being price regulated industry.

### REVIEW OF OPERATING RESULTS:

Despite these challenges, the resilience and adaptability exhibited by the Company are a testament to healthcare Professional confidence in the Highnoon's brand, and our employees' commitment to ensuring the success of the company.

During the period under review, the Company achieved a Net Revenue of PKR 14.9 billion, representing a 24% increase over the SPLY primarily on account of both additional sales volume and the price increase granted by the government. All key brands of the company demonstrated double-digit growth due to the rising demand of our products in the therapeutic areas where we operate.

Our gross profit depicted a steady increase of 15% over SPLY in absolute terms, signifying our continued focus on innovative and well-disciplined operations, despite dilution of margin due to challenges mentioned above. The impact of margin dilution as a % of sales was partially mitigated by the favorable product mix and partially through industry-wide one-off inflationary adjustment allowed by the Government, with more visible impact to be seen in last quarter of the year.

Our Distribution and Selling Expense increased by 22% in absolute terms facing high inflation. The company maintained its focus on internal cost saving measures and operational efficiency across the company to counter the effects of inflation due to which these expenses as a percentage of sales remain stagnant compared to the previous year in line with our focus on high margin products only. Additionally, the company made prudent investments in key business drivers, aiming to achieve competitive growth and higher return on investment in the therapeutic area which are growing

Despite economic turmoil being faced by the country in general and pharma industry in specific as discussed above, the profit after tax of the company for the period grew by 5 % over same period last year due to ever improving internal control environment, better working capital management and controlled finance cost despite the monetary tightening and fiscal consolidation.

On a consolidated basis, the Company achieved a net profit after tax of Rupees 1.8 billion showing an increase of 5 % as compared to the corresponding period.

### Future Outlook

Moving forward, the country's economic outlook is expected to be shaped largely by the restoration of political stability, the continued implementation of reforms under the IMF programme and flood relief support from the international community for rehabilitation and rebuilding the country.

Your company remains committed to leveraging its diverse product portfolio and cost rationalisation efforts to minimise such adverse impacts and to deliver sustainable results to its shareholders.

**Acknowledgment:**

We appreciate the one-time inflationary adjustment granted to the industry, however, we hope that the Government will make all efforts to provide a conducive environment for pharmaceutical industry, by an automated and equitable pricing policy that caters to external economic challenges.

The Board of Directors wishes to extend its profound gratitude to our employees for their unwavering commitment, resilience, and dedication to ensure sustained availability of quality medicines for the patients in Pakistan and other part of the world wherever we export and simultaneously to all stakeholders for their support in helping us along on our journey of Enriching Lives

**Composition of the Board**

In line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company encourages the representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board.

The current composition of the Board is as follows:

Total number of Directors:

- (a) Male: 6
- (b) Female: 1

Composition:

- (i) Independent Directors: 2
- (ii) Non-Executive Directors: 4
- (iii) Executive Director: 1

For & On behalf of the Board



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director

Lahore: 30 October 2023

آپ کی کمپنی اس طرح کے منفی اثرات کو کم کرنے اور اپنے شیئرز ہولڈرز کو پائیدار نتائج فراہم کرنے کے لیے اپنے متنوع پروڈکٹ پورٹ فولیو اور لاگت کو کم رکھنے کی کوششوں سے فائدہ اٹھانے کے لیے پرعزم ہے۔

### اظہار تشکر

ہم دواساز صنعت کو دی جانے والی ایک وقتی افراط زر کی ایڈجسٹمنٹ کی تعریف کرتے ہیں۔ تاہم، ہم امید کرتے ہیں کہ حکومت دواساز صنعت کے لیے ایک خود کار اور مساوی قیمتوں کی پالیسی کے ذریعے ایک سازگار ماحول فراہم کرنے کے لیے تمام کوششیں کرے گی، جو بیرونی اقتصادی مشکلات سے نپٹ سکتی ہے۔

بورڈ آف ڈائریکٹرز اپنے ملازمین کے غیر متزلزل عزم، بردباری اور لگن کا تہ دل سے شکریہ ادا کرنا چاہتا ہے تاکہ پاکستان اور دنیا کے دیگر حصوں میں مریضوں کے لیے معیاری اودیات کی مستقل دستیابی کو یقینی بنایا جاسکے اور ساتھ ہی تمام اسٹیک ہولڈرز کا سب کی زندگیوں کو بہتر کرنے کے اس سفر میں ہماری مدد کرنے کا شکریہ ادا کرنا چاہتا ہے۔

### بورڈ کی تشکیل

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کے مطابق، کمپنی اپنے بورڈ میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ متنوع کی نمائندگی کی حوصلہ افزائی کرتی ہے۔

بورڈ کی موجودہ تشکیل حسب ذیل ہے

ڈائریکٹرز کی کل تعداد

۱۔ مرد (6)

۲۔ خاتون (1)

### تشکیل

۱۔ آزاد ڈائریکٹرز (2)

۲۔ غیر ایگزیکٹو ڈائریکٹرز (4)

۳۔ ایگزیکٹو ڈائریکٹرز (1)

مخائب بورڈ آف ڈائریکٹرز



توفیق احمد خان  
ڈائریکٹر



ڈاکٹر عدیل عباس حیدری  
چیف ایگزیکٹو آفیسر

## ڈائریکٹرز رپورٹ

ڈائریکٹرز کو 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی اور نو ماہ کے لیے کمپنی کے غیر آڈٹ شدہ مالیاتی گوشواروں کے ہمراہ اپنا جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

### کاروباری ماحول اور درپیش مشکلات

زیر جائزہ مدت کے دوران زیادہ افراط زر، خام مال کی ترسیل میں رکاوٹیں، خام مال کی قیمتوں میں اتار چڑھاؤ اور جغرافیائی سیاسی تنازعے کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال کی وجہ سے عالمی معظر نامے میں تنزلی آئی ہے۔ خورداک اور توانائی کی بڑھتی ہوئی قیمتوں نے حقیقی آمدنی کو کم کر دیا، جس کی وجہ سے روزمرہ کے اخراجات بڑھنے کا عالمی سطح پر بحران بھی پیدا ہو گیا۔

اوپر بیان کی گئیں مشکلات نے عالمی معیشت پر منفی اثر ڈالنے کے ساتھ ساتھ پاکستان کی بیرونی اور مالیاتی کھاتوں کے خسارے اور بلند افراط زر کی معاشی مشکلات کو مزید بڑھایا جو غیر معمولی سیلاب اور آئی ایم ایف پروگرام کے تحت ملنے والے زرمبادلہ میں تاخیر کی وجہ سے مزید بڑھ گئے۔

اسی طرح، سود اساز صنعت کو کرنسی کے جاری بحران کی وجہ سے کافی مشکلات کا سامنا ہے، جس میں روپے کی قدر میں تیزی سے کمی اور آمدنی خام مال اور توانائی کی بڑھتی ہوئی لاگت وغیرہ شامل ہیں۔ کیونکہ ہم حکومت کی طرف سے کنٹرول کی گئی قیمتوں والی صنعت ہیں اور بڑھتی ہوئی لاگت کو منتقل نہیں کر پاتے۔ چنانچہ مندرجہ بالا عوامل کی وجہ سے ہماری صنعت سب سے زیادہ متاثر ہوئی ہے۔

### آپریٹنگ نتائج کا جائزہ

ان مشکلات کے باوجود، کمپنی کی طرف سے ظاہر کی گئی پلک اوپر دلتے حالات کے مطابق اپنے آپ کو ڈھالنے کی صلاحیت، ہائون کے برانڈ پر صحت کے شعبے سے متعلق پیشہ وروں کے اعتماد، اور کمپنی کی کامیابی کو یقینی بنانے کے لیے ہمارے ملازمین کے عزم کا ثبوت ہے۔

زیر جائزہ مدت کے دوران، کمپنی نے 14.9 ارب روپے کی خالص فروخت حاصل کی، جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 24% اضافے کی ظاہر کرتا ہے جو کہ بنیادی طور پر فروخت کے اضافی حجم اور حکومت کی طرف سے دی گئی قیمتوں میں اضافے کی وجہ سے ہے۔ کمپنی کے تمام کلیدی برانڈز نے علاج کے شعبوں میں ہماری مصنوعات کی بڑھتی ہوئی مانگ کی وجہ سے دوہرے ہندسے کی نمو کا مظاہرہ کیا ہے۔

