

SALMAN NOMAN ENTERPRISES LIMITED

31 دسمبر 2018ء کو اختتام پذیر نصف سال کے لئے ڈائریکٹرز کی جائزہ رپورٹ

31 دسمبر 2018ء کو اختتام پذیر نصف سال کے لئے آپ کی کمپنی کے ڈائریکٹرز غیر پڑتال شدہ لکھتے پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

کام کے لئے سرمایہ کی عدم دستیابی کی وجہ سے کمپنی غیر فعال رہی۔ ٹیکنالوجی کی صنعت کو ناقابل برداشت مسائل کا سامنا رہا جس میں توانائی کی عدم دستیابی، لاگت میں اضافہ اور دھانگے کی قیمت میں اضافہ شامل ہیں۔ بینکنگ کمپنیوں کے ساتھ معاملات قانونی عدالت میں زیر بحث ہیں اور کمپنی کے پاس کریڈٹ لائن دستیاب نہ ہے۔ تاہم، کمپنی کے ڈائریکٹرز اپنے آپریشنز کے آغاز کے لئے مسلسل کوشش جاری رکھے ہوئے ہیں۔

کاروبار جاری رکھنے کی صلاحیت

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں عبوری مالیاتی معلومات کے نوٹ 1.2 پر توجہ دلائی ہے۔ کمپنی کو 42,488 ملین روپے (دسمبر 2017ء: 101,610 ملین روپے) خالص خسارہ کا سامنا رہا جس کے نتیجے میں 31 دسمبر 2018ء کو اختتام پذیر نصف سال پر 695,328 ملین روپے کا مجموعی خسارہ ہوا (جون 2018: 658,705 ملین روپے)۔ کمپنی کے حالیہ واجبات حالیہ اٹاڈ جات سے 867,594 ملین روپے (جون 2018ء: 829,047 ملین روپے) زائد ہیں۔ کمپنی کو آپریشنل بحران کا سامنا ہے اور بحیرہ قتادل کے اپنی بنیادی انتظامیہ سے محروم ہو چکی ہے اور کمپنی کے تجارتی آپریشنز بھی بند ہو چکے ہیں۔ کمپنی شدید ایصالیت کے بحران سے دوچار ہے اور کمپنی قرضوں کے معاہدہ پر عمل درآمد اور قرضوں کی واپسی کی صلاحیت کھو چکی ہے۔ یہ حالات غیر یقینی کی صورت حال کا اشارہ کرتے ہیں جس سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر نمایاں ابہام موجود ہے لہذا کمپنی اپنے اٹاڈ جات اور واجبات میں توازن رکھنے میں ناکام ہو چکی ہے۔

یہ مالیاتی ایشیٹمنٹس جاری کاروبار کے مفروضہ پر تیار کی گئی ہیں کیونکہ کمپنی کے ڈائریکٹرز نے مالی مدد فراہم کرنے کا وعدہ کیا ہے۔ انتظامیہ نے مستقبل قریب میں آپریشنز کے دوبارہ آغاز کا منصوبہ بنایا ہے۔ مزید برآں، انتظامیہ نے کمپنی کے واجبات کی ادائیگی اور ری سٹرکچرنگ کے لئے مالی اداروں سے درخواست کی ہے۔ انتظامیہ پر عزم ہے کہ مالی اداروں سے اس درخواست پر مثبت جواب دیں گے۔

ڈائریکٹرز کمپنی کے ساتھ صارفین کی حمایت اور تعاون کے شکرگزار ہیں۔

مخائبہ/برائے بورڈ

(نعمان الماس)

چیف ایگزیکٹو

لاہور

28 فروری 2018ء



SALMAN NOMAN
ENTERPRISES LIMITED

BOOK POST
PRINTED MATTER

IF UNDELIVERED PLEASE RETURN TO:-

SALMAN NOMAN ENTERPRISES LIMITED
3-K-M, Balloki Road, Bhaipharu
Tehsil Pattoki Distt. Kasur

SALMAN NOMAN ENTERPRISES LIMITED

DIRECTOR REVIEW FOR THE HALF YEAR DECEMBER 31, 2018

The Directors of your company have the pleasure to submit un-audited accounts for the Half Year Ended as on 31st December 2018.

During the period under review the company remains closed its operations due to unavailability of working capital.

The textile sector is facing un-controllable challenges such as unavailability of energy and its rising cost, volatile yarn prices.

