

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2019
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



C O N T E N T S

Company Information	2
Directors' Review	3
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Profit or Loss	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Cash Flows	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11



ELLCOT SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Mr. Mohammad Babar Monnoo	Independent Non-Executive Director
Mr. Jamal Nasim (Nominee NIT)	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Non-Executive Director
Mr. Raza Ellahi Shaikh	Non-Executive Director
Mr. Amin Ellahi Shaikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Executive Director

MANAGING DIRECTOR (Chief Executive)

Mr. Shafqat Ellahi Shaikh

AUDIT COMMITTEE

Mr. Mohammad Babar Monnoo	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Mohammad Babar Monnoo	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Shaukat Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shafqat Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Ahmad

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

Bandial & Associates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

Nagina House
91-B-1, M.M. Alam Road
Gulberg-III, Lahore-54660

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House
7-Bank Square, Lahore
Phone # 042-37235081-2
Fax # 042 37358817

MILLS

6.3 K.M, Manga Mandi, Raiwind Road
Mouza Rossa, Tehsil & District Kasur

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2019. The comparative figures for the corresponding quarter ended on September 30, 2018 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2019.

Company Performance

Alhamdulillah, your Company's operation remained profitable and earned after tax profit of Rs. 91,444,598 compared to Rs. 43,654,888 during same quarter of last year. Earning per share for the quarter is Rs. 8.35 compared to Rs. 3.99 during same quarter of last year. Overall due to better product margins company first quarter results has been satisfactory.

Sales revenue for the quarter under review is Rs. 1,440,614,165 compared to Rs. 1,468,557,563 during same quarter of last year showing slight decrease of 1.90%. Reduction in sales value is mainly due to fine count spun which resulted in volume decrease. Strict cost controls helped to reduce cost of sales from 89.57% of sales during the same quarter of last year to 86.10% of sales during the quarter under review. Decrease in cost of sales resulted in increase in Gross Profit (GP) from 10.43% of sales during the same quarter of last year to 13.90% of sales during the quarter under review.

Overall operating expenses increased from 3.23% of sales to 4.61% of sales. The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time. Finance cost decreased from 4.41% of sales during same quarter of last year to 3.73% of sales during quarter under review. Reduction in finance cost is mainly due to reduction in short term borrowings and reduction in long term loans pricing.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals up to October 15, 2019, at the Gineries totalled 4.440 million bales compared to 6.044 million bales of same period of previous year showing decrease in arrival of 26.54%. The data shows that country is facing crop shortage. Consequently, spinners have to import cotton.

Future Outlook

The quarter under review has been reasonably profitable. The company is continuing to enjoy the benefits of its recent balancing, modernisation and replacement program and especially the benefits of the energy efficient power plant. Due to these timely investments the company operations are highly competitive. Management of the company will continue to invest to maintain efficient and profitable operations. However, challenges such as shortfall in cotton crop, strengthening PKR against USD, lower demand due to continued trade tensions between China and USA, high interest rates in Pakistan, rise in wages and salaries and electricity and gas prices is being faced by the company. Due to cotton crop shortfall in the country, textile industry will be forced to import expensive cotton. Stuck up sales tax and income tax refunds, and general rising inflationary pressures pushing up costs are additional burdens. It is hoped that the Government will bring in business friendly policies such as uninterrupted and cost effective energy supplies, refund of outstanding sales tax, income tax, DLT and technology upgradation funds so that cash flows improve and allow spinning mills to stock raw cotton. Management is vigilantly reviewing the ever changing conditions in order to enhance company profits.

Acknowledgement

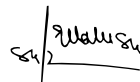
Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board.



Shahzada Ellahi Shaikh
Chairman

Lahore : October 24, 2019.



