

**A C C O U N T S**  
**(UN-AUDITED)**

**FOR THE**  
**3<sup>rd</sup> QUARTER ENDED**  
***March 31, 2016***



**SALMAN NOMAN**  
**ENTERPRISES LIMITED**

**BOOK POST**  
**PRINTED MATTER**

IF UNDELIVERED PLEASE RETURN TO:-

**SALMAN NOMAN ENTERPRISES LIMITED**  
**3-K-M, BALLOKI ROAD, BHAIPHERU**  
**TEHSIL PATOKI DIST. KASUR**



# SALMAN NOMAN ENTERPRISES LIMITED

## DIRECTORS' REPORT TO THE SHARE HOLDERS

I being the Chief Executive of the company feel eminent pleasure to present the un-audited accounts for the quarter ended 31<sup>st</sup> March, 2016 on behalf of the Board of Directors of your company.

### FINANCIAL HIGHLIGHTS

The Company has suffered a loss after tax of Rs.25.582 million for the Quarter ending 31<sup>st</sup> March 2016, where as it was Rs.17.214 million for the corresponding period of last year. The Financial results are summarized hereunder:-

Particulars	2016 Rupees	2015 Rupees
SALES	302,537,944	290,445,284
GROSS LOSS	(15,086,779)	(19,049,681)
OPERATING LOSS	(20,842,333)	(25,004,829)
FINANCIAL EXPENSES	(9,106,219)	(10,299,150)
TAXATION	4,366,511	18,089,510
LOSS BEFORE TAXATION	(29,948,552)	(35,303,979)
LOSS AFTER TAX	(25,582,041)	(17,214,469)
LOSS PER SHARE	(5.73)	(3.85)

As the result shows that the spinning sector is still in depression cycle and trying to come out from this phase. The main factor is demand and supply of yarn and dumping of yarn by India in our country. The energy supply is better as compared to previous year but demand and rates of yarn are not viable due to availability of Indian yarn. Our Textile Association has informed the Government that the main reason of losses in spinning sector is due to arrival of huge quantity of Indian yarn and taken strong stance for ban on import of Indian yarn. Despite these circumstances the management has taken various steps to reduce cost of production by taking steps for reduction in Electricity units and change in spin plan and we are hopeful for better results in future.

Directors of the company would like to place on record their appreciations for the hard work and dedication shown by executive, staff members and workers of the company in the performance of their duties.

The directors are also thankful to customers for their support and co-operation to the company.

FOR AND ON BEHALF OF THE BOARD

Lahore:  
Dated: April 30, 2016

( NAUMAN ALMAS )  
Chief Executive

# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2016

	Un-audited March 31, 2016	Audited June 30, 2015
	Rupees	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	805,343,391	827,231,473
Long term deposits	7,029,480	7,029,480
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	60,061,135	60,688,450
Stock in trade	253,717,159	209,701,247
Trade debts-Unsecured (Considered good)	25,142,933	39,385,644
Loans and advances	30,252,317	16,569,210
Trade deposits and short term prepayments	1,993,503	-
Other receivables	-	13,500,000
Tax refunds due from Government	26,449,375	19,284,556
Cash and bank balances	2,910,957	1,791,855
	400,527,379	360,920,961
<b>TOTAL ASSETS</b>	<b>1,212,900,250</b>	<b>1,195,181,914</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital		
10,000,000 (June 30, 2015: 10,000,000) ordinary shares of Rs.10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up capital		
4,467,036 (June 30, 2015: 4,467,036) Ordinary shares of Rs. 10/- each	44,670,360	44,870,360
Accumulated loss	(304,196,929)	(192,963,610)
	(259,526,569)	(148,293,250)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	355,124,431	365,385,664
<b>NON CURRENT LIABILITIES</b>		
Long term financing	5 93,661,746	96,361,746
Long term loans from directors	6 138,683,905	138,683,905
Liabilities against assets subject to finance lease	7 42,585,730	49,783,206
Deferred liabilities	66,122,903	96,878,096
Long term loans from others	49,658,313	49,658,313
<b>CURRENT LIABILITIES</b>		
Trade and other payables	373,709,445	253,044,925
Accrued markup/interest	41,854,252	21,602,346
Short term borrowing	211,437,921	179,758,004
Current portion of long term borrowings	97,619,866	90,350,651
Provision for taxation	1,968,307	1,968,307
	726,589,791	546,724,234
<b>CONTINGENCIES AND COMMITMENTS</b>	8	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,212,900,250</b>	<b>1,195,181,914</b>

