

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2019
(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. Hasan Ahmed	Chairman
Mr. Haroon Shahzada 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

WEB REFERENCE

www.nagina.com

SHARES 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

13.5 K.M
Sheikhupura Sharaqpur Road
Sheikhupura



PROSPERITY WEAVING MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2019. The comparative figures for the corresponding quarter ended on March 31, 2018 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2018.

Company Performance

Alhamdulillah your company has managed to post an after tax profit of Rs. 35,174,674 or 1.95% of sales compared to Rs. 16,659,926 or 1.17% of sales during corresponding quarter of previous year. Earning per share (EPS) is Rs. 1.90 in current quarter compared to Rs. 0.90 during the corresponding quarter of previous year.

Sales revenue increased for the quarter and stood at is Rs. 1,804,535,076 compared to Rs. 1,426,817,932 during the corresponding quarter of previous year. Increase in sales revenue is combination of increase in volume as well as fabric price. Cost of sales reduced from 93.41% of sales during the corresponding quarter of previous year to 91.10% of sales during the quarter under review. Increase in sales revenue and decrease in cost of sales resulted in increase in gross profit (GP) from 6.59% of sales during corresponding quarter of previous year to 8.90% of sales during the quarter under review.

Overall operating expenses increased from 3.07% of sales during the corresponding quarter of previous year to 3.23% of sales during the quarter under review. Because of surging interest rates in the country finance cost increased by 23.53% over the corresponding quarter of previous year.

Company in its endeavors for technological upgradation is in the process of installation of 16 brand new air jet looms. Company would also be adding a new power generator set to achieve better energy efficiency.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2018-19, Kapas, (seed cotton) arrivals upto April 15, 2019, at the Ginneries totaled 10.775 million bales compared to 11.579 million bales for similar period of financial year 2017-18 showing decrease in arrival of 6.94%.

Future Outlook

The results for quarter under review remained satisfactory. Market is showing signs of improvement. Better marketing strategy and improved product range brought better financial results. Rupee has been further adjusted against USD which provided competitive edge on regional competing countries. 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 maximize profitability in the last quarter of the year in its endeavor to achieve overall good results for the financial 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, release of pending export rebates, 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 increase in SBP policy rate which will result in further rise in financial costs. The textile industry is also hoping that the government will maintain the rates of gas and electricity notified for the export oriented industries. Reasonable utility costs are essential to promote exports and maintain profitability.

Local cotton crop production is lower than last year and also lower than initial crop estimates. In order for the textile industry to grow and remain competitive the country needs to have much higher production of raw cotton in the country.

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 'Haroon'.

Haroon Shahzada Ellahi Shaikh
Director

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 25, 2019

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2019ء کو اختتامہ تیسری سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2018ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2018ء کو اختتامہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی گزشتہ سال کی سہ ماہی کے 16,659,926 روپے یا فروخت کا 1.17 فیصد کے مقابلے میں 35,174,674 روپے یا فروخت کا 1.95 فیصد بعد از ٹیکس منافع درج کرنے میں کامیاب ہوئی ہے۔ موجودہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 0.90 روپے کے مقابلے 1.90 روپے ہے۔

سہ ماہی کے لئے فروخت آمدنی میں اضافہ ہوا اور گزشتہ سال کی اسی مدت میں 1,426,817,932 روپے کے مقابلے 1,804,535,076 روپے پر برقرار رہی۔ فروخت آمدنی میں اضافہ حجم کے ساتھ ساتھ کپڑے کی قیمت فروخت کا مجموعی اضافہ ہے۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کی فروخت کی 93.41 فیصد سے کم ہو کر 91.10 فیصد ہو گئی۔ فروخت میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 6.59 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 8.90 فیصد ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.07 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 3.23 فیصد ہوئے۔ ملک میں سود کی شرحوں میں اضافہ کی وجہ سے گزشتہ سال کی اسی سہ ماہی سے مالی اخراجات 23.53 فیصد سے زیادہ ہوئے۔

