



Q3 | 2018 REPORT





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

The Board of Directors of the Company take pleasure in presenting the unaudited condensed interim financial statements of your Company for the nine months ended September 30, 2018. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and the provisions of the Companies Act, 2017.

The Company generated net sales revenue of Rs. 5.4 billion during the period under review compared to Rs. 4.3 billion in the same period last year registering a growth of 26 percent. On quarterly basis, the net sales revenue increased by Rs. 434 million showing an increase of 30 percent over same period last year. The gross profit in absolute terms increased by 21% to Rs. 2,543 million against gross profit of Rs. 2,096 million in corresponding period last year. Gross profit margin in percentage term was 46.7% against 48.6% in corresponding period, the decrease in Gross Profit percentage is mainly attributable to change in sales mix and devaluation of PKR.

Distribution, selling and promotional expenses have increased by 30%, the increase mainly represents increase in sales team to improve market penetration and additional market spend in tandem with new product launches in segments of nutraceuticals and antibiotics.

Your Company reported Net Profit after Tax of Rs. 525 million which translates to earning per share (EPS) of Rs. 18.37 (2017: Rs. 16.39).

We are confident to maintain growth momentum in the top line of the Company in next quarter, however most recent wave of devaluation of rupee, will have a negative impact on the margins.

The Board wishes to place on record its appreciation to government authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. The Board would also like to place on record its deep sense of appreciation to the employees for their contribution and services.

For & On behalf of the Board

Lahore: 30 October 2018

Taufiq Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے مالیاتی گوشوارے برائے نو ماہ ختمہ 30 ستمبر 2018 پیش کرتے ہوئے خوش محسوس کر رہا ہے۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مد نظر رکھتے ہوئے تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی خالص فروخت آمدن 5.4 ارب روپے رہی جو کہ پچھلے سال کی نو ماہ کی خالص فروخت آمدن 4.3 ارب روپے کی نسبت 26 فیصد زیادہ ہے۔ جبکہ سہ ماہی کی بنیاد پر خالص فروخت آمدن پچھلے سال کی تیسری سہ ماہی کی خالص فروخت آمدن کے موازنہ میں 434 ملین روپے زیادہ ہے جو کہ پچھلے سال کی نسبت 30 فیصد بڑھوتری ظاہر کرتی ہے۔ زیر جائزہ مدت میں خام منافع 2,543 ملین روپے رہا جو کہ 30 ستمبر 2017 کے خام منافع 2,096 ملین روپے کے موازنہ میں 21 فیصد زیادہ ہے جبکہ خام منافع کا تناسب 46.7 فیصد رہا جو کہ پچھلے سال اسی مدت میں 48.6 فیصد تھا۔ خام منافع میں کمی کی وجہ سبزیکس اور پاکستانی روپے کی قدر میں کمی رہی۔

تقسیم اور فروخت کاری کے اخراجات میں اضافہ 30 فیصد رہا اس اضافہ کی بڑی وجہ نیوٹرا سیوٹیکل اور اینٹی بائیوٹک کے شعبہ سے متعلق نئی ادویات کو مارکیٹ میں متعارف کروانے کے لیے فروخت کاری کی ٹیم کی افرادی قوت میں اضافہ اور نئی ادویات کے مارکیٹ میں متعارف کروانے سے متعلق اضافی اخراجات رہے۔

آپ کی کمپنی کا بعد از ٹیکس خالص منافع 525 ملین روپے رہا۔ جس کے نتیجہ میں فی حصص آمدن 18.37 روپے رہی (2017: 16.39 روپے)

ہم پُر اعتماد ہیں کہ کمپنی اگلی سہ ماہی میں اپنی خالص فروخت آمدن میں اضافہ کی شرح کو برقرار رکھے گی۔ لیکن روپے کی قدر میں حالیہ کمی کی لہر کمپنی کے منافع پر منفی اثر چھوڑ سکتی ہے۔

