

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2022
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



C O N T E N T S

| | |
|---|----|
| Company Information | 4 |
| Directors' Review | 5 |
| Independent Auditor's Review Report | 9 |
| Condensed Interim Statement of Financial Position | 10 |
| Condensed Interim Statement of Profit or Loss | 12 |
| Condensed Interim Statement of Comprehensive Income | 13 |
| Condensed Interim Statement of Cash Flows | 14 |
| Condensed Interim Statement of Changes In Equity | 15 |
| Notes to the Condensed Interim Financial Statements | 16 |



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

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
United Bank Ltd.

REGISTERED OFFICE

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

REGIONAL OFFICE

2nd Floor, Sheikh Sultan Trust Bldg. No. 2,
26 - Civil Lines, Beaumont Road, Karachi-75530

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

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

MILLS

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



DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2022 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2021 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2022.

Company Performance

Alhamdulillah, despite unfavourable business environment, your company has earned after tax profit of Rs. 222,752,722 for the half year ended December 31, 2022 compared to Rs. 823,983,107 during the same period of last year (SPLY). Earning per share (EPS) for the half year is Rs. 20.34 compared to Rs. 75.25 for the SPLY.

Sales volume decreased during the period. However, due to increase in unit price, sales revenue increased to Rs. 5,737,130,422 during the period under review as compared to Rs. 4,997,097,797 during the SPLY. Cost of sales increased from 75.31% of sales during SPLY to 91.57% of sales during the period under review. The major reasons for increase are surge in raw material, energy and labour costs. Higher input costs resulted in a drop in Gross profit (GP) from 24.69% of sales during SPLY to 8.43% of sales during the period under review.

Due to increase in sales value the operating expenses reduced from 4.01% of sales during SPLY to 3.12% of sales during the period under review. Finance cost decreased from 1.48% of sales during the SPLY to 1.44% of sales during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals upto February 01, 2023, at the Ginneries totaled 4.763 million bales compared to 7.421 million bales for similar period of financial year 2021-22 showing decrease in arrival of 35.81%.

Future Outlook

The economic environment has become extremely challenging. The product margins are stressed in local as well as in global markets. Yet another local cotton crop failure has forced spinning mills to import expensive cotton from international markets. Because of dwindling foreign currency reserves of Pakistan, establishing LC for import of raw cotton has become very challenging. There is a serious risk of supply chain disruption leading to raw material shortages and decline in production. Devaluation of the rupee against the USD is pushing up the cost of imports. Government is about to enter into much needed IMF agreement. Consequent to the agreement, we foresee surge in cost of energy, interest costs, taxes etc. The second half of the current financial year looks to be difficult which may result in losses.

Due to global inflation, customers are complaining of sudden drop in demand for finished goods putting downward pressure on yarn prices. This is because the consumption behaviours of the masses are changing from fabric to food and energy related consumptions. The Russia/Ukraine conflict is also casting its shadow. Unfortunately, all these factors have further intensified and depressed the outlook for the foreseeable future.

The State Bank of Pakistan (SBP) policy rate of 17% is significantly affecting demand for textiles and also raising the financial costs of the company. Another rise in policy rate is feared under IMF requirements. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed without any clarity. This will cause substantial rise in financial costs of the company.

Due to international and domestic dynamics, the Pakistani economy is facing significant challenges. The economy of Pakistan remains unstable because of political uncertainty, devastating floods, Rupee devaluation, declining foreign exchange reserves and very high inflation. Given the low reserves position, the Government is expected to take difficult but necessary measures and reforms required by the International Monetary Fund (IMF) including increase of utility prices and additional taxes to bridge fiscal deficits. As a result, the input cost, both raw materials and utilities may rise further.

Your company remains cognizant of the present business challenges and is continually assessing its strategy to meet the customer's demand while improving productivity through innovation, efficiency and effective cost control initiatives.



ELLCOT SPINNING MILLS LIMITED

The BMR/ expansion program of the company is continuing at a steady pace and during the period 16,800 spindles have arrived at mills and are in the process of installation. Hopefully, all the spindle will be operational by the end of 3rd quarter. The new capacity will help to reduce overhead costs.

It is hoped that the Government will bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax, controlling the inflation rate and reducing the financial costs. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

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.

