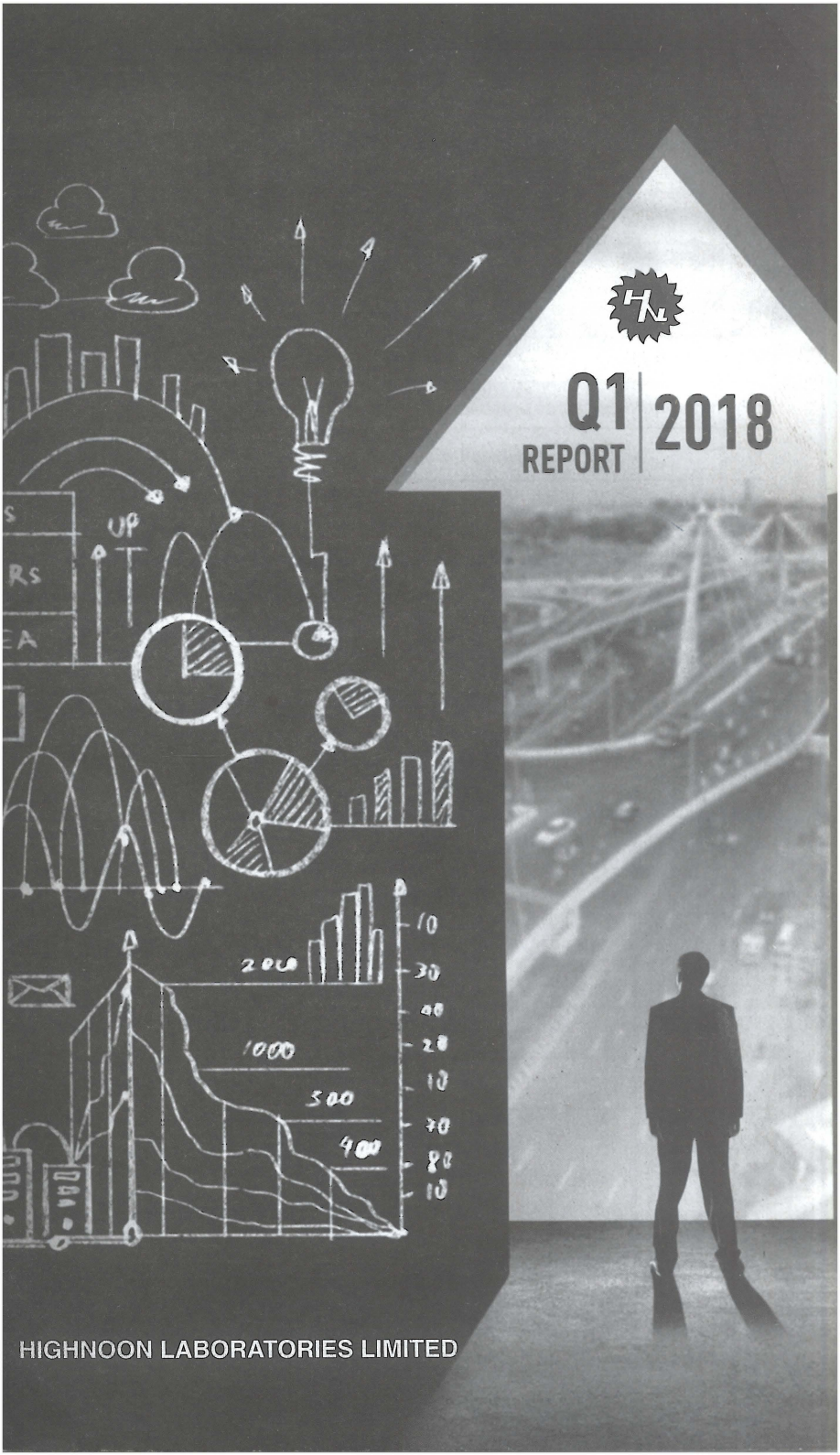

Q1
REPORT
2018
HIGHNOON LABORATORIES LIMITED

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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"



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.



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
	Dr. Adeel Abbas Haideri	Chief Executive Officer
	Mr. Ghulam Hussain Khan	
	Mr. Romesh Elapata	
	Mr. Shazib Masud	
	Mr. Taufiq Ahmed 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 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

It is my pleasure to present the condensed interim financial information of the company for the period ended 31st March 2018 on behalf of the Board of Directors.

The Company generated sales revenue of Rs.1,637 million during the period under review compared to Rs.1,368 million in the same period last year registering a growth of 20 percent. Gross profit for the period increased to Rs.802 million as compared to Rs.650 million. Distribution, selling and promotional expenses increased by 38 percent, whereas all other operational expenses remained under control. The increase in distribution, selling and promotional expenses is primarily because of increase in the size of sales team and investment on new products. After providing for all expenses and charges, profit after taxation amounted to Rs.165 million.

The recent local currency depreciation is expected to result into high import cost and low margins as the industry may not be able to pass on costs due to the price controls. The annual price increase in accordance with the pricing policy that was effective July 1, 2017 was put on hold since then and has now been made effective from January 2018.