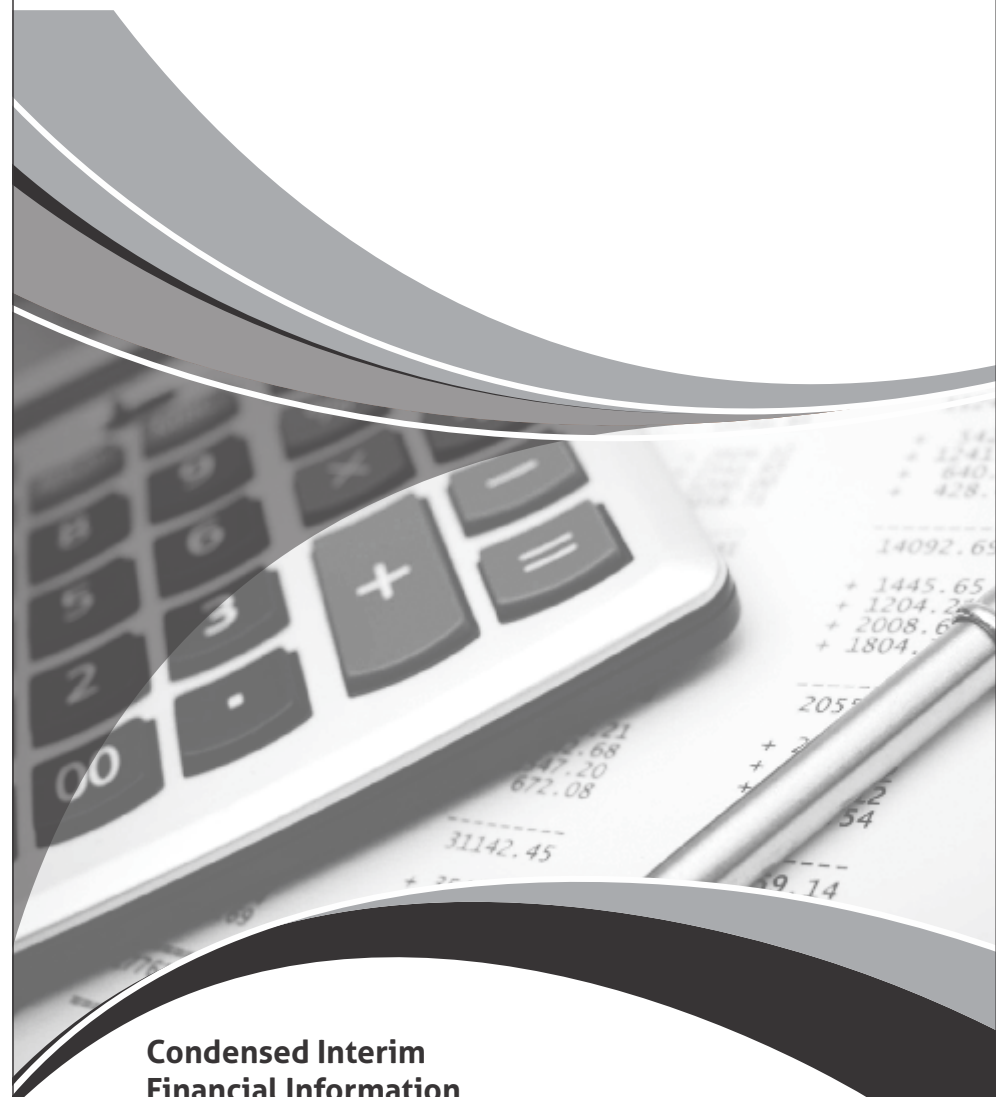
کمپنی کا بورڈ آف ڈائریکٹرز، حکومتی عہدیداروں، بینکوں، کاروباری شراکت داروں، حصہ داروں، ڈاکٹروں، فارماسسٹس کے تعاون کا بے حد مشکور ہے۔ بورڈ اپنے ملازمین اور انتظامیہ کی بھرپور کوششوں اور محنت کی بھی قدر کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 30 اکتوبر 2018



**Condensed Interim
Financial Information
Highnoon Laboratories Ltd.**

For the Third Quarter Ended
30 September 2018

Condensed Interim Statement of Financial Position

Note	Un Audited 30 September 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated
EQUITY AND LIABILITIES		
Equity		
Share capital and reserves		
Authorized share capital		
50,000,000 (31 Dec. 2017: 50,000,000)		
Ordinary shares of Rs. 10 each	500,000,000	500,000,000
Share capital	286,073,930	255,423,160
Revenue reserves	2,022,744,914	1,776,525,305
Surplus on revaluation of operating fixed assets	377,219,691	384,003,155
Total Equity	2,686,038,535	2,415,951,620
Non-current liabilities		
Liabilities against assets subject to finance lease	41,962,263	14,442,288
Long term advances	49,029,345	35,516,612
Deferred liabilities	347,872,733	373,229,929
	438,864,341	423,188,829
Current liabilities		
Trade and other payables	446,439,626	396,054,603
Unclaimed dividend	49,271,365	40,194,970
Mark up accrued	-	64,035
Current portion of long term liabilities	41,341,858	27,565,672
Income tax-net	53,519,610	59,101,868
	590,572,459	522,981,148
TOTAL EQUITY AND LIABILITIES	3,715,475,335	3,362,121,597

CONTINGENCIES AND COMMITMENTS

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

Dr. Adeel Abbas
Chief Executive OfficerTaufiq Ahmed Khan
Director

As at 30 September 2018

Note	Un Audited 30 September 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated
ASSETS		
Non-current assets		
Property, plant and equipment	7 982,829,126	934,825,946
Intangible assets	-	5,073,017
Long term investment	200,000,000	200,000,000
Long term deposits	13,059,258	12,695,663
Long term advances	14,353,669	16,074,304
	1,210,242,053	1,168,668,930
Current assets		
Stock in trade	8 1,447,148,401	1,115,539,075
Trade debts	416,393,560	250,692,198
Advances	112,669,356	57,879,171
Trade deposits and short term prepayments	37,348,513	24,329,555
Profit accrued	1,302,939	2,015,658
Other receivables	2,766,279	4,819,473
Tax refund due from government	9,330,851	5,611,106
Short term investment	-	100,000,000
Loan to subsidiary	20,000,000	20,000,000
Cash and bank balances	458,273,383	612,566,431
	2,505,233,282	2,193,452,667
TOTAL ASSETS	3,715,475,335	3,362,121,597

Javed Hussain
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-Audited) For The Nine and Three Months Ended 30 September 2018

	Note	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
		2018	2017	2018	2017
		----- (Rupees) -----		----- (Rupees) -----	
Sales - net	9	5,443,281,641	4,311,501,128	1,888,111,749	1,453,663,213
Cost of sales	10	(2,900,121,547)	(2,215,127,514)	(1,027,644,870)	(755,013,466)
Gross profit		2,543,160,094	2,096,373,614	860,466,879	698,649,747
Distribution, selling and promotional expenses		(1,513,210,848)	(1,163,197,416)	(498,994,189)	(410,364,405)
Administrative and general expenses		(225,205,152)	(193,087,698)	(77,937,001)	(61,804,256)
Research and development expenses		(3,156,564)	(2,592,605)	(1,101,287)	(775,762)
Other operating expenses		(69,894,403)	(66,408,646)	(23,949,384)	(21,462,737)
		(1,811,466,967)	(1,425,286,365)	(601,981,861)	(494,407,160)
Operating Profit		731,693,127	671,087,249	258,485,018	204,242,587
Other income		26,451,675	24,295,707	421,280	10,564,725
		758,144,802	695,382,956	258,906,298	214,807,312
Finance costs		(6,191,690)	(3,620,666)	(1,706,233)	(1,267,540)
Profit before taxation		751,953,112	691,762,290	257,200,065	213,539,772
Taxation		(226,443,037)	(222,999,301)	(71,282,873)	(61,971,271)
Profit for the period		525,510,075	468,762,989	185,917,192	151,568,501
		Restated		Restated	
Earnings per share - basic and diluted		18.37	16.39	6.50	5.30