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

ڈائریکٹرز کا جائزہ

ڈائریکٹر 30 ستمبر 2019ء کو مختصر پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سسٹیمٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2019ء کو مختصر سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی کا کاروبار منافع بخش رہا اور گزشتہ سال کی اسی سہ ماہی کے دوران 43,654,888 روپے کے مقابلے میں 91,444,598 روپے بعد از ٹیکس منافع کمایا۔ سہ ماہی کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 3.99 روپے کے مقابلے میں 8.35 روپے ہے۔ مجموعی طور پر مصنوعات منافع بہتر ہونے کے سبب کمپنی کے پہلی سہ ماہی کے نتائج تسلی بخش رہے ہیں۔

زیر جائزہ سہ ماہی کی فروخت آمدنی گزشتہ سال کی اسی سہ ماہی کے دوران 1,468,557,563 روپے کے مقابلے میں 1,440,614,165 روپے ہے جو کہ 1.90 فیصد کی معمولی کمی ظاہر کر رہی ہے۔ فروخت قدر میں کمی کی بنیادی وجہ فائن کاؤنٹ سپن ہے جس کے نتیجے میں حجم میں کمی ہوئی۔ اخراجات پر سخت کنٹرول نے فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 89.57 فیصد سے زیر جائزہ سہ ماہی کے دوران فروخت کے 86.10 فیصد تک کم کرنے میں مدد کی ہے۔ فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 10.43 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کا 13.90 فیصد زیادہ ہوا۔

مجموعی کاروباری اخراجات فروخت کے 3.23 فیصد سے بڑھ کر فروخت کے 4.61 فیصد تک ہوئے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 4.41 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 3.73 فیصد ہو گئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر مختصر مدتی قرضوں میں کمی اور طویل مدتی قرضوں کی قیمت میں کمی کی وجہ سے ہوئی ہے۔

فصل سال 2019-20 کیلئے پاکستان کاٹن جزیز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 اکتوبر 2019ء تک جزیز میں آمد گزشتہ سال کی اسی مدت میں 6,044 ملین گانٹھوں کے مقابلے میں کل 4,440 ملین گانٹھیں ہو گئیں جو 26.54 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ سہ ماہی معقول طور پر منافع بخش رہی ہے۔ کمپنی اپنے حالیہ توازن، جدت اور تبدیلی پروگرام سے بھرپور فائدہ حاصل کر رہی ہے اور خاص طور پر توانائی مؤثر پاور پلانٹ کے فوائد سے مستفید ہو رہی ہے۔ ان بروقت سرمایہ کاریوں کے سبب کمپنی کے آپریٹنگز زیادہ مسابقت ہیں۔ کمپنی کی انتظامیہ مؤثر اور منافع بخش آپریٹنگز کو برقرار رکھنے کے لئے سرمایہ کاری جاری رکھے گی۔ تاہم، کپاس کی فصل کی قلت، امریکی ڈالر کے برعکس پاکستانی روپیہ کی مضبوطی، چین اور امریکہ کے درمیان جاری تجارتی تناؤ کی وجہ سے کم طلب، پاکستان میں سود کی زیادہ شرحوں، اجرتوں اور تنخواہوں میں اضافہ اور بجلی اور گیس کی قیمتوں میں اضافہ جیسی مشکلات کمپنی کو درپیش ہیں۔ ملک میں کپاس کی فصل کی قلت کے سبب ٹیکسٹائل صنعت کو مجبوراً مہنگی کپاس درآمد کرنا پڑے گی۔ سٹریٹجکس اور انکم ٹیکس کی پھنسی ہوئی واپسیاں، اور عام افراط زر کے دباؤ میں اضافہ کی وجہ سے زیادہ اخراجات اضافی بوجھ ہیں۔ یہ امید کی جارہی ہے کہ حکومت بلا قطل اور مؤثر لاگت میں توانائی کی فراہمی، ہٹا یا بیلنگس، انکم ٹیکس، DTL اور ٹیکنالوجی اپ گریڈیشن قوم کی واپسی کو تیز کرنے جیسی کاروبار دوستانہ پالیسیاں لاگے گی تاکہ نقد بہاؤ بہتر ہو اور سپلائی مٹا ختم کپاس اسٹاک کر سکیں۔ انتظامیہ کمپنی کے منافع کو بڑھانے کے لئے ہمیشہ تیار رہے ہوتے حالات کا بغور جائزہ لے رہی ہے۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹر کمپنی کی مسلسل حمایت پر بینکرز کا بھی شکریہ ادا کرتے ہیں۔