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 2018

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی پہلی سہ ماہی مختتمہ 31 مارچ 2018 کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

اس سال کی پہلی سہ ماہی میں کمپنی کی خالص فروخت آمدن 1,637 ملین روپے رہی۔ اس کا موازنہ پچھلے سال کی اسی مدت کی خالص فروخت آمدن 1,368 ملین روپے سے کیا جائے تو خالص فروخت آمدن میں اضافہ کی شرح 20 فیصد بنتی ہے۔ زیرِ جائزہ مدت میں خام منافع 802 ملین روپے رہا جس کے موازنہ میں پچھلے سال کا اسی مدت کا خام منافع 650 ملین روپے تھا۔ فروغِ فروخت آمدن اور تقسیم فروخت کاری کے اخراجات میں بڑھوتری کی شرح 38 فیصد رہی جبکہ باقی آپریشنل اخراجات دائرہ اختیار میں رہے۔ فروخت کاری و تقسیم کے اخراجات میں اضافہ کی بڑی وجہ فروخت کاری کی ٹیموں کی افرادی قوت میں اضافہ اور نئی ادویات کو مارکیٹ میں متعارف کروانے سے متعلق اخراجات بنے۔ تاہم تمام اخراجات پورے کرنے کے بعد بعد از ٹیکس منافع 165 ملین روپے رہا۔

روپے کی قدر میں حالیہ کمی کے نتیجے میں دواساز صنعت کی درآمدات کی لاگت میں اضافہ اور منافع میں کمی متوقع ہے لیکن ادویات کی قیمتوں پر کنٹرول کے باعث دواساز صنعت اپنی اس اضافی لاگت کو آگے منتقل نہیں کر سکتی ادویات کی قیمتوں کے تعین کی پالیسی کے مطابق جولائی 2017 میں ادویات کی قیمتوں میں جو سالانہ اضافہ ہونا تھا اس کو روک دیا گیا تھا جو کہ اب جنوری 2018 سے مؤثر ہے۔

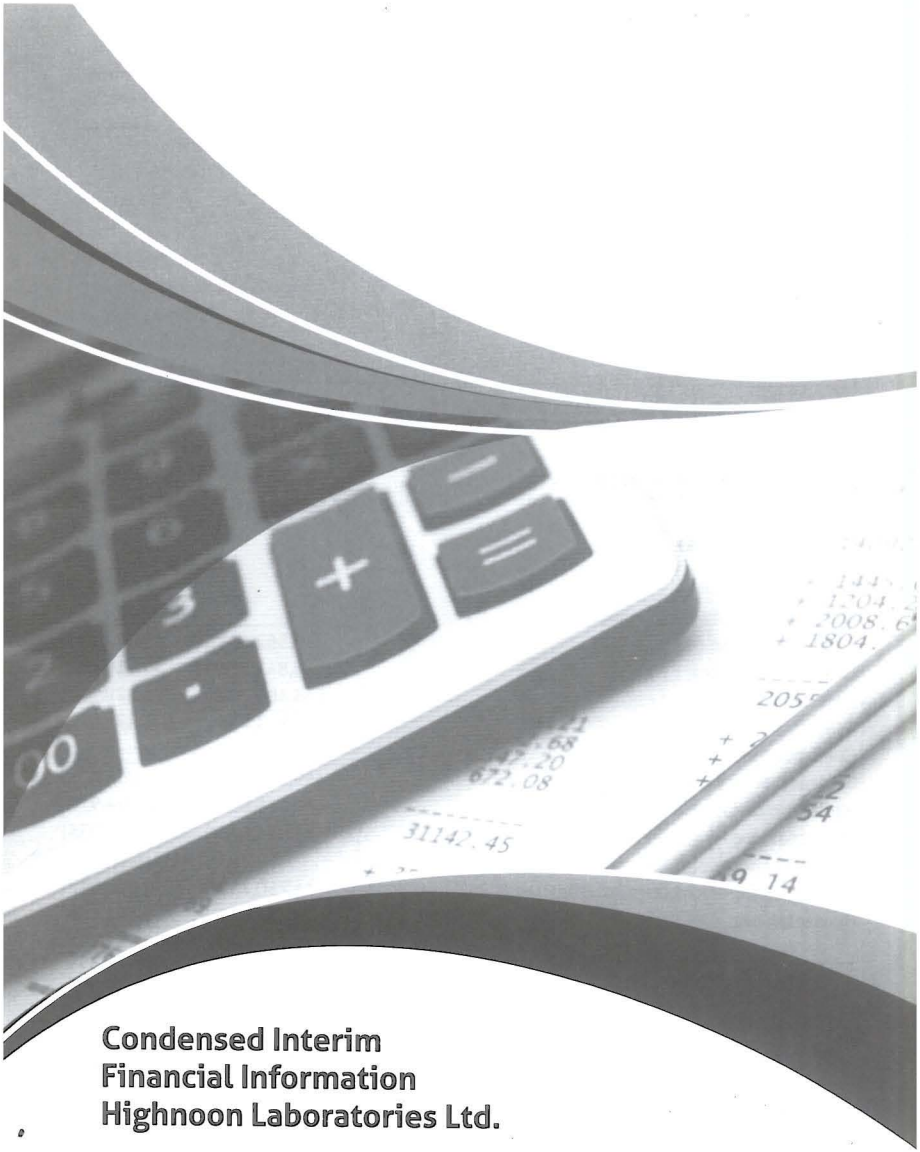
میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے حصص داران، ڈاکٹرز، فارماسسٹس، صارفین، شراکت داروں اور بینکوں کی جاری سرپرستی اور کاروباری تعاون کے لیے نہایت مشکور ہوں اور اس کے ساتھ میں اپنے ملازمین اور انتظامیہ کی غیر متزلزل انتھک کوششوں اور محنت کی بھرپور قدر کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز

توفیق احمد خان	ڈاکٹر عدیل عباس حیدری
ڈائریکٹر	چیف ایگزیکٹو آفیسر

لاہور: 26 اپریل 2018

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Condensed Interim Financial Information Highnoon Laboratories Ltd.

