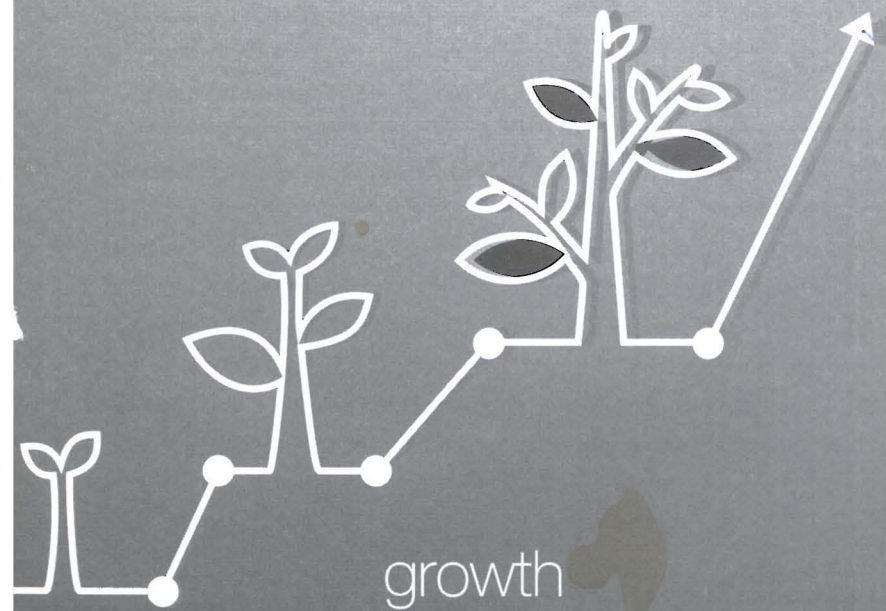
HIGHNOON
LABORATORIES LTD.

Q1 REPORT 2015



growth
by innovation

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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	
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	

DIRECTORS' REPORT

It is my pleasure to present the financial information of the Company for the quarter ended 31 March 2015 on behalf of the Board of Directors.

The Company generated net sales revenue of Rs.1,022 million during the period under review compared to Rs.859 million in the same period last year registering a growth of 19 percent. Gross profit and gross profit as a percentage of sales for the period amounted to Rs.479 million and 47% as compared to Rs.357 million and 42% respectively. Operating expenses were largely kept under control and only showed marginal increase over last quarter. Profit after tax increased to Rs.91 million due to increase in sales, better productivity and competitive sourcing of materials.

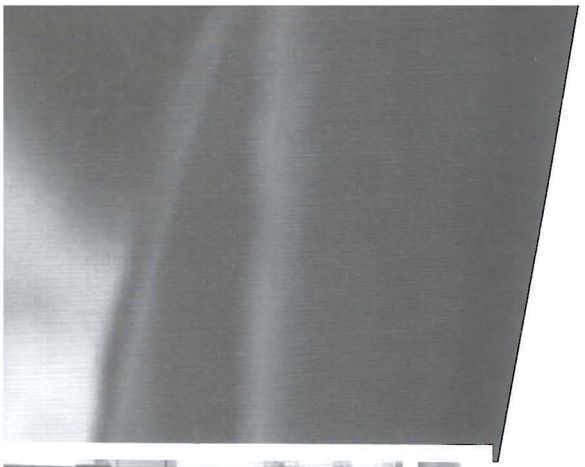
We are continuously investing in our products and infrastructure facilities. We are confident that the synergic effect of planned launches of new products, broadening of market base, retail level penetration and increase in productivity through up gradation of the manufacturing facilities, will results in increase in market share as well as profitability of the Company in the ensuing periods.

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: 15 April 2015

Baqar Hasan
Chief Executive Officer









CONDENSED INTERIM FINANCIAL INFORMATION

For the First Quarter Ended 31 March 2015

CONDENSED INTERIM BALANCE SHEET

	Note	Un Audited 31 March 2015	Audited 31 December 2014
		(Rupees)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED SHARE CAPITAL			
20,000,000 (2014: 20,000,000) Ordinary shares of Rs. 10 each		200,000,000	200,000,000
Share capital		181,805,170	181,805,170
Reserves		823,875,951	731,355,424
		1,005,681,121	913,160,594
Surplus on revaluation of fixed assets		219,352,983	221,160,158
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		27,119,677	30,273,913
Long term advances		24,040,678	13,056,828
Deferred liabilities		277,043,169	269,169,709
		328,203,524	312,500,450
CURRENT LIABILITIES			
Trade and other payables	4	501,610,897	409,027,390
Markup payable on secured loans		-	224,687
Income Tax - Net		67,229,812	55,637,689
Current portion of long term liabilities		29,008,908	33,282,639
		597,849,617	498,172,405
		926,053,141	810,672,855
TOTAL EQUITY AND LIABILITIES		2,151,087,245	1,944,993,607
CONTINGENCIES AND COMMITMENTS	5		

