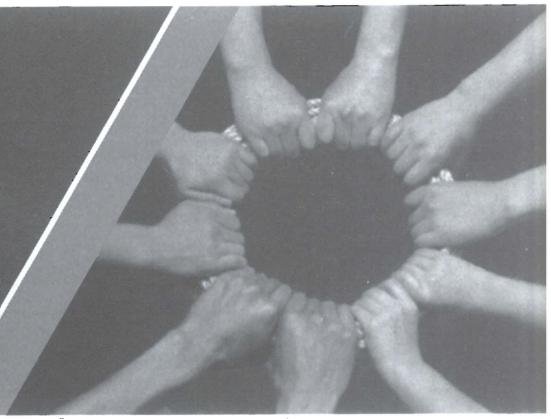
One Team | One Aim | Success For All

Q1 REPORT 2013



HIGHNOON LABORATORIES LIMITED

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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.

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
	Mr. Baqar Hasan	Chief Executive Officer
	Mr. Ghulam Hussain Khan	
	Mr. Taufiq Ahmed Khan	
	Mr. Shazib Masud	
	Mst. Siddiqa Begum	
	Mrs. Zainub Abbas	
	Mr. Javed Hussain (Alternate Director)	
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 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	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
Shares Registrar	Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial, Model Town, Lahore. Tel: +92 (42) 35916714, 35916719, Fax: +92 (42) 35869637	

CHAIRMAN'S REVIEW

I, on behalf of the Board of Directors, take pleasure to present the condensed interim financial information of the Company for the quarter ended 31st March 2013.

The Company generated net sales revenue of Rs. 682 million during the period under review compared to Rs. 569 million in the comparative period last year registering a growth of 20 percent. Gross profit and gross profit as a percentage of sales for the period amounted to Rs. 271 million and 40 percent as compared to Rs. 235 million and 41 percent respectively. Distribution selling and promotional expenses increased by 9 percent; however, these expenses as a percentage of net sales have decreased by 2 percent. The increase in absolute term is mainly due to increase in spending on promotional and other expenses on key products as well as new products launched during the period. On over all basis, operating expenses were kept under control and increased by 6 percent. Finance cost decreased by 26 percent due to better working capital management. Profit after taxation showed an increase of 46 percent compared to comparative period and earnings per share improved to Rs. 1.66 from Rs. 1.14 as a result of increased sales revenue and cost saving initiatives.

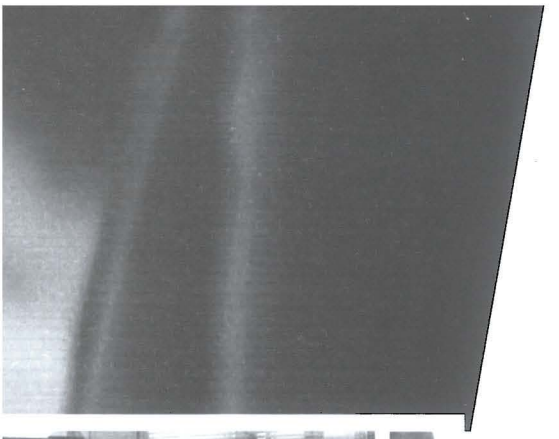
In order to mitigate risks including cost associated with changing regulations and related compliance, depreciation of Pak Rupee, increased cost of inputs and rigid price control mechanism, the Company has adopted a strategy to increase or maintain profitability through increased impetus on export, introduction of new products and volumetric growth of existing products. The Company is aggressively pursuing this strategy to achieve the desired results.

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: 26 April 2013

Tausif Ahmad Khan
Chairman







CONDENSED INTERIM FINANCIAL INFORMATION

For the First Quarter Ended 31 March 2013

CONDENSED INTERIM
BALANCE SHEET

	Note	Un Audited 31 March 2013	Audited 31 December 2012
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED SHARE CAPITAL			
20,000,000 (2012: 20,000,000)			
Ordinary shares of Rs. 10 each		200,000,000	200,000,000
Share capital		181,805,170	181,805,170
Reserves		484,665,992	452,362,810
		666,471,162	634,167,980
Surplus on revaluation of fixed assets		230,365,848	232,455,404
NON CURRENT LIABILITIES			
Long term loans - secured		50,000,000	50,000,000
Liabilities against assets subject to finance lease		13,706,770	12,805,239
Long term advances		27,443,260	13,597,545
Deferred liabilities		289,268,729	283,037,234
		380,418,759	359,440,018
CURRENT LIABILITIES			
Trade and other payables	5	212,753,199	199,348,127
Markup payable on secured loans		7,149,034	6,588,896
Short term bank borrowings - secured		66,792,700	230,599,758
Current portion of long term liabilities		22,109,579	21,577,392
		308,804,512	458,114,173
		689,223,271	817,554,191
TOTAL EQUITY AND LIABILITIES		1,586,060,281	1,684,177,575
CONTINGENCIES AND COMMITMENTS	6	-	-

