

**CONDENSED INTERIM
FINANCIAL INFORMATION**

For the Nine Month Period Ended

MARCH 31, 2019

(Un-Audited)



N. P. Spinning Mills Limited

PRINTED MATTER
Book Post Under Postal Certificate

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 Fax: (92-021) 32427210

Website: www.npsm.com.pk

N. P. SPINNING MILLS LIMITED

DIRECTORS' REPORT

The Directors have the pleasure of presenting before you the condensed (un-audited) interim financial information for the nine month period ended March 31, 2019.

Financial Results:

The financial results of the Company for the period under review are discouraging. Sales for the period amounted to Rs.1.726 million, compared to Rs.7.703 million for the corresponding period last year. The Company sustained a net loss of Rs.350.676 million compared to Rs.58.830 million. As reported earlier, the operations of the Company have remained suspended; however the loss for the period is mainly due to revaluation deficit, cost of sales and other costs including finance cost.

Earnings per Share:

The earnings per share for the period is Rs. (23.86)

Future Outlook:

Textile sector is expected to perform well due to various initiatives of Government particularly lower energy cost, exchange adjustments and elimination of import duty along with sales tax on cotton. The commitment of Government to release funds against pending rebate claims / tax refunds will further help industry to compete internationally.

In response to company's application for buy back of shares from minority shareholders and subsequent voluntary delisting, approval has been received from PSX for buy back price of Rs.20/- per share. As required an EOGM of the Company is being held on 08-05-2019 for which Notice of Meeting has already been published in national dailies and individual notice served to the shareholders for the purpose of seeking their approval.

As authorized by the AGM dated 23-10-2018, the management is negotiating settlement with Soneri Bank and hope the same will materialize soon.

Composition of Board:

Total number of Directors:

- Male: 5
- Female: 2

Composition:

- Independent Directors: 2
- Other Nonexecutive Directors: 4
- Executive Directors: 1

Committees of the Board:

a. Audit Committee

- i. Mr. Noor Muhammad Chairman
- ii. Mr. Furqan Zia Member
- iii. Mr. Muhammad Samee Member

b. HR & R Committee

- i. Mr. Furqan Zia Chairman
- ii. Mr. Noor Muhammad Member
- iii. Mr. Muhammad Samee Member

Directors Remuneration:

As per policy of the Board, no remuneration is payable to non-executive directors including independent directors.

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) (KHALID INAM)
Chairman / Director Chief Executive

Karachi: April 29, 2019

N. P. SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019

	Note	March 31, 2019 Rupees	June 30, 2018 Rupees
ASSETS			
Current Assets			
Property, plant and equipment	5	413,721,072	875,546,358
Deferred tax asset		—	—
Long-term deposits		—	1,645,222
Stores, spares and loose tools		4,500,000	13,141,824
Stock-in-trade		23,109,024	41,697,131
Trade debts		—	2,442,973
Advances		—	22,895,654
Cash and bank balances		14,246,118	31,646,919
Total Assets		455,576,214	989,016,081
EQUITY AND LIABILITIES			
Authorized Capital			
32,000,000 Ordinary shares of Rs. 10 each		320,000,000	320,000,000
Issued, subscribed and paid up capital		147,000,000	147,000,000
Surplus on revaluation of property, plant and equipment		169,664,537	384,884,862
Accumulated losses		(872,503,825)	(523,929,649)
		(555,839,288)	7,955,213
Current Liabilities			
Loan from directors		153,500,000	153,500,000
Long term financing		—	—
Trade and other payables		253,830,719	285,926,864
Accrued markup		130,376,879	95,308,493
Short term borrowings		193,507,049	166,116,375
Current portion of long term finance		277,000,000	277,000,000
Unclaimed dividend		3,200,855	3,209,136
		1,011,415,502	981,060,868
Contingencies and commitments			
	6		
Total Equity and Liabilities		455,576,214	989,016,081

The annexed notes from 1 to 9 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2019

