

**SALMAN NOMAN ENTERPRISES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2017**

		Un-audited	Audited
		December 31, 2017	June 30, 2017
Note	-----Rupees-----		
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	743,878,703	761,062,187
Long term deposits		16,467,060	16,467,060
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		35,930,349	42,613,726
Stock in trade	6	135,000,486	151,679,639
Trade debts - unsecured (considered good)		2,423,076	4,491,374
Loans and advances		11,470,811	11,780,811
Trade deposits and short term prepayments		1,850,000	2,282,519
Tax refunds due from Government		35,181,555	34,529,010
Cash and bank balances		815,245	14,345,177
		222,671,523	261,722,257
<b>TOTAL ASSETS</b>		<b>983,017,286</b>	<b>1,039,251,504</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
10,000,000 (June 30, 2017: 10,000,000) Ordinary shares of Rs.10/- each		100,000,000	100,000,000
<b>Issued, subscribed and paid-up capital</b>			
4,467,036 (June 30, 2017: 4,467,036) Ordinary shares of Rs. 10/- each		44,670,360	44,670,360
Accumulated loss		(594,881,432)	(499,445,440)
		(550,211,072)	(454,775,080)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX</b>		332,532,617	338,706,459
<b>NON CURRENT LIABILITIES</b>			
Long term financing from banking companies	7	58,081,746	65,257,746
Long term financing from directors and others	8	138,683,905	138,683,905
Liabilities against assets subject to finance lease	9	15,341,874	18,241,689
Deferred liabilities		2,049,172	4,085,732
Long term loans from others		-	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		479,227,202	454,332,152
Accrued markup / interest		112,791,124	91,155,869
Short term borrowings		176,690,537	178,157,275
Current portion of non current liabilities		207,602,035	197,526,220
Provision for taxation		10,228,146	7,879,537
		986,539,044	929,051,053
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>983,017,286</b>	<b>1,039,251,504</b>

*The annexed notes form an integral part of these condensed interim financial statements*

CHIEF EXECUTIVE  
Dated: February 28, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

**SALMAN NOMAN ENTERPRISES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017**

	Note	Quarter ended		Half year ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		-----Rupees-----		-----Rupees-----	
Sales - net		106,401,368	162,234,178	187,743,025	391,448,099
Cost of sales		(144,839,955)	(221,795,772)	(257,912,150)	(478,387,755)
<b>Gross loss</b>		<b>(38,438,587)</b>	<b>(59,561,594)</b>	<b>(70,169,125)</b>	<b>(86,939,656)</b>
Other operating income		-	-	-	-
Distribution cost		31,473	(196,537)	(35,219)	(329,922)
Administrative expenses		(3,172,147)	(4,981,699)	(7,402,105)	(11,593,733)
Other operating expenses		285,778	(408,399)	(7,500)	(414,399)
Finance cost		(11,223,900)	(10,527,901)	(21,647,276)	(21,981,226)
<b>Loss before taxation</b>		<b>(52,517,383)</b>	<b>(75,676,130)</b>	<b>(99,261,225)</b>	<b>(121,258,935)</b>
Taxation		(1,534,386)	10,320,092	(2,348,609)	8,023,667
<b>Loss for the period</b>		<b>(54,051,769)</b>	<b>(65,356,038)</b>	<b>(101,609,834)</b>	<b>- 113,235,268.31</b>
<b>Loss per share - basic and diluted</b>	<b>11</b>	<b>- 12.10</b>	<b>- 14.63</b>	<b>- 22.75</b>	<b>- 25.35</b>

The annexed notes form an integral part of these condensed interim financial statements

**SALMAN NOMAN ENTERPRISES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017**

	Note	Quarter ended		Half year ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		-----Rupees-----		-----Rupees-----	
Loss for the period		(54,051,769)	(65,356,038)	(101,609,834)	(113,235,268)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>(54,051,769)</b>	<b>(65,356,038)</b>	<b>(101,609,834)</b>	<b>(113,235,268)</b>