Amin Ellahi Shaikh
Director

Haroon Shahzada Ellahi Shaikh
Director

Lahore : 23 February 2023

ڈائریکٹرز کا جائزہ

مجلس انضمام 31 دسمبر 2022ء کو مختتم پہلی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 2021ء 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 2022ء کو مختتم سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، غیر موزوں کاروباری ماحول کے باوجود، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے دوران 823,983,107 روپے کے مقابلے میں 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے دوران 222,752,722 روپے بعد از ٹیکس منافع کمایا۔ ششماہی کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 75.25 روپے کے مقابلے میں 20.34 روپے ہے۔

رواں مدت کے دوران فروخت حجم کم ہوا۔ تاہم، یونٹ قیمت میں اضافہ کی وجہ سے، زیر جائزہ مدت میں فروخت آمدنی گزشتہ سال کی اسی مدت کے دوران 4,997,097,797 روپے کے مقابلے میں بڑھ کر 5,737,130,422 روپے ہو گئی۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 75.31 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 91.57 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال، بجلی اور لیبر کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ زیادہ پیداواری لاگت کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 24.69 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کا 8.43 فیصد ہوا۔

فروخت قیمت میں اضافہ کی وجہ سے آپریٹنگ اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.01 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 3.12 فیصد ہوئے۔ مالی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 1.48 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کی 1.44 فیصد ہوئی۔

پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے فصل سال 2022-23 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم فروری 2023 تک جزیرہ میں کپاس، (بیج کپاس) کی بیجنگ مالی سال 2021-22 کی اسی مدت تک کل 7.421 ملین گانٹھوں کے مقابلے میں 4.763 ملین گانٹھیں ہوئی جو کہ 35.81 فیصد کی کمی ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

معاشی ماحول انتہائی مشکل ہو گیا ہے۔ مقامی اور عالمی منڈیوں میں مصنوعات کے مارجن کم ہو گئے ہیں۔ مقامی کپاس کی فصل کی ایک اور ناکامی نے اسپننگ ملوں کو بین الاقوامی منڈیوں سے مہنگی کپاس درآمد کرنے پر مجبور کر دیا ہے۔ پاکستان کے غیر ملکی کرنسی کے کم ہوتے ذخائر کی وجہ سے خام کپاس کی درآمد کے لیے ایل سی کا قیام بہت مشکل ہو گیا ہے۔ سپلائی چین میں خلل پڑنے کا شدید خطرہ ہے جس کے نتیجے میں خام مال کی قلت اور پیداوار میں کمی واقع ہو سکتی ہے۔ امریکی ڈالر کے مقابلے میں روپیہ کی قدر میں کمی درآمدات کی لاگت کو بڑھا رہی ہے۔ حکومت آئی ایم ایف سے انتہائی ضروری معاہدہ کرنے والی ہے۔ معاہدے کے نتیجے میں، ہم توانائی کی لاگت، سود کے اخراجات، ٹیکس وغیرہ میں اضافے کی پیش گوئی کرتے ہیں۔ موجودہ مالی سال کی دوسری ششماہی مشکل دکھائی دے رہی ہے جو کہ نقصان پر منتج ہو سکتی ہے۔

عالمی مہنگائی کی وجہ سے، صارفین تیار سامان کی طلب میں اچانک کمی کی شکایت کر رہے ہیں جس سے یارن کی قیمتوں پر دباؤ پڑتا ہے۔ اس کی وجہ یہ ہے کہ عوام کے استعمالات کے روپیہ فیبرک سے خوراک اور توانائی سے متعلق استعمالات پر منتقل ہو گئے ہیں۔ روس/یوکرین تنازعہ بھی اپنے سائے ڈال رہا ہے۔ بد قسمتی سے، ان تمام عوامل نے مستقبل قریب کے نقطہ نظر کو مزید شدید اور افسردہ کر دیا ہے۔

اسٹیٹ بینک آف پاکستان (SBP) کی 17 فیصد پالیسی شرح ٹیکسٹائل کی طلب کو نمایاں طور پر متاثر اور کمپنی میں بھی اضافہ کر رہی ہے۔ آئی ایم ایف کے تقاضوں کے تحت پالیسی شرح میں مزید اضافے کا خدشہ ہے۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض کے اخراجات بھی بڑھا دیئے گئے

ہیں۔ LTFE قرضوں کی تقسیم بغیر کسی وضاحت کے تاخیر کا شکار ہے۔ جس کی وجہ سے مالی اخراجات میں مزید اضافہ ہو جائے گا۔ بین الاقوامی اور ملکی محرکات کی وجہ سے پاکستانی معیشت کو اہم چیلنجز کا سامنا ہے۔ پاکستان کی معیشت سیاسی غیر یقینی صورتحال، تباہ کن سیلاب، روپے کی قدر میں کمی، زرمبادلہ کے گرتے ہوئے ذخائر اور بہت زیادہ افراط زر کی وجہ سے غیر مستحکم ہے۔ کم ذخائر کی پوزیشن کے پیش نظر، توقع کی جاتی ہے کہ حکومت مشکل لیکن ضروری اقدامات اور اصلاحات جو بین الاقوامی مالیاتی فنڈ (IMF) کی طرف سے درکار ہیں، بشمول یوٹیلٹی کی قیمتوں میں اضافہ اور مالیاتی خسارے کو پورا کرنے کے لیے اضافی ٹیکس لگائے۔ جس کے نتیجے، پیداواری لاگت، خام مال اور پوٹیلٹیوں میں مزید اضافہ ہو سکتا ہے۔