ٹیکنالوجیکل اپ گریڈیشن کے لئے اپنی کوششوں میں کمپنی 16 بالکل نئی ایئر جیٹ لومز کی تنصیب کے عمل میں ہے۔ کمپنی بہتر بجلی کی صلاحیت کے حصول کے لئے ایک نئے پاور جنریٹر سیٹ کا بھی اضافہ کرے گی۔

فصل سال 2018-19 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 اپریل 2019ء تک جنرل میں آمد گزشتہ سال 2017-18 کی اسی مدت میں 11.579 ملین گانٹھوں کے مقابلے میں کل 10.775 ملین گانٹھیں ہو گئیں جو 6.94 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ سہ ماہی کے مالی نتائج تسلی بخش رہے ہیں۔ مارکیٹ بہتری کے اشارے ظاہر کر رہی ہے۔ مالیاتی نتائج بہتر مارکیٹنگ حکمت عملی اور بہتر مصنوعات کی رینج کی بدولت بہتر ہوئے ہیں۔ امریکی ڈالر کے برعکس روپیہ کی قدر مزید کم ہوئی جس نے علاقائی مسابقتی ممالک پر مسابقتی برتری فراہم کی۔ تاہم، کرنسی کی قدر میں کمی نے ہماری درآمدہ خام مال کی لاگت کو بھی متاثر کیا ہے۔ سیلز ٹیکس، انکم ٹیکس اور برآمدی حصولات کی واپسی میں تاخیر بھی خطرے کی گھنٹی کے متساوی ہے۔ انتظامیہ مالی سال کے مجموعی اچھے نتائج حاصل کرنے کی کوششوں میں سال کی آخری سہ ماہی میں منافع کو زیادہ سے زیادہ کرنے کے لئے تمام ممکن اقدامات کر رہی ہے۔ اس سلسلہ میں انتظامیہ لاگت کو کنٹرول، موثر مارکیٹنگ حکمت عملیوں اور مصنوعات کی متنوع رینج جیسے اقدامات کر رہی ہے۔



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یہ امید کی جاتی ہے کہ حکومت مختلف ٹیکسوں کی واپسی، زیر التوا برآمدی اعانتوں کی واگزاری کی رفتار کو تیز کر کے، مارکیٹ کو امریکی ڈالر کے برعکس پاکستانی روپیہ کی مناسب قدر قائم کرنے اور ٹیکسٹائل کے شعبہ میں ویلویو ایڈیشن کی حوصلہ افزائی کے ذریعے ٹیکسٹائل صنعت کی مدد کرے گی۔

انتظامیہ کو اخراجات کو بڑھانے والے عناصر کے بارے میں خدشہ ہے جیسا کہ SBP کی پالیسی شرح میں اضافہ جو مستقبل میں مالیاتی اخراجات میں اضافے کا باعث بنے گا۔ ٹیکسٹائل صنعت یہ بھی امید رکھتی ہے کہ حکومت برآمدات پر مبنی صنعتوں کے لئے گیس اور بجلی کی شرحیں برقرار رکھے گی۔ برآمدات کو فروغ دینے اور منافع کو برقرار رکھنے کے لئے مناسب لاگت ضروری ہے۔

مقامی کپاس کی فصل کی پیداوار گزشتہ سال سے کم ہے اور فصل کے ابتدائی اندازے سے بھی کم ہے۔ ٹیکسٹائل صنعت کو بڑھانے اور مسابقت رکھنے کے لئے ملک میں خام کپاس کی زیادہ پیداوار کی ضرورت ہے۔

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)

ہارون شہزادہ الہی شیخ
ڈائریکٹر
لاہور: 25 اپریل 2019ء



PROSPERITY WEAVING MILLS LTD.


