

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2014  
(Un-Audited)**



**PROSPERITY WEAVING MILLS LTD.**



## **CONTENTS**

Company Information	02
Directors' Report to the Members	03
Condensed Interim Balance Sheet	05
Condensed Interim Profit and Loss Account	07
Condensed Interim Cash Flow Statement	08
Condensed Interim Statement of Changes in Equity	09
Notes to the Condensed Interim Financial Information	10
Shareholders' Information	14



# PROSPERITY WEAVING MILLS LTD.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Shaikh Enam Ellahi	Non-Executive Director / Chairman
Mr. Hasan Ahmed	Independent Non-Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Non-Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Executive Director
Mr. Shahzada Sultan Mubashir	Executive Director

**MANAGING DIRECTOR (Chief Executive)** Mr. Shaukat Ellahi Shaikh

### AUDIT COMMITTEE

Mr. Hasan Ahmed	Chairman
Mr. Shaikh Enam Ellahi	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Shahzada Sultan Mubashir	Secretary

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

Mr. Haroon Shahzada Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Shahzada Sultan Mubashir	Member
Mr. Muhammad Azam	Secretary

### EXECUTIVE COMMITTEE

Mr. Shaikh Enam Ellahi	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shaukat Ellahi Shaikh	Member
Mr. Shafqat Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

### CORPORATE SECRETARY

Mr. Shahzada Sultan Mubashir

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

### AUDITORS

Messrs M. Yousuf Adil Saleem & Co.  
Chartered Accountants

### CORPORATE ADVISORS

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  
Samba Bank Ltd.  
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  
[www.nagina.com](http://www.nagina.com)

### WEB REFERENCE

### SHARE REGISTRAR

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

### MILLS

13.5 K.M  
Sheikhupura Sharaqpur Road  
Sheikhupura



**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 1<sup>st</sup> quarter of the financial year 2014-15 ended on September 30, 2014. The comparative figures for the corresponding quarter ended September 30, 2013 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2014.

**Company Performance**

The Company earned a profit after tax of Rs.2,280,525 or 0.16% of sales compared to Rs.68,185,652 or 3.89% (restated) of sales for the corresponding 1<sup>st</sup> quarter of last year. Earning per share (EPS) for the quarter is Rs. 0.12 compared to Rs.3.69 (restated) for the 1<sup>st</sup> quarter of last year.

During the quarter sales revenue dropped by 18.31% mainly due to fall in unit prices of fabric sold in both local and export markets. Sales for the quarter stood at Rs.1,432,692,651 compared to Rs.1,753,765,740 for the corresponding quarter of previous year. During the period under review cost of production increased due to increase in energy costs and wages. Decrease in sales and rise in production costs caused the drop in the gross profit margin (G.P) from 8.31% (restated) to 4.30% of sales quarter-on-quarter.

Operating expenses increased from 2.50% of sales to 2.77% of sales quarter-on-quarter. Finance cost increased from 0.93% of sales to 1.37% of sales quarter-on-quarter mainly on account of rise in debt servicing cost of long-term loans taken for the expansion of the production capacity.

**Future Outlook**

Weaving business is going through a difficult phase where strong competition from competing countries is causing fall in unit prices of greige fabrics. Sharp fall in international and Pakistani raw cotton prices is also contributing to the fall in unit prices of greige fabrics. It is reported by our customers that they are carrying large stocks of greige fabrics due to low demand from garment factories. Continued load shedding of gas and electricity is forcing the company to use more expensive furnace oil to maintain production. Consequently, energy costs of the company are expected to rise. All these factors present an uncertain environment and accentuate the problems for the textile industry in general and weaving sector in particular. Due to ever increasing costs of energy and wages and salaries management has decided to replace some of the old slow speed weaving machines with energy efficient and high speed weaving machines. It is expected that the savings in operating costs due to the replacement program shall improve profits. Management has also developed a strategy to minimise the effects of increased volatility in prices by booking profits wherever possible by increased efforts in exports and fixing the cost of raw material. In future Company's ability to produce better results are dependent on uninterrupted gas and electricity supply, continued demand for fabric from both local and International markets, stability in yarn prices, single digit inflation and controlled law and order situation in the country.



