

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

FOR THE
SIX MONTHS PERIOD ENDED
31 December 2020



SALMAN NOMAN
ENTERPRISES LIMITED

SALMAN NOMAN ENTERPRISES LIMITED

DIRECTOR REVIEW FOR THE HALF YEAR DECEMBER 31, 2020

The Directors of your company have the pleasure to submit un-audited accounts for the Half Year Ended as on 31st December 2020.

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

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 starts 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. 14.633 million (Dec. 2019: Rs. 15.421 million) resulting in accumulated loss of Rs. 709.028 million (Jun 2020: Rs. 698.242 million) at the close of the half year ended on 31 December 2020. The Company's current liabilities exceed its current assets by Rs. 853.876 million (Jun 2020: Rs. 853.674 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 26, 2021

(NAUMAN ALMAS)
Chief Executive

SALMAN NOMAN ENTERPRISES LIMITED

Auditors' Report to the Members of Salman Noman Enterprises Limited on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Salman Noman Enterprises Limited** ("the Company") as at December 31, 2020 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the three months period ended December 31, 2020 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to view only cumulative figures for six months period ended December 31, 2020.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information performed by independent Auditor of the Entity." Review of interim financial information consists of making inquiries, primarily of 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

- a) As reported in note 1.2 to the interim financial information, the Company has incurred net loss of Rs. 14.633 million (Dec. 2019: Rs. 15.421 million) resulting in accumulated loss of Rs. 709.028 million (Jun 2020: Rs. 698.242 million) at the close of the half year ended on 31 December 2020. The Company's current liabilities exceed its current assets by Rs. 853.876 million (Jun 2020: Rs. 853.674 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. 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.

- b) The beginning balances of entire account balances appearing in the statement of financial position remained unverified (refer para (a) to (o) of annual audit report which expressed disclaimer of an audit opinion dated 05 October 2020) 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.

SHEIKH & CHAUDHRI
Chartered Accountants
Engagement Partner: SAAD ALI RANA

Lahore
Date: February 26, 2021

SALMAN NOMAN ENTERPRISES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Un-Audited	Audited
		31/Dec/2020	30/Jun/2020
		Rupees	Rupees (Restated)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
		10,000,000 (30 June 2020: 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		(709,028,785)	(698,242,076)
Surplus on revaluation of property, plant and equipment		299,276,443	303,123,080
		(365,081,981)	(350,448,636)
Non-current liabilities			
Long-term finances from financial institutions	6	48,505,746	48,505,746
Liabilities against assets subject to finance lease	7	-	-
Long-term finances from related parties	8	124,815,514	124,815,514
Deferred liabilities		4,074,332	4,074,332
		177,395,592	177,395,592
Current liabilities			
Trade and other payables		445,419,693	445,419,693
Mark-up accrued on borrowings		134,601,511	134,601,511
Short term borrowings	9	177,100,437	176,898,437
Current portion of long-term finances	10	246,388,300	246,388,300
Provision for taxation		10,652,251	10,652,251
		1,014,162,192	1,013,960,192
CONTINGENCIES AND COMMITMENTS			
		-	-
		826,475,803	840,907,149
ASSETS			
Non-current assets			
Property, plant and equipment	11	649,722,588	664,153,934
Long-term deposits		16,467,060	16,467,060
		666,189,648	680,620,994
Current assets			
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
		826,475,803	840,907,149

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

Lahore:

Dated: February 26, 2021 CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

SALMAN NOMAN ENTERPRISES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

Note	Half year ended		Quarter ended	
	31/Dec/2020	31/Dec/2019	31/Dec/2020	31/Dec/2019
	Rupees		Rupees	
Operating expenses				
Administrative and selling expenses	(202,000)	(202,000)	(184,000)	(166,000)
Other operating expenses	(14,431,346)	(15,218,756)	(7,215,672)	(15,218,756)
	(14,633,346)	(15,420,756)	(7,399,672)	(15,384,756)
Finance cost	-	-	-	-
Loss before taxation	(14,633,346)	(15,420,756)	(7,399,672)	(15,384,756)
Taxation	-	-	-	-
Loss after taxation	(14,633,346)	(15,420,756)	(7,399,672)	(15,384,756)
Total comprehensive loss	(14,633,346)	(15,420,756)	(7,399,672)	(15,384,756)
Loss per share - basic and diluted	(3.28)	(3.45)	(1.66)	(3.44)

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 2020

	Revaluation surplus on property, plant and equipment			
	Share capital	Accumulated loss		Total Equity
	-----Rupees-----			
Balance as at 30 June 2019	44,670,360	(678,902,552)	314,528,970	(319,703,222)
Total comprehensive loss for the six months period ended 31 December 2019				
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)
Total comprehensive income for the six months period ended 30 June 2020				
Income for the period	-	(15,324,658)	-	(15,324,658)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	7,356,798	(7,356,798)	-
Balance as at 30 June 2020	44,670,360	(698,242,076)	303,123,080	(350,448,636)
Total comprehensive income for the six months period ended 31 December 2020				
Loss for the period	-	(14,633,346)	-	(14,633,346)
Incremental depreciation on revaluation of property, plant and equipment for the period (net of deferred taxation)	-	3,846,637	(3,846,637)	-
Balance as at 31 December 2020	44,670,360	(709,028,785)	299,276,443	(365,081,982)

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

Lahore:

Dated: February 26, 2021 CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

SALMAN NOMAN ENTERPRISES LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	---- Six months ended ----	
	31/Dec/2020	31/Dec/2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(14,633,346)	(15,420,756)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	14,431,346	15,218,756
Finance cost	-	-
	14,431,346	15,218,756
Loss before working capital changes	(202,000)	(202,000)
Working capital changes		
(Increase) / Decrease in current assets	-	-
(Decrease) in trade and other payables	-	50,000
	-	50,000
Cash (used in) / generated from operations	(202,000)	(152,000)
Net cash (used in) / generated from operating activities	(202,000)	(152,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term finances	202,000	152,000
Net cash in flow from financing activities	202,000	152,000
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	252,511	252,511
Cash and cash equivalents at end of period	252,511	252,511

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 2020

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. 14,633,346 (Dec 2019: Rs. 15,420,756) resulting in accumulated losses at the end of the period of Rs. 709,028,785 (June 2020: Rs. 698,242,076). The Company's current liabilities exceed its current assets at reporting date by Rs. 853,876,037 (June 2020: Rs. 853,674,037).

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 2020.

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, 2020.

SALMAN NOMAN ENTERPRISES LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	Un-Audited 31/Dec/2020 Rupees	Audited 30/Jun/2020 Rupees (Restated)
5 SHARE CAPITAL		
Authorized capital		
10,000,000 (June 30, 2020: 10,000,000) Ordinary shares of Rs. 10 each	100,000,000	100,000,000
Issued, subscribed and paid-up share capital		
4,467,036 (June 30, 2020: 4,467,036) ordinary shares of Rs 10/- each fully paid in cash	44,670,360	44,670,360
6 LONG-TERM FINANCES FROM FINANCIAL INSTITUTIONS		
Mark-up bearing secured finances from financial institutions		
Soneri Bank Limited	122,353,746	122,353,746
National Bank of Pakistan	27,158,199	27,158,199
	149,511,945	149,511,945
Less: Long-term finances transferred to current liabilities		
Current Maturity		
Overdue portion of long-term finances	101,006,199	101,006,199
	48,505,746	48,505,746
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	81,855,397	81,855,397
Less: Current portion of obligation	81,855,397	81,855,397
	-	-
8 LONG-TERM FINANCES FROM RELATED PARTIES		
From related parties - unsecured		
Loan from related parties	138,683,905	138,683,905
Less: Current portion	(13,868,391)	(13,868,391)
	124,815,514	124,815,514
8.1 Loan from related parties		
As at June 30, 2015, the management of the Company has entered into agreement with directors 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, 2020: 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 31/Dec/2020 Rupees	Audited 30/Jun/2020 Rupees (Restated)
9 SHORT TERM BORROWINGS		
Secured - from banking companies		
Running finance	151,500,976	168,690,537
Forced demand draft-Guarantee	17,189,561	-
	168,690,537	168,690,537
Unsecured - from related parties		
Borrowings from related parties	8,409,900	8,207,900
	177,100,437	176,898,437
10 CURRENT PORTION OF LONG-TERM FINANCES		
Long-term finances from financial institutions	101,006,199	101,006,199
Liabilities against assets subject to finance lease	81,855,397	81,855,397
Long term finances from related parties	13,868,391	13,868,391
Long term loans from others	49,658,313	49,658,313
	246,388,300	246,388,300
11 PROPERTY, PLANT AND EQUIPMENT		
Opening WDV	664,153,934	679,372,692
Less: Depreciation	(14,431,346)	(15,218,758)
Book value as at period end	649,722,588	664,153,934
12 AUTHORIZATION FOR ISSUE		
These financial statements have been approved by the board of directors of the Company and authorized for issue on 26th February, 2021.		
13 CORRESPONDING FIGURES		
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 26, 2021 CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

SALMAN NOMAN ENTERPRISES LIMITED

31 دسمبر 2020 کو اختتام پذیر نصف سال کے لیے ڈائریکٹرز کی جائزہ رپورٹ

31 دسمبر 2020 کو اختتام پذیر 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 ورلنگ سرمایہ کی عدم دستیابی کی وجہ سے کمپنی نے اپنی کاروائیاں بدستور بند رکھی۔

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 14.633 ملین روپے (دسمبر 2019: 15.421 ملین روپے) نالغ خسارہ کا سامنا رہا۔ جس کے نتیجے میں 31 دسمبر 2020 کو اختتام پذیر نصف سال پر 709.028 ملین روپے کا مجموعی خسارہ ہو۔ (جون 2020: 698.242 ملین روپے)۔ کمپنی کے حالیہ واجبات حالیہ اثاثہ جات سے 853.876 ملین روپے (جون 2020: 853.674 ملین روپے) زائد ہیں۔ کمپنی کو آپریشنل بحران کا سامنا ہے۔ اور بغیر قبضہ کی اپنی بنیادی انتظامیہ سے محروم ہو چکی ہے۔ اور کمپنی کے تھری آپریشنز بھی بند ہو چکے ہیں۔ کمپنی ایصالیت کے بحران سے دوچار ہے اور کمپنی قرضوں کے معاہدہ پر عمل درآمد اور قرضوں کی واپسی کی صلاحیت کھو چکی ہے۔ یہ حالات غیر یقینی کی صورت حال کا اشارہ کرتے ہیں۔ جس سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر نمایاں اہتمام موجود ہے لہذا کمپنی اپنے اثاثہ جات اور واجبات میں توازن رکھنے میں ناکام ہو چکی ہے۔ یہ مالیاتی ایشیٹمنٹس 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 شکرگزار ہیں۔

صفا نیب / برائے بورڈ

(نعمان الماس)

چیف ایگزیکٹو

لاہور

26 فروری 2021



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