The annexed notes from 1 to 13 form an integral part of this 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 Nine Months Ended 30 September 2018

	2018	2017
	----- (Rupees) -----	
Profit for the period	525,510,075	468,762,989
Other comprehensive (loss) / income:		
Items to be reclassified to profit and loss in subsequent periods:		
Net unrealized gain on available for sale investments	-	-
Total comprehensive income for the period	525,510,075	468,762,989

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited) For The Nine Months Ended 30 September 2018

	2018	2017
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	751,953,112	691,762,290
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation	72,281,535	58,591,490
Amortization of intangible assets	5,073,019	12,619,142
Gain on disposal of property, plant and equipment	(13,123,388)	(7,950,837)
Exchange loss	5,179,466	7,422,993
Provision for slow moving and obsolete items	-	4,529,998
Provision for defined benefit obligation	38,251,620	33,277,302
Finance costs	6,191,690	3,620,666
	113,853,942	112,110,754
Profit before working capital changes	865,807,054	803,873,044
Effect on cash flow due to working capital changes :		
(Increase)/decrease in current assets:		
Stock in trade	(331,609,326)	(88,554,109)
Trade debts	(165,701,362)	(170,081,751)
Advances	(54,790,185)	(33,113,228)
Trade deposits and short term prepayments	(13,018,958)	(9,217,883)
Profit accrued	712,719	(1,632,699)
Other receivables	2,053,194	(942,992)
Tax refund due from government	(3,719,745)	1,051,608
Increase/(decrease) in current liabilities:		
Trade and other payables	45,205,557	(86,245,079)
	(520,868,106)	(388,736,133)
Cash flows generated from operations	344,938,948	415,136,911
Taxes paid	(239,087,725)	(210,482,530)
Gratuity paid	(56,546,385)	(11,701,223)
Finance costs paid	(2,580,553)	(1,715,035)
Long term advances received - net	19,341,963	13,590,679
Net cash flow generated from operating activities	66,066,248	204,828,802

Condensed Interim Cash Flow Statement (Un-Audited) For The Nine Months Ended 30 September 2018

	2018	2017
	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(79,603,954)	(58,308,202)
Long term advances	1,720,635	-
Short term Investment redeemed	100,000,000	-
Long term deposits - net	(363,600)	-
Loan to subsidiary	-	(20,000,000)
Proceeds from disposal of property, plant and equipment	31,244,129	19,612,846
Net cash flow used in investing activities	52,997,210	(58,695,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(27,009,741)	(22,814,583)
Dividend paid	(246,346,765)	(177,314,220)
Net cash flow used in financing activities	(273,356,506)	(200,128,803)
Net (decrease) / increase in cash and cash equivalents	(154,293,048)	(53,995,357)
Cash and cash equivalents at beginning of the period	612,566,431	680,699,860
Cash and cash equivalents at end of the period	458,273,383	626,704,503

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Nine Months Ended 30 September 2018

	Share Capital	Revenue reserves			Available for sale reserve	Surplus on revaluation of fixed assets - net of tax	Total (Restated)
		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	-	-	1,604,512,059
Effect of restatement of policy as stated in note-4	-	-	-	-	-	209,883,736	209,883,736
Balance as at 01 January 2017 - restated	228,056,400	114,000,000	1,262,455,659	1,376,455,659	-	209,883,736	1,814,395,795
Profit for the period ended 30 September 2017	-	-	468,762,989	468,762,989	-	-	468,762,989
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended Sept. 2017	-	-	468,762,989	468,762,989	-	-	468,762,989
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	4,456,203	4,456,203	-	(4,456,203)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2016	27,366,760	-	(27,366,760)	(27,366,760)	-	-	-
Final dividend @ Rs. 8.50 per share for the year ended 31 December 2016	-	-	(193,847,940)	(193,847,940)	-	-	(193,847,940)
Balance as at 30 September 2017	255,423,160	114,000,000	1,514,460,151	1,628,460,151	-	205,427,533	2,089,310,844
Balance as at 01 January 2018	255,423,160	114,000,000	1,662,525,305	1,776,525,305	-	-	2,031,948,465
Effect of restatement of policy as stated in note-4	-	-	-	-	-	384,003,155	384,003,155
Balance as at 01 January 2018 - restated	255,423,160	114,000,000	1,662,525,305	1,776,525,305	-	384,003,155	2,415,951,620
Profit for the period ended 30 September 2018	-	-	525,510,075	525,510,075	-	-	525,510,075
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended Sept. 2018	-	-	525,510,075	525,510,075	-	-	525,510,075
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	6,783,464	6,783,464	-	(6,783,464)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2017	30,650,770	-	(30,650,770)	(30,650,770)	-	-	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	(255,423,160)	(255,423,160)	-	-	(255,423,160)
Balance as at 30 September 2018	286,073,930	114,000,000	1,908,744,914	2,022,744,914	-	377,219,691	2,686,038,535

The annexed notes from 1 to 13 form an integral part of this 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 (Un-Audited) For The Nine Months Ended 30 September 2018

1 THE COMPANY AND ITS OPERATIONS

Highnoon Laboratories Limited ('the Company') was incorporated as a private limited company in Pakistan in 1984 and converted into an unquoted public limited company in 1985. Its shares are quoted on Pakistan Stock Exchange Limited 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.

