
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, 2015 to comply with the requirements of Listing Regulation 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, 2015.

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 by clause XXIV of code.

LAHORE:
Dated: _____

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Salman Noman Enterprises Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that;

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- (e) Without qualifying our opinion, we draw attention to note 2.2 in the financial statements which indicates that the company incurred a net loss of Rupees 125.471 million during the year ended June 30, 2015 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 185.803 million. These conditions, along with other matters as explained in note 2.2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.

LAHORE:

Date: _____

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Abdul Qadoos, FCA