

**THIRD QUARTER REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2018  
(Un-Audited)**



**PROSPERITY WEAVING MILLS LTD.**



## PROSPERITY WEAVING MILLS LTD.

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## PROSPERITY WEAVING MILLS LTD.

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Mr. Hasan Ahmed	Independent Non Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Non-Executive Director
Mr. Amin Ellahi Shaikh	Non-Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Non-Executive Director
Mr. Tariq Zafar Bajwa	Executive Director

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

#### AUDIT COMMITTEE

Mr. Hasan Ahmed	Chairman
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

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

Mr. Haroon Shahzada Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Tariq Zafar Bajwa	Member
Mr. Muhammad Azam	Secretary

#### EXECUTIVE COMMITTEE

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

#### CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

#### CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

#### HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

#### AUDITORS

Messrs Deloitte Yousuf Adil.  
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  
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

#### SHARES 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



## **PROSPERITY WEAVING MILLS LTD.**

### **DIRECTORS' REPORT TO THE MEMBERS**

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2018. The comparative figures for the corresponding quarter ended on March 31, 2017 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2017.

#### **Company Performance**

Alhamdulillah despite difficult operating environment your company has managed to post an after tax profit of Rs. 16,659,926 or 1.17% of sales compared to Rs. 11,217,655 or 0.75% of sales during corresponding quarter of previous year. Earning per share (EPS) was Rs. 0.90 in current quarter compared to Rs. 0.61 during the corresponding quarter of previous year. The main contributing factors for better profitability are benefits of export drawback scheme, adjustment in exchange rate and a slight improvement in product margins.

Sales revenue for the quarter under review stood at Rs. 1,426,817,932 compared to Rs. 1,501,885,438 during the corresponding quarter of previous year. Cost of sales reduced from 94.22% of sales during the corresponding quarter of previous year to 93.41% of sales during the quarter under review. Decrease in cost of sales resulted increase in gross profit (GP) from 5.78% of sales during corresponding quarter of previous year to 6.59% of sales during the quarter under review.

Overall operating expenses decreased from 3.36% of sales during the corresponding quarter of previous year to 3.07% of sales during the quarter under review. Finance cost increased from 1.57% of sales during the corresponding quarter of previous year to 2.65% of sales during the quarter under review. The finance costs increased as the company resorted to more rupee based borrowing instead of cheaper dollar based borrowings in order to avoid risk of devaluation.

#### **Future Outlook**

Greige fabric market demand has started to show signs of improvement. However, the margins are still very slim. Approximately 9% adjustment in exchange rate has helped the industry to better compete in international markets. Export drawback scheme launched by the Government has helped in boosting exports. However, currency devaluation has also impacted our imported raw material cost. Delay in release of sales tax, income tax and export refunds has also assumed alarming proportions. Management is making all possible measures to remain profitable and will make special efforts in the last quarter of the year. In this regard management is taking steps such as cost controls, effective marketing strategies and diversification of its product range.

It is hoped that the Government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, allow the market to establish the fair value of Pakistani rupee against USD and encourage value addition in the textile sector.



## **PROSPERITY WEAVING MILLS LTD.**

Management is apprehensive about cost push factors such as rising energy costs and increase in SBP policy rate which will result in rise in financial costs. Local cotton crop size has improved in comparison to last year but remained lower than initial crop estimates. We hope that in the ensuing year crop would be even better. Management is focusing on product diversification, seeking new global markets with application of effective cost controls. Overall we are optimistic about the fourth quarter of the year and hope to close the year with a reasonable profit.

### **Acknowledgement**

The continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their gratitude to the bankers for their continued support to the Company.

On behalf of the Board.

A handwritten signature in black ink, appearing to read 'Shahzada Ellahi Shaikh'.

**Shahzada Ellahi Shaikh**

Lahore: April 19, 2018

Chairman

A handwritten signature in black ink, appearing to read 'Raza Ellahi Shaikh'.