مختار بورڈ

محمد علی شیخ

شفقت الہی شیخ

منیجنگ ڈائریکٹر (چیف ایگزیکٹو)

شہزادہ الہی شیخ

چیئر مین



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

		Un-Audited September 30 2019	Audited June 30 2019
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2019: 20,000,000)			
Ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital		109,500,000	109,500,000
Capital reserves		(68,782,535)	(54,965,746)
Accumulated profit		1,671,343,846	1,579,899,248
TOTAL EQUITY		1,712,061,311	1,634,433,502
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - secured	5	1,691,421,920	1,704,814,412
Employees retirement benefits		96,972,105	90,270,716
Deferred taxation		7,575,622	7,575,622
		1,795,969,647	1,802,660,750
CURRENT LIABILITIES			
Trade and other payables		507,534,943	456,809,473
Unclaimed dividend		5,505,092	5,505,184
Accrued interest/markup/profit		39,889,991	41,487,122
Short term borrowings		906,290,200	1,441,742,636
Current portion of non-current liabilities		238,399,160	210,622,756
		1,697,619,386	2,156,167,171
TOTAL LIABILITIES		3,493,589,033	3,958,827,921
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		5,205,650,344	5,593,261,423

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.



ELLCOT SPINNING MILLS LIMITED

		Un-Audited September 30 2019	Audited June 30 2019
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	2,500,902,337	2,453,351,807
Long term deposits		7,090,700	7,090,700
Long term investments		143,985,287	109,421,506
		2,651,978,324	2,569,864,013
CURRENT ASSETS			
Stores, spares and loose tools		49,761,587	47,471,743
Stock in trade		1,146,460,950	1,510,387,815
Trade receivables		499,016,494	547,519,263
Advances, prepayments and other receivables		135,612,126	188,637,482
Other financial assets	10	430,721,994	448,743,765
Advance income tax		166,323,948	152,095,042
Cash and bank balances		125,774,921	128,542,300
		2,553,672,020	3,023,397,410
TOTAL ASSETS		5,205,650,344	5,593,261,423

Muhammad Ahmad
Chief Financial Officer

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter Ended	
		September 30 2019	September 30 2018
		Rupees	Rupees
Sales-net		1,440,614,165	1,468,557,563
Cost of sales	8	(1,240,414,588)	(1,315,320,385)
Gross profit		200,199,577	153,237,178
Distribution cost		(16,917,100)	(10,003,536)
Administrative expenses		(40,207,973)	(35,330,615)
Other expenses		(9,299,786)	(2,027,536)
		(66,424,859)	(47,361,687)
		133,774,718	105,875,491
Other income		11,426,426	2,567,449
Operating profit		145,201,144	108,442,940
Finance cost		(53,756,546)	(64,788,052)
Profit before taxation		91,444,598	43,654,888
Provision for taxation		-	-
Profit after taxation		91,444,598	43,654,888
Earnings per share - basic and diluted		8.35	3.99

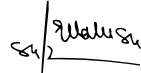
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Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 24, 2019



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30 2019	September 30 2018
	Rupees	Rupees
Profit after taxation	91,444,598	43,654,888
Items that will not be reclassified to profit or loss	-	-
Unrealized (loss)/gain on remeasurement of equity investments	(13,816,789)	2,320,241
Realized loss on sale of equity investments	-	(5,929,349)
	(13,816,789)	(3,609,108)
Items that may be reclassified subsequently to profit or loss		
Total comprehensive income for the period	77,627,809	40,045,780

