

**HALF YEARLY REPORT  
FOR THE PERIOD ENDED  
DECEMBER 31, 2019  
(Un-Audited)**



**ELLCOT SPINNING MILLS LTD.**





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## 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. Imran Motiwala	Independent Non-Executive Director
Mrs. Faaria Rehman Salahuddin	Independent Non-Executive Director
Mr. Jamal Nasim (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
Mr. Haroon Shahzada Ellahi Shaikh	Executive Director

#### MANAGING DIRECTOR (Chief Executive)

Mr. Haroon Shahzada Ellahi Shaikh

#### AUDIT COMMITTEE

Mr. Mohammad Babar Monnoo	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza 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. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

#### EXECUTIVE COMMITTEE

Mr. Haroon Shahzada Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Raza 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  
Bandial & Associates

#### LEGAL ADVISOR

#### 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](http://www.nagina.com)

#### SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.  
1<sup>st</sup> 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 information of the company for the half year ended on December 31, 2019 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2018 are included for comparison, except for statement of financial position where figures are for the year ended on June 30, 2019.

### **Company Performance**

Alhamdulillah, your company has earned after tax profit for the 1st half of financial year 2019-20 of Rs. 147,566,258 or 4.64% of sales compared to Rs. 62,590,904 or 2.08% of sales during the corresponding period of last year. Earning per share (EPS) for the period under review is Rs.13.48 compared to Rs. 5.72 for the corresponding period of last year.

Better yarn selling prices resulted in increase in sales revenue by 5.41% over the same period of last year and stood at Rs. 3,178,103,779 compared to Rs. 3,015,032,723 during the corresponding period of last year. Cost of sales decreased from 90.08% of sales during the same period of last year to 87.64% of sales during the period under review. Increase in sales and decrease in cost of sales resulted in increase in gross profit (GP) from 9.92% of sales during same period of last year to 12.36% of sales during the period under review.

Overall operating expenses increased from 3.88% of sales during same period of previous year to 4.41% of sales during the period under review. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 4.64% of sales during the same period of last year to 3.23% of sales during the 1st half year ended under review. The decrease is mainly due to cheaper foreign currency borrowings for working capital and conversion of our long term loans into SBP LTFF scheme.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals upto February 15, 2020, at the Gineries totaled 8.548 million bales compared to 10.701 million bales for similar period of financial year 2018-19 showing decrease in arrival of 20.12%.

### **Future Outlook**

It has been a satisfactory half year in terms of profitability. The recent BMR has resulted in significant rise in market demand of company yarn. Demand surge has fetched good yarn prices. Due to local cotton crop shortfall company is resorting to bulk cotton imports. Considering market demand and our raw material coverages management is hopeful that second half of the year will also remain profitable. During the period under review Pakistani Rupee strengthened against USD. Interest rates remain high which is raising the financial cost. We appreciate the government measures for release of pending sales tax refunds to the industry due to which corporate liquidity improved. However, government seems to be modifying its promise to provide concessional energy rates for the textile industry at 7.5 cents per unit. It is feared that textile industry electricity tariff will be increased and it will be detrimental for the profits of the company. Removal of import duties on raw cotton is a sensible government measure and will help the spinning industry to avert raw cotton shortages. It is hoped that export rebates, technology up-gradation fund (TUF), income tax and sales tax stuck up refunds will be released in a timely manner to the textile industry.

Management is continuing to implement its policy of continuous Balancing, Modernisation and expansion of its production facilities.

Management is focusing on product diversification, seeking new export markets with application of effective cost controls in order to improve margins.

### **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 gratitude to the bankers for their continued support to the company.

On behalf of the Board.

Shahzada Ellahi Shaikh  
Chairman

Haroon Shahzada Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore : February 26, 2020.

## ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 دسمبر 2019ء کو اختتام ششماہی کے لئے کمپنی کی غیر نظر جاتی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2019ء کو اختتام سال کے لئے ہیں۔

### کمپنی کا کردار

الحمد للہ، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے دوران بعد از ٹیکس منافع 62,590,904 روپے یا فروخت کا 2.08 فیصد کے مقابلے میں مالی سال 2019-20 کی پہلی ششماہی میں 147,566,258 روپے یا فروخت کا 4.64 فیصد کمایا۔ زیر جائزہ مدت کی فی ٹیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 5.72 روپے کے مقابلے میں 13.48 روپے ہے۔

سوت کی فروخت کی بہتر قیمتوں کے نتیجے میں گزشتہ سال کی اسی مدت سے 5.41 فیصد تک فروخت آمدنی میں اضافہ ہوا اور گزشتہ سال کی اسی مدت کے دوران 3,015,032,723 روپے کے مقابلے میں 3,178,103,779 روپے رہی۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی فروخت کی 90.08 فیصد سے کم ہو کر فروخت کی 87.64 فیصد تک ہو گئی۔ فروخت میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 9.92 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 12.36 فیصد ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.88 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 4.41 فیصد ہو گئے۔ کمپنی مستحکم نقد بہاؤ پیدا کرنے اور اپنے تمام کاروباری اور مالی واجبات بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.64 فیصد سے کم ہو کر زیر جائزہ سال کی پہلی پختہ ششماہی کے دوران فروخت کے 3.23 فیصد ہو گئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر ورکنگ کیپٹل کے لئے سسٹم غیر ملکی قرضہ کا حصول اور ہمارے طویل مدتی قرضوں کی ایس بی بی LTFF اسکیم میں تبدیلی کی وجہ سے ہوئی ہے۔

فصل سال 2019-20 کیلئے پاکستان کاٹن جیٹز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 فروری 2020ء تک جزیز میں آمد گزشتہ سال 2018-19 کی اسی مدت میں 10.701 ملین کافٹوں کے مقابلے میں 8.548 ملین گھٹیں ہو گئیں جو 20.12 فیصد کی خاطر برکتی ہے۔

### مشعل کا نقطہ نظر

منافع کے لحاظ سے یہ ششماہی تسلی بخش رہی ہے۔ حالیہ بی ایم آر (BMR) کے نتیجے میں کمپنی کے سوت کی مارکیٹ طلب میں نمایاں اضافہ ہوا ہے۔ طلب میں اضافے سے سوت کی قیمتیں بہتر ہوئیں۔ مقامی کپاس کی فصل میں کمی کی وجہ سے کمپنی بڑی تعداد میں درآمدی کپاس کا سہارا لے رہی ہے۔ مارکیٹ کی طلب اور ہمارے خام مال کی کوریج پر غور کرتے ہوئے انتظامیہ پُر امید ہے کہ سال کی دوسری ششماہی بھی منافع بخش رہے گی۔ زیر جائزہ مدت کے دوران پاکستانی روپیہ امریکی ڈالر کے مقابلے میں مستحکم ہوا۔ شرح سود دستور زیادہ رہی جو مالی لاگت میں اضافہ کر رہی ہے۔ ہم زراعت انسٹیکٹنگ کی قابل واپسی قوم کی صنعت کو واپسی کے حکومتی اقدامات کو سراہتے ہیں جس کی وجہ سے کارپوریٹ لیکویڈیٹی میں بہتری آئی۔ تاہم حکومت ٹیکسٹائل کی صنعت کو 7.5 سینٹ فی یونٹ پر مراعاتی توانائی کی شرح فراہم کرنے کے اپنے وعدے میں ترمیم کرتی نظر آ رہی ہے۔ خدشہ ہے کہ ٹیکسٹائل انڈسٹری کے بجلی کے نرخوں میں اضافہ ہوگا اور یہ کمپنی کے منافع کے لئے نقصان دہ ہوگا۔ خام کپاس پر درآمدی محصولات کا خاتمہ ایک سمجھدار حکومتی اقدام ہے اور سہنگ کی صنعت کو خام کپاس کی قلت کو دور کرنے میں مدد کرے گی۔ امید کی جاتی ہے کہ برآمدی رعایات، ٹیکسٹائل، ٹیکسٹائل اور دیگر صنعتوں کی حمایت کی جائے گی۔

