

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2015
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



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ELLCOT SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Shaikh Enam Ellahi Mr. Syed Moaz Mohiuddin Mr. Jamal Nasim (Nominee NIT) Mr. Shahzada Ellahi Shaikh Mr. Shaukat Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Shafqat Ellahi Shaikh	Non-Executive Director / Chairman Independent Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Executive Director
MANAGING DIRECTOR (Chief Executive)	Mr. Shafqat Ellahi Shaikh	
AUDIT COMMITTEE	Mr. Syed Moaz Mohiuddin Mr. Shaukat Ellahi Shaikh Mr. Amin Ellahi Shaikh Mr. Syed Mohsin Gilani	Chairman Member Member Secretary
HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE	Mr. Amin Ellahi Shaikh Mr. Shaikh Enam Ellahi Mr. Shaukat Ellahi Shaikh Mr. Muhammad Azam	Chairman Member Member Secretary
EXECUTIVE COMMITTEE	Mr. Shaikh Enam Ellahi Mr. Shahzada Ellahi Shaikh Mr. Shaukat Ellahi Shaikh Mr. Shafqat Ellahi Shaikh Mr. Muhammad Azam	Chairman Member Member Member 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. 1 st 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

*IN THE NAME OF ALLAH THE MOST GRACIOUS
THE MOST BENEVOLENT THE MOST MERCIFUL*

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the first quarter ended on September 30, 2015. The comparative figures for the corresponding quarter ended on September 30, 2014 are included for comparison, except in balance sheet where comparative figures are for the year ended on June 30, 2015.

Company Performance

Downtrend in the textile sector continued to affect the results of the company in this quarter. Yarn selling prices in local as well as export markets remained depressed during the quarter under review. Our competitors from regional countries continue to sell yarns at very low prices due to the subsidies and benefits provided to them by their governments. During the period under review, sales revenue stood at Rs. 1,035,706,599 compared to Rs. 1,217,493,720 showing decrease of 14.93% over the corresponding quarter of previous year. Cost of sales decreased from 95.24% of sales to 94.64% of sales in comparison to corresponding period of last year. This reduction in cost is mainly due to falling raw material prices. G.P stood at 5.36% of sales compared to 4.76% of sales during the corresponding quarter of previous year.

Operating expenses were increased by 18.44% over the corresponding quarter of previous year. This percentage increase is mainly due to normal inflation.

The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time. Due to better borrowing patterns finance cost reduced by 33.84% over corresponding period of previous year.

The Company earned profit after tax of Rs.1,403,368 or 0.14% of sales compared to Rs.5,227,752 or 0.43% of sales for the corresponding period of previous year. Earning per share (EPS) for the period is Rs. 0.13 compared to Rs. 0.48 for the corresponding period of previous year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2015-16, Kapas, (seed cotton) arrivals upto October 15, 2015, at the Ginneries totalled to 4.663 million bales compared to 5.344 million bales of last similar period of the year 2014 showing decrease in arrival of 12.74%. The reduction in cotton arrivals is another cause for concern.

Future Outlook

There are currently no signs of any significant improvement in the prices for yarn. Markets continue to remain depressed and exhibiting slow demand. However, cotton prices have surged based on the expectation of fall in cotton crop size. Cotton prices currently are slightly above the import price parity. Short crop coupled with high cotton prices will adversely impact future profitability. Recently Government has imposed anti dumping duty on import of polyester from China. This may cause rise in raw material cost to the company. Pakistan government has recently announced measures to reduce the interest rate on long term finances scheme (LTFF) and export refinance schemes. Government has also imposed a 10% import duty on yarn, greige and processed fabric imports. These measures are likely to support the Pakistani textile industry and we hope to benefit. Further government support is required to face the challenge 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.

Company is undergoing expansion/ balancing, modernisation and replacement (BMR) as part of a continuing programme. Under the programme Company would be adding additional spindles and related machinery. The cost of the project is expected to be around Rs. 300 million.