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Shahzada Ellahi Shaikh
Chairman

Muhammad Ahmad
Chief Financial Officer

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 24, 2019


CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30 2019	September 30 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	91,444,598	43,654,888
Adjustments for:		
Depreciation on property plant, and equipment	61,779,306	65,891,873
Amortization of intangible asset	309,999	309,999
Provision for employees retirement benefits	9,200,074	8,152,496
(Gain) / Loss on disposal of property, plant and equipment	(4,623,672)	5,240
Loss on sale of short term investments	4,407,925	-
Impairment loss on available for sale financial assets	78,681	-
Finance Cost	53,756,546	64,788,052
Profit on long term investment	(2,863,781)	-
Dividend income	(3,629,914)	(2,251,065)
	118,415,164	136,896,595
	209,859,762	180,551,483
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(2,289,844)	7,282,139
Stock-in-trade	363,926,865	112,280,722
Trade receivables	48,502,769	247,864,347
Advances, prepayments and other receivables	21,325,356	121,634,891
	431,465,146	489,062,099
Increase in Trade and other payables	50,725,470	27,965,532
Cash generated from operations	692,050,378	697,579,114
Payments made:		
Employees retirement benefits	(2,498,685)	(7,664,617)
Finance Cost	(55,353,677)	(66,671,659)
Income taxes	(14,228,906)	(12,507,639)
Net cash generated from operating activities	619,969,110	610,735,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(113,188,163)	(20,005,482)
Proceeds from disposal of property, plant and equipment	8,172,000	10,397,999
Purchase of short term investments	(20,096,380)	(56,055,474)
Proceeds from sale of short term investments	19,814,756	15,877,333
Dividend received	3,629,914	2,251,065
Net cash used in investing activities	(101,667,873)	(47,534,559)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	55,335,000	2,110,619
Repayment of long term finances	(40,951,088)	(39,321,438)
Net decrease in short term borrowings	(535,452,436)	(511,266,579)
Dividend paid	(92)	-
Net cash used in financing activities	(521,068,616)	(548,477,398)
Net Increase in cash and cash equivalents	(2,767,379)	14,723,242
Cash and cash equivalents at beginning of the period	128,542,300	16,953,009
Cash and cash equivalents at end of the period	125,774,921	31,676,251

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.


Shahzada Ellahi Shaikh
Chairman


Muhammad Ahmad
Chief Financial Officer


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 24, 2019

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Share Capital	Capital reserves				Revenue reserve	Total
	Issued, subscribed and paid-up share capital	Reserve for financial assets measured at FVTOCI	Changes in fair value of available for sale financial assets	Reserve on merger	Total	Accumulated profit	
-----Rupees-----							
Balance as at ` 01, 2018 - as originally reported	109,500,000	-	(1,780,597)	7,760,000	5,979,403	1,433,790,978	1,549,270,381
Adjustment for first time application of IFRS 9	-	(5,786,435)	1,780,597	-	(4,005,838)	4,005,838	-
Balance as at July 01, 2018 - as adjusted	109,500,000	(5,786,435)	-	7,760,000	1,973,565	1,437,796,816	1,549,270,381
Comprehensive income							
Profit after taxation	-	-	-	-	-	41,198,085	41,198,085
Other comprehensive loss	-	(1,152,305)	-	-	(1,152,305)	-	(1,152,305)
Total comprehensive (loss)/income	-	(1,152,305)	-	-	(1,152,305)	41,198,085	40,045,780
Balance as at September 30, 2018 (Un-audited)	109,500,000	(6,938,740)	-	7,760,000	821,260	1,478,994,901	1,589,316,161
Transactions with owners							
Final dividend for the year ended June 30, 2018 @ 60% i.e. Rs. 6.00 per ordinary share	-	-	-	-	-	(65,700,000)	(65,700,000)
Comprehensive income							
Profit after taxation	-	-	-	-	-	163,570,434	163,570,434
Other comprehensive (loss)/income - net of tax	-	(55,787,006)	-	-	(55,787,006)	3,033,913	(52,753,093)
	-	(55,787,006)	-	-	(55,787,006)	166,604,347	110,817,341
Total comprehensive income							
Balance as at June 30, 2019 (Audited)	109,500,000	(62,725,746)	-	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
Comprehensive income / (loss)							
Profit after taxation	-	-	-	-	-	91,444,598	91,444,598
Other comprehensive loss	-	(13,816,789)	-	-	(13,816,789)	-	(13,816,789)
Total comprehensive (loss)/income	-	(13,816,789)	-	-	(13,816,789)	91,444,598.00	77,627,809.00
Balance as at September 30, 2019 (Un-audited)	109,500,000	(76,542,535)	-	7,760,000	(68,782,535)	1,671,343,846	1,712,061,311

