

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 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

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' REPORT TO THE MEMBERS

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the first quarter ended on September 30, 2016. The comparative figures for the corresponding quarter ended on September 30, 2015 are included for comparison, except in balance sheet where comparative figures are for the year ended on June 30, 2016.

Company Performance

Alhamdulillah, despite difficult market conditions, your Company has managed to earn after tax profit of Rs.25,366,860 compared to Rs.1,403,368 during same quarter of last year. This has been possible due to better marketing strategies and raw material management. Earning per share for the quarter is Rs.2.32 compared to Rs.0.13 during same quarter of last year.

During the period under review, sales stood at Rs.1,029,134,573 compared to Rs.1,035,706,599 during same quarter of previous year. Cost of sales reduced from 94.64% of sales during the same quarter of last year to 92.16% of sales during the quarter under review, resulted increase in GP from 5.36% of sales to 7.84% of sales.

Overall operating expenses decreased from 3.69% of sales to 3.50% of sales. This decrease is mainly because of reduction in distribution costs because of better selling terms negotiations and overall efficient utilization of financial resources.

The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time. Finance cost slightly increased by 6.13% over same quarter of previous 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 October 15, 2016, at the Ginneries totaled to 4.374 million bales compared to 4.664 million last year.

Future Outlook

Yarn market is going through difficult times. However, the signs of recovery are visible in the yarn market. Rising demand from market is enhancing the expectation of better future product margins. Cotton prices have surged based on increase in global cotton prices and expectation of fall in world cotton crop size. Current increase in gas prices may adversely affect our cost of production. Rupee Dollar parity remained stable which is a negative factor in our export competitiveness. Government is mulling over a textile incentive package. By virtue of this package export rebate is likely to be given to textile exporters. We hope this package will be announced soon and would meet the needs of the ailing industry. Further government support is required to face the competition from competitors in the region. It is hoped that the government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, zero rate textile exports 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.

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 27, 2016.

ایلیکوٹ سپننگ ملز لمیٹڈ ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 ستمبر 2016 کو مختصر پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 30 ستمبر 2015 کو ختم ہونے والی اسی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016ء کو ختمہ سال کے ہیں۔

کمپنی کی کارکردگی

الحمد للہ مارکیٹ کے کشیدہ حالات کے باوجود آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 1,403,368 روپے کے مقابلہ میں بعد از ٹیکس منافع 25,366,860 روپے کمایا ہے۔ یہ مارکیٹنگ حکمت عملیوں اور خام مال کے بہتر انتظامات کے باعث ممکن ہوا ہے۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 0.13 روپے کے مقابلے 2.32 روپے ہے۔

زیر جائزہ مدت کے دوران فروخت گزشتہ سال کی اسی سہ ماہی کی 1,035,706,599 روپے کے مقابلے 1,029,134,573 روپے پر رہی۔ فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کی 94.64 فیصد سے زیر جائزہ سہ ماہی کے دوران فروخت کی 92.16 فیصد تک کم ہو گئی، نتیجتاً مجموعی منافع میں فروخت کے 5.36 فیصد سے فروخت کا 7.84 فیصد اضافہ ہوا۔

مجموعی انتظامی اخراجات میں فروخت کے 3.69 فی صد سے فروخت کے 3.50 فی صد تک کمی واقع ہوئی ہے۔ یہ کمی بنیادی طور پر فروختی شرائط کے بہتر مذاکرات اور مالی وسائل کے مجموعی موثر استعمال کی بدولت ڈسٹری بیوشن اخراجات میں کمی کی وجہ سے ہے۔

کمپنی اپنے تمام کاروباری اور مالیاتی واجبات بروقت ادا کرنے اور مستحکم کیش فلو پیدا کرنے کے قابل رہی ہے۔ مالی لاگت ورکنگ کیپٹل فناننگ سہولیات کے زیادہ استعمال کی وجہ سے پچھلے سال کی اسی سہ ماہی سے قدرے 6.13 فیصد تک زیادہ ہو گئی۔

کراپ سال 2016-17 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (پتھ کپاس) کی 115 اکتوبر 2016 تک جزیرہ میں آمد گزشتہ سال کی اسی مدت میں 4.664 ملین گانٹھوں کے مقابلے میں 4.374 ملین گانٹھوں کی پتھ تک رہی۔

