

**CONDENSED INTERIM
FINANCIAL INFORMATION**
For the First Quarter ended
SEPTEMBER 30, 2014

(Un-Audited)



N. P. Spinning Mills Limited

BOOK POST

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N. P. SPINNING MILLS LIMITED

DIRECTORS' REPORT

The Directors are pleased to present before you the condensed (un-audited) interim financial information for the three month period ended September 30, 2014.

OPERATING & FINANCIAL RESULTS

The operating & financial results of the Company for the period under review are not encouraging. Sales for the period amounted to Rs.229 (M) compared to Rs.573 (M) for the same period last year. The Company sustained a pretax loss of Rs.3.028 (M) compared to pretax profit of Rs.19.068 (M). The loss is attributable to heavy scheduled & unscheduled gas & power disruption in the province of Punjab. Resultantly we suffered a production loss of about 40% compared to our capacity to produce. Due to appreciation of PKR, exports are on the decline. Also, because of the law & order situation, industrial & trading activity has shown down turn, making it difficult to pass on the cost push effect completely to the customers.

EARNINGS PER SHARE

The earnings per share for the period is Rs. (0.36).

FUTURE OUTLOOK

Due to global pressure of high production of cotton in China, India and the USA, domestic market in Pakistan for the time being is hardly stable. A bumper cotton crop was expected for the season 2014-15 but due to rains / floods, damage has caused to cotton crops; the final crop size is not yet known. China has started purchasing of low count yarn from Pakistan. It is a good sign. TCP's procurement program is going to begin in the next month. As such exact cotton scenario will emerge later. Textile Industry is likely to benefit from the GSP Plus status given by EU, provided law & order situation and energy crisis are redressed soon.

ACKNOWLEDGEMENT

The Directors wish to acknowledge and appreciate the support of Shareholders, Bankers Suppliers and the dedication and hard work of the Staff & Workers.

On behalf of the Board

(INAMUR REHMAN)
Chairman

Karachi: October 30, 2014

N. P. SPINNING MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT SEPTEMBER 30, 2014

	(Un-Audited) Sept. 30, 2014	(Audited) June 30, 2014
	Note	Rupees
SHARE CAPITAL AND RESERVES		
Authorised		
32,000,000 (2013 : 32,000,000)		
Ordinary shares of Rs 10/-each	320,000,000	320,000,000
Issued, subscribed and paid up	147,000,000	147,000,000
Unappropriated profit	184,887,549	190,203,581
	331,887,549	337,203,581
NON-CURRENT LIABILITIES		
Loan from directors		
unsecured-interest free	153,500,000	153,500,000
Deferred liabilities	60,260,596	59,174,446
Liabilities against import of machinery	—	123,564,300
CURRENT LIABILITIES		
Liabilities against import of machinery	208,985,242	85,420,942
Trade and other payables	321,196,760	515,283,424
Mark-up accrued on short term borrowings	8,944,663	9,810,286
Short term borrowings	633,179,179	453,004,553
	1,172,305,844	1,063,519,205
CONTINGENCIES AND COMMITMENTS		
	5	
	<u>1,717,953,989</u>	<u>1,736,961,532</u>
NON-CURRENT ASSETS		
Property, plant and equipment	6	524,008,953
Long-term deposits		1,645,222
		538,024,396
CURRENT ASSETS		
Stores, spares and loose tools		25,597,214
Stock-in-trade		909,916,673
Trade debts		132,069,960
Advances and other receivables		43,656,315
Sales tax refundable		15,216,886
Cash and bank balances		65,842,766
		1,192,299,814
		1,197,291,914
		<u>1,717,953,989</u>
		<u>1,736,961,532</u>