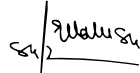
The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 24, 2019

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN- AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg III, Lahore. The manufacturing facility is located at 6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil and District Kasur in the Province of Punjab.

2 STATEMENT OF COMPLIANCE

- 2.1** These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2019 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements does not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

- 2.2** These condensed interim financial statements has been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value.
- 2.3** These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in the condensed interim financial statements have been rounded off to the nearest Rupee.
- 2.4** The comparative Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2019; whereas comparative condensed statement of Profit or Loss and Other Comprehensive Income, condensed statement of Cash Flows and condensed statement of Changes in Equity are stated from the un-audited condensed interim financial statements for the First Quarter ended September 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019 except Certain relevant new accounting standards (IFRS-16) are effective from annual reporting period beginning on or after January 01, 2019 as notified by the SECP and also adopted by the company as stated below:

- 3.1** During the period, IFRS 16 - Leases became applicable to the company. IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items.

Lessor accounting remains similar to the current standard i.e lessors continue to classify lease as either finance or operating lease.

The company has adopted IFRS 16 from July 01, 2019 and has elected recognition exemptions under this IFRS due to short term and low value leases.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, 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.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2019.

	Un-audited September 30 2019	Audited June 30 2019
	Rupees	Rupees
5 LONG TERM FINANCES - Secured		
From Banking companies		
Opening Balance	1,915,437,168	1,901,468,741
Obtain during the period/ Year	55,335,000	122,105,495
Repayment made during the period / year	(40,951,088)	(108,137,068)
	1,929,821,080	1,915,437,168
Less: Current portion shown under current liabilities	(238,399,160)	(210,622,756)
	<u>1,691,421,920</u>	<u>1,704,814,412</u>
6 CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
There is no significant change in status of contingencies as disclosed in note 16.1 to the annual financial statement for the year ended June 30, 2019.		
	Un-audited September 30 2019	Audited June 30 2019
	Rupees	Rupees
6.2 Commitments		
Irrevocable letters of credit for		
Capital expenditures	78,648,320	111,808,130
Non-capital expenditures	45,688,932	70,679,302
	124,337,252	182,487,432
Operating Lease		
- payable with in one year	239,580	479,160
	<u>124,576,832</u>	<u>182,966,592</u>
7 FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets owned (Note 7.1)	2,390,832,912	2,450,975,146
Intangible asset - Software	2,066,662	2,376,661
Capital work in progress (Note 7.2)	108,002,763	-
	<u>2,500,902,337</u>	<u>2,453,351,807</u>
7.1 Operating fixed assets - Owned		
Opening written down value	2,450,975,146	2,640,791,138
Additions during the period / year		
Freehold land	-	1,080,000
Building	-	22,375,770
Plant and machinery	-	58,585,883
Electric Installation and equipment	-	1,337,188
Factory equipment	-	1,341,400
Office equipment	293,000	966,500
Furniture and fixtures	82,400	1,527,684
Vehicles	4,810,000	19,871,500
	5,185,400	107,085,925
Written down value of property, plant and equipment disposed off	(3,548,328)	(30,732,747)
Depreciation charged during the period/year	(61,779,306)	(266,169,170)
Written down value at end of the period/year	<u>2,390,832,912</u>	<u>2,450,975,146</u>
7.2 Capital work in progress		
Opening	-	136,131
Additions during the period / year	108,002,763	82,162,710
Transferred to own assets	-	(82,298,841)
Written down value at end of the period/year	<u>108,002,763</u>	<u>-</u>