For the First Quarter Ended
31 March 2018

Condensed Interim Statement of Financial Position

	Note	Un Audited 31 March 2018	Audited 31 December 2017
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves			
Authorized share capital			
50,000,000 (2017: 50,000,000) Ordinary shares of Rs. 10 each		500,000,000	500,000,000
Share capital		255,423,160	255,423,160
Revenue reserves		1,945,686,542	1,776,525,305
Surplus on revaluation of fixed assets		380,281,405	384,003,155
Total Equity		2,581,391,107	2,415,951,620
Non-current liabilities			
Liabilities against assets subject to finance lease		39,562,432	14,442,288
Long term advances		48,842,586	35,516,612
Deferred liabilities		334,409,707	373,229,929
		422,814,725	423,188,829
Current liabilities			
Trade and other payables		459,208,679	396,054,603
Unclaimed dividend		40,876,867	40,194,970
Mark up accrued		84,848	64,035
Short term borrowing		-	-
Current portion of long term liabilities		36,750,739	27,565,672
Income tax-net		68,413,938	59,101,868
		605,335,071	522,981,148
Total Liabilities		1,028,149,796	946,169,977
TOTAL EQUITY AND LIABILITIES		3,609,540,903	3,362,121,597
CONTINGENCIES AND COMMITMENTS	3		

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 March 2018

	Note	Un Audited 31 March 2018	Audited 31 December 2017
		---------- (Rupees) ----------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	961,015,588	934,825,946
Intangible assets		3,666,637	5,073,017
Long term investment	5	200,000,000	200,000,000
Long term deposits		13,961,063	12,695,663
Long term advances		18,795,475	16,074,304
		1,197,438,763	1,168,668,930
Current assets			
Stock in trade	6	1,145,808,874	1,115,539,075
Trade debts		315,806,662	250,692,198
Advances		120,405,119	57,879,171
Trade deposits and short term prepayments		50,114,786	24,329,555
Profit accrued		4,425,612	2,015,658
Other receivables		4,004,728	4,819,473
Loan to subsidiary		20,000,000	20,000,000
Tax refunds due from the Government		6,302,509	5,611,106
Short term investments		300,000,000	100,000,000
Cash and bank balances		445,233,850	612,566,431
		2,412,102,140	2,193,452,667
TOTAL ASSETS		3,609,540,903	3,362,121,597

Javed Hussain
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-Audited)
For the Period Ended 31 March 2018

	Note	First Quarter Ended 31 March 2018	2017
		(Rupees)	
Sales - net	7	1,637,202,674	1,367,815,977
Cost of sales	8	835,615,724	717,641,688
Gross profit		801,586,950	650,174,289
Distribution, selling and promotional expenses		478,702,096	347,930,073
Administrative and general expenses		68,985,013	63,779,646
Research and development expenses		852,238	767,844
Other operating expenses		21,078,784	21,026,396
		569,618,131	433,503,959
Other income		8,970,540	7,336,892
Operating Profit		240,939,359	224,007,222
Finance costs		2,129,118	1,157,506
Profit before taxation		238,810,241	222,849,716
Taxation		73,370,754	62,584,709
Profit for the period		165,439,487	160,265,007
			Restated
Earnings per share - basic and diluted		6.48	6.27

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Period Ended 31 March 2018

	First Quarter Ended 31 March	
	2018	2017
	---------- (Rupees) ----------	
Profit after tax for the period	165,439,487	160,265,007
Other comprehensive income	-	-
Total comprehensive income for the period	165,439,487	160,265,007

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Dr. Adeel Abbas	Taufiq Ahmed Khan	Javed Hussain
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited)
For the Period Ended 31 March 2018

	First Quarter Ended 31 March	
	2018	2017
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	238,810,241	222,849,716
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	21,621,611	18,065,459
Amortization of intangible assets	1,406,379	4,272,717
Gain on disposal of property, plant and equipment	(2,291,507)	(282,565)
Exchange loss - net	423,460	2,634,283
Provision for slow moving and obsolete stocks	2,683,726	12,168,711
Provision for defined benefit obligation	12,750,540	11,092,434
Finance costs	2,129,118	1,157,506
	38,723,327	49,108,545
Profit before working capital changes	277,533,568	271,958,261
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	(32,953,525)	103,230,673
Trade debts	(65,114,464)	(93,797,597)
Advances	(62,525,948)	(77,789,218)
Trade deposits and short term prepayments	(25,785,231)	(16,096,250)
Profit accrued	(2,409,954)	(2,729,800)
Other receivables	814,745	(474,571)
Tax refund due from government	(691,403)	4,670,366
(Decrease) / increase in current liabilities:		
Trade and other payables	62,123,995	(127,082,961)
	(126,541,785)	(210,069,358)
Cash generated from operations	150,991,783	61,888,903
Taxes paid	(64,058,684)	(48,215,142)
Gratuity paid	(51,570,761)	(9,431,285)
Finance cost paid	(1,184,164)	(470,561)
Long term advances	14,677,901	5,471,035
Net cash flow generated from operating activities	48,856,075	9,242,950

