

**HALF YEARLY REPORT  
FOR THE PERIOD ENDED  
DECEMBER 31, 2016  
(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. Syed Moaz Mohiuddin	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. Syed Moaz Mohiuddin	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

#### HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Amin Ellahi Shaikh	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza 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

#### 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](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' REPORT TO THE MEMBERS**

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2016 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2015 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2016.

### **Company Performance**

Alhamdulillah, despite turbulent operating environment your Company has been able to remain profitable. Profits after tax for the 1st half year ended is Rs.46,587,503 or 1.97% of sales compared to Rs. 9,348,814 or 0.46% during the corresponding period of last year. This has been possible due to better selling margins and cost effective strategies. Earning per share (EPS) for the period is Rs. 4.25 compared to Rs. 0.85 for the corresponding period of last year.

Sales revenue for the period under review is Rs.2,360,796,852 compared to Rs.2,023,871,858 during the corresponding period of last year showing increase of 16.65%. Revenue increased due to better prices of the finished goods. Cost of sales reduced from 94.34% of sales during the same period of last year to 93.29% of sales during the 1st half year ended under review, resulted increase in GP from 5.66% of sales to 6.71% of sales.

Overall operating expenses decreased from 3.51% of sales during last year to 3.12% of sales during the current half year. The major reason of reduction in operating expenses is more focus on local sales for which pricing terms are normally on ex-factory basis.

The Company has been able to generate stable cash flows and timely discharge of all its operating and financial liabilities. Finance cost increased by 10.63% over same period of last year, owing to higher utilization of working capital financing facilities.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2016-17, Kapas, (seed cotton) arrivals upto February 03, 2017, at the Ginneries totaled 10.635 million bales compared to 9.613 million bales for similar period of the year 2015-16 showing increase in arrival of 10.63%.

### **Future Outlook**

Spinning industry operating environment continues to remain volatile. Yarn demand is still under pressure. Major yarn importing regions are full of cheap yarn from India and Vietnam. Our competing countries have better operating conditions because of persistent devaluation of their currencies and subsidies. The aggressive policies of our competing countries are forcing prices of textile products to remain low. Pakistani rupee is maintaining relative strength against the USD and reducing our international competitiveness. However Government has recently announced textile package by virtue of which weaving and spinning sector would be entitled to 4% rebate on export proceeds realization. This is a long awaited welcome step taken by the government. This measure would likely to help in regaining Pakistani textile products share in international markets. Initially the package is confined to exports done by June 30, 2017 and is likely to continue conditionally thereafter for another one year.



## ELLCOT SPINNING MILLS LIMITED

Prices of raw cotton has started to surge because of global projected crop shortage. This increase in cotton prices are likely to exert upward pressure on yarn prices. Management is hopeful that consequently this will lead to increase in yarn prices and margins in the second half of the year.

In order to deal with all the challenges, management is pursuing a policy of cost effective strategies, aggressive marketing and production of value added products to keep the company profitable.

It is hoped that the Government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, allow the market to establish the fair value of the Pakistani rupee against the USD and encourage value addition in the textile sector.

### Acknowledgement

Despite adverse conditions profitable results have been possible due to continued diligence and devotion of the staff and workers of the Company. The continued 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.

A handwritten signature in black ink, appearing to read 'Shafqat Ellahi Shaikh', with a horizontal line underneath.

**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : February 23, 2017.

## ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 دسمبر 2016 کو مختصر ششماہی کے لئے آڈیٹرز سے جائزہ شدہ کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔  
31 دسمبر 2015ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار موازنہ کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016ء کو مختصر سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ آپ کی کمپنی کشیدہ آپریٹنگ ماحول کے باوجود منافع بخش رہی ہے۔ مختصر پہلی ششماہی کا بعد ازنگس منافع، گزشتہ سال کی اسی مدت کے دوران 9,348,814 روپے یا فروخت کا 0.46 فیصد کے مقابلے میں 46,587,503 روپے یا فروخت کا 1.97 فیصد ہوا۔ یہ منافع بہتر فروخت مارجن اور لاگت پر موثر حکمت عملیوں کی بدولت ممکن ہوا۔ رواں ششماہی کے لئے فی شیئر آمدنی (EPS)، گزشتہ سال کی اسی مدت کی 0.85 روپے EPS، کے مقابلے میں 4.25 روپے ہے۔