مستقبل کا نقطہ نظر

یاریں مارکیٹ مشکل ادوار سے گزر رہی ہے۔ تاہم یاریں مارکیٹ میں بحالی کے آثار دستیاب ہیں۔ برآمدی منڈی سے طلب میں اضافہ مصنوعات کے مارجن کے بہتر مستقبل کی توقعات میں اضافہ کر رہا ہے۔ کپاس کی قیمتیں، عالمی سطح پر کپاس کی قیمتوں میں اضافہ اور فصل کے سائز میں کمی کی امید کی بنیاد پر بڑھ گئی ہیں۔ گیس کی قیمتوں میں موجودہ اضافہ ہمارے پیداواری اخراجات کو منفی متاثر کر سکتا ہے۔ روپیہ اور ڈالر کے تبادلے کی شرح کے مستحکم رجحان نے ہماری برآمدی مسابقت میں منفی کردار ادا کیا۔ حکومت ٹیکسٹائل کی حوصلہ افزائی کے ایک چیک پر غور کر رہی ہے۔ اس چیک کی وجہ سے ٹیکسٹائل برآمد کنندگان کو برآمدی چھوٹ دیئے جانے کا امکان ہے۔ ہمیں امید ہے کہ اس چیک کا جلد ہی اعلان کیا جائے گا جو کمزور صنعت کی ضروریات کو پورا کرے گا۔ اس کے علاوہ علاقے میں حریف سے مقابلے کا سامنا کرنے کے لئے حکومت کے تعاون کی ضرورت ہے۔ امید ہے کہ حکومت مختلف ٹیکسوں کی قوم کی واپسی میں تیزی لانے، بلیس چلانے کے لئے

گیس کی وافر فراہمی، ٹیکسٹائل برآمدات پر صرف شرح اور ٹیکسٹائل کے شعبے میں ویلیو ایڈیشن کی حوصلہ افزائی کے ذریعے ٹیکسٹائل صنعت کی حمایت 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، مینجمنٹ اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ

شہناز بیگم

شفقت الہی شیخ

مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)

27 اکتوبر 2016ء



ELLCOT SPINNING MILLS LIMITED

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016**

	Un-Audited September 30 2016	Audited June 30 2016
	<i>Rupees</i>	<i>Rupees</i>
Note		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 20,000,000 (June 30, 2016: 20,000,000) Ordinary shares of Rs. 10 each	200,000,000	200,000,000
Issued, subscribed and paid-up capital	109,500,000	109,500,000
Capital reserves	7,488,395	8,212,161
Accumulated profit	1,326,136,398	1,300,769,538
TOTAL EQUITY	1,443,124,793	1,418,481,699
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	546,909,451	539,712,204
Employees retirement benefits	69,359,876	66,908,522
Deferred taxation	52,031,536	52,031,536
	668,300,863	658,652,262
CURRENT LIABILITIES		
Trade and other payables	259,605,023	239,845,121
Accrued interest / mark-up	7,967,017	11,201,552
Short term borrowings	212,777,265	452,833,638
Current portion of non-current liabilities	81,542,857	89,281,356
	561,892,162	793,161,667
TOTAL LIABILITIES	1,230,193,025	1,451,813,929
CONTINGENCIES AND COMMITMENTS	5	
TOTAL EQUITY AND LIABILITIES	2,673,317,818	2,870,295,628

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Lahore : October 27, 2016.


Shahzada Ellahi Shaikh
 Director



ELLCOT SPINNING MILLS LIMITED

		Un-Audited September 30 2016	Audited June 30 2016
		<i>Rupees</i>	<i>Rupees</i>
	Note		
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	6	1,214,142,381	1,213,576,874
Long term deposits		7,090,700	7,090,700
		1,221,233,081	1,220,667,574
CURRENT ASSETS			
Stores, spares and loose tools		45,001,839	43,623,721
Stock-in-trade		588,025,346	738,170,879
Trade debts		235,332,647	281,423,824
Advances, prepayments and other receivables		199,560,693	206,010,087
Short term investments		237,441,369	119,964,290
Advance income tax		82,102,604	84,239,692
Cash and bank balances		64,620,239	176,195,561
		1,452,084,737	1,649,628,054
TOTAL ASSETS		2,673,317,818	2,870,295,628