## PROSPERITY WEAVING MILLS LTD.

The Board of Directors is cognizant of these facts and strives to take all necessary steps to protect the interests of the Company.

### Acknowledgement

The 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.

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

Lahore: October 28, 2014



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Un-Audited September 30 2014	Audited June 30 2014 (Restated)	Audited June 30 2013 (Restated)
Note	-----Rupees-----		
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 20,000,000 (June 30, 2014: 20,000,000)			
Ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital	<u>184,800,000</u>	184,800,000	184,800,000
Capital reserve	<u>16,600,000</u>	16,600,000	16,600,000
Accumulated profit	<u>726,817,434</u>	724,536,909	655,620,436
<b>Total equity</b>	<u><b>928,217,434</b></u>	<u>925,936,909</u>	<u>857,020,436</u>
<b>SURPLUS ON REVALUATION OF LAND</b>	<b>37,182,634</b>	37,182,634	37,182,634
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	4 <span style="border: 1px solid black; padding: 2px;">748,227,962</span>	<span style="border: 1px solid black; padding: 2px;">628,484,046</span>	<span style="border: 1px solid black; padding: 2px;">214,100,319</span>
Employees retirement benefits	<span style="border: 1px solid black; padding: 2px;">54,346,552</span>	<span style="border: 1px solid black; padding: 2px;">51,444,502</span>	<span style="border: 1px solid black; padding: 2px;">39,000,140</span>
Deferred taxation	<span style="border: 1px solid black; padding: 2px;">23,277,589</span>	<span style="border: 1px solid black; padding: 2px;">23,277,589</span>	<span style="border: 1px solid black; padding: 2px;">23,798,161</span>
	<u>825,852,103</u>	<u>703,206,137</u>	<u>276,898,620</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<span style="border: 1px solid black; padding: 2px;">298,875,069</span>	<span style="border: 1px solid black; padding: 2px;">221,967,280</span>	<span style="border: 1px solid black; padding: 2px;">201,679,943</span>
Accrued interest / mark-up	<span style="border: 1px solid black; padding: 2px;">20,265,565</span>	<span style="border: 1px solid black; padding: 2px;">14,509,830</span>	<span style="border: 1px solid black; padding: 2px;">12,276,384</span>
Short term borrowings	<span style="border: 1px solid black; padding: 2px;">437,750,846</span>	<span style="border: 1px solid black; padding: 2px;">307,204,833</span>	<span style="border: 1px solid black; padding: 2px;">304,198,925</span>
Current portion of long term finances	<span style="border: 1px solid black; padding: 2px;">94,094,658</span>	<span style="border: 1px solid black; padding: 2px;">89,108,234</span>	<span style="border: 1px solid black; padding: 2px;">84,121,806</span>
	<u>850,986,138</u>	<u>632,790,177</u>	<u>602,277,058</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,676,838,241</b></u>	<u>1,335,996,314</u>	<u>879,175,678</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	5 <span style="border: 1px solid black; padding: 2px;">-</span>	<span style="border: 1px solid black; padding: 2px;">-</span>	<span style="border: 1px solid black; padding: 2px;">-</span>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>2,642,238,309</b></u>	<u>2,299,115,857</u>	<u>1,773,378,748</u>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Lahore: October 28, 2014