زیر جائزہ مدت کے لئے فروخت کی آمدن گزشتہ سال کی اسی مدت کے دوران 2,023,871,858 روپے کے مقابلے میں 2,360,796,852 روپے ہے، جو گزشتہ سال سے 16.65 فیصد اضافہ ظاہر کر رہی ہے۔ آمدنی میں اضافہ تیار اشیاء کی بہتر قیمتوں کی وجہ سے ہوا۔ فروخت کی لاگت، گزشتہ سال کی اسی مدت کے دوران فروخت کی 94.34 فی صد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کی 93.29 فیصد ہو گئی جس کے نتیجے میں مجموعی منافع (GP) فروخت کا 5.66 فیصد سے بڑھ کر فروخت کا 6.71 فیصد ہو گیا۔

مجموعی آپریٹنگ اخراجات تقابلی مدت میں کم ہو کر فروخت کے 3.51 فیصد کے مقابلے میں فروخت کے 3.12 فیصد رہے۔ آپریٹنگ اخراجات میں کمی کی بڑی وجہ مقامی فروخت پر زیادہ توجہ جس کے لئے پرائیمرنگ عام طور پر ایکس ٹیکسری بنیاد پر ہیں۔

کمپنی اپنے تمام آپریٹنگ اور مالی واجبات کی بروقت ادائیگیوں اور مستحکم نقدی بہاؤ پیدا کرنے کے قابل ہوئی۔ مالی لاگت، ورکنگ کپٹل مینجنگ سہولیات کے زیادہ استعمال کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں 10.63 فیصد سے بڑھ گئی ہے۔

کراپ سال 2016-17 کے لئے، پاکستان کائن جزائر سوی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (پتھ کپاس) 03 فروری 2017 تک جزیر میں آمد گزشتہ سال 2015-16 کی اس مدت میں 9.613 ملین گانٹھوں کے مقابلے میں 10.63 فیصد اضافہ کے ساتھ 10.635 ملین گانٹھیں رہی۔

### مستقبل کا نقطہ نظر

سپننگ صنعت کا آپریٹنگ ماحول غیر مستحکم رہا۔ یارن کی طلب اب بھی دباؤ کا شکار ہے۔ یارن درآمد کرنے والے اہم ممالک، بھارت اور ویتنام سے درآمد شدہ سستے یارن سے بھرے پڑے ہیں۔ ہمارے مسابقتی ممالک کے آپریٹنگ حالات، پانچ حکومت کی سبسڈیز اور سازگار انجینئرنگ ریش کے نتیجے میں، بہتر ہیں۔

ہمارے مسابقتی ممالک کی جارحانہ پالیسیاں ٹیکسٹائل مصنوعات کی قیمتیں کم رکھنے پر مجبور کر رہی ہیں۔ امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر برقرار رہی جو کہ ہماری بین الاقوامی مسابقت کو کم کر رہی ہے۔ تاہم حکومت نے حال ہی میں ایک ٹیکسٹائل پیکجنگ کا اعلان کیا ہے جس میں ویونگ اور سپننگ شعبے برآمدات سے حاصل ہونے والی رقم پر 4 فیصد رعایت کے حقدار ہوں گے۔ طویل انتظار کے بعد حکومت کی طرف سے اٹھایا گیا یہ اقدام خوش آئند ہے۔ یہ اقدام بین الاقوامی منڈیوں میں پاکستانی ٹیکسٹائل مصنوعات کا اپنا حصہ حاصل کرنے میں مدد کرے گا۔ ابتدائی طور پر یہ پیکج 30 جون 2017 تک کی گئی برآمدات کے لئے مختص ہے اور مشروط طور پر مزید ایک سال جاری رہنے کا امکان ہے۔ خام کپاس کی قیمتیں عالمی سطح پر کپاس کی کم فصل کی وجہ سے بڑھنا شروع ہو گئی ہیں۔ کپاس کی قیمتوں میں یہ اضافہ یارن کی قیمتوں میں اضافے کا سبب بن سکتا ہے۔ انتظامیہ کو امید ہے کہ مالی سال 2016-17 کی دوسری سشماہی میں یارن کی قیمتوں اور مارجن میں اضافہ ہوگا۔

