

**A C C O U N T S**  
**(UN-AUDITED)**

**FOR THE**  
**SIX** MONTHS PERIOD ENDED  
*31 December 2019*



**SALMAN NOMAN**  
**ENTERPRISES LIMITED**

# **SALMAN NOMAN ENTERPRISES LIMITED**

## **DIRECTOR REVIEW FOR THE HALF YEAR DECEMBER 31, 2019**

The Directors of your company have the pleasure to submit un-audited accounts for the Half Year Ended as on 31<sup>st</sup> December 2019.

During the period under review the company remains closed its operations due to unavailability of working capital.

The cost of production in Pakistan for an average sized textile unit is more than even the sales price offered by many other countries manufacturers. This scenario is certainly clarifying the position that in these circumstances, viability or continuance of operations is tough and those units who are still operating are mostly incurring losses. More than 150 units have either closed their operation or they are looking to close down. The lack of support from the Government in the country along with intense competition with foreign competitors is grinding the sector from the both ends specifically the comparatively small units.

The matters with the banking companies are under litigation with the banking companies in the court of law and there are no credit lines available to the company. However, the directors of the company are continuously making their efforts to start its operations.

### **Going Concern**

Company's auditors, in their report, have drawn your attention to note 1.2 to the interim financial information, the Company has incurred net loss of Rs. 15.420 million (Dec. 2018: Rs. 42.488 million) resulting in accumulated loss of Rs. 690.274 million (Jun 2019: Rs. 678.903 million) at the close of the half year ended on 31 December 2019. The Company's current liabilities exceed its current assets by Rs. 839.695 million (Jun 2019: Rs. 838.618 million). The Company is facing operational crisis and have lost key management without replacement and the commercial operations of the Company had been ceased. The Company is in severe liquidity crisis and inability of the Company to comply with the loan agreements and to pay the finances obtained. These conditions indicate the existence of material uncertainty which may cast a 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 normal course of business.

These financial statements have been prepared on going concern assumption as directors of the company have committed to provide financial support. Management has prepared the plan to restart operations in near future. Furthermore, management has also applied to the financial institutions for settlement and restructuring of overdue of the company. Management is confident that financial institution will respond positively to the request.

The directors are thankful to customers for their support and co-operation to the company.

FOR AND ON BEHALF OF THE BOARD

**Lahore:**  
**February 28, 2020**

**( NAUMAN ALMAS )**  
**Chief Executive**

# SALMAN NOMAN ENTERPRISES LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALMAN ENTERPRISES LIMITED

### REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

#### Introduction

We were engaged to review the accompanying condensed interim statement of financial position of **Salman Noman Enterprises Limited** ("the Company") as at 31 December 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with notes forming part thereof (here-in-after referred to as the interim financial information) for the half year period then ended. Management is responsible for the preparation and presentation of this interim financial in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures for the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2019.

#### Scope of review

We conducted our review in accordance with international standard on review engagement 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. However, because of the matters described in the basis of disclaimer section of our report we were unable to conduct significant review procedure that we considered necessary to express a conclusion on the condensed interim financial information.

#### Basis for disclaimer of conclusion

1. As reported in note 1.2 to the interim financial information, the Company has incurred net loss of Rs. 15.420 million (Dec.2018: Rs. 42.488million) resulting in accumulated loss of Rs. 690.274 million (Jun 2019: Rs. 678.903million) at the close of the half year ended on 31 December 2019. The Company's current liabilities exceed its current assets by Rs. 839.695 million (Jun 2019: Rs. 838.618million).

The Company is facing operational crisis and have lost key management without replacement and the commercial operations of the Company had been ceased. The Company is in severe liquidity crisis and inability of the Company to comply with the loan agreements and to pay the finances obtained. These conditions indicate the existence of material uncertainty which may cast a 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 normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect.

The evidence available to us to confirm the appropriateness of preparing the financial statements on a "going concern" basis was invalid because of the reason mentioned in the preceding paragraph.

