

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2014
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



C O N T E N T S

Company Information	3
Directors' Report to the Members	4
Auditors' report to the Members on Review of Interim Financial Information	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12



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.
HSBC Bank Middle East 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

*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 half year ended on December 31, 2014 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2013 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2014.

Company Performance

The company performance during the first six months have been affected adversely by turbulent commodity prices and sharp falls in the unit prices of textile products. Sales revenue for the 1st half year ended December 31, 2014 were Rs. 2,460,705,083 compared to Rs.3,072,980,596 showing a drop of 19.92% over the corresponding period of previous year. This was due to sluggish demand of finished products owing to overall recessionary environment in local as well as in international markets. Stable Rupee parity against US Dollar adversely affected the competitiveness of Pakistani textile products in comparison to regional competitors whose currencies were devaluing against the USD. Continuous fall in raw material prices kept selling prices of finished goods under pressure. Cost of sales surged from 87.09% (re-stated) of sales to 94.05% of sales due to rise in energy costs, wages and other inputs during the period under review. Decrease in sales and increase in production costs caused the drop in the gross profit (G.P) from 12.91% (re-stated) of sales to 5.95% of sales.

Operating expenses have also increased from 2.89% of sales in the first half of last year to 3.01% of sales in the first half of current year.

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 company was able to reduce its financial cost to Rs. 32,516,953 as compared to Rs. 40,806,235 showing reduction of 20% over corresponding period of previous year.

The Company earned profit after tax of Rs.20,249,891 or 0.82% of sales compared to Rs.227,748,458 or 7.41% (re-stated) of sales for the corresponding period of previous year. Earning per share (EPS) for the period is Rs.1.85 compared to Rs. 20.80 (re-stated) for the corresponding period of previous year.

Future Outlook

Based on current business environment second half of the current financial year will be challenging. Yarn markets are in bearish mode keeping unit prices under pressure. Strong competition from competing countries is also forcing reduction in yarn prices. Cotton and synthetic fibre prices in Pakistan and the rest of the world are still showing downward trends and forcing our customers to reduce buying of our products. However, the company is likely to benefit from the reduction in oil prices which will hopefully reduce energy costs. The company will also benefit from the reduction of 1% in the discount rate announced by the State Bank of Pakistan. It is hoped that the decline in the overall inflation rate in Pakistan will help to curtail costs of production. Management is pursuing a policy of stringent cost control, aggressive marketing and production of value added products to keep the company profitable.

Management is continuing with the policy of investing in new machinery for balancing, modernisation and replacement of its plant and machinery in order to keep its products acceptable to quality conscious buyers. In line with the said policy company is importing brand new carding and drawing machines of European origin which are expected to be installed in first half of the ensuing financial year.

In order to diversify the income source of the Company, Board of Directors approved investment upto Rs.250 million in stock markets and financial instruments.

Acknowledgement

Despite adverse conditions profitable results have been possible due to continued diligence and devotion of the staff and workers of the Company and 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 : February 25, 2015



Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

3 - Shariff Colony,
Iftikhar Ahmed Malik Road,
Canal Park, Gulberg II, Lahore.

T: +92 42 35756440, 35757022

F: +92 42 35757335

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Ellcot Spinning Mills Limited** ("the Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarter ended December 31, 2014 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

Scope of Review

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

Conclusion

The Company has changed its accounting policy in respect of valuation of raw material, as referred to in note 3.1 to the condensed interim financial information and we concur with the change.

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Engagement Partner: ZUBAIR IRFAN MALIK

Date: FEBRUARY 25, 2015

Place: LAHORE



Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, is a partnership firm registered in Pakistan and a member of Russell Bedford International, a global network of independent accounting firms and consultants with affiliated offices worldwide.



ELLCOT SPINNING MILLS LIMITED

Condensed Interim Balance Sheet as at December 31, 2014

<i>Note</i>	December 31, 2014	June 30, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
		[Restated]	[Restated]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
20,000,000 (June 30, 2014: 20,000,000) ordinary shares of Rs. 10 each	200,000,000	200,000,000	200,000,000
Issued, subscribed and paid-up capital	109,500,000	109,500,000	109,500,000
Capital reserve	7,760,000	7,760,000	7,760,000
Accumulated profit	1,233,882,583	1,290,282,692	1,101,962,581
TOTAL EQUITY	1,351,142,583	1,407,542,692	1,219,222,581
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	294,949,143	327,449,143	294,826,393
Liabilities against assets subject to finance lease	3,162,699	5,089,192	8,927,987
Employees retirement benefits	45,473,357	46,469,085	36,797,059
Deferred taxation	73,524,823	73,524,823	75,138,055
	417,110,022	452,532,243	415,689,494
CURRENT LIABILITIES			
Trade and other payables	294,068,249	214,767,545	245,106,852
Accrued interest/mark-up	14,903,034	7,920,294	10,729,631
Short term borrowings	238,739,694	217,658,643	160,781,337
Current portion of non-current liabilities	67,492,773	66,028,585	101,571,999
	615,203,750	506,375,067	518,189,819
TOTAL LIABILITIES	1,032,313,772	958,907,310	933,879,313
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES	2,383,456,355	2,366,450,002	2,153,101,894