	Nine Month Ended		Three Month Ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
	Rupees			
Sales	1,726,464	7,703,224	1,726,464	4,486,681
Cost of sales	(23,782,912)	(37,794,662)	(1,049,874)	(12,843,649)
Gross loss	(22,056,448)	(30,091,438)	676,590	(8,356,968)
Administrative expenses	(6,534,008)	(7,202,491)	(2,059,367)	(2,254,243)
Other operating expense	(254,788,360)	—	(128,490)	—
Other income	2,484,098	6,069,666	386,632	(1,299,728)
Operating loss	(280,894,718)	(31,224,263)	(1,124,635)	(11,910,939)
Finance cost	(35,164,158)	(27,508,994)	(14,130,208)	(9,054,079)
Loss before taxation	(316,058,876)	(58,733,257)	(15,254,843)	(20,965,018)
Taxation	(34,617,261)	(96,290)	—	(56,043)
Loss after taxation	(350,676,137)	(58,829,547)	(15,254,843)	(21,021,061)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Deficit on account of revaluation of operating fixed assets	(247,735,625)	—	—	—
Deferred tax thereon	34,617,261	—	—	—
	(213,118,364)	—	—	—
Total comprehensive loss for the period	(563,794,501)	(58,829,547)	(15,254,843)	(21,021,061)
Loss per share	(23.86)	(4.00)	(1.04)	(1.43)

The annexed notes from 1 to 9 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF
CASHFLOWS (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2019

	Nine Month Ended	
	March 31, 2019	March 31, 2018
	Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(316,058,876)	(58,733,257)
Adjustments for:		
Depreciation	18,567,261	29,383,216
Gain on disposal of property, plant and equipment	(229,717)	—
Reversal of provision of sales tax	—	(5,556,242)
Profit on bank deposits	(673,412)	(513,424)
Impairment loss on account of revaluation of fixed assets	194,237,117	—
Reversal against provision against doubtful trade debts	(1,509,000)	—
Provision for doubtful debts	2,442,973	—
Provision for doubtful advances	23,400,755	—
Deposits written off	1,645,222	—
Provision for slow moving stock	16,994,791	358,861
Provision for GID cess	6,383,178	—
Provision for slow moving stores	9,541,824	—
Finance cost	35,164,158	27,508,994
Cash outflow before working capital changes	(10,093,726)	(7,551,852)
(Increase) / decrease in current assets		
Stores, spares and loose tools	(900,000)	—
Stock-in-trade	1,593,316	5,284,618
Trade debts	1,509,000	(3,027,825)
Advances	(505,101)	(377,074)
Sales tax refundable	—	14,912,667
(Decrease) / increase in current liabilities		
Trade and other payables	(38,346,523)	(2,697,256)
	(36,649,308)	14,095,130
Cash (used in)/generated from operations	(46,743,034)	6,543,278
Finance cost paid	(95,772)	(5,620)
Gratuity paid	(132,800)	—
Income tax paid - net	—	(96,288)
Net cash (used in) / generated from operating activities	(46,971,606)	6,441,370

N. P. SPINNING MILLS LIMITED

Nine Month Ended
March 31, 2019 **March 31, 2018**
.....Rupees.....

B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,515,000	—
Profit received on bank deposits	673,412	513,424
Net cash generated from investing activities	2,188,412	513,424
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of unclaimed dividend	(8,281)	—
Net cash used in financing activities	(8,281)	—
Net (decrease) / increase in cash and cash equivalents	(44,791,475)	6,954,794
Cash and cash equivalents at beginning of the period	(134,469,456)	(143,023,652)
Cash and cash equivalents at end of the period	(179,260,931)	(136,068,858)
Cash and cash equivalents		
Cash and bank balances	14,246,118	30,047,517
Short-term borrowings	(193,507,049)	(166,116,375)
	(179,260,931)	(136,068,858)

The annexed notes from 1 to 9 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2019