2. The beginning balances of entire account balances appearing in the statement of financial position remained unverified (refer para (a) to (n) of annual audit report which expressed disclaimer of an audit opinion dated 07 October 2019) the verification of same remained status quo.

#### Disclaimer of Conclusion

Due to the significance of the matters described in the basis for disclaimer of conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying condensed interim financial information. Accordingly, we do not express a conclusion on these condensed interim financial information.

The engagement partner on the review resulting in this independent auditor's review report is Kamil Fatah.

**KAMRAN & CO.**  
**CHARTERED ACCOUNTANTS**

**Lahore**  
**28th February, 2020**

# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 DECEMBER 2019

	Note	Un-Audited 31/Dec/2019 Rupees	Audited 30/Jun/2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
10,000,000 (30 June 2019: 10,000,000) ordinary shares of Rs. 10 each		100,000,000	100,000,000
Share capital	5	44,670,360	44,670,360
Accumulated loss		(690,274,216)	(678,902,552)
Surplus on revaluation of property, plant and equipment		310,479,878	314,528,970
		(335,123,978)	(319,703,222)
<b>Non-current liabilities</b>			
Long-term finances from financial institutions	6	48,505,746	48,505,746
Liabilities against assets subject to finance lease	7	-	829,971
Long-term finances from related parties	8	138,683,905	138,683,905
Deferred liabilities		4,074,332	4,074,332
		191,263,983	192,093,954
<b>Current liabilities</b>			
Trade and other payables		445,369,693	445,319,693
Mark-up accrued on borrowings		134,601,511	134,601,511
Short term borrowings	9	176,842,537	176,690,537
Current portion of long-term finances	10	232,519,910	231,689,939
Provision for taxation		10,652,251	10,652,251
		999,985,902	998,953,931
<b>CONTINGENCIES AND COMMITMENTS</b>			
		-	-
		856,125,907	871,344,663
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	679,372,692	694,591,448
Long-term deposits		16,467,060	16,467,060
		695,839,752	711,058,508
<b>Current assets</b>			
Stores, spare parts and loose tools		30,453,008	30,453,008
Stock in trade		90,012,572	90,012,572
Trade debts		2,448,541	2,448,541
Trade deposits and prepayments		1,850,000	1,850,000
Balances due from government		35,269,523	35,269,523
Cash and bank balances		252,511	252,511
		160,286,155	160,286,155
		856,125,907	871,344,663

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Lahore:

Dated: February 28, 2020    CHIEF EXECUTIVE    DIRECTOR    CHIEF FINANCIAL OFFICER

# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT/ STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

Note	Half year ended		Quarter ended	
	31/Dec/2019	31/Dec/2018	31/Dec/2019	31/Dec/2018
	Rupees		Rupees	
Operating expenses				
Administrative and selling expenses	(202,000)	(197,142)	(166,000)	(61,071)
Other operating expenses	(15,218,756)	(16,403,928)	(15,218,756)	(8,201,964)
	(15,420,756)	(16,601,070)	(15,384,756)	(8,263,035)
Finance cost	-	(25,887,432)	-	(13,702,184)
Loss before taxation	(15,420,756)	(42,488,502)	(15,384,756)	(21,965,219)
Taxation	-	-	-	-
Loss after taxation	(15,420,756)	(42,488,502)	(15,384,756)	(21,965,219)
<b>Total comprehensive loss</b>	<b>(15,420,756)</b>	<b>(42,488,502)</b>	<b>(15,384,756)</b>	<b>(21,965,219)</b>
<b>Loss per share - basic and diluted</b>	<b>(3.45)</b>	<b>(9.51)</b>	<b>(3.44)</b>	<b>(4.92)</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

