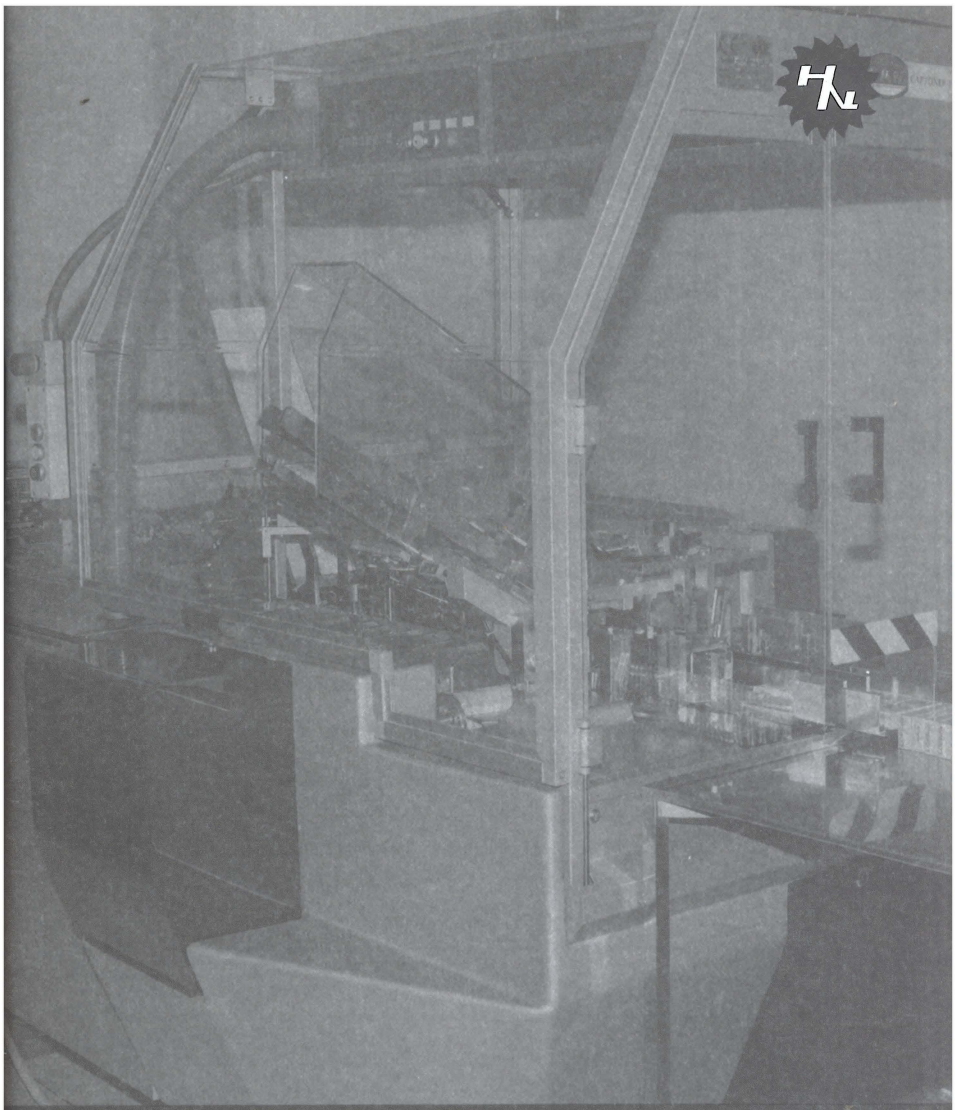


HIGHNOON LABORATORIES LIMITED

Q2 Report 2017

www.highnoon-labs.com

HIGHNOON FOR A HEALTHIER NATION

Contents

Vision, Mission & Corporate Objectives	1
Company Information	2
Directors' Report	3
Condensed Interim Un-consolidated Financial Information	5
Independent Auditor's Review Report to the Members	6
Balance Sheet	7
Profit & Loss Account	9
Statement of Comprehensive Income	10
Cash Flow Statement	11
Statement of Changes in Equity	13
Selected Notes to the Financial Information	14
Directors' Report	25
Condensed Interim Consolidated Financial Information	28
Balance Sheet	29
Profit & Loss Account	31
Statement of Comprehensive Income	32
Cash Flow Statement	33
Statement of Changes in Equity	35
Selected Notes to the Financial Information	36

Vision

We at Highnoon Laboratories Limited
understand the duties of being responsible
corporate citizen and stand true to our conviction
and promise to work for the betterment
and prosperity of our people.

"Highnoon for a Healthier Nation"

Mission

We strive to maintain excellence in our business
practices with the objective to benefit the medical
community, consumers, stakeholders and employees;
and to improve quality of life by providing
quality products.

Corporate Objectives

Excel in meeting customer needs.
Maintain leadership in national
pharmaceutical industry.
Gain confidence of Doctors,
Pharmacists and Consumers who use our products.
Seek employee involvement, continuous improvement
and enhanced performance goals.
Enhance export business.

Company Information

Board of Directors	Mr. Tausif Ahmad Khan	Chairman
	Mr. Anees Ahmad Khan	Vice Chairman
	Dr. Adeel Abbas.	Chief Executive Officer
	Mr. Ghulam Hussain Khan	
	Mr. Taufiq Ahmed Khan	
	Mr. Shazib Masud	
	Mrs. Zainub Abbas	
Chief Financial Officer	Mr. Javed Hussain Tel: +92(42)37511953 Email: javed@highnoon.com.pk	
Company Secretary	Mr. Khadim Hussain Mirza Tel: +92(42)37510036 Email: khadim@highnoon.com.pk	
Bankers	Habib Bank Limited United Bank Limited J.S. Bank Limited Allied Bank Limited Standard Chartered Bank (Pakistan) Limited	
Registered, Head Office & Plant	17.5 Kilometer Multan Road, Lahore - 53700, Pakistan UAN: 111 000 465 Fax: +92 (42) 37510037 Email: info@highnoon.com.pk URL: www.highnoon-labs.com	
Legal Advisors	Raja Muhammad Akram & Company	
Tax Advisors	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) 35916714, 35916719, Fax: +92 (42) 35869637	

DIRECTORS' REPORT

I feel pleasure to present the financial statements of the Company for the half year ended 30th June 2017 on behalf of the Board of Directors.

The Company generated net sales revenue of Rs. 2.858 billion during the period under review compared to Rs. 2.535 billion in the same period last year registering a growth of 13 percent. On quarterly basis, the net sales revenue increased by Rs. 122 million showing an increase of 9 percent over last quarter. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 1.397 billion and 49% as compared to Rs. 1.218 billion and 48% respectively. Distribution selling & promotional expenses and administrative expenses increased by 13% and 15% respectively over same period last year. The increase is largely on account of increase in the size of sales team to improve market penetration and improving customer focus. The net profit after tax and earnings per share increased to Rs. 317 million and Rs. 12.42 per share which translated in an increase of 18 percent over the same period last year.

Against the backdrop of mixed macroeconomic and political conditions, the outlook of the Company remains positive. The combination of our diversified product portfolio, new products pipeline and increased focus on export market gives us additional confidence that the Company is marching forward in right direction.

On behalf of the Board, I would like to express my sincere gratitude to the Shareholders, Doctors, Pharmacist, Consumers, Business partners and the Bankers for the continued patronage and business and to the employees and management for their continued, dedicated, untiring efforts and hard work.