ہمارے گراس منافع میں پچھلے سال کی اسی مدت کے مقابلے میں 15% کا اضافہ ہوا ہے، جو کہ اوپر بیان کردہ مشکلات کی وجہ سے مارجن میں کمی کے باوجود، کام کرنے کے نت نئے طریقوں اور بہترین نظم و ضبط پر ہماری مسلسل توجہ کی نشاندہی کرتا ہے۔ فروخت کی نسبت سے فیصد مارجن میں کمی کے اثرات کو جزوی طور پر سزا گار پروڈکٹس اور جزوی طور پر حکومت کی طرف سے اجازت دی گئی صنعت میں افراط زر کی ایڈجسٹمنٹ کے ذریعے کم کیا گیا، جس کا زیادہ واضح شمال کی آخری سہ ماہی میں دیکھنے کو ملے گا۔

ہمارے ڈسٹری بیوشن اور فروخت کے اخراجات میں انتہائی مہنگائی کی وجہ سے 22 فیصد اضافہ ہوا ہے۔ کمپنی نے افراط زر کے اثرات کا مقابلہ کرنے کے لیے پوری کمپنی میں لاگت میں کمی کرنے کے اقدامات اور آپریٹنگ کلارڈگی اور صرف زیادہ مارجن والی مصنوعات پر اپنی توجہ برقرار رکھی جس کی وجہ سے فروخت کے فیصد کے طور پر یہ اخراجات پچھلے سال کے برابر ہیں۔ مزید برآں، کمپنی نے کاروبار کو آگے بڑھانے کے لئے دانشمندانہ سرمایہ کاری کی، جس کا مقصد مسابقتی نمو اور علاج سے متعلق ان ادویات میں سرمایہ کاری پر زیادہ منافع حاصل کرنا ہے جن میں نموز زیادہ ہے۔

جیسا کہ اوپر بتایا گیا ہے ملک کو باعوم اور فارما انڈسٹری کو خاص طور پر درپیش معاشی بحالی کے باوجود اندرونی کنٹرول میں گاتار بہتری اور رنگ کیمینٹل کے بہتر انتظام اور مالیاتی لاگت قابو میں رکھنے کی وجہ سے اس مدت کے لیے بعد از ٹیکس منافع میں پچھلے سال کی اسی مدت کے مقابلے میں 5 فیصد اضافہ ہوا۔ گروپ کے طور پر، کمپنی نے 1.8 ارب روپے کا بعد از ٹیکس خالص منافع حاصل کیا جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 5% کا اضافہ ظاہر کرتا ہے۔

### مستقبل پر ایک نظر

آگے بڑھتے ہوئے، توقع ہے کہ ملک کا معاشی معظر نامہ بڑی حد تک سیاسی استحکام کی بحالی، آئی ایم ایف پروگرام کے تحت اصلاحات کے مسلسل نفاذ اور ملک کی بحالی اور تعمیر نو کے لیے بین الاقوامی برادری کی طرف سے سیلاب سے متعلق مدد سے تشکیل پائے گا۔



# Condensed Interim Un-Consolidated Financial Statements

Highnoon Laboratories Limited  
For Nine Months Ended 30 September 2023



## Condensed Interim Un-Consolidated Statement of Financial Position As at 30 September 2023 (Un Audited)

		Un Audited 30 September 2023	Audited 31 December 2022
Note	------(Rupees)-----		
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized share capital 100,000,000 (December 31, 2022: 50,000,000)			
		1,000,000,000	500,000,000
Issued, subscribed and paid up share capital	5	529,833,630	418,840,820
Capital reserve		359,411,564	366,714,040
Revenue reserves		7,530,683,613	6,659,681,588
<b>Total Equity</b>		<b>8,419,928,807</b>	<b>7,445,236,448</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		235,123,751	183,933,646
Long-term advances		32,765,158	25,087,760
Long-term loan - secured	6	459,030,857	15,439,012
Deferred liabilities		537,637,440	530,660,193
		1,264,557,206	755,120,611
<b>Current liabilities</b>			
Trade and other payables		2,033,300,043	1,503,748,779
Contract liabilities		176,727,331	72,263,670
Unclaimed dividend		138,671,656	98,853,172
Unpaid dividend		111,299,848	63,474,580
Current portion of long-term liabilities		136,288,185	112,276,756
Short term borrowings		96,587,710	464,505,032
Provision for taxation-net		85,100,262	124,621,903
		2,777,975,036	2,439,743,892
<b>Total liabilities</b>		<b>4,042,532,242</b>	<b>3,194,864,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,462,461,049</b>	<b>10,640,100,951</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim 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 Financial Position As at 30 September 2023 (Un Audited)

		Un Audited 30 September 2023	Audited 31 December 2022
Note		------(Rupees)-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
	8	2,822,678,533	2,058,612,015
Property, plant and equipment			
		33,316,090	35,835,396
Intangible assets			
		200,000,000	200,000,000
Long-term investment			
		58,686,572	48,176,589
Long-term deposits			
		68,300,669	32,774,328
Long-term advances			
		185,830,559	34,531,275
Deferred tax assets			
		3,368,812,424	2,409,929,603
<b>Current assets</b>			
	9	3,912,199,035	3,835,094,512
Stock in trade			
	10	2,404,745,133	1,330,336,964
Trade receivables			
		1,180,744,920	971,808,060
Advances, trade deposits and prepayments			
		27,068,470	31,697,863
Other receivables			
		10,000,000	10,000,000
Loan to subsidiary			
	11	492,875,446	1,193,596,924
Short-term investment			
		430,957,665	425,021,817
Tax refunds due from the Government			
	12	635,057,955	432,615,208
Cash and cash equivalents			
		9,093,648,625	8,230,171,348
<b>TOTAL ASSETS</b>		<b>12,462,461,049</b>	<b>10,640,100,951</b>



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

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

For Nine Months Ended 30 September 2023

Note	Nine Month Period Ended 30 September		Three Months Period Ended 30 September		
	2023	2022	2023	2022	
	------(Rupees) -----		------(Rupees) -----		
Revenue from contracts with customers- net	13	14,895,963,046	12,032,128,903	5,080,713,693	4,191,864,619
Cost of revenue	14	(8,035,448,790)	(6,073,016,135)	(2,634,010,690)	(2,149,860,892)
<b>Gross profit</b>		<b>6,860,514,256</b>	<b>5,959,112,768</b>	<b>2,446,703,003</b>	<b>2,042,003,727</b>
Distribution, selling and promotional expenses		(3,690,979,329)	(3,024,320,329)	(1,580,336,800)	(987,965,576)
Administrative and general expenses		(607,127,342)	(483,913,262)	(221,057,214)	(162,993,402)
Research and development expenses		(10,302,948)	(7,100,550)	(4,144,486)	(1,777,421)
Other operating expenses		(244,082,387)	(262,864,757)	(81,575,403)	(88,162,332)
		(4,552,492,007)	(3,778,198,898)	(1,887,113,904)	(1,240,898,731)
<b>Operating profit</b>		<b>2,308,022,249</b>	<b>2,180,913,870</b>	<b>559,589,099</b>	<b>801,104,996</b>
Other income	15	118,854,756	223,687,187	35,499,122	83,090,604
Finance costs		(41,825,907)	(32,083,598)	(13,500,192)	(16,873,922)
<b>Profit before taxation</b>		<b>2,385,051,098</b>	<b>2,372,517,460</b>	<b>581,588,030</b>	<b>867,321,678</b>
Taxation		(564,653,352)	(641,064,814)	37,184,204	(205,507,704)
<b>Profit for the Period</b>		<b>1,820,397,746</b>	<b>1,731,452,646</b>	<b>618,772,234</b>	<b>661,813,974</b>
			Restated		Restated
<b>Earnings per share - basic and diluted</b>	16	<b>34.36</b>	32.68	<b>11.68</b>	12.49

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim 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 Nine Months Ended 30 September 2023

	Nine Month Period Ended 30 September		Three Months Period Ended 30 September	
	2023	2022	2023	2022
	------(Rupees)-----		------(Rupees)-----	
Profit for the period	1,820,397,746	1,731,452,646	618,772,234	661,813,974
Other comprehensive income				
- Items that will be reclassified to Profit or loss	-	-	-	-
- Items that will not be reclassified to Profit or loss				
Effect of change in tax rate on:				
Revaluation surplus of operating fixed assets	(8,023,749)	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,812,373,997</b>	<b>1,731,452,646</b>	<b>618,772,234</b>	<b>661,813,974</b>