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	Quarter Ended	
		September 30 2016	September 30 2015
		<i>Rupees</i>	<i>Rupees</i>
Sales-net		1,029,134,573	1,035,706,599
Cost of sales	7	(948,446,744)	(980,187,527)
Gross profit		80,687,829	55,519,072
Distribution cost		(6,354,467)	(14,838,654)
Administrative expenses		(26,966,526)	(22,231,355)
Other expenses		(2,726,316)	(1,103,450)
		(36,047,309)	(38,173,459)
		44,640,520	17,345,613
Other income		2,091,629	4,417,370
Operating profit		46,732,149	21,762,983
Finance cost		(10,519,708)	(9,912,257)
Profit before taxation		36,212,441	11,850,726
Provision for taxation		(10,845,581)	(10,447,358)
Profit after taxation		25,366,860	1,403,368
Earnings per share - basic and diluted		2.32	0.13

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 27, 2016.



ELLCOT SPINNING MILLS LIMITED

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended	
	September 30 2016 <i>Rupees</i>	September 30 2015 <i>Rupees</i>
Profit after taxation	25,366,860	1,403,368
Items that will not be reclassified to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account		
Unrealized loss on remeasurement of available for sale investments	(723,766)	(7,198,790)
Total comprehensive income / (loss) for the period	24,643,094	(5,795,422)

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Lahore : October 27, 2016.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended	
	September 30 2016	September 30 2015
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	36,212,441	11,850,726
Adjustments for:		
Depreciation on property plant, and equipment	30,580,098	25,152,090
Amortization of Intangible asset	309,999	-
Provision for employees retirement benefits	6,277,131	2,700,477
Gain on disposal of property, plant and equipment	(12,219)	(11,699)
Gain on sale of short term investments	(591,068)	(16,503,058)
Un-reliaed gain on re-measurement of short term investments	(602,287)	(2,298,715)
Interest / markup on borrowings	10,519,708	9,912,257
Dividend Income	(575,000)	-
	45,906,362	18,951,352
	82,118,803	30,802,078
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(1,378,118)	(10,106,353)
Stock-in-trade	150,145,533	239,537,320
Trade debts	46,091,177	16,684,427
Advances, prepayments and other receivables	6,449,394	(26,503,963)
	201,307,986	219,611,431
(Decrease) / increase in current liabilities:		
Trade and other payables	19,759,902	(347,786)
Cash generated from operations	303,186,691	250,065,723
(Payments made) / receipts of:		
Employees retirement benefits	(3,825,777)	(3,270,861)
Interest/mark-up on borrowings	(13,754,243)	(12,768,070)
Income taxes	(8,708,493)	(10,458,761)
Net cash generated from operating activities	276,898,178	223,568,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,025,385)	(3,759,785)
Proceeds from disposal of property, plant and equipment	582,000	111,000
Purchase of short term investments	(237,235,507)	(668,320,869)
Proceeds from sale of short term investments	120,228,017	482,151,038
Dividend Income	575,000	-
Net cash used in investing activities	(147,875,875)	(189,818,616)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	27,197,247	-
Repayment of long term finances	(27,040,831)	(20,000,000)
Repayment of liabilities against assets subject to finance lease	(697,668)	(885,095)
Net decrease in short term borrowings	(240,056,373)	(127,671,503)
Net cash used in financing activities	(240,597,625)	(148,556,598)
Net decrease in cash and cash equivalents	(111,575,322)	(114,807,183)
Cash and cash equivalents at beginning of the period	176,195,561	148,674,604
Cash and cash equivalents at end of the period	64,620,239	33,867,421

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Lahore : October 27, 2016.