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

AS AT 31 MARCH 2013

	Note	Un Audited 31 March 2013	Audited 31 December 2012
		--------- (Rupees) ---------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	**785,762,556**	778,418,155
Intangible assets		**94,118,867**	98,412,922
Long term deposits		**1,562,054**	1,562,054
		881,443,477	878,393,131
CURRENT ASSETS			
Store and spares		**2,725,016**	-
Stock in trade	8	**513,053,036**	606,594,516
Trade debts		**70,477,961**	72,531,970
Advances, deposits and prepayments		**40,330,765**	36,963,660
Other receivables		**19,548,241**	21,115,507
Income tax - net		**53,311,530**	62,116,700
Cash and bank balances		**5,170,255**	6,462,091
		704,616,804	805,784,444
TOTAL ASSETS		**1,586,060,281**	1,684,177,575

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN AUDITED)
For the first Quarter ended 31 March 2013

	Note	First Quarter Ended 31 March	
		2013	2012
		---------- (Rupees) ----------	
Sales-net	9	**681,957,790**	569,487,794
Cost of sales	10	**410,902,446**	334,200,784
Gross profit		**271,055,344**	235,287,010
Other operating income		**544,481**	12,297,027
Distribution, selling and promotional expenses		**160,930,865**	147,478,832
Administrative and general expenses		**45,388,727**	50,077,956
Research and development expenses		**2,116,113**	1,125,104
Other operating expenses		**6,729,021**	3,973,975
		215,164,726	202,655,867
		56,435,099	44,928,170
Finance cost		**9,391,824**	12,677,012
Profit before taxation		**47,043,275**	32,251,158
Taxation		**16,829,649**	11,550,354
Profit after taxation		**30,213,626**	20,700,804
Earnings per share - basic and diluted		**1.66**	1.14

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the first Quarter ended 31 March 2013

	First Quarter Ended 31 March	
	2013	2012
	---------- (Rupees) ----------	
Profit after tax for the period	**30,213,626**	20,700,804
Other comprehensive income	-	-
Total comprehensive income for the period	**30,213,626**	20,700,804

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 sec. 235 of Companies Ordinance, 1984 respectively.

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED)
For the first Quarter ended 31 March 2013

	First Quarter Ended 31 March	
	2013	2012
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	47,043,275	32,251,158
Adjustments for non-cash and other items:		
Depreciation	17,516,998	15,795,920
Amortization of intangible assets	4,391,179	4,500,001
Gain on sale of property, plant and equipment		(11,631,319)
Exchange loss	2,585,221	1,529,532
Provision for defined benefit obligation	10,661,790	11,200,959
Finance cost	9,391,824	12,677,012
	44,547,012	34,072,105
Profit before working capital changes	91,590,287	66,323,263
WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets:		
Stores and spares	(2,725,016)	-
Stock in trade	93,541,480	(84,074,392)
Trade debts	2,054,009	(9,525,296)
Advances, deposits and prepayments	(3,367,105)	(16,228,918)
Other receivables	1,567,266	1,757,955
Increase/(decrease) in current liabilities:		
Trade and other payables	10,827,255	(2,942,934)
	101,897,889	(111,013,585)
Cash generated from / (used in) operations	193,488,176	(44,690,322)
Add/(less):		
Taxes paid	(8,024,479)	(9,898,166)
Gratuity paid	(4,430,295)	(1,535,992)
Finance cost paid	(7,945,245)	(11,592,556)
Long term advances - net	13,845,715	(16,489,027)
Net cash generated from / (used in) operating activities	186,933,872	(84,206,063)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures incurred	(19,038,895)	(6,685,770)
Intangible assets acquired	(97,124)	(235,895)
Sale proceeds from disposal of property, plant and equipment		18,963,220
Net cash generated from / (used in) investing activities	(19,136,020)	12,041,555

	First Quarter Ended 31 March	
	2013	2012
	---------- (Rupees) ----------	
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities	**(5,275,224)**	(7,185,943)
Long term loans-repayment	**-**	(10,571,824)
Short-term bank borrowings-net	**(163,807,058)**	84,533,371
Dividend paid	**(7,405)**	(1,671)
Net cash generated from / (used in) financing activities	**(169,089,688)**	66,773,933
Net decrease in cash and cash equivalents	**(1,291,836)**	(5,390,575)
Cash and cash equivalents at beginning of the period	**6,462,091**	12,596,985
Cash and cash equivalents at end of the period	**5,170,255**	7,206,410

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
For the first Quarter ended 31 March 2013

	Share Capital	Revenue Reserves			Tot
		General Reserves	Unappropriated Profit	Sub Total	
	---------- Rupees ----------				
Balance as at 01 January 2012	181,805,170	114,000,000	284,712,812	398,712,812	580,51
Incremental depreciation relating to surplus on revaluation of fixed assets	-	-	1,197,497	1,197,497	1,19
Total comprehensive income for the period	-	-	20,700,804	20,700,804	20,70
Balance as at 31 March 2012	181,805,170	114,000,000	306,611,113	420,611,113	602,4
Balance as at 01 January 2013	**181,805,170**	**114,000,000**	**338,362,810**	**452,362,810**	**634,167**
Incremental depreciation relating to surplus on revaluation of fixed assets	-	-	**2,089,556**	**2,089,556**	**2,089**
Total comprehensive income for the period	-	-	**30,213,626**	**30,213,626**	**30,213**
Balance as at 31 March 2013	**181,805,170**	**114,000,000**	**370,665,992**	**484,665,992**	**666,471**

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

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

For the first Quarter ended 31 March 2013

1. THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ("the 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 all stock exchanges in Pakistan since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 Km, Multan Road, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the first quarter ended 31 March 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

2.2 Basis of presentation

This interim financial information represents interim financial information of the Company. The consolidated interim financial information of the company and its subsidiary company is not being presented as the subsidiary company ceased to exist under section 439 of the Companies Ordinance 1984.

This interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2012.

3. BASIS OF MEASUREMENT

3.1 Accounting Convention

This condensed interim financial information has been prepared under the historical cost convention, except for revaluation of property plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

3.2 Use of estimates and judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2012.

4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financia information are the same as those applied in preparation of the annual audited financia statements of the Company for the year ended 31 December 2012.

5. TRADE AND OTHER PAYABLES

These include a balance of Rs. 1,024,935 (2012: Rs. 925,936) due to Route-2, a associated company.

6. CONTINGENCIES AND COMMITMENTS

Contingencies:

- Bank guarantees issued on behalf of the company aggregate to Rs.4.620 million (3 December 2012 : Rs 4.620 million).

- While finalizing income tax assessments for the tax year 2005, income tax authorities made certain add backs with aggregate tax impact of Rs. 12.600 million. The Company has filed appeal before Commission Inland Revenue (Appeals) which is pending for adjudication, pending finalization of appeal, no provision has been m by the Company, as the management expects a favorable outcome of such appeal.

- The Company has not acknowledged the demand relating to sales tax/central excise duty amounting to Rs.12.057 million (2012: Rs. 12.057 million) as debt as the matters pending for adjudication. An amount of Rs. 10.086 million (2012: Rs. 10.086 million) has been deposited under protest and is shown under other receivables.

Commitments:

Commitments against irrevocable letters of credit include:

	Un Audited 31 March 2013	Audited 31 December 2012
	(Rupees)	
Raw materials	122,588,450	110,085,200
Packing materials	39,710,730	15,866,550
Finished goods		6,141,500

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - (owned)	724,215,851	725,775,250
Operating fixed assets - (leased)	43,164,315	39,409,32
Capital work-in-progress	18,382,390	13,233,582
	785,762,556	778,418,155

8. STOCK IN TRADE

	Un Audited 31 March 2013	Audited 31 December 2012
	(Rupees)	
Raw materials		
In hand	**230,116,029**	224,554,948
In transit	**30,169,899**	79,320,620
	260,285,928	303,875,568
Packing material		
In hand	**77,631,352**	83,944,556
In transit	**5,597,452**	3,947,721
	83,228,804	87,892,277
Work in process	**42,514,231**	30,216,205
Finished goods - In hand		
In hand	**124,572,375**	184,459,467
With third party	**2,451,698**	150,999
	127,024,073	184,610,466
	513,053,036	606,594,516

9. SALES - NET

	First Quarter Ended 31 March	
	2013	2012
	(Rupees)	
Manufactured products		
Local	**607,666,153**	529,167,882
Export	**57,837,496**	30,552,428
	665,503,649	559,720,310
Purchased products - local	**13,041,048**	9,583,111
Third party (toll manufacturing)	**65,831,574**	58,533,560
	744,376,271	627,836,981
Less: Discount	**60,644,917**	56,941,027
Sales tax	**1,773,564**	1,408,160
	62,418,481	58,349,187
	681,957,790	569,487,794

10. COST OF SALES

Opening stock of finished goods		
(excluding purchased products)	**150,723,607**	150,723,607
Cost of goods manufactured	**373,357,086**	335,135,247
	524,080,693	485,858,854
Closing stock of finished goods		
(excluding purchased products)	**(123,054,671)**	(157,722,720)
Cost of goods sold -Manufactured products	**401,026,022**	328,136,134
Cost of goods sold - Purchased products	**9,876,424**	6,064,650
Cost of goods sold	**410,902,446**	334,200,784

11. RELATED PARTY TRANSACTIONS

The related parties comprise of local associated companies, staff retirement funds, directors and key management personnel. Significant transactions with related parties are stated below:

		First Quarter Ended 31 March	
		2013	2012
		---------- (Rupees) ----------	
11.1	**Sales of goods**		
	Associate	**8,755,537**	8,821,099
11.2	**Contribution towards employees' benefits**		
	Staff provident fund	**3,506,555**	3,829,760
	Employee's welfare trust	**303,400**	285,000
11.3	**Remuneration of directors and key management personnel**		
	CEO	**2,740,415**	2,742,187
	Directors	**5,583,508**	6,521,077
	Executives	**41,180,142**	44,174,913

12. DATE OF AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Company authorized the condensed interim financial information for issuance on 26 April 2013.

13. GENERAL

13.1 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.

13.2 Figures have been rounded off to the nearest rupee.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

BOOK
POST

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