**Raza Ellahi Shaikh**

Mg. Director (Chief Executive)

## ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2018ء کی تیسری مختتمہ سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 مارچ 2017ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے بیلنس شیٹ کے جہاں تقابلی اعداد و شمار 30 جون 2017ء کے مختتمہ سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ، مشکل آپریٹنگ ماحول کے باوجود آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران بعد از ٹیکس منافع فروخت کے 0.75 فیصد یا 11,217,655 روپے کے مقابلے میں زیر جائزہ سہ ماہی کے دوران فروخت کا 1.17 فیصد یا 16,659,926 روپے کمایا ہے۔ موجودہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 0.61 روپے کے مقابلے میں 0.90 روپے ہے۔ بہتر منافع کے اہم عناصر، برآمدی رعایت اسکیم، زرمبادلہ کی شرح میں ایڈجسٹمنٹ اور مصنوعات کی قیمتوں میں قدرے بہتری کے فوائد ہیں۔

گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کی آمدنی 1,501,885,438 روپے کے مقابلے میں زیر جائزہ سہ ماہی میں 1,426,817,932 روپے پر قائم رہی۔ زیر جائزہ سہ ماہی میں فروخت کی لاگت گزشتہ سال کی فروخت کی 94.22% سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کی 93.41% تک ہو گئی۔ فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں مجموعی منافع (GP) 5.78% سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کا 6.59% تک ہو گیا۔

مجموعی آپریٹنگ اخراجات گزشتہ سال کی اسی سہ ماہی سے فروخت کے 3.36% سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 3.07% ہو گئے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی سے فروخت کے 1.57% سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کے 2.65% تک ہو گئے۔ مالی اخراجات میں اضافہ کی وجہ کمپنی کا روپے کی قدر میں کمی کے خطرہ سے بچنے کے لئے سٹے ڈالر بنیاد قرض کی بجائے مزید روپیہ بنیاد قرض کا انتخاب ہے۔

### مستقبل کا نقطہ نظر

کورے کپڑے کی مارکیٹ کی طلب میں بہتری کے امکانات ظاہر ہونا شروع ہو گئے ہیں۔ تاہم، منافع ابھی بھی بہت کم ہے۔ زرمبادلہ کی شرح میں تقریباً 9% ایڈجسٹمنٹ نے ٹیکسٹائل صنعت کے بین الاقوامی مقابلے کی بحالی میں مدد کی ہے۔ حکومت کی طرف سے اعلان کردہ برآمدی رعایت اسکیم نے برآمدات کو بڑھانے میں مدد کی ہے۔ تاہم، روپیہ کی قدر میں کمی نے بھی ہماری خام مال کی درآمدی لاگتوں کو متاثر کیا ہے۔ سیلز ٹیکس، انکم ٹیکس اور برآمدی رعایت کی واپسی میں تاخیر جیسے خطرات کا سامنا ہے۔ انتظامیہ منافع کو برقرار رکھنے کے لئے تمام ممکن اقدامات کر رہی ہے اور سال کی آخری سہ ماہی میں خصوصی کوششیں کرے گی۔ اس سلسلہ میں انتظامیہ لاگت کو کنٹرول، مؤثر مارکیٹنگ حکمت عملیوں اور اپنی مصنوعات کی تنوع جیسے اقدامات کر رہی ہے۔

امید کی جاتی ہے کہ حکومت مختلف ٹیکسوں کی جلد واپسی، ملز کو چلانے کے لئے وافر ٹیکس کی فراہمی، مارکیٹ کو خود امریکی ڈالر کے مقابلے پاکستانی روپے کی موزوں قدر قائم کرنے اور ٹیکسٹائل شعبہ کی قدر کو بڑھانے کی حوصلہ افزائی کر کے ٹیکسٹائل صنعت کی مدد کرے گی۔




## PROSPERITY WEAVING MILLS LTD.


انتظامیہ کو اخراجات بڑھانے والے عناصر جیسے توانائی کی لاگت میں اضافہ، SBP پالیسی شرح میں اضافہ کے بارے میں خدشہ ہے جو مالی لاگت میں اضافہ کا سبب بنے گا۔ مقامی کپاس کی فصل کا سائز گزشتہ سال کے موازنہ میں بہتر ہوا لیکن ابتدائی فصل کے تخمینہ سے کم رہا ہے۔ ہم امید کرتے ہیں کہ اگلی فصل کا سائز بھی بہتر ہوگا۔ انتظامیہ منافع کو بہتر بنانے کے لئے موثر لاگت کنٹرول کے اطلاق کے ساتھ مصنوعات کی تنوع، نئی برآمدی مارکیٹوں کی تلاش پر توجہ مرکوز کر رہی ہے۔ مجموعی طور پر ہم سال کی آخری سہ ماہی کے بارے میں امید ہیں اور موزوں منافع کے ساتھ سال کے اختتام کی امید کرتے ہیں۔