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, 2015



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015

	Note	Un-Audited September 30 2015 <u>Rupees</u>	Audited June 30 2015 <u>Rupees</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 20,000,000 (June 30, 2015: 20,000,000) Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital		109,500,000	109,500,000
Capital reserves		561,210	7,760,000
Accumulated profit		<u>1,268,830,286</u>	<u>1,267,426,918</u>
Total equity		<u>1,378,891,496</u>	<u>1,384,686,918</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	4	328,367,481	355,408,312
Liabilities against assets subject to finance lease		351,040	1,018,110
Employees retirement benefits		54,023,572	54,593,956
Deferred taxation		<u>78,901,740</u>	<u>78,901,740</u>
		461,643,833	489,922,118
CURRENT LIABILITIES			
Trade and other payables		269,961,489	270,309,275
Accrued interest / mark-up		7,587,044	10,442,857
Short term borrowings		18,419,731	146,091,234
Current portion of non current liabilities		<u>82,892,583</u>	<u>76,069,777</u>
		378,860,847	502,913,143
TOTAL LIABILITIES		<u>840,504,680</u>	<u>992,835,261</u>
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		<u>2,219,396,176</u>	<u>2,377,522,179</u>

The annexed explanatory notes from 1 to 12 form part of the condensed interim financial information.

Lahore : October 27, 2015


Shahzada Ellahi Shaikh
Director



ELLCOT SPINNING MILLS LIMITED

	Note	Un-Audited September 30 2015 Rupees	Audited June 30 2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	998,676,700	1,020,168,306
Long term deposits		7,090,700	7,090,700
		1,005,767,400	1,027,259,006
CURRENT ASSETS			
Stores, spares and loose tools		59,920,940	49,814,587
Stock-in-trade		429,328,442	668,865,762
Trade debts		200,218,277	216,902,704
Advances, prepayments and other receivables		68,746,295	42,242,332
Short term investments	7	368,266,853	170,494,039
Advance income tax		53,280,548	53,269,145
Cash and bank balances		33,867,421	148,674,604
		1,213,628,776	1,350,263,173
TOTAL ASSETS		<u>2,219,396,176</u>	<u>2,377,522,179</u>


 Shafqat Ellahi Shaikh
 Mg. Director (Chief Executive)



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	Quarter Ended	
		September 30	September 30
		2015	2014
		Rupees	Rupees
Sales-net		1,035,706,599	1,217,493,720
Cost of sales	8	(980,187,527)	(1,159,597,186)
Gross profit		55,519,072	57,896,534
Distribution cost		(14,838,654)	(10,769,553)
Administrative expenses		(22,231,355)	(19,271,021)
Other expenses		(1,103,450)	(2,189,080)
		(38,173,459)	(32,229,654)
		17,345,613	25,666,880
Other income		4,417,370	5,060,350
Operating profit		21,762,983	30,727,230
Finance cost		(9,912,257)	(14,981,836)
Profit before taxation		11,850,726	15,745,394
Provision for taxation		(10,447,358)	(10,517,642)
Profit after taxation		1,403,368	5,227,752
Earnings per share - basic and diluted		0.13	0.48

The annexed explanatory notes from 1 to 12 form part of the condensed interim financial information.

Lahore : October 27, 2015


Shahzada Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter Ended	
	September 30 2015	September 30 2014
	Rupees	Rupees
Profit after taxation	1,403,368	5,227,752
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	(7,198,790)	-
Total comprehensive (loss) / income for the period	<u>(5,795,422)</u>	<u>5,227,752</u>

The annexed explanatory notes from 1 to 12 form part of the condensed interim financial information.