	Share capital	Accumulated loss	Revaluation surplus on property, plant and equipment	Total Equity
	-----Rupees-----			
Balance as at 30 June 2018	44,670,360	(658,704,981)	326,535,171	(287,499,450)
<b>Total comprehensive loss for the six months period ended 31 December 2018</b>				
Loss for the period	-	(42,488,502)	-	(42,488,502)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	5,856,150	(5,856,150)	-
Balance as at 31 December 2018	44,670,360	(695,337,333)	320,679,021	(329,987,952)
<b>Total comprehensive income for the six months period ended 30 June 2019</b>				
Income for the period	-	10,284,730	-	10,284,730
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	6,150,051	(6,150,051)	-
Balance as at 30 June 2019	44,670,360	(678,902,552)	314,528,970	(319,703,222)
<b>Total comprehensive income for the six months period ended 31 December 2019</b>				
Loss for the period	-	(15,420,756)	-	(15,420,756)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	4,049,092	(4,049,092)	-
Balance as at 31 December 2019	44,670,360	(690,274,216)	310,479,878	(335,123,978)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Lahore:

Dated: February 28, 2020 CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

# SALMAN NOMAN ENTERPRISES LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

---- Six months ended ----

	31/Dec/2019	31/Dec/2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(15,420,756)	(42,488,502)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	15,218,756	16,526,070
Finance cost	-	25,887,432
	15,218,756	42,413,502
Loss before working capital changes	(202,000)	(75,000)
Working capital changes		
(Increase) / Decrease in current assets	-	125,000
Increase / (Decrease) in trade and other payables	50,000	-
	50,000	125,000
Cash (used in) / generated from operations	(152,000)	50,000
<b>Net cash (used in) / generated from operating activities</b>	<b>(152,000)</b>	<b>50,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short term finances	152,000	-
<b>Net cash in flow from financing activities</b>	<b>152,000</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>50,000</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>252,511</b>	<b>252,511</b>
<b>Cash and cash equivalents at end of period</b>	<b>252,511</b>	<b>302,511</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

### 1 STATUS AND ACTIVITIES

1.1 Salman Noman Enterprises Limited (the Company) is a public limited company incorporated under the Companies Ordinance, 1984 (now Companies Act, 2017) and listed at Pakistani Stock Exchange (formerly Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at 03 Kilometer Bhai Pheru, Tehsil Chunian, District Kasur. The Company was engaged in manufacturing and sale of yarn. The Company had ceased its operations since February 2018.

### 1.2 Going concern assumption

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company incurred a net loss for the period ended of Rs. 15,420,756 (Dec 2018: Rs. 42,488,502) resulting in accumulated losses at the end of the period of Rs. 690,274,216 (June 2019: Rs. 678,902,552). The Company's current liabilities exceed its current assets at reporting date by Rs. 839,699,747 (June 2018: Rs. 838,667,776).

The Company had ceased its operations since February 2018 due to working capital. However, subsequent to the balance sheet date, the management is taking steps to recommence operations and the Company is in negotiations with financial institutions / sponsors of the Company for borrowing of funds to manage working capital requirements. The Company managed its liquidity constraints largely thru financing from its sponsors. The Company's ability to continue as a going concern is dependent on continued financing from sponsors. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2019.