  
**Shahzada Ellahi Shaikh**  
 Director



# PROSPERITY WEAVING MILLS LTD.

	Un-Audited September 30 2014	Audited June 30 2014 (Restated)	Audited June 30 2013 (Restated)
Note	-----Rupees-----		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	6 <b>1,452,727,186</b>	1,396,314,418	826,324,957
Long term deposits	<b>15,039,000</b>	15,039,000	15,039,000
	<b>1,467,766,186</b>	1,411,353,418	841,363,957
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	<b>55,222,023</b>	53,614,902	38,885,526
Stock-in-trade	<b>528,043,919</b>	387,775,917	461,869,544
Trade debts	<b>317,038,124</b>	245,148,605	250,831,357
Advances	<b>57,042,930</b>	20,653,925	24,990,478
Short term prepayments	<b>1,212,514</b>	1,550,025	1,172,837
Other receivables	<b>1,254,622</b>	1,377,529	1,833,862
Sales tax refundable	<b>130,305,096</b>	111,380,286	54,598,739
Advance income tax	<b>46,982,304</b>	35,221,998	30,377,159
Cash and bank balances	<b>37,370,591</b>	31,039,252	67,455,289
	<b>1,174,472,123</b>	887,762,439	932,014,791
<b>TOTAL ASSETS</b>	<b><u>2,642,238,309</u></b>	<u>2,299,115,857</u>	<u>1,773,378,748</u>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

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



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter Ended	
	September 30 2014	September 30 2013 (Restated)
Note	.....Rupees.....	
Sales-net	1,432,692,651	1,753,765,740
Cost of sales	7 (1,371,100,773)	(1,607,963,688)
<b>Gross profit</b>	<b>61,591,878</b>	<b>145,802,052</b>
Distribution cost	(27,150,249)	(26,297,896)
Administrative expenses	(12,409,640)	(11,354,223)
Other operating expenses	(169,010)	(6,176,222)
	<b>(39,728,899)</b>	<b>(43,828,341)</b>
	<b>21,862,979</b>	<b>101,973,711</b>
Other income	-	75,014
<b>Operating profit</b>	<b>21,862,979</b>	<b>102,048,725</b>
Finance cost	(19,582,454)	(16,321,047)
<b>Profit before taxation</b>	<b>2,280,525</b>	<b>85,727,678</b>
Provision for taxation	-	(17,542,026)
<b>Profit after taxation</b>	<b>2,280,525</b>	<b>68,185,652</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>2,280,525</b>	<b>68,185,652</b>
<b>Earnings per share - basic and diluted</b>	<b>0.12</b>	<b>3.69</b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Lahore: October 28, 2014

Shahzada Ellahi Shaikh  
Director

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)





# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter Ended	
	September 30 2014	September 30 2013 (Restated)
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,280,525	85,727,678
Adjustments for:		
Depreciation on property, plant and equipment	30,622,929	20,712,291
Provision for employees retirement benefits	5,213,409	3,916,581
(Gain) / Loss on disposal of property, plant and equipment	-	(4,495)
Gain on disposal of short term investments	-	(70,331)
Finance cost	19,582,454	16,321,047
Profit on deposits	-	(188)
	<b>55,418,792</b>	<b>40,874,905</b>
Changes in working capital	<b>57,699,317</b>	<b>126,602,583</b>
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,607,121)	(1,907,588)
Stock-in-trade	(140,268,002)	(64,854,019)
Trade debts	(71,889,519)	(93,273,038)
Advances	(36,389,005)	(10,607,682)
Short term prepayments	337,511	(2,493,175)
Other receivables	122,907	(361,056)
Sales tax refundable	(18,924,810)	(7,905,980)
	<b>(268,618,039)</b>	<b>(181,402,538)</b>
Increase / (decrease) in current liabilities		
Trade and other payables	<b>76,907,789</b>	<b>50,248,558</b>
	<b>(191,710,250)</b>	<b>(131,153,980)</b>
<b>Cash used in operations</b>	<b>(134,010,933)</b>	<b>(4,551,397)</b>
(Payment made) / receipt of:		
Finance cost paid	(13,826,719)	(23,420,688)
Employees retirement benefits paid	(2,311,359)	(1,172,069)
Income taxes paid	(11,760,306)	(11,077,896)
<b>Net cash used in operating activities</b>	<b>(161,909,317)</b>	<b>(40,222,050)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(87,035,697)	(1,956,461)
Proceeds from disposal of property, plant and equipment	-	29,500
Purchase of short term investments	-	(25,000,000)
Proceeds from disposal of short term investments	-	25,070,331
Profit on deposits	-	188
<b>Net cash used in investing activities</b>	<b>(87,035,697)</b>	<b>(1,856,442)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	159,507,139	1,986,604
Repayment of long term finances	(34,776,799)	(34,776,799)
Net Increase / (decrease) in short term borrowings	130,546,013	49,563,110
<b>Net cash generated from / (used in) financing activities</b>	<b>255,276,353</b>	<b>16,772,915</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>6,331,339</b>	<b>(25,305,577)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>31,039,252</b>	<b>67,455,289</b>
<b>Cash and cash equivalents at end of the period</b>	<b>37,370,591</b>	<b>42,149,712</b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.