For & On behalf of the Board

Lahore: 25 August 2017

Dr. Adeel Abbas
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے مالیاتی گوشوارے برائے ششماہی مختمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

زیر جائزہ مدت کے دوران کمپنی نے 2.858 ارب روپے کی خالص فروخت آمدن حاصل کی، جو کہ پچھلے سال کی ششماہی کی کل فروخت آمدن 2.535 ارب روپے کے مقابلے میں 13 فیصد زیادہ ہے۔ سہ ماہی کی بنیاد پر خالص فروخت میں 122 ملین روپے کا اضافہ ہوا جو کہ پچھلی سہ ماہی کے مقابلے میں 9 فیصد زیادہ ہے۔ اس عرصہ کے دوران خام منافع اور خام منافع کا کل فروخت آمدن سے تناسب بالترتیب 1.397 ارب روپے اور 49 فیصد رہا جبکہ پچھلے سال کی پہلی ششماہی کا خام منافع 1.218 ارب روپے اور تناسب 48 فیصد تھا۔ تقسیم فروخت، مارکیٹنگ اور انتظامی اخراجات میں پچھلے عرصہ کی نسبت بالترتیب 13 فیصد اور 15 فیصد اضافہ ہوا۔ اخراجات میں اضافہ کی بڑی وجہ صارفین پر بہتر توجہ دینے اور مارکیٹ میں بہتر رسائی کے لیے مارکیٹنگ ٹیم کے حجم میں اضافہ ہے۔ خالص منافع بعد از ٹیکس مبلغ 317 ملین روپے تک بڑھا جبکہ فی حصص خالص منافع 12.42 روپے رہا جو کہ پچھلے سال کی اسی عرصہ کے مقابلے میں 18 فیصد اضافہ ظاہر کرتا ہے۔

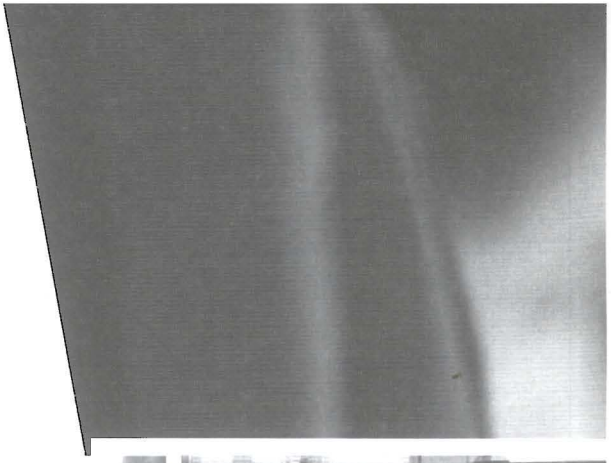
اقتصادی اور سیاسی حالات کے ملے جلے منظرنامے کے باوجود کمپنی کا رجحان ہمیشہ کی طرح مثبت ہے۔ ہماری ہمہ جہت ادویات کا مجموعہ، زیر منصوبہ نئی ادویات اور برآمدات میں اضافہ پر زیادہ توجہ جیسے عوامل کا امتزاج ہمیں کمپنی کے صحیح سمت میں گامزن ہونے سے متعلق بھرپور اعتماد فراہم کرتا ہے۔

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام حصص داران، ڈاکٹر، فارماسسٹس، صارفین، شراکت داروں اور بینکوں کی سرپرستی اور کاروباری تعاون کے لیے بے حد مشکور ہوں۔ اور اس کے ساتھ میں اپنے ملازمین اور انتظامیہ کی مسلسل غیر متزلزل اور انتھک کوششوں اور محنت کی بھرپور قدر کرتا ہوں۔

بحکم بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس
چیف ایگزیکٹو آفیسر

لاہور، 25 اگست 2017









CONDENSED INTERIM FINANCIAL INFORMATION HIGHNOON LABORATORIES LTD.

For the Half Year Ended
30 June 2017

Highnoon Laboratories Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Highnoon Laboratories Limited as at 30 June 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts, for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: Naseem Akbar
Lahore: 25th August 2017

BALANCE SHEET

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (31 December 2016: 25,000,000)			
Ordinary shares of Rs. 10 each		500,000,000	250,000,000
Share capital	6	255,423,170	228,056,400
Revenue reserves		1,475,415,350	1,376,455,659
Available for sale reserve		145,555	-
Total equity		1,730,984,075	1,604,512,059
Surplus on revaluation of fixed assets		206,903,823	209,883,736
Non-current liabilities			
Liabilities against assets subject to finance lease	7	15,297,128	16,843,781
Long term advances		37,617,339	27,248,879
Deferred liabilities		322,215,168	312,920,256
		375,129,635	357,012,916
Current liabilities			
Trade and other payables		414,390,778	491,811,842
Mark up payable		20,797	18,622
Short term borrowing	8	-	-
Current portion of long term liabilities	9	22,552,415	27,104,927
Income tax-net		145,103,743	143,275,421
		582,067,733	662,210,812
TOTAL EQUITY AND LIABILITIES		2,895,085,266	2,833,619,523
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

AS AT 30 JUNE 2017

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
ASSETS			
Non- current assets			
Property, plant and equipment	11	752,144,096	744,163,879
Intangible assets		13,419,443	21,765,868
Long term investment		200,000,000	200,000,000
Long term deposits		12,111,613	12,111,613
		977,675,152	978,041,360
Current assets			
Stock in trade	12	961,948,777	992,637,743
Trade debts	13	232,462,673	75,154,453
Advances	14	133,787,009	74,672,999
Trade deposits and short term prepayments		27,349,262	17,423,457
Profit accrued		815,342	1,235,074
Other receivables		3,815,170	3,341,447
Tax refund due from government		5,919,084	10,413,130
Short term investment	15	100,145,555	-
Cash and bank balances	16	451,167,242	680,699,860
		1,917,410,114	1,855,578,163
TOTAL ASSETS		2,895,085,266	2,833,619,523

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

PROFIT AND LOSS ACCOUNT (UN AUDITED)
For the six months ended 30 June 2017

	Note	Six Months Ended 30 June		Three Months Ended 30 June	
		2017	2016	2017	2016
		---------- (Rupees) ----------		---------- (Rupees) ----------	
Sales - net	17	2,857,837,915	2,534,727,427	1,490,021,938	1,304,763,636
Cost of sales	18	(1,460,114,048)	(1,316,732,326)	(742,472,360)	(677,035,563)
Gross profit		1,397,723,867	1,217,995,101	747,549,578	627,728,073
Distribution, selling and promotional expenses		(752,833,011)	(663,745,988)	(404,902,938)	(360,852,381)
Administrative and general expenses		(131,283,442)	(114,538,893)	(67,503,796)	(50,063,011)
Research and development expenses		(1,816,843)	(1,626,054)	(1,048,999)	(824,564)
Other operating expenses		(44,945,909)	(38,338,786)	(23,919,513)	(19,695,543)
		(930,879,205)	(818,249,721)	(497,375,246)	(431,435,499)
Operating Profit		466,844,662	399,745,380	250,174,332	196,292,574
Other income	19	13,730,982	8,406,682	6,394,090	5,574,870
		480,575,644	408,152,062	256,568,422	201,867,444
Finance costs	20	(2,353,126)	(3,271,006)	(1,195,620)	(1,781,837)
Profit before taxation		478,222,518	404,881,056	255,372,802	200,085,607
Taxation		(161,028,030)	(133,974,995)	(98,443,321)	(74,419,379)
Profit for the period		317,194,488	270,906,061	156,929,481	125,666,228
			Restated		Restated
Earnings per share - basic and diluted		12.42	10.61	6.14	4.92

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
For the six months ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees)	
Profit for the period	317,194,488	270,906,061
Other comprehensive (loss) / income:		
Items to be reclassified to profit and loss in subsequent periods:		
Net unrealized gain on available for sale investments	145,555	637,290
Total comprehensive income for the period	317,340,043	271,543,351

Surplus arising on 'revaluation of fixed assets' is presented under a separate head below equity as 'surplus on revaluation of assets' in accordance with the requirements specified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O.45(I)/2003 dated 13 January 2003 and section 235 of Companies Ordinance, 1984 respectively.