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim 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 Nine Months Ended 30 September 2023

	Note	Nine Month Period Ended 30 September	
		2023	2022
------(Rupees)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		2,385,051,098	2,372,517,460
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating fixed assets		118,985,290	136,382,793
Depreciation of right-of-use asset		17,946,187	-
Amortization of intangible assets		5,964,285	2,353,602
Gain on disposal of property plant and equipment		(10,586,051)	(1,785,430)
Exchange gain / (loss) - net		-	33,989,700
Un-realized gain on remeasurement of investments		(18,643,867)	-
Revaluation surplus of operating fixed assets		(8,023,749)	-
Dividend Income on short-term investment		(50,987,528)	-
Provision for slow moving and obsolete stocks		19,531,622	68,464,618
Provision for defined benefit obligation		24,961,580	52,475,276
Provision for Workers' Profit Participation Fund		199,417,507	127,555,687
Provision for Central Research Fund		29,075,213	25,677,748
Allowance for expected credit losses		4,705,162	253,876
Finance costs		41,825,908	32,083,598
		374,171,559	477,451,468
Profit before working capital changes		2,759,222,657	2,849,968,928
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(96,636,145)	(417,590,350)
Trade debts		(1,079,113,331)	(1,193,773,228)
Advances, trade deposits and prepayments		(208,936,860)	(253,543,839)
Other receivables		4,629,393	(2,578,073)
Tax refunds due from the Government		(5,935,848)	(313,106,700)
Increase / (Decrease) in current liabilities:			
Trade and other payables		341,487,749	453,012,486
Contract liabilities		104,463,661	-
		(940,041,381)	(1,727,579,705)
<b>Cash generated from operations</b>		<b>1,819,181,276</b>	<b>1,122,389,222</b>
Income taxes paid		(755,474,277)	(581,839,280)
Gratuity paid		(45,113,244)	(60,768,764)
Finance costs paid		(41,825,908)	(32,083,598)
Central Research Fund Paid		(40,429,205)	(25,751,936)
		(882,842,634)	(700,443,578)
<b>Net cash generated from operating activities</b>	<b>A</b>	<b>936,338,641</b>	<b>421,945,644</b>

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

For Nine Months Ended 30 September 2023

	Note	Nine Month Period Ended 30 September	
		2023	2022
------(Rupees)-----			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,187,613,781)	(573,653,409)
Long term advances		(35,526,341)	7,007,563
Net decrease / (increase) in short term investments		719,365,345	490,189,239
Acquisition of intangible assets		(3,444,980)	(23,039,057)
Increase in long term deposits - net		(10,509,983)	(15,727,200)
Dividend income on short term investments		50,987,528	-
Proceeds from disposal of property plant and equipment		297,201,837	3,242,900
<b>Net cash generated from / (used in) investing activities</b>	<b>B</b>	<b>(169,540,375)</b>	<b>(111,979,964)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities - net		46,122,021	(21,936,570)
Long term loan obtained / (paid)		497,716,568	(99,652,717)
Long term advances - net		9,761,099	15,056,096
Dividend paid		(750,037,886)	(663,445,918)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(196,438,198)</b>	<b>(769,979,110)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>570,360,069</b>	<b>(460,013,430)</b>
Cash and cash equivalents at beginning of the period		(31,889,824)	812,049,186
<b>Cash and cash equivalents at end of the period</b>		<b>538,470,245</b>	<b>352,035,756</b>

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



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Unconsolidated Condensed Interim Statement of Changes in Equity (Un Audited)

For Nine Months Ended 30 September 2023

	Share capital	Capital Reserves		Revenue reserves		Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at 01 January 2022 - (audited)	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 September 30, 2022	-	-	-	1,731,452,646	1,731,452,646	1,731,452,646
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax transaction with owners of the company, recognized directly in equity - Distributions		(9,127,699)			9,127,699	
Issuance of bonus shares @ 10% for the year ended December 31, 2021	38,076,430			(38,076,430)	(38,076,430)	
Final dividend @ Rs. 20 per share for the year ended 31 December 2021				(761,528,779)	(761,528,779)	(761,528,779)
Balance as at 30 September 2022 - (un-audited)	418,840,820	382,198,625	114,000,000	5,817,507,064	5,931,507,064	6,732,546,509
Balance as at 01 January 2023 (audited)	418,840,820	366,714,040	114,000,000	6,545,681,588	6,659,681,588	7,445,236,448
Total comprehensive income for the period ended 30 September 2023	-	-	-	1,812,373,997	1,812,373,997	1,812,373,997
Surplus transferred to unappropriated profit						
On account of incremental depreciation relating to surplus on revaluation of property plant and equipment - net of tax transaction with owners of the company, recognized directly in equity - Distributions		(7,302,476)			7,302,476	
Issuance of bonus shares @ 10% for the year ended 31 December 2022	41,884,080			(41,884,080)	(41,884,080)	
Final dividend @ Rs. 20 per share for the year ended 31 December 2022				(837,681,638)	(837,681,638)	(837,681,638)
Issuance of interim bonus shares @ 15% for the period ended 31 March 2023	69,108,730			(69,108,730)	(69,108,730)	
Balance as at 30 September 2023 (un-audited)	529,833,630	359,411,564	114,000,000	7,416,683,612	7,530,683,613	8,419,928,807

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



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer



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

For Nine Months Ended 30 September 2023

### 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 and its manufacturing facility is situated at 17.5 KM, Multan Road, Lahore.

#### 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 PREPARATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. These 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 Companies Act, 2017; and
- Provision and directives issued under the Companies Act, 2017 ("the Act").

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements are un-audited are being submitted to the shareholders as required under Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with unconsolidated financial statements of the Company for the year ended 31 December 2022. Comparative unconsolidated condensed interim statement of financial position is stated from annual audited unconsolidated financial statements as of 31 December 2022, whereas comparatives for unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows are extracted from unconsolidated condensed interim financial statements of the Company for the Nine months period ended 30 September 2022.

2.3 The unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for certain classes of operating fixed assets (as mentioned in unconsolidated financial statements of the Company for the year ended 31 December 2022)

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

### For Nine Months Ended 30 September 2023

and certain employees' retirement benefits which are measured at fair value and present value, respectively. These unconsolidated condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest Pak rupee unless otherwise stated.

- 2.4 Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and taxation are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited financial statements.

#### 3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these unconsolidated condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the audited unconsolidated financial statements of the Company for the year ended 31 December 2022.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended 31 December 2022 except for the adoption of amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed in Note 4.1 to these unconsolidated condensed interim financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

##### 4.1 New standards and amendments adopted by the Company

The Company has adopted the certain amendments and improvements to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed below. The said amendments did not have any material impact on these unconsolidated condensed interim financial statements.

##### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's unconsolidated condensed interim financial statements.

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

### For Nine Months Ended 30 September 2023

#### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's unconsolidated condensed interim financial statements.

	Un Audited 30 September 2023	Audited 31 December 2022
Note	----- (Rupees) -----	
<b>5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
5,905,000 (31 December 2022: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
95,000 (31 December 2022: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
46,983,363 (31 December 2022: 35,884,082) ordinary shares of Rs. 10 each issued as bonus shares	469,833,630	358,840,820
	<b>529,833,630</b>	<b>418,840,820</b>
<b>6. LONG-TERM LOAN - SECURED</b>		
MCB Bank Limited	7,122,401	15,439,012
Meezan Bank Limited	6.2 451,908,456	-
	6.1 459,030,857	15,439,012

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

For Nine Months Ended 30 September 2023

	Un Audited 30 September 2023	Audited 31 December 2022
	----- (Rupees) -----	
6.1 Set out below is the movement during the period / year:		
Opening balance	18,008,677	164,758,957
Addition during the period / year:		
Loan obtained during the year	500,000,000	26,300,000
Less: deferred grant recognized	(24,490,163)	(8,879,354)
	475,509,837	17,420,646
Unwinding of loan	29,055,414	6,593,103
Payment during the year	(31,338,846)	(170,764,029)
	(2,283,432)	(164,170,926)
	491,235,082	18,008,677
Current portion shown under current liabilities	(32,204,225)	(2,569,665)
Closing balance	459,030,857	15,439,012

- 6.2 This represents diminishing musharakah facility obtained from Meezan Bank Limited. It carries markup at the rate of 3 months KIBOR + 0.1% per annum payable quarterly in arrears whereas principal is repayable in 16 equal quarterly instalments, in arrears, starting from 5 September 2024. This facility is secured against the title over the Musharakah assets.