### اظہار تشکر

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

منجانب بورڈ

  
رضا الہی شیخ  
مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)

  
شہزاد الہی شیخ  
چیئر مین

لاہور: 19 اپریل 2018ء




# PROSPERITY WEAVING MILLS LTD.


## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

	Un-Audited March 31, 2018	Audited June 30, 2017
	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
20,000,000 (June 30, 2017: 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	<u>184,800,000</u>	184,800,000
Capital reserve	<u>18,813,224</u>	8,532,746
Accumulated profit	<u>704,138,269</u>	719,278,598
<b>Total equity</b>	<u>907,751,493</u>	912,611,344
<b>SURPLUS ON REVALUATION OF LAND</b>	55,564,634	55,564,634
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	4 <u>1,461,864,575</u>	1,616,753,424
Employees retirement benefits	<u>97,910,878</u>	83,825,666
Deferred taxation	<u>22,739,398</u>	22,739,398
	<u>1,582,514,851</u>	1,723,318,488
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>344,839,948</u>	409,960,059
Accrued interest / mark-up	<u>33,420,024</u>	26,616,488
Short term borrowings	<u>1,057,624,775</u>	968,807,297
Current portion of long term finances	<u>206,518,464</u>	201,756,712
	<u>1,642,403,211</u>	1,607,140,556
<b>TOTAL LIABILITIES</b>	<u>3,224,918,062</u>	3,330,459,044
<b>CONTINGENCIES AND COMMITMENTS</b>	5 -	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>4,188,234,189</u>	<u>4,298,635,022</u>

The annexed explanatory notes from 1 to 14 form an integral part of the condensed interim financial information.

Lahore: April 19, 2018

  
Shahzada Ellahi Shaikh  
Chairman

  
Muhammad Tariq Sheikh  
Chief Financial Officer





# PROSPERITY WEAVING MILLS LTD.

		Un-Audited March 31, 2018	Audited June 30, 2017
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	6	2,127,200,920	2,258,307,569
Long term deposits		15,039,000	15,039,000
		2,142,239,920	2,273,346,569
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		49,957,450	41,019,980
Stock-in-trade		520,597,196	385,948,672
Trade debts		527,296,458	632,444,734
Advances		98,848,818	58,398,118
Short term prepayments		5,048,141	1,774,557
Other receivables		35,922,017	38,702,922
Sales tax refundable		132,471,911	145,042,143
Short term Investments	7	465,434,579	549,149,576
Advance income tax		178,637,532	157,554,473
Cash and bank balances		31,780,167	15,253,278
		2,045,994,269	2,025,288,453
<b>TOTAL ASSETS</b>		<b>4,188,234,189</b>	<b>4,298,635,022</b>

The annexed explanatory notes from 1 to 14 form an integral part of the condensed interim financial information.

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)




# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		.....Rupees.....		.....Rupees.....	
Sales-net		4,465,299,488	4,046,966,443	1,426,817,932	1,501,885,438
Cost of sales	8	(4,229,465,341)	(3,832,878,534)	(1,332,741,779)	(1,415,148,221)
<b>Gross profit</b>		<b>235,834,147</b>	<b>214,087,909</b>	<b>94,076,153</b>	<b>86,737,217</b>
Distribution cost		(60,973,799)	(65,928,176)	(20,204,284)	(24,197,804)
Administrative expenses		(57,568,695)	(52,687,827)	(17,254,193)	(18,356,422)
Other expenses		(11,837,383)	(8,409,730)	(6,300,203)	(7,891,306)
		(130,379,877)	(127,025,733)	(43,758,680)	(50,445,532)
		105,454,270	87,062,176	50,317,473	36,291,685
Other income / (loss)		22,248,322	7,850,827	4,170,989	(1,527,067)
<b>Operating profit</b>		<b>127,702,592</b>	<b>94,913,003</b>	<b>54,488,462</b>	<b>34,764,618</b>
Finance cost		(105,882,926)	(73,622,575)	(37,828,536)	(23,546,963)
<b>Profit before taxation</b>		<b>21,819,666</b>	<b>21,290,428</b>	<b>16,659,926</b>	<b>11,217,655</b>
Provision for taxation	9	-	-	-	-
<b>Profit after taxation</b>		<b>21,819,666</b>	<b>21,290,428</b>	<b>16,659,926</b>	<b>11,217,655</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit and loss account</b>					
Unrealized gain / (loss) on remeasurement of available for sale investments		10,280,483	11,490,999	52,940,977	(18,662,813)
<b>Total comprehensive income / (loss) for the period</b>		<b>32,100,149</b>	<b>32,781,427</b>	<b>69,600,903</b>	<b>(7,445,158)</b>
<b>Earnings per share - basic and diluted</b>		<b>1.18</b>	<b>1.15</b>	<b>0.90</b>	<b>0.61</b>

The annexed explanatory notes from 1 to 14 form an integral part of the condensed interim financial information.

  
Shahzada Ellahi Shaikh  
Chairman

  
Muhammad Tariq Sheikh  
Chief Financial Officer

  
Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: April 19, 2018



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended	
	March 31, 2018	March 31, 2017
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	21,819,666	21,290,428
Adjustments for:		
Depreciation of property, plant and equipment	167,842,862	124,415,641
Amortization of intangible assets	884,021	884,021
Provision for employee retirement benefits	19,517,166	15,858,685
(Gain) / loss on disposal of property, plant and equipment	(1,282,730)	6,429,939
Gain on sale of short term investments	(4,094,117)	-
Interest income	-	(45,082)
Dividend income	(16,871,475)	(7,805,745)
Finance cost	105,882,926	73,622,575
	271,878,653	213,360,034
	293,698,319	234,650,462
Changes in Working capital		
(Increase) / decrease in		
Stores, spare parts and loose tools	(8,937,470)	(8,182,189)
Stock-in-trade	(134,648,524)	(156,036,848)
Trade debts	105,148,278	(95,466,903)
Advances	(40,450,702)	(26,106,782)
Short term prepayments	(3,273,584)	2,885,912
Other receivables	2,780,906	(16,281,411)
Sales tax	12,570,232	(5,254,497)
	(66,810,864)	(304,442,718)
(Decrease)/increase in trade and other payables	(65,325,315)	55,742,347
	(132,136,179)	(248,700,371)
<b>Net cash generated from / (used in) operations</b>	<b>161,562,140</b>	<b>(14,049,909)</b>
Finance cost paid	(99,079,390)	(72,508,567)
Employee benefits paid	(5,431,954)	(9,398,365)
Income taxes paid	(21,083,058)	(22,963,353)
<b>Net cash generated from /(used in) operating activities</b>	<b>35,967,738</b>	<b>(118,920,194)</b>



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended	
	March 31, 2018	March 31, 2017
	.....Rupees.....	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(40,490,495)	(721,195,683)
Proceeds from disposal of property, plant and equipment	4,153,000	70,435,544
Purchase of short term investments	(75,437,965)	(213,895,715)
Proceeds from sale of short term investments	173,527,551	-
Dividend received	16,871,475	7,805,745
Interest received	-	45,082
<b>Net cash generated from / (used in) investing activities</b>	<b>78,623,566</b>	<b>(856,805,027)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	-	659,889,790
Repayment of long term finances	(150,127,097)	(98,586,469)
Short term borrowings-net	88,817,478	330,153,446
Dividends paid	(36,754,797)	(32,160,492)
<b>Net cash (used in) / generated from financing activities</b>	<b>(98,064,416)</b>	<b>859,296,275</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>16,526,889</b>	<b>(116,428,946)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>15,253,278</b>	<b>118,097,021</b>
<b>Cash and cash equivalents at end of the period</b>	<b>31,780,167</b>	<b>1,668,075</b>

The annexed explanatory notes from 1 to 14 form an integral part of the condensed interim financial information.