### 3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2019.

# SALMAN NOMAN ENTERPRISES LIMITED

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

	Un-Audited 31/Dec/2019	Audited 30/Jun/2019
	Rupees	Rupees
<b>5 SHARE CAPITAL</b>		
<b>Authorized capital</b>		
10,000,000 (June 30, 2019: 10,000,000) Ordinary shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>		
4,467,036 (June 30, 2019: 4,467,036) ordinary shares of Rs 10/- each fully paid in cash	<u>44,670,360</u>	<u>44,670,360</u>
<b>6 LONG-TERM FINANCES FROM FINANCIAL INSTITUTIONS</b>		
<i>Mark-up bearing secured finances from financial institutions</i>		
Soneri Bank Limited	122,353,746	122,353,746
National Bank of Pakistan	<u>27,158,199</u>	<u>27,158,199</u>
	<u>149,511,945</u>	<u>149,511,945</u>
Less: Long-term finances transferred to current liabilities		
Current Maturity		
Overdue portion of long-term finances	<u>101,006,199</u>	<u>101,006,199</u>
	<u>101,006,199</u>	<u>101,006,199</u>
	<u>48,505,746</u>	<u>48,505,746</u>
<b>7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease payments	81,855,397	81,855,397
Less: Current portion of obligation	<u>81,855,397</u>	<u>81,025,426</u>
	<u>-</u>	<u>829,971</u>
<b>8 LONG-TERM FINANCES FROM RELATED PARTIES</b>		
<i>From related parties - unsecured</i>		
Loan from related parties	<u>138,683,905</u>	<u>138,683,905</u>
<b>8.1 Loan from related parties</b>		
As at June 30, 2015, the management of the Company has entered into agreement with directord and decided repayment terms of unsecured loan (previously repayment of the loan were not determined). According to the agreement, the tenure of loans is fifteen years with grace period of five years. These loans are unsecured and carrying markup of one month Kibor plus 0.5 percent (June 30, 2019: one month Kibor plus 0.5 percent) payable annually from July 1, 2015. The outstanding amount will be repayable in 10 equal annual installments of Rs. 13.868 million each (Starting from June 30, 2021 and ending on June 30, 2030). These includes amount of Rs. 138.683 million (June 30, 2019: Rs. 138,683) as subordinated to the loans from banking companies.		
	Un-Audited	Audited
	31/Dec/2019	30/Jun/2019
	Rupees	Rupees
<b>9 SHORT TERM BORROWINGS</b>		
<i>Secured - from banking companies</i>		
Running finance	151,500,976	151,500,976
Forced demand draft-Guarantee	<u>17,189,561</u>	<u>17,189,561</u>
	<u>168,690,537</u>	<u>168,690,537</u>
<i>Unsecured - from related parties</i>		
Borrowings from related parties	<u>8,152,000</u>	<u>8,000,000</u>
	<u>176,842,537</u>	<u>176,690,537</u>
<b>10 CURRENT PORTION OF LONG-TERM FINANCES</b>		
Long-term finances	101,006,199	101,006,199
Liabilities against assets subject to finance lease	81,855,397	81,025,426
Long term loans from others	<u>49,658,313</u>	<u>49,658,313</u>
	<u>232,519,909</u>	<u>231,689,938</u>
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening WDV	694,591,448	726,695,220
Less: Depreciation	<u>(15,218,756)</u>	<u>(32,103,772)</u>
Book value as at period end	<u>679,372,692</u>	<u>694,591,448</u>
<b>12 AUTHORIZATION FOR ISSUE</b>		
These financial statements have been approved by the board of directors of the Company and authorized for issue on February 28, 2020.		
<b>13 CORRESPONDING FIGURES</b>		
13.1	Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.	
13.2	Figures have been rounded off to the nearest of rupees.	

Lahore:

Dated: February 28, 2020 CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

# SALMAN NOMAN ENTERPRISES LIMITED

## 31 دسمبر 2019 کو اختتام پزیر نصف سال کے لیے ڈائریکٹرز کی جائزہ رپورٹ

31 دسمبر 2019 کو اختتام پزیر نصف سال کیلئے آپ کی کمپنی کے ڈائریکٹرز نمبر پڑتال شدہ کھاتے پیش کرنے میں سرت کا اظہار کرتے ہیں۔

زیر جائزہ مدت کے دوران ورلڈ ونگ سرمایہ کی عدم دستیابی کی وجہ سے کمپنی نے اپنی کاروائیاں بدستور بند رکھی۔