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT (UN AUDITED)
For the six months ended 30 June 2017

	Six Months Ended 30 June	
	2017	2016
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	478,222,518	404,881,056
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation	38,073,717	39,500,673
Amortization of intangible assets	8,346,425	8,337,101
Gain on disposal of property, plant and equipment	(3,211,778)	(3,254,468)
Exchange loss	5,699,512	4,185,357
Provision for slow moving and obsolete items	4,529,998	9,752,122
Provision for defined benefit obligation	22,184,868	21,584,814
Finance costs	2,353,126	3,271,006
	77,975,868	83,376,605
Profit before working capital changes	556,198,386	488,257,661
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets:		
Stock in trade	26,158,968	(52,895,281)
Trade debts	(157,308,220)	20,397,207
Advances	(59,114,010)	21,411,893
Trade deposits and short term prepayments	(9,925,805)	(5,599,572)
Profit accrued	419,732	585,610
Other receivables	(473,723)	975,438
Tax refund due from government	4,494,046	2,158,196
Increase/(decrease) in current liabilities:		
Trade and other payables	(99,746,369)	(69,933,365)
	(295,495,381)	(82,899,874)
Cash flows generated from operations	260,703,005	405,357,787
Taxes paid	(162,195,482)	(100,610,820)
Gratuity paid	(9,891,989)	(7,116,190)
Finance costs paid	(1,069,973)	(1,200,213)
Long term advances received - net	8,622,417	5,723,204
Net cash flow generated from operating activities	96,167,978	302,153,768

	Six Months Ended 30 June	
	2017	2016
	---------- (Rupees) ----------	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(41,628,722)	(15,746,060)
Long term Investment made - net	-	(41,077,000)
Long term deposits - net	-	(1,622,700)
Short term investment made - net	(100,000,000)	(50,000,000)
Proceeds from disposal of property, plant and equipment	9,290,066	8,419,204
Net cash flow used in investing activities	(132,338,656)	(100,026,556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(16,139,793)	(16,892,737)
Dividend paid	(177,222,147)	(138,300,466)
Net cash flow used in financing activities	(193,361,940)	(155,193,203)
Net (decrease) / increase in cash and cash equivalents	(229,532,618)	46,934,009
Cash and cash equivalents at beginning of the period	680,699,860	352,794,973
Cash and cash equivalents at end of the period	451,167,242	399,728,982

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
For the six months ended 30 June 2017

	Share Capital	Revenue reserves			Available for sale reserve	Total
		General reserve	Unappropri-ated profit	Sub total		
Balance as at 01 January 2016	203,621,790	114,000,000	907,980,732	1,021,980,732	-	1,225,602,522
Profit for the period ended 30 June 2016	-	-	270,906,061	270,906,061	-	270,906,061
Other comprehensive income	-	-	-	-	637,290	637,290
Total comprehensive income for the period ended June 2016	-	-	270,906,061	270,906,061	637,290	271,543,351
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	3,390,320	3,390,320	-	3,390,320
Issuance of bonus shares @ 12% for the year ended 31 December 2015	24,434,610	-	(24,434,610)	(24,434,610)	-	-
Final dividend @ Rs. 7.50 per share for the year ended 31 December 2015	-	-	(152,716,343)	(152,716,343)	-	(152,716,343)
Balance as at 30 June 2016	228,056,400	114,000,000	1,005,126,160	1,119,126,160	637,290	1,347,819,850
Balance as at 01 January 2017	228,056,400	114,000,000	1,262,455,659	1,376,455,659	-	1,604,512,059
Profit for the period ended 30 June 2017	-	-	317,194,488	317,194,488	-	317,194,488
Other comprehensive income	-	-	-	-	145,555	145,555
Total comprehensive income for the period ended June 2017	-	-	317,194,488	317,194,488	145,555	317,340,043
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	2,979,913	2,979,913	-	2,979,913
Issuance of bonus shares @ 12% for the year ended 31 December 2016	27,366,770	-	(27,366,770)	(27,366,770)	-	-
Final dividend @ Rs. 8.50 per share for the year ended 31 December 2016	-	-	(193,847,940)	(193,847,940)	-	(193,847,940)
Balance as at 30 June 2017	255,423,170	114,000,000	1,361,415,350	1,475,415,350	145,555	1,730,984,075

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE FINANCIAL INFORMATION (UN AUDITED) For the six months ended 30 June 2017

1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ('the Company') was incorporated as a private limited company in Pakistan in 1984 and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged) 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.

This financial information is the separate financial information of the company in which investment in subsidiary is stated at cost less impairment losses, if any. The condensed interim consolidated financial statements are prepared separately.

2 STATEMENT OF COMPLIANCE

2.1 During the year, the Companies Act 2017 (the Act) has been effective from 30 May 2017. However, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, these unconsolidated condensed interim financial information of the Company for the six months period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance,1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies ordinance, 1984.

3 BASIS OF PREPARATION

3.1 These unconsolidated condensed interim financial information of the Company for the six months period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance,1984.

3.2 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 2016.

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2016 except as follows:

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

IFRS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendment to accounting standards did not have any material effect on the condensed interim financial information.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2016.

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
6 SHARE CAPITAL			
Issued, subscribed and paid-up			
5,905,000 (31 December 2016: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (31 December 2016: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
16,805,640 (31 December 2016: 14,362,179) ordinary shares of Rs. 10 each issued as fully paid bonus shares		168,056,400	143,621,790
Issuance of 2,736,677 (31 December 2016: 2,443,461) ordinary shares of Rs. 10 each issued as fully paid bonus shares		27,366,770	24,434,610
		195,423,170	168,056,400
		255,423,170	228,056,400

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

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	33,118,746	37,471,868
Less: current portion shown under current liabilities	17,821,618	20,628,087
	15,297,128	16,843,781

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	Un-audited 30 June 2017		
	Rupees		
Not later than one year	19,608,608	1,786,990	17,821,618
Later than one year but not later than five years	16,063,384	766,382	15,297,002
	35,671,992	2,553,372	33,118,620

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	Audited 31 December 2016		
	----------Rupees----------		
Not later than one year	22,721,704	2,093,617	20,628,087
Later than one year but not later than five years	17,762,470	918,689	16,843,781
	40,484,174	3,012,306	37,471,868

Salient features of the leases are as follows:	**30-Jun-17**	**31-Dec-16**
Discounting factor	7.00%-8.50%	7.00%-8.50%
Period of lease	36 months	36 months
Security deposits	5%-10%	5%-10%

The Company has entered into finance lease arrangements with various conventional financial institutions for lease vehicles as shown in note 11.2. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of minimum lease payments.

All lease agreements carry renewal option at the end of lease period and the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

	Un Audited 30 June 2017	Audited 31 December 2016
	---------- (Rupees) ----------	

8. SHORT TERM BORROWINGS

Short term borrowings	-	-

8.1 Short term running finances have been availed from various commercial banks against aggregate sanctioned limit of Rs. 605 million (31 December 2016: Rs. 660 million).These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 100 to 150 basis points (31 December 2016: one month KIBOR to six months KIBOR plus 100 to 150 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 782 million (31 December 2016: Rs. 782 million) on fixed assets and first joint pari passu hypothecation charge of Rs. 657 million (31 December 2016: Rs. 693 million) on stocks including but not limited to raw materials, goods in process and finished goods of the Company.

8.2 Out of total borrowing facility, an amount of Rs. 50 million (31 December 2016: Rs. 50 million) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 5.75% (31 December 2016: 5.75%) per annum.

8.3 The Company has also negotiated aggregate sanctioned import credit facilities with various commercial banks amounting to Rs. 900 million (31 December 2016: Rs. 950 million). These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 125 to 150 basis points (31 December 2016: one month KIBOR to six months KIBOR plus 125 to 150 basis points) per annum. These available facilities are secured by way of joint pari passu, ranking hypothecation charge over present and future current assets of the Company and lien on its export documents.

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
9. CURRENT PORTION OF LONG TERM LIABILITIES			
Liabilities against assets subject to finance lease	7	17,821,618	20,628,087
Long term advances		4,730,797	6,476,840
		22,552,415	27,104,927

10. CONTINGENCIES AND COMMITMENTS

Contingencies:

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

Commitments:

Commitments against irrevocable letters of credit include:

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
Raw materials		201,985,958	137,935,968
Packing materials		7,172,215	14,018,692
Finished goods		32,127,375	13,075,056
Plant and machinery		1,432,452	902,781
		242,718,000	165,932,497
Rentals under ijara agreements:			
Not later than one year		28,617,382	30,755,447
Later than one year but not later than five years		8,855,635	22,086,957
		37,473,017	52,842,404

11. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:			
owned assets	(11.1)	684,113,058	677,233,432
leased assets	(11.2)	53,306,409	51,401,091
		737,419,467	728,634,523
Capital work in progress	(11.3)	14,724,629	15,529,356
		752,144,096	744,163,879

