

SALMAN NOMAN ENTERPRISES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014

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 Puniab.

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 nine months period ended March 31, 2014 which have been unaudited. These condensed interim financial statements also include the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2014.

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.

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:

	Year ended	
	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
	2,732,440	1,770,120
Impact on profit and loss account		
(Decrease) / increase in profit	(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
	(1,976,416)	1,410,540

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 CONTINGENCIES AND COMMITMENTS

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

	Quarter ended		Nine months period ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	-----Rupees-----		-----Rupees-----	
5 COST OF GOODS SOLD				
Raw material consumed	265,201,464	212,583,374	750,506,603	651,841,743
Cost of raw material sold	-	11,198,178	-	37,258,301
Packing material consumed	5,502,535	3,837,123	16,335,904	11,561,343
Stores and spares consumed	9,453,712	15,293,880	31,323,537	34,696,891
Salaries, wages and benefits	31,175,472	18,892,569	94,316,746	73,347,387
Fuel and power	54,887,156	41,900,319	175,517,717	125,886,096
Insurance	1,309,098	-	4,250,726	1,972,687
Depreciation	9,183,723	8,698,829	27,238,792	25,445,615
Repairs and maintenance	1,843,922	2,024,956	5,905,864	6,251,841
Other manufacturing overheads	2,423,681	2,385,213	6,744,678	6,496,750
	<u>380,980,763</u>	<u>316,814,441</u>	<u>1,112,140,567</u>	<u>974,758,654</u>
Work in process				
Opening stock	12,229,023	10,375,314	11,184,349	10,378,661
Closing stock	(15,672,102)	(9,611,753)	(15,672,102)	(9,611,753)
	(3,443,079)	763,561	(4,487,753)	766,908
	<u>377,537,684</u>	<u>317,578,002</u>	<u>1,107,652,814</u>	<u>975,525,562</u>
Finished goods				
Opening stock	10,336,045	4,623,797	19,442,226	14,028,372
Closing stock	(46,431,114)	(22,869,785)	(46,431,114)	(22,869,785)
	(36,095,069)	(18,245,988)	(26,988,888)	(8,841,413)
	<u>341,442,615</u>	<u>299,332,014</u>	<u>1,080,663,926</u>	<u>966,684,149</u>

6 CORRESPONDING FIGURES

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

7 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 28, 2014 by the board of directors of the company.

8 GENERAL

Figures have been rounded off to the nearest rupees.

Lahore:

Dated: April 28, 2014

CHIEF EXECUTIVE

DIRECTOR