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

2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan on interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 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. In case 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 shall prevail.

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

3 BASIS OF PREPARATION

3.1 Basis of preparation

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain assets as referred to in Note 7 and recognition of certain employees retirement benefits at present value. In these unconsolidated condensed interim financial statements all the transactions have been accounted for on accrual basis.

3.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pak rupee, which is also the functional currency of the Company. Figures have been rounded off to the nearest rupee, unless otherwise stated.

3.3 These unconsolidated condensed interim financial statements do 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.

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2017 except for:

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such surplus to an account called ' Surplus on revaluation of property plant and equipments which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017

The effect of change in accounting policy on unconsolidated condensed interim financial statements is summarized below:

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5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2017.

6 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 30 September 2018	Audited 31 December 2017
	----- (Rupees) -----	
Raw materials	319,946,522	241,304,472
Packing materials	39,089,261	32,055,375
Finished Goods	-	26,313,228
Plant and machinery	116,812,210	23,536,496
	475,847,993	323,209,571
Rentals under ijarah agreements:		
Not later than one year	3,996,399	19,314,806
Later than one year but not later than five years	8,386,683	3,927,008
	12,383,082	23,241,814

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un Audited 30 September 2018	Audited 31 December 2017
		----- (Rupees) -----	
Operating fixed assets:			
Owned assets	7.1	858,110,745	889,678,169
Leased assets	7.2	90,813,244	45,147,777
		948,923,989	934,825,946
Capital work in progress		33,905,137	-
		982,829,126	934,825,946

7.1 Operating fixed assets (owned)

Opening book value		889,678,169	677,233,432
Add: Additions during the period / year - cost	7.1.1	45,698,818	65,987,470
Transferred from leased assets during the period / year - vehicles		-	15,489,553
Adjustment during the period / year		-	215,900,458
		45,698,818	297,377,481
Less: Deletions during the period / year	7.1.2	18,120,741	17,137,350
Depreciation during the period / year		59,145,501	67,795,394
Adjustment during the period / year		-	-
		77,266,242	84,932,744
Book value at the end of the period / year		858,110,745	889,678,169

7.1.1 Additions during the period / year - cost

Plant and machinery	15,305,676	11,102,301
Laboratory equipment	553,820	585,000
Furniture and fixtures	1,099,160	204,280
Electric and gas appliances	482,970	832,500
Office equipment	16,506,831	1,417,665
Vehicles	11,750,361	51,845,724
	45,698,818	65,987,470

7.1.2 Deletions during the period / year

Plant and machinery	-	364,135
Office equipment	-	166,979
Vehicles	15,889,931	16,606,236
Laboratory Equipment	2,230,810	-
	18,120,741	17,137,350

7.2 Operating fixed assets (leased - vehicles)

Opening book value		45,147,777	51,401,091
Add: Additions during the period / year - cost		58,801,500	20,019,500
Adjustment during the period / year		-	-
		58,801,500	20,019,500
Less: Transfers to owned assets during the period / year		-	15,489,553
Depreciation during the period / year		13,136,033	10,783,261
		13,136,033	26,272,814
Book value at the end of the period / year		90,813,244	45,147,777

8 STOCK IN TRADE

	Note	Un Audited 30 September 2018 ----- (Rupees) -----	Audited 31 December 2017
Raw materials			
In hand		775,812,053	559,879,435
In transit		96,914,168	70,525,143
With third party		10,782,962	16,867,741
		883,509,183	647,272,319
Packing material			
In hand		160,167,180	139,470,565
In transit		6,535,817	4,592,598
With third party		3,221,637	2,751,235
		169,924,634	146,814,398
Work in process		69,770,849	75,994,076
Finished goods			
In hand		336,406,387	255,768,120
In transit		-	-
		336,406,387	255,768,120
Less: provision for slow moving and obsolete items	8.1	(12,462,652)	(10,309,838)
		1,447,148,401	1,115,539,075

8.1 Provision for slow moving and obsolete items

Opening provision	10,309,838	15,683,130
Charge for the period/year	7,566,226	2,683,726
Written off during the period/year	(5,413,412)	(8,057,018)
Closing provision	12,462,652	10,309,838

9 SALES - net

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured products:				
Local	5,013,301,607	4,203,135,078	1,700,296,985	1,397,307,934
Export	245,725,415	305,602,407	115,865,697	109,133,618
	5,259,027,022	4,508,737,485	1,816,162,682	1,506,441,552
Third party	256,519,446	210,025,754	94,623,800	81,339,610
	5,515,546,468	4,718,763,239	1,910,786,482	1,587,781,162
Less: Discount	50,208,369	397,751,536	16,394,660	132,499,037
Sales tax	22,056,458	9,510,575	6,280,073	1,618,912
	72,264,827	407,262,111	22,674,733	134,117,949
	5,443,281,641	4,311,501,128	1,888,111,749	1,453,663,213

10 COST OF SALES

Manufactured pharmaceutical products:

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	
Opening stock of finished goods	255,768,120	225,020,552	277,771,885	198,783,666
Cost of goods manufactured	2,492,044,066	2,138,705,833	923,391,712	746,382,737
	2,747,812,186	2,363,726,385	1,201,163,597	945,166,403
Closing stock of finished goods	(336,406,387)	(198,786,143)	(336,406,387)	(198,786,143)
Cost of sales - manufactured	2,411,405,799	2,164,940,242	864,757,210	746,380,260
Cost of sales - purchased products	488,715,748	50,187,272	162,887,660	8,633,206
	2,900,121,547	2,215,127,514	1,027,644,870	755,013,466