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
11.1 Operating fixed assets (owned)			
Opening book value		677,233,432	708,136,848
Add: Additions during the period / year - cost	(11.1.1)	42,433,449	34,400,206
Transferred from leased assets during the period / year - vehicles		2,932,898	20,085,578
		45,366,347	54,485,784
Less: Deletions during the period / year	(11.1.2)	6,078,288	15,880,157
Depreciation during the period / year		32,408,433	68,032,327
Adjustment during the period / year		-	1,476,716
		38,486,721	85,389,200
Book value at the end of the period / year		684,113,058	677,233,432
11.1.1 Additions during the period / year - cost			
Plant and machinery		3,986,296	5,318,083
Laboratory equipment		-	7,706,781
Furniture and fixtures		191,430	361,881
Electric and gas appliances		832,500	2,288,999
Office equipment		828,724	2,000,973
Vehicle		36,594,499	16,723,489
		42,433,449	34,400,206
11.1.2 Deletions during the period / year			
Plant and machinery		-	179,212
Office equipment		46,025	611,712
Vehicles		6,032,263	15,089,233
		6,078,288	15,880,157
11.2 Operating fixed assets (leased - vehicles)			
Opening book value		51,401,091	55,747,159
Add: Additions during the period / year - cost		10,503,500	26,884,500
Adjustment during the period / year		-	1,476,716
		61,904,591	84,108,375
Less: Transfers to owned assets during the period / year		2,932,898	20,085,578
Depreciation during the period / year		5,665,284	12,621,706
		8,598,182	32,707,284
Book value at the end of the period / year		53,306,409	51,401,091
11.3 Capital work in progress			
Plant and machinery - owned		2,163,404	144,357
Advances to suppliers - vehicles		12,561,225	15,384,999
		14,724,629	15,529,356

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
12. STOCK IN TRADE			
Raw materials			
In hand		458,322,417	445,923,691
In transit		75,223,317	66,638,762
With third party		6,808,537	9,631,538
		540,354,271	522,193,991
Packing material			
In hand		122,090,519	150,436,820
In transit		7,886,128	18,285,690
With third party		4,626,119	3,774,757
		134,602,766	172,497,267
Work in process		56,893,445	51,610,441
Finished goods			
In hand		237,767,321	247,732,321
In transit		-	14,286,853
		237,767,321	262,019,174
Less: provision for slow moving and obsolete items	(12.1)	(7,669,026)	(15,683,130)
		961,948,777	992,637,743
12.1 Provision for slow moving and obsolete items			
Opening provision		15,683,130	11,083,975
Charge for the year		4,529,998	12,168,711
Written off during the year		(12,544,102)	(7,569,556)
Closing provision		7,669,026	15,683,130
13. TRADE DEBTS			
Secured - considered good		87,346,136	9,696,988
Unsecured:			
Considered good		145,116,537	65,457,465
Considered doubtful		1,039,897	1,039,897
Less: Provision against doubtful debts		1,039,897	1,039,897
		-	-
		232,462,673	75,154,453
14. ADVANCES			
Advances - considered good:			
To staff against:			
Expenses		28,766,276	15,994,237
Salary		9,432,218	8,489,793
To suppliers		95,588,515	50,188,969
		133,787,009	74,672,999

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
15. SHORT TERM INVESTMENT			
Available for sale	(15.1)	100,145,555	-

15.1 This represent investment in (948,933 units) of money market fund managed by UBL Asset Management Limited.

16. CASH AND BANK BALANCES			
Cash and Imprest		2,045,541	2,029,608
Balance with banks:			
current accounts:			
-local currency		298,666,932	271,182,345
-foreign currency		454,769	7,487,907
deposit accounts	(16.1)	150,000,000	400,000,000
		449,121,701	678,670,252
		451,167,242	680,699,860

16.1 This carries profit at the rate of 6.50% (31 December 2016: 3.75% to 6.50%).

	Un Audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2017	2016	2017	2016
17. SALES - net	(Rupees)			
Manufactured products				
Local	2,697,790,223	2,381,885,836	1,417,661,728	1,232,559,469
Export	196,468,789	125,925,660	106,393,748	62,012,865
	2,894,259,012	2,507,811,496	1,524,055,476	1,294,572,334
Purchased products - local	108,036,921	52,976,875	45,571,716	24,343,669
Third party	128,686,144	223,201,581	64,988,208	114,977,001
	3,130,982,077	2,783,989,952	1,634,615,400	1,433,893,004
Less: Discount	265,252,499	240,504,133	140,967,336	125,787,449
Sales tax	7,891,663	8,758,392	3,626,126	3,341,919
	273,144,162	249,262,525	144,593,462	129,129,368
	2,857,837,915	2,534,727,427	1,490,021,938	1,304,763,636

18. COST OF SALES				
Manufactured pharmaceutical products:				
Opening stock of finished goods				
(excluding purchased products)	225,020,552	190,760,824	252,859,428	209,466,581
Cost of goods manufactured	1,390,210,118	1,265,200,219	671,178,512	624,459,009
	1,615,230,670	1,455,961,043	924,037,940	833,925,590
Closing stock of finished goods				
(excluding purchased products)	(198,783,666)	(173,950,196)	(198,783,666)	(173,950,196)
Cost of sales - manufactured	1,416,447,004	1,282,010,847	725,254,274	659,975,394
Cost of sales - purchased products	43,667,044	34,721,479	17,218,086	17,060,169
Cost of goods sold	1,460,114,048	1,316,732,326	742,472,360	677,035,563

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
19. OTHER INCOME			
Income from financial assets:			
Return on deposit		7,506,948	2,596,582
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		3,211,778	3,254,468
Scrap sales		3,009,256	2,480,632
Others		3,000	75,000
		13,730,982	8,406,682

	Un Audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2017	2016	2017	2016
	(Rupees)			
20. FINANCE COST				
Mark-up on short term borrowings	26,101	104,787		
Finance cost on liability against assets subject to finance lease	1,283,171	2,039,949		
Interest on Workers' Profit Participation Fund	125,138	8,010		
Bank charges	918,716	1,118,260		
	2,353,126	3,271,006		
21. RELATED PARTY TRANSACTIONS				
The related parties comprises associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties are as stated below:				
21.1 Sales of goods				
Associated company	113,576,488	148,850,676	54,224,182	69,792,693
21.2 Purchase of goods				
Associated company	85,504,044	60,942,269	46,680,232	27,543,470
21.3 Contribution towards employees' benefits fund:				
Staff provident fund	12,579,573	10,187,670	6,319,351	5,133,479
Employees' welfare trust	1,226,497	870,500	706,047	435,450
21.4 Remuneration				
Chief Executive Officer	6,900,980	5,135,482	3,049,315	1,901,723
Directors	8,304,404	12,481,416	3,780,723	5,970,104
Executives	139,847,269	114,824,275	68,712,441	57,988,809

21.5 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
Associated company	Creditors	-	2,083,998
Staff provident fund	Contribution payable	4,239,544	4,130,226
Employees' welfare trust	Contribution payable	407,109	361,509
Associated company	Advances	166,811	-

22. FINANCIAL RISK MANAGEMENT

22.1 Financial risk factors

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

22.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

As at 30 June 2017, the Company held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value

	30 June 2017	Level 1	Level 2	Level 3
	---------- (Rupees) ----------			
Available for sale financial assets				
Investment in UBL mutual fund	100,145,555	100,145,555	-	-

There were no financial liabilities measured at fair value as at 30 June 2017.

- During the six month period ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

- There were no financial assets and liabilities measured at fair value as at 31 December 2016.