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

AS AT 31 MARCH 2015

	Note	Un Audited 31 March 2015	Audited 31 December 2014
		(Rupees)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	756,988,959	759,544,053
Intangible assets		59,785,508	63,510,996
Long term deposits		1,562,054	1,562,054
		818,336,521	824,617,103
CURRENT ASSETS			
Stock in trade	7	612,289,397	634,792,103
Trade debts		77,214,604	75,535,273
Advances		35,915,866	43,258,150
Trade deposits and short term prepayments		29,175,308	17,637,699
Interest accrued		-	359,589
Other receivables		1,368,845	1,485,660
Balance with statutory authorities		9,001,435	11,983,557
Cash and bank balances		567,785,269	335,324,473
		1,332,750,724	1,120,376,504
TOTAL ASSETS		2,151,087,245	1,944,993,607

ANEES AHMAD KHAN
DIRECTOR

CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN AUDITED)
For the first quarter ended 31 March 2015

	Note	First Quarter Ended 31 March	
		2015	2014
		---------- (Rupees) ----------	
Sales-net	8	1,022,287,498	859,253,839
Cost of sales	9	543,644,864	502,596,935
Gross profit		478,642,634	356,656,904
Distribution, selling and promotional expenses		273,175,005	204,769,145
Administrative and general expenses		60,287,585	48,994,524
Research and development expenses		796,856	546,953
Other operating expenses		13,424,992	9,597,270
		347,684,438	263,907,892
		130,958,196	92,749,012
Other operating income		5,361,507	2,128,583
		136,319,703	94,877,595
Finance cost		2,433,009	3,842,550
Profit before taxation		133,886,694	91,035,045
Taxation		43,173,342	30,200,000
Profit after taxation		90,713,352	60,835,045
Earnings per share - basic and diluted		4.99	3.35

The annexed notes from 1 to 12 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 2015

	First Quarter Ended 31 March	
	2015	2014
	---------- (Rupees) ----------	
Profit after tax for the period	90,713,352	60,835,045
Other comprehensive income	-	-
Total comprehensive income for the period	90,713,352	60,835,045

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 12 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 2015

	First Quarter Ended 31 March	
	2015	2014
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	133,886,694	91,035,045
Adjustments for non-cash and other items:		
Depreciation	19,137,634	18,550,923
Amortization of intangible assets	4,550,853	4,525,002
Exchange (gain)/ loss	2,197,649	(596,632)
Provision for defined benefit obligation	10,204,746	10,501,944
Finance cost	2,433,009	3,842,550
	38,523,891	36,823,787
Profit before working capital changes	172,410,585	127,858,832
WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets:		
Stock in trade	22,502,706	(63,555,015)
Trade debts	(1,679,331)	(15,967,026)
Loans and advances	7,342,284	9,133,738
Trade deposits and prepayments	(11,537,609)	(9,168,509)
Balance with statutory authorities	2,982,122	7,269,460
Interest accrued	359,589	-
Other receivables	116,815	35,246
Increase/(decrease) in current liabilities:		
Trade and other payables	90,409,577	66,506,329
	110,496,153	(5,745,777)
Cash generated from operations	282,906,738	122,113,055
Taxes paid	(31,581,219)	(23,613,976)
Gratuity paid	(2,331,286)	(1,882,768)
Finance cost paid	(969,237)	(2,471,178)
Long term advances - net	7,148,733	4,195,884
Net cash generated from operating activities	255,173,729	98,341,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(9,238,040)	(10,649,937)
Intangible assets acquired	(825,365)	(419,021)
Net cash used in investing activities	(10,063,405)	(11,068,958)

	First Quarter Ended 31 March	
	2015	2014
	---------- (Rupees) ----------	
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(12,625,809)	(1,017,578)
Short-term bank borrowings-net	-	(73,203)
Dividend paid	(23,719)	(82,401)
Net cash used in financing activities	(12,649,528)	(1,173,182)
Net increase in cash and cash equivalents	232,460,796	86,098,875
Cash and cash equivalents at beginning of the period	335,324,473	49,533,292
Cash and cash equivalents at end of the period	567,785,269	135,632,167