Condensed Interim Cash Flow Statement (Un-Audited)
For the Period Ended 31 March 2018

	First Quarter Ended 31 March	
	2018	2017
	(Rupees)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,363,567)	(34,023,994)
Additions in long term advances	(2,721,171)	-
Additions in short term investment	(200,000,000)	-
Additions in long term deposits-net	(1,265,400)	-
Proceeds from disposal of property, plant and equipment	9,389,821	825,709
Net cash flow used in investing activities	(213,960,317)	(33,198,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(3,516,857)	(6,761,485)
Dividend paid	681,897	(119,857)
Net cash flow used in financing activities	(2,834,960)	(6,881,342)
Net increase in cash and cash equivalents	(167,939,202)	(30,836,677)
Cash and cash equivalents at beginning of the period	612,566,431	680,699,860
Net foreign exchange difference	606,621	45,936
Cash and cash equivalents at end of the period	445,233,850	649,909,119

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Dr. Adeel Abbas	Taufiq Ahmed Khan	Javed Hussain
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-Audited)
For the Period Ended 31 March 2018

	Share Capital	Revenue reserves			Surplus on revaluation of fixed assets - net of tax	Total
		General reserve	Unappropriated profit	Sub total		
	(Rupees)					
Balance as at 01 January 2017	228,056,400	114,000,000	1,262,455,659	1,376,455,659	208,358,471	1,812,870,530
Profit for the quarter ended 31 March 2017	-	-	160,265,007	160,265,007	-	160,265,007
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	160,265,007	160,265,007	-	160,265,007
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	1,525,264	1,525,264	(1,525,264)	-
Balance as at 31 Mar 2017	228,056,400	114,000,000	1,424,245,930	1,538,245,930	206,833,207	1,973,135,537
Balance as at 01 Jan 2018	255,423,160	114,000,000	1,662,525,305	1,776,525,305	384,003,155	2,415,951,620
Profit for the quarter ended 31 March 2018	-	-	165,439,487	165,439,487	-	165,439,487
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	165,439,487	165,439,487	-	165,439,487
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	3,721,750	3,721,750	(3,721,750)	-
Balance as at 31 March 2018	255,423,160	114,000,000	1,831,686,542	1,945,686,542	380,281,405	2,581,391,107

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Selected Notes to the Condensed Interim Financial Information
For the Period Ended 31 March 2018

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 PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

2.2 BASIS OF PREPARATION

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, 2017.

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.

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 2017.

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 2017.

3 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 2018	Audited 31 December 2017
	(Rupees)	
Raw materials	470,044,601	241,304,472
Packing materials	21,388,005	32,055,375
Plant & Machinery	41,466,808	23,536,496
Finished goods	-	26,313,228
	532,899,414	323,209,571

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets-owned	882,579,200	889,678,169
Operating assets-leased vehicles	78,436,388	45,147,777
	961,015,588	934,825,946

5. LONG TERM INVESTMENT

Subsidiary Company - Unlisted		
Curexa Health (Private) Limited		
(formerly Procef Laboratories (Private) Limited)		
20,000,000 (2017: 20,000,000) ordinary shares		
of Rs.10 equity held: 100% (2017: 100%)	200,000,000	200,000,000

Curexa Health (Private) Limited (formerly Procef Laboratories (Private) Limited) a wholly owned subsidiary company engaged in the production of cephalosporin drugs was incorporated on 10 June 2015 as a private limited company with an authorized share capital of Rs. 200 million.

	Un Audited 31 March 2018	Audited 31 December 2017
	(Rupees)	

6. STOCK IN TRADE

Raw materials		
In hand	491,149,492	559,879,435
In transit	79,401,050	70,525,143
With third party	10,782,962	16,867,741
	581,333,504	647,272,319
Packing material		
In hand	151,802,288	139,470,565
In transit	9,282,531	4,592,598
With third party	3,365,251	2,751,235
	164,450,070	146,814,398
Work in process	62,364,786	75,994,076
Finished goods - in hand	347,970,352	255,768,120
Less: Provision for slow moving and obsolete items	(10,309,838)	(10,309,838)
	1,145,808,874	1,115,539,075

	Un-Audited First Quarter Ended 31 March	
	2018	2017
	(Rupees)	

7. SALES-net

Manufactured products		
Local	1,545,283,305	1,222,530,059
Export	52,107,582	87,576,452
	1,597,390,887	1,310,106,511
Third party	62,663,648	63,697,936
	1,660,054,535	1,373,804,447
Less: Discount	15,169,549	1,722,933
Sales tax	7,682,312	4,265,537
	22,851,861	5,988,470
	1,637,202,674	1,367,815,977