Shahzada Ellahi Shaikh  
Chairman

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: April 19, 2018



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Issued, Subscribed and paid up share capital	Capital reserve		Revenue reserve	Total
		Amalgamation reserve	Fair value reserve	Accumulated profit	
	-----Rupees-----				
Balance as at June 30, 2016 - Audited	184,800,000	16,600,000	580,505	699,392,255	901,372,760
Comprehensive income					
Profit after taxation	-	-	-	21,290,428	21,290,428
Other comprehensive income	-	-	11,490,999	-	11,490,999
Total comprehensive income for the period	-	-	11,490,999	21,290,428	32,781,427
Transactions with owners					
Final dividend for the year ended June 30, 2016 @ 17.5% i.e. Rs. 1.75 per ordinary share	-	-	-	(32,340,000)	(32,340,000)
Balance as at March 31, 2017 - Un-Audited	184,800,000	16,600,000	12,071,504	688,342,683	901,814,187
Comprehensive income					
Profit after taxation	-	-	-	34,907,118	34,907,118
Other comprehensive loss	-	-	(20,138,758)	(3,971,203)	(24,109,961)
Total comprehensive (loss) / income for the period	-	-	(20,138,758)	30,935,915	10,797,157
Balance as at June 30, 2017 - Audited	184,800,000	16,600,000	(8,067,254)	719,278,598	912,611,344
Comprehensive income					
Profit after taxation	-	-	-	21,819,666	21,819,666
Other comprehensive income	-	-	10,280,483	-	10,280,483
Total comprehensive income for the period	-	-	10,280,483	21,819,666	32,100,149
Transactions with owners					
Final dividend for the year ended June 30, 2017 @ 20% i.e. Rs. 2 per ordinary share	-	-	-	(36,960,000)	(36,960,000)
Balance as at March 31, 2018 - Un-Audited	184,800,000	16,600,000	2,213,229	704,138,264	907,751,493

The annexed explanatory notes from 1 to 14 form an integral part of the condensed interim financial information.

Shahzada Ellahi Shaikh  
Chairman

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: April 19, 2018



## PROSPERITY WEAVING MILLS LTD.

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

#### 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 Pakistan 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 condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

#### 2 STATEMENT OF COMPLIANCE

- 2.1 These un-audited condensed interim financial statements of the Company for the nine months period ended March 31, 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- This condensed interim financial information does not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017.

#### 3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and the 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 audited financial statements of the Company for the year ended June 30, 2017.

Un-Audited March 31, 2018	Audited June 30, 2017
-----Rupees-----	

#### 4 LONG TERM FINANCES

##### From Banking Companies

Opening balance	1,818,510,136	1,273,598,793
Obtained during the period / year	-	690,365,676
Repayments made during the period / year	(150,127,097)	(145,454,333)
	<u>1,668,383,039</u>	<u>1,818,510,136</u>
Less: Current portion shown under current liabilities	<u>(206,518,464)</u>	<u>(201,756,712)</u>
	<u><u>1,461,864,575</u></u>	<u><u>1,616,753,424</u></u>



# PROSPERITY WEAVING MILLS LTD.

## 5 CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the financial statement for the year ended June 30, 2017.

5.2 Commitments	Note	Un-Audited March 31, 2018	Audited June 30, 2017
<b>Irrevocable letters of credit for</b>		-----Rupees-----	
Capital expenditures		144,892,770	-
Non-capital expenditures		113,058,574	13,354,541
		257,951,344	13,354,541
<b>Operating Lease</b>			
Payable within one year		958,421	728,760
Payable later than one year but not later than five years		-	221,833
		958,421	950,593
		258,909,765	14,305,134

## 6 FIXED ASSETS

Operating fixed assets - owned	6.1	2,099,884,079	2,228,549,491
Capital work in progress		23,584,309	25,141,525
		2,123,468,388	2,253,691,016
Intangible asset		3,732,532	4,616,553
		2,127,200,920	2,258,307,569