11 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	

11.1 Sales of goods

Associated company	37,914,685	166,444,162	-	52,867,674
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11.2 Purchase of goods

Associated company	339,423,690	178,672,149	154,292,179	93,168,105
Subsidiary	180,664,874	-	48,442,247	-

11.3 Contribution towards employees' benefits fund:

Staff provident fund	23,837,168	19,090,104	8,176,496	6,510,531
Employees' welfare trust	2,034,240	1,844,561	742,340	618,064

11.4 Remuneration

Chief Executive Officer	10,996,037	11,442,708	3,665,346	4,541,728
Directors	-	13,115,241	-	4,810,837
Executives	168,693,774	224,707,667	56,231,258	84,860,398

Un Audited 30 September 2018	Audited 31 December 2017
----- (Rupees) -----	

11.5 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance		
Associated company	Creditors	7,696,856	2,083,998
Staff provident fund	Contribution payable	5,466,462	2,706,681
Employees' welfare trust	Contribution payable	510,445	361,509

12 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized this condensed interim financial information for issuance on 30th October 2018.

13 GENERAL

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

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Directors' Report

The Board of Directors take pleasure in presenting the un-audited consolidated condensed interim financial statements of the Company and its wholly owned subsidiary ("the Group") for the nine months ended September 30, 2018. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and the provisions of the Companies Act, 2017.

The Group generated net sales revenue of Rs. 5.4 billion during the period under review compared to Rs. 4.3 billion in the same period last year registering a growth of 26 percent. On quarterly basis, the net sales revenue increased by Rs. 434 million showing an increase of 30 percent over same period last year. The gross profit in absolute terms increased by 23% to Rs. 2,575 million against gross profit of Rs. 2,096 million in corresponding period last year. Gross profit margin in percentage term was 47.32% against 48.62% in corresponding period, the decrease in Gross Profit percentage is mainly attributable to change in sales mix and devaluation of PKR.

Distribution, selling and promotional expenses have increased by 30%, the increase mainly represents increase in sales team to improve market penetration and additional market spend in tandem with new product launches in segments of nutraceuticals and antibiotics.

The Group reported Net Profit after Tax of Rs. 531 million which translates to earning per share (EPS) of Rs. 18.57 (2017: Rs15.86).

We are confident to maintain growth momentum in the top line of the Group in next quarter, however most recent wave of devaluation of rupee, will have a negative impact on the margins.

The Board wishes to place on record its appreciation to government authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. The Board would also like to place on record its deep sense of appreciation to the employees for their contribution and services.

For & On behalf of the Board

Lahore: 30 October 2018

Taufig Ahmed Khan
Director

Dr. Adeel Abbas Haideri
Chief Executive Officer

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی اور اس کی کلی ذیلی کمپنی "ڈی گروپ" کے اشتہال شدہ مالیاتی گوشوارے برائے نو ماہ ختمہ 30 ستمبر 2018 پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) اور کمپنیز ایکٹ 2017 کے قانونی ضابطوں کو مد نظر رکھتے ہوئے تیار کیے گئے ہیں۔

زیر جائزہ مدت کے دوران گروپ کی خالص فروخت آمدن 5.4 ارب روپے رہی جو کہ پچھلے سال کی نو ماہ کی خالص فروخت آمدن 4.3 ارب روپے کی نسبت 26 فیصد زیادہ ہے۔ جبکہ سہ ماہی کی بنیاد پر خالص فروخت آمدن پچھلے سال کی تیسری سہ ماہی کی خالص فروخت آمدن کے موازنہ میں 434 ملین روپے زیادہ ہے جو کہ پچھلے سال کی نسبت 30 فیصد بڑھوتری ظاہر کرتی ہے۔ زیر جائزہ مدت میں خام منافع 2,575 ملین روپے رہا جو کہ 30 ستمبر 2017 کے خام منافع 2,096 ملین روپے کے موازنہ میں 23 فیصد زیادہ ہے جبکہ خام منافع کا تناسب 47.32 فیصد رہا جو کہ پچھلے سال اسی مدت میں 48.62 فیصد تھا۔ خام منافع میں کمی کی وجہ سے کمزور اور پاکستانی روپے کی قدر میں کمی رہی۔

تقسیم اور فروخت کاری کے اخراجات میں اضافہ 30 فیصد رہا اس اضافہ کی بڑی وجہ نیوٹراسیوٹکس اور اینٹی بائیوٹکس کے شعبہ سے متعلق نئی ادویات کو مارکیٹ میں متعارف کروانے کے لیے فروخت کاری کی ٹیم کی افرادی قوت میں اضافہ اور نئی ادویات کے مارکیٹ میں متعارف کروانے سے متعلق اضافی اخراجات رہے۔

گروپ کا بعد از ٹیکس خالص منافع 531 ملین روپے رہا۔ جس کے نتیجہ میں فی حصص آمدن 18.57 روپے رہی (2017: 15.86 روپے)

ہم پُر اعتماد ہیں کہ گروپ اگلی سہ ماہی میں اپنی خالص فروخت آمدن میں اضافہ کی شرح کو برقرار رکھے گا۔ لیکن روپے کی قدر میں حالیہ کمی کی لہر گروپ کے منافع پر منفی اثر چھوڑ سکتی ہے۔

بورڈ آف ڈائریکٹرز، حکومتی عہدیداروں، بینکوں، کاروباری شراکت داروں، حصہ داروں، ڈاکٹروں، فارماسسٹس کے تعاون کا بے حد مشکور ہے۔ بورڈ اپنے ملازمین اور انتظامیہ کی بھرپور کوششوں اور محنت کی بھی قدر کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر عدیل عباس حیدری
چیف ایگزیکٹو آفیسر