	Un-Audited	
	First Quarter Ended 31 March	
	2018	2017
	(Rupees)	

8. COST OF SALES

Opening stock of finished goods	255,768,120	247,732,321
Cost of goods manufactured	820,208,080	712,765,608
	1,075,976,200	960,497,929
Purchases finished goods	107,609,876	45,649,276
Closing stock of finished goods	347,970,352	288,505,517
Cost of goods sold	835,615,724	717,641,688

9. RELATED PARTY TRANSACTIONS

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

		Un-Audited	
		First Quarter Ended 31 March	
		2018	2017
		(Rupees)	
9.1	**Sales of goods**		
	Associate	33,226,858	59,352,306
9.2	**Purchase of goods**		
	Subsidiary	62,954,834	-
	Associate	44,655,042	38,823,812
9.3	**Contribution towards employees' benefits:**		
	Staff provident fund	7,537,790	6,260,222
	Employees' welfare trust	645,950	520,450
9.4	**Remuneration of directors and key management personnel:**		
	CEO	3,665,345	3,851,665
	Directors	4,282,705	4,523,681
	Executives	56,293,142	71,134,828

10. DATE OF AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Company authorized the condensed interim financial information for issuance on 26th April 2018.

11. GENERAL

11.1 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.

11.2 Figures have been rounded off to the nearest rupee.

Dr. Adeel Abbas	Taufiq Ahmed Khan	Javed Hussain
Chief Executive Officer	Director	Chief Financial Officer

Directors' Report

It is my pleasure to present the consolidated condensed interim financial information of Highnoon Laboratories ("the Holding Company") and its wholly owned Subsidiary Company ("the Group") for the period ended 31st March 2018 on behalf of the Board of Directors.

The Group generated net sales revenue of Rs.1,637 million during the period under review compared to Rs.1,368 million in the same period last year registering a growth of 20 percent. Gross profit of group for the period increased to Rs.814 million as compared to Rs.650 million. Distribution, selling and promotional expenses increased by 38 percent and administrative & general remained under control. The increase in distribution, selling and promotional expenses is primarily because of increase in the size of sales team and investment on new products. After providing for all expenses and charges, profit after taxation amounted to Rs.169 million.

The recent local currency depreciation is expected to result into high import cost and low margins as the industry may not be able to pass on costs due to the price controls. The annual price increase in accordance with the pricing policy that was effective July 1, 2017 was put on hold since then and has now been made effective from January 2018.

Subsidiary Company went through CGMP inspection during the period and successfully secured the Certification from DRAP.

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 2018

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی اور اس کی کلی ذیلی کمپنی کی پہلی سہ ماہی مختتمہ 31 مارچ 2018 کے اشتمال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

اس سال کی پہلی سہ ماہی میں گروپ کی خالص فروخت آمدن 1,637 ملین روپے رہی۔ اس کا موازنہ پچھلے سال کی اسی مدت کی خالص فروخت آمدن 1,368 ملین روپے سے کیا جائے تو خالص فروخت آمدن میں اضافہ کی شرح 20 فیصد بنتی ہے۔ زیرِ جائزہ مدت میں گروپ کا اشتمال شدہ خام منافع 813 ملین روپے رہا جس کے موازنہ میں پچھلے سال کا اسی مدت میں گروپ کا خام منافع 650 ملین روپے تھا۔ گروپ کے فروغِ فروخت تقسیم اور فروخت کاری کے اخراجات میں بڑھوتری کی شرح 38 فیصد رہی جبکہ انتظامی اخراجات میں بڑھوتری کی کی شرح 9 فیصد رہی۔ گروپ کے تمام اخراجات منہا کرنے کے بعد گروپ کا اشتمال شدہ بعد از ٹیکس خالص منافع 169 ملین روپے رہا جس کے موازنہ میں پچھلے سال گروپ کا بعد از ٹیکس خالص منافع 156 ملین روپے تھا۔

روپے کی قدر میں حالیہ کمی کے نتیجہ میں دواساز صنعت کی درآمدات کی لاگت میں اضافہ اور منافع میں کمی متوقع ہے لیکن ادویات کی قیمتوں پر کنٹرول کے باعث دواساز صنعت اپنی اس اضافی لاگت کو آگے منتقل نہیں کر سکتی ادویات کی قیمتوں کے تعین کی پالیسی کے مطابق جولائی 2017 میں ادویات کی قیمتوں میں جو سالانہ اضافہ ہونا تھا اس کو روک دیا گیا تھا جو کہ اب جنوری 2018 سے مؤثر ہے۔

زیرِ جائزہ مدت میں ہائی نون لیبارٹریز لمیٹڈ کی کلی ذیلی کمپنی معائنہ کے بعد ڈرگ ریگولیٹری اتھارٹی آف پاکستان سے ادویات کی تیاری کے بہتر طریقہ کار سے متعلق سرٹیفکیٹ حاصل کرنے میں کامیاب رہی ہے۔

