SALMAN NOMAN ENTERPRISES LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

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, 2013.

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.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2013 which have been subject to a review but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2013.

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, 2013,except as mentioned in note 3.3.

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.

3.3 During the period, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated

Effects of the change in the accounting policy on the interim financial statement are not quantifiable, hence the effects based on the relevant available actuarial valuation on the financial statements have been summarized below:

	As at	
	30-Jun-13	**30-Jun-12**
	---------Rupees---------	
Impact on Balance Sheet		
Increase in the retirement benefits obligation	3,866,220	885,060
Decrease in deferred taxation	1,314,515	309,771
Increase in accumulated loss	2,551,705	575,289

	Year ended	
	30-Jun-13	**30-Jun-12**
	---------Rupees---------	
Impact on profit and loss account		
(Decrease) / increase in profit and loss	(122,472)	145,284
Decrease in deferred taxation - current year	1,004,744	309,771
Increase / (decrease) in other comprehensive income	(2,858,688)	1,955,485

Management believes that, impact of the retrospective application (discussed in previous paragraphs) has no material effect on this and comparative condensed interim financial information balance sheet at the beginning of the preceding period, therefore, additional third statement of condensed interim balance sheet as at the beginning of the preceding period have not been presented.

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, 2013.

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, 2013.

5 PROPERTY, PLANT AND EQUIPMENT

		Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
			--------Rupees-------	
Operating assets - WDV		5.1	803,313,796	799,665,750
Capital work in progress - at cost			871,411	-
			804,185,207	799,665,750

5.1 Operating assets

		Note	December 31, 2013	June 30, 2013
Opening written down value			799,665,750	738,323,526
Add:	Additions during the period / year	5.1.1	21,974,500	8,476,175
	Surplus/Deficit		-	142,147,509
			821,640,250	888,947,210
Less:	Disposals during the period / year	5.1.1	-	(14,551,136)
	Depreciation during the period / year		(18,326,454)	(29,706,261)
	Adjustment due to Surplus/Deficit		-	(45,024,063)
Closing net book value			803,313,796	799,665,750

5.1.1 The cost of additions and deletions to property, plant and equipment were as follows.

	December 31, 2013		June 30, 2013	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	--------Rupees-------		--------Rupees-------	
Building on free hold land - mill	-	-	856,198	-
Plant and machinery	21,125,600	-	5,402,698	-
Electric installation	-	-	814,004	-
Office equipment	70,900	-	152,975	(14,551,136)
Furniture and fixture	40,000	-	5,300	-
Electric appliances	34,000	-	15,500	-
Vehicles	704,000	-	1,229,500	-
	21,974,500	-	8,476,175	(14,551,136)

6 It includes overdue installments of Rs. 6,931,921(June 30, 2013: Rs. Nil). Overdue installments were paid subsequently.

7 These are unsecured and interest free loan. The directors of the company and others have acknowledged that they have no intentions to demand such loans within next twelve months. It includes Rs. 71.623 million (June 30, 2013: 71.623 million) subordinated to loans from banking companies.

8 It includes overdue installments of Rs. 695,636 (June 30, 2013: Rs.1,192,447). Overdue installments were paid subsequently. During the period First National Bank Modaraba has rescheduled the principal and markup amount against lease finance. According to the rescheduling documents outstanding principal liability is payable in 78 equal monthly installments starting from December 2013. Unpaid markup of Rs.7,823,491 due from June 2011 to November 2013 will be freezed and converted into frozen markup account and also payable in 78 equal monthly installments.

9 CONTINGENCIES AND COMMITMENTS

There is no major changes in contingencies and commitments as have been disclosed in the audited financial statements for the year ended June 30, 2013.

10 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Profit / (loss) for the period - Rupees	(541,535)	(20,315,610)	4,111,392	(18,889,441)
Weighted average number of ordinary shares	4,467,036	4,467,036	4,467,036	4,467,036
Earnings / (loss) per share - basic - Rupees	(0.12)	(4.55)	0.92	(4.23)

10.1 There is no dilutive effect on basic earnings / (loss) per share of the company.

11 RELATED PARTY TRANSACTIONS

	(Unaudited) December 31, 2013	(Unaudited) December 31, 2012
	---------Rupees---------	
Transactions with related parties		
Remuneration to key management personnel	1,200,000	1,200,000
Long term financing form directors and others	-	-
Balance with related parties		
Long term financing from directors and others	71,622,513	71,622,513

12 NUMBER OF EMPLOYEES

	December 31, 2013	December 31, 2012
Number of employees as at period end	372	442
Average employee during the year	369	427

13 CORRESPONDING FIGURES

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

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **February 27, 2014** by the board of directors of the company.

15 GENERAL

Figures have been rounded off to the nearest rupees.

Dated: February 27, 2014

(NAUMAN ALMAS)
CHIEF EXECUTIVE

(MRS. SHAMIM AKHTAR)
DIRECTOR