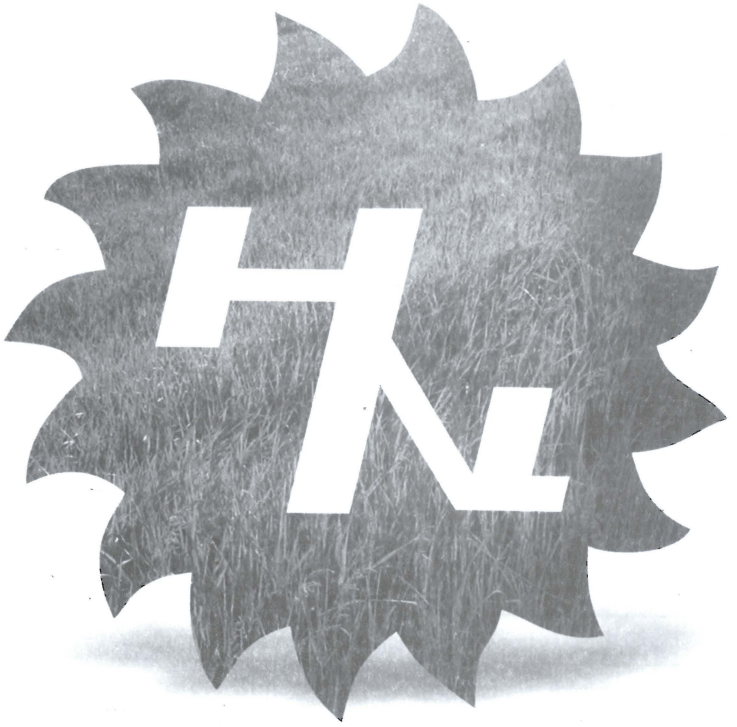


HIGHNOON LABORATORIES LIMITED

Quarterly Report 2011

Q3

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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.

COMPANY INFORMATION

Board of Directors

Mr. Tausif Ahmad Khan
(Chairman)

Mr. Anees Ahmad Khan
(Vice Chairman)

Mr. Aslam Hafiz
(Chief Executive Officer)

Mr. Ghulam Husssain Khan
Mian Muhammad Ashraf
Mr. Taufiq Ahmad Khan
Mrs. Nosheen Riaz Khan
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
Faysal Bank Limited
National Bank of Pakistan
MCB Bank Limited
J.S. Bank Limited
Allied Bank Limited

Registered, Head Office & Plant

17.5 Kilometer Multan Road,
Lahore - 53700, Pakistan.
Tel: 111 000 465
Fax: +92 (42) 37510037
E-mail: info@highnoon.com.pk
URL: www.highnoon-labs.com

Legal Advisors

Raja Muhammad Akram & Company

Tax Advisors

Yousuf Islam Associates

Auditors

Ernst & Young Ford Rhodes Sidat
Hyder, Chartered Accountants.

Shares Registrar

Corplink (Pvt) Ltd.
Wings Arcade,
1-K Commercial,
Model town, Lahore.
Ph: +92 (42) 35839182, 35887262
Fax: +92 (42) 35869637

CHAIRMAN'S REVIEW

I am pleased to present the financial statements of your Company as well as of the group for the 3rd quarter ended 30 September 2011 on behalf of the Board of Directors.

Sales revenue rose to Rs. 2,146.620 million during the period under review compared to Rs. 1,943.276 million during the comparative period last year.The sales revenue witnessed a modest growth of 10.5 percent despite the fact that sales revenue does not include the full value of revenue from ex Solvay products.The sales revenue from such products is being recorded on cost plus agreed margin basis under an interim arrangement with Abbott Pakistan. Sales also remained disrupted due to floods and poor law and order situation in southern part of the Country. It is, however, heartening to note that the Company has been able to significantly increase the sales of own products as a result a decline in gross profit margins was averted.

Operating expenses increased by 6.6 percent largely on account of increase in staff related costs. Strict measures were enforced to control operating expenses and financial expenses as a result profit before tax increased to Rs. 90.247 million as compared to Rs.68.787 million the corresponding period.

