

**CONDENSED INTERIM
FINANCIAL INFORMATION**

For the First Quarter ended

SEPTEMBER 30, 2015

(Un-Audited)



N. P. Spinning Mills Limited

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N. P. SPINNING MILLS LIMITED

DIRECTORS' REPORT

The Directors feel pleasure to present before you the condensed (un-audited) interim financial information for the quarter ended September 30, 2015.

OPERATING & FINANCIAL RESULTS

The operating & financial results of the Company for the period under review are not encouraging. Production for the period was 2.780 M.Kgs. at 20/s count compared to 2.282 M.Kgs. for the corresponding period last year. Sales for the period amounted to Rs.184.025 million, compared to Rs.228.811 million. The Company sustained a pretax loss of Rs.44.999 million compared to a loss of Rs.3.028 million. The loss is attributable to scheduled & unscheduled gas & power disruption in the province of Punjab. Besides, energy shortages, high energy rates, increase in minimum wages, decreasing rates of raw material resulting inventory loss in terms of NRV, blockade of I.Tax & Sales Tax refunds have affected business activity, making it difficult to pass on the cost push effects to customers. Also decrease in exports and availability of cheaper yarn from neighbouring countries are other factors that had negative impact on yarn market.

EARNINGS PER SHARE

The earnings per share for the period is Rs. (3.19).

FUTURE OUTLOOK

Due to global pressure of high production of cotton in China, India and the USA, domestic market in Pakistan hardly remained stable. A bumper cotton crop of about 15.1 million bales was expected for the season 2014-15 which was revised thrice and finally set at 13.48 million bales due to multiple reasons including water shortage, rains / floods and shortage of certified seed. However the final production for the season was about 10% higher than last year. The government is revising the cotton production target for the season 2015-16 from 15.49 million bales to 13.38 million bales after recent heavy rains and floods which have damaged the crops. The actual picture will be clear shortly.

The government has extended helping hand and certain steps for safeguarding the textile industry have been announced. Also the textile package is likely to be finalized 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 31, 2015

N. P. SPINNING MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT SEPTEMBER 30, 2015

	(Un-Audited) Sept. 30, 2015	(Audited) June 30, 2015
	Rupees	Rupees
	Note	
SHARE CAPITAL AND RESERVES		
Authorised Capital		
32,000,000 ordinary shares of Rs 10/-each	320,000,000	320,000,000
Issued, subscribed and paid up 14,700,000 ordinary shares of Rs.10/-each	147,000,000	147,000,000
Unappropriated profit	76,212,217	118,587,441
	223,212,217	265,587,441
Surplus on revaluation of property, plant and equipment	365,057,587	369,969,001
NON-CURRENT LIABILITIES		
Loan from directors		
Unsecured-interest free	95,311,423	95,311,423
Deferred liabilities	150,268,285	147,294,653
Liabilities against import of machinery	117,300,000	117,300,000
CURRENT LIABILITIES		
Current portion of Liabilities against import of machinery	4,357,915	4,948,600
Trade and other payables	231,646,972	214,537,761
Mark-up accrued on short term borrowings	13,241,343	7,059,329
Short -term borrowings	664,037,600	571,338,874
	913,283,830	797,884,564
CONTINGENCIES AND COMMITMENTS		
	4	
	<u>1,864,433,342</u>	<u>1,793,347,082</u>
NON-CURRENT ASSETS		
Property, plant and equipment	994,169,672	1,003,958,801
Long-term deposits	1,645,222	1,645,222
CURRENT ASSETS		
Stores, spares and loose tools	33,420,317	28,947,237
Stock-in-trade	620,446,479	492,755,530
Trade debts	112,277,869	181,871,683
Advances and other receivables	51,626,510	53,745,264
Sales tax refundable	26,380,390	18,065,059
Cash and bank balances	24,466,882	12,358,286
	868,618,448	787,743,059
	<u>1,864,433,342</u>	<u>1,793,347,082</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, 2015

		Sept. 30, 2015	Sept. 30, 2014
	Note	Rupees	Rupees
Sales		184,024,797	228,811,142
Cost of sales	6	(201,010,051)	(208,624,050)
Gross profit		(16,985,254)	20,187,092
Other operating income		1,373,550	4,379,567
		<u>(15,611,704)</u>	<u>24,566,659</u>
Distribution cost		2,150,224	4,079,283
Administrative expenses		7,406,718	8,482,616
Other operating expenses		3,255,000	644,568
Finance cost		16,575,409	14,388,113
		<u>(29,387,351)</u>	<u>(27,594,580)</u>
Loss before taxation		(44,999,055)	(3,027,921)
Taxation		(1,840,248)	(2,288,111)
Loss after taxation		(46,839,303)	(5,316,030)
Other comprehensive income		—	—
Total comprehensive income for the period		<u>(46,839,303)</u>	<u>(5,316,030)</u>
Earnings per share-basic and diluted		(3.19)	(0.36)