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Un-Audited March 31, 2019	Audited June 30, 2018
NoteRupees.....	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2018: 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	184,800,000	184,800,000
Reserves	791,565,376	760,711,978
Revaluation surplus on land	<u>102,840,634</u>	<u>55,564,634</u>
TOTAL EQUITY	1,079,206,010	1,001,076,612
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 <u>1,327,485,237</u>	<u>1,492,380,256</u>
Employees retirement benefits	<u>112,623,195</u>	<u>99,689,123</u>
	1,440,108,432	1,592,069,379
CURRENT LIABILITIES		
Trade and other payables	<u>468,616,971</u>	<u>389,635,181</u>
Accrued interest / mark-up	<u>39,632,209</u>	<u>35,059,916</u>
Short term borrowings	<u>1,018,469,940</u>	<u>1,030,068,055</u>
Current portion of long term finances	<u>270,919,778</u>	<u>207,183,323</u>
Unclaimed dividend	<u>4,898,741</u>	<u>4,574,516</u>
	1,802,537,639	1,666,520,991
TOTAL LIABILITIES	3,242,646,071	3,258,590,370
CONTINGENCIES AND COMMITMENTS		
	5 -	-
TOTAL EQUITY AND LIABILITIES	4,321,852,081	4,259,666,982

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

Lahore: April 25, 2019


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

		Un-Audited March 31, 2019	Audited June 30, 2018
	NoteRupees.....	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	2,105,230,530	2,212,521,284
Long term deposits		15,039,000	15,039,000
Deferred taxation		20,420,379	20,420,379
		2,140,689,909	2,247,980,663
CURRENT ASSETS			
Stores, spare parts and loose tools		75,164,755	49,968,085
Stock-in-trade		640,218,311	358,371,438
Trade debts		609,144,073	713,046,835
Advances		37,932,355	37,266,080
Short term prepayments		6,220,512	1,789,848
Other receivables		28,843,031	36,319,112
Sales tax refundable		66,061,416	53,690,627
Short term investments	7	505,529,339	451,287,139
Advance income tax - net		106,887,771	142,234,647
Cash and bank balances		105,160,609	167,712,508
		2,181,162,172	2,011,686,319
TOTAL ASSETS		4,321,852,081	4,259,666,982

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


Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine Months Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
NoteRupees.....	Rupees.....	
Sales-net	5,111,902,704	4,465,299,488	1,804,535,076	1,426,817,932
Cost of sales	8 (4,680,578,191)	(4,229,465,341)	(1,643,943,263)	(1,332,741,779)
Gross profit	431,324,513	235,834,147	160,591,813	94,076,153
Distribution cost	(74,412,003)	(60,973,799)	(30,586,704)	(20,204,284)
Administrative expenses	(69,479,313)	(57,568,695)	(22,361,413)	(17,254,193)
Other operating expenses	(28,287,848)	(11,837,383)	(5,376,286)	(6,300,203)
	(172,179,164)	(130,379,877)	(58,324,403)	(43,758,680)
	259,145,349	105,454,270	102,267,410	50,317,473
Other income	22,002,676	22,248,322	812,303	4,170,989
Operating profit	281,148,025	127,702,592	103,079,713	54,488,462
Finance cost	(132,362,458)	(105,882,926)	(46,729,227)	(37,828,536)
Profit before taxation	148,785,567	21,819,666	56,350,486	16,659,926
Provision for taxation	(60,844,850)	-	(21,175,812)	-
Profit after taxation	87,940,717	21,819,666	35,174,674	16,659,926
Other comprehensive income				
Items that may be reclassified subsequently to statement of profit or loss				
Unrealized (loss) / gain on remeasurement of available for sale investments	7.1.1 (20,127,319)	10,280,483	29,661,992	52,940,977
Total comprehensive income / (loss) for the period	67,813,398	32,100,149	64,836,666	69,600,903
Earnings per share - basic and diluted	4.76	1.18	1.90	0.90

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

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 25, 2019



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended	
	March 31, 2019	March 31, 2018
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	148,785,567	21,819,666
Adjustments for:		
Depreciation of property, plant and equipment	164,487,418	167,842,862
Amortization of intangible asset	884,022	884,021
Provision for employee benefits	22,620,231	19,517,166
Gain on disposal of property, plant and equipment	(2,542,548)	(1,282,730)
Loss/(Gain) on sale of short term investments	16,273,001	(4,094,117)
Dividend income	(19,460,129)	(16,871,475)
Finance cost	132,362,458	105,882,926
Operating profit before working capital changes	463,410,020	293,698,319
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(25,196,670)	(8,937,470)
Stock-in-trade	(281,846,873)	(134,648,524)
Trade debts	103,902,762	105,148,278
Advances	(666,275)	(40,450,702)
Short-term prepayments	(4,430,664)	(3,273,584)
Other receivables	7,476,081	2,780,906
Sales tax	(12,370,789)	12,570,232
	(213,132,428)	(66,810,864)
Increase / (decrease) in Trade and other payables	78,981,790	(65,325,315)
Cash generated from operations	329,259,382	161,562,140
Employee benefits paid	(9,686,159)	(99,079,390)
Finance cost paid	(127,790,165)	(5,431,954)
Income taxes paid	(25,497,974)	(21,083,058)
Net cash generated from operating activities	166,285,084	35,967,738