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : February 25, 2015

Shahzada Ellahi Shaikh
Director



ELLCOT SPINNING MILLS LIMITED

	<i>Note</i>	December 31, 2014	June 30, 2014	June 30, 2013
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
			[Restated]	[Restated]
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	5	963,927,286	1,011,522,729	1,002,596,544
Long term deposits		7,090,700	7,090,700	7,090,700
		971,017,986	1,018,613,429	1,009,687,244
CURRENT ASSETS				
Stores, spares and loose tools		31,495,182	33,711,906	48,681,445
Stock in trade		1,098,505,851	768,810,236	665,747,041
Trade debts		175,954,169	310,675,746	200,969,718
Advances, prepayments and other receivables		71,325,818	78,325,530	90,109,984
Advance income tax		23,373,305	23,044,482	32,813,872
Cash and Bank balances		11,784,044	133,268,673	105,092,590
		1,412,438,369	1,347,836,573	1,143,414,650
TOTAL ASSETS		2,383,456,355	2,366,450,002	2,153,101,894


Shafqat Ellahi Shaikh
 Mg. Director (Chief Executive)



ELLCOT SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (*Un-audited*) for the half year ended December 31, 2014

	Note	Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		Rupees	Rupees [Restated]	Rupees	Rupees [Restated]
Sales - net		2,460,705,083	3,072,980,596	1,243,211,363	1,541,596,989
Cost of sales	6	(2,314,269,256)	(2,676,109,491)	(1,154,672,070)	(1,381,469,909)
Gross profit		146,435,827	396,871,105	88,539,293	160,127,080
Distribution cost		(26,858,789)	(36,046,412)	(16,089,236)	(20,870,671)
Administrative expenses		(41,221,431)	(35,059,797)	(21,950,410)	(17,259,592)
Other operating expenses		(5,868,029)	(17,809,293)	(3,678,949)	(6,381,728)
		(73,948,249)	(88,915,502)	(41,718,595)	(44,511,991)
		72,487,578	307,955,603	46,820,698	115,615,089
Other income		5,357,768	3,863,089	297,418	824,927
Operating profit		77,845,346	311,818,692	47,118,116	116,440,016
Finance cost		(32,516,953)	(40,806,235)	(17,535,117)	(24,981,998)
Profit before taxation		45,328,393	271,012,457	29,582,999	91,458,018
Provision for taxation	7	(25,078,502)	(43,263,999)	(14,560,860)	(15,264,959)
Profit after taxation		20,249,891	227,748,458	15,022,139	76,193,059
Earnings per share - basic and diluted		1.85	20.80	1.37	6.96

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : February 25, 2015


Shahzada Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



ELLCOT SPINNING MILLS LIMITED

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (*Un-audited*) for the half year ended December 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	<i>Rupees</i>	<i>Rupees</i> [Restated]	<i>Rupees</i>	<i>Rupees</i> [Restated]
Profit after taxation	20,249,891	227,748,458	15,022,139	76,193,059
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>20,249,891</u>	<u>227,748,458</u>	<u>15,022,139</u>	<u>76,193,059</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Lahore : February 25, 2015

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



ELLCOT SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) for the half year ended December 31, 2014