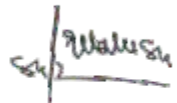
تمام چیلنجز سے غٹنے کے لئے انتظامیہ موثر لائٹ حکمت عملیوں، جارحانہ مارکیٹنگ اور کمپنی کو متاثر بخش رکھنے کے لئے ویلیو ایڈڈ مصنوعات پیدا کرنے کی پالیسی پر عمل پیرا ہے۔

امید ہے کہ حکومت مختلف ٹیکسوں کی رقم کی واپسی میں تیزی لانے، ملوں کو چلانے کے لئے وافر گیس کی فراہمی، امریکی ڈالر کے مقابلے پاکستانی روپے کی مناسب قدر قائم رکھ کر اور ٹیکسٹائل شعبہ میں ویلیو ایڈڈیشن کی حوصلہ افزائی میں تیزی لاکر، ٹیکسٹائل صنعت کی مدد کرے گی۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز، مینجرز اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ



شفقت الہی شیخ

مینجنگ ڈائریکٹر (جینرل مینجمنٹ)

23 فروری 2017

## **FINANCIAL STATEMENTS**



## **Auditors' report to the Members on Review of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Ellicot Spinning Mills Limited** ("the Company") as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the three months period ended December 31, 2016 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months 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 information consist 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

**Chartered Accountants**

**Engagement Partner: IRFAN REHMAN MALIK**

**Lahore: February 23, 2017**



**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

	<i>Note</i>	<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized capital</i>			
20,000,000 (June 30, 2016: 20,000,000) ordinary shares of Rs. 10 each		<b>200,000,000</b>	200,000,000
Issued, subscribed and paid-up capital		<b>109,500,000</b>	109,500,000
Capital reserves		<b>34,843,255</b>	8,212,161
Accumulated profit		<b>1,309,032,041</b>	1,300,769,538
<b>TOTAL EQUITY</b>		<b>1,453,375,296</b>	1,418,481,699
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances		<b>546,909,451</b>	539,712,204
Liabilities against assets subject to finance lease		-	-
Employees retirement benefits		<b>70,901,978</b>	66,908,522
Deferred taxation		<b>52,031,536</b>	52,031,536
		<b>669,842,965</b>	658,652,262
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>306,731,069</b>	239,845,121
Accrued interest/markup		<b>11,429,939</b>	11,201,552
Short term borrowings		<b>860,623,784</b>	452,833,638
Current portion of non-current liabilities		<b>68,840,750</b>	89,281,356
		<b>1,247,625,542</b>	793,161,667
<b>TOTAL LIABILITIES</b>		<b>1,917,468,507</b>	1,451,813,929
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,370,843,803</b>	2,870,295,628

*The annexed notes 1 to 16 form an integral part of this condensed interim financial information.*

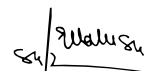


**Shahzada Ellahi Shaikh**  
Director

Lahore : February 23, 2017.

	<i>Note</i>	<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	7	1,184,504,196	1,213,576,874
Long term deposits		7,090,700	7,090,700
		<b>1,191,594,896</b>	<b>1,220,667,574</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		60,111,273	43,623,721
Stock in trade		1,190,023,432	738,170,879
Trade debts		315,465,771	281,423,824
Advances, prepayments and other receivables		324,094,340	206,010,087
Short term investments		183,812,040	119,964,290
Advance income tax		75,281,101	84,239,692
Cash and bank balances		30,460,950	176,195,561
		<b>2,179,248,907</b>	<b>1,649,628,054</b>
<b>TOTAL ASSETS</b>		<b>3,370,843,803</b>	<b>2,870,295,628</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

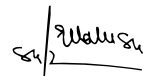
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