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

Nine months ended	
March 31, 2019	March 31, 2018
.....Rupees.....	

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(13,153,136)	(40,490,495)
Proceeds from disposal of property, plant and equipment	4,891,000	4,153,000
Purchase of short term investments	(187,904,845)	(75,437,965)
Proceeds from sale of short term investments	97,262,323	173,527,551
Dividend received	19,460,129	16,871,475
Net cash (used in) / generated from investing activities	(79,444,529)	78,623,566

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained	38,782,000	-
Repayment of long term finances	(139,940,564)	(150,127,097)
Short term borrowings-net	(11,598,115)	88,817,478
Dividend paid	(36,635,775)	(36,754,797)
Net cash used in financing activities	(149,392,454)	(98,064,416)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(62,551,899)	16,526,889
Cash and cash equivalents at beginning of the period	167,712,508	15,253,278
Cash and cash equivalents at end of the period	105,160,609	31,780,167

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

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 25, 2019



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Issued, Subscribed and paid up share capital	Capital reserve			Revenue Reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Accumulated profit	
	-----Rupees-----					
Balance as at June 30, 2017 - restated (Audited)	184,800,000	16,600,000	55,564,634	(8,067,254)	719,278,598	968,175,978
Comprehensive income						
Profit after taxation	-	-	-	-	21,819,666	21,819,666
Other comprehensive income - net of tax	-	-	-	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	55,564,634	2,213,229	704,138,264	963,316,127
Comprehensive income						
Profit after taxation	-	-	-	-	32,876,971	32,876,971
Other comprehensive income - net of tax	-	-	-	3,582,567	1,300,947	4,883,514
Total comprehensive income for the period	-	-	-	3,582,567	34,177,918	37,760,485
Balance as at June 30, 2018 - Audited	184,800,000	16,600,000	55,564,634	5,795,796	738,316,182	1,001,076,612
Comprehensive income						
Profit after taxation	-	-	-	-	87,940,717	87,940,717
Other comprehensive loss	-	-	-	(20,127,319)	-	(20,127,319)
Total comprehensive income / (loss)	-	-	-	(20,127,319)	87,940,717	67,813,398
Surplus on revaluation on land	-	-	47,276,000	-	-	47,276,000
Transactions with owners						
Final dividend for the year ended June 30, 2018 @ 20 % i.e. Rs. 2 per ordinary share	-	-	-	-	(36,960,000)	(36,960,000)
Balance as at March 31, 2019 - Un-audited	184,800,000	16,600,000	102,840,634	(14,331,523)	789,296,899	1,079,206,010

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

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 25, 2019



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

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 repealed Companies Ordinance, 1984 (Now Companies Act 2017) and listed on Pakistan Stock Exchange Limited on October, 17 1995. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore. The principal activity of the Company is manufacturing and sale of woven cloth. The plant measuring 210 kanals is located at 13.5 km Sharakpura road, District Sheikhpura in the Province of Punjab.
- 1.2 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 Statement of compliance

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where 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.

- 2.2 These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with annual audited financial statements for the year ended June 30, 2018. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the nine months ended March 31, 2018.
- 2.3 Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for reporting period/year ending on or after June 30, 2019, through SRO 229 (I)/2019 dated February 14, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.

3 Accounting policies and estimates

The significant accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statement of the Company for the year ended June 30, 2018 except as disclosed hereunder.

3.1 Changes in accounting policies due to adoption of new accounting standards

The following changes in accounting policies have taken place effective from July 1, 2018:



PROSPERITY WEAVING MILLS LTD.