	Share Capital	Capital Reserve Surplus on revaluation of property, plant and equipment	Accumulated losses	Shareholders' equity
	Rupees			
Balance as at July 01, 2017	147,000,000	395,519,532	(449,253,947)	93,265,585
Total comprehensive loss for the period	—	—	(58,829,547)	(58,829,547)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	—	(9,697,974)	9,697,974	—
Balance as at March 31, 2018	147,000,000	385,821,558	(498,385,520)	34,436,038
Balance as at June 30, 2018	147,000,000	384,884,862	(523,929,649)	7,955,213
Total comprehensive loss for the period				
Loss after taxation	—	—	(350,676,137)	(350,676,137)
Other comprehensive loss				
Deficit on account of revaluation of operating fixed assets - net of deferred tax	—	(213,118,364)	—	(213,118,364)
	—	(213,118,364)	(350,676,137)	(563,794,501)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	—	(2,101,961)	2,101,961	—
Balance as at March 31, 2019	147,000,000	169,664,537	(872,503,825)	(555,839,288)

The annexed notes from 1 to 9 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 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 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business activity of the Company is manufacturing and sale of yarn. The mill is located at Raiwand, District Lahore in the province of Punjab. The registered 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 statements of the Company for the nine months period are unaudited and have 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 Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

2.3 As disclosed in note 1.2 to the financial statements, the Company is not considered a going concern, therefore, these interim financial statements have been prepared on a basis other than going concern, which is as follows:

- All assets are stated at their realizable (forced sale) values; and
- All liabilities are stated at amounts payable.

2.4 This condensed interim financial statements are presented in Pakistani Rupees which is also the functional currency of the Company.

2.5 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the half year ended December 31, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual un-audited financial statements of the Company for the year ended June 30, 2018.

Further, the Company has adopted the following amended standards and interpretations of IFRSs which became effective during the current period:

- IFRS 2 'Share Based Payments' - certain amendments
- IFRS 15 - 'Revenue from Contracts with Customers'
- IAS 40 'Investment Property' - certain amendments

The adoption of the above amendments and interpretation of the standards did not have any effect on this condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2018.

N. P. SPINNING MILLS LIMITED

		March 31, 2019	June 30, 2018
	Note	Rupees	Rupees
5	PROPERTY, PLANT AND EQUIPMENT		
5.1	Written down value as on July 01,	875,546,358	914,723,979
	Less: Disposals made during the period	(1,285,283)	—
	Less: Revaluation deficit charged to profit or loss	(194,237,117)	—
	Less: Revaluation deficit charged to OCI	(247,735,625)	—
		432,288,333	914,723,979
	Less: Depreciation for the period / year	(18,567,261)	(39,177,621)
	Written down value as on March 31 / June 30,	413,721,072	875,546,358

5.1.1 The Company carried out latest revaluation of its fixed assets held on December 31, 2018 by an independent valuer namely M/s. Sadruddin Associates (Private) Limited, who determined the fair value of fixed assets through their report dated February 25, 2019, on the basis of market value, amounting to Rs. 514.522 million and FSV amounting to Rs. 441.971 million resulting in revaluation deficit amounting to Rs. 247.735 million and impairment loss amounting to Rs. 194.237 million.

	March 31, 2019	June 30, 2018
	Rupees	Rupees
6	CONTINGENCIES AND COMMITMENTS	
6.1	Contingencies	
6.1.1	Guarantees issued by bank on behalf of the Company with recourse to:	
	- Sui Northern Gas Pipelines Limited	— 36,639,300
	- Sindh Cess	54,950,000 54,950,000

6.2 Commitments

There are no commitments binding on the Company as on the reporting date.

7 TRANSACTIONS WITH RELATED PARTIES

7.1 The related party comprises of associated undertakings, key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with various related parties. There was no transaction with the related parties carried out during the period except as follows:

 Un-Audited	
	Nine Month Ended	
	March 31, 2019	March 31, 2018
	Rupees	Rupees
Remuneration paid to Chief Executive	3,091,500	3,091,500

8 GENERAL

- Figures have been rounded off to the nearest Rupee.

9 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements have been authorized for issue on **April 29, 2019** by the Board of Directors of the Company.

(KHALID INAM) Chief Executive	(MUHAMMAD YASIN) Chief Financial Officer	(INAMUR REHMAN) Chairman/Director
---	--	---