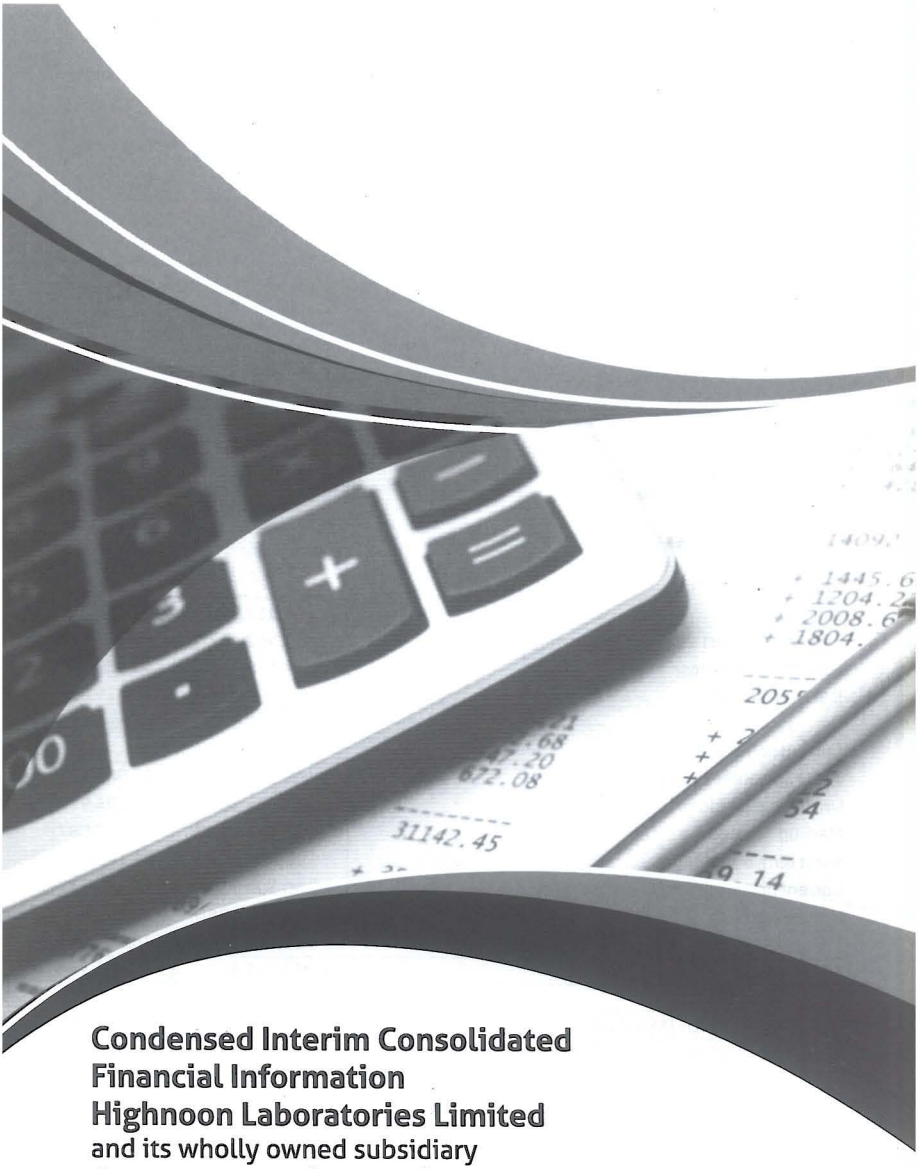
میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے حصص داران، ڈاکٹرز، فارماسسٹس، صارفین، شراکت داروں اور بینکوں کی جاری سرپرستی اور کاروباری تعاون کے لیے نہایت مشکور ہوں اور اس کے ساتھ میں اپنے ملازمین اور انتظامیہ کی غیر متزلزل اور انتھک کوششوں اور محنت کی بھرپور قدر کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز

توفیق احمد خان	ڈاکٹر عدیل عباس حیدری
ڈائریکٹر	چیف ایگزیکٹو آفیسر

لاہور: 26 اپریل 2018

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Condensed Interim Consolidated Financial Information

Highnoon Laboratories Limited

and its wholly owned subsidiary

Curexa Health (Private) Limited.

For the First Quarter Ended
31 March 2018

Condensed Interim Consolidated Statement of Financial Position

	Note	Un Audited 31 March 2018	Audited 31 December 2017
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves			
Authorized share capital			
50,000,000 (2017: 50,000,000) Ordinary shares of Rs. 10 each		500,000,000	500,000,000
Share capital		255,423,160	255,423,160
Revenue reserves		1,919,921,680	1,746,972,154
Surplus on revaluation of fixed assets		380,281,405	384,003,155
Total Equity		2,555,626,245	2,386,398,469
Non-current liabilities			
Long term loan		64,917,505	71,250,000
Liabilities against assets subject to finance lease		39,562,432	14,442,288
Long term advances		49,198,436	35,770,552
Deferred liabilities		334,409,707	373,229,929
		488,088,080	494,692,769
Current liabilities			
Trade and other payables		468,116,450	408,088,345
Unclaimed dividend		40,876,867	40,194,970
Mark up accrued		2,459,729	2,198,087
Short term borrowing		27,802,672	21,148,760
Current portion of long term liabilities		60,500,739	51,315,672
Income tax-net		69,695,106	53,856,541
		669,451,563	576,802,375
Total Liabilities		1,157,539,643	1,071,495,144
TOTAL EQUITY AND LIABILITIES		3,713,165,888	3,457,893,613
CONTINGENCIES AND COMMITMENTS	3		