The annexed notes form an integral part of these condensed interim financial statements

CHIEF EXECUTIVE

Dated: February 28, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

**SALMAN NOMAN ENTERPRISES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Half year ended	
	December 31, 2017	December 31, 2016
	-----Rupees-----	
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(99,261,225)	(121,258,935)
<b>Adjustments for:</b>		
Depreciation	17,183,484	17,867,976
Provision for staff retirement benefits - gratuity	3,564,000	3,564,000
Finance cost	21,647,276	21,981,226
<b>Loss before working capital changes</b>	(56,866,465)	(77,845,734)
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	6,683,377	3,224,880
Stock in trade	16,679,154	82,369,680
Trade debts	2,068,298	16,296,105
Loans and advances	310,000	10,411,904
Trade deposits and short term prepayments	432,519	(1,396,234)
Other receivables	-	183,900
Tax refunds due from Government	(652,545)	(4,983,003)
<b>Increase in current liabilities</b>		
Trade and other payables	24,299,717	5,609,417
	49,820,520	111,716,649
<b>Cash (used in) / generated from operations</b>	(7,045,945)	33,870,916
Finance cost paid	(12,022)	(2,654,626)
Staff retirement benefits - gratuity paid	(5,600,560)	(5,600,560)
Income taxes - net	595,333	1,462,407
	(5,017,249)	(6,792,779)
<b>Net cash (used in)/ generated form operating activities</b>	(12,063,194)	27,078,136
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(739,500)
Long term deposits	-	1,850,000
<b>Net cash generated from/ (used) in investing activities</b>	-	1,110,500
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Payments for:</b>		
Short term borrowings - net	(1,466,738)	(29,804,020)
Liabilities against assets subject to finance lease	-	(1,000,000)
<b>Net cash (used in) financing activities</b>	(1,466,738)	(30,804,020)
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	(13,529,932)	(2,615,384)
<b>Cash and cash equivalents at the beginning of the period</b>	14,345,177	11,994,447
<b>Cash and cash equivalents at the end of the period</b>	<b>815,245</b>	<b>9,379,063</b>

The annexed notes form an integral part of these condensed interim financial statements

CHIEF EXECUTIVE  
Dated: February 28, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

**SALMAN NOMAN ENTERPRISES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Issued, subscribed and paid up capital	Accumulated profit/(loss)	Total
	-----Rupees-----		
<b>Balance as at July 01, 2016</b>	44,670,360	(363,511,941)	(318,841,581)
Total comprehensive loss for the period	-	(113,235,268)	(113,235,268)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	6,405,941	6,405,941
<b>Balance as at December 31, 2016</b>	<b>44,670,360</b>	<b>(470,341,269)</b>	<b>(425,670,909)</b>
<b>Balance as at July 01, 2017</b>	44,670,360	(499,445,440)	(454,775,080)
Total comprehensive loss for the period	-	(101,609,834)	(101,609,834)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	6,173,842	6,173,842
<b>Balance as at December 31, 2017</b>	<b>44,670,360</b>	<b>(594,881,432)</b>	<b>(550,211,072)</b>

*The annexed notes form an integral part of these condensed interim financial statements*

CHIEF EXECUTIVE  
Dated: February 28, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

**SALMAN NOMAN ENTERPRISES LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

**1 THE COMPANY AND ITS OPERATIONS**

The company is limited by shares, incorporated in Pakistan and is quoted on Pakistan 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**

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance).

This condensed interim financial information of the company for half year ended 31st December 2017 is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued by securities and exchange commission of pakistan under the repealed companies ordinance, 1984 (The Ordinance). 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 30th June, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

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, 2017 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, 2017.

**2.2 Going concern assumption**

Company has temporarily closed its operation one month during the period under review. During the interim period, the Company incurred loss amounting to Rs. 101.610 million (December 31, 2016: Rs. 113.235 million) and has reported accumulated losses amounting to Rs. 594.881 million (June 30, 2017: Rs. 499.445 million) at the period end. In addition, the Company's current liabilities exceeded its current assets by Rs. 763.868 million (June 30, 2017: Rs. 667.329 million) at the period end. This results in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 133.630 million (June 30, 2017:Rs.119.848 million), short term borrowing amounting to Rs. 176.691 million and accrued markup Rs. 112.791 million. The main reason of loss was due to curtailment of working capital lines by financial institutions, fall in sale price of yarn, electricity and gas crisis, major consumption rate variance, low quality cotton resulted in lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast 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 the normal course of business.

These financial statements have been prepared on going concern assumption as directors of the company has committed to provide financial support. Management has also applied to the financial institutions for settlement and restructuring of overdue loan of the company. Management is confident that financial institution will respond positively to the request.

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company's financial position in the foreseeable future.

**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, 2017.

**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.

**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, 2016.

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, 2017.

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) December 31, 2017	(Audited) June 30, 2017
-----Rupees-----			
Operating assets - WDV	5.1	743,878,703	761,062,187
		<u>743,878,703</u>	<u>761,062,187</u>
<b>5.1 Operating assets</b>			
Opening written down value		761,062,187	796,071,755
Add: Additions during the period / year	5.1.1	-	739,500
		<u>761,062,187</u>	<u>796,811,255</u>
Less: Disposals during the period / year	5.1.1	-	-
Depreciation during the period / year		(17,183,484)	(35,749,068)
Closing net book value		<u>743,878,703</u>	<u>761,062,187</u>

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

	December 31, 2017		June 30, 2017	
	Acquisition C o s t	Disposal	Acquisition C o s t	Disposal
-----Rupees-----				
Plant and machinery-Own	-	-	692,000	-
Electric appliances	-	-	47,500	-
Office Equipment	-	-	-	-
Vehicles-Net	-	-	-	-
	<u>-</u>	<u>-</u>	<u>739,500</u>	<u>-</u>

6 Finished goods amounting to Rs. 5,465,453 (June 30, 2017 : Rs. 22,230,304) are stated at their net releasable value aggregating to Rs. 2,093,892 (June 30, 2017 : Rs.20,802,531). The amount charged to profit and loss account in respect of stocks written down to their net realizable value is Rs. 3,371,561 (June, 2017: Rs.1,427,773). Finished goods also includes Rs. Nil (June 30, 2017 : Rs. 1,009,832) in respect of waste stock being valued at net realizable value.

7 Overdue installments of Rs.74,678,199 (June 30, 2017: Rs. 67,502,199) are classified under current maturity.

8 It includes Rs. 138.533 million (June 30, 2017: Rs.138.533 million) subordinated to loans from banking companies.

9 Overdue installments of Rs. 58,952,022 (June 30, 2017: Rs.52,345,570) are classified under current maturity.

## 10 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements for the year ended 30 June 2017.

## 11 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Quarter ended		Half year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Loss for the period - Rupees	(54,051,769)	(65,356,038)	(101,609,834)	(113,235,268)
Weighted average number of ordinary shares	4,467,036	4,467,036	4,467,036	4,467,036
Loss per share - basic - Rupees	<u>- 12.10</u>	<u>- 14.63</u>	<u>- 22.75</u>	<u>- 25.35</u>

11.1 There is no dilutive effect on basic loss per share of the company.

## 12 RELATED PARTY TRANSACTIONS

### Transactions with related parties

	(Unaudited) December 31, 2017	(Unaudited) December 31, 2016
-----Rupees-----		
Remuneration to key management personnel	1,800,000	1,800,000
Long term financing from directors and others-received	-	-

## 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 28th February 2017 by the board of directors of the company.

**15 GENERAL**

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE  
*Dated: February 28, 2018*

DIRECTOR

CHIEF FINANCIAL OFFICER