Shahzad Ellahi Shaikh  
Director

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 28, 2014

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Issued, subscribed and paid up capital	Capital reserve	Accumulated profit	Total
<b>Note</b>	----- Rupees -----			
<b>Balance as at June 30, 2013 - Audited</b>	184,800,000	16,600,000	655,800,247	857,200,247
Change in accounting policy			(179,811)	(179,811)
<b>Balance as at June 30, 2013 - Audited (restated)</b>	184,800,000	16,600,000	655,620,436	857,020,436
<b>Comprehensive income</b>				
Profit after taxation (restated)	-	-	68,185,652	68,185,652
Other comprehensive income - net of tax	-	-	-	-
<b>Total comprehensive income (restated)</b>	-	-	68,185,652	68,185,652
<b>Transactions with owners</b>				
Final dividend @ 60% i.e. Rs. 6.00 per share	-	-	(110,880,000)	(110,880,000)
<b>Balance as at September 30, 2013 - Un-audited (restated)</b>	184,800,000	16,600,000	612,926,088	814,326,088
<b>Comprehensive income</b>				
Profit after taxation (restated)	-	-	114,231,834	114,231,834
Other comprehensive income - net of tax	-	-	(2,621,013)	(2,621,013)
<b>Total comprehensive income (restated)</b>	-	-	111,610,821	111,610,821
<b>Balance as at June 30, 2014 - Audited (restated)</b>	184,800,000	16,600,000	724,536,909	925,936,909
<b>Comprehensive income</b>				
Profit after taxation	-	-	2,280,525	2,280,525
Other comprehensive income - net of tax	-	-	-	-
<b>Total comprehensive income</b>	-	-	2,280,525	2,280,525
<b>Balance as at September 30, 2014 - Un-audited</b>	<b>184,800,000</b>	<b>16,600,000</b>	<b>726,817,434</b>	<b>928,217,434</b>

The annexed explanatory notes from 1 to 11 form part of the condensed interim financial information.



**Shahzada Ellahi Shaikh**  
Director

Lahore: October 28, 2014



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



# PROSPERITY WEAVING MILLS LTD.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

### 1 LEGAL STATUS AND OPERATIONS

- 1.1 Prosperity Weaving Mills Limited "the Company" was incorporated in Pakistan on November 20, 1991 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 currently listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of woven cloth. The Mill is located at District Sheikhpura in the province of Punjab.
- 1.2 This un-audited condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

### 2 BASIS OF PREPARATION

- 2.1 This un-audited condensed interim financial information of the Company for the quarter ended September 30, 2014 has been prepared in accordance with the requirements of the 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 or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 The condensed interim financial information should be read in conjunction with annual audited financial statement for the year ended June 30, 2014. Comparative balance sheet is extracted from annual audited financial statement for the year ended June 30, 2014, whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the quarter ended September 30, 2013.