	30 June 2017			
	Cash and cash equivalents	Loans and advances	Available for sale	Total
	(Rupees)			
22.3 Financial instruments by categories				
Financial assets as per balance sheet				
Long term Investment	-	200,000,000	-	200,000,000
Long term deposits	-	12,111,613	-	12,111,613
Loans to employees	-	9,432,218	-	9,432,218
Trade debts	-	232,462,673	-	232,462,673
Trade deposits	-	12,347,510	-	12,347,510
Profit accrued		815,342	-	815,342
Other receivables	-	3,815,170	-	3,815,170
Short term investments	-	-	100,145,555	100,145,555
Cash and bank balances	451,167,242	-		451,167,242
	451,167,242	470,984,526	100,145,555	1,022,297,323

	30 June 2017
	Financial Liabilities at amortized cost
Financial liabilities as per balance sheet	Rupees
Liabilities against assets subject to finance lease	33,118,746
Markup accrued on secured loans	20,797
Trade and other payables	354,942,099
	388,081,642

	31 December 2016			
	Cash and cash equivalents	Loans and advances	Available for sale	Total
	(Rupees)			
Financial assets as per balance sheet				
Long term Investment	-	200,000,000	-	200,000,000
Long term deposits	-	12,111,613	-	12,111,613
Loans to employees		8,489,793	-	8,489,793
Trade debts	-	75,154,453	-	75,154,453
Trade deposits	-	11,580,227	-	11,580,227
Profit accrued		1,235,074	-	1,235,074
Other receivables	-	3,341,447	-	3,341,447
Short term investments	-	-	-	-
Cash and bank balances	680,699,860	-	-	680,699,860
	680,699,860	311,912,607	-	992,612,467

	31 December 2016
	Financial Liabilities at amortized cost
Financial liabilities as per balance sheet	Rupees
Liabilities against assets subject to finance lease	37,471,868
Markup accrued on secured loans	18,622
Trade and other payables	447,253,123
	484,743,613

23. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized this condensed interim financial information for issuance on 25th August 2017.

24. GENERAL

24.1 The figures of condensed interim profit and loss account for the three month period ended 30 June 2017 and 2016 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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

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

DR. ADEEL ABBAS	ANEES AHMAD KHAN	JAVED HUSSAIN
CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

DIRECTORS' REPORT

I feel pleasure to present the consolidated financial statements of the Company and its subsidiary ("the Group"), for the half year ended 30th June 2017 on behalf of the Board of Directors.

The Group generated net sales revenue of Rs. 2.858 billion during the period under review compared to Rs. 2.535 billion in the same period last year registering a growth of 13 percent. On quarterly basis, the net sales revenue increased by Rs. 122 million showing an increase of 9 percent over last quarter. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 1.397 billion and 49 as compared to Rs. 1.218 billion and 48% respectively. Distribution selling & promotional expenses and administrative expenses increased by 13% and 18% respectively over same period last year. The increase is largely on account of increase in the size of sales team to improve market penetration and improving customer focus. The net profit after tax and earnings per shares increased to Rs. 308 million and Rs. 12.06 per shares which translates in an increase of 16 percent same period last year.

The subsidiary company, Curexa Health (Pvt.) Limited (formerly Procef (Pvt.) Limited) has been granted Drug Manufacturing License in June 2017. Following grant of Drug Manufacturing License, the company has applied for product registration and is now awaiting registration of the products by DRAP after which the production and marketing of the products would commence.

Against the backdrop of mixed macroeconomic and political conditions, the outlook of the Group remains positive. The combination of our diversified product portfolio, new products pipeline and increased focus on export market gives us additional confidence that the group is marching forward in the right direction.

On behalf of the Board, I would like to express my sincere gratitude to the Shareholders, Doctors, Pharmacist, Consumers, Business partners and the Bankers for the continued patronage and business and to the employees and management for their continued, dedicated, untiring efforts and hard work.

For & On behalf of the Board

Lahore: 25 August 2017

Dr. Adeel Abbas
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی اور اس کی ذیلی کمپنی کے اشتمال شدہ مالیاتی گوشوارے برائے ششماہی مختتمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

زیر جائزہ مدت کے دوران گروپ نے 2.858 ارب روپے کی خالص فروخت آمدن حاصل کی، جو کہ پچھلے سال کی ششماہی کی کل فروخت آمدن 2.535 ارب روپے کے مقابلے میں 13 فیصد زیادہ ہے۔ سہ ماہی کی بنیاد پر خالص فروخت میں 122 ملین روپے کا اضافہ ہوا جو کہ پچھلی سہ ماہی کے مقابلے میں 9 فیصد زیادہ ہے۔ اس عرصہ کے دوران خام منافع اور خام منافع کا کل فروخت آمدن سے تناسب بالترتیب 1.397 ارب روپے اور 49 فیصد رہا جبکہ پچھلے سال کی پہلی ششماہی کا خام منافع 1.218 ارب روپے اور تناسب 48 فیصد تھا۔ تقسیم فروخت، مارکیٹنگ اور انتظامی اخراجات میں پچھلے عرصہ کی نسبت بالترتیب 13 فیصد اور 18 فیصد اضافہ ہوا۔ اخراجات میں اضافہ کی بڑی وجہ کسٹمر پر بہتر توجہ دینے اور مارکیٹ میں بہتر رسائی کے لیے مارکیٹنگ ٹیم کے حجم میں اضافہ ہے۔ خالص منافع بعد از ٹیکس مبلغ 308 ملین روپے بڑھا جبکہ فی حصص خالص منافع 12.06 روپے رہا جو کہ پچھلے سال کی اسی عرصہ کے مقابلے میں 16 فیصد اضافہ ظاہر کرتا ہے۔

کیور یکسا ہیلتھ پرائیویٹ لمیٹڈ (سابقہ پروسیف لیبارٹریز (پرائیویٹ) لمیٹڈ) جو کہ ہائی نون لیبارٹریز لمیٹڈ کی ذیلی کمپنی ہے کو ادویات سازی کا لائسنس جون 2017 میں مل گیا ہے۔ دوا سازی کا لائسنس ملتے ہی کمپنی نے ادویات کی رجسٹریشن کے لیے بھی درخواست دے دی ہے اور اب ڈرگ ریگولیشن اتھارٹی کی جانب سے کمپنی کی ادویات کی رجسٹریشن کا انتظار کیا جا رہا ہے جونہی رجسٹریشن ہو جاتی ہے کمپنی ادویات کی پروڈکشن اور مارکیٹ میں ترسیل شروع کر دے گی۔

اقتصادی اور سیاسی حالات کے ملے جلے منظر نامے کے باوجود گروپ کا رجحان ہمیشہ کی طرح مثبت ہے۔ ہماری ہمہ جہت ادویات کا مجموعہ، زیر منصوبہ نئی ادویات اور برآمدات میں اضافہ پر زیادہ توجہ جیسے عوامل کا امتزاج ہمیں گروپ کے صحیح سمت میں گامزن ہونے سے متعلق بھرپور اعتماد فراہم کرتا ہے۔

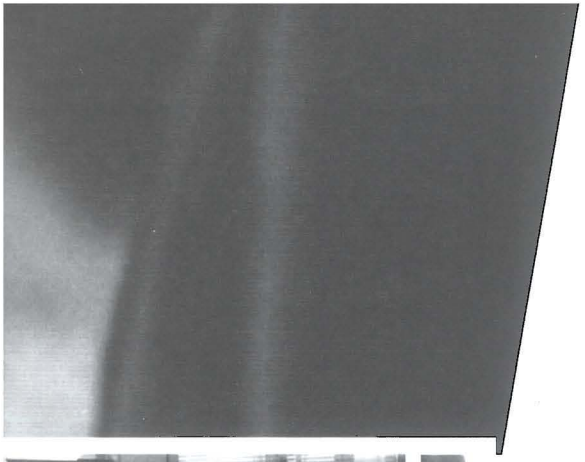
میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام حصص داران، ڈاکٹر، فارماسسٹس، صارفین، شراکت داروں اور بینکوں کی سرپرستی اور کاروباری تعاون کے لیے بے حد مشکور ہوں۔ اور اس کے ساتھ میں اپنے ملازمین اور انتظامیہ کی مسلسل غیر متزلزل اور انتھک کوششوں اور محنت کی بھرپور قدر کرتا ہوں۔

بحکم بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس
چیف ایگزیکٹو آفیسر

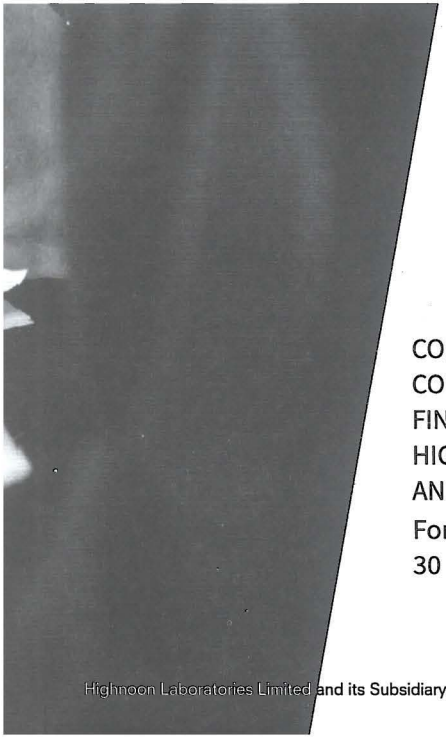
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CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION HIGHNOON LABORATORIES LTD. AND ITS SUBSIDIARY