Your Company continued to invest in the up gradation of its production facilities in a phased manner.Work on solid dosage area has almost been completed while work is under way on semi solid and dry powder suspension area.We are proud of the fact that our production facilities now not only compliant but exceed the standards set by the regulatory authorities.

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: 21 October 2011

Tausif Ahmed Khan
Chairman

CONDENSED INTERIM BALANCE SHEET

	Note	Un Audited 2011	Audited 2010
		---------- (Rupees) ----------	
LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED SHARE CAPITAL			
Ordinary shares of Rs. 10 each 20,000,000 (2010: 20,000,000)		**200,000,000**	200,000,000
Issued, subscribed and paid up share capital		**181,805,174**	165,277,431
Reserves		**363,661,442**	358,856,438
		545,466,616	524,133,869
Surplus on revaluation of fixed assets		**184,483,606**	188,475,264
NON CURRENT LIABILITIES			
Long term loans - secured		**68,232,117**	99,946,763
Liabilities against assets subject to finance lease		**12,706,681**	27,903,144
Long term advances		**25,479,513**	10,588,988
Deferred liabilities		**268,627,365**	249,517,280
		375,045,676	387,956,175
CURRENT LIABILITIES			
Trade and other payables		**250,315,268**	120,440,822
Mark-up payable on secured loans		**11,020,804**	20,544,406
Short term bank borrowings - secured		**249,955,868**	433,152,102
Current portion of long term liabilities		**65,224,088**	66,266,257
		576,516,028	640,403,587
CONTINGENCIES AND COMMITMENTS	6		
		1,681,511,926	1,740,968,895

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

AS AT 30 SEPTEMBER 2011

	Note	Un Audited 2011	Audited 2010
		---------- (Rupees) ----------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	**716,098,573**	710,421,269
Intangible assets	8	**116,198,619**	129,099,156
Long term deposits		**1,562,054**	1,562,054
		833,859,246	841,082,479
CURRENT ASSETS			
Stock in trade	9	**611,820,774**	640,844,633
Trade debts	10	**47,772,865**	43,544,080
Advances, deposits and prepayments		**46,406,729**	33,714,141
Other receivables		**16,982,630**	21,586,681
Income tax - net		**115,914,095**	96,865,390
Cash and bank balances		**8,755,587**	63,331,491
		847,652,680	899,886,416
		1,681,511,926	1,740,968,895

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN AUDITED)

for the nine months ended 30 September 2011

	Note	Nine Months Ended 30 September 2011 Rupees	Nine Months Ended 30 September 2010 Rupees	Quarter Ended 30 September 2011 Rupees	Quarter Ended 30 September 2010 Rupees
Sales-net	11	**2,146,620,650**	1,943,276,198	**681,515,113**	620,625,124
Cost of sales	12	**1,428,770,650**	1,274,026,930	**453,608,568**	407,939,871
Gross profit		**717,850,000**	669,249,268	**227,906,545**	212,685,253
Operating Expenses					
Distribution, selling and promotional		**415,120,968**	410,080,376	**126,208,164**	126,612,186
Administrative and general		**141,463,798**	119,596,615	**49,673,724**	39,153,860
Research and development		**5,435,531**	3,158,698	**1,288,070**	962,280
Other operating charges		**13,618,572**	7,353,259	**4,125,631**	3,038,280
		575,638,869	540,188,948	**181,295,589**	169,766,606
Operating Profit		**142,211,131**	129,060,320	**46,610,956**	42,918,647
Other operating income		**5,957,665**	6,095,107	**599,166**	123,987
		148,168,796	135,155,427	**47,210,122**	43,042,634
Finance cost		**57,922,030**	66,368,409	**13,979,967**	22,725,149
Profit before taxation		**90,246,766**	68,787,018	**33,230,155**	20,317,485
Taxation		**31,586,318**	23,980,325	**13,101,359**	5,897,372
Profit after taxation		**58,660,448**	44,806,693	**20,128,796**	14,420,113
Earnings per share - basic and diluted	13	**3.23**	2.46	**1.11**	0.79

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

for the nine months ended 30 September 2011

	Nine Months Ended	
	30 September	
	2011	2010
	---------- (Rupees) ----------	
Profit after tax for the period	**58,660,448**	44,806,693
Other comprehensive income	-	
Comprehensive income tranasferred to equity	**58,660,448**	44,806,693

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 Security and Exchange Commission of Pakistan (SECP) vide its S.R.O.