(KHALID INAM)
Chief Executive

(INAMUR REHMAN)
Chairman/Director

**N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM PROFIT
AND LOSS ACCOUNT (Un-Audited)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		Sept. 30, 2014	Sept. 30, 2013
	Note	Rupees	Rupees
Sales		228,811,142	573,095,860
Cost of goods sold	7	(208,624,050)	(509,115,092)
Gross profit		20,187,092	63,980,768
Other income		4,379,567	1,631,967
		<u>24,566,659</u>	<u>65,612,735</u>
Distribution cost		4,079,283	11,293,283
Administrative expenses		8,482,616	11,198,706
Other operating expenses		644,568	11,880,605
Finance cost		14,388,113	12,172,486
		<u>(27,594,580)</u>	<u>(46,545,080)</u>
Profit/(loss) before taxation		(3,027,921)	19,067,655
Taxation		(2,288,111)	(5,730,958)
Profit/(loss) after taxation		(5,316,032)	13,336,697
Other comprehensive income		—	—
Total comprehensive income for the period		<u>(5,316,032)</u>	<u>13,336,697</u>
Earnings per share-basic and diluted		(0.36)	0.91

(KHALID INAM)
Chief Executive

(INAMUR REHMAN)
Chairman/Director

**N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM CASH FLOW
STATEMENT (Un-Audited)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Sept. 30, 2014	Sept. 30, 2013
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(3,027,921)	19,067,655
Adjustments for:		
Depreciation on property, plant and equipment	13,940,347	10,014,007
Gain on disposal of property, plant and equipment	(282,346)	—
Provision for staff retirement gratuity	3,472,317	1,757,123
Liabilities written back	(2,478,109)	—
Profit on bank deposits	(1,619,112)	(1,470,726)
Finance cost	14,388,113	12,172,486
Operating cash flows before changes in working capital	<u>24,393,288</u>	<u>41,540,545</u>
Changes in working capital (Increase)/decrease in current assets		
Stores, spares and loose tools	2,502,816	5,167,771
Stock in Trade	(16,892,681)	201,778
Trade debts	91,032,627	(27,496,194)
Advances and other receivables	(6,081,601)	(31,902,812)
Sales tax refundable	(3,871,122)	4,571,086
Increase / (decrease) in current liabilities		
Trade and other payables	(191,527,269)	33,986,507
	<u>(124,837,230)</u>	<u>(15,471,864)</u>
Cash (used in) / generated from operations	(100,443,942)	26,068,681
Finance cost paid	(15,253,737)	(14,276,960)
Gratuity paid	(2,386,167)	(1,775,230)
Tax paid/refund	(2,629,247)	(3,541,585)
Net cash (used in)/generated from operating activities	<u>(120,713,093)</u>	<u>6,474,906</u>

N. P. SPINNING MILLS LIMITED

Sept. 30,
2014

Sept. 30,
2013

	Sept. 30, 2014	Sept. 30, 2013
	Rupees	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(242,558)	(9,999,725)
Proceeds from disposal of property, plant and equipment	600,000	—
Profit on bank deposits	119,072	305,243
Net cash (used in) / generated from investing activities	<u>476,514</u>	<u>(9,694,482)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term bank borrowings increased/(decreased)-net	140,356,314	(15,017,561)
Foreign bills payable	—	8,470,240
Net cash (used in) / generated from financing activities	<u>140,356,314</u>	<u>(6,547,321)</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	20,119,736	(9,766,897)
Cash and cash equivalents at the beginning of the period	(31,651,926)	(171,776,108)
Cash and cash equivalents at the end of the period	<u>(11,532,190)</u>	<u>(181,543,005)</u>
Cash and cash equivalents		
Cash and bank balances	65,842,766	67,028,878
Running finance	(77,374,956)	(248,571,883)
	<u>(11,532,190)</u>	<u>(181,543,005)</u>