Note	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees	Rupees	Rupees	Rupees
<b>Sales - net</b>	2,360,796,852	2,023,871,858	1,331,662,279	988,165,259
Cost of sales	8 (2,202,462,520)	(1,909,324,805)	(1,254,015,776)	(929,137,278)
<b>Gross profit</b>	158,334,332	114,547,053	77,646,503	59,027,981
Distribution cost	(15,466,967)	(24,283,479)	(9,112,500)	(9,444,825)
Administrative expenses	(52,938,917)	(43,874,272)	(25,972,391)	(21,642,917)
Other expenses	(5,203,477)	(2,912,256)	(2,477,161)	(1,808,806)
	(73,609,361)	(71,070,007)	(37,562,052)	(32,896,548)
	84,724,971	43,477,046	40,084,451	26,131,433
Other income	8,531,798	9,273,404	6,440,169	4,856,034
<b>Operating profit</b>	93,256,769	52,750,450	46,524,620	30,987,467
Finance cost	(23,863,620)	(21,570,175)	(13,343,912)	(11,657,918)
<b>Profit before taxation</b>	69,393,149	31,180,275	33,180,708	19,329,549
Provision for taxation	9 (22,805,646)	(21,831,461)	(11,960,065)	(11,384,103)
<b>Profit after taxation</b>	46,587,503	9,348,814	21,220,643	7,945,446
<b>Earnings per share - basic and diluted</b>	4.25	0.85	1.94	0.73

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Shahzada Ellahi Shaikh  
Director



Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore : February 23, 2017.

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

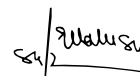
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	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	26,631,094	(6,139,322)	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income/(loss) before taxation	26,631,094	(6,139,322)	-	-
Taxation	-	-	-	-
Other comprehensive Income/(loss) after taxation	26,631,094	(6,139,322)	-	-
Profit after taxation	46,587,503	9,348,814	21,220,643	7,945,446
Total comprehensive income	73,218,597	3,209,492	21,220,643	7,945,446

*The annexed notes 1 to 16 form an integral part of this condensed interim financial information.*



**Shahzada Ellahi Shaikh**  
Director



**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : February 23, 2017.

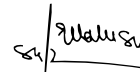
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

	Six months ended	
	December 31, 2016	December 31, 2015
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	69,393,149	31,180,275
<b>Adjustments for non-cash items</b>		
Depreciation	61,752,790	50,680,946
Amortization	619,999	-
Provision for employees retirement benefits	12,554,262	4,350,948
Gain on disposal of property, plant and equipment	(12,218)	(49,831)
Gain on sale of short term investments	(1,439,324)	(7,947,604)
Interest/markup on borrowings	23,863,620	21,570,175
	97,339,129	68,604,634
<b>Operating profit before changes in working capital</b>	166,732,278	99,784,909
<b>Changes in working capital</b>		
Stores, spares and loose tools	(16,487,552)	(802,105)
Stock in trade	(451,852,553)	(195,916,852)
Trade debts	(34,041,947)	9,866,238
Advances, prepayments and other receivables	(118,084,253)	(58,057,404)
Trade and other payables	66,471,052	18,383,769
	(553,995,253)	(226,526,354)
<b>Net cash used in operations</b>	(387,262,975)	(126,741,445)
<b>Payments for</b>		
Interest/markup on borrowings	(23,635,233)	(23,386,739)
Income tax	(13,847,055)	(20,406,662)
Employees retirement benefits	(8,560,806)	(6,191,189)
<b>Net cash used in operating activities</b>	(433,306,069)	(176,726,035)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(33,869,893)	(8,748,985)
Proceeds from disposal of property, plant and equipment	582,000	1,103,173
Purchase of short term investments	(237,216,656)	(646,941,989)
Proceeds from disposal of short term investments	201,439,324	782,495,539
<b>Net cash (used in)/generated from investing activities</b>	(69,065,225)	127,907,738
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	52,148,841	-
Repayment of long term finances	(64,492,425)	(32,500,000)
Repayment of liabilities against assets subject to finance lease	(899,775)	(1,894,487)
Dividend paid	(37,910,104)	(37,946,756)
Net increase in short term borrowings	407,790,146	162,637,158
<b>Net cash generated from financing activities</b>	356,636,683	90,295,915
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(145,734,611)	41,477,618
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	176,195,561	148,674,604
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	30,460,950	190,152,222

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



**Shahzada Ellahi Shaikh**  
Director



**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

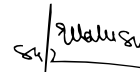
Lahore : February 23, 2017.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