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED)

for the nine months ended 30 September 2011

	Nine Months Ended 30 September 2011	2010
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**90,246,766**	68,787,108
Add/(less): Adjustments for non-cash and other items		
Depreciation	**48,715,656**	47,338,262
Amortization of intangible assets	**13,166,418**	8,763,791
Gain on sale of property, plant and equipment	**(5,310,869)**	(3,978,292)
Exchange loss	**6,767,101**	-
Provision for defined benefit obligation	**31,511,232**	25,584,462
Finance cost	**57,922,030**	66,368,409
	152,771,568	144,076,632
Profit before working capital changes	**243,018,334**	212,863,650
WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets:		
Stock in trade	**29,023,859**	78,258,612
Trade debts	**(4,228,785)**	(17,782,364)
Advances, deposits and prepayments	**(12,692,588)**	16,645,061
Other receivables	**4,604,051**	34,223,919
Increase/(decrease) in current liabilities:		
Trade and other payables	**121,621,995**	(4,079,328)
	138,328,532	107,265,900
Cash generated from operations	**381,346,866**	320,129,550
Add/(less):		
Income taxes paid	**(53,150,065)**	(40,581,127)
Gratuity paid	**(9,886,106)**	(12,115,077)
Finance cost paid	**(62,563,140)**	(60,906,668)
Long term advances - net	**11,592,061**	4,982,981
Net cash flow from operating activities	**267,339,616**	211,509,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(48,910,991)**	(40,508,443)
Intangible assets acquired	**(265,881)**	(76,764,588)
Sale proceeds of fixed assets	**11,583,364**	8,982,910
Net cash used in investing activities	**(37,593,508)**	(108,290,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) of lease finance liabilities-net	**(29,598,158)**	(30,641,153)
Long term loan-net	**(31,714,646)**	99,062,529
Short term bank borrowings	**(183,196,234)**	(150,460,704)
Dividend paid	**(39,812,974)**	(39,834,008)
Net cash used in financing activities	**(284,322,012)**	(121,873,336)
Net decrease in cash and cash equivalents	**(54,575,904)**	(18,653,818)
Cash and cash equivalents at beginning of the period	**63,331,491**	35,202,676
Cash and cash equivalents at end of the period	**8,755,587**	16,548,858

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

for the nine months ended 30 September 2011

	Share Capital	Revenue Reserves			Total
		General	Unappropriated Profit	Sub Total	
	---------- Rupees ----------				
Balance as at 01 January 2010-restated	165,277,431	114,000,000	209,918,266	323,918,266	**489,195,697**
urrent year incremental depreciation - net of tax	-	-	4,435,175	4,435,175	**4,435,175**
Total comprehensive income for the period	-	-	44,806,693	44,806,693	**44,806,693**
	165,277,431	114,000,000	259,160,134	373,160,134	**538,437,565**
Final dividend @ Rs. 2.5 per share for the year ended 31 December 2009	-	-	(41,320,133)	(41,320,133)	**(41,320,133)**
Balance as at 30 September 2010	165,277,431	114,000,000	217,840,001	331,840,001	**497,177,432**
Balance as at 01 January 2011	**165,277,431**	**114,000,000**	**244,856,438**	**358,856,438**	**524,133,869**
Current year incremental depreciation - net of tax	-	-	3,991,657	3,991,657	**3,991,657**
Total comprehensive income for the period	-	-	58,660,448	58,660,448	**58,660,448**
	165,277,431	114,000,000	307,508,543	421,508,543	**586,785,974**
Final dividend @ Rs. 2.5 per share for the year ended 31 December 2010	-	-	(41,319,358)	(41,319,358)	**(41,319,358)**
Issuance of bonus shares @ 10%	16,527,743		(16,527,743)	(16,527,743)	-
Balance as at 30 September 2011	**181,805,174**	**114,000,000**	**249,661,442**	**363,661,442**	**545,466,616**