The annexed notes form an integral part of these condensed interim financial statements

Lahore:  
Dated: April 30, 2016

CHIEF EXECUTIVE

DIRECTOR



# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2016

Note	Quarter ended		Nine months period ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Sales - net	302,537,944	290,445,084	872,955,651	970,816,637
Cost of sales	(317,624,724)	(309,494,765)	(970,179,157)	(1,007,278,864)
<b>Gross Loss</b>	<b>(15,086,779)</b>	<b>(19,049,681)</b>	<b>(97,223,505)</b>	<b>(36,462,227)</b>
Other operating income	19,914	5,000	21,035	46,020
Distribution cost	(139,207)	(258,454)	(372,272)	(775,362)
Administrative expenses	(5,630,261)	(5,704,619)	(18,057,149)	(17,112,829)
Other operating expenses	(6,000)	2,925	(1,448,708)	(13,725)
Finance cost	(9,106,219)	(10,299,150)	(33,333,418)	(34,076,865)
<b>Loss before taxation</b>	<b>(29,948,552)</b>	<b>(35,303,979)</b>	<b>(150,414,018)</b>	<b>(88,394,988)</b>
Taxation-Current and deferred	4,366,511	18,089,510	28,919,466	59,432,719
<b>Loss for the period</b>	<b>(25,582,041)</b>	<b>(17,214,469)</b>	<b>(121,494,552)</b>	<b>(28,962,269)</b>
<b>Loss per share - basic and diluted</b>	<b>(5.73)</b>	<b>(3.85)</b>	<b>(27.20)</b>	<b>(6.48)</b>

The annexed notes form an integral part of these condensed interim financial statements

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2016

Note	Quarter ended		Nine months period ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Loss for the period	(25,582,041)	(17,214,469)	(121,494,552)	(28,962,269)
Other comprehensive income for the period	(25,582,041)	(17,214,469)	(121,494,552)	(28,962,269)

The annexed notes form an integral part of these condensed interim financial statements

Lahore:  
Dated: April 30, 2016

CHIEF EXECUTIVE

DIRECTOR

# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

### A) CASH FLOW FROM OPERATING ACTIVITIES

Nine months period ended	
March 31, 2016	March 31, 2015
Rupees	
Net loss before tax	(150,414,018)
Adjustment for:	
Depreciation	28,046,722
Provision for staff retirement benefits - gratuity	5,137,470
Finance cost	33,333,418
<b>Loss before working capital changes</b>	<b>(83,896,408)</b>
<b>Changes in working capital</b>	
(Increase) / Decrease in current assets	
Stores, spare parts and loose tools	627,315
Stock in trade	(44,015,911)
Trade debts	14,242,711
Stock in transit	(13,683,108)
Loans and advances	(1,993,503)
Trade deposits and short term prepayments	13,500,000
Other receivables	(7,164,819)
Tax refund due from Government	115,549,173
<b>Increase / (Decrease) in current liabilities</b>	
Trade and other payables	21,166,615
	77,061,857
<b>Cash generated from / (used in) operations</b>	<b>(6,834,551)</b>
Finance cost paid/Deferred	(13,081,513)
Staff retirement benefits - gratuity paid	(6,973,197)
Income taxes refunded	5,115,346
	(14,939,364)
<b>Net cash used in operating activities</b>	<b>(21,773,914)</b>

### B) CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(6,158,640)
<b>Net cash used in investing activities</b>	<b>(6,158,640)</b>

### C) CASH FLOW FROM FINANCING ACTIVITIES

<b>Increase in:</b>	
Long term loan financing from directors	64,411,392
Short term borrowings - net	31,679,917
<b>Payment for:</b>	
Long term financing	(5,431,921)
Liabilities against assets subject to finance lease	(2,628,261)
Long term loans from others	(27,000,000)
<b>Net cash generated from financing activities</b>	<b>29,051,656</b>
<b>Net increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,119,102</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,791,855</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,910,957</b>

The annexed notes form an integral part of these condensed interim financial statements