8 COST OF SALES

		Quarter Ended (Un-audited)	
		September 30	September 30
		2019	2018
		Rupees	Rupees
Raw material consumed		878,219,056	945,127,442
Fuel and power		167,124,561	139,741,179
Stores, spares and loose tools consumed		51,210,133	43,828,087
Salaries, wages and benefits		86,446,513	93,395,035
Insurance		4,129,770	2,303,629
Repair and maintenance		2,590,383	2,087,856
Depreciation		59,366,054	64,350,755
Other manufacturing overheads		4,623,524	4,251,674
Manufacturing cost		1,253,709,994	1,295,085,657
Work-in-process:			
At beginning of period		50,421,233	58,649,452
At end of period		(41,882,905)	(63,299,280)
		8,538,328	(4,649,828)
Cost of goods manufactured		1,262,248,322	1,290,435,829
Finished goods:			
At beginning of period		57,511,935	61,759,790
Purchases		71,099,000	72,310,000
At end of period		(150,444,669)	(109,185,234)
		(21,833,734)	24,884,556
		1,240,414,588	1,315,320,385

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnels of the Company. Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is determined on commercial terms and conditions. The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

		Quarter Ended (Un-audited)	
		September 30	September 30
		2019	2018
		Rupees	Rupees
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods and services	239,580	72,551,800
	Sale of goods and services	409,106,942	362,853,225
Key Management Personnel	Remuneration and other benefits	3,102,864	2,567,283

There is no balance outstanding with or from associated undertakings, as at reporting date.

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data i.e.; (unobservable inputs).

The Following table presents the Funds / Company's financial assets which are carried at fair value:

September 30, 2019			
Level 1	Level 2	Level 3	Total
Rs	Rs	Rs	Rs
Financial assets - at fair value through profit or loss			
- Asset management account	102,906,504	-	102,906,504
Financial assets - at fair value through OCI			
- Mutual funds	9,001,119	-	9,001,119
- Listed equity securities	318,814,371	-	318,814,371
	<u>430,721,994</u>	<u>-</u>	<u>430,721,994</u>
June 30, 2019			
Level 1	Level 2	Level 3	Total
Rs	Rs	Rs	Rs
Financial assets - at fair value through profit or loss			
- Asset management account	107,111,487	-	107,111,487
Financial assets - at fair value through OCI			
- Mutual funds	9,747,918	-	9,747,918
- Listed equity securities	331,884,360	-	331,884,360
	<u>448,743,765</u>	<u>-</u>	<u>448,743,765</u>

At 30 September, 2019, the Company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

11 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended June 30, 2019.

12 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 24, 2019.

13 OTHERS

The Board of directors in its meeting held on September 26, 2019, proposed to distribute to the shareholders of the Company, cash dividend at the rate of 60 percent (i.e. Rs.6/- per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting to be held on October 25, 2019.

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged and regrouped where ever necessary for the purpose of comparison. However no significant changes have been made.

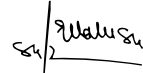
Figures have been rounded off to the nearest rupee.



Shahzada Ellahi Shaikh
Chairman



Muhammad Ahmad
Chief Financial Officer



Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 24, 2019

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

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Gulberg-III Lahore-54660