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN AUDITED)

for the nine months ended 30 September 2011

1. THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ('the Company") was incorporated as a private limited company in Pakistan in the year 1984 and converted into an unquoted public limited Company in the year, 1985. Its shares are quoted on all stock exchanges in Pakistan since November 1994. The Company is principally engaged in the manufacture, import and marketing of pharmaceutical and allied consumer products. The Registered office of the Company is situated at 17.5 Km, Multan Road, Lahore.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and is un-audited and being presented in accordance with the requirements of the international Accounting Standard "IAS-34 ((Interim Financial Reporting)". In case where requirements differ, the provision of or directive issued under the Companies Ordinance, 1984 have been followed. 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 31st December 2010.

3. BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets and certain retirement benefits at present value.

4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual 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 annual audited financial statements for the year ended 31 December 2010.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the period ended 31 December 2010.

6. CONTINGENCIES AND COMMITMENTS

Contingencies:

- Bank guarantees issued on behalf of the company aggregate to Rs. 4.620 million (31 December 2010 : Rs 4.620 million).

- The Company has not acknowledged the demand relating to sales tax/central excise duty amounting to Rs. 12.057 million (31 December 2010 : Rs 12.057 million) as debt

	Un-Audited 30 September 2011	Audited 31 December 2010
	(Rupees in thousands)	
Commitments:		
Commitments against irrevocable letters of credit include:		
Raw materials	**152,751**	100,891
Packing materials	**13,289**	2,423
Finished goods	**22,821**	-

	Un-Audited 30 September 2011 Rupees	Audited 31 December 2010 Rupees
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (owned)	**591,354,337**	621,820,377
Operating fixed assets (leased)	**72,585,709**	75,117,071
Capital work-in-progress	**52,158,527**	13,483,821
	716,098,573	710,421,269
8. INTANGIBLE ASSETS		
Net book value at the beginning of the period	**129,099,156**	58,018,312
Additions during the period	**265,881**	84,167,138
Amortization charged during the period	**(13,166,418)**	(13,086,294)
Net book value at the end of the period	**116,198,619**	129,099,156
9. STOCK IN TRADE		
Raw materials		
In hand	**269,459,601**	268,517,105
In transit	**43,001,445**	61,441,556
	312,461,046	329,958,661
Packing material		
In hand	**76,182,522**	67,795,955
In transit	**26,449,057**	571,642
With third party	**293,000**	2,204,874
	102,924,579	70,572,471
Work in process	**40,687,728**	59,384,189
Finished goods	**155,747,421**	180,929,312
	611,820,774	640,844,633

	Note	Un-Audited 30 September 2011 Rupees	Audited 31 December 2010 Rupees
10. TRADE DEBTS - Considered good			
Secured - against letters of credit		**17,346,668**	7,172,211
Unsecured			
Due from related parties			
Subsidiary - Dynalog Services (Private) Limited	10.1	**14,346,887**	14,493,599
Associated - Route - 2 health (Private) Limited	10.1	**1,620,541**	3,246,697
		15,967,428	17,740,296
Others		**28,054,832**	32,227,636
Less: Provision for doubtful debts		**(13,596,063)**	(13,596,063)
		47,772,865	43,544,080

10.1 The amount due is in the normal course of business and is interest free.

	Nine Months Ended 30 September		Quarter Ended 30 September	
	2011	**2010**	**2011**	**2010**
	---------- Rupees ----------			
11. SALES - net				
Manufactured products				
Local	2,188,170,582	1,931,521,983	675,451,672	608,523,124
Export	94,993,629	94,172,145	45,531,065	33,687,382
	2,283,164,211	2,025,694,128	720,982,737	642,210,506
Sales compensation	7,895,700	-	2,319,275	-
Purchased products-Local	22,795,530	50,184,762	4,506,420	15,613,465
Third Party (toll manufacturing)	38,814,096	51,955,181	15,156,218	21,399,001
	2,352,669,537	2,127,834,071	742,964,650	679,222,972
Less: Discount	204,227,402	184,298,036	60,673,181	58,508,202
Sales tax	1,821,485	259,837	776,356	89,646
	206,048,887	184,557,873	61,449,537	58,597,848
	2,146,620,650	1,943,276,198	681,515,113	620,625,124