انتظامیہ اپنی پیدائشی بولیاد میں مسلسل توازن، جدت اور توسیع کی اپنی پالیسی پر عمل درآمد جاری رکھے ہوئے ہے۔ انتظامیہ منافع کو بہتر بنانے کے لئے مؤثر لاگت کنٹرولر کے اطلاق کے ساتھ مصنوعات کی تنوع، نئی برآمدی منڈیوں کی تلاش پر توجہ مرکوز کر رہی ہے۔

### اعمالیہ

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

مخانب بورڈ

  
ہارون شہزادہ الہی شیخ

منشیگ ڈائریکٹر (چیف ایگزیکٹو)

  
شہزادہ الہی شیخ

چیز میں

## **FINANCIAL STATEMENTS**





## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the members of ELLCOT SPINNING MILLS LIMITED** **Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **ELLCOT SPINNING MILLS LIMITED** ['the Company'] as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2019 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ZUBAIR IRFAN MALIK**

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

Date: **FEBRUARY 26, 2020**

Place: **LAHORE**





# ELLCOT SPINNING MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019
		Rupees (Un-audited)	Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized capital</i>			
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		(7,206,745)	(54,965,746)
Accumulated profit		1,661,765,506	1,579,899,248
<b>TOTAL EQUITY</b>		<b>1,764,058,761</b>	<b>1,634,433,502</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances		1,629,726,148	1,704,814,412
Employees retirement benefits		104,476,216	90,270,716
Deferred taxation		7,575,622	7,575,622
		<b>1,741,777,986</b>	<b>1,802,660,750</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		527,089,659	456,809,473
Unclaimed dividend		6,405,823	5,505,184
Accrued interest/markup/profit		39,846,229	41,487,122
Short term borrowings		1,092,969,390	1,441,742,636
Current portion of non-current liabilities		259,614,035	210,622,756
		<b>1,925,925,136</b>	<b>2,156,167,171</b>
<b>TOTAL LIABILITIES</b>		<b>3,667,703,122</b>	<b>3,958,827,921</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,431,761,883</b>	<b>5,593,261,423</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

Shahzada Ellahi Shaikh  
Chairman

Lahore : February 26, 2020

	<i>Note</i>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
		<i>Rupees</i> <i>(Un-audited)</i>	<i>Rupees</i> <i>(Audited)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	7	<b>2,445,752,341</b>	2,453,351,807
Long term deposits		<b>7,090,700</b>	7,090,700
Long term investments		-	109,421,506
		<b>2,452,843,041</b>	2,569,864,013
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<b>55,344,966</b>	47,471,743
Stock in trade		<b>1,652,328,124</b>	1,510,387,815
Trade receivables		<b>615,471,517</b>	547,519,263
Advances, prepayments and other receivables		<b>48,625,239</b>	188,637,482
Other financial assets	8	<b>468,097,718</b>	448,743,765
Advance income tax		<b>120,635,294</b>	152,095,042
Bank balances		<b>18,415,984</b>	128,542,300
		<b>2,978,918,842</b>	3,023,397,410
<b>TOTAL ASSETS</b>		<b>5,431,761,883</b>	5,593,261,423

*The annexed notes from 1 to 16 form an integral part of these interim financial statements.*