	Share capital	Capital reserves		Revenue reserve	
	Issued subscribed and paid-up capital	Changes in fair value of available for sale financial assets	Capital reserve	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2015 - Audited	109,500,000	-	7,760,000	1,267,426,918	1,384,686,918
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	9,348,814	9,348,814
Other comprehensive loss	-	(6,139,322)	-	-	(6,139,322)
<b>Total comprehensive income</b>	-	(6,139,322)	-	9,348,814	3,209,492
<b>Transaction with owners</b>					
Final dividend @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	(38,325,000)	(38,325,000)
<b>Balance as at December 31, 2015 - Un-audited</b>	<u>109,500,000</u>	<u>(6,139,322)</u>	<u>7,760,000</u>	<u>1,238,450,732</u>	<u>1,349,571,410</u>
<b>Balance as at January 01, 2016 - Un-audited</b>	109,500,000	(6,139,322)	7,760,000	1,238,450,732	1,349,571,410
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	61,815,731	61,815,731
Other comprehensive income	-	6,591,483	-	503,075	7,094,558
<b>Total comprehensive income</b>	-	6,591,483	-	62,318,806	68,910,289
<b>Transaction with owners</b>	-	-	-	-	-
<b>Balance as at June 30, 2016 - Audited</b>	<u>109,500,000</u>	<u>452,161</u>	<u>7,760,000</u>	<u>1,300,769,538</u>	<u>1,418,481,699</u>
<b>Balance as at July 01, 2016 - Audited</b>	109,500,000	452,161	7,760,000	1,300,769,538	1,418,481,699
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	46,587,503	46,587,503
Other comprehensive income	-	26,631,094	-	-	26,631,094
<b>Total comprehensive income</b>	-	26,631,094	-	46,587,503	73,218,597
<b>Transaction with owners</b>					
Final dividend @ 35% i.e. Rs. 3.5 per ordinary share	-	-	-	(38,325,000)	(38,325,000)
<b>Balance as at December 31, 2016 - Un-audited</b>	<u>109,500,000</u>	<u>27,083,255</u>	<u>7,760,000</u>	<u>1,309,032,041</u>	<u>1,453,375,296</u>



Shahzada Ellahi Shaikh  
Director



Shafqat Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore : February 23, 2017.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

**1 REPORTING ENTITY**

Ellicot Spinning Mills Limited ("the Company") is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. 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 in District Kasur in the Province of Punjab.

**2 BASIS OF PREPARATION**

The financial information contained in this interim financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2016.

This condensed interim financial information has been subjected to limited scope review by the auditors of the company, as required by the Code of Corporate Governance. The comparative interim balance sheet as at June 30, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2015 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 are neither audited nor reviewed.

**2.1 Statement of compliance**

This interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

**2.2 Basis of measurement**

The financial information contained in this interim report has been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

**2.3 Judgments, estimates and assumptions**

The preparation of financial information requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, 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**

This financial information is prepared in Pak Rupees which is the Company's functional currency.

**3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.**

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



#### **IFRS 14 – Regulatory Deferral Accounts (2014)**

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

#### **Equity Method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)**

IAS 27 - Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

#### **Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)**

IFRS 11 - Joint Arrangements has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

#### **Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)**

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

#### **Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)**

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

#### **Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)**

IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture have been amended to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16.
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

**Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)**

IAS 1 Presentation of Financial Statements has been amended to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

**Annual Improvements 2012-2014 cycle**

These improvements make amendments to the following standards:

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 - Financial Instruments: Disclosures - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 19 - Employee Benefits - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 - Interim Financial Reporting - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
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
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Classification and Measurement of Share-based Payment Transactions	January 01, 2018
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018

	<b>Effective date (annual periods beginning on or after)</b>
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

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 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, 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.

#### **IFRS 9 – Financial Instruments: Classification and Measurement (2014)**

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- Impairment: IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- Hedge accounting: IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

#### **IFRS 16 – Leases (2016)**

IFRS 16 specifies how an entity 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 leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

**Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)**

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the same type.

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

**IFRIC 22 - Foreign Currency Transactions and Advances Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary.

**5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2016.

**6 CONTINGENCIES AND COMMITMENTS**
**6.1 Contingencies**

There is no significant change in the status of contingencies since June 30, 2016, with the exception of bills discounted/negotiated, which amount to Rs. 11,837,783 (June 30, 2016: Rs. 58,038,425) as at the reporting date.