For the Half Year Ended 30 June 2017

CONSOLIDATED BALANCE SHEET

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (31 December 2016: 25,000,000)			
Ordinary shares of Rs. 10 each		500,000,000	250,000,000
Share capital	6	255,423,170	228,056,400
Revenue reserves		1,453,247,571	1,363,429,484
Available for sale reserve		145,555	-
Total equity		1,708,816,296	1,591,485,884
Surplus on revaluation of fixed assets		206,903,823	209,883,736
Non-current liabilities			
Long term loan	7	89,062,500	95,000,000
Liabilities against assets subject to finance lease		15,297,128	16,843,781
Long term advances		37,665,435	27,248,879
Deferred liabilities		322,215,168	312,920,256
		464,240,231	452,012,916
Current liabilities			
Trade and other payables		426,891,929	494,131,845
Mark up payable		3,046,274	148,684
Short term borrowing	8	-	-
Current portion of long term liabilities	9	28,489,915	27,104,927
Income tax-net		145,103,743	143,275,421
		603,531,861	664,660,877
TOTAL EQUITY AND LIABILITIES		2,983,492,211	2,918,043,413
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

AS AT 30 JUNE 2017

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,034,282,958	954,602,093
Intangible assets		14,359,443	21,765,868
Goodwill		834,230	834,230
Long term deposits		12,649,713	12,111,613
		1,062,126,344	989,313,804
Current assets			
Stock in trade	12	961,948,777	992,637,743
Trade debts	13	232,462,673	75,154,453
Advances	14	133,787,009	74,772,999
Trade deposits and short term prepayments		27,417,484	17,548,529
Profit accrued		815,342	1,235,074
Other receivables		3,815,170	3,341,447
Tax refund due from government		9,360,419	13,746,565
Short term investment	15	100,145,555	-
Cash and bank balances	16	451,613,438	750,292,799
		1,921,365,867	1,928,729,609
TOTAL ASSETS		2,983,492,211	2,918,043,413

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
For the six months ended 30 June 2017

	Note	Six Months Ended 30 June		Three Months Ended 30 June	
		2017	2016	2017	2016
		(Rupees)		(Rupees)	
Sales - net	17	2,857,837,915	2,534,727,427	1,490,021,938	1,304,763,636
Cost of sales	18	(1,460,114,048)	(1,316,732,326)	(742,472,360)	(677,035,563)
Gross profit		1,397,723,867	1,217,995,101	747,549,578	627,728,073
Distribution, selling and promotional expenses		(752,833,011)	(663,745,988)	(404,902,938)	(360,852,381)
Administrative and general expenses		(140,405,303)	(119,274,911)	(72,854,507)	(52,527,450)
Research and development expenses		(1,816,843)	(1,626,054)	(1,048,999)	(824,564)
Other operating expenses		(44,945,909)	(38,338,786)	(23,919,513)	(19,695,543)
		(940,001,066)	(822,985,739)	(502,725,957)	(433,899,938)
Operating Profit		457,722,801	395,009,362	244,823,621	193,828,135
Other income	19	13,730,982	8,406,682	6,394,090	5,574,870
		471,453,783	403,416,044	251,217,711	199,403,005
Finance costs	20	(2,372,869)	(3,276,989)	(1,214,203)	(1,783,436)
Profit before taxation		469,080,914	400,139,055	250,003,508	197,619,569
Taxation		(161,028,030)	(133,974,995)	(98,443,321)	(74,419,379)
Profit for the period		308,052,884	266,164,060	151,560,187	123,200,190
Profit/(Loss) after tax attributable to:					
Shareholders of the Parent		308,052,884	266,531,091	151,560,187	123,302,982
Non Controlling Interest		-	(367,031)	-	(102,792)
		308,052,884	266,164,060	151,560,187	123,200,190
			Restated		Restated
Earnings per share - basic and diluted		12.06	10.42	5.93	4.82

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the six months ended 30 June 2017

	30 June 2017	30 June 2016
	--------- (Rupees) ---------	
Profit for the period	308,052,884	266,164,060
Other comprehensive (loss) / income:		
Items to be reclassified to profit and loss in subsequent periods:		
Net unrealized gain on available for sale investments	145,555	637,290
Total comprehensive income for the period	308,198,439	266,801,350
Total comprehensive income attributable to:		
Shareholders of the Parent	308,198,439	267,168,381
Non Controlling Interest	-	(367,031)
	308,198,439	266,801,350

Surplus arising on 'revaluation of fixed assets' is presented under a separate head below equity as 'surplus on revaluation of assets' in accordance with the requirements specified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O.45(I)/2003 dated 13 January 2003 and section 235 of Companies Ordinance, 1984 respectively.

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
For the six months ended 30 June 2017

	Six Months Ended 30 June	
	2017	2016
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	469,080,914	400,139,055
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation	39,360,008	40,867,413
Amortization of intangible assets	8,346,425	8,337,101
Gain on disposal of property, plant and equipment	(3,211,778)	(3,254,468)
Exchange loss	5,699,512	4,185,357
Provision for slow moving and obsolete items	4,529,998	9,752,122
Provision for defined benefit obligation	22,184,868	21,584,814
Finance costs	2,372,869	3,271,006
	79,281,902	84,743,345
Profit before working capital changes	548,362,816	484,882,400
Effect on cash flow due to working capital changes :		
(Increase)/decrease in current assets:		
Stock in trade	26,158,968	(52,895,281)
Trade debts	(157,308,220)	20,397,207
Advances	(59,014,010)	21,411,893
Trade deposits and short term prepayments	(9,868,955)	(5,599,572)
Profit accrued	419,732	585,610
Other receivables	(473,723)	975,438
Tax refund due from government	4,386,146	2,158,196
Increase/(decrease) in current liabilities:		
Trade and other payables	(100,430,277)	(70,220,771)
	(296,130,339)	(83,187,280)
Cash flows generated from operations	252,232,477	401,695,120
Taxes paid	(162,195,482)	(100,622,945)
Gratuity paid	(9,891,989)	(7,116,190)
Finance costs paid	(1,089,716)	(1,200,213)
Long term advances received - net	8,670,513	5,723,204
Net cash flow generated from operating activities	87,725,803	298,478,976

	Six Months Ended 30 June	
	2017	2016
	---------- (Rupees) ----------	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(101,795,191)	(36,910,569)
Long term Investment made - net	-	-
Long term deposits - net	(538,100)	(1,622,700)
Short term investment made - net	(100,000,000)	(50,000,000)
Proceeds from disposal of property, plant and equipment	9,290,066	8,419,204
Net cash flow used in investing activities	(193,043,225)	(80,114,065)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(16,139,793)	(16,892,737)
Acquisition of non-controling interest	-	(11,077,000)
Dividend paid	(177,222,147)	(138,300,466)
Net cash flow used in financing activities	(193,361,940)	(166,270,203)
Net (decrease) / increase in cash and cash equivalents	(298,679,362)	52,094,708
Cash and cash equivalents at beginning of the period	750,292,799	377,568,926
Cash and cash equivalents at end of the period	451,613,438	429,663,636

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.