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Issued, subscribed and paid up share capital	Capital reserve		Revenue reserve	Total
		Amalgamation reserve	Fair value reserve	Accumulated profit	
	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
Comprehensive income					
Profit after taxation	-	-	-	1,403,368	1,403,368
Other comprehensive income/(loss)	-	-	(7,198,790)	-	(7,198,790)
Total comprehensive income/(loss)	-	-	(7,198,790)	1,403,368	(5,795,422)
Balance as at September 30, 2015 (Un-audited)	109,500,000	7,760,000	(7,198,790)	1,268,830,286	1,378,891,496
Transactions with owners					
Final dividend for the year ended June 30, 2015 @ 35% i.e. Rs. 3.50 per ordinary share	-	-	-	(38,325,000)	(38,325,000)
Comprehensive income					
Profit after taxation	-	-	-	69,761,177	69,761,177
Other comprehensive income - net of tax	-	-	7,650,951	503,075	8,154,026
Total comprehensive income	-	-	7,650,951	70,264,252	77,915,203
Balance as at June 30, 2016 (Audited)	109,500,000	7,760,000	452,161	1,300,769,538	1,418,481,699
Comprehensive income / (loss)					
Profit after taxation	-	-	-	25,366,860	25,366,860
Other comprehensive income/(loss)	-	-	(723,766)	-	(723,766)
Total comprehensive income/(loss)	-	-	(723,766)	25,366,860	24,643,094
Balance as at September 30, 2016 (Un-audited)	109,500,000	7,760,000	(271,605)	1,326,136,398	1,443,124,793

The annexed explanatory notes from 1 to 13 form part of the condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 27, 2016.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited ("the Company") was incorporated in Pakistan as Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at Nagina House, 91-B-1 M. M Alam Road , Gulberg- III, Lahore. The Company is listed on Pakistan Stock Stock Exchange Limited. The Company is primarily engaged in manufacture and sale of yarn.

2 BASIS OF PREPARATION

The interim financial information is not 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 report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2016.

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 are stated from un-audited condensed interim financial information for the quarter ended September 30, 2015.

2.1 Statement of compliance

This condensed interim financial information of the Company for the Quarter ended September 30, 2016 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

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

2.3 Judgements, estimates and assumptions

The preparation of financial information 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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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



ELLCOT SPINNING MILLS LIMITED

	Un-audited September 30 2016 <i>Rupees</i>	Audited June 30 2016 <i>Rupees</i>
4 LONG TERM FINANCES		
From Banking companies		
Opening Balance	627,884,775	427,449,143
Obtain during the period / Year	27,197,247	272,476,463
Repayment made during the period / year	(27,040,831)	(72,040,831)
	628,041,191	627,884,775
Less: Current portion shown under current liabilities	(81,131,740)	(88,172,571)
	546,909,451	539,712,204
5 CONTINGENCIES AND COMMITMENTS		
5.1 Contingencies		
There is no significant change in status of contingencies as disclosed in note 17.1 to the annual financial statement for the year ended June 30, 2016, except of bills discounted.		
	Un-audited September 30 2016 <i>Rupees</i>	Audited June 30 2016 <i>Rupees</i>
5.2 Commitments		
Irrevocable letters of credit for import of		
Capital expenditures	-	27,164,549
Non-capital expenditures	110,061,955	95,995,577
	110,061,955	123,160,126
Operating Lease		
- payable with in one year	180,000	360,000
	110,241,955	123,520,126
6 FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets owned (Note 6.1)	1,202,245,586	1,201,212,714
Operating fixed assets leased (Note 6.2)	6,110,142	6,267,508
	1,208,355,728	1,207,480,222
Intangible asset - Software	5,786,653	6,096,652
	1,214,142,381	1,213,576,874
6.1 Operating fixed assets - Owned		
Opening written down value	1,201,212,714	996,094,505
Additions during the period / year		
Plant and machinery	30,471,246	289,139,527
Electric installations and equipment	-	2,050,000
Office equipment	97,939	8,324,236
Furniture and fixtures	23,200	419,500
Vehicles	1,433,000	11,641,000
	32,025,385	311,574,263
Written down value of property, plant and equipment transferred from leased assets	-	2,957,829
Written down value of property, plant and equipment disposed off	(569,782)	(3,927,265)
Depreciation charged during the period/year	(30,422,731)	(105,486,618)
Written down value at end of the period/year	1,202,245,586	1,201,212,714