Lahore : October 27, 2015

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter Ended	
	September 30 2015	September 30 2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,850,726	15,745,394
Adjustments for:		
Depreciation on property plant, and equipment	25,152,090	25,142,780
Provision for employees retirement benefits	2,700,477	2,175,474
Gain on disposal of property, plant and equipment	(11,699)	(12,324)
Gain on sale of short term investments	(16,503,058)	(3,467,772)
Un-realized gain on re-measurement of short term investments	(2,298,715)	(1,390,381)
Interest / markup on borrowings	9,912,257	14,981,836
	18,951,352	37,429,613
	30,802,078	53,175,007
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(10,106,353)	(6,672,070)
Stock-in-trade	239,537,320	114,215,602
Trade debts	16,684,427	104,270,901
Advances, prepayments and other receivables	(26,503,963)	(42,904,724)
	219,611,431	168,909,709
(Decrease) / increase in current liabilities:		
Trade and other payables	(347,786)	42,021,062
Cash generated from operations	250,065,723	264,105,778
(Payments made) / receipts of:		
Employees retirement benefits	(3,270,861)	(3,171,795)
Interest/mark-up on borrowings	(12,768,070)	(16,587,813)
Income taxes	(10,458,761)	(10,500,718)
Net cash generated from operating activities	223,568,031	233,845,452
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,759,785)	(1,881,211)
Proceeds from disposal of property, plant and equipment	111,000	150,000
Purchase of short term investments	(668,320,869)	(340,000,000)
Proceeds from sale of short term investments	482,151,038	185,240,123
Net cash used in investing activities	(189,818,616)	(156,491,088)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	-	-
Repayment of long term finances	(20,000,000)	-
Repayment of liabilities against assets subject to finance lease	(885,095)	(843,670)
Net decrease in short term borrowings	(127,671,503)	(173,269,317)
Net cash used in financing activities	(148,556,598)	(174,112,987)
Net decrease in cash and cash equivalents	(114,807,183)	(96,758,623)
Cash and cash equivalents at beginning of the period	148,674,604	133,268,673
Cash and cash equivalents at end of the period	33,867,421	36,510,050

The annexed explanatory notes from 1 to 12 form part of the condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 27, 2015



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	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, 2014 (Audited)	109,500,000	7,760,000	-	1,290,282,692	1,407,542,692
Comprehensive income					
Profit after taxation	-	-	-	5,227,752	5,227,752
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	5,227,752	5,227,752
Balance as at September 30, 2014 (Un-audited)	109,500,000	7,760,000	-	1,295,510,444	1,412,770,444
Transactions with owners					
Final dividend for the year ended June 30, 2014 @ 70% i.e. Rs. 7.00 per ordinary share	-	-	-	(76,650,000)	(76,650,000)
Comprehensive income					
Profit after taxation	-	-	-	49,070,976	49,070,976
Other comprehensive loss - net of tax	-	-	-	(504,502)	(504,502)
Total comprehensive income	-	-	-	48,566,474	48,566,474
Balance as at June 30, 2015 (Audited)	109,500,000	7,760,000	-	1,267,426,918	1,384,686,918
Comprehensive income / (loss)					
Profit after taxation	-	-	-	1,403,368	1,403,368
Other comprehensive loss	-	-	(7,198,790)	-	(7,198,790)
Total comprehensive 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

The annexed explanatory notes from 1 to 12 form part of the condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : October 27, 2015



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

1 LEGAL STATUS AND OPERATIONS

Ellocot 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 Karachi Stock Exchange Limited and Lahore 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, 2015.

The comparative interim balance sheet as at June 30, 2015 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, 2014.

2.1 Statement of compliance

This condensed interim financial information of the Company for the Quarter ended September 30, 2015 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 financial information of the Company for the year ended June 30, 2015, except as disclosed in note 3.1.

3.1 Investments

Available for sale

"Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment loss."