The annexed notes from 1 to 10 form an integral part of these condensed interim consolidated financial information.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 31 March 2018

	Note	Un Audited 31 March 2018	Audited 31 December 2017
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,250,793,658	1,227,713,797
Intangible assets		5,282,828	6,642,350
Goodwill		834,230	834,230
Long term deposits		14,898,813	13,431,963
Long term advances		18,795,475	16,074,304
		1,290,605,004	1,264,696,644
Current assets			
Stock in trade	5	1,166,367,140	1,127,919,266
Trade debts		315,806,662	250,692,198
Advances		120,790,664	59,903,602
Trade deposits and short term prepayments		50,114,786	24,684,710
Profit accrued		4,085,240	2,015,658
Other receivables		4,004,728	4,819,473
Tax refunds due from the Government		12,978,119	5,611,106
Short term investments		300,000,000	100,000,000
Cash and bank balances		448,413,545	617,550,956
		2,422,560,884	2,193,196,969
TOTAL ASSETS		3,713,165,888	3,457,893,613

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Profit and Loss Account (Un-Audited)
For the Period Ended 31 March 2018

	Note	First Quarter Ended 31 March 2018	2017
		(Rupees)	
Sales - net	6	1,637,202,674	1,367,815,977
Cost of sales	7	823,406,333	717,641,688
Gross profit		813,796,341	650,174,289
Distribution, selling and promotional expenses		478,702,096	347,930,073
Administrative and general expenses		73,760,308	67,550,796
Research and development expenses		852,238	767,844
Other operating expenses		21,078,784	21,026,396
		574,393,426	437,275,109
Other income		8,630,168	7,336,892
Operating Profit		248,033,083	220,236,072
Finance costs		4,525,314	1,158,666
Profit before taxation		243,507,769	219,077,406
Taxation		74,279,993	62,584,709
Profit for the period		169,227,776	156,492,697
			Restated
Earnings per share - basic and diluted		6.63	6.13

The annexed notes from 1 to 10 form an integral part of these condensed interim consolidated financial information.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited)
For the Period Ended 31 March 2018

	First Quarter Ended 31 March	
	2018	2017
	---------- (Rupees) ----------	
Profit after tax for the period	169,227,776	156,492,697
Other comprehensive income	-	-
Total comprehensive income for the period	169,227,776	156,492,697

The annexed notes from 1 to 10 form an integral part of these condensed interim consolidated financial information.

Dr. Adeel Abbas	Taufiq Ahmed Khan	Javed Hussain
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)
For the Period Ended 31 March 2018

	First Quarter Ended 31 March	
	2018	2017
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	243,507,769	219,077,406
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	29,064,917	18,699,040
Amortization of intangible assets	1,493,613	4,272,717
Gain on disposal of property, plant and equipment	(2,291,507)	(282,565)
Exchange loss - net	423,460	2,634,283
Provision for slow moving and obsolete stocks	2,845,539	12,168,711
Provision for defined benefit obligation	12,750,540	11,092,434
Finance costs	4,525,314	1,158,666
	48,811,876	49,743,286
Profit before working capital changes	292,319,645	268,820,692
Working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	(41,293,413)	103,230,673
Trade debts	(65,114,464)	(93,797,597)
Advances	(60,887,062)	(77,789,218)
Trade deposits and short term prepayments	(25,430,076)	(16,193,247)
Profit accrued	(2,069,582)	(2,729,800)
Other receivables	814,745	(474,571)
Tax refund due from government	(7,367,013)	4,591,322
(Decrease) / increase in current liabilities:		
Trade and other payables	58,998,024	(127,082,643)
	(142,348,841)	(210,245,081)
Cash generated from operations	149,970,804	58,575,611
Taxes paid	(58,441,428)	(48,215,142)
Gratuity paid	(51,570,761)	(9,431,285)
Finance cost paid	(3,339,531)	(471,721)
Long term advances	14,779,811	5,471,035
Net cash flow generated from operating activities	51,398,895	5,928,498

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)
For the Period Ended 31 March 2018

	First Quarter Ended 31 March	
	2018	2017
	---------- (Rupees) ----------	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,697,093)	(77,053,264)
Purchase of intangible	(134,091)	-
Additions in long term advances	(2,721,171)	-
Additions in short term investment	(200,000,000)	-
Additions in long term deposits-net	(1,466,850)	-
Proceeds from disposal of property, plant and equipment	9,389,821	825,709
Net cash flow used in investing activities	(218,629,384)	(76,227,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(3,516,857)	(6,761,485)
Repayment of long term loan	(6,332,495)	-
Short term borrowings-net	6,653,912	-
Dividend paid	681,897	(119,857)
Net cash flow used in financing activities	(2,513,543)	(6,881,342)
Net increase in cash and cash equivalents	(169,744,032)	(77,180,399)
Cash and cash equivalents at beginning of the period	617,550,956	750,292,798
Net foreign exchange difference	606,621	45,936
Cash and cash equivalents at end of the period	448,413,545	673,158,335

The annexed notes from 1 to 10 form an integral part of these condensed interim consolidated financial information.