آپ کی کمپنی موجودہ کاروباری چیلنجوں سے بخوبی واقف ہے اور جدت، کارکردگی اور لاگت پر قابو پانے کے موثر اقدامات کے ذریعے پیداواری صلاحیت کو بہتر بناتے ہوئے صارف کی طلب کو پورا کرنے کے لیے اپنی حکمت عملی کا مسلسل جائزہ لے رہی ہے۔

کمپنی کا BMR / توسیعی پروگرام مستحکم رفتار سے جاری ہے اور اس عرصے کے دوران 16,800 سپینڈلروں میں پہنچ چکے ہیں اور تنصیب کے عمل میں ہیں۔ امید ہے کہ تمام سپینڈل تیسری سہ ماہی کے آخر تک آپریشنل ہو جائیں گے۔ نئی صلاحیت اور ہبڈ لاگت کو کم کرنے میں مدد دے گی۔

امید ہے کہ حکومت کاروبار دوست پالیسیاں لائے گی جیسے کہ موثر انداز میں کم لاگت توانائی کی بلا تعلق فراہمی، بقا یا سبیلز ٹیکس اور آئٹم ٹیکس کی واپسی تاکہ مہنگائی کی شرح کو کنٹرول اور مالیاتی اخراجات کو کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار تشکر

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

منجانب بورڈ


بارون شہزادہ الہی شیخ
چیف ایگزیکٹو آفیسر


امین الہی شیخ
ڈائریکٹر

لاہور: 23 فروری 2023ء

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 **31 December 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows 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 31 December 2022 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 **ALI RAZA JAFFERY**.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore | 23 February 2023

UDIN: RR202210704n8wp0xSkO



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | <i>Note</i> | 31-Dec-22 <i>Rupees</i> [Un-audited] | 30-Jun-22 <i>Rupees</i> [Audited] |
|--|-------------|--|---|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | 200,000,000 | 200,000,000 |
| Issued share capital | | 109,500,000 | 109,500,000 |
| Capital reserve | | (88,070,098) | (65,351,273) |
| Retained earnings | | 3,808,800,312 | 3,694,781,220 |
| TOTAL EQUITY | | 3,830,230,214 | 3,738,929,947 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term finances | 6 | 4,162,995,561 | 2,992,399,279 |
| Employees retirement benefits | | 154,284,022 | 143,398,138 |
| Deferred taxation | | 199,058,208 | 199,058,208 |
| Deferred grant | 7 | 340,607,031 | 379,091,906 |
| | | 4,856,944,822 | 3,713,947,531 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 856,305,437 | 876,784,639 |
| Unclaimed dividend | | 7,689,869 | 6,929,263 |
| Accrued interest/profit | | 45,664,273 | 44,213,963 |
| Short term borrowings | | 978,650,322 | 490,018,154 |
| Income tax payable | | 7,475,235 | 68,974,204 |
| Current portion of non-current liabilities | | 405,393,381 | 439,676,628 |
| | | 2,301,178,517 | 1,926,596,851 |
| TOTAL LIABILITIES | | 7,158,123,339 | 5,640,544,382 |
| CONTINGENCIES AND COMMITMENTS | 8 | | |
| TOTAL EQUITY AND LIABILITIES | | 10,988,353,553 | 9,379,474,329 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Amin Ellahi Shaikh
Director


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : 23 February 2023

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | <i>Note</i> | 31-Dec-22 | 30-Jun-22 |
|--------------------------------|-------------|-----------------------|----------------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | [Un-audited] | [Audited] |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 9 | 4,731,098,951 | 4,074,503,676 |
| Long term deposits | | 7,090,700 | 7,090,700 |
| | | 4,738,189,651 | 4,081,594,376 |
| CURRENT ASSETS | | | |
| Stores and spares | | 105,192,874 | 111,484,868 |
| Stock in trade | | 2,516,227,398 | 3,052,656,146 |
| Trade receivables | | 1,178,534,186 | 1,032,891,403 |
| Advances and other receivables | | 1,386,717,557 | 414,810,288 |
| Other financial assets | 10 | 997,684,229 | 634,771,698 |
| Cash and bank balances | | 65,807,658 | 51,265,550 |
| | | 6,250,163,902 | 5,297,879,953 |
| TOTAL ASSETS | | 10,988,353,553 | 9,379,474,329 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : 23 February 2023