(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, 2015

		Sept. 30, 2015	Sept. 30, 2014
		Rupees	Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(44,999,055)	(3,027,921)
Adjustments for:			
Depreciation		11,576,909	13,940,347
Gain on disposal of property, plant and equipment		(393,718)	(282,346)
Provision for staff retirement gratuity		2,703,097	3,472,317
Liabilities written back		(903,376)	(2,478,109)
Profit on deposits/saving accounts		(76,456)	(1,619,112)
Finance cost		16,575,409	14,388,113
Operating cash flows before changes in working capital		<u>(15,517,190)</u>	<u>24,393,289</u>
Changes in working capital (Increase)/decrease in current assets			
Stores, spares and loose tools		(4,473,080)	2,502,816
Stock in trade		(127,690,949)	(16,892,681)
Trade debts		69,695,994	91,032,627
Advances and other receivables		2,948,157	(6,081,601)
Sales tax refundable		(8,315,331)	(3,871,122)
Increase / (decrease) in current liabilities			
Trade and other payables		17,360,832	(191,527,269)
		<u>(50,474,377)</u>	<u>(124,837,230)</u>
Cash generated from operations		(65,991,567)	(100,443,941)
Finance cost paid		(10,393,395)	(15,253,737)
Gratuity paid		(176,800)	(2,386,167)
Tax paid/refund		(2,669,651)	(2,629,247)
Net cash used in operating activities		<u>(79,231,413)</u>	<u>(120,713,092)</u>

N. P. SPINNING MILLS LIMITED

Sept. 30,
2015

Sept. 30,
2014

.....Rupees.....

	Sept. 30, 2015	Sept. 30, 2014
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,935,173)	(242,558)
Proceed from disposal of property, plant and equipment	500,000	600,000
Profit received on deposits/saving accounts	76,456	119,072
Net cash (used in) /generated from investing activities	<u>(1,358,717)</u>	<u>476,514</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
	—	—
Net cash (used in) /generated from financing activities	<u>—</u>	<u>—</u>
Net decrease in cash and cash equivalents (A+B+C)	(80,590,130)	(120,236,578)
Cash and cash equivalents at the beginning of the period	(558,980,588)	(447,099,835)
Cash and cash equivalents at the end of the period	<u>(639,570,718)</u>	<u>(567,336,413)</u>
Cash and cash equivalents		
Cash and bank balances	24,466,882	65,842,766
Short term borrowings	(664,037,600)	(633,179,179)
	<u>(639,570,718)</u>	<u>(567,336,413)</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, 2015

	Share Capital	Unappropriated Profit	Total
Rupees.....		
Balance at July 01, 2014	147,000,000	190,203,581	337,203,581
Comprehensive Income			
Loss for the period ended September 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>
Balance at July 01, 2015	147,000,000	118,587,441	265,587,441
Comprehensive Income			
Loss for the period ended September 30, 2015	—	(46,839,303)	(46,839,303)
Other Comprehensive income-net of tax	—	4,464,079	4,464,079
	—	(42,375,224)	(42,375,224)
Balance at September 30, 2015	<u>147,000,000</u>	<u>76,212,217</u>	<u>223,212,217</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, 2015

N. P. SPINNING MILLS LIMITED

(Un-Audited) (Audited)
 Sept. 30, June 30,
 2015 2015
 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 sale 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, 2015 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, 2015.

2.2 This condensed interim financial information has been prepared under historical cost convention modified by:-

- revaluation of property, plant & equipment
- 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, 2015, 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, 2014.

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

3.1 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, 2015 except change in depreciation rate as under w.e.f. July 01, 2015, owing to remaining useful life of building and major capex in plant & machinery and electrical installations during last 23 years:-

- Building & office premises at 3% p.a. instead of 10%
- Plant & machinery and electrical installations at 5% p.a. instead of 10%

3.2 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, 2015.

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

Guarantees issued by bank on behalf of the Company to:

- Sui Northern Gas Pipelines Limited	36,639,300	36,639,300
- Excise and Taxation Officer	<u>53,850,000</u>	<u>53,850,000</u>
	<u><u>90,489,300</u></u>	<u><u>90,489,300</u></u>

4.2 Commitments

Letters of credit for import of:

- raw material	20,349,000	129,511,067
- store & spares	693,600	3,747,086

5. PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals were made:-

 Additions Disposals Un-Audited	
	Sept 30, 2015	Sept 30, 2014	Sept 30, 2015	Sept 30, 2014
(Rupees).....			
Operating assets				
Plant & machinery	1,935,173	—	—	—
Furniture & fixtures	—	242,558	—	—
Vehicle	—	—	1,198,000	676,000
	<u>1,935,173</u>	<u>242,558</u>	<u>1,198,000</u>	<u>676,000</u>

	<u>Quarter Ended</u>
	(Un-Audited) (Un-Audited)
	Sept. 30, Sept. 30,
	2015 2014
 (Rupees)

6. COST OF SALES

Opening stock of finished goods	92,200,408	350,818,429
Cost of goods manufactured	<u>272,625,347</u>	<u>226,720,296</u>
	364,825,755	577,538,725
Closing stock of finished goods	<u>(163,815,704)</u>	<u>(368,914,675)</u>
	<u><u>201,010,051</u></u>	<u><u>208,624,050</u></u>

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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	169,015	160,998
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Transactions with key management personnel

Remuneration to :

- Chief Executive Officer	1,030,500	1,030,500
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8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on October 31, 2015 by the Board of Directors of the Company.

(KHALID INAM)
 Chief Executive

(INAMUR REHMAN)
 Chairman/Director