	<b>December 31, 2016</b>	<b>June 30, 2016</b>
	<i><b>Rupees</b></i>	<i><b>Rupees</b></i>
	<i><b>(Un-Audited)</b></i>	<i><b>(Audited)</b></i>
<b>6.2 Commitments</b>		
<b>6.2.1 Commitments under irrevocable letters of credit for:</b>		
- purchase of property, plant and equipment	<b>50,016,141</b>	27,164,549
- purchase of stores, spares and loose tools	<b>21,733,457</b>	2,444,050
- purchase of raw material	<b>359,816,340</b>	93,551,527
	<b>431,565,938</b>	123,160,126
<b>6.2.2 Commitments under operating leases</b>	<b>792,000</b>	360,000

	<i>Note</i>	<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>7</b>	<b>FIXED ASSETS</b>		
Property, plant and equipment			
Assets owned by the Company	7.1	<b>1,173,073,410</b>	1,201,212,714
Assets subject to finance lease	7.2	<b>5,954,133</b>	6,267,508
		<b>1,179,027,543</b>	1,207,480,222
Intangible assets	7.3	<b>5,476,653</b>	6,096,652
		<b>1,184,504,196</b>	1,213,576,874
<b>7.1</b>	<b>Assets owned by the Company</b>		
Net book value at the beginning of the period/year		<b>1,201,212,714</b>	996,094,505
Additions during the period/year			
Plant and machinery		<b>30,471,254</b>	289,139,527
Electric installations and equipment		-	2,050,000
Office equipment		<b>367,939</b>	8,324,236
Furniture and fixtures		<b>134,700</b>	419,500
Vehicles		<b>2,896,000</b>	11,641,000
		<b>33,869,893</b>	311,574,263
Transfers from leased assets during the period/year		-	2,957,829
Net book value of assets disposed during the period/year		<b>(569,782)</b>	(3,927,265)
Depreciation for the period/year		<b>(61,439,415)</b>	(105,486,618)
Net book value at end of the period/year		<b>1,173,073,410</b>	1,201,212,714
<b>7.2</b>	<b>Assets subject to finance lease</b>		
Net book value at beginning of the period/year		<b>6,267,508</b>	10,250,375
Net book value of assets transferred during the period/year		-	(2,957,829)
Depreciation for the period/year		<b>(313,375)</b>	(1,025,038)
Net book value at end of the period/year		<b>5,954,133</b>	6,267,508
<b>7.3</b>	<b>Intangible assets</b>		
Net book value at beginning of the period/year		<b>6,096,652</b>	6,199,985
Amortization for the period/year		<b>(619,999)</b>	(103,333)
Net book value at end of the period/year		<b>5,476,653</b>	6,096,652

	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Un-Audited)</i>
<b>8 COST OF SALES</b>				
Raw material consumed	<b>1,615,893,026</b>	1,355,264,340	<b>882,392,463</b>	676,975,256
Fuel and power	<b>219,030,321</b>	213,053,399	<b>112,421,565</b>	114,014,473
Stores, spares and loose tools consumed	<b>86,695,482</b>	80,434,692	<b>48,485,708</b>	42,691,557
Salaries, wages and benefits	<b>188,420,505</b>	157,941,962	<b>90,773,016</b>	75,508,017
Insurance	<b>4,708,108</b>	4,712,514	<b>2,366,925</b>	2,338,827
Repair and maintenance	<b>5,041,322</b>	5,016,207	<b>2,615,358</b>	1,172,668
Depreciation	<b>57,819,918</b>	47,386,276	<b>29,102,044</b>	24,030,334
Other manufacturing overheads	<b>8,704,444</b>	6,693,768	<b>3,861,260</b>	3,336,194
	<b>2,186,313,126</b>	1,870,503,158	<b>1,172,018,339</b>	940,067,326
Work in process				
As at beginning of the period	<b>53,273,667</b>	46,147,113	<b>60,816,900</b>	51,466,876
As at end of the period	<b>(75,279,904)</b>	(54,855,841)	<b>(75,279,904)</b>	(54,855,841)
	<b>(22,006,237)</b>	(8,708,728)	<b>(14,463,004)</b>	(3,388,965)
	<b>2,164,306,889</b>	1,861,794,430	<b>1,157,555,335</b>	936,678,361
Finished goods				
As at beginning of the period	<b>97,472,315</b>	40,271,540	<b>159,024,175</b>	48,761,972
Purchased during the period	<b>3,247,050</b>	74,069,030	-	10,507,140
As at end of the period	<b>(62,563,734)</b>	(66,810,195)	<b>(62,563,734)</b>	(66,810,195)
	<b>38,155,631</b>	47,530,375	<b>96,460,441</b>	(7,541,083)
	<b>2,202,462,520</b>	1,909,324,805	<b>1,254,015,776</b>	929,137,278