**Muhammad Ahmad**  
Chief Financial Officer



**Haroon Shahzada Ellahi Shaikh**  
Mg. Director (Chief Executive)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	Note	Six month ended		Three month ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees	Rupees	Rupees	Rupees
<b>Sales - net</b>		<b>3,178,103,779</b>	3,015,032,723	<b>1,737,489,614</b>	1,546,475,160
Cost of sales	9	(2,785,319,830)	(2,715,798,805)	(1,544,905,242)	(1,400,478,420)
<b>Gross profit</b>		<b>392,783,949</b>	299,233,918	<b>192,584,372</b>	145,996,740
Distribution cost		(33,687,478)	(20,375,795)	(16,770,378)	(10,372,259)
Administrative expenses		(78,716,349)	(70,776,800)	(38,508,376)	(35,446,185)
Other expenses		(27,748,314)	(25,914,391)	(18,448,528)	(23,886,855)
		(140,152,141)	(117,066,986)	(73,727,282)	(69,705,299)
		<b>252,631,808</b>	182,166,932	<b>118,857,090</b>	76,291,441
Other income		48,974,148	20,305,417	37,547,722	17,737,968
<b>Operating profit</b>		<b>301,605,956</b>	202,472,349	<b>156,404,812</b>	94,029,409
Finance cost		(102,673,984)	(139,881,445)	(48,917,438)	(75,093,393)
<b>Profit before taxation</b>		<b>198,931,972</b>	62,590,904	<b>107,487,374</b>	18,936,016
Provision for taxation	10	(51,365,714)	-	(51,365,714)	-
<b>Profit after taxation</b>		<b>147,566,258</b>	62,590,904	<b>56,121,660</b>	18,936,016
<b>Earnings per share - basic and diluted</b>		<b>13.48</b>	5.72	<b>5.13</b>	1.73

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



**Shahzada Ellahi Shaikh**  
Chairman



**Muhammad Ahmad**  
Chief Financial Officer



**Haroon Shahzada Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : February 26, 2020

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	Six month ended		Three month ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>				
Changes in fair value of available for sale financial assets	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Financial assets at fair value through OCI	47,759,001	(49,917,061)	61,575,790	(52,237,302)
Gain on sale of financial assets at fair value through OCI	-	-	-	5,929,349
<b>Other comprehensive income/(loss) before taxation</b>	<b>47,759,001</b>	<b>(49,917,061)</b>	<b>61,575,790</b>	<b>(46,307,953)</b>
Taxation	-	-	-	-
<b>Other comprehensive income/(loss) after taxation</b>	<b>47,759,001</b>	<b>(49,917,061)</b>	<b>61,575,790</b>	<b>(46,307,953)</b>
<b>Profit after taxation</b>	<b>147,566,258</b>	<b>62,590,904</b>	<b>56,121,660</b>	<b>18,936,016</b>
<b>Total comprehensive income/(loss)</b>	<b>195,325,259</b>	<b>12,673,843</b>	<b>117,697,450</b>	<b>(27,371,937)</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

