

**CONDENSED INTERIM  
FINANCIAL INFORMATION**

For the Nine Month Period Ended

**MARCH 31, 2015**

*(Un-Audited)*



**N. P. Spinning Mills Limited**

**BOOK POST**

*Printed Matter (UPC)*

If undelivered, please return to:

**N. P. Spinning Mills Limited**

703, Uni Tower, I. I. Chundrigar Road, Karachi.

Phones: (92-021) 32427202-05 (4 lines)

E-mail: [info@npsm.com.pk](mailto:info@npsm.com.pk) Fax: (92-021) 32427210

# N. P. SPINNING MILLS LIMITED

## DIRECTORS' REPORT

The Directors are pleased to present before you the condensed (un-audited) interim financial information for the nine month period ended March 31, 2015.

### OPERATING & FINANCIAL RESULTS

The operating & financial results of the Company for the period under review are not encouraging. Production for the period was 9.953 Mkg. at 20/s count compared to 10.947 Mkg. for the same period last year. Sales for the period amounted to Rs. 960.513 (M) compared to Rs. 1.939.918 (M), The Company sustained a pretax loss of Rs. 72.463 (M) compared to pretax profit of Rs. 38.308 (M). The loss is attributable to scheduled & unscheduled gas & power disruption in the province of Punjab. 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. (4.10)

### 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 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 production has so far reached to about 14.83 million bales, some 11% higher than last year. Cotton production target for the season 2015-16 has been fixed for 15.49 million bales; the 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: April 30, 2015

# N. P. SPINNING MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

	(Un-Audited) March 31, 2015	(Audited) June 30, 2014
	Note	Rupees
<b>SHARE CAPITAL AND RESERVES</b>		
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	130,001,530	190,203,581
	277,001,530	337,203,581
<b>NON-CURRENT LIABILITIES</b>		
Loan from directors unsecured-interest free	176,497,705	153,500,000
Deferred liabilities	44,969,281	59,174,446
Liabilities against import of machinery	—	123,564,300
Long term liabilities	54,000,000	—
<b>CURRENT LIABILITIES</b>		
Liabilities against import of machinery	117,632,500	85,420,942
Trade and other payables	198,681,724	515,283,424
Mark-up accrued on short term borrowings	7,922,085	9,810,286
Short-term borrowings	467,517,364	453,004,553
	791,753,673	1,063,519,205
<b>CONTINGENCIES AND COMMITMENTS</b>		
	4	
	<u>1,344,222,189</u>	<u>1,736,961,532</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5	497,854,811
Long-term deposits		1,645,222
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools		29,930,349
Stock-in-trade		592,366,441
Trade debts		81,209,291
Advances and other receivables		57,548,863
Sales tax refundable		15,437,047
Cash and bank balances		68,230,165
		844,722,156
		1,197,291,914
		<u>1,344,222,189</u>
		<u>1,736,961,532</u>

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

**(KHALID INAM)**  
Chief Executive

**(INAMUR REHMAN)**  
Chairman/Director

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

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2015

Note	Nine Month Period Ended		Three Month Period Ended	
	Mar. 31,	Mar. 31,	Mar. 31,	Mar. 31,
	2015	2014	2015	2014
	Rupees		Rupees	
	(July - March)		(Jan - March)	
Sales	960,513,435	1,939,917,718	287,705,762	688,779,465
Cost of sales	(943,356,505)	(1,768,096,871)	(282,161,812)	(640,557,428)
Gross profit	17,156,930	171,820,847	5,543,950	48,222,037
Other income	9,415,802	5,331,317	3,476,016	1,835,466
	26,572,732	177,152,164	9,019,966	50,057,503
Distribution cost	8,886,567	36,878,497	2,233,211	15,189,022
Administrative expenses	25,299,388	30,372,881	8,657,296	10,024,543
Other operating expenses	19,066,204	21,038,247	(573,356)	6,943,414
Finance cost	45,783,142	50,554,487	13,100,689	22,331,958
	(99,035,301)	(138,844,112)	(23,417,840)	(54,488,937)
(Loss) / profit before taxation	(72,462,569)	38,308,052	(14,397,874)	(4,431,434)
Current tax	(9,605,134)	650,211	(4,225,106)	(5,828,867)
Deferred tax	21,865,652	—	(654,401)	—
Taxation	12,260,518	650,211	(4,879,507)	(5,828,867)
(Loss) / profit after taxation	(60,202,051)	38,958,263	(19,277,381)	(10,260,301)
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	<b>(60,202,051)</b>	<b>38,958,263</b>	<b>(19,277,381)</b>	<b>(10,260,301)</b>
Earnings per share -basic and diluted	(4.10)	2.65	(1.31)	(0.70)

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

**(KHALID INAM)**  
*Chief Executive*

**(INAMUR REHMAN)**  
*Chairman/Director*

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

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2015

	March 31,	March 31,
	2015	2014
	Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(72,462,569)	38,308,052
Adjustments for:		
Depreciation on property, plant & equipment	41,841,799	37,556,575
Gain on disposal of property, plant and equipment	(1,880,018)	—
Provision for infrastructure fee	515,082	3,475,912
Provision for staff retirement gratuity	10,416,951	5,271,368
Profit on bank deposits	(4,858,453)	(4,889,935)
Finance cost	45,783,142	50,554,487
Operating cash flows before changes in working capital	19,355,934	130,276,459
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(1,830,319)	(5,239,942)
Stock in trade	300,657,551	(467,801,063)
Trade debts	141,893,298	(175,070,763)
Advances and other receivables	(19,047,804)	(14,812,137)
Sales tax refundable	(4,091,283)	2,612,638
Increase/(decrease) in current liabilities		
Trade and other payables	(313,957,360)	498,037,364
	103,624,083	(162,273,903)
Cash generated from / (used in) operations	122,980,017	(31,997,444)
Finance cost paid	(47,671,343)	(43,119,938)
Gratuity paid	(2,756,462)	(4,629,903)
Income tax paid - net	(10,872,615)	(11,201,029)
<b>Net cash from/(used in) operating activities</b>	<b>61,679,597</b>	<b>(90,948,314)</b>

