

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of **Salman Noman Enterprises Limited** for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company’s compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company’s personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board’s statement on internal control covers all the risks and controls or to form an opinion on the effectiveness of such internal controls, the company’s corporate governance procedures and risks.

The Code requires the company to place before the audit committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2014.

Further, we highlight below instances of non compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the statement of Compliance:

Paragraph Reference	Description
15	Audit committee does not contain three non executive directors as required clause XXIV by code.

LAHORE:
Dated: October 10,2014

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, ACA