### 6.1 Operating fixed assets - Owned

Opening written down value		2,228,549,491	1,710,209,818
Additions during the period / year			
Factory building		1,819,074	17,422,317
Non factory building		-	9,199,637
Plant and machinery		32,173,383	733,343,329
Factory Equipment		1,960,133	-
Furniture and fittings		253,973	508,274
Office equipment		164,460	749,575
Vehicles		5,676,697	20,378,224
		42,047,720	781,601,356
Written down value of property, plant and equipment disposed off		(2,870,270)	(79,109,293)
Depreciation charged during the period/year		(167,842,862)	(184,152,390)
Written down value at end of the period/year		2,099,884,079	2,228,549,491

## 7 SHORT TERM INVESTMENTS

### Available for sale:

Investment in listed equity securities	442,802,146	521,505,484
Investment in mutual funds	22,632,433	27,644,092
	465,434,579	549,149,576



## PROSPERITY WEAVING MILLS LTD.

Nine Months Ended (Un-Audited)		Quarter Ended (Un-Audited)	
March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
.....Rupees.....		.....Rupees.....	

### 8 COST OF SALES

Raw material consumed	3,305,237,031	3,121,906,437	1,067,733,629	1,115,898,403
Fuel and power	396,698,680	310,733,879	133,903,129	110,802,455
Salaries, wages and benefits	274,890,132	246,909,372	97,787,203	92,996,478
Stores and spares consumed	36,966,802	59,936,407	15,593,171	16,540,197
Sizing material consumed	84,417,968	80,017,299	28,005,426	27,334,033
Depreciation	161,685,397	119,659,613	54,097,841	39,123,012
Packing material consumed	18,207,059	16,478,573	6,555,054	5,750,285
Insurance	6,550,794	6,313,648	2,114,469	2,135,974
Repairs and maintenance	2,417,840	1,845,869	1,189,462	857,659
Electricity duty	-	2,399,374	(1,563,865)	851,715
Vehicles running and maintenance	3,861,022	3,493,576	1,399,493	1,174,633
Traveling and conveyance	506,076	413,102	227,297	157,165
Lease rentals-land	259,647	226,872	83,187	75,624
Fee and subscription	231,941	362,170	70,900	39,200
Entertainment	920,565	791,765	298,428	295,784
Others	3,922,760	3,014,265	1,016,095	1,250,353
<b>Manufacturing cost</b>	<b>4,296,773,714</b>	<b>3,974,502,221</b>	<b>1,408,510,919</b>	<b>1,415,282,970</b>
Work-in-process:				
At beginning of period	70,882,274	67,448,521	81,149,786	88,841,451
At end of period	(73,427,993)	(73,666,078)	(73,427,993)	(73,666,078)
	(2,545,719)	(6,217,557)	7,721,793	15,175,373
<b>Cost of goods manufactured</b>	<b>4,294,227,995</b>	<b>3,968,284,664</b>	<b>1,416,232,712</b>	<b>1,430,458,343</b>
Finished stocks:				
At beginning of period	186,253,433	111,350,052	168,428,658	231,493,878
Cloth purchased	926,925	58,218	23,421	10,400
At end of period	(251,943,012)	(246,814,400)	(251,943,012)	(246,814,400)
	(64,762,654)	(135,406,130)	(83,490,933)	(15,310,122)
	<b>4,229,465,341</b>	<b>3,832,878,534</b>	<b>1,332,741,779</b>	<b>1,415,148,221</b>

### 9 PROVISION FOR TAXATION

Provision for taxation has not been recorded due to adjustment of tax credit available u/s 65B of the Income Tax Ordinance, 2001.

### 10 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:





There is no balance outstanding to or from associated undertakings as at reporting date.

The company considers all other financial assets and liabilities carrying value approximates to their fair value.

There are no other significant activities since June 30, 2017 affecting the interim financial information.



## PROSPERITY WEAVING MILLS LTD.

### 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.

### 14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the board of directors of the Company and authorized for issue on April 19, 2018.

Lahore: April 19, 2018

A handwritten signature in black ink, appearing to read 'Shahzada Ellahi Shaikh'.

Shahzada Ellahi Shaikh  
Chairman

A handwritten signature in black ink, appearing to read 'Muhammad Tariq Sheikh'.

Muhammad Tariq Sheikh  
Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Raza Ellahi Shaikh'.

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

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