**N. P. SPINNING MILLS LIMITED**

March 31, 2015  
March 31, 2014  
Rupees

<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,640,200)	(202,836,746)
Proceeds from disposal of property, plant and equipment	10,998,000	—
Profit received on deposits	4,858,453	4,889,935
<b>Net cash from / (used in) investing activities</b>	<b>6,216,253</b>	<b>(197,946,811)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings decreased - net	(47,794,803)	(146,214,402)
Loss on forward contract	(34,438,250)	—
Long term deposits	—	(150,000)
Long term loan	(54,000,000)	—
Loan received from directors	(22,997,705)	—
Foreign bills payable	91,352,742	—
<b>Net cash used in financing activities</b>	<b>(67,878,016)</b>	<b>(146,364,402)</b>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	17,834	(435,259,527)
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	<b>(31,634,092)</b>	<b>(607,035,635)</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	68,230,165	63,656,217
Running finance	(99,864,257)	(670,691,852)
	<b>(31,634,092)</b>	<b>(607,035,635)</b>

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

**(KHALID INAM)**  
*Chief Executive*

**(INAMUR REHMAN)**  
*Chairman/Director*

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

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2015

	Share Capital	Unappropriated Profit	Total
	Rupees		
Balance at July 01, 2013	147,000,000	180,189,749	327,189,749
<b>Comprehensive Income</b>			
Profit for the period ended March 31, 2014	—	36,009,119	36,009,119
Other comprehensive income-net of tax	—	—	—
	—	36,009,119	36,009,119
<b>Balance at March 31, 2014 - restated</b>	<b>147,000,000</b>	<b>216,198,868</b>	<b>363,198,868</b>
Balance at July 01, 2014	147,000,000	190,203,581	337,203,581
<b>Comprehensive Income</b>			
Loss for the period ended March 31, 2015	—	(60,202,051)	(60,202,051)
Other comprehensive income	—	—	—
	—	(60,202,051)	(60,202,051)
<b>Balance at March 31, 2015</b>	<b>147,000,000</b>	<b>130,001,530</b>	<b>277,001,530</b>

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

**(KHALID INAM)**  
*Chief Executive*

**(INAMUR REHMAN)**  
*Chairman/Director*

# N. P. SPINNING MILLS LIMITED

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2015

### 1. STATUS AND NATURE OF BUSINESS

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 nine-month period ended March 31, 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, 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 nine month period ended March 31, 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 & RISK MANAGEMENT

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, 2014 except for adoption of IAS-19 relating to Changes in accounting policy for employees benefits- defined benefit plans.

#### 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, 2014.

	(Un-Audited) March 31, 2015 Rupees	(Audited) June 30, 2014 Rupees
--	---	---

### 4. CONTINGENCIES & COMMITMENTS

#### 4.1 Contingencies

Guarantees issued by bank on behalf of the company to:

Sui Northern Gas Pipelines Limited	36,639,300	36,068,300
Excise and Taxation officer for infrastructure cess	52,850,000	51,850,000

#### 4.2 Commitments

Letters of credit for import of:

- property, plant and equipment	6,120,000	153,234,800
- raw material	171,101,742	129,147,188
- stores & spares	1,726,860	2,648,296

# N. P. SPINNING MILLS LIMITED

## 5. PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals were made:-

	(Un-Audited) Nine Month Period Ended		(Un-Audited) Nine Month Period Ended	
	Additions		Disposals	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	.....(Rupees).....			
<b>Operating assets</b>				
Plant & Machinery	8,000,000	200,493,880	12,617,555	—
Factory Equipment	—	134,936	—	—
Office Equipment	—	517,450	—	—
Furniture & Fixtures	419,200	388,480	—	—
Vehicles	1,221,000	1,302,000	676,000	—
	<u>9,640,200</u>	<u>202,836,746</u>	<u>13,293,555</u>	<u>—</u>

## 6. COST OF SALES

	(Un-Audited) Nine Month Period Ended		(Un-Audited) Three Month Period Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(July - March)		(Jan - March)	
	..... (Rupees) .....			
Opening stock of finished goods	350,818,429	91,753,427	228,851,099	231,312,588
Cost of goods manufactured	815,362,264	2,011,342,046	276,134,901	744,243,442
	<u>1,166,180,693</u>	<u>2,103,095,473</u>	<u>504,986,000</u>	<u>975,556,030</u>
Closing stock of finished goods	(222,824,188)	(334,998,602)	(222,824,188)	(334,998,602)
	<u>943,356,505</u>	<u>1,768,096,871</u>	<u>282,161,812</u>	<u>640,557,428</u>

## 7. TRANSACTIONS WITH RELATED PARTIES

	(Un-Audited) Nine Month Period Ended	
	March 31, 2015	March 31, 2014
	..... Rupees.....	
<b>Associated undertakings</b>		
Share of common expenses	500,387	530,837
<b>Transaction with key management personnel</b>		
Remuneration to :		
Chief Executive	3,091,500	3,091,500
Director	430,500	1,701,357
Payment made to post employment benefit plan	2,756,462	4,629,903

## 8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 30, 2015 by the Board of Directors of the Company.

(KHALID INAM)  
Chief Executive

(INAMUR REHMAN)  
Chairman/Director