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022**

| | Note | Six-month period ended | | Three-month period ended | |
|--|------|------------------------|-----------------|--------------------------|-----------------|
| | | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | | Rupees | Rupees | Rupees | Rupees |
| Revenue from contracts with customers - net | | 5,737,130,422 | 4,997,097,797 | 2,700,104,719 | 2,604,931,112 |
| Cost of sales | 11 | (5,253,389,244) | (3,763,445,686) | (2,563,288,281) | (1,907,224,728) |
| Gross profit | | 483,741,178 | 1,233,652,111 | 136,816,438 | 697,706,384 |
| Selling and distribution expenses | | (50,485,824) | (44,287,079) | (17,459,346) | (26,263,036) |
| Administrative expenses | | (108,348,741) | (81,539,357) | (51,643,923) | (42,123,607) |
| Other expenses | | (20,142,790) | (74,347,739) | (3,447,251) | (41,576,276) |
| | | (178,977,355) | (200,174,175) | (72,550,520) | (109,962,919) |
| | | 304,763,823 | 1,033,477,936 | 64,265,918 | 587,743,465 |
| Other income | | 47,741,898 | 32,627,610 | 43,167,168 | 9,844,558 |
| Operating profit | | 352,505,721 | 1,066,105,546 | 107,433,086 | 597,588,023 |
| Finance cost | | (82,517,295) | (73,725,037) | (36,025,208) | (37,058,536) |
| Profit before taxation | | 269,988,426 | 992,380,509 | 71,407,878 | 560,529,487 |
| Provision for taxation | 12 | (47,235,704) | (168,397,402) | 21,227,022 | (138,141,998) |
| Profit after taxation | | 222,752,722 | 823,983,107 | 92,634,900 | 422,387,489 |
| Earnings per share - basic and diluted | | 20.34 | 75.25 | 8.46 | 38.57 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.

Lahore : 23 February 2023


Amin Ellahi Shaikh
Director


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

| | <u>Six-month period ended</u> | | <u>Three-month period ended</u> | |
|--|-------------------------------|--------------------|---------------------------------|--------------------|
| | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| <i>Items that may be reclassified subsequently to profit or loss</i> | - | - | - | - |
| <i>Items that will not be reclassified to profit or loss</i> | | | | |
| Financial assets at fair value through OCI | (21,952,455) | 12,125,770 | (14,919,324) | 12,306,175 |
| Other comprehensive income | (21,952,455) | 12,125,770 | (14,919,324) | 12,306,175 |
| Profit after taxation | 222,752,722 | 823,983,107 | 92,634,900 | 422,387,489 |
| Total comprehensive income | 200,800,267 | 836,108,877 | 77,715,576 | 434,693,664 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.

Lahore : 23 February 2023

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022**

| | Six-month period ended | |
|---|-------------------------------|------------------------|
| | 31-Dec-22 | 31-Dec-21 |
| | <i>Rupees</i> | <i>Rupees</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 269,988,426 | 992,380,509 |
| Adjustments for non-cash and other items | | |
| Depreciation | 204,820,479 | 142,114,078 |
| Provision for employees retirement benefits | 20,728,430 | 17,580,355 |
| Gain on disposal of property, plant and equipment | (23,983) | (8,675,255) |
| Changes in fair value of other financial assets at FVTPL | (267,230) | - |
| Gain on disposal of other financial assets at FVTPL | (11,432,248) | - |
| Dividend income | (34,617,191) | (22,745,344) |
| Finance cost | 82,517,295 | 73,725,037 |
| | 261,725,552 | 201,998,871 |
| | 531,713,978 | 1,194,379,380 |
| Changes in working capital | | |
| Stores and spares | 6,291,994 | (55,050,783) |
| Stock in trade | 536,428,748 | (1,294,461,331) |
| Trade receivables | (145,642,783) | (238,695,506) |
| Advances and other receivables | (971,907,269) | (279,330,450) |
| Trade and other payables | (20,479,202) | 214,057,376 |
| | (595,308,512) | (1,653,480,694) |
| Cash used in operations | (63,594,534) | (459,101,314) |
| Payments for: | | |
| Finance cost | (81,066,985) | (58,602,169) |
| Income tax | (103,542,094) | (68,489,604) |
| Employees retirement benefits | (9,842,546) | (8,554,963) |
| Net cash used in operating activities | (258,046,159) | (594,748,050) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (861,428,271) | (1,497,601,305) |
| Proceeds from disposal of property, plant and equipment | 36,500 | 16,582,000 |
| Purchase of short term investments | (3,744,376,330) | (1,356,292,419) |
| Proceeds from disposal of short term investments | 3,371,210,822 | 1,292,011,099 |
| Dividend received | 29,424,612 | 22,745,344 |
| Net cash used in investing activities | (1,205,132,667) | (1,522,555,281) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term finances obtained | 1,300,274,646 | 1,493,794,327 |
| Repayment of long term finances | (202,446,486) | (175,783,582) |
| Dividend paid | (108,739,394) | (27,177,068) |
| Net increase in short term borrowings | 488,632,168 | 950,719,811 |
| Net cash generated from financing activities | 1,477,720,934 | 2,241,553,488 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 14,542,108 | 124,250,157 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 51,265,550 | 35,712,851 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 65,807,658 | 159,963,008 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : 23 February 2023