	Nine Months Ended		Quarter Ended	
	30 September		30 September	
	2011	2010	2011	2010
	Rupees			

12. COST OF SALES

Opening stock of finished goods (excluding purchased products)	**160,894,949**	186,894,949	**173,827,148**	206,082,210
Cost of goods sold - Manufactured	**1,403,060,546**	1,224,682,220	**426,490,470**	360,998,766
	1,563,955,495	1,411,577,169	**600,317,618**	567,080,976
Closing stock of finished goods (excluding purchased products)	**(150,024,781)**	(168,388,876)	**(150,024,781)**	(168,388,876)
Cost of goods sold - Manufactured	**1,413,930,714**	1,243,188,293	**450,292,837**	398,692,100
Cost of goods sold - Purchased products	**14,839,936**	30,838,637	**3,315,731**	9,247,771
Cost of goods sold	**1,428,770,650**	1,274,026,930	**453,608,568**	407,939,871

13. EARNING PER SHARE - BASIC AND DILUTED

The corresponding figures of weighted average number of shares outstanding and earning per share have been restated to include the effect of bonus shares issued by the Company during the year.

14. RELATED PARTYTRANSACTIONS

The related parties and associated undertakings comprise of subsidiary, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of the employment are stated below:

	Nine Months Ended		Quarter Ended	
	30 September		30 September	
	2011	2010	2011	2010
	Rupees			
Sales of goods				
Associate	**25,780,540**	19,052,794	**7,853,173**	5,555,841
Contribution towards employees' benefits				
Staff provident fund	**9,910,742**	9,147,362	**3,341,008**	2,958,403
Employees' welfare trust	**838,495**	941,500	**324,525**	292,050

15. GENERAL

15.1 The Board of Directors of the Company authorized the condensed interim financial information for issue on 21st October 2011.

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

15.3 Figures have been rounded off to the nearest thousand of rupees.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

HIGHNOON LABORATORIES LIMITED

and its Wholly Owned Subsidiary Company

DYNALOG SERVICES (PRIVATE) LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	Note	Un Audited 30 September 2011	Audited 31 December 2010
		(Rupees)	
LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED SHARE CAPITAL			
Ordinary shares of Rs. 10 each 20,000,000 (2010: 20,000,000)		**200,000,000**	200,000,000
Issued, subscribed and paid up share capital		**181,805,174**	165,277,431
Reserves		**364,897,636**	360,152,632
		546,702,810	525,430,063
Surplus on revaluation of fixed assets		**184,483,607**	188,475,264
NON CURRENT LIABILITIES			
Long term loans - secured		**68,232,117**	99,946,763
Liabilities against assets subject to finance lease		**12,706,681**	27,903,144
Long term advances		**25,479,513**	10,588,988
Deferred liabilities		**268,627,365**	249,517,280
		375,045,676	387,956,175
CURRENT LIABILITIES			
Trade and other payables		**250,473,993**	120,599,544
Mark-up payable on secured loans		**11,020,804**	20,544,406
Short term bank borrowings - secured		**249,955,868**	433,152,102
Current portion of long term liabilities		**65,224,088**	66,266,257
		576,674,753	640,562,309
CONTINGENCIES AND COMMITMENTS	6		
		1,682,906,846	1,742,423,811

The annexed notes from 1 to 16 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

AS AT 30 SEPTEMBER 2011

	Note	Un Audited 30 September 2011	Audited 31 December 2010
		(Rupees)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	**715,545,506**	709,868,202
Intangible assets	8	**116,198,619**	129,099,156
Long term deposits		**1,562,054**	1,562,054
		833,306,179	840,529,412
CURRENT ASSETS			
Stock in trade	9	**611,820,774**	640,844,633
Trade debts	10	**46,336,082**	42,107,297
Advances, deposits and prepayments		**46,406,729**	33,714,141
Other receivables		**17,181,890**	21,696,618
Income tax - net		**117,095,101**	98,046,396
Cash and bank balances		**10,760,091**	65,485,314
		849,600,667	901,894,399
		1,682,906,846	1,742,423,811