ELLCOT SPINNING MILLS LIMITED

	Un-audited September 30 2015 Rupees	Audited June 30 2015 Rupees
4 LONG TERM FINANCES		
From Banking companies		
Opening Balance	427,449,143	389,949,143
Obtain during the period/ Year	-	100,000,000
Repayment made during the period / year	<u>(20,000,000)</u>	<u>(62,500,000)</u>
	407,449,143	427,449,143
Less: Current portion shown under current liabilities	<u>(79,081,662)</u>	<u>(72,040,831)</u>
	<u><u>328,367,481</u></u>	<u><u>355,408,312</u></u>
5 CONTINGENCIES AND COMMITMENTS		
5.1 Contingencies		
There is no significant change in status of contingencies as disclosed in note 17.1 to th annual financial statement for the year ended June 30, 2015, except of bills discounted.		
	Un-audited September 30 2015 Rupees	Audited June 30 2015 Rupees
5.2 Commitments		
Irrevocable letters of credit for import of		
Capital expenditures	<u>152,075,800</u>	<u>128,447,100</u>
Non-capital expenditures	<u>82,713,270</u>	<u>105,151,392</u>
	234,789,070	233,598,492
Operating Lease		
- payable with in one year	165,000	330,000
	<u>165,000</u>	<u>330,000</u>
6 FIXED ASSETS		
Operating fixed assets		
- Owned (Note 6.1)	<u>974,887,632</u>	<u>996,094,505</u>
- Leased (Note 6.2)	<u>9,965,642</u>	<u>10,250,375</u>
	984,853,274	1,006,344,880
Intangible asset under development - Software	<u>13,823,426</u>	<u>13,823,426</u>
	<u><u>998,676,700</u></u>	<u><u>1,020,168,306</u></u>
6.1 Operating fixed assets - Owned		
Opening written down value	996,094,505	985,348,135
Additions during the period / year		
Building	-	1,271,006
Plant and machinery	3,368,635	107,827,507
Electric installations and equipment	-	2,200,000
Office equipment	128,150	2,845,016
Furniture and fixtures	9,000	-
Vehicles	<u>254,000</u>	<u>4,882,500</u>
	3,759,785	119,026,029
Written down value of property, plant and equipment disposed off	(99,301)	(7,713,134)
Depreciation charged during the period/year	<u>(24,867,357)</u>	<u>(100,566,525)</u>
Written down value at end of the period/year	<u><u>974,887,632</u></u>	<u><u>996,094,505</u></u>
6.2 Operating fixed assets - Leased		
Opening written down value	10,250,375	11,389,306
Additions during the period / year	-	-
Depreciation charged during the period/year	<u>(284,733)</u>	<u>(1,138,931)</u>
Written down value at end of the period/year	<u><u>9,965,642</u></u>	<u><u>10,250,375</u></u>
7 SHORT TERM INVESTMENT		
Fair value through profit or loss		
Investment in mutual funds	332,577,549	170,494,039
Available for sale - quoted investments		
Equity securities of listed companies	<u>35,689,304</u>	<u>-</u>
	<u><u>368,266,853</u></u>	<u><u>170,494,039</u></u>



ELLCOT SPINNING MILLS LIMITED

		Quarter Ended (Un-audited)	
		September 30 2015	September 30 2014
		Rupees	Rupees
8	COST OF SALES		
	Raw material consumed	678,289,084	865,513,835
	Fuel and power	99,038,926	149,122,048
	Stores, spares and loose tools consumed	37,743,135	48,164,710
	Salaries, wages and benefits	82,433,945	67,350,831
	Insurance	2,373,687	2,301,322
	Repair and maintenance	3,843,539	1,694,461
	Depreciation	23,355,942	24,323,730
	Other manufacturing overheads	3,357,574	2,939,787
		930,435,832	1,161,410,724
	Work-in-process:		
	At beginning of period	46,147,113	46,327,710
	At end of period	(51,466,876)	(51,679,088)
		(5,319,763)	(5,351,378)
	Finished goods:		
	At beginning of period	40,271,540	24,300,229
	Purchases	63,561,890	-
	At end of period	(48,761,972)	(20,762,389)
		55,071,458	3,537,840
		980,187,527	1,159,597,186

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management persons 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:

		Quarter Ended (Un-audited)	
		September 30 2015	September 30 2014
		Rupees	Rupees
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods and services	65,669,282	1,453,343
	Sale of goods and services	267,406,851	394,490,273
Key Management Personnel	Remuneration and other benefits	3,711,035	3,324,930

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.

10 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 --, 2015.

11 OTHERS

The Board of directors in its meeting held on September 29, 2015, 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, 2015.

12 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, 2015



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 SRO 19(I)/2014 dated January 10, 2014 read with 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, 2015 with effect from July 1, 2015, 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 @17.5%

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), with-holding 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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