Dr. Adeel Abbas	Taufiq Ahmed Khan	Javed Hussain
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)
For the Period Ended 31 March 2018

	Share Capital	Revenue reserves			Surplus on revaluation of fixed assets - net of tax	Total
		General reserve	Unappropriated profit	Sub total		
	(Rupees)					
Balance as at 01 January 2017	228,056,400	114,000,000	1,249,429,484	1,363,429,484	208,358,471	1,799,844,355
Profit for the quarter ended 31 March 2017	-	-	156,492,697	156,492,697	-	156,492,697
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	156,492,697	156,492,697	-	156,492,697
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	1,525,264	1,525,264	(1,525,264)	-
Balance as at 31 Mar 2017	228,056,400	114,000,000	1,407,447,445	1,521,447,445	206,833,207	1,956,337,052
Balance as at 01 Jan 2018	255,423,160	114,000,000	1,632,972,154	1,746,972,154	384,003,155	2,386,398,469
Profit for the quarter ended 31 March 2018	-	-	169,227,776	169,227,776	-	169,227,776
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	169,227,776	169,227,776	-	169,227,776
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	3,721,750	3,721,750	(3,721,750)	-
Balance as at 31 March 2018	255,423,160	114,000,000	1,805,921,680	1,919,921,680	380,281,405	2,555,626,245

The annexed notes from 1 to 10 form an integral part of these condensed interim consolidated financial information.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Selected Notes to the Condensed Interim Financial Information
For the Period Ended 31 March 2018

1 THE GROUP AND ITS OPERATIONS

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

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 CHL 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. However, the Subsidiary has started its commercial operation in the month of November 2017.

HNL acquired 80% shares of CHL in September 2015 and it became subsidiary company of HNL. Subsequently HNL also acquired right shares of CHL 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 CHL became wholly owned subsidiary of HNL.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

2.2 BASIS OF PREPARATION

This interim condensed consolidated financial information does not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December, 2017.

This condensed interim consolidated 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 consolidated financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of interim consolidated 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 Group'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 2017.

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 Group for the year ended 31 December 2017.

3 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 2018	Audited 31 December 2017
	---------- (Rupees) ----------	
Raw materials	480,299,429	247,475,952
Packing materials	25,354,010	33,881,308
Plant & Machinery	41,466,808	23,536,496
Finished goods	-	26,313,228
	547,120,247	331,206,984

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets-owned	1,172,357,270	1,182,566,020
Operating assets-leased vehicles	78,436,388	45,147,777
	1,250,793,658	1,227,713,797

	Un Audited 31 March 2018	Audited 31 December 2017
	(Rupees)	

5. STOCK IN TRADE

Raw materials		
In hand	496,846,787	561,751,173
In transit	84,802,426	73,291,056
With third party	10,782,962	16,867,741
	592,432,175	651,909,970
Packing material		
In hand	162,721,562	145,954,635
In transit	9,282,531	4,592,598
With third party	3,365,251	2,751,235
	175,369,344	153,298,468
Work in process	66,219,221	78,152,547
Finished goods - in hand	343,869,325	255,919,394
Less: Provision for slow moving and obsolete items	(11,522,925)	(11,361,112)
	1,166,367,140	1,127,919,266

	Un-Audited First Quarter Ended 31 March	
	2018	2017
	(Rupees)	

6. SALES-net

Manufactured products		
Local	1,545,283,305	1,222,530,059
Export	52,107,582	87,576,452
	1,597,390,887	1,310,106,511
Third party	62,663,648	63,697,936
	1,660,054,535	1,373,804,447
Less: Discount	15,169,549	1,722,933
Sales tax	7,682,312	4,265,537
	22,851,861	5,988,470
	1,637,202,674	1,367,815,977

	Un-Audited	
	First Quarter Ended 31 March	
	2018	2017
	---------- (Rupees) ----------	

7. COST OF SALES

Opening stock of finished goods	255,768,120	247,732,321
Cost of goods manufactured	866,321,236	712,765,608
	1,122,089,356	960,497,929
Purchases finished goods	44,860,113	45,649,276
Closing stock of finished goods	343,543,136	288,505,517
Cost of goods sold	823,406,333	717,641,688

8. 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:

		Un-Audited	
		First Quarter Ended 31 March	
		2018	2017
		---------- (Rupees) ----------	
8.1	**Sales of goods**		
	Associate	33,226,858	59,352,306
8.2	**Purchase of goods**		
	Associate	44,655,042	38,823,812
8.3	**Contribution towards employees' benefits:**		
	Staff provident fund	7,537,790	6,260,222
	Employees' welfare trust	645,950	520,450
8.4	**Remuneration of directors and key management personnel:**		
	CEO	3,665,345	3,851,665
	Directors	5,632,705	5,573,681
	Executives	56,293,142	71,134,828

9. DATE OF AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Holding Company authorized the condensed interim consolidated financial information of the Group for issuance on 26th April 2018.

10. GENERAL

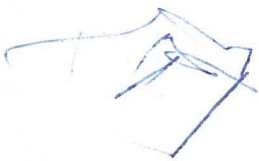
10.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund and Taxation are estimated and these are subject to final adjustment in the annual audited financial statements.

10.2 Figures have been rounded off to the nearest rupee.

Dr. Adeel Abbas Chief Executive Officer	Taufiq Ahmed Khan Director	Javed Hussain Chief Financial Officer

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