توفیق احمد خان
ڈائریکٹر

لاہور: 30 اکتوبر 2018



**Condensed Interim Consolidated
Financial Information
Highnoon Laboratories Ltd.**

For the Third Quarter Ended
30 September 2018

Condensed Interim Consolidated Statement of Financial Position

Note	Un Audited 30 September 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated
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	286,073,930	255,423,160
Revenue reserves	1,998,947,361	1,746,972,154
Surplus on revaluation of operating fixed assets	377,219,691	384,003,155
Total Equity	2,662,240,982	2,386,398,469
Non-current liabilities		
Long term loan	76,000,838	71,250,000
Long term deposits	614,068	-
Liabilities against assets subject to finance lease	41,962,263	14,442,288
Long term advances	49,029,345	35,770,552
Deferred liabilities	347,872,733	373,229,929
	515,479,247	494,692,769
Current liabilities		
Trade and other payables	466,588,311	408,088,345
Unclaimed dividend	49,271,365	40,194,970
Mark up accrued	2,685,731	2,198,087
Short term borrowing	37,699,927	21,148,760
Current portion of long term liabilities	41,341,858	51,315,672
Income tax-net	56,092,585	53,856,541
	653,679,777	576,802,375
	1,169,159,024	1,071,495,144
TOTAL EQUITY AND LIABILITIES	3,831,400,006	3,457,893,613

CONTINGENCIES AND COMMITMENTS

6

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

As at 30 September 2018

Note	Un Audited 30 September 2018 (Rupees)	Audited 31 December 2017 (Rupees) Restated
ASSETS		
Non-current assets		
Property, plant and equipment	7 1,267,222,085	1,227,713,797
Intangible assets	1,768,171	6,642,350
Goodwill	-	834,230
Long term deposits	14,037,013	13,431,963
Long term advances	14,353,669	16,074,304
	1,297,380,938	1,264,696,644
Current assets		
Stock in trade	8 1,481,850,748	1,127,919,266
Trade debts	416,393,560	250,692,198
Advances	113,302,910	59,903,602
Trade deposits and short term prepayments	37,348,513	24,684,710
Profit accrued	953,274	2,015,658
Other receivables	2,766,279	4,819,473
Tax refund due from government	19,652,262	5,611,106
Short term investment	-	100,000,000
Cash and bank balances	461,751,522	617,550,956
	2,534,019,068	2,193,196,969
TOTAL ASSETS	3,831,400,006	3,457,893,613

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Profit and Loss Account (Un-Audited) For The Nine And Three Months Ended 30 September 2018

	Note	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
		2018	2017	2018	2017
		----- (Rupees) -----		----- (Rupees) -----	
Sales - net	9	5,443,281,641	4,311,501,128	1,888,111,749	1,453,663,213
Cost of sales	10	(2,867,651,518)	(2,215,127,514)	(1,014,852,095)	(755,013,466)
Gross profit		2,575,630,123	2,096,373,614	873,259,654	698,649,747
Distribution, selling and promotional expenses		(1,513,210,848)	(1,163,197,416)	(498,190,116)	(410,364,405)
Administrative and general expenses		(241,257,193)	(207,817,655)	(84,724,498)	(67,412,352)
Research and development expenses		(3,156,564)	(2,592,605)	(1,096,792)	(775,762)
Other operating expenses		(69,894,403)	(66,408,646)	(23,902,050)	(21,462,737)
		(1,827,519,008)	(1,440,016,322)	(607,913,456)	(500,015,256)
Operating Profit		748,111,115	656,357,292	265,346,198	198,634,491
Other income		25,686,897	24,295,707	421,291	10,564,725
		773,798,012	680,652,999	265,767,489	209,199,216
Finance costs		(13,888,256)	(3,935,667)	(4,840,329)	(1,562,798)
Profit before taxation		759,909,756	676,717,332	260,927,160	207,636,418
Taxation		(228,644,083)	(222,999,301)	(71,758,859)	(61,971,271)
Profit for the period		531,265,673	453,718,031	189,168,301	145,665,147
Shareholders of the Parent		531,265,673	453,718,031	189,168,301	145,665,147
Non Controlling Interest		-	-	-	-
		531,265,673	453,718,031	189,168,301	145,665,147
		Restated		Restated	
Earnings per share - basic and diluted		18.57	15.86	6.61	5.09

The annexed notes from 1 to 13 form an integral part of these financial statements.

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 Nine Months Ended 30 September 2018

	2018	2017
	----- (Rupees) -----	
Profit for the period	531,265,673	453,718,031
Other comprehensive (loss) / income:		
Items to be reclassified to profit and loss in subsequent periods:		
Net unrealized gain on available for sale investments	-	-
Total comprehensive income for the period	531,265,673	453,718,031

The annexed notes from 1 to 13 form an integral part of these financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For The Nine Months Ended 30 September 2018