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN AUDITED)

for the nine months ended 30 September 2011

	Note	Nine Months Ended 30 September 2011 Rupees	Nine Months Ended 30 September 2010 Rupees	Quarter Ended 30 September 2011 Rupees	Quarter Ended 30 September 2010 Rupees
Sales-net	11	**2,146,620,650**	1,943,276,198	**681,515,113**	620,625,124
Cost of sales	12	**1,428,770,650**	1,274,026,930	**453,608,568**	407,939,871
Gross profit		**717,850,000**	669,249,268	**227,906,545**	212,685,253
Operating Expenses					
Distribution, selling and promotional		**415,120,968**	410,080,376	**126,208,164**	126,612,186
Administrative and general		**141,523,798**	120,041,883	**49,673,724**	39,599,129
Research and development		**5,435,531**	3,158,698	**1,288,070**	962,281
Other operating charges		**13,618,572**	7,353,259	**4,125,631**	3,038,280
		575,698,869	540,634,216	**181,295,589**	170,211,876
		142,151,131	128,615,052	**46,610,956**	42,473,377
Other operating income		**5,957,665**	6,095,107	**599,166**	123,987
		148,108,796	134,710,159	**47,210,122**	42,597,364
Finance cost		**57,922,030**	66,368,409	**13,979,967**	22,725,149
Profit before taxation		**90,186,766**	68,341,750	**33,230,155**	19,872,215
Taxation		**31,586,318**	23,980,325	**13,101,359**	5,897,372
Profit after taxation		**58,600,448**	44,361,425	**20,128,796**	13,974,843
Earnings per share - basic and diluted	13	**3.22**	2.44	**1.11**	0.77

The annexed notes from 1 to 16 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

for the nine months ended 30 September 2011

	Nine Months Ended	
	30 September	
	2011	2010
	---------- (Rupees) ----------	
Profit after tax for the period	**58,660,448**	44,361,425
Other comprehensive income	-	-
Comprehensive income tranasferred to equity	**58,660,448**	44,361,425

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 Security and Exchange Commission of Pakistan (SECP) vide its S.R.O.45(I)/2003 dated 13 January 2003 and Companies Ordinance, 1984 respectively.

The annexed notes from 1 to 16 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN AUDITED)

for the nine months ended 30 September 2011

	Nine Months Ended	
	30 Septembr	
	2011	2010
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**90,186,766**	68,341,750
Add/(less): Adjustments for non-cash and other items		
Depreciation	**48,715,656**	47,338,262
Finance cost	**57,922,030**	66,368,409
Provision for defined benefit obligation	**31,51,232**	25,584,462
Amortization of intangible assets	**13,166,418**	8,763,792
Gain on sale of property, plant and equipment	**(5,310,869)**	(3,978,293)
Exchange loss	**6,767,101**	-
	152,711,568	144,076,632
Profit before working capital changes	**242,958,334**	212,418,382
WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets:		
Stock in trade	**29,023,859**	78,258,612
Trade debts	**(4,228,785)**	(23,115,498)
Advances, deposits and prepayments	**(12,692,588)**	17,212,880
Other receivables	**4,604,051**	34,045,042
Increase/(decrease) in current liabilities:		
Trade and other payables	**121,532,674**	(4,048,875)
	138,239,211	102,352,161
Cash generated from operations	**381,197,545**	314,770,543
Add/(less):		
Income taxes paid	**(53,150,065)**	(35,477,549)
Gratuity paid	**(9,886,106)**	(12,115,077)
Finance cost paid	**(62,563,140)**	(60,906,668)
Long term advances - net	**11,592,061**	4,982,981
Net cash from operating activities	**267,190,295**	211,254,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(48,910,989)**	(40,508,443)
Intangible assets acquired	**(265,881)**	(76,764,588)
Sale proceeds of fixed assets	**11,583,364**	8,982,910
Net cash used in investing activities	**(37,593,506)**	(108,290,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) of lease finance liabilities-net	**(29,598,158)**	(30,641,152)
Long term loan-net	**(31,714,646)**	99,062,529
Short term bank borrowings	**(183,196,234)**	(150,460,704)
Dividend paid	**(39,812,974)**	(39,834,008)
Net cash used in financing activities	**(284,322,012)**	(121,873,335)
Net (decrease) /increase in cash and cash equivalents	**(54,725,223)**	(18,909,246)
Cash and cash equivalents at beginning of the period	**65,485,314**	36,454,337
Cash and cash equivalents at end of the period	**10,760,091**	17,545,091