Lahore : February 26, 2020

  
**Shahzada Ellahi Shaikh**  
Chairman

  
**Muhammad Ahmad**  
Chief Financial Officer

  
**Haroon Shahzada Ellahi Shaikh**  
Mg. Director (Chief Executive)

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	Six month ended	
	December 31, 2019	December 31, 2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	198,931,972	62,590,904
<b>Adjustments for non-cash and other items</b>		
Depreciation	124,288,524	131,932,902
Amortization	619,999	619,999
Provision for employees retirement benefits	18,400,150	16,304,992
Loss on disposal of property, plant and equipment	3,828,208	6,943,210
Dividend income	(24,679,012)	(19,821,812)
Loss on disposal of investments	9,090,246	15,605,389
Changes in fair value of financial assets at fair value through profit or loss	(22,160,534)	-
Finance cost	102,673,984	139,881,445
	212,061,565	291,466,125
	410,993,537	354,057,029
<b>Changes in working capital</b>		
Stores, spares and loose tools	(7,873,223)	29,235,218
Stock in trade	(141,940,309)	(241,583,523)
Trade debts	(67,952,254)	231,052,743
Advances, prepayments and other receivables	140,012,243	(188,105,901)
Trade and other payables	70,280,186	58,291,252
	(7,473,357)	(111,110,211)
<b>Cash generated from operations</b>	403,520,180	242,946,818
<b>Payments for</b>		
Finance cost	(104,314,877)	(121,886,738)
Income tax	(19,905,966)	(30,272,816)
Employees retirement benefits	(4,194,650)	(10,624,850)
<b>Net cash generated from operating activities</b>	275,104,687	80,162,414
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(137,370,974)	(49,617,959)
Proceeds from disposal of property, plant and equipment	16,233,709	19,765,000
Purchase of short term investments	(33,515,955)	(141,075,466)
Proceeds from disposal of long term investments	109,421,506	-
Proceeds from disposal of short term investments	74,991,291	59,851,090
Dividend received	24,679,012	19,821,812
<b>Net cash generated from/(used in) investing activities</b>	54,438,589	(91,255,523)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	55,335,000	114,914,000
Repayment of long term finances	(81,431,985)	(53,250,477)
Dividend paid	(64,799,361)	(64,596,357)
Net (decrease)/increase in short term borrowings	(348,773,246)	31,845,960
<b>Net cash (used in)/generated from financing activities</b>	(439,669,592)	28,913,126
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(110,126,316)	17,820,017
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	128,542,300	16,953,009
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	18,415,984	34,773,026

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



**Shahzada Ellahi Shaikh**  
Chairman



**Muhammad Ahmad**  
Chief Financial Officer



**Haroon Shahzada Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : February 26, 2020

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

	Share capital	Capital reserves			Revenue reserve	
	Issued subscribed and paid-up capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2018 - Audited</b>	109,500,000	(5,786,435)	7,760,000	1,973,565	1,437,796,816	1,549,270,381
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	62,590,904	62,590,904
Other comprehensive loss	-	(49,917,061)	-	(49,917,061)	-	(49,917,061)
<b>Total comprehensive (loss)/income</b>	-	(49,917,061)	-	(49,917,061)	62,590,904	12,673,843
<b>Transaction with owners</b>						
Final dividend @ 60% i.e. Rs. 6 per ordinary share	-	-	-	-	(65,700,000)	(65,700,000)
<b>Balance as at December 31, 2018 - Un-audited</b>	109,500,000	(55,703,496)	7,760,000	(47,943,496)	1,434,687,720	1,496,244,224
<b>Balance as at January 01, 2019 - Un-audited</b>	109,500,000	(55,703,496)	7,760,000	(47,943,496)	1,434,687,720	1,496,244,224
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	142,177,615	142,177,615
Other comprehensive income/(loss)	-	(7,022,250)	-	(7,022,250)	3,033,913	(3,988,337)
<b>Total comprehensive income</b>	-	(7,022,250)	-	(7,022,250)	145,211,528	138,189,278
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at June 30, 2019 - Audited</b>	109,500,000	(62,725,746)	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
<b>Balance as at July 01, 2019 - Audited</b>	109,500,000	(62,725,746)	7,760,000	(54,965,746)	1,579,899,248	1,634,433,502
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	147,566,258	147,566,258
Other comprehensive income	-	47,759,001	-	47,759,001	-	47,759,001
<b>Total comprehensive income</b>	-	47,759,001	-	47,759,001	147,566,258	195,325,259
<b>Transaction with owners</b>						
Final dividend @ 60% i.e. Rs. 6 per ordinary share	-	-	-	-	(65,700,000)	(65,700,000)
<b>Balance as at December 31, 2019 - Un-audited</b>	109,500,000	(14,966,745)	7,760,000	(7,206,745)	1,661,765,506	1,764,058,761

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



**Shahzada Ellahi Shaikh**  
Chairman



**Muhammad Ahmad**  
Chief Financial Officer



**Haroon Shahzada Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : February 26, 2020

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 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 BASIS OF PREPARATION**

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2019.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2019 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2018 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2019 and December 31, 2018 are neither audited nor reviewed.

**2.1 Statement of compliance**

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards 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.

