

**CONDENSED INTERIM
FINANCIAL INFORMATION**
For the First Quarter ended
SEPTEMBER 30, 2016

(Un-Audited)



N. P. Spinning Mills Limited

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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 quarter ended September 30, 2016.

FINANCIAL RESULTS

The operating and financial results of the Company for the period under review are discouraging. Sales for the period amounted to Rs. 36.790 million, compared to Rs.184.025 million for the corresponding period last year. The Company sustained a net loss of Rs.76.565 million compared to Rs.46.839 million. As reported earlier, the operations of the Company have been suspended; however the loss for the quarter is mainly due to low selling prices compared to high cost of production and operating & financial costs. Had the operations of the Company not been suspended, the loss would have been much higher.

EARNINGS PER SHARE

The earnings per share for the period is Rs. (5.21).

FUTURE OUTLOOK

The prospects of cotton crop for the season 2016-17 are not very bright. Production estimates are lower than local consumption of cotton. This short fall will increase costly imports. Currently, we are negotiating with the bank for further financing. If the banks will provide further finance facilities to meet the working capital requirements and to purchase the raw material, the management will bring the project in operations. Otherwise another solution will be discussed with the bank to settle the outstanding dues through disposal of fixed and current assets or any part thereof as per requirement. The shareholders have accorded approval for sale / lease / disposal of fixed / current assets in the Annual General Meeting of the Company held on October 31, 2016.

ACKNOWLEDGEMENT

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

On behalf of the Board

(INAMUR REHMAN)
Chairman

Karachi: October 31, 2016

N. P. SPINNING MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT SEPTEMBER 30, 2016

	(Un-Audited) Sept. 30, 2016	(Audited) June 30, 2016	
	Note	Rupees	Rupees
SHARE CAPITAL AND RESERVES			
Authorised			
32,000,000 ordinary shares of Rs 10/-each		<u>320,000,000</u>	<u>320,000,000</u>
Issued, subscribed and paid up		147,000,000	147,000,000
Accumulated loss		(384,284,028)	(311,995,610)
		(237,284,028)	(164,995,610)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		406,522,475	410,798,946
LIABILITIES			
Loan from directors		153,500,000	153,500,000
Deferred liabilities		23,514	149,813
Long-term finance		277,000,000	277,000,000
Trade and other payables		305,513,764	311,694,575
Accrued mark-up		31,037,599	21,856,108
Short -term borrowings		166,263,375	186,404,971
CONTINGENCIES AND COMMITMENTS			
	4		
		<u>1,102,576,699</u>	<u>1,196,408,803</u>
ASSETS			
Property, plant and equipment	5	949,009,236	960,585,894
Long-term deposits		1,645,222	1,645,222
Stores, spares and loose tools		13,091,566	13,534,411
Stock-in-trade		83,176,789	167,892,236
Trade debts		1,538,000	2,156,953
Advances and other receivables		26,941,186	29,034,671
Sales tax refundable		9,356,425	9,348,920
Cash and bank balance		17,818,275	12,210,496
		<u>1,102,576,699</u>	<u>1,196,408,803</u>

(INAMUR REHMAN)
Chairman/Director

(KHALID INAM)
Chief Executive

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		Sept. 30, 2016	Sept. 30, 2015
	Note	Rupees	Rupees
Sales		36,789,690	184,024,797
Cost of sales	6	(97,066,000)	(201,010,051)
Gross loss		(60,276,310)	(16,985,254)
Other income		201,686	1,373,550
		(60,074,624)	(15,611,704)
Distribution cost		75,805	2,150,224
Administrative expenses		4,483,001	7,406,718
Other operating expenses		—	3,255,000
Finance cost		9,198,738	16,575,409
		(13,757,544)	(29,387,351)
Loss before taxation		(73,832,168)	(44,999,055)
Taxation		(2,732,720)	(1,840,248)
Loss after taxation		(76,564,888)	(46,839,303)
Other comprehensive income		—	—
Total comprehensive income		—	—
Loss for the period		<u>(76,564,888)</u>	<u>(46,839,303)</u>
Earnings per share-basic and diluted		(5.21)	(3.19)