### 3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 This un-audited condensed interim financial statements have been prepared under historical cost convention modified by:
- revaluation of land
  - financial instruments at fair value
  - recognition of certain employee retirement benefits at present value
- 3.2 The accounting policies and methods of computation adopted for preparation of the condensed interim financial information are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2014, except as disclosed in note 3.2.1

#### 3.2.1 Change in accounting policy

During the period, the management has changed Company's accounting policy in respect of determination of cost of raw material. The raw material which was previously valued on the basis of "first-in-first out" is now valued on "weighted average" cost basis. 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 at 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.990,359.

- 3.3 Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of annual published financial statements of the Company for the year ended June 30, 2014.



# PROSPERITY WEAVING MILLS LTD.

	Un-audited September 30 2014	Audited June 30 2014
	-----Rupees-----	
<b>4 LONG TERM FINANCES</b>		
<b>From Banking Companies</b>		
Opening balance	717,592,280	298,222,125
Obtained during the period / year	159,507,139	503,491,961
Repayments made during the period / year	(34,776,799)	(84,121,806)
	<u>842,322,620</u>	<u>717,592,280</u>
Less: Current portion shown under current liabilities	94,094,658	89,108,234
	<u><u>748,227,962</u></u>	<u><u>628,484,046</u></u>
<b>5 CONTINGENCIES AND COMMITMENTS</b>		
<b>5.1 Contingencies</b>		
There is no significant change in the status of contingencies as disclosed in the financial statement for the year ended June 30, 2014.		
<b>5.2 Commitments</b>		
<b>Irrevocable letters of credit for import of</b>		
Capital expenditures	251,295,271	279,540,405
Non-capital expenditures	2,923,287	61,479,410
	254,218,558	341,019,815
<b>Operating Lease</b>		
payable with in one year	264,583	483,333
payable later than one year but not later than five years	-	-
	<u>254,483,141</u>	<u>341,503,148</u>
<b>6 FIXED ASSETS</b>		
Operating fixed assets (note 6.1)	1,385,857,263	831,044,977
Capital work in progress	62,467,480	565,269,441
Advance for intangible asset - computer software.	4,402,443	-
	<u>1,452,727,186</u>	<u>1,396,314,418</u>
<b>6.1 Operating fixed assets</b>		
Opening written down value	831,044,977	826,217,945
Additions during the period / year		
Factory Building	78,189,447	2,785,828
Plant and machinery	506,442,930	83,190,540
Factory equipment	-	2,150,070
Furniture and fittings	-	125,700
Office equipment	802,838	1,127,242
Arms and Ammunition	-	163,074
Vehicles	-	8,519,619
	585,435,215	98,062,073
Written down value of property, plant and equipment disposed off	-	(9,557,613)
Depreciation charged during the period/year	(30,622,929)	(83,677,428)
Written down value at end of the period/year	<u>1,385,857,263</u>	<u>831,044,977</u>