	December 31, 2014	December 31, 2013
	Rupees	Rupees [Restated]
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,328,393	271,012,457
Adjustments for non-cash items		
Depreciation	51,506,845	50,853,147
Provision for employees retirement benefits	4,350,948	4,360,367
Loss on disposal of property, plant and equipment	1,486,458	478,144
Foreign exchange loss	-	1,580
Gain on sale of short term investments	(4,857,406)	(2,619,544)
Interest/mark-up on borrowings	32,516,953	40,806,235
	85,003,798	93,879,929
Operating profit before changes in working capital	130,332,191	364,892,386
Changes in working capital		
Stores, spares and loose tools	2,216,724	(9,225,730)
Stock in trade	(329,695,615)	(873,744,942)
Trade debts	134,721,577	(981,466)
Advances, prepayments and other receivables	6,999,712	38,773,104
Trade and other payables	78,176,115	46,730,250
	(107,581,487)	(798,448,784)
Cash generated from/(used in) operations	22,750,704	(433,556,398)
Payments for		
Interest/mark-up on borrowings	(25,534,213)	(38,171,160)
Income tax	(25,407,325)	(15,765,386)
Employees retirement benefits	(5,346,676)	(5,264,950)
Net cash used in operating activities	(33,537,510)	(492,757,894)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,016,860)	(35,894,844)
Proceeds from disposal of property, plant and equipment	3,619,000	3,045,330
Purchase of short term investments	(340,000,000)	(298,000,000)
Proceeds from disposal of short term investments	344,857,406	300,619,544
Net cash used in investing activities	(540,454)	(30,229,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	-	17,673,607
Repayment of long term finances	(31,250,000)	(62,636,641)
Repayment of liabilities against assets subject to finance lease	(1,712,305)	(4,960,707)
Dividend paid	(75,525,411)	(108,369,347)
Net increase in short term borrowings	21,081,051	595,968,217
Net cash (used in)/generated from financing activities	(87,406,665)	437,675,129
NET DECREASE IN CASH AND CASH EQUIVALENTS	(121,484,629)	(85,312,735)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	133,268,673	105,092,590
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,784,044	19,779,855

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Lahore : February 25, 2015

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)



Condensed Interim Statement of Changes In Equity (Un-audited)
for the half year ended December 31, 2014

Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2013 - Audited	109,500,000	7,760,000	1,134,135,737	1,251,395,737
Change in accounting policy	3.1	-	(32,173,156)	(32,173,156)
Balance as at June 30, 2013 - Audited (restated)	109,500,000	7,760,000	1,101,962,581	1,219,222,581
Comprehensive income				
Profit after taxation - (restated)	-	-	227,748,458	227,748,458
Other comprehensive income after taxation	-	-	-	-
Total comprehensive income - (restated)	-	-	227,748,458	227,748,458
Transaction with owners				
Final dividend @ 100% i.e. Rs. 10 per ordinary share	-	-	(109,500,000)	(109,500,000)
Balance as at December 31, 2013 - Un-audited (restated)	109,500,000	7,760,000	1,220,211,039	1,337,471,039
Comprehensive income				
Profit after taxation - (restated)	-	-	69,822,227	69,822,227
Other comprehensive income after taxation	-	-	249,426	249,426
Total comprehensive income - (restated)	-	-	70,071,653	70,071,653
Transaction with owners				
	-	-	-	-
Balance as at June 30, 2014 - Audited (restated)	109,500,000	7,760,000	1,290,282,692	1,407,542,692
Comprehensive income				
Profit after taxation	-	-	20,249,891	20,249,891
Other comprehensive income after taxation	-	-	-	-
Total comprehensive income	-	-	20,249,891	20,249,891
Transaction with owners				
Final dividend @ 70% i.e. Rs. 7 per ordinary share	-	-	(76,650,000)	(76,650,000)
Balance as at December 31, 2014 - Un-audited	109,500,000	7,760,000	1,233,882,583	1,351,142,583

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore : February 25, 2015



**Notes to the Condensed Interim Financial Information (*Un-audited*)
for the half year ended December 31, 2014**

1 REPORTING ENTITY

Elcote Spinning Mills Limited ("the Company") was incorporated in Pakistan as a 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 and Lahore Stock Exchanges. The Company is primarily engaged in manufacture and sale of yarn.

2 BASIS OF PREPARATION

This 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 should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

The comparative interim balance sheet as at June 30, 2014 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2013 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Information, 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 information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014. except for the change referred to in note 3.1.

3.1 During the period, the Company has changed its accounting policy for valuation of raw material to the extent of determination of cost. Previously, cost of raw material was determined using the 'first-in-first out' method. After the change, cost of raw material is determined on 'weighted average cost' basis. The policy regarding valuation of stock in trade at lower of cost and net realizable value remains unchanged. Management is of the view that this policy gives more fairer presentation of the results and the financial position of the Company. The change has been applied retrospectively by adjusting the accumulated profits as June 30, 2013 and June 30, 2014. Had there been no change, accumulated profits as at the reporting date would have been lower by Rs.16,559,514.



ELLCOT SPINNING MILLS LIMITED

4 CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

There is no significant change in the status of contingencies since June 30, 2014, with the exception of bills discounted/negotiated, which amount to Rs. 220,512,802 (June 30, 2014: Rs. 54,437,622) at the reporting date.