The annexed notes from 1 to 16 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

for the nine months ended 30 September 2011

	Share Capital	Revenue Reserves			Total
		General	Unappropriated Profit	Sub Total	
	---------- Rupees ----------				
Balance as at 01 January 2010 - Restated	165,277,431	114,000,000	208,900,375	322,900,375	**488,177,806**
al dividend @ Rs. 2.5 per share or the year ended 31 December 2009	-	-	(41,320,133)	(41,320,133)	(41,320,133)
Surplus on revalution of fixed assets relating to incremental depreciation - net of tax	-	-	4,435,175	4,435,175	4,435,175
Profit for the period after taxation	-	-	44,361,425	44,361,425	44,361,425
Balance as at 30 September 2010	165,277,431	114,000,000	216,376,842	330,376,842	495,654,273
Balance as at 01 January 2011	165,277,431	114,000,000	246,152,632	360,152,632	**525,430,063**
Final dividend @ Rs. 2.5 per share for the year ended 31 December 2010	-	-	(41,319,358)	(41,319,358)	**(41,319,358)**
Issuance of Bonus shares of @ 10%	16,527,743	-	(16,527,743)	(16,527,743)	-
Surplus on revaluation of fixed assets relating to incremental depreciation - net of tax	-	-	3,991,657	3,991,657	**3,991,657**
Profit for the period after taxation	-	-	58,600,448	58,600,448	**58,600,448**
Balance as at 30 September 2011	181,805,174	114,000,000	250,897,636	364,897,636	**546,702,810**

The annexed notes from 1 to 16 form an integral part of these financial statements.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN AUDITED)

for the nine months ended 30 September 2011

1. THE GROUP AND ITS ACTIVITIES

The Highnoon ("The Group") comprises of Holding Company Highnoon Laboratories Limited ("HNL") and a wholly owned Subsidiary company Dynalog Services (Private) Limited ("DSL").

HNL was incorporated as a private limited company in Pakistan in the year 1984 under the Companies Ordinance, 1984 and converted into an unquoted public limited company in the year 1985. Its shares are quoted on all stock exchanges in Pakistan since November 1994.HNL is principally engaged in the manufacture, import and marketing of pharmaceutical and allied consumer products.The registered office of HNL is situated at 17.5 km, Multan Road, Lahore.

DSL was incorporated as a private limited company in Pakistan on 27 April 2004 under the Companies Ordinance, 1984 and made a wholly owned subsidiary Company of HNL in September 2004. DSL is principally engaged in the business of trading and distribution of Pharmaceutical and other products.The registered office of DSL is situated at 17.5 km, Multan Road, Lahore.

The management of the subsidiary has decided to discontinue the subsidiary's operations and accordingly financial statements of subsidiary company have been prepared on non-going concern basis and the related assets and liabilities approximate to their realizable value.

2. STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information in being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and is un-audited and being presented in accordance with the requirements of the international Accounting Standard "IAS-34 ((Interim Financial Reporting)". In case where requirements differ, the provision of or directive issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December, 2010.

3. BASIS OF MEASUREMENT

This condensed interim consolidated financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets and certain retirement benefits at present value and assets and liabilities of DSL approximate to their relizable value.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim consolidated 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 2010.

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, 2010.

6. CONTINGENCIES AND COMMITMENTS

Contingencies:

- Bank guarantees issued on behalf of HNL aggregate to Rs. 4.620 million (31 December 2010 : Rs 4.620 million).
- HNL has not acknowledged the demand relating to sales tax/central excise duty amounting to Rs. 12.057 million (31 December 2010 : Rs 12.057 million) as debt as the matter is pending adjudication. An amount of Rs 10.086 million (31 December 2010 : Rs. 10.086) has been deposited under protest and is shown under other receivables.