The matters with the banking companies are under litigation with the banking companies in the court of law and there are no credit lines available to the company. However, the directors of the company are continuously making their efforts to starts its operations.

Going Concern

Company's auditors, in their report, have drawn your attention to note 1.2 to the interim financial information, the Company has incurred net loss of Rs. 42.488 million (Dec. 2017: Rs. 101.610 million) resulting in accumulated loss of Rs. 695.328 million (Jun 2018: Rs. 658.705 million) at the close of the half year ended on 31. December 2018. The Company's current liabilities exceed its current assets by Rs. 867.594 million (Jun 2018: Rs. 829.047 million). The Company is facing operational crisis and have lost key management without replacement and the commercial operations of the Company had been ceased. The Company is in severe liquidity crisis and inability of the Company to comply with the loan agreements and to pay the finances obtained. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business.

These financial statements have been prepared on going concern assumption as directors of the company have committed to provide financial support. Management has prepared the plan to restart operations in near future. Furthermore, management has also applied to the financial institutions for settlement and restructuring of overdue of the company. Management is confident that financial institution will respond positively to the request.

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

FOR AND ON BEHALF OF THE BOARD

Lahore:
February 28, 2019

(NAUMAN ALMAS)
Chief Executive

SALMAN NOMAN ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALMAN ENTERPRISES LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Salman Noman Enterprises Limited** ("the Company") as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with notes forming part thereof (here-in-after referred to as the interim financial information) for the half year period then ended. Management is responsible for the preparation and presentation of this interim financial in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures for the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of review

We conducted our review in accordance with international standard on review engagement 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse opinion

1. As reported in note 1.2 to the interim financial information, the Company has incurred net loss of Rs. 42.488 million (Dec. 2017: Rs. 101.610 million) resulting in accumulated loss of Rs. 695.328 million (Jun 2018: Rs. 658.705 million) at the close of the half year ended on 31 December 2018. The Company's current liabilities exceed its current assets by Rs. 867.594 million (Jun 2018: Rs. 829.047 million).

The Company is facing operational crisis and have lost key management without replacement and the commercial operations of the Company had been ceased. The Company is in severe liquidity crisis and inability of the Company to comply with the loan agreements and to pay the finances obtained. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect.

The evidence available to us to confirm the appropriateness of preparing the financial statements on a "going concern" basis was invalid because of the reason mentioned in the preceding paragraph. As a result, and in the absence of any alternative evidence available to us, this interim condensed financial information does not give a true and fair view of the financial position of the entity as at 31 December 2018, and of its financial performance and its cash flow for the six months period ended in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

2. The beginning balances of entire account balances appearing in the statement of financial position were remained unverified by the predecessor auditors of the Company (refer para (a) to (o) of their audit report which expressed disclaimer of an audit opinion dated 06 October 2018) the verification of same remained status quo.

Other matters

The financial statements for the year ended 30 June 2018 were audited by another firm of chartered accountants who issued their report dated 06 October 2018. The auditors' disclaimed to express an opinion on the annual financial statements for the year ended 30 June 2018.

The engagement partner on the review resulting in this independent auditor's review report is Kamil Fatah.

KAMRAN & CO.
CHARTERED ACCOUNTANTS

Lahore
28th February, 2019

SALMAN NOMAN ENTERPRISES LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 DECEMBER 2018

	Note	Un-Audited	Audited
		31/Dec/2018	30/June/2018
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
10,000,000 (30 June 2018: 10,000,000) ordinary shares of Rs. 10 each		100,000,000	100,000,000
Share capital	5	44,670,360	44,670,360
Accumulated loss		(695,328,333)	(658,704,961)
Surplus on revaluation of property, plant and equipment		320,670,021	326,535,171
		(329,987,952)	(287,499,450)
Non-current liabilities			
Long term finances	6	178,813,651	187,189,651
Deferred liabilities		4,074,332	4,074,332
Liabilities against assets subject to finance lease	7	6,142,141	10,350,292
		189,030,124	201,614,275
Current liabilities			
Trade and other payables		445,219,693	445,219,693
Mark-up accrued		160,488,943	134,601,511
Short term borrowings	8	176,690,537	176,690,537
Current portion of long-term liabilities		234,753,768	222,169,617
Provision for taxation		10,652,251	10,652,251
		1,027,805,192	989,333,609
		886,847,364	903,448,434
CONTINGENCIES AND COMMITMENTS			
ASSETS			
Non-current assets			
Property, plant and equipment	8	710,169,149	726,695,219
Long-term deposits		16,467,060	16,467,060
		726,636,209	743,162,279
Current assets			
Stores, spare parts and loose tools		30,328,008	30,453,008
Stock in trade		90,012,572	90,012,572
Trade debts		2,448,541	2,448,541
Trade deposits and short-term prepayments		1,850,000	1,850,000
Balances due from government		35,269,523	35,269,523
Cash and bank balances		302,511	252,511
		160,211,155	160,286,155
		886,847,364	903,448,434