Note	2018	2017
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	759,909,756	676,717,332
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	93,145,161	60,583,075
Amortization of intangible assets	5,343,661	12,619,142
Gain on disposal of property, plant and equipment	(13,123,388)	(7,950,837)
Exchange loss - net	5,179,466	7,422,993
Provision for slow moving and obsolete stocks	7,566,226	4,529,998
Provision for defined benefit obligation	38,251,620	33,277,302
Finance costs	14,653,034	3,935,667
	151,015,780	114,417,340
Profit before working capital changes	910,925,536	791,134,672
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade	(361,497,708)	(102,529,475)
Trade debts	(165,701,362)	(170,081,751)
Advances	(53,399,308)	(50,427,617)
Trade deposits and short term prepayments	(12,663,803)	(9,639,592)
Profit accrued	1,062,384	(1,632,699)
Other receivables	2,053,194	(942,992)
Tax refund due from government	(14,041,156)	4,385,043
Increase / (decrease) in current liabilities:		
Trade and other payables	53,320,500	(82,255,983)
	(550,867,259)	(413,125,066)
Cash flow generated from operations	360,058,277	378,009,606
Taxes paid	(241,712,635)	(214,196,895)
Gratuity paid	(56,546,385)	(11,701,223)
Finance cost paid	(10,490,218)	(1,747,507)
Long term advances	19,341,963	13,749,957
Net cash flow generated from operating activities	70,651,002	164,113,938

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For The Nine Months Ended 30 September 2018

Note	2018	2017
	----- (Rupees) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(91,972,690)	(124,581,880)
Intangible Assets	(469,482)	-
Long term advances	2,080,763	-
Short term investment redeemed	100,000,000	-
Long term deposits-net	(605,050)	(741,300)
Proceeds from disposal of property, plant and equipment	31,244,129	19,612,846
Net cash flow used in investing activities	40,277,670	(105,710,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities - net	(27,009,741)	(22,814,583)
Repayment of long term loan	(18,999,162)	-
Short term borrowings-net	16,551,167	18,497,721
Dividend paid	(237,270,370)	(177,314,220)
Net cash flow used in financing activities	(266,728,106)	(181,631,082)
Net (decrease) / increase in cash and cash equivalents	(155,799,434)	(123,227,478)
Cash and cash equivalents at beginning of the year	617,550,956	750,292,799
Net foreign exchange difference	-	-
Cash and cash equivalents at end of the period	461,751,522	627,065,321

The annexed notes from 1 to 13 form an integral part of these financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)

For The Nine Months Ended 30 September 2018

	Share Capital	Revenue reserves			Available for sale reserve	Surplus on revaluation of fixed assets - net of tax	Total (Restated)
		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	-	-	1,591,485,884
Effect of restatement of policy as stated in note-4	-	-	-	-	-	209,883,736	209,883,736
Balance as at 01 January 2017 - restated	228,056,400	114,000,000	1,249,429,484	1,363,429,484	-	209,883,736	1,801,369,620
Profit for the period ended 30 Sep 2017	-	-	453,718,031	453,718,031		-	453,718,031
Other comprehensive Income	-	-	-	-	145,555	-	145,555
Total comprehensive income for the period ended Sep 2017	-	-	453,718,031	453,718,031	145,555	-	453,863,586
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	4,456,203	4,456,203	-	(4,456,203)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2016	27,366,760	-	(27,366,760)	(27,366,760)	-	-	-
Final dividend @ Rs. 8.50 per share for the year ended 31 December 2016	-	-	(193,847,940)	(193,847,940)	-	-	(193,847,940)
Balance as at 30 Sep 2017 - restated	255,423,160	114,000,000	1,486,389,018	1,600,389,018	145,555	205,427,533	2,061,385,266
Balance as at 01 Jan 2018	255,423,160	114,000,000	1,632,972,154	1,746,972,154	-	-	2,002,395,314
Effect of restatement of policy as stated in note-4	-	-	-	-	-	384,003,155	384,003,155
Balance as at 01 Jan 2018 - restated	255,423,160	114,000,000	1,632,972,154	1,746,972,154	-	384,003,155	2,386,398,469
Profit for the period ended 30 Sep 2018	-	-	531,265,673	531,265,673	-	-	531,265,673
Other comprehensive Income	-	-	-		-	-	-
Total comprehensive income for the period ended Sep 2018	255,423,160	114,000,000	531,265,673	531,265,673	-	-	531,265,673
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	6,783,464	6,783,464	-	(6,783,464)	-
Issuance of bonus shares @ 12% for the year ended 31 December 2017	30,650,770	-	(30,650,770)	(30,650,770)	-	-	-
Final dividend @ Rs. 10 per share for the year ended 31 December 2017	-	-	(255,423,160)	(255,423,160)	-	-	(255,423,160)
Balance as at 30 Sep 2018	286,073,930	114,000,000	1,884,947,361	1,998,947,361	-	377,219,691	2,662,240,982

The annexed notes from 1 to 13 form an integral part of these financial statements.

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

Selected Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)

For The Nine Months Ended 30 September 2018

1 THE COMPANY AND ITS OPERATIONS

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

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

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

2.1 These consolidated condensed financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan on interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 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. In case 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 shall prevail.

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

3 BASIS OF PREPARATION

3.1 These condensed consolidated interim financial information of the Group for the nine months period ended 30 Sep-2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the repealed Companies Act, 2017, provisions of and directives issued under the repealed Companies Act, 2017.

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

4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2017 except as follows:

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such surplus to an account called ' Surplus on revaluation of property plant and equipments which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017.

The effect of change in accounting policy on consolidated condensed interim financial statements is summarized below:

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5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2017.