	<i>Note</i>	December 31, 2014	June 30, 2014
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
4.2 Commitments			
4.2.1 Commitments under irrevocable letters of credit for:			
- capital expenditure		96,928,440	-
- working capital		229,365,364	96,001,587
		<u>326,293,804</u>	<u>96,001,587</u>
4.2.2 Commitments under operating leases		<u>600,000</u>	<u>300,000</u>

5 FIXED ASSETS

Property, plant and equipment			
- assets owned by the Company	5.1	937,250,691	985,348,135
- assets subject to finance lease	5.2	10,819,841	11,389,306
		948,070,532	996,737,441
Intangible asset under development - Software		15,856,754	14,785,288
		<u>963,927,286</u>	<u>1,011,522,729</u>

5.1 Assets owned by the Company

Net book value at the beginning of the period/year		985,348,135	970,594,146
Additions during the period/year			
Factory building		1,271,006	3,364,017
Plant and machinery		1,120,000	95,287,387
Office equipment		811,688	514,456
Vehicles		4,742,700	8,593,900
		7,945,394	107,759,760
Net book value of assets transferred from leased assets during the period/year		-	17,757,086
Net book value of assets disposed off during the period/year		(5,105,458)	(7,731,485)
Depreciation for the period/year		(50,937,380)	(103,031,372)
Net book value at the end of the period/year		<u>937,250,691</u>	<u>985,348,135</u>

5.2 Assets subject to finance lease

Net book value at the beginning of the period/year		11,389,306	32,002,398
Additions during the period/year		-	-
Net book value of assets transferred to owned assets during the period/year		-	(17,757,086)
Depreciation for the period/year		(569,465)	(2,856,006)
Net book value at the end of the period/year		<u>10,819,841</u>	<u>11,389,306</u>



ELLCOT SPINNING MILLS LIMITED

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	<i>Rupees</i> (Un-audited)	<i>Rupees</i> (Un-audited) [Restated]	<i>Rupees</i> (Un-audited)	<i>Rupees</i> (Un-audited) [Restated]
6 COST OF SALES				
Raw material consumed	1,716,721,086	2,050,488,272	851,207,251	1,069,321,529
Fuel and power	311,464,589	282,625,359	162,342,541	147,194,102
Stores, spares and loose tools consumed	89,203,816	93,774,433	41,039,106	54,170,209
Salaries, wages and benefits	143,274,263	136,593,518	75,923,432	71,383,252
Insurance	4,633,998	5,278,925	2,332,676	2,580,933
Repair and maintenance	4,057,875	3,427,368	2,363,414	1,235,621
Depreciation	47,685,428	49,327,553	23,361,698	24,762,569
Other manufacturing overheads	6,452,657	8,875,159	3,512,870	4,295,386
	2,323,493,712	2,630,390,587	1,162,082,988	1,374,943,601
Work in process				
- at the beginning of the period	46,327,710	42,484,186	51,679,088	43,869,521
- at the end of the period	(46,457,504)	(54,701,453)	(46,457,504)	(54,701,453)
	(129,794)	(12,217,267)	5,221,584	(10,831,932)
	2,323,363,918	2,618,173,320	1,167,304,572	1,364,111,669
Finished goods				
- at the beginning of the period	24,300,229	72,989,279	20,762,389	52,592,880
- purchases during the period	-	20,181,532	-	-
- at the end of the period	(33,394,891)	(35,234,640)	(33,394,891)	(35,234,640)
	(9,094,662)	57,936,171	(12,632,502)	17,358,240
	2,314,269,256	2,676,109,491	1,154,672,070	1,381,469,909

7 PROVISION FOR TAXATION

7.1 Provision for current tax has been made in accordance with the requirements of section 18 and section 154 of the Income Tax Ordinance, 2001.

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

8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

Details of transactions with related parties are as follows:



ELLCOT SPINNING MILLS LIMITED

		Half year ended		
		December 31, 2014	December 31, 2013	
		Rupees (Un-audited)	Rupees (Un-audited)	
8.1	Transactions with related parties			
	Nature of relationship			
	Nature of transaction			
	Associated companies	Purchase of goods and services	1,644,090	11,361,233
		Sales of goods and services	828,682,959	748,679,591
		Dividend paid	18,644,227	26,634,610
	Nature of relationship			
	Nature of transaction			
	Key management personnel	Short term employee benefits	6,536,850	5,769,382
		Dividend paid to directors and their family members	35,938,868	51,426,240

8.2 Balances with related parties

There are no balances with related parties as at the reporting date.

9 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial information.

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 25, 2015.

11 GENERAL

- 11.1 There are no other significant activities since June 30, 2014 affecting the condensed interim financial information.
- 11.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 11.3 Figures have been rounded off to the nearest Rupee.

Lahore : February 25, 2015


Shahzada Ellahi Shaikh
Director


Shafqat Ellahi Shaikh
Mg. Director (Chief Executive)

BOOK POST

**PRINTED MATTER
U.P.C**

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

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