DR. ADEEL ABBAS	ANEES AHMAD KHAN	JAVED HUSSAIN
CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the six months ended 30 June 2017

	Share Capital	Revenue reserves			Non Controling Interest	Available for sale reserve	Total
		General reserve	Unappropri-ated profit	Sub total			
Balance as at 01 January 2016	203,621,790	114,000,000	905,311,581	1,019,311,581	10,439,622	-	1,233,372,993
Profit for the period ended 30 June 2016	-	-	266,531,091	266,531,091	(367,031)	-	266,164,060
Other comprehensive income	-	-	-	-	-	637,290	637,290
Total comprehensive income for the period ended June 2016	-	-	266,531,091	266,531,091	(367,031)	637,290	266,801,350
Acquisition of Non-controling interest	-	-	(1,004,409)	(1,004,409)	(10,072,591)	-	(11,077,000)
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	3,390,320	3,390,320	-	-	3,390,320
Issuance of bonus shares @ 12% for the year ended 31 December 2015	24,434,610	-	(24,434,610)	(24,434,610)	-	-	-
Final dividend @ Rs. 7.50 per share for the year ended 31 December 2015	-	-	(152,716,343)	(152,716,343)	-	-	(152,716,343)
Balance as at 30 June 2016	228,056,400	114,000,000	997,077,630	1,111,077,630	-	637,290	1,339,771,320
Balance as at 01 January 2017	228,056,400	114,000,000	1,249,429,484	1,363,429,484	-	-	1,591,485,884
Profit for the period ended 30 June 2017	-	-	308,052,884	308,052,884	-		308,052,884
Other comprehensive income	-	-	-	-	-	145,555	145,555
Total comprehensive income for the period ended June 2017	-	-	308,052,884	308,052,884	-	145,555	308,198,439
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	2,979,913	2,979,913	-	-	2,979,913
Issuance of bonus shares @ 12% for the year ended 31 December 2016	27,366,770	-	(27,366,770)	(27,366,770)	-	-	-
Final dividend @ Rs. 8.50 per share for the year ended 31 December 2016	-	-	(193,847,940)	(193,847,940)	-	-	(193,847,940)
Balance as at 30 June 2017	255,423,170	114,000,000	1,339,247,571	1,453,247,571	-	145,555	1,708,816,296

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

DR. ADEEL ABBAS
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

JAVED HUSSAIN
CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2017

1 THE GROUP AND ITS OPERATIONS

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

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

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

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

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 This condensed interim consolidated financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies ordinance, 1984.

3 BASIS OF PREPARATION

3.1 These condensed consolidated interim financial information of the Group for the six months period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance,1984.

3.2 This condensed consolidated interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2016 except as follows:

The Group has adopted the following standards and amendment to IFRSs which became effective for the current period:

IFRS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendment to accounting standards did not have any material effect on the condensed consolidated interim financial information.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2016.

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
6 SHARE CAPITAL			
Issued, subscribed and paid-up			
5,905,000 (31 December 2016: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash		59,050,000	59,050,000
95,000 (31 December 2016: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	6.1	950,000	950,000
16,805,640 (31 December 2016: 14,362,179) ordinary shares of Rs. 10 each issued as fully paid bonus shares		168,056,400	143,621,790
Issuance of 2,736,677 (31 December 2016: 2,443,461) ordinary shares of Rs. 10 each issued as fully paid bonus shares		27,366,770	24,434,610
		195,423,170	168,056,400
		255,423,170	228,056,400

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

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments		33,118,746	37,471,868
Less: current portion shown under current liabilities	9	17,821,618	20,628,087
		15,297,128	16,843,781

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	Un-audited 30 June 2017		
	Rupees		
Not later than one year	19,608,608	1,786,990	17,821,618
Later than one year but not later than five years	16,063,384	766,382	15,297,002
	35,671,992	2,553,372	33,118,620

	Minimum lease payments	Finance cost for future periods	Principal outstanding
	Audited 31 December 2016		
	----------Rupees----------		
Not later than one year	22,721,704	2,093,617	20,628,087
Later than one year but not later than five years	17,762,470	918,689	16,843,781
	40,484,174	3,012,306	37,471,868

	Un Audited 30 June 2017	Audited 31 December 2016
	---------- (Rupees) ----------	
Salient features of the leases are as follows:		
Discounting factor	7.00%-8.50%	7.00%-8.50%
Period of lease	36 months	36 months
Security deposits	5%-10%	5%-10%

The holding Company has entered into finance lease arrangements with various conventional financial institutions for lease vehicles as shown in note 10.2. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of minimum lease payments.

All lease agreements carry renewal option at the end of lease period and the holding Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

	Un Audited 30 June 2017	Audited 31 December 2016
	---------- (Rupees) ----------	

8. SHORT TERM BORROWINGS

Short term borrowings	-	-

8.1 Short term running finances have been availed from various commercial banks against aggregate sanctioned limit of Rs. 605 million (31 December 2016: Rs. 660 million).These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 100 to 150 basis points (31 December 2016: one month KIBOR to six months KIBOR plus 100 to 150 basis points) per annum. These facilities along with import credit facility are secured by way of first pari passu charge for Rs. 782 million (31 December 2016: Rs. 782 million) on fixed assets and first joint pari passu hypothecation charge of Rs. 657 million (31 December 2016: Rs. 693 million) on stocks including but not limited to raw materials, goods in process and finished goods of the holding Company.

8.2 Out of total borrowing facility, an amount of Rs. 50 million (31 December 2016: Rs. 50 million) represents Export Refinance Facility obtained from a commercial bank under SBP regulations at a subsidized mark up rate of 5.75% (31 December 2016: 5.75%) per annum.

8.3 The holding Company has also negotiated aggregate sanctioned import credit facilities with various commercial banks amounting to Rs. 900 million (31 December 2016: Rs. 950 million). These facilities carry mark-up at rates ranging from one month KIBOR to six months KIBOR plus 125 to 150 basis points (31 December 2016: one month KIBOR to six months KIBOR plus 125 to 150 basis points) per annum. These available facilities are secured by way of joint pari passu, ranking hypothecation charge over present and future current assets of the holding Company and lien on its export documents.

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
9. CURRENT PORTION OF LONG TERM LIABILITIES			
Liabilities against assets subject to finance lease	7	17,821,618	20,628,087
Long term advances		4,730,797	6,476,840
Long term loan		5,937,500	-
		28,489,915	27,104,927

10. CONTINGENCIES AND COMMITMENTS

Contingencies:

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

Commitments:

Commitments against irrevocable letters of credit include:

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
Raw materials		201,985,958	137,935,968
Packing materials		7,172,215	14,018,692
Finished goods		32,127,375	13,075,056
Plant and machinery		1,432,452	902,781
		242,718,000	165,932,497
Rentals under ijara agreements:			
Not later than one year		30,040,402	30,755,447
Later than one year but not later than five years		13,124,695	22,086,957
		43,165,097	52,842,404

11. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:			
owned assets	(11.1)	731,920,247	725,649,060
leased assets	(11.2)	53,306,409	51,401,091
		785,226,656	777,050,151
Capital work in progress	(11.3)	249,056,302	177,551,942
		1,034,282,958	954,602,093

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
11.1 Operating fixed assets (owned)			
Opening book value		725,649,060	757,710,937
Add: Additions during the period / year - cost	(11.1.1)	43,111,301	34,484,586
Transferred from leased assets during the period / year - vehicles		2,932,898	20,085,578
		46,044,199	54,570,164
Less: Deletions during the period / year	(11.1.2)	6,078,288	15,880,157
Depreciation during the period / year		33,694,724	69,275,168
Adjustment during the period / year		-	1,476,716
		39,773,012	86,632,041
Book value at the end of the period / year		731,920,247	725,649,060
11.1.1 Additions during the period / year - cost			
Plant and machinery		3,986,296	5,318,083
Laboratory equipment		-	7,706,781
Furniture and fixtures		459,830	375,831
Electric and gas appliances		885,900	2,337,199
Office equipment		1,184,776	2,023,203
Vehicle		36,594,499	16,723,489
		43,111,301	34,484,586
11.1.2 Deletions during the period / year			
Plant and machinery		-	179,212
Office equipment		46,025	611,712
Vehicles		6,032,263	15,089,233
		6,078,288	15,880,157
11.2 Operating fixed assets (leased - vehicles)			
Opening book value		51,401,091	55,747,159
Add: Additions during the period / year - cost		10,503,500	26,884,500
Adjustment during the period / year		-	1,476,716
		61,904,591	84,108,375
Less: Transfers to owned assets during the period / year		2,932,898	20,085,578
Depreciation during the period / year		5,665,284	12,621,706
		8,598,182	32,707,284
Book value at the end of the period / year		53,306,409	51,401,091
11.3 Capital work in progress			
Plant and machinery - owned		131,880,788	98,810,465
Building - civil works		72,882,079	56,723,459
Laboratories equipment		15,673,874	5,834,119
Electric and gas appliances		14,790,670	-
IT networking		336,556	-
Furniture & fixture		931,110	798,900
Advances to suppliers - vehicles		12,561,225	15,384,999
		249,056,302	177,551,942