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There have been no significant changes in contingencies as reported in the annual audited unconsolidated financial statements of the Company for the year ended 31 December 2022.

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

For Nine Months Ended 30 September 2023

		Un Audited 30 September 2023	Audited 31 December 2022
	Note	------(Rupees)-----	
<b>7.2</b>	<b>Commitments</b>		
	Commitments against irrevocable letters of credit include:		
	Letter of contracts	753,948,236	186,082,959
	Bank contracts	764,446,880	425,823,107
	Capital expenditure	71,166,666	142,333,332
	Ijarah rentals	19,261,706	19,608,990
		<b>1,608,823,488</b>	<b>773,848,388</b>
	<b>Future payments under Ijarah:</b>		
	Within one year	10,264,128	7,843,596
	After one year but not more than 5 years	8,997,578	11,765,394
		<b>19,261,706</b>	<b>19,608,990</b>
<b>8.</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets :		
	Owned assets	8.1 1,557,895,760	1,278,716,784
	Right of use assets	8.2 301,376,393	356,465,213
		<b>1,859,272,153</b>	<b>1,635,181,997</b>
	Capital work-in-progress	963,406,380	423,430,018
		<b>2,822,678,533</b>	<b>2,058,612,015</b>
<b>8.1</b>	<b>Owned assets</b>		
	Opening book value	1,278,716,784	1,376,185,167
	Additions during the period / year - cost	8.1.1 496,787,279	251,956,119
		<b>1,775,504,063</b>	<b>1,628,141,286</b>
	Disposals during the period / year	8.1.2 (98,623,013)	(195,125,837)
	Depreciation for the period / year	(118,985,290)	(154,298,665)
		<b>(217,608,303)</b>	<b>(349,424,502)</b>
	Closing book value	<b>1,557,895,760</b>	<b>1,278,716,784</b>
<b>8.1.1</b>	<b>Additions during the period / year - cost</b>		
	Building on freehold land	93,809,992	81,217,410
	Leasehold improvement	-	18,917,500
	Plant and machinery	8.1.1.1 205,517,681	69,776,864
	Laboratory equipment	1,556,100	5,387,665
	Furniture and fixtures	1,274,744	5,274,110
	Electric and gas appliances	15,972,899	8,097,645
	Office equipment	15,797,877	12,549,625
	Vehicles	162,857,987	50,735,300
		<b>496,787,279</b>	<b>251,956,119</b>

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

For Nine Months Ended 30 September 2023

8.1.1.1 This includes plant and machinery, having net book value amounting to Rs. 187.99 million, transferred from right of use assets.

Note	Un Audited 30 September 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>8.1.2 Disposals during the period / year</b>		
Plant and machinery	3,718	182,311,100
Office equipment	-	184,466
Vehicles	98,619,295	12,630,271
	<b>98,623,013</b>	<b>195,125,837</b>
<b>8.2 Right of use assets</b>		
Opening book value	356,465,213	126,628,439
Additions during the period - cost	150,850,140	263,359,773
	<b>507,315,353</b>	<b>389,988,212</b>
Transferred to owned assets	(187,992,773)	-
Depreciation for the period / year	(17,946,187)	(33,522,999)
	<b>(205,938,960)</b>	<b>(33,522,999)</b>
<b>Closing book value</b>	<b>301,376,393</b>	<b>356,465,213</b>
<b>9. STOCK IN TRADE</b>		
Raw materials:		
In hand	2,061,429,326	1,660,930,812
In transit	19,891,864	21,316,285
With third party	96,818,548	197,297,237
	<b>2,178,139,738</b>	<b>1,879,544,334</b>
Packing material	739,901,331	623,009,049
Work in process	304,967,792	272,204,156
Finished goods:		
Trading -in hand	279,768,734	431,580,530
Trading -in transit	46,043,388	121,809,234
Manufactured	503,378,052	627,415,587
	<b>829,190,174</b>	<b>1,180,805,351</b>
	<b>4,052,199,035</b>	<b>3,955,562,890</b>
Less: Provision for slow moving and obsolete items	(140,000,000)	(120,468,378)
	<b>3,912,199,035</b>	<b>3,835,094,512</b>

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

For Nine Months Ended 30 September 2023

	Note	Un Audited 30 September 2023	Audited 31 December 2022
------(Rupees)-----			
<b>10. TRADE RECEIVABLES</b>			
Foreign		75,002,746	56,554,198
Local		2,386,533,317	1,325,868,534
		2,461,536,063	1,382,422,732
Less: allowance for expected credit losses	10.1	(56,790,930)	(52,085,768)
		2,404,745,133	1,330,336,964
<b>10.1 Allowance for expected credit losses</b>			
Opening balance		52,085,768	22,372,807
Charged during the period/year		4,705,162	29,712,961
		56,790,930	52,085,768
<b>11. SHORT-TERM INVESTMENT</b>			
Investments at fair value through profit or loss			
Mutual Funds	11.1	492,875,446	1,193,596,924
<b>11.1</b>	Set out below is the movement during the period / year:		
Balance at the beginning of the year		1,193,596,924	2,059,740,193
Additions during the year		1,179,312,975	1,590,531,440
Redemption during the year		(1,898,511,988)	(2,465,922,190)
Realized gain/(loss) on redemption of investment during the year		(166,332)	(939,142)
Un-realized gain on remeasurement of investments during the year		18,643,867	10,186,623
Closing fair value of short-term investment		492,875,446	1,193,596,924
<b>12. CASH AND CASH EQUIVALENTS</b>			
Cash and imprest		1,979,974	1,985,458
Cash as banks:			
Current accounts			
-Local currency		54,859,389	123,858,822
-Foreign currency		50,886,776	14,431,417
		105,746,165	138,290,239
Saving accounts	12.1	125,955,608	147,049,207
Term deposit receipts	12.2	401,376,208	145,290,304
		635,057,955	432,615,208

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

For Nine Months Ended 30 September 2023

12.1 These carry average profit at the rate of ranging from 10% to 20.51% (31 December 2022: 4.5% - 14.51%) per annum.

12.2 These carry average profit at the rate of ranging from 20% to 22% (31 December 2022: 5% - 16%) per annum.

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

#### 13.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers.

	Un-audited			
	Nine Month Period Ended 30 September		Three Months Period Ended 30 September	
	2023	2022	2023	2022
	----- (Rupees) -----			
Trading and Manufactured products:				
Local	14,935,669,518	11,902,039,109	5,015,492,390	4,059,245,849
Export	1,017,965,386	696,085,845	363,336,182	330,011,917
	15,953,634,904	12,598,124,954	5,378,828,572	4,389,257,766
Toll Manufacturing	489,574,532	357,517,825	151,957,292	137,487,851
Less:				
Sales tax	(141,111,219)	(69,251,877)	(41,097,680)	(45,539,110)
Trade discount	(1,406,135,172)	(854,261,999)	(408,974,492)	(289,341,888)
	14,895,963,046	12,032,128,903	5,080,713,693	4,191,864,619

	Note	Un-audited	
		Nine Month Period Ended 30 September	
		2023	2022
		----- (Rupees) -----	
13.2 Geographical information			
Pakistan		13,877,997,661	11,336,043,058
Afghanistan		639,755,974	435,771,004
France		65,821,258	49,710,333
Sri lanka		60,519,442	-
Kenya		59,565,380	14,884,551
Somalia		59,427,316	-
Iraq		45,082,129	61,121,943
Tanzania		33,648,268	21,089,012
Sudan		22,102,401	3,571,418
Others	13.3	32,043,219	109,937,584
		14,895,963,047	12,032,128,903

13.3 Others include Cambodia, Mauritius, Macau and United Arab Emirates.



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

For Nine Months Ended 30 September 2023

	Un-audited			
	Nine Month Period Ended		Three Months Period Ended	
	30 September 2023	2022	30 September 2023	2022
	----- (Rupees) -----			
<b>14. COST OF REVENUE</b>				
Opening stock of finished goods	1,453,009,507	426,560,623	794,244,654	298,467,407
Cost of goods manufactured	5,828,648,691	4,659,205,278	2,395,325,998	1,518,087,220
Purchased finish products	1,582,980,766	1,475,317,583	273,630,212	821,373,614
Available stock for sale	8,864,638,964	6,561,083,484	3,463,200,864	2,637,928,241
Closing stock of finished goods	(829,190,174)	(488,067,349)	(829,190,174)	(488,067,349)
Cost of sales	8,035,448,790	6,073,016,135	2,634,010,690	2,149,860,892