# PROSPERITY WEAVING MILLS LTD.

		<b>Quarter Ended (un-audited)</b>	
		<b>September 30</b>	<b>September 30</b>
		<b>2014</b>	<b>2013</b>
		(Restated)	
		.....Rupees.....	
<b>7</b>	<b>COST OF SALES</b>		
	Raw material consumed	<b>1,153,840,933</b>	1,357,281,363
	Fuel and power	<b>180,897,682</b>	147,458,527
	Salaries, wages and benefits	<b>72,903,136</b>	56,341,083
	Stores and spares consumed	<b>11,047,584</b>	12,186,451
	Sizing material consumed	<b>27,465,126</b>	27,117,227
	Depreciation	<b>28,767,322</b>	18,852,470
	Packing material consumed	<b>5,488,649</b>	5,457,128
	Insurance	<b>2,370,203</b>	2,248,037
	Repairs and maintenance	<b>1,404,276</b>	1,376,047
	Electricity duty	<b>509,063</b>	509,130
	Vehicles running and maintenance	<b>1,253,110</b>	1,402,811
	Traveling and conveyance	<b>137,704</b>	93,710
	Lease rentals-land	<b>68,748</b>	68,748
	Fee and subscription	<b>88,618</b>	80,623
	Entertainment	<b>269,772</b>	280,724
	Others	<b>1,851,324</b>	2,227,750
		<b>1,488,363,250</b>	1,632,981,829
	Work-in-process:		
	At beginning of period	<b>75,367,952</b>	77,257,447
	At end of period	<b>(101,750,174)</b>	(95,889,659)
		<b>(26,382,222)</b>	(18,632,212)
		<b>1,461,981,028</b>	1,614,349,617
	Finished goods:		
	At beginning of period	<b>196,906,966</b>	176,726,378
	Cloth purchased	<b>370,371</b>	2,369,839
	At end of period	<b>(288,157,592)</b>	(185,482,146)
		<b>(90,880,255)</b>	(6,385,929)
		<b>1,371,100,773</b>	1,607,963,688

## 8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the Company and key management personnel. 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:

		<b>Quarter Ended (Un-audited)</b>	
		<b>September 30</b>	<b>September 30</b>
		<b>2014</b>	<b>2013</b>
		.....Rupees.....	
<b>Nature of Relationship</b>	<b>Nature of Transaction</b>		
Associated Companies	Purchase of goods and services	<b>394,490,273</b>	<b>367,318,556</b>
	Sale of goods and services	<b>41,308</b>	<b>62,188</b>
	Rent expense	<b>150,000</b>	<b>132,000</b>
Key Management Personnel	Remuneration and other benefits	<b>1,473,406</b>	<b>1,286,986</b>

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 the reporting date.



## PROSPERITY WEAVING MILLS LTD.

### 9 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 28, 2014.

### 10 OTHERS

The Shareholders of the Company on recommendation of the Board, have approved a cash dividend at the rate of fifty percent (i.e. Rs 5/- per ordinary share) in Annual General Meeting held on October 27, 2014.

### 11 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.

Lahore: October 28, 2014

**Shazada Ellahi Shaikh**  
Director

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



## PROSPERITY WEAVING MILLS LTD.

### SHAREHOLDERS' INFORMATION

Dear Shareholder,

#### 1. TAX ON DIVIDEND INCOME – FINANCE ACT, 2014

It is hereby informed that pursuant to the provisions of the Finance Act, 2014 with effect from July 1, 2014, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @10%
- (b) Rate of tax deduction for non-filer of income tax returns @15%

You are therefore, requested to please provide us the following details to enable us to deduct applicable tax on dividend income (as and when declared / paid).

Name of Shareholder	Folio No. / CDC Participant & Account #	National Tax No. (For all shareholder)	CNIC No. (for individuals only), please enclose a copy of valid CNIC, if not already provided

Non-receipt / availability of above information well in time before the payment of dividend for the year 2013-14 would force us to treat you as "non-filer" and you will be subject to deduction of income tax on dividend @15% as applicable to the non-filers.

#### 2. MANDATORY SUBMISSION OF COPY OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

As we have already informed through various letters/ notices in respect of submission of a copy of valid CNIC, we reiterate that in accordance with the directives of Securities and Exchange Commission of Pakistan (SECP), CNIC number is mandatory requirement to be printed on the dividend warrant. Further provision of CNIC number is obligatory on annual return (Form-A) as required under section 156 of the Companies Ordinance, 1984.

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 Registrars:

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

**Kindly note that in case of non-compliance of the submission of CNIC, the Company shall be constrained to withhold the dispatch of dividend warrant in future.**

**Shahzada Sultan Mubashir**  
Corporate Secretary

**BOOK POST**

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**PRINTED MATTER  
U.P.C.**

*If undelivered please return to:*

**PROSPERITY WEAVING MILLS LTD.**

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