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

| | Share capital | Capital reserves | | | | Retained earnings | Total equity |
|---|---------------|--------------------------------|---|-----------------------------|-----------------|-------------------|--------------|
| | | Issued share capital Rupees | Reserve for financial assets measured at FVTOCI Rupees | Reserve on merger Rupees | Total Rupees | | |
| As at 01 July 2021 - [Audited] | 109,500,000 | (40,531,696) | 7,760,000 | (32,771,696) | 2,475,342,221 | 2,552,070,525 | |
| Comprehensive income | | | | | | | |
| Profit after taxation | - | - | - | - | 823,983,107 | 823,983,107 | |
| Other comprehensive income | - | 12,125,770 | - | 12,125,770 | - | 12,125,770 | |
| Total comprehensive income | - | 12,125,770 | - | 12,125,770 | 823,983,107 | 836,108,877 | |
| Other transactions | | | | | | | |
| Transfer from reserve for financial assets at FVTOCI on derecognition | - | (21,813,585) | - | (21,813,585) | 21,813,585 | - | |
| Transaction with owners | | | | | | | |
| Final dividend @ 25% i.e. Rs. 2.5 per ordinary share | - | - | - | - | (27,375,000) | (27,375,000) | |
| As at 31 December 2021 - [Un-audited] | 109,500,000 | (50,219,511) | 7,760,000 | (42,459,511) | 3,293,763,913 | 3,360,804,402 | |
| Comprehensive income | | | | | | | |
| Profit after taxation | - | - | - | - | 407,317,182 | 407,317,182 | |
| Other comprehensive loss | - | (28,145,258) | - | (28,145,258) | (1,046,379) | (29,191,637) | |
| Total comprehensive (loss)/income | - | (28,145,258) | - | (28,145,258) | 406,270,803 | 378,125,545 | |
| Other transactions | | | | | | | |
| Transfer from reserve for financial assets at FVTOCI on derecognition | - | 5,253,496 | - | 5,253,496 | (5,253,496) | - | |
| Transaction with owners | | | | | | | |
| - | - | - | - | - | - | - | |
| As at 30 June 2022 - [Audited] | 109,500,000 | (73,111,273) | 7,760,000 | (65,351,273) | 3,694,781,220 | 3,738,929,947 | |
| Comprehensive income | | | | | | | |
| Profit after taxation | - | - | - | - | 222,752,722 | 222,752,722 | |
| Other comprehensive loss | - | (21,952,455) | - | (21,952,455) | - | (21,952,455) | |
| Total comprehensive (loss)/income | - | (21,952,455) | - | (21,952,455) | 222,752,722 | 200,800,267 | |
| Other transactions | | | | | | | |
| Transfer from reserve for financial assets at FVTOCI on derecognition | - | (766,370) | - | (766,370) | 766,370 | - | |
| Transaction with owners | | | | | | | |
| Final dividend @ 100% i.e. Rs. 10 per ordinary share | - | - | - | - | (109,500,000) | (109,500,000) | |
| As at 31 December 2022 - [Un-audited] | 109,500,000 | (95,830,098) | 7,760,000 | (88,070,098) | 3,808,800,312 | 3,830,230,214 | |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.

Lahore : 23 February 2023


Amin Ellahi Shaikh
Director


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

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 regional office of the Company is situated at 2nd Floor, Shaikh Sultan Trust Building No. 2, 26 - Civil Lines, Beaumont Road, Karachi. 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 measuring area of 228 Kanal and 14 Marlas.

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have 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 annual audited financial statements of the Company for the year ended 30 June 2022.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2022 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 changes in equity, condensed interim statement of cash flows and related notes to the condensed interim financial statements for the six-month period ended 31 December 2021 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-month period ended 31 December 2022 and 31 December 2021 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 on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

| Items | Measurement basis |
|------------------------------|---------------------------|
| Financial liabilities | Amortized cost |
| Financial assets | Fair value/amortized cost |
| Employee retirement benefits | Present value |

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 have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 23 February 2023.