اوسط سائز کے ٹیکسٹائل اینڈ فٹ ویئر کے لیے پاکستان میں پیداواری لاگت دوسرے ممالک کے مینوفیکچررز کی پیش کردہ فروخت قیمت سے بھی زیادہ ہے۔ یہ منظر پیشی طور پر اس پوزیشن کی وضاحت کر رہا ہے۔ کہ ان حالات میں عملیاتی آپریشن مسلسل سخت ہے اور وہ پورٹ جو اب بھی کام کر رہے ہیں زیادہ تر کو نقصان اٹھانا پڑ رہا ہے۔ 150 سے زیادہ پونوں نے یا تو اپنا آپریشن بند کر دیا ہے یا وہ بند ہونے کے قریب ہیں۔

غیر ملکی خریدوں کے ساتھ شدید مسابقت کے ساتھ ملک میں حکومت کی مدد کا فقدان دونوں شعبوں سے خاص طور پر ٹیکسٹائل پونوں کو چھین رہا ہے۔ بینکنگ کمپنیوں کے ساتھ معاملات قانونی عدالت میں زیر بحث ہیں اور کمپنی کے پاس کریڈٹ لائن دستیاب نہیں ہے۔ تاہم کمپنی کے ڈائریکٹرز اپنے آپریشنز کے آغاز کیلئے مسلسل کوشش جاری رکھے ہوئے ہیں۔

کاروبار جاری رکھنے کی صلاحیت:

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں عبوری مالیاتی معلومات کے نوٹ 1.2 پر توجہ دلائی ہے کمپنی کو 15.420 ملین روپے (دسمبر 2018: 42.488 ملین روپے) خالص خسارہ کا سامنا رہا۔ جس کے نتیجے میں 31 دسمبر 2019 کو اختتام پزیر نصف سال پر 690.274 ملین روپے کا مجموعی خسارہ ہو۔

(جون 2019: 678.903 ملین روپے)۔ کمپنی کے حالیہ واجبات حالیہ اثاثہ جات سے 839.695 ملین روپے (جون 2019: 838.618 ملین روپے) زائد ہیں۔ کمپنی کو آپریشنل بحران کا سامنا ہے۔ اور بغیر قبائل کے اپنی بنیادی انتظامیہ سے محروم ہو چکی ہے۔ اور کمپنی کی تجارتی آپریشنز بھی بند ہو چکی ہیں۔ کمپنی کی ایسالیٹ کے بحران سے دوچار ہے اور کمپنی قرضوں کے معاہدہ پر عمل درآمد قرضوں کی واپسی کی صلاحیت کھو چکی ہے۔ یہ حالات غیر پیشی کی صورت حال کا اشارہ کرتے ہیں۔ جس سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر نمایاں ابہام موجود ہے لہذا کمپنی اپنے اثاثہ جات اور واجبات میں توازن رکھنے میں ناکام ہو چکی ہے۔ یہ مالیاتی اہلیتیں جاری کاروبار کے مفروضہ پر تیار کی گئی ہے کیونکہ کمپنی کے ڈائریکٹرز نے مالی مدد فراہم کرنے کا وعدہ کیا ہے۔ انتظامیہ نے مستقبل قریب میں آپریشنز کے دوبارہ آغاز کا منصوبہ بنایا ہے۔

مزید برآں انتظامیہ نے کمپنی کے واجبات کی ادائیگی اور ری سٹرکچرنگ کے لیے مالی اداروں سے درخواست کی ہے۔ انتظامیہ پر عزم ہے کہ مالی ادارے اس درخواست پر مثبت جواب دیں گے۔

ڈائریکٹرز کمپنی کے ساتھ صارفین کی حمایت اور تعاون کے شکر گزار ہیں۔

مخاطب ابراے پورڈ

(نعمان الماس)

چیف ایگزیکٹو

لاہور

28 فروری 2020



IF UNDELIVERED PLEASE RETURN TO:-

**SALMAN NOMAN ENTERPRISES LIMITED**  
3-K-M, Balloki Road, Bhainpuru  
Tehsil Pattoki Distt. Kasur

**BOOK POST**  
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