	Un-audited	
	Nine Month Period Ended	
	30 September 2023	2022
	----- (Rupees) -----	
<b>15. OTHER INCOME</b>		
Income from financial assets:		
Return on deposits	2,442,197	6,398,748
Profit on Term Deposit Receipts	25,091,714	5,170,008
Dividend Income on short-term investment	50,987,528	209,472,710
Interest on loan to subsidiary	1,639,962	656,453
Exchange gain - net	8,132,343	-
Un-realised gain on short term investment	18,643,867	-
Income from non-financial assets:		
Gain on disposal of operating fixed assets	10,586,051	-
Scrap sales	1,331,095	1,989,269
	118,854,756	223,687,187

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

For Nine Months Ended 30 September 2023

	Un-audited			
	Nine Month Period Ended		Three Months Period Ended	
	30 September		30 September	
	2023	2022	2023	2022
	----- (Rupees) -----			
<b>16. EARNINGS PER SHARE</b>				
Profit for the period - (Rupees)	1,820,397,746	1,731,452,646	618,772,234	661,813,974
		(Restated)		(Restated)
Weighted average number of ordinary shares outstanding during the period - (Numbers)	52,983,363	52,983,363	52,983,363	52,983,363
		(Restated)		(Restated)
Basic and diluted - (Rupees)	34.36	32.68	11.68	12.49

16.1 The basic and diluted earnings per share for the comparative periods have been restated due to the issuance of bonus shares during the period.

### 17. RELATED PARTY TRANSACTIONS

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. Significant transactions and balances with related parties that were not disclosed elsewhere are as follows:

	Un-audited			
	Nine Month Period Ended		Three Months Period Ended	
	30 September		30 September	
	2023	2022	2023	2022
	----- (Rupees) -----			
<b>17.1 Purchase of goods</b>				
Route 2 health (Pvt) Ltd -Associate	613,551,038	694,665,960	204,214,702	209,138,147
Curexa Health (Pvt) Ltd -Subsidiary	594,693,598	623,045,738	139,323,147	254,769,273
<b>17.2 Contribution towards employees' benefits fund:</b>				
Staff provident fund	61,000,327	52,224,107	20,175,926	17,810,408
Employees' welfare trust	3,084,417	3,042,854	1,003,462	1,016,800
<b>17.3 Dividend paid</b>				
Route 2 health (Pvt) Ltd -Associate	10,772,000	-	-	-
Staff provident fund	3,376,300	3,069,380	-	-
Employees' welfare trust	1,902,360	1,729,420	-	-

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

For Nine Months Ended 30 September 2023

	Un-audited			
	Nine Month Period Ended		Three Months Period Ended	
	30 September		30 September	
	2023	2022	2023	2022
	----- (Rupees) -----			
<b>17.4 Remuneration and benefits</b>				
Chief Executive Officer	25,500,374	26,259,918	17,557,643	8,584,481
Executives	543,178,701	491,584,923	380,186,704	172,630,389

17.5 The outstanding balances of such parties are as under:

	Relationship with the Company	Nature of Balance	Un Audited	Audited
			30 September 2023	31 December 2022
			----- (Rupees) -----	
	Route 2 health (Pvt) Ltd -Associate	Advance	58,295,732	43,510,000
	Curexa health (Pvt) Ltd-Subsidiary	Advance	40,265,478	31,268,411

## 18. FINANCIAL RISK MANAGEMENT

### 18.1 Financial risk factors

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual unconsolidated financial statements of the Company for the year ended 31 December 2022.

There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the audited unconsolidated financial statements of the Company for the year ended 31 December 2022.

### 18.2 Fair values of financial assets and liabilities

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

#### Fair value hierarchy

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

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

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

### For Nine Months Ended 30 September 2023

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

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

As at 30 September 2023, the Company held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value	Un Audited	Audited
	September 30	December 31
	2023	2022
	------(Rupees)-----	
Fair value through profit and loss (FVTPL):		
Investment in Mutual funds - (Level 1)	492,875,446	1,193,596,924

There were no financial liabilities measured at fair value as at 30 September 2023 and 31 December 2022. During the nine months period ended 30 September 2023, there were no transfers between different levels of fair value measurements.

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

For Nine Months Ended 30 September 2023

	Un Audited		Audited	
	September 30		December 31	
	2023		2022	
	Amortized cost	Fair value through profit and loss	Amortized cost	Fair value through profit and loss
<b>18.3 Financial instruments by categories</b>				
Financial assets as per statement of financial position:				
Long-term deposits	58,686,572	-	48,176,589	-
Long-term advances	68,300,669	-	32,774,328	-
Trade receivables	2,404,745,133	-	1,330,336,964	-
Advances, trade deposits and prepayments	1,180,744,920	-	971,808,060	-
Other receivables	27,068,470	-	31,697,863	-
Loan to subsidiary	10,000,000	-	10,000,000	-
Cash and bank balances	635,057,955	-	432,615,208	-
Short-Term Investments	-	492,875,446	-	1,193,596,924
	4,384,603,720	492,875,446	2,857,409,012	1,193,596,924
<b>Financial liabilities as per statement of financial position:</b>				
Lease liabilities	235,123,751	-	183,933,646	-
Long-term advances	32,765,158	-	25,087,760	-
Long-term loan - secured	459,030,857	-	15,439,012	-
Trade and other payables	2,033,300,043	-	1,503,748,779	-
Unclaimed dividend	138,671,656	-	98,853,172	-
Current portion of long-term liabilities	136,288,185	-	112,276,756	-
Short term borrowings - secured	96,587,710	-	464,505,032	-
	3,131,767,361	-	2,403,844,157	-

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

For Nine Months Ended 30 September 2023

**19. SEGMENT REPORTING**

The chief operating decision maker (i.e. the Board of Directors) considers the whole business as on one operating segment.

**20. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged 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.

**21. DATE OF AUTHORIZATION OF ISSUE**

The Board of Directors of the Company authorized these unconsolidated condensed interim financial statements for issuance on 30 October 2023



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Financial Statements

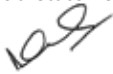
Highnoon Laboratories Limited and its subsidiary  
Curexa Health (Private) Limited  
For Nine Months Ended 30 September 2023




## Condensed Interim Consolidated Statement of Financial Position As at 30 September 2023 (Un Audited)

		Un Audited 30 September 2023	Audited 31 December 2022
Note		------(Rupees)-----	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
100,000,000 (31 December 2022: 50,000,000)			
Ordinary shares of Rs. 10 each		1,000,000,000	500,000,000
<b>Share capital</b>			
Issued, subscribed and paid up share capital	6	529,833,630	418,840,820
<b>Capital reserve</b>			
Revaluation surplus on property, plant and equipment		396,967,483	410,144,816
Revenue reserves		7,706,923,984	6,826,126,631
<b>Total Equity</b>		<b>8,633,725,097</b>	<b>7,655,112,267</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		235,123,751	183,933,646
Long-term advances		32,765,158	25,087,760
Long-term loan - secured	7	459,030,857	15,439,012
Deferred liabilities		568,438,303	530,660,193
		1,295,358,069	755,120,611
<b>Current liabilities</b>			
Trade and other payables		2,138,247,579	1,561,386,941
Contract liabilities		176,727,331	72,263,670
Unclaimed dividend		138,671,656	98,853,172
Unpaid dividend		111,299,848	63,474,580
Markup accrued		639,253	1,669,835
Current portion of long-term liabilities		136,364,351	112,352,922
Short term borrowings - secured		175,273,819	511,804,639
Provision for taxation - net		85,100,262	124,621,903
		2,962,324,099	2,546,427,662
<b>Total liabilities</b>		<b>4,257,682,169</b>	<b>3,301,548,273</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,891,407,265</b>	<b>10,956,660,540</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