(KHALID INAM)
Chief Executive

(INAMUR REHMAN)
Chairman/Director

**N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (Un-Audited)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Share Capital	Unappro- priated Profit	Total
	Rupees		
Balance at July 01, 2013 - restated	147,000,000	180,189,749	327,189,749
Comprehensive Income			
Profit for the period ended September 30, 2013	—	13,336,697	13,336,697
Other Comprehensive income - net of tax	—	—	—
	—	13,336,697	13,336,697
Balance at September 30, 2013 - restated	147,000,000	193,526,446	340,526,446
Comprehensive Income			
Profit for the period ended June 30, 2014	—	(2,165,692)	(2,165,692)
Other Comprehensive income - net of tax	—	(1,157,173)	(1,157,173)
	—	(3,322,865)	(3,322,865)
Balance at June 30-2014	147,000,000	190,203,581	337,203,581
Comprehensive Income			
Loss for the period ended Sep 30, 2014	—	(5,316,032)	(5,316,032)
Other Comprehensive income - net of tax	—	—	—
	—	(5,316,032)	(5,316,032)
Balance at September 30, 2014	<u>147,000,000</u>	<u>184,887,549</u>	<u>331,887,549</u>

(KHALID INAM)
Chief Executive

(INAMUR REHMAN)
Chairman/Director

N. P. SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

N. P. SPINNING MILLS LIMITED

(Un-Audited) (Audited)
 Sept. 30, June 30,
 2014 2014
 Rupees Rupees

1. GENERAL INFORMATION

N.P. Spinning Mills Limited (the Company) was incorporated in Pakistan on February 17, 1991 as public company limited by shares under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore Stock Exchanges in Pakistan. The principal business of the Company is manufacturing and selling of yarn. The mill is located at Raiwand, District Lahore in the province of Punjab. The registered and head office of the Company is located at 703 - Uni Tower, I.I. Chundrigar Road, Karachi in the province of Sindh.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the three month period ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014.

2.2 This condensed interim financial information has been prepared under historical cost convention modified by recognition of certain staff retirement benefits at fair value.

2.3 This condensed interim financial information is presented in Pak Rupee which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand rupee.

2.4 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2014, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the quarter ended September 30, 2013.

2.5 This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and also presented in accordance with the listing regulations of Karachi and Lahore Stock Exchanges.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual audited financial information for the year ended June 30, 2014 except for adoption of IAS-19 relating to changes in accounting policy for employees benefits-defined benefit plans.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2014.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

Guarantees issued by bank on behalf of the Company to:		
- Sui Northern Gas Pipelines Limited	36,068,300	36,068,300
- Excise and Taxation Officer	<u>52,850,000</u>	<u>51,850,000</u>
	<u>88,918,300</u>	<u>87,918,300</u>

5.2 Commitments

Letters of credit for import of:		
- raw material	42,032,582	95,439,406

6. ADDITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals were made:-

	Additions		Disposals	
	Sept 30, 2014	Sept 30, 2013	Sept 30, 2014	Sept 30, 2013
	(Rupees)			
Operating assets				
Plant & machinery	—	9,686,795	—	—
Factory equipment	—	24,750	—	—
Office equipment	—	121,500	—	—
Furniture & fixtures	242,558	166,680	—	—
Vehicle	—	—	676,000	—
	<u>242,558</u>	<u>9,999,725</u>	<u>676,000</u>	<u>—</u>

Quarter Ended
 (Un-Audited) (Un-Audited)
 Sept. 30, Sept. 30,
 2014 2013
 (Rupees)

7. COST OF GOODS SOLD

Opening stock of finished goods	350,818,429	91,753,427
Cost of goods manufactured	<u>226,720,296</u>	<u>654,104,974</u>
	<u>577,538,725</u>	<u>745,858,401</u>
Closing stock of finished goods	(368,914,675)	(236,743,309)
	<u>208,624,050</u>	<u>509,115,092</u>

8. TRANSACTIONS WITH RELATED PARTIES

The related party comprises of associated undertakings, directors and key management personnel. The significant transactions with related parties during the period are as follows:

Associated undertakings

Share of common expenses	160,998	221,615
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Transactions with key management personnel

Remuneration to :		
— Chief Executive	1,030,500	1,030,500
— Directors	—	565,991

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on October 30, 2014 by the Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest Rupee

(KHALID INAM)
 Chief Executive

(INAMUR REHMAN)
 Chairman/Director