## 9 PROVISION FOR TAXATION

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

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

## 10 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.

Details of transactions with related parties are as follows:

		<b>Six months ended</b>	
		<b>December 31, 2016</b>	<b>December 31, 2015</b>
		<b>Rupees</b>	<b>Rupees</b>
		<b>(Un-Audited)</b>	<b>(Un-Audited)</b>
<b>10.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Associated companies	Purchase of goods and services	<b>415,000</b>	76,230,574
	Sales of goods and services	<b>429,817,991</b>	531,888,842
	Dividend paid	<b>9,322,114</b>	9,322,114
Key management personnel	Short term employee benefits	<b>5,157,495</b>	7,249,812
	Dividend paid to directors and their family members	<b>17,131,531</b>	17,969,434
<b>10.2 Balances with related parties</b>			
There are nil balances due to/from related parties as at the reporting date.			
<b>11 FINANCIAL INSTRUMENTS</b>			
The carrying amounts of the Company's financial instruments by class and category are as follows:			
		<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<b>Rupees</b>	<b>Rupees</b>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>11.1 Financial assets</b>			
<b>Cash in hand</b>		<b>1,358,485</b>	2,565,443
<b>Loans and receivables</b>			
Long term deposits		<b>7,090,700</b>	7,090,700
Trade debts		<b>315,465,771</b>	281,423,824
Bank balances		<b>29,102,465</b>	173,630,118
		<b>351,658,936</b>	462,144,642
<b>Available for sale financial assets</b>			
Short term investments		<b>183,812,040</b>	119,964,290
		<b>536,829,461</b>	584,674,375
<b>11.2 Financial liabilities</b>			
<b>Financial liabilities at amortized cost</b>			
Long term finances		<b>615,541,191</b>	627,884,775
Liabilities against assets subject to finance lease		<b>209,010</b>	1,108,785
Short term borrowings		<b>860,623,784</b>	452,833,638
Accrued interest/markup		<b>11,429,939</b>	11,201,552
Trade creditors		<b>84,857,541</b>	34,556,378
Accrued liabilities		<b>118,409,575</b>	106,044,828
Unclaimed dividend		<b>4,652,796</b>	4,237,900
		<b>1,695,723,836</b>	1,237,867,856

**12 FAIR VALUE MEASUREMENTS**

The Company measures some of its financial instruments 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, 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:

**12.1 Financial instruments measured at fair value**
**12.1.1 Recurring fair value measurements**

Financial instruments	Hierarchy	Valuation techniques and key inputs	December 31, 2016	June 30, 2016
			<i>Rupees</i>	<i>Rupees</i>
			<i>(Un-Audited)</i>	<i>(Audited)</i>
Available for sale financial assets				
Short term investments	Level 1	Quoted bid prices in an active market	183,812,040	119,964,290

**12.1.2 Non-recurring fair value measurements**

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

**12.2 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.

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

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

**13 EVENTS AFTER THE REPORTING PERIOD**

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

**14 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 this condensed interim financial information.

**15 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue of February 23, 2017.





## ELLCOT SPINNING MILLS LIMITED

### 16 GENERAL

- 16.1** There are no other significant activities since June 30, 2016 affecting the interim financial information.
- 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.

**Shahzada Ellahi Shaikh**  
Director

**Shafqat Ellahi Shaikh**  
Mg. Director (Chief Executive)

Lahore : February 23, 2017.

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