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

  
Dr. Adeel Abbas Haider  
Chief Executive Officer

  
Taufiq Ahmed Khan  
Director

  
Ashfaq P. Alidina  
Chief Financial Officer



## Condensed Interim Consolidated Statement of Financial Position As at 30 September 2023 (Un Audited)

		Un Audited 30 September 2023	Audited 31 December 2022
Note		------(Rupees)-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
	9	3,143,427,225	2,398,097,809
Property, plant and equipment			
		33,316,090	35,835,396
Intangible assets			
		834,230	834,230
Goodwill			
		58,886,572	48,376,589
Long-term deposits			
		69,226,596	34,659,421
Long-term advances			
		183,495,040	4,894,894
Deferred tax assets			
		3,489,185,753	2,522,698,339
<b>Current assets</b>			
	10	4,152,142,393	3,999,861,938
Stock in trade			
		12,872,925	11,205,628
Stores and spares			
	11	2,395,418,809	1,330,336,964
Trade receivables			
		1,194,956,030	977,567,051
Advances, trade deposits and prepayments			
		25,428,508	25,690,879
Other receivables			
	12	492,875,446	1,193,596,924
Short-term investment			
		490,824,952	463,007,544
Tax refunds due from the Government			
	13	637,702,449	432,695,273
Cash and bank balances			
		9,402,221,513	8,433,962,201
<b>TOTAL ASSETS</b>		<b>12,891,407,265</b>	<b>10,956,660,540</b>

  
Dr. Adeel Abbas Haideri  
Chief Executive Officer

  
Taufiq Ahmed Khan  
Director

  
Ashfaq P. Alidina  
Chief Financial Officer

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

For Nine Months Ended 30 September 2023

Note	Nine Month Period Ended 30 September		Three Months Period Ended 30 September		
	2023	2022	2023	2022	
	------(Rupees) -----		------(Rupees) -----		
Revenue from contracts with customers- net	14	15,067,265,772	12,032,128,903	5,153,339,790	4,191,864,619
Cost of revenue	15	(8,128,049,676)	(5,954,391,566)	(2,693,244,114)	(2,108,572,387)
<b>Gross profit</b>		<b>6,939,216,095</b>	<b>6,077,737,337</b>	<b>2,460,095,675</b>	<b>2,083,292,232</b>
Distribution, selling and promotional expenses		(3,690,979,329)	(3,024,320,329)	(1,580,336,801)	(987,965,576)
Administrative and general expenses		(656,517,463)	(520,558,011)	(239,263,682)	(174,180,174)
Research and development expenses		(10,302,948)	(7,100,550)	(4,144,486)	(1,777,421)
Other operating expenses		(246,641,201)	(268,632,392)	(80,817,851)	(90,079,920)
		(4,604,440,942)	(3,820,611,281)	(1,904,562,821)	(1,254,003,090)
<b>Operating profit</b>		<b>2,334,775,153</b>	<b>2,257,126,056</b>	<b>555,532,854</b>	<b>829,289,143</b>
Other income	16	117,482,331	222,716,512	34,984,461	82,668,917
Finance costs		(53,007,418)	(36,210,942)	(19,567,531)	(18,462,282)
<b>Profit before taxation</b>		<b>2,399,250,067</b>	<b>2,443,631,626</b>	<b>570,949,785</b>	<b>893,495,778</b>
Taxation		(574,931,851)	(667,341,774)	39,482,585	(215,466,000)
<b>Profit for the Period</b>		<b>1,824,318,216</b>	<b>1,776,289,852</b>	<b>610,432,370</b>	<b>678,029,777</b>
			Restated		Restated
<b>Earnings per share - basic and diluted</b>		<b>34.43</b>	<b>33.53</b>	<b>11.52</b>	<b>12.80</b>

The annexed notes from 1 to 22 form an integral part of these condensed interim 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 Nine Months Ended 30 September 2023

	Nine Month Period Ended 30 September		Three Months Period Ended 30 September	
	2023	2022	2023	2022
	------(Rupees)-----		------(Rupees)-----	
Profit for the period	1,824,318,216	1,776,289,852	610,432,370	678,029,777
Other comprehensive income				
- Items that will be reclassified to Profit or loss	-	-	-	-
- Items that will not be reclassified to Profit or loss	-	-	-	-
- Revaluation surplus on property Plant and equipment - Net of TAX	-	-	-	-
Effect of change in tax rate on:				
- Revaluation surplus of operating fixed assets	(8,023,749)	-	20,693	-
<b>Total comprehensive income for the period</b>	<b>1,816,294,467</b>	<b>1,776,289,852</b>	<b>610,432,370</b>	<b>678,029,777</b>

The annexed notes from 1 to 22 form an integral part of these condensed interim 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 Cash Flow (Un Audited)

For Nine Months Ended 30 September 2023

	Note	Nine Month Period Ended 30 September	
		2023	2022
------(Rupees)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		2,399,250,067	2,443,631,626
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on owned assets		147,327,788	163,373,327
Depreciation on ROU Assets		17,946,187	-
Amortization		5,964,285	2,725,441
Gain on disposal of property plant and equipment		(10,586,051)	(1,785,430)
Exchange (gain) / loss - net		-	33,989,700
Unrealized gain on short term investments		(18,643,867)	-
Revaluation surplus of operating fixed assets		(8,023,749)	-
Dividend Income on short-term investment		(50,987,528)	-
Provision for slow moving and obsolete stocks		13,540,053	73,733,700
Provision for defined benefit obligation		24,961,580	52,475,276
Provision for Workers' Profit Participation Fund		201,050,058	131,317,438
Provision for Central Research Fund		29,398,354	26,360,270
Allowance for expected credit losses		4,437,625	146,411
Provision for Workers' Welfare Fund		603,121	-
Finance costs		54,647,380	36,210,942
		411,635,236	518,547,074
Profit before working capital changes		2,810,885,304	2,962,178,700
Working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade		(165,820,507)	(464,703,404)
Stores and spares		(1,667,297)	-
Trade debts		(1,053,472,128)	(1,193,773,228)
Advances trade deposits and short term prepayments		(217,388,979)	(195,727,144)
Other receivables		4,629,393	(4,650,181)
Tax refund due from the Government		(5,935,848)	(345,117,822)
Increase / (Decrease) in current liabilities:			
Contract liabilities		104,463,661	-
Trade and other payables		365,047,972	424,588,289
<b>Cash flows from operations</b>		<b>1,840,741,570</b>	<b>1,182,795,210</b>
Income taxes paid		(783,310,250)	(615,441,811)
Gratuity paid		(45,113,244)	(60,768,764)
Finance costs paid		(54,965,439)	(35,956,779)
Central Research Fund Paid		(41,457,376)	(26,332,009)
		(924,846,309)	(738,499,365)
<b>Net cash flows from operating activities</b>	<b>A</b>	<b>915,895,261</b>	<b>444,295,845</b>

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

For Nine Months Ended 30 September 2023

	Note	Nine Month Period Ended 30 September	
		2023	2022
------(Rupees)-----			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,197,219,177)	(601,219,447)
Net decrease / (increase) long term advances		(34,299,637)	8,246,418
Net decrease / (increase) short term investments		719,365,345	490,189,239
Acquisition of intangible assets		(3,444,980)	(23,039,057)
Increase in long term deposits - net		(10,509,983)	(15,727,200)
Dividend income on short term investments		50,987,528	-
Proceeds from disposal of property plant and equipment		297,201,837	3,242,900
<b>Net cash flows used in investing activities</b>	<b>B</b>	<b>(177,919,067)</b>	<b>(138,307,147)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities - net		46,122,021	(21,936,570)
Long term loan (paid) / obtained		497,716,568	(110,202,305)
Long term advances - net		9,761,099	15,074,040
Dividend paid		(750,037,886)	(663,445,918)
<b>Net cash flows used in financing activities</b>	<b>C</b>	<b>(196,438,198)</b>	<b>(780,510,754)</b>
Net decrease in cash and cash equivalents	(A+B+C)	541,537,996	(474,522,056)
Cash and cash equivalents at beginning of the period		(79,109,366)	770,441,691
<b>Cash and cash equivalents at end of the period</b>		<b>462,428,630</b>	<b>295,919,635</b>

The annexed notes from 1 to 22 form an integral part of these condensed interim 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 Changes in Equity (Un Audited)

For Nine Months Ended 30 September 2023

	Share capital	Capital Reserves		Revenue reserves		Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at 01 January 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 September 30, 2022	-	-	-	1,776,289,852	1,776,289,852	1,776,289,852
Surplus transferred to unappropriated profit	-	(10,246,931)	-	10,246,931	10,246,931	-
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	(38,076,430)	(38,076,430)	-
Transaction with owners of the company, recognized directly in equity - Distributions	-	-	-	(761,528,779)	(761,528,779)	(761,528,779)
Issuance of bonus shares @ 10% for the year ended December 31, 2021	38,076,430	-	-	-	-	-
Final dividend @ Rs. 20 per share for the year ended December 31, 2021	-	-	-	-	-	-
Balance as at 30 September 2022	418,840,820	426,002,477	114,000,000	5,972,898,177	6,086,898,177	6,931,741,474
Balance as at 01 January 2023						
Total comprehensive income for the period ended September 30, 2023	418,840,820	410,144,816	114,000,000	6,712,126,631	6,826,126,631	7,655,112,267
Surplus transferred to unappropriated profit	-	-	-	1,816,294,467	1,816,294,467	1,816,294,467
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(13,177,333)	-	13,177,333	13,177,333	-
Transaction with owners of the company, recognized directly in equity - Distributions	-	-	-	(41,884,080)	(41,884,080)	-
Final dividend @ Rs. 20 per share for the year ended December 31, 2022	41,884,080	-	-	(837,681,637)	(837,681,637)	(837,681,637)
Issuance of interim bonus shares @ 15% for the period ended March 31, 2023	69,108,730	-	-	(69,108,730)	(69,108,730)	-
Balance as at 30 September 2023	529,833,631	396,967,483	114,000,000	7,592,923,984	7,706,923,984	8,633,725,098

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



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

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

For Nine Months Ended 30 September 2023

### 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 and its manufacturing facility is situated at 17.5 KM, Multan Road, Lahore.

### 2. STATEMENT OF COMPLIANCE

2.1 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").

2.2 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.

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

2.4 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
- Provision 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.

2.5 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 2022. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2022, 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 2022.

## Notes to the Condensed Interim Consolidated

### Financial Statements (Un Audited)

#### For Nine Months Ended 30 September 2023

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 2022.

#### 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 2022.

	Un Audited 30 September 2023	Audited 31 December 2022
Note	------(Rupees)-----	
<b>6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
5,905,000 (31 December 2022: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
95,000 (31 December 2022: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
46,983,363 (31 December 2022: 35,884,082) ordinary shares of Rs. 10 each issued as bonus shares	469,833,630	358,840,820
	<b>529,833,630</b>	<b>418,840,820</b>
<b>7. LONG-TERM LOAN - SECURED</b>		
MCB Bank Limited	7.2	7,122,401
Meezan Bank Limited	7.1	15,439,012
		451,908,456
		-
	<b>459,030,857</b>	<b>15,439,012</b>



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

For Nine Months Ended 30 September 2023

	Un Audited 30 September 2023	Audited 31 December 2022
Note	------(Rupees)-----	
<b>7.1</b>	<b>The movement of long term loan as follows:</b>	
	18,008,677	178,615,376
Opening balance as at 01 January		
Addition during the year		
Loan obtained	500,000,000	26,300,000
Less: deferred grant	(24,490,163)	(8,879,354)
	475,509,837	17,420,646
Unwinding of loan	29,055,414	6,839,741
Payment during the period/year	(31,338,846)	184,867,086)
	(2,283,432)	178,027,345)
	491,235,082	18,008,677
Less: Current portion	(32,204,225)	(2,569,665)
Closing balance as at 30 September / 31 December	459,030,857	15,439,012

**7.2** This represents diminishing musharakah facility obtained from Meezan Bank Limited. It carries markup at the rate of 3 months KIBOR + 0.1% per annum payable quarterly in arrears whereas principal is repayable in 16 equal quarterly instalments, in arrears, starting from 5 September 2024. This facility is secured against the title over the Musharakah assets.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There have been no significant changes in contingencies since as reported in the annual audited consolidated financial statements.

	Un Audited 30 September 2023	Audited 31 December 2022
Note	------(Rupees)-----	
<b>8.2</b>	<b>Commitments</b>	
	Commitments against irrevocable letters of credit include:	
	784,893,464	225,502,959
Letter of contracts		
Bank contracts	764,446,880	425,823,107
Capital expenditure	19,261,706	19,608,990
Ijarah rentals	73,721,583	146,053,332
	1,642,323,632	816,988,388

### 8.2.1 Future payments under Ijarah:

Within one year	10,264,128	7,843,596
After one year but not more than 5 years	8,997,578	11,765,394
	19,261,706	19,608,990

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

For Nine Months Ended 30 September 2023

	Note	Un Audited 30 September 2023	Audited 31 December 2022
------(Rupees)-----			
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets :			
Owned	9.1	1,853,095,285	1,595,639,706
Right of use assets (RoUA)	9.2	301,376,393	356,465,213
		<b>2,154,471,678</b>	1,952,104,919
Advances - considered good		-	3,968,875
Capital work-in-progress		988,955,547	442,024,015
		<b>3,143,427,225</b>	2,398,097,809
<b>9.1 Operating fixed assets : Owned</b>			
Opening book value		1,595,639,706	1,682,948,599
Add: Additions during the period - cost	9.1.1	503,406,380	291,059,570
		<b>2,099,046,086</b>	1,974,008,169
Less: Book value of:			
Disposals during the period / year	9.1.2	(98,623,013)	(196,057,553)
Depreciation for the period / year		(147,327,788)	(182,310,910)
		<b>(245,950,801)</b>	(378,368,463)
Closing book value		<b>1,853,095,285</b>	1,595,639,706
<b>9.1.1 Additions during the period / year - cost</b>			
Freehold Land		2,152,250	-
Building on freehold land		95,302,631	94,673,350
Leasehold improvement		-	18,917,500
Plant and machinery	9.1.1.1	205,558,378	75,148,414
Laboratory equipment		1,874,300	6,445,894
Furniture and fixtures		2,763,973	9,147,478
Electric and gas appliances		16,313,340	19,712,746
Office equipment		16,583,522	14,274,888
Vehicles		162,857,987	52,739,300
		<b>503,406,380</b>	291,059,570

9.1.1.1 This includes plant and machinery, having net book value amounting to Rs. 187.99 million, transferred from right of use assets.

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

For Nine Months Ended 30 September 2023

Note	Un Audited 30 September 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>9.1.2 Disposals during the period / year</b>		
Plant and machinery	3,718	183,153,847
Office equipment	-	184,466
Vehicles	98,619,295	12,719,240
	<b>98,623,013</b>	<b>196,057,553</b>
<b>9.2 Right of use assets (RoUA)</b>		
Opening book value	356,465,213	126,628,439
Additions during the period - cost	150,850,140	263,359,773
	<b>507,315,353</b>	<b>389,988,212</b>
Transferred to owned assets	(187,992,773)	-
Depreciation for the period / year	(17,946,187)	(33,522,999)
	<b>(205,938,960)</b>	<b>(33,522,999)</b>
Closing book value	<b>301,376,393</b>	<b>356,465,213</b>
<b>10. STOCK IN TRADE</b>		
Raw materials:		
In hand	2,143,473,046	1,726,625,209
In transit	116,074,429	28,657,617
With third party	96,818,548	197,297,237
	<b>2,356,366,023</b>	<b>1,952,580,063</b>
Packing material		
In hand	807,211,071	694,288,815
In transit	-	-
With third party	-	-
	<b>807,211,071</b>	<b>694,288,815</b>
Work in process	320,734,144	294,334,778
Finished goods:		
Trading -in hand	258,670,631	424,503,201
Trading -in transit	46,043,388	121,809,234
Manufactured	508,135,584	643,824,242
	<b>812,849,603</b>	<b>1,190,136,677</b>
	<b>4,297,160,841</b>	<b>4,131,340,333</b>
Less: Provision for slow moving and obsolete items	(145,018,448)	(131,478,395)
	<b>4,152,142,393</b>	<b>3,999,861,938</b>