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

Lahore:

Dated: February 28, 2019 CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

SALMAN NOMAN ENTERPRISES LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT/
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

Note	Half year ended		Quarter ended	
	31/Dec/2018	31/Dec/2017	31/Dec/2018	31/Dec/2017
	Rupees		Rupees	
Sales	-	187,743,025	-	106,401,368
Cost of sales	(16,403,928)	(257,912,150)	(8,201,964)	(144,839,955)
Gross loss	(16,403,928)	(70,169,125)	(8,201,964)	(38,438,587)
Operating expenses				
Distribution and marketing cost	-	(35,219)	-	31,473
Administrative and selling expenses	(197,142)	(7,409,605)	(61,071)	(2,886,369)
	(197,142)	(7,444,824)	(61,071)	(2,854,896)
Finance cost	(25,887,432)	(21,647,276)	(13,702,184)	(11,223,900)
Loss before taxation	(42,488,502)	(99,261,225)	(21,965,219)	(52,517,383)
Taxation	-	(2,348,609)	-	(1,534,386)
Loss after taxation	(42,488,502)	(101,609,834)	(21,965,219)	(54,051,769)
Total comprehensive loss	(42,488,502)	(101,609,834)	(21,965,219)	(54,051,769)
Loss per share - basic and diluted	(9.51)	(22.75)	(4.92)	(12.10)

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

	Share capital	Accumulated Loss	Revaluation	Total Equity
			surplus on property,	
	Rupees			
Balance as at 30 June 2017	44,670,360	(499,445,440)	338,706,459	(116,068,621)
Total comprehensive loss for the six months period ended 31 December 17				
Loss for the period		(101,609,834)		(101,609,834)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)		6,173,842	(6,173,842)	
Balance as at 31 December 2017	44,670,360	(594,881,432)	332,532,617	(217,678,455)
Total comprehensive loss for the six months period ended 30 June 18				
Loss for the period		(69,820,995)		(69,820,995)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)		5,997,446	(5,997,446)	
Balance as at 30 June 2018	44,670,360	(658,704,981)	326,535,171	(287,499,450)
Total comprehensive loss for the six months period ended 31 December 18				
Loss for the period		(42,488,502)		(42,488,502)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)		5,865,150	(5,865,150)	
Balance as at 31 December 2018	44,670,360	(695,328,333)	320,670,021	(329,987,952)

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

Lahore:

Dated: February 28, 2019 CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

SALMAN NOMAN ENTERPRISES LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

	----- Six months ended -----	
	31/Dec/2018	31/Dec/2017
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(42,488,502)	(99,261,225)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	16,526,070	17,183,484
Provision for gratuity	-	3,564,000
Finance cost	25,887,432	21,847,276
	42,413,502	42,394,760
Loss before working capital changes	(75,000)	(56,866,465)
Working capital changes		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	125,000	6,683,377
Stock in trade	-	16,679,154
Trade debts	-	2,068,298
Loans and advances	-	310,000
Trade deposits and short term prepayments	-	432,519
Balances due from government	-	(652,545)
Increase in trade and other payables	-	24,299,717
	125,000	49,820,520
Cash (used in) / generated from operations	50,000	(7,045,945)
Income tax paid	-	595,333
Finance cost paid	-	(12,022)
Gratuity paid	-	(5,600,560)
Net cash (used in) / generated from operating activities	50,000	(12,063,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (net) of long term finances	-	-
(Repayment) / Proceeds (net) of short-term borrowings	-	(1,466,738)
Net cash in / (out) flow from financing activities	-	(1,466,738)
Net Increase/(Decrease) in cash and cash equivalents	50,000	(13,529,932)
Cash and cash equivalents at beginning of period	252,511	14,345,177
Cash and cash equivalents at end of period	302,511	815,245