The annexed notes from 1 to 12 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 2015

	Share Capital	Revenue Reserves			Total
		General Reserves	Unappropriated Profit	Sub Total	
	---------- Rupees ----------				
Balance as at 01 January 2014	181,805,170	114,000,000	419,568,145	533,568,145	715,373,315
Profit for the quarter ended 31 March 2014	-	-	60,835,045	60,835,045	60,835,045
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	60,835,045	60,835,045	60,835,045
Incremental depreciation relating to surplus on revaluation of fixed assets-net	-	-	2,306,545	2,306,545	2,306,545
Balance as at 31 March 2014	181,805,170	114,000,000	482,709,735	596,709,735	778,514,905
Balance as at 01 January 2015	181,805,170	114,000,000	617,355,424	731,355,424	913,160,594
Profit for the quarter ended 31 March 2015	-	-	90,713,352	90,713,352	90,713,352
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	90,713,352	90,713,352	90,713,352
Incremental depreciation relating to surplus on revaluation of fixed assets-net	-	-	1,807,175	1,807,175	1,807,175
Balance as at 31 March 2015	181,805,170	114,000,000	709,875,951	823,875,951	1,005,681,121

The annexed notes from 1 to 12 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 2015

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. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Company for the first quarter ended 31 March 2014 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.

2.2 This interim condensed 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 This interim condensed 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, 2014.

3.2 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.

3.3 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 2014.

3.4 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 31 December 2014.

4. TRADE AND OTHER PAYABLES

These include a balance of Rs. 772,234 (2014: Rs. 251,200) due to Route-2, an associated company.

5. 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:

	Un Audited 31 March 2015	Audited 31 December 2014
	---------- (Rupees) ----------	
Raw materials	267,925,360	169,018,435
Packing materials	42,067,320	16,624,255
Finished goods	4,027,320	14,984,750
Plant and machinery	37,293,781	39,726,075

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets - (owned)	665,378,922	669,818,556
Operating assets - (leased)	84,514,845	81,423,968
Capital work-in-progress	7,095,192	8,301,529
	756,988,959	759,544,053

	Un Audited 31 March 2015	Audited 31 December 2014
	(Rupees)	

7. STOCK IN TRADE

Raw materials		
In hand	286,863,823	298,815,977
In transit	-	10,094,743
	286,863,823	308,910,720
Packing materials	97,315,473	120,532,834
Work in process	42,095,055	55,356,113
Finished goods		
In hand	184,760,745	149,221,552
With third party	1,254,301	770,884
	186,015,046	149,992,436
	612,289,397	634,792,103

	First Quarter Ended 31 March	
	2015	2014
	(Rupees)	

8. SALES - NET

Manufactured products		
Local	910,543,084	778,220,783
Export	69,978,869	65,764,312
	980,521,953	843,985,095
Purchased products - local	23,531,630	3,586,816
Third party (toll manufacturing)	96,548,468	84,686,369
	1,100,602,051	932,258,280
Less: Discount	74,591,338	72,022,939
Sales tax	3,723,215	981,502
	78,314,553	73,004,441
	1,022,287,498	859,253,839

9. COST OF SALES

Opening stock of finished goods		
(excluding purchased products)	140,089,826	102,090,848
Cost of goods manufactured	556,325,052	491,544,969
	696,414,878	593,635,817
Closing stock of finished goods		
(excluding purchased products)	(165,910,969)	(94,492,920)
Cost of goods sold - Manufactured products	530,503,909	499,142,897
Cost of goods sold - Purchased products	13,140,955	3,454,038
Cost of goods sold	543,644,864	502,596,935

10. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings 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	
	2015	2014
	(Rupees)	
10.1 Sales of goods		
Associate	90,457,307	22,423,620
10.2 Contribution towards employees' benefits		
Staff provident fund	4,474,297	3,765,264
Employee's welfare trust	374,550	307,250
10.3 Remuneration of directors and key management personnel		
CEO	2,475,905	2,695,800
Directors	7,277,799	6,526,832
Executives	47,977,175	47,589,560

11. DATE OF AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Company authorized the condensed interim financial information for issuance on 15 April 2015.

12. GENERAL

12.1 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.

12.2 Figures have been rounded off to the nearest rupee.

BAQAR HASAN
CHIEF EXECUTIVE OFFICER

ANEES AHMAD KHAN
DIRECTOR

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POST

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