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

For Nine Months Ended 30 September 2023

	Note	Un Audited 30 September 2023	Audited 31 December 2022
		------(Rupees)-----	
<b>11. TRADE RECEIVABLES</b>			
Foreign		75,002,746	56,554,198
Local		2,377,206,993	1,325,868,534
		2,452,209,739	1,382,422,732
Less: allowance for expected credit losses	11.1	(56,790,930)	(52,085,768)
		2,395,418,809	1,330,336,964
<b>11.1 Allowance for expected credit losses</b>			
Opening balance		52,085,768	22,372,807
Charged during the period/year		4,705,162	29,712,961
Written off during the period/year		-	-
		56,790,930	52,085,768
<b>12. SHORT-TERM INVESTMENT</b>			
Investments at fair value through profit or loss			
Mutual Funds	12.1	492,875,446	1,193,596,924
<b>12.1</b>	Set out below is the movement during the period / year:		
Balance at the beginning of the year		1,193,596,924	2,059,740,193
Additions during the year		1,179,312,975	1,590,531,440
Redemption during the year		(1,898,511,988)	(2,465,922,190)
Realized gain/(loss) on redemption of investment during the year		(166,332)	(939,142)
Un-realized gain on remeasurement of investments during the year		18,643,867	10,186,623
Closing fair value of short-term investment		492,875,446	1,193,596,924
<b>13. CASH AND BANK BALANCES</b>			
Cash and imprest		2,050,920	1,993,630
Balance with banks			
Current accounts			
-Local currency		54,931,282	123,930,715
-Foreign currency		50,886,776	14,431,417
		105,818,058	138,362,132
Saving accounts	13.1	128,457,262	147,049,207
Term deposit receipts	13.2	401,376,208	145,290,304
		635,651,529	430,701,643
		637,702,449	432,695,273

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

### For Nine Months Ended 30 September 2023

13.1 These carry average profit at the rate of ranging from 10% to 20.51% (31 December 2022: 4.5% - 14.51%) per annum.

13.2 These carry average profit at the rate of ranging from 20% to 22% (31 December 2022: 5% - 16%) per annum.

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

##### 14.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers.

	Un-audited			
	Nine Month Period Ended 30 September		Three Months Period Ended 30 September	
	2023	2022	2023	2022
----- (Rupees) -----				
Trading and Manufactured products:				
Local	15,114,632,207	11,889,501,271	5,090,284,338	4,059,245,849
Export	1,017,965,386	696,085,845	363,336,182	330,011,917
	16,132,597,594	12,585,587,116	5,453,620,520	4,389,257,766
Toll Manufacturing	489,574,532	357,517,825	151,957,292	137,487,851
Less:				
Sales tax	(148,771,182)	(56,714,040)	(43,263,531)	(45,539,110)
Sales Return/Discount	(1,406,135,172)	(854,261,999)	(408,974,492)	(289,341,888)
	15,067,265,772	12,032,128,903	5,153,339,790	4,191,864,619

	Note	Un-audited	
		Nine Month Period Ended 30 September	
		2023	2022
----- (Rupees) -----			
14.2 Geographical information			
Pakistan		14,049,300,387	11,336,043,058
Afghanistan		639,755,974	435,771,004
France		65,821,258	49,710,333
Sri Lanka		60,519,442	-
Kenya		59,565,380	14,884,551
Somalia		59,427,316	-
Iraq		45,082,129	61,121,943
Tanzania		33,648,268	21,089,012
Sudan		22,102,400	3,571,418
Others	14.3	32,043,219	109,937,584
		15,067,265,772	12,032,128,903

14.3 Others include Cambodia, Mauritius, Macau and United Arab Emirates.

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

For Nine Months Ended 30 September 2023

	Un-audited			
	Nine Month Period Ended		Three Months Period Ended	
	30 September 2023	2022	30 September 2023	2022
	----- (Rupees) -----			
<b>15. COST OF REVENUE</b>				
Opening stock of finished goods	1,462,340,833	423,077,851	779,086,516	296,113,688
Cost of goods manufactured	5,895,577,681	5,368,603,257	2,453,376,990	2,303,692,210
Purchased finish products	1,582,980,766	653,943,969	273,630,212	-
Available stock for sale	8,940,899,280	6,445,625,078	3,506,093,718	2,599,805,898
Closing stock of finished goods	(812,849,603)	(491,233,512)	(812,849,603)	(491,233,512)
Cost of sales	8,128,049,676	5,954,391,566	2,693,244,114	2,108,572,387

	Un-audited	
	Nine Month Period Ended	
	2023	2022
	----- (Rupees) -----	
<b>16. OTHER INCOME</b>		
Income from financial assets:		
Return on deposits	2,442,197	6,398,748
Profit on Term Deposit Receipts	25,091,714	5,170,008
Dividend Income on short-term investment	50,987,528	208,394,570
Unrealized gain on re-measurement of short term investment to fair value	18,643,867	-
Reversal of provision for expected credit loss	267,537	107,465
Interest on loan to subsidiary	-	656,453
Exchange gain - net	8,132,343	-
Income from non-financial assets:		
Gain on disposal of operating fixed assets	10,586,051	-
Scrap sales	1,331,095	1,989,269
	117,482,331	222,716,512

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

### For Nine Months Ended 30 September 2023

#### 17. 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 Months Period Ended 30 September	
	2023	2022	2023	2022
	----- (Rupees) -----			
<b>17.1 Purchase of goods</b>				
Route 2 health (Pvt) Ltd -Associate	613,551,038	694,665,960	204,214,702	209,138,147
<b>17.2 Dividend paid to associates</b>				
Route 2 health (Pvt) Ltd -Associate	10,772,000	-	-	-
Staff provident fund	3,376,300	3,069,380	-	-
Employees' welfare trust	1,902,360	1,729,420	-	-
<b>17.3 Contribution towards employees' benefits fund:</b>				
Staff provident fund	64,163,857	54,801,004	21,265,124	18,645,319
Employees' welfare trust	3,084,417	3,042,854	1,003,462	1,016,800
<b>17.4 Contribution towards employees' benefits fund:</b>				
Chief Executive Officer	25,500,374	26,259,918	17,557,643	8,584,481
Director	13,734,657	10,510,137	4,037,863	3,843,904
Executives	559,457,260	504,985,662	385,632,546	176,180,811

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

Relationship with the Company	Nature of Balance	Un Audited	Audited
		30 September	31 December
		2023	2022
		----- (Rupees) -----	
Route 2 health (Pvt) Ltd -Associate	Advance	58,295,732	43,510,000
Staff provident fund	Payable	2,516,381	1,369,664

#### 18. FINANCIAL RISK MANAGEMENT

##### 18.1 Financial risk factors

There is no change in the group's objectives, policies, procedures for measuring and managing

## Notes to the Condensed Interim Consolidated

### Financial Statements (Un Audited)

#### For Nine Months Ended 30 September 2023

the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2022.

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

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

#### Fair value hierarchy

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

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

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

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

As at 30 September 2023, the Company held the following financial instruments carried at fair value on the statement of financial position:

	Un Audited September 30	Audited December 31
Financial assets measured at fair value	2023	2022
	------(Rupees) -----	
Fair value through profit and loss (FVTPL):		
Investment in Mutual funds - (Level 1)	492,875,446	1,193,596,924

There were no financial liabilities measured at fair value as at 30 September 2023 and 31 December 2022. During the nine month period ended 30 September 2023, there were no transfers between different levels of fair value measurements.



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

For Nine Months Ended 30 September 2023

	Un Audited		Audited	
	September 30		December 31	
	2023		2022	
	Amortized cost	Fair value through profit and loss	Amortized cost	Fair value through profit and loss
<b>18.3 Financial instruments by categories</b>				
Financial assets as per statement of financial position:				
Long-term deposits	58,886,572	-	48,376,589	-
Long-term advances	69,226,596	-	34,659,421	-
Trade receivables	2,395,418,809	-	1,330,336,964	-
Advances, trade deposits and prepayments	1,194,956,030	-	977,567,051	-
Other receivables	25,428,508	-	25,690,879	-
Cash and bank balances	637,702,449	-	432,695,273	-
Short-Term Investments	-	492,875,446	-	1,193,596,924
	4,381,618,963	492,875,446	2,849,326,177	1,193,596,924
<b>Financial liabilities as per statement of financial position:</b>				
Lease liabilities	235,123,751	-	183,933,646	-
Long-term advances	32,765,158	-	25,087,760	-
Long-term loan - secured	459,030,857	-	15,439,012	-
Trade and other payables	2,138,247,579	-	1,561,386,941	-
Unclaimed dividend	138,671,656	-	98,853,172	-
Markup accrued	639,253	-	1,669,835	-
Current portion of long-term liabilities	136,364,351	-	112,352,922	-
Short term borrowings - secured	175,273,819	-	511,804,639	-
	3,316,116,424	-	2,510,527,927	-

### 19. SEGMENT REPORTING

The chief operating decision maker (i.e. the Board of Directors) considers the whole business as on one operating segment.

### 20. CORRESPONDING FIGURES

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

### 21. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Group authorized these consolidated condensed interim financial statements for issuance on 30 October 2023.

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

For Nine Months Ended 30 September 2023

22. GENERAL

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



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer



## **Highnoon**

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