**2.2 Basis of measurement**

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

**2.3 Judgments, estimates and assumptions**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## 2.4 Functional currency

These interim financial statements are prepared in Pak Rupees which is the Company's functional currency.

## 2.5 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 26, 2020.

## 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures.

### 3.1 IFRS 16 - Leases (2016)

IFRS 16 - Leases (2016) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less and the underlying asset is of low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company has elected recognition exemption under this IFRS due to short term and low value leases.

### 3.2 IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

### 3.3 Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

### 3.4 Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS 9 - Financial Instruments have been amended regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

### 3.5 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

### 3.6 Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The annual improvements have made amendments to the following standards:

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - Income Taxes - The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 - Borrowing Costs - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

### 3.7 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

## 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)	January 01, 2020

Other than afore-mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

## 5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019.

## 6 CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

6.1.1 Guarantees issued by banks on behalf of the Company amount to Rs. 188.769 million (June 30, 2019: Rs. 188.769 million).

6.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 58.913 million (June 30, 2019: Rs. 58.913 million).

### 6.2 Commitments

#### 6.2.1 Commitments under irrevocable letters of credit for:

	December 31, 2019	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
- purchase of property, plant and equipment	263,636,584	111,808,130
- purchase of stores, spares and loose tools	25,775,473	12,455,069
- purchase of raw material	637,079,548	58,224,233
	<b>926,491,605</b>	<b>182,487,432</b>

#### 6.2.2 Commitments under operating leases

The Company has rented office premises from a related party under operating lease arrangements. Lease agreement covers a period of one year and is renewable/extendable on mutual consent. Lease rentals are payable quarterly in advance. Commitments for payments in future periods under the lease agreement are as follows:

	December 31, 2019	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
- payments not later than one year	1,006,200	479,160
- payments later than one year	-	-
	<b>1,006,200</b>	<b>479,160</b>

	<i>Note</i>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
<b>7 FIXED ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7.1	<b>2,422,350,937</b>	2,450,975,146
Capital work in progress	7.2	<b>21,644,742</b>	-
		<b>2,443,995,679</b>	2,450,975,146
Intangible assets	7.3	<b>1,756,662</b>	2,376,661
		<b>2,445,752,341</b>	2,453,351,807
<b>7.1 Operating fixed assets</b>			
Net book value at the beginning of the period/year		<b>2,450,975,146</b>	2,640,791,138
Additions during the period/year			
Plant and machinery		<b>108,276,565</b>	58,585,883
Buildings on freehold land - Mills		-	22,375,770
Land		-	1,080,000
Electric installations and equipment		-	1,337,188
Factory equipment		<b>189,767</b>	1,341,400
Office equipment		<b>453,000</b>	966,500
Furniture and fixtures		<b>251,900</b>	1,527,684
Vehicles		<b>6,555,000</b>	19,871,500
		<b>115,726,232</b>	107,085,925
Net book value of assets disposed during the period/year		<b>(20,061,917)</b>	(30,732,747)
Depreciation for the period/year		<b>(124,288,524)</b>	(266,169,170)
Net book value at end of the period/year		<b>2,422,350,937</b>	2,450,975,146
<b>7.2 Capital work in progress</b>			
Opening		-	136,131
Additions during the period/year		<b>21,644,742</b>	82,162,710
Transfers to operating fixed assets		-	(82,298,841)
Net book value at end of the period/year		<b>21,644,742</b>	-
<b>7.3 Intangible assets</b>			
Net book value at beginning of the period/year		<b>2,376,661</b>	3,616,658
Amortization for the period/year		<b>(619,999)</b>	(1,239,997)
Net book value at end of the period/year		<b>1,756,662</b>	2,376,661
<b>8 OTHER FINANCIAL ASSETS</b>			
Financial assets at fair value through other comprehensive income	8.1	<b>389,391,279</b>	341,632,278
Financial assets at fair value through profit or loss	8.2	<b>78,706,439</b>	107,111,487
		<b>468,097,718</b>	448,743,765