Lahore:  
Dated: April 30, 2016

CHIEF EXECUTIVE

DIRECTOR



# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Issued, subscribed and paid up capital	Unappropriated profits/(loss)	Total
	Rupees		
Balance as at July 01, 2014	44,670,360	(79,509,328)	(34,838,968)
Total comprehensive loss for the period	-	(28,962,269)	(28,962,269)
Transfer from revaluation surplus of property, plant and equipment - net of deferred tax	-	9,266,089	9,266,089
Balance as at March 31, 2015	44,670,360	(99,205,508)	(54,535,148)
Balance as at July 01, 2015	44,670,360	(192,963,610)	(148,293,250)
Total comprehensive loss for the period	-	(121,494,552)	(121,494,552)
Transfer from revaluation surplus of property, plant and equipment - net of deferred tax	-	10,261,233	10,261,233
Balance as at March 31, 2016	44,670,360	(304,196,929)	(259,526,569)

The annexed notes form an integral part of these condensed interim financial statements

Lahore:

Dated: April 30, 2016

CHIEF EXECUTIVE

DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2016

### 1 THE COMPANY AND ITS OPERATIONS

The company is limited by shares, incorporated in Pakistan and is quoted on the Karachi and Lahore Stock Exchanges. The principal business of the company is manufacture and sale of yarn. The registered office and mills of the company are situated at 3 kilometer Bahi Pheru, Tehsil Chunian, District Kasur in the province of Punjab.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34, "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended June 30, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

### 3 ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.

3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

# SALMAN NOMAN ENTERPRISES LIMITED

## 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

5 It includes overdue installments of Rs.41,442,270 (June 30, 2015: Rs. 24,302,428).

6 It includes Rs. 138,533 million (June 30, 2015: Rs.138,533 million) subordinated to loans from banking companies.

7 It includes overdue installments of Rs. 27,008,313 (June 30, 2015: Rs.17,330,744).

## 8 CONTINGENCIES AND COMMITMENTS

There is changes in contingencies but no changes in commitments as have been disclosed in the audited financial statements for the year ended June 30, 2015.

### 8.1 CONTINGENCIES:

The change in contingencies are as follows:

8.1.1 Al-Baraka Bank (Pakistan) Limited has filed Suit No. 588/1, Dated: 16-09-2015 against the company under section 9 of the FINANCIAL INSTITUTIONS (RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 38,740,919/- which includes cost price, taxes etc. till realization of whole amount before the Banking Court, Lahore. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. Management expects that matter shall be resolved through restructuring agreement of outstanding liability.

8.1.2 Soneri Bank Limited has filed Suit No. 65/2015, Dated: 29-10-2015 against the company under section 16 of the FINANCIAL INSTITUTIONS (RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 138,425,964.51/- which includes cost and cost of funds before the Honorable High Court. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. The company is contesting its case before honorable court.

## 9 COST OF GOODS SOLD

	Quarter ended		Nine months period ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Raw material consumed	197,990,378	187,714,324	617,356,138	645,083,005
Cost of raw material sold	-	6,964,813	-	10,893,348
Packing material consumed	5,111,349	6,692,451	17,122,482	20,077,352
Stores and spares consumed	11,997,947	10,599,332	36,507,464	31,797,996
Salaries, wages and benefits	32,982,098	30,650,043	96,840,481	91,950,128
Fuel and power	46,200,819	51,427,383	163,536,611	154,282,149
Insurance	1,291,159	1,177,463	3,383,445	3,532,389
Depreciation	9,240,675	9,697,611	27,721,720	27,553,168
Repairs and maintenance	2,483,929	1,756,052	6,067,089	5,268,156
Other manufacturing overheads	2,189,012	2,368,949	6,565,235	7,106,846
	309,487,365	309,048,419	975,100,664	997,544,535
Work in process				
Opening stock	11,852,157	16,379,390	16,012,217	17,993,934
Closing stock	(6,925,754)	(15,926,213)	(6,925,754)	(15,926,213)
	4,926,403	453,177	9,086,463	2,067,721
Cost of goods manufactured	314,413,768	309,501,596	984,187,127	999,612,256
Finished goods				
Opening stock	30,340,620	12,843,494	13,121,694	20,516,933
Closing stock	(27,129,664)	(12,850,325)	(27,129,664)	(12,850,325)
	3,210,956	(6,831)	(14,007,970)	7,666,608
	317,624,724	309,494,765	970,179,157	1,007,278,864

## 10 CORRESPONDING FIGURES

Figures have been rearranged whenever necessary for the purpose of comparison. However, no significant reclassification is made during the period.

## 11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 30th, 2016 by the board of directors of the company.

## 12 GENERAL

Figures have been rounded off to the nearest rupees.

Lahore:

Dated: April 30, 2016

CHIEF EXECUTIVE

DIRECTOR