	Un-Audited 30 September 2011	Audited 31 December 2010
	(Rupees in thousands)	
Commitments:		
Commitments against irrevocable letters of credit include:		
Raw materials	**152,751**	100,891
Packing materials	**13,289**	2,423
Finished goods	**22,821**	-

	Un-Audited 30 September 2011 Rupees	Audited 31 December 2010 Rupees
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (owned)	**590,801,270**	621,267,311
Operating fixed assets (leased)	**72,585,709**	75,117,070
Capital work-in-progress	**52,158,527**	13,483,821
	715,545,506	709,868,202
8. INTANGIBLE ASSETS		
Net book value at the beginning of the period	**129,099,156**	58,018,312
Additions during the period	**265,881**	84,167,138
Amortization charged during the period	**(13,166,418)**	(13,086,294)
Net book value at the end of the period	**116,198,619**	129,099,156
9. STOCK IN TRADE		
Raw materials		
In hand	**269,459,601**	268,517,105
In transit	**43,001,445**	61,441,556
	312,461,046	329,958,661
Packing material		
In hand	**76,182,522**	67,795,955
In transit	**26,449,057**	571,642
With third party	**293,000**	2,204,874
	102,924,579	70,572,471
Work in process	**40,687,728**	59,384,189
Finished goods		
In hand	**155,747,421**	180,929,312
	611,820,774	640,844,633

10. TRADE DEBTS

These include Rs. 1.620 million (31st December 2010: Rs. 3.247 million) due from related parties.

11. SALES - net

	Nine Months Ended 30 September		Quarter Ended 30 September	
	2011	2010	2011	2010
	Rupees			
Manufactured products				
Local	2,188,170,582	1,931,521,983	675,451,672	608,523,124
Export	94,993,629	94,172,145	45,531,065	33,687,382
	2,283,164,211	2,025,694,128	720,982,737	642,210,5[illegible]
Sales compensation	7,895,700	-	2,319,275	-
Purchased products-Local	22,795,530	50,184,762	4,506,420	15,613,465
Third Party (toll manufacturing)	38,814,096	51,955,181	15,156,218	21,399,001
	2,352,669,537	2,127,834,071	742,964,650	679,222,972
Less: Discount	204,227,402	184,298,036	60,673,181	58,508,202
Sales tax	1,821,485	259,837	776,356	89,646
	206,048,887	184,557,873	61,449,537	58,597,848
	2,146,620,650	1,943,276,198	681,515,113	620,625,124

12. COST OF SALES

	Nine Months Ended 30 September		Quarter Ended 30 September	
	2011	2010	2011	2010
	Rupees			
Opening stock of finished goods (excluding purchased products)	160,894,949	186,894,949	173,827,148	206,082,210
Cost of goods sold - Manufactured	1,403,060,546	1,224,682,220	426,490,470	360,998,766
	1,563,955,495	1,411,577,169	600,317,618	567,080,[illegible]
Closing stock of finished goods (excluding purchased products)	(150,024,781)	(168,388,876)	(150,024,781)	(168,388,876)
Cost of goods sold - Manufactured	1,413,930,714	1,243,188,293	450,292,837	398,692,100
Cost of goods sold - Purchased products	14,839,936	30,838,637	3,315,731	9,247,771
Cost of goods sold	1,428,770,650	1,274,026,930	453,608,568	407,939,871

13. EARNING PER SHARE - BASIC AND DILUTED

The corresponding figures of weighted average number of shares outstanding and earning per share have been restated to include the effect of bonus shares issued by the HNL during the year.

14. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprises associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of employment as stated below:

	Nine Months Ended		Quarter Ended	
	30 September		30 September	
	2011	2010	2011	2010
	---------- Rupees ----------			
Sales of goods				
Associate	**25,780,540**	19,052,794	**7,853,173**	5,555,841
Contribution towards employees' benefits				
Staff provident fund	**9,910,742**	9,147,362	**3,341,008**	2,958,403
Employees' welfare trust	**838,495**	941,500	**324,525**	292,050

15. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of HNL authorized the financial statements for issuance on 21st October 2011.

16. GENERAL

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

16.2 Corresponding figures have been rearranged and / or restated, wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

16.3 Figures have been rounded off to the nearest rupee.

ASLAM HAFIZ
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

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