(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, 2016

	Sept. 30, 2016	Sept. 30, 2015
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(73,832,168)	(44,999,055)
Adjustments for:		
Depreciation	11,104,429	11,576,909
Gain on disposal of property, plant & equipment	(60,586)	(393,718)
Provision for staff retirement gratuity	—	2,703,097
Liabilities written back	—	(903,376)
Profit on deposits/saving accounts	(141,100)	(76,456)
Finance cost	9,198,738	16,575,409
Operating cash flows before changes in working capital	(53,730,688)	(15,517,190)
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	442,845	(4,473,080)
Stock in Trade	84,715,447	(127,690,949)
Trade debts	618,953	69,695,994
Advances and other receivables	2,093,485	2,948,157
Sales tax refundable	(7,505)	(8,315,331)
(Decrease)/Increase in current liabilities		
Trade and other payables	(6,180,811)	17,360,832
	81,682,414	(50,474,377)
Cash generated from operations	27,951,726	(65,991,567)
Finance cost paid	(17,247)	(10,393,395)
Gratuity paid	(126,300)	(176,800)
Tax paid	(2,734,204)	(2,669,651)
Net cash generated from/(used in) operating activities	<u>25,073,975</u>	<u>(79,231,413)</u>

N. P. SPINNING MILLS LIMITED

	Sept. 30, 2016	Sept. 30, 2015
	Rupees	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	—	(1,935,173)
Proceeds from disposal of property, plant and equipment	534,300	500,000
Profit received on deposits/ saving accounts	141,100	76,456
Net cash generated from/(used in) investing activities	<u>675,400</u>	<u>(1,358,717)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES	—	—
Net cash (used in) /generated from financing activities	<u>—</u>	<u>—</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	25,749,375	(80,590,130)
Cash and cash equivalents at the beginning of the year	(174,194,475)	(558,980,588)
Cash and cash equivalents at end of the period	<u>(148,445,100)</u>	<u>(639,570,718)</u>
Cash and cash equivalents		
Cash and bank balances	17,818,275	24,466,882
Short-term borrowings	(166,263,375)	(664,037,600)
	<u>(148,445,100)</u>	<u>(639,570,718)</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, 2016

	Share Capital	Unappro- priated Profit	Total
	Rupees		
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 as at September 30, 2015	<u>147,000,000</u>	<u>76,212,217</u>	<u>223,212,217</u>
Balance as at July 01, 2016	147,000,000	(311,995,610)	(164,995,610)
Comprehensive Income			
Loss for the period ended September 30, 2016	—	(76,564,888)	(76,564,888)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	—	4,276,470	4,276,470
	—	(72,288,418)	(72,288,418)
Balance as at September 30, 2016	<u>147,000,000</u>	<u>(384,284,028)</u>	<u>(237,284,028)</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, 2016

N. P. SPINNING MILLS LIMITED

(Un-Audited) (Audited)
 Sept. 30, June 30,
 2016 2016
 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, 2016 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, 2016.

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, 2016, 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, 2015.

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 Pakistan Stock Exchange.

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, 2016 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, 2016.

4. CONTINGENCIES AND COMMITMENTS

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	54,950,000	54,950,000
	<u>91,589,300</u>	<u>91,589,300</u>

5. PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals were made:-

	Additions	Disposals	Un-Audited	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
	(Rupees)			
Operating assets				
Plant & Machinery	—	1,935,173	—	—
Vehicle	—	—	1,459,500	1,198,000
	<u>—</u>	<u>1,935,173</u>	<u>1,459,500</u>	<u>1,198,000</u>

	Quarter Ended	
	(Un-Audited) Sept. 30, 2016	(Un-Audited) Sept. 30, 2015
	(Rupees)	

6. COST OF SALES

Opening stock of finished goods	125,218,953	92,200,408
Cost of goods manufactured	12,350,569	272,625,347
	<u>137,569,522</u>	<u>364,825,755</u>
Closing stock of finished goods	(40,503,522)	(163,815,704)
	<u>97,066,000</u>	<u>201,010,051</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
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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, 2016 by the Board of Directors of the Company.

(KHALID INAM)
 Chief Executive

(INAMUR REHMAN)
 Chairman/Director