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, except as stated otherwise.

3.1 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

3.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3.4 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

- **IFRS 1 - First Time Adoption of International Financial Reporting Standards** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 - Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 - Leases** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41 - Agriculture** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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.



| | Effective date (annual periods beginning on or after) |
|--|--|
| 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 |
| Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements) | 01 January 2023 |
| Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors) | 01 January 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes) | 01 January 2023 |
| Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements). | 01 January 2024 |
| Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases) | 01 January 2024 |
| Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements) | 01 January 2024 |

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 17 - Insurance contracts

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 not have a 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 audited financial statements of the Company for the year ended 30 June 2022.

| <i>Note</i> | 31-Dec-22 | 30-Jun-22 |
|-------------|---------------------|------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Audited] |

6 LONG TERM FINANCES

From Banking companies

| | | |
|--|----------------------|---------------|
| As at beginning of the period/year | 3,358,773,885 | 2,579,520,396 |
| Obtained during the period/year | 1,300,274,646 | 1,533,746,450 |
| Accretion during the period/year | 35,945,275 | 56,873,014 |
| Repayments made during the period/year | (202,446,486) | (364,708,153) |
| Deferred grant recognized during the period/year | 7 | - |
| | - | (446,657,822) |
| As at end of the period/year | 4,492,547,320 | 3,358,773,885 |
| Current maturity presented under current liabilities | (329,551,759) | (366,374,606) |
| | 4,162,995,561 | 2,992,399,279 |



ELLCOT SPINNING MILLS LIMITED

| | <i>Note</i> | 31-Dec-22 | 30-Jun-22 |
|--|-------------|---------------------|------------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | [Un-audited] | [Audited] |
| 7 DEFERRED GRANT | | | |
| As at beginning of the period/year | | 452,393,928 | 62,609,120 |
| Recognized during the period/year | 6 | - | 446,657,822 |
| Amortized during the period/year | | (35,945,275) | (56,873,014) |
| As at end of the period/year | | 416,448,653 | 452,393,928 |
| Current maturity presented under current liabilities | | (75,841,622) | (73,302,022) |
| | | 340,607,031 | 379,091,906 |

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Various banking companies have issued guarantees on behalf of the Company and discounted receivables of the Company as detailed below:

| | 31-Dec-22 | 30-Jun-22 |
|------------------|---------------------|------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Audited] |
| Bank guarantees | 450,512,294 | 297,139,844 |
| Bills discounted | 8,701,515 | 40,556,058 |

8.2 Commitments

8.2.1 Commitments under irrevocable letters of credit for:

| | | |
|---|--------------------|---------------|
| - purchase of property, plant and equipment | 15,387,617 | 1,177,399,814 |
| - purchase of stores and spares | 39,757,110 | 34,382,247 |
| - purchase of raw material | 755,052,454 | 548,974,273 |
| | 810,197,181 | 1,760,756,334 |

8.2.2 Commitments for capital expenditure

- -

8.2.3 Commitments under short term leases

The Company has rented office premises from a related party under short term 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:

| | 31-Dec-22 | 30-Jun-22 |
|------------------------------------|---------------------|------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Audited] |
| - payments not later than one year | 1,339,272 | 608,760 |
| - payments later than one year | - | - |
| | 1,339,272 | 608,760 |



ELLCOT SPINNING MILLS LIMITED

| | <i>Note</i> | 31-Dec-22 | 30-Jun-22 |
|---|-------------|----------------------|------------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | [Un-audited] | [Audited] |
| 9 FIXED ASSETS | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 9.1 | 3,888,051,286 | 4,016,655,871 |
| Capital work in progress | 9.2 | 843,047,665 | 57,847,805 |
| | | 4,731,098,951 | 4,074,503,676 |
| Intangible assets | 9.3 | - | - |
| | | 4,731,098,951 | 4,074,503,676 |
| 9.1 Operating fixed assets | | | |
| Net book value at beginning of the period/year | | 4,016,655,871 | 2,600,265,510 |
| Additions during the period/year | | | |
| Building | | - | 118,060,028 |
| Plant and machinery | | 74,567,445 | 1,615,941,929 |
| Electric installations and equipment | | - | 25,315,393 |
| Factory equipment | | - | 150,000 |
| Office equipment | | 641,346 | 1,867,100 |
| Furniture and fixtures | | 908,120 | 1,080,543 |
| Vehicles | | 111,500 | 34,891,300 |
| | | 76,228,411 | 1,797,306,293 |
| Net book value of assets disposed during the period/year | | (12,517) | (26,461,690) |
| Depreciation for the period/year | | (204,820,479) | (354,454,242) |
| Net book value at end of the period/year | | 3,888,051,286 | 4,016,655,871 |
| 9.2 Capital work in progress | | | |
| As at beginning of the period/year | | 57,847,805 | 235,490,327 |
| Additions during the period/year | | 859,767,305 | 1,581,824,828 |
| Transfers to operating fixed assets | | (74,567,445) | (1,759,467,350) |
| As at end of the period/year | | 843,047,665 | 57,847,805 |
| 9.3 Intangible assets | | | |
| These represents cost of Oracle Financials Suite acquired by the Company, fully amortized @ 20% per annum using straight line method. | | | |
| | <i>Note</i> | 31-Dec-22 | 30-Jun-22 |
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | [Un-audited] | [Audited] |
| 10 OTHER FINANCIAL ASSETS | | | |
| Financial assets at fair value through other comprehensive income | 10.1 | 161,815,237 | 634,771,698 |
| Financial assets at fair value through profit or loss | 10.2 | 835,868,992 | - |
| | | 997,684,229 | 634,771,698 |