**8.1 Financial assets at fair value through other comprehensive income**

These represent investments in listed equity securities and mutual funds which have been designated as 'financial assets at fair value through OCI'. These investments are not held for trading. Instead, they are held for strategic purposes for an indefinite period. Accordingly, the Company has elected to designate these investments as at fair value through OCI as the management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments and realising their performance potential in the long run. The details are as follows:

	December 31, 2019	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
<b><i>Investments in listed equity securities</i></b>		
Cost of investment	399,479,136	399,479,136
Changes in fair value	(21,361,850)	(67,594,776)
	378,117,286	331,884,360
<b><i>Investments in mutual funds</i></b>		
Cost of investment	15,948,136	15,948,136
Changes in fair value	(4,674,143)	(6,200,218)
	11,273,993	9,747,918
	389,391,279	341,632,278

**8.2 Financial assets at fair value through profit or loss**

These represent investments in listed equity securities through a separately managed asset management account with Alfalah GHP Investment Management Limited. These, being held for trading, are required to be measured at fair value through profit or loss mandatorily. Accordingly, these have been classified as 'financial assets at fair value through profit or loss'. The details are as follows:

	December 31, 2019	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
<b><i>Investments in asset management account</i></b>		
Cost of investment	76,117,509	126,683,091
Changes in fair value	2,588,930	(19,571,604)
	78,706,439	107,111,487

**8.3 Changes in fair value**

	December 31, 2019			
	Listed equity securities	Mutual fund	Asset management account	Total
As at beginning of the period	(67,594,776)	(6,200,218)	(19,571,604)	(93,366,598)
Accumulated impairment reclassified	-	-	-	-
Changes for the period				
- recognized in OCI	46,232,926	1,526,075	-	47,759,001
- recognized in profit or loss	-	-	22,160,534	22,160,534
As at end of the period	(21,361,850)	(4,674,143)	2,588,930	(23,447,063)

	June 30, 2019			
	Listed equity securities	Mutual fund	Asset management account	Total
As at beginning of the year	15,898,634	(2,531,405)	(15,462,049)	(2,094,820)
Accumulated impairment reclassified	(20,174,799)	-	-	(20,174,799)
Changes for the year				
- recognized in OCI	(63,318,611)	(3,668,813)	-	(66,987,424)
- recognized in profit or loss	-	-	(4,109,555)	(4,109,555)
As at end of the year	(67,594,776)	(6,200,218)	(19,571,604)	(93,366,598)

## 9 COST OF SALES

	Six month ended		Three month ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
Raw material consumed	1,844,416,376	1,913,872,279	966,197,320	968,744,837
Fuel and power	337,168,557	280,017,491	170,043,996	140,276,312
Stores, spares and loose tools consumed	102,971,935	92,203,378	51,761,802	48,375,291
Salaries, wages and benefits	174,550,218	180,559,243	88,103,705	87,164,208
Insurance	6,839,801	4,928,512	2,710,031	2,624,883
Repair and maintenance	6,169,737	4,134,680	3,579,354	2,046,824
Depreciation	119,434,301	128,787,549	60,068,247	64,436,794
Other manufacturing overheads	9,277,981	8,821,218	4,654,457	4,569,544
Manufacturing cost	2,600,828,906	2,613,324,350	1,347,118,912	1,318,238,693
Work in process				
As at beginning of the period	50,421,233	58,649,452	41,882,905	63,299,280
As at end of the period	(51,040,001)	(58,044,813)	(51,040,001)	(58,044,813)
	(618,768)	604,639	(9,157,096)	5,254,467
Cost of goods manufactured	2,600,210,138	2,613,928,989	1,337,961,816	1,323,493,160
Finished goods				
As at beginning of the period	57,511,935	61,759,790	150,444,669	109,185,234
Purchased during the period	203,241,559	126,412,500	132,142,559	54,102,500
As at end of the period	(75,643,802)	(86,302,474)	(75,643,802)	(86,302,474)
	185,109,692	101,869,816	206,943,426	76,985,260
	2,785,319,830	2,715,798,805	1,544,905,242	1,400,478,420

## 10 PROVISION FOR TAXATION

**10.1** Provision for current tax has been made in accordance with the requirements of section 113 and section 154 of the Income Tax Ordinance, 2001.