ELLCOT SPINNING MILLS LIMITED

	Un-audited September 30 2016 <i>Rupees</i>	Audited June 30 2016 <i>Rupees</i>
6.2 Operating fixed assets - Leased		
Opening written down value	6,267,508	10,250,375
Additions during the period / year	-	-
Written down value of property, plant and equipment transferred to own assets		(2,957,829)
Depreciation charged during the period/year	<u>(157,366)</u>	<u>(1,025,038)</u>
Written down value at end of the period/year	<u><u>6,110,142</u></u>	<u><u>6,267,508</u></u>
	Quarter Ended (Un-audited)	
	September 30 2016 <i>Rupees</i>	September 30 2015 <i>Rupees</i>
7 COST OF SALES		
Raw material consumed	673,500,563	678,289,084
Fuel and power	106,608,756	99,038,926
Stores, spares and loose tools consumed	38,209,774	37,743,135
Salaries, wages and benefits	97,647,489	82,433,945
Insurance	2,341,183	2,373,687
Repair and maintenance	2,425,964	3,843,539
Depreciation	28,717,874	23,355,942
Other manufacturing overheads	4,843,184	3,357,574
	<u>1,014,294,787</u>	<u>930,435,832</u>
Work-in-process:		
At beginning of period	53,273,667	46,147,113
At end of period	<u>(60,816,900)</u>	<u>(51,466,876)</u>
	<u>(7,543,233)</u>	<u>(5,319,763)</u>
Finished goods:		
At beginning of period	97,472,315	40,271,540
Purchases	3,247,050	63,561,890
At end of period	<u>(159,024,175)</u>	<u>(48,761,972)</u>
	<u>(58,304,810)</u>	<u>55,071,458</u>
	<u><u>948,446,744</u></u>	<u><u>980,187,527</u></u>
8 TRANSACTIONS WITH RELATED PARTIES		

The related parties comprise of associated companies, directors and key management personnel of the Company. The Company in the normal course of business enters into transactions with various related parties. The transactions with related parties during the period generally consist of sales and purchases.

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

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30 2016 <i>Rupees</i>	September 30 2015 <i>Rupees</i>
		Associated companies	Purchase of goods and services
	Sale of goods and services	283,818,103	267,406,851
Key Management Personnel	Remuneration and other benefits	3,631,295	3,711,035



ELLCOT SPINNING MILLS LIMITED

Transaction with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions. There is no balance outstanding with or from associated undertakings, as at reporting date.

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	September 30, 2016			Total
	Level 1	Level 2	Level 3	
		Rs	Rs	
Financial assets - at fair value through profit or loss	-	-	-	-
Financial assets - at fair value	80,984,189	-	-	80,984,189
Avaibale for sale				
- Listed equity securities	156,457,180	-	-	156,457,180
	<u>237,441,369</u>	<u>-</u>	<u>-</u>	<u>237,441,369</u>
	June 30, 2016			
	Level 1	Level 2	Level 3	Total
		Rs	Rs	
Financial assets - at fair value through profit or loss	-	-	-	-
Financial assets - at fair value	-	-	-	-
Avaibale for sale				
- Listed equity securities	119,964,290	-	-	119,964,290
	<u>119,964,290</u>	<u>-</u>	<u>-</u>	<u>119,964,290</u>

At 30 September, 2016, the Company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

10 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended June 30, 2016.

11 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 27, 2016.

12 OTHERS

The Board of directors in its meeting held on September 29, 2016, proposed to distribute to the shareholders of the Company, cash dividend at the rate of 35 percent (i.e. Rs.3.5/- per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting to be held on October 28, 2016.

13 CORRESPONDING FIGURES

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

Figures have been rounded off to the nearest Rupee.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 27, 2016.



SHAREHOLDERS' INFORMATION

1. Requirement of CNIC Number / National Tax Number (NTN) Certificate.

As has already notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide Notification SRO 275(I)/2016 dated March 31, 2016 read with Notification SRO 19(I)/2014 dated January 10, 2014 and Notification SRO 831(I)/2012 dated July 5, 2012 required that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member.

Members who have not yet submitted copy of their valid Computerized National Identity Card (CNIC) / National Tax Number (NTN) Certificate (in case of Corporate Entity) are requested to submit the same at the earliest.

Copy of CNIC/NTN may be sent directly to the Share Registrar:

M/s Hameed Majeed Associates (Pvt.) Limited,
1st Floor, H.M. House,
7-Bank Square,
Lahore.
Ph # (+92-42) 37235081-82
Fax # (+92-42) 37358817

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

2. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").

Pursuant to the provisions of the Finance Act, 2016 with effect from July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @12.5%
- (b) Rate of tax deduction for non-filer of income tax returns @20%

All shareholders of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC (individuals) and NTN (Corporate entities) certificate to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. to allow the Company to ascertain the status of the shareholder.

Shareholders of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) are requested to send valid copies of their CNIC (individuals) and NTN (Corporate entities) certificate to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

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