10.1 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 other comprehensive income'. 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 other comprehensive income as the management believes that recognizing 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 realizing their performance potential in the long run. The details are as follows:

| | 31-Dec-22 | 30-Jun-22 |
|---|----------------------|------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Audited] |
| <i>Investments in listed equity securities</i> | | |
| Cost of investment | 274,398,738 | 274,398,738 |
| Changes in fair value | (113,944,273) | (91,084,210) |
| | 160,454,465 | 183,314,528 |
| <i>Investments in mutual funds</i> | | |
| Cost of investment | 1,268,699 | 451,506,335 |
| Changes in fair value | 92,073 | (49,165) |
| | 1,360,772 | 451,457,170 |
| | 161,815,237 | 634,771,698 |

10.1.1 Changes in fair value of investments at fair value through other comprehensive income

| | 31-Dec-22 [Un-Audited] | | |
|--|---|-------------------------|----------------------|
| | Listed equity securities | Mutual funds | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| As at beginning of the year | (91,084,210) | (49,165) | (91,133,375) |
| Fair value (loss)/gain arising during the year | (22,860,063) | 907,608 | (21,952,455) |
| Fair value gain transferred to retained earnings on disposal | - | (766,370) | (766,370) |
| As at end of the year | (113,944,273) | 92,073 | (113,852,200) |
| | 30-Jun-22 [Audited] | | |
| | Listed equity securities | Mutual funds | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| As at beginning of the year | (49,354,197) | 158,568 | (49,195,629) |
| Fair value (loss)/gain arising during the year | (29,427,210) | 7,035,884 | (22,391,326) |
| Fair value gain transferred to retained earnings on disposal | (12,302,803) | (7,243,617) | (19,546,420) |
| As at end of the year | (91,084,210) | (49,165) | (91,133,375) |



ELLCOT SPINNING MILLS LIMITED

10.2 Financial assets at fair value through profit or loss

These represent investments in mutual funds. 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'. Particulars of investments are as follows:

| | 31-Dec-22 | 30-Jun-22 |
|------------------------------------|--------------------|---------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Audited] |
| Investments in mutual funds | | |
| Cost of investment | 835,601,762 | - |
| Changes in fair value | 267,230 | - |
| | 835,868,992 | - |

11 COST OF SALES

| | Six-month period ended | | Three-month period ended | |
|-----------------------------------|------------------------|----------------------|--------------------------|----------------------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Un-audited] | [Un-audited] | [Un-audited] |
| Raw material consumed | 3,944,804,464 | 2,928,515,520 | 2,000,664,199 | 1,472,814,873 |
| Power and fuel | 590,733,006 | 339,285,928 | 279,035,414 | 190,300,459 |
| Stores and spares consumed | 132,852,253 | 122,824,142 | 63,788,842 | 70,158,050 |
| Salaries, wages and benefits | 234,212,842 | 216,711,951 | 120,130,696 | 111,942,443 |
| Insurance | 12,918,773 | 8,203,053 | 6,535,883 | 4,198,020 |
| Repair and maintenance | 8,154,867 | 6,658,157 | 4,564,215 | 3,988,214 |
| Depreciation | 198,907,241 | 137,526,102 | 100,075,606 | 74,217,890 |
| Others | 27,558,152 | 8,150,956 | 17,315,985 | 4,407,598 |
| Manufacturing cost | 5,150,141,598 | 3,767,875,809 | 2,592,110,840 | 1,932,027,547 |
| Work in process | | | | |
| As at beginning of the period | 79,611,941 | 50,048,113 | 83,499,875 | 54,692,726 |
| As at end of the period | (97,343,644) | (62,946,358) | (97,343,644) | (62,946,358) |
| | (17,731,703) | (12,898,245) | (13,843,769) | (8,253,632) |
| Cost of goods manufactured | 5,132,409,895 | 3,754,977,564 | 2,578,267,071 | 1,923,773,915 |
| Finished goods | | | | |
| As at beginning of the period | 279,395,082 | 51,892,779 | 143,436,943 | 26,875,470 |
| Purchased during the period | 103,822,700 | - | 103,822,700 | - |
| As at end of the period | (262,238,433) | (43,424,657) | (262,238,433) | (43,424,657) |
| | 120,979,349 | 8,468,122 | (14,978,790) | (16,549,187) |
| | 5,253,389,244 | 3,763,445,686 | 2,563,288,281 | 1,907,224,728 |