6 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 30 September 2018 ----- (Rupees) -----	Audited 31 December 2017
Raw materials	319,946,522	247,475,952
Packing materials	39,089,261	33,881,308
Finished Goods	-	26,313,228
Plant and machinery	116,812,210	23,536,496
	475,847,993	331,206,984
Rentals under ijarah agreements:		
Not later than one year	3,996,399	21,261,914
Later than one year but not later than five years	8,386,683	8,644,956
	12,383,082	29,906,870

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un Audited 30 September 2018	Audited 31 December 2017
Operating fixed assets:		----- (Rupees) -----	
Owned assets	(7.1)	1,142,503,706	1,182,566,020
Leased assets	(7.2)	90,813,244	45,147,777
		1,233,316,950	1,227,713,797
Capital work in progress		33,905,135	-
		1,267,222,085	1,227,713,797

7.1 Operating fixed assets (owned)

Opening book value		1,182,566,020	725,649,060
Add: Additions during the period / year - cost	(7.1.1)	58,067,554	317,199,595
Revaluation adjustment		-	215,900,458
Transferred from leased assets during the period / year - vehicles		-	15,489,553
		58,067,554	548,589,606
Less: Deletions during the period / year	(7.1.2)	18,120,741	17,137,350
Depreciation during the period / year		80,009,127	74,535,296
		-	-
		98,129,868	91,672,646
Book value at the end of the period / year		1,142,503,706	1,182,566,020

7.1.1 Additions during the period / year - cost

Plant and machinery	27,674,412	153,906,049
Building	-	72,100,860
Laboratory equipment	553,820	16,276,424
Furniture and fixtures	1,099,160	2,126,960
Electric and gas appliances	482,970	18,015,318
Office equipment	16,506,831	2,928,260
Vehicles	11,750,361	51,845,724
	58,067,554	317,199,595

7.1.2 Deletions during the period / year

Plant and machinery	-	364,135
Laboratory Equipment	2,230,810	-
Office equipment	-	166,979
Vehicles	15,889,931	16,606,236
	18,120,741	17,137,350

7.2 Operating fixed assets (leased - vehicles)

Opening book value	45,147,777	51,401,091
Add: Additions during the period / year - cost	58,801,500	20,019,500
Adjustment during the period / year	-	-
	103,949,277	71,420,591
Less: Transfers to owned assets during the period / year	-	15,489,553
Depreciation during the period / year	13,136,033	10,783,261
	13,136,033	26,272,814
Book value at the end of the period / year	90,813,244	45,147,777

8 STOCK IN TRADE

	Note	Un Audited 30 September 2018 ----- (Rupees) -----	Audited 31 December 2017
Raw materials			
In hand		792,388,762	561,751,173
In transit		96,914,168	73,291,056
With third party		10,782,962	16,867,741
		900,085,892	651,909,970
Packing material			
In hand		178,146,146	145,954,635
In transit		6,535,817	4,592,598
With third party		3,221,637	2,751,234
		187,903,600	153,298,467
Work in process		71,656,090	78,152,547
Finished goods			
In hand		334,667,818	255,919,394
In transit		-	-
		334,667,818	255,919,394
Less: provision for slow moving and obsolete items	8.1	(12,462,652)	(11,361,112)
		1,481,850,748	1,127,919,266

8.1 Provision for slow moving and obsolete items

Opening provision	11,361,112	15,683,130
Charge for the period/year	7,129,210	3,735,000
Written off during the period year	(6,027,670)	(8,057,018)
Closing provision	12,462,652	11,361,112

9 SALES - net

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	
Manufactured products:				
Local	5,013,301,607	4,203,135,078	1,700,296,985	1,397,307,934
Export	245,725,415	305,602,407	115,865,697	109,133,618
	5,259,027,022	4,508,737,485	1,816,162,682	1,506,441,552
Third party	256,519,446	210,025,754	94,623,800	81,339,610
	5,515,546,468	4,718,763,239	1,910,786,482	1,587,781,162
Less: Discount	50,208,369	397,751,536	16,394,660	132,499,037
Sales tax	22,056,458	9,510,575	6,280,073	1,618,912
	72,264,827	407,262,111	22,674,733	134,117,949
	5,443,281,641	4,311,501,128	1,888,111,749	1,453,663,213

10 COST OF SALES

Manufactured pharmaceutical products:

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	
Opening stock of finished goods	256,602,345	225,020,552	267,049,335	198,783,666
Cost of goods manufactured	2,624,119,755	2,138,705,833	960,485,906	746,382,737
	2,880,722,100	2,363,726,385	1,227,535,241	945,166,403
Closing stock of finished goods	(329,900,660)	(198,786,143)	(329,900,660)	(198,786,143)
Cost of sales - manufactured	2,550,821,440	2,164,940,242	897,634,581	746,380,260
Cost of sales - purchased products	316,830,078	50,187,272	117,217,514	8,633,206
	2,867,651,518	2,215,127,514	1,014,852,095	755,013,466

11 RELATED PARTY TRANSACTIONS

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

	Un-audited			
	Nine Month Period Ended 30 September		Three Month Period Ended 30 September	
	2018	2017	2018	2017
	----- (Rupees) -----		----- (Rupees) -----	

11.1 Contribution towards employees' benefits fund:

Staff provident fund	25,753,520	19,090,104	8,815,280	6,510,531
Employees' welfare trust	2,034,240	1,844,561	742,340	618,064

11.2 Remuneration

Chief Executive Officer	15,046,037	11,442,708	5,015,346	4,541,728
Directors	4,050,000	16,265,241	1,350,000	5,860,837
Executives	168,693,774	225,292,667	56,231,258	85,055,398

11.3 The outstanding balances of such parties are as under:

Relationship with the Company	Nature of balance	Un Audited 30 September 2018	Audited 31 December 2017
		----- (Rupees) -----	
Associated company	Creditors	7,696,856	2,083,998
Staff provident fund	Contribution payable	5,466,462	2,706,681
Employees' welfare trust	Contribution payable	510,445	361,509

12 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the holding Company authorized this consolidated condensed interim financial information for issuance on 30 October 2018.

13 GENERAL

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

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

Dr. Adeel Abbas
Chief Executive Officer

Taufiq Ahmed Khan
Director

Javed Hussain
Chief Financial Officer

BOOK POST



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