**10.2** No provision for deferred tax has been made as the impact of the same is considered immaterial.

**11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits and dividend on ordinary shares. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

There are no balances outstanding with related parties as at the reporting date. Detail of transactions with related parties are as follows:

		<b>Six months ended</b>	
		<b>December 31, 2019</b>	<b>December 31, 2018</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
<b>11.1</b>	<b>Transactions with related parties</b>		
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Associated companies	Purchase of goods and services	<b>159,864,050</b>	107,966,400
	Sales of goods and services	<b>828,934,161</b>	814,030,990
	Rent paid	<b>479,160</b>	435,600
	Dividend paid	<b>15,980,766</b>	15,980,766
Key management personnel	Short term employee benefits	<b>6,414,291</b>	5,365,448
	Dividend paid to directors and their family members	<b>30,630,744</b>	30,630,744

**12 FINANCIAL INSTRUMENTS**

The carrying amounts of the Company's financial instruments by class and category are as follows:

	December 31, 2019	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>12.1 Financial assets</b>		
<i>Cash in hand</i>	931,011	-
<i>Financial assets at amortized cost</i>		
Long term deposits	7,090,700	7,090,700
Long term investment	-	109,421,506
Trade receivables	615,471,517	547,519,263
Advances to employees	1,706,386	752,300
Bank balances	17,484,973	128,542,300
	641,753,576	793,326,069
<i>Financial assets designated as fair value through OCI</i>		
Investment in listed equity securities	378,117,286	331,884,360
Investment in mutual funds	11,273,993	9,747,918
	389,391,279	341,632,278
<i>Financial assets mandatorily measured at fair value through profit and loss</i>		
Investment in asset management account	78,706,439	107,111,487
	1,110,782,305	1,242,069,834
<b>12.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Long term finances	1,889,340,183	1,915,437,168
Short term borrowings	1,092,969,390	1,441,742,636
Accrued interest/markup/profit	39,846,229	41,487,122
Trade creditors	94,191,455	47,175,027
Accrued liabilities	321,999,523	303,456,648
Unclaimed dividend	6,405,823	5,505,184
	3,444,752,603	3,754,803,785



**13 FAIR VALUE MEASUREMENTS**
**13.1 Financial instruments**
**13.1.1 Financial instruments measured at fair value**

The Company measures some of its financial assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- 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 fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

**a) Recurring fair value measurements**

Nature of asset	Hierarchy	Valuation techniques and key inputs	December 31, 2019	June 30, 2019
			Rupees (Un-Audited)	Rupees (Audited)
Available for sale financial assets				
Investments in equity securities	Level 1	Quoted bid prices in an active market	378,117,286	331,884,360
Investments in mutual funds	Level 1	Quoted bid prices in an active market	11,273,993	9,747,918
Investments in asset management account	Level 1	Quoted bid prices in an active market	78,706,439	107,111,487

**b) Non-recurring fair value measurements**

There are no non-recurring fair value measurements as at the reporting date.

**13.1.2 Financial instruments not measured at fair value**

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

**13.2 Assets and liabilities other than financial instruments.**

None of the assets and liabilities other than financial instruments are measured at fair value.

**14 EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.



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### 15 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

### 16 GENERAL

16.1 There are no other significant activities since June 30, 2019 affecting the interim financial statements.

16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

16.3 Figures have been rounded off to the nearest Rupee.

Lahore : February 26, 2020

  
**Shahzada Ellahi Shaikh**  
Chairman

  
**Muhammad Ahmad**  
Chief Financial Officer

  
**Haroon Shahzada Ellahi Shaikh**  
Mg. Director (Chief Executive)

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
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



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