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

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

1 STATUS AND ACTIVITIES

- 1.1 Salman Noman Enterprises Limited (the "Company") was incorporated in Pakistan as a public limited company on November 05, 1985 under the Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchanges. The registered office and mills of the company are situated at 3 kilometer Bahi Pheru, Tehsil Chunian, District Kasur. The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations.
- 1.2 **Going concern assumption**
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company incurred a net loss for the period ended of Rs. 42,488,502 (Dec 2017: Rs. 101,609,834) resulting in accumulated losses at the end of the period of Rs. 695,328,333 (June 2018: Rs. 658,704,981). The Company's current liabilities exceed its current assets at reporting date by Rs. 867,594,037 (June 2018: Rs. 829,047,454). The Company had ceased its operations since February 2018 due to working capital. However, management is taking steps to recommence operations as directors of the company has committed to provide financial support to the company and also the Company is in negotiations with financial institutions for settlement and restructuring of overdue loans. The Company manage its liquidity constraints largely thru financing from financial institutions. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

SALMAN NOMAN ENTERPRISES LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the 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. Where provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2018.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2018.

5 SHARE CAPITAL

	(Un-audited) December 31, 2018.	(Audited) June 30, 2018.
	(Rupees)	
Authorized capital		
Ordinary shares of Rs. 10 each	100,000,000	100,000,000
Issued, subscribed and paid-up share capital		
4,467,036 (June 30, 2018: 4,467,036) ordinary shares of Rs 10/- each fully paid in cash	44,670,360	44,670,360

6 LONG TERM FINANCES

	(Un-audited) December 31, 2018.	(Audited) June 30, 2018.
	(Rupees)	
From financial institutions (current and prior) - secured		
Term finance facility	-note 6.1 23,271,606	28,647,606
Frozen Markup	-note 6.2 16,858,140	19,858,140
	40,129,746	48,505,746
From related parties (current and prior) - unsecured		
Loan from directors	-note 6.3 138,683,905	138,683,905
Total long term finances	178,813,651	187,189,651
6.1 Term finance facility		
At end of the period	107,221,805	107,221,805
Less: Current portion transferred to current liabilities	(83,950,199)	(81,148,059)
At end of the period	23,271,606	26,073,746

Periodical payment	Security	Other terms and conditions	Arrangements and repayment
It carries mark-up at the rate of 1 month kibar + 2%	The loan is secured against joint pari passu charges on all the present and future fixed assets of the Company. Equitable mortgage with legal mortgage on House no. 41, Block L, Gulberg III, Lahore and personal guarantee of sponsoring directors.		This facility was obtained to finance BMR of plant and machinery. The loan is payable in twelve equal monthly installments commencing from March 2013.

6.2 **Frozen Markup**
Overdue markup up to June 30, 2013 amounting to Rs. 30,046 million on term finance facility has been frozen and converted into term finance (frozen markup account). As per the terms of agreement, markup accrued up to February 2014 has been deferred and transferred to frozen markup account and is payable in 74 monthly installments of Rs. 0.3 million (starting from January 2016) and Rs. 0.5 million (starting from July 2017)

6.3 **Loan from directors**
These represents unsecured and interest free loans from chief executive officer, directors and sponsors. The terms of repayment has not yet been decided so far, however, the directors and sponsors have given undertaking that they have no intention to demand such loan within period of next twelve months, as such current maturity has not been presented.

6.4 These are classified as 'financial liabilities' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these long term loans have no fixed maturity date as discussed above, are carried at cost as their amortized cost is impracticable to determine.

	(Un-audited) December 31, 2018.	(Audited) June 30, 2018.
	(Rupees)	
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	81,855,397	81,855,397
Less: Current portion shown under current liabilities	(75,713,256)	(71,505,105)
	6,142,141	10,350,292
8 SHORT TERM BORROWINGS		
From financial institutions - secured		
Cash finances	128,000,976	128,000,976
Murahbah finance - FNBM	23,500,000	23,500,000
Forced Demand Draft-Gas Guarantee	17,189,561	17,189,561
	168,690,537	168,690,537
From associates - unsecured		
Loan from directors	8,000,000	8,000,000
Total short term borrowings	176,690,537	176,690,537
8 PROPERTY, PLANT AND EQUIPMENT		
Opening WDV	726,695,219	761,062,187
Addition	-	-
Less: Depreciation	(16,526,070)	(34,366,968)
Book value as at	710,169,149	726,695,219
9 CORRESPONDING FIGURES		
9.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.		
9.2 Figures have been rounded off to the nearest of rupees.		
10 AUTHORIZATION FOR ISSUE		
These financial statements have been approved by the board of directors of the Company and authorized for issue on 28th February, 2019		

Lahore:

Dated: February 28, 2019 CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER