

**SALMAN NOMAN ENTERPRISES LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

**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, 2012.

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, 2012 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, 2012.

**3 ACCOUNTING POLICIES**

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, 2012.

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, 2012.

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, 2012.

**5 PROPERTY, PLANT AND EQUIPMENT**

	Note	<u>(Unaudited)</u> <u>December 31,</u> <u>2012</u>	<u>(Audited)</u> <u>June 30,</u> <u>2012</u>
-----Rupees-----			
Operating assets	5.1	725,123,236	738,323,526
		<u>725,123,236</u>	<u>738,323,526</u>
<b>5.1 Operating assets</b>			
Opening written down value		738,323,526	767,847,544
Additions during the period / year	5.1.1	3,818,039	8,332,430
		<u>742,141,565</u>	<u>776,179,974</u>
Disposals during the period / year	5.1.1	-	(2,355,893)
Depreciation during the period / year		(17,018,329)	(35,500,555)
		<u>(17,018,329)</u>	<u>(35,500,555)</u>
Closing net book value		<u>725,123,236</u>	<u>738,323,526</u>

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

	December 31, 2012		June 30, 2012	
	Acquisition	Disposal	Acquisition	Disposal
	C o s t		C o s t	
	-----Rupees-----		-----Rupees-----	
Building on free hold land - Mill	370,000	-	11,207	-
Plant and machinery	1,312,500	-	5,385,829	(759,369)
Electric installation	814,004	-	1,244,759	(308,801)
Office equipment	92,035	-	63,680	-
Electric appliances	-	-	108,940	-
Vehicles	1,229,500	-	1,518,015	(1,287,723)
	<u>3,818,039</u>	<u>-</u>	<u>8,332,430</u>	<u>(2,355,893)</u>

- 6 The company has issued Nil (June 30, 2012 : 292,236) ordinary shares of Rs. 10 each during the period as fully paid bonus shares.
- 7 During the period Soneri bank Limited has rescheduled the principal amount and markup outstanding against term finance. According to the rescheduling documents outstanding principal amount will be paid from March 31, 2013 in equal monthly installments of Rs. 1.500 million with a down payment of Rs. 2.00 million and another chunk of Rs. 3 million payable by March 31, 2013. Markup accrued from July 01, 2011 to December 31, 2012 frozen and transfer to frozen markup account. Subsequent markup on term finance will be transferred to frozen account as and when accrued. Frozen markup will be paid in equal monthly installments of Rs. 0.300 million from January 2016 to June 2017. Remaining amount of accrued markup will be paid in equal monthly installments of Rs. 0.500 million to be finally adjusted by February 2012.
- 8 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, 2012 : 71.623 million) subordinated to loans from banking companies.
- 9 The loan has been rescheduled and will expire on June 15, 2013.
- 10 It includes overdue installments of Rs.14,007,974 (June 30, 2012: Rs.5,179,796) and reschedule of First Dawood Investment Bank which will be expire on May 01, 2013.

#### 11 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, 2012. The change in commitments is as follows :

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	-----Rupees-----	
Letter of credit for other than capital expenditure	16,393,140	52,500,218

#### 12 LOSS PER SHARE - BASIC AND DILUTED

	Quarter ended		Half year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Loss for the period - Rupees	(20,315,610)	(76,525,577)	(18,889,440)	(76,202,745)
Weighted average number of ordinary shares	4,467,036	4,467,036	4,467,036	4,467,036
Loss per share - basic - Rupees	<u>(4.55)</u>	<u>(17.13)</u>	<u>(4.23)</u>	<u>(17.06)</u>

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

#### 13 RELATED PARTY TRANSACTIONS

##### Transactions with related parties

	(Unaudited) December 31, 2012	(Unaudited) December 31, 2011
	-----Rupees-----	
Remuneration to key management personnel	1,200,000	1,200,000
Long term financing from directors and others	-	9,065,530

	(Unaudited) December 31, 2012	(Audited) June 30, 2012
	-----Rupees-----	
<b>Balance with related parties</b>		
Long term financing from directors and others	71,622,513	71,622,513

#### 14 CORRESPONDING FIGURES

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

Note	From	To	Natures	Amount
	Distribution cost - commission	Sales - commission	Better presentation	547,381

#### 15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **February 27, 2013** by the board of directors of the company.

#### 16 GENERAL

Figures have been rounded off to the nearest rupees.

*Dated: February 27, 2013*

(NAUMAN ALMAS)  
CHIEF EXECUTIVE

(MRS. SHAMIM AKHTAR)  
DIRECTOR