ELLCOT SPINNING MILLS LIMITED

12 PROVISION FOR TAXATION

12.1 Provision for current tax has been made in accordance with the requirements of section 4C, 113, 150 and 154 of the Income Tax Ordinance, 2001.

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

13 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.

The Company has a lease agreement with an associated company which is prices as mutually agreed. 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:

| | | Six-month period ended | |
|---|------------------------------|-------------------------------|---------------------|
| | | 31-Dec-22 | 31-Dec-21 |
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | [Un-audited] | [Un-audited] |
| 13.1 Transactions with related parties | | | |
| Nature of relationship | Nature of transaction | | |
| Associated companies | Purchases | 121,533,670 | 222,996 |
| | Sales | 2,468,865,833 | 1,555,300,023 |
| | Rent paid | 608,760 | 553,410 |
| Key management personnel | Short term employee benefits | 17,233,335 | 16,042,783 |



ELLCOT SPINNING MILLS LIMITED

14 FINANCIAL INSTRUMENTS

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

| | 31-Dec-22 | 30-Jun-22 |
|--|----------------------|----------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | [Un-audited] | [Audited] |
| 14.1 Financial assets | | |
| <i>Cash in hand</i> | 1,230,801 | - |
| <i>Financial assets at amortized cost</i> | | |
| Long term deposits | 7,090,700 | 7,090,700 |
| Trade receivables | 1,178,534,186 | 1,032,891,403 |
| Advances to employees | 1,679,424 | 128,999 |
| Bank balances | 64,576,857 | 51,265,550 |
| | 1,251,881,167 | 1,091,376,652 |
| <i>Financial assets designated as fair value through OCI</i> | | |
| Investment in listed equity securities | 160,454,465 | 183,314,528 |
| Investment in mutual funds | 1,360,772 | 451,457,170 |
| | 161,815,237 | 634,771,698 |
| <i>Financial assets designated as fair value through profit or loss</i> | | |
| Investment in mutual funds | 835,868,992 | - |
| | 2,250,796,197 | 1,726,148,350 |
| 14.2 Financial liabilities | | |
| <i>Financial liabilities at amortized cost</i> | | |
| Long term finances | 4,492,547,320 | 3,358,773,885 |
| Short term borrowings | 978,650,322 | 490,018,154 |
| Accrued interest/profit | 45,664,273 | 44,213,963 |
| Trade creditors | 89,578,748 | 66,439,799 |
| Accrued liabilities | 436,172,994 | 348,744,134 |
| Unclaimed dividend | 7,689,869 | 6,929,263 |
| | 6,050,303,526 | 4,315,119,198 |



ELLCOT SPINNING MILLS LIMITED

15 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. 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:

15.1 Financial instruments measured at fair value

15.1.1 Recurring fair value measurements

| Nature of asset | Hierarchy | Valuation techniques/Key inputs | 31-Dec-22 | 30-Jun-22 |
|----------------------------------|-----------|-----------------------------------|------------------------|---------------------|
| | | | Rupees [Un-audited] | Rupees [Audited] |
| Investments | | | | |
| Investments in equity securities | Level 1 | Quoted prices in an active market | 160,454,465 | 183,314,528 |
| Investments in mutual funds | Level 1 | Quoted prices in an active market | 837,229,764 | 451,457,170 |

15.1.2 Non-recurring fair value measurements

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

15.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

15.3 Assets and liabilities other than financial instruments.

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

16 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended 30 June 2022.

17 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.

18 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.

19 GENERAL

19.1 There are no other significant activities since 30 June 2022 affecting the interim financial statements.

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

Lahore : 23 February 2023

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

www.jamapunji.pk



**Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator (based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Institute of Securities and Exchange Commission of Pakistan

 jamapunji.pk  [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices.

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

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