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
12. STOCK IN TRADE			
Raw materials			
In hand		458,322,417	445,923,691
In transit		75,223,317	66,638,762
With third party		6,808,537	9,631,538
		540,354,271	522,193,991
Packing material			
In hand		122,090,519	150,436,820
In transit		7,886,128	18,285,690
With third party		4,626,119	3,774,757
		134,602,766	172,497,267
Work in process		56,893,445	51,610,441
Finished goods			
In hand		237,767,321	247,732,321
In transit		-	14,286,853
		237,767,321	262,019,174
Less: provision for slow moving and obsolete items	(12.1)	(7,669,026)	(15,683,130)
		961,948,777	992,637,743
12.1 Provision for slow moving and obsolete items			
Opening provision		15,683,130	11,083,975
Charge for the year		4,529,998	12,168,711
Written off during the year		(12,544,102)	(7,569,556)
Closing provision		7,669,026	15,683,130
13. TRADE DEBTS			
Secured - considered good		87,346,136	9,696,988
Unsecured:			
Considered good		145,116,537	65,457,465
Considered doubtful		1,039,897	1,039,897
Less: Provision against doubtful debts		1,039,897	1,039,897
		-	-
		232,462,673	75,154,453
14. ADVANCES			
Advances - considered good:			
To staff against:			
Expenses		28,766,276	15,994,237
Salary		9,432,218	8,489,793
To suppliers		95,588,515	50,288,969
		133,787,009	74,772,999

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	

15. SHORT TERM INVESTMENT

Available for sale	(15.1)	100,145,555	-

15.1 This represent investment in (948,933 units) of money market fund managed by UBL Asset Management Limited.

16. CASH AND BANK BALANCES

Cash and Imprest		2,045,541	2,158,712
Balance with banks:			
current accounts:			
-local currency		299,113,128	340,646,180
-foreign currency		454,769	7,487,907
deposit accounts	(16.1)	150,000,000	400,000,000
		449,567,897	748,134,087
		451,613,438	750,292,799

16.1 This carries profit at the rate of 6.50% (31 December 2016: 3.75% to 6.50%).

	Un Audited			
	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2017	2016	2017	2016
17. SALES - net	(Rupees)			
Manufactured products				
Local	2,697,790,223	2,381,885,836	1,417,661,728	1,232,559,469
Export	196,468,789	125,925,660	106,393,748	62,012,865
	2,894,259,012	2,507,811,496	1,524,055,476	1,294,572,334
Purchased products - local	108,036,921	52,976,875	45,571,716	24,343,669
Third party	128,686,144	223,201,581	64,988,208	114,977,001
	3,130,982,077	2,783,989,952	1,634,615,400	1,433,893,004
Less: Discount	265,252,499	240,504,133	140,967,336	125,787,449
Sales tax	7,891,663	8,758,392	3,626,126	3,341,919
	273,144,162	249,262,525	144,593,462	129,129,368
	2,857,837,915	2,534,727,427	1,490,021,938	1,304,763,636

18. COST OF SALES

Manufactured pharmaceutical products:				
Opening stock of finished goods				
(excluding purchased products)	225,020,552	190,760,824	252,859,428	209,466,581
Cost of goods manufactured	1,390,210,118	1,265,200,219	671,178,512	624,459,009
	1,615,230,670	1,455,961,043	924,037,940	833,925,590
Closing stock of finished goods				
(excluding purchased products)	(198,783,666)	(173,950,196)	(198,783,666)	(173,950,196)
Cost of sales - manufactured	1,416,447,004	1,282,010,847	725,254,274	659,975,394
Cost of sales - purchased products	43,667,044	34,721,479	17,218,086	17,060,169
Cost of goods sold	1,460,114,048	1,316,732,326	742,472,360	677,035,563

	Note	Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
19. OTHER INCOME			
Income from financial assets:			
Return on deposit		7,506,948	2,596,582
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		3,211,778	3,254,468
Scrap sales		3,009,256	2,480,632
Others		3,000	75,000
		13,730,982	8,406,682
20. FINANCE COST			
Mark-up on short term borrowings		26,101	104,787
Finance cost on liability against assets subject to finance lease		1,283,171	2,039,949
Interest on Workers' Profit Participation Fund		125,138	8,010
Bank charges		938,459	1,124,243
		2,372,869	3,276,989

21. RELATED PARTY TRANSACTIONS

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

	Un Audited			
	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
	2017	2016	2017	2016
	(Rupees)			
21.1 Sales of goods				
Associated company	113,576,488	148,850,676	54,224,182	69,792,693
21.2 Purchase of goods				
Associated company	85,504,044	60,942,269	46,680,232	27,543,470
21.3 Contribution towards employees' benefits fund:				
Staff provident fund	12,579,573	10,187,670	6,319,351	5,133,479
Employees' welfare trust	1,226,497	870,500	706,047	435,450
21.4 Remuneration				
Chief Executive Officer	6,900,980	5,135,482	3,049,315	1,901,723
Directors	10,404,404	14,581,416	4,830,723	5,970,104
Executives	140,237,269	115,484,275	68,907,441	57,988,809

21.5 The outstanding balances of such parties are as under:

		Un Audited 30 June 2017	Audited 31 December 2016
		(Rupees)	
Relationship with the Company	**Nature of balance**		
Associated company	Creditors	-	2,083,998
Staff provident fund	Contribution payable	4,239,544	4,130,226
Employees' welfare trust	Contribution payable	407,109	361,509
Associated company	Advances	166,811	-

22. FINANCIAL RISK MANAGEMENT

22.1 Financial risk factors

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

22.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

As at 30 June 2017, the Group held the following financial instruments carried at fair value on the statement of financial position:

Financial assets measured at fair value

	30 June 2017	Level 1	Level 2	Level 3
	---------- (Rupees) ----------			
Available for sale financial assets				
Investment in UBL mutual fund	100,145,555	100,145,555	-	-

There were no financial liabilities measured at fair value as at 30 June 2017.

- During the six month period ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

- There were no financial assets and liabilities measured at fair value as at 31 December 2016.

	30 June 2017			
	Cash and cash equivalents	Loans and advances	Available for sale	Total
	(Rupees)			
22.3 Financial instruments by categories				
Financial assets as per balance sheet				
Long term deposits	-	12,649,713	-	12,649,713
Loans to employees	-	9,432,218	-	9,432,218
Trade debts	-	232,462,673	-	232,462,673
Trade deposits	-	12,415,732	-	12,415,732
Profit accrued		815,342	-	815,342
Other receivables	-	3,815,170	-	3,815,170
Short term investments	-	-	100,145,555	100,145,555
Cash and bank balances	451,613,438	-		451,613,438
	451,613,438	271,590,848	100,145,555	823,349,841

Financial liabilities as per balance sheet	**30 June 2017 Financial Liabilities at amortized cost Rupees**
Liabilities against assets subject to finance lease	33,118,746
Markup accrued on secured loans	3,046,274
Trade and other payables	365,991,257
	402,156,277

	31 December 2016			
	Cash and cash equivalents	Loans and advances	Available for sale	Total
	(Rupees)			
Financial assets as per balance sheet				
Long term deposits	-	12,111,613	-	12,111,613
Loans to employees		8,489,793	-	8,489,793
Trade debts	-	75,154,453	-	75,154,453
Trade deposits	-	11,580,227	-	11,580,227
Profit accrued		1,235,074	-	1,235,074
Other receivables	-	3,341,447	-	3,341,447
Short term investments	-	-	-	-
Cash and bank balances	680,699,860	-	-	680,699,860
	680,699,860	111,912,607	-	792,612,467

Financial liabilities as per balance sheet	**31 December 2016 Financial Liabilities at amortized cost Rupees**
Liabilities against assets subject to finance lease	37,471,868
Markup accrued on secured loans	18,622
Trade and other payables	447,253,123
	484,743,613

23. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Holding Company authorized this condensed interim consolidated financial information for issuance on 25th August 2017.

24. GENERAL

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

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

DR. ADEEL ABBAS	ANEES AHMAD KHAN	JAVED HUSSAIN
CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

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