3.1.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified prospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the period ended March 31, 2018 or June 30, 2018.

3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2018.

3.3 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 Estimates and judgements

Estimates and judgements made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018

4 LONG TERM FINANCES

	Un-Audited March 31, 2019	Audited June 30, 2018
	-----Rupees-----	
From banking companies		
Opening balance	1,699,563,579	1,818,510,136
Obtained during the period / year	38,782,000	127,688,000
Repayments made during the period / year	(139,940,564)	(246,634,557)
	1,598,405,015	1,699,563,579
Less: Current portion shown under current liabilities	(270,919,778)	(207,183,323)
	1,327,485,237	1,492,380,256

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in note 12 to the financial statements for the year ended June 30, 2018.

5.2 Commitments

Irrevocable letters of credit for

Capital expenditures	138,897,117	12,148,620
Non-capital expenditures	3,231,678	82,077,514
Raw Material	8,928,038	-
	151,056,833	94,226,134

Operating lease

Payable within one year	1,084,765	657,433
Payable later than one year but not later than five years	335,523	-
	1,420,288	657,433
	152,477,121	94,883,567

6 FIXED ASSETS

Property, plant and equipment

Operating fixed assets - Owned	6.1	2,099,137,164	2,209,083,425
Capital work in progress		3,539,529	-
Intangible asset		2,553,837	3,437,859
		2,105,230,530	2,212,521,284



PROSPERITY WEAVING MILLS LTD.

Un-Audited Audited
March 31, June 30,
2019 2018
-----Rupees-----

6.1 Operating fixed assets - Owned

Opening written down value	2,209,083,425	2,228,549,491
Additions during the period / year		
Revaluation of freehold land	47,276,000	-
Building-on free hold land	-	1,819,074
Building-on lease hold land	-	13,869,356
Plant and machinery	3,528,354	178,764,415
Electric installation	-	2,212,380
Factory equipment	78,900	1,960,133
Furniture and fittings	1,027,161	386,973
Office equipment	276,200	222,960
Vehicles	4,702,992	11,481,362
	56,889,607	210,716,653
Written down value of property, plant and equipment disposed off	(2,348,450)	(4,666,588)
Depreciation charged during the period / year	(164,487,418)	(225,516,131)
Written down value at end of the period / year	2,099,137,164	2,209,083,425

7 SHORT TERM INVESTMENTS

Available for sale - at fair value

Equity Investments	486,143,706	425,477,427
Mutual funds	19,385,633	25,809,712
	505,529,339	451,287,139

7.1

7.1 Reconciliation between fair value and cost of investments classified as available for sale

Fair value of investments		
-in listed equity securities	486,143,706	425,477,427
-in units of mutual funds	19,385,633	25,809,712
	505,529,339	451,287,139
Unrealized (loss)/gain on remeasurement of investments	(14,331,523)	5,795,796
Transfer of unrealized loss due to impairment of investments classified as available for sale	-	(23,753,981)
	(14,331,523)	(17,958,185)
Cost of investment	519,860,862	469,245,324

7.1.1 Unrealised gain / (Loss) on remeasurement of available for sales invesmtents

Opening balance	5,795,796	(8,067,254)
Loss on remeasurement of investments for the period/year	(36,400,320)	(7,442,016)
Transfer of realized loss to profit or loss	16,273,001	1,114,182
Charge for the period	(20,127,319)	(6,327,834)
Transfer of unrealized loss due to impairment of investments classified as available for sale	-	23,753,981
Related tax impact	-	(3,563,097)
	-	20,190,884
Closing balance	(14,331,523)	5,795,796



PROSPERITY WEAVING MILLS LTD.

8 COST OF SALES

	Nine Months Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rupees.....	Rupees.....	
Raw material consumed	3,817,696,700	3,305,237,031	1,349,837,628	1,067,733,629
Fuel and power	421,121,633	396,698,680	119,045,302	133,903,129
Salaries, wages and benefits	290,720,452	274,890,132	102,503,550	97,787,203
Stores and spares consumed	44,031,547	36,966,802	16,483,919	15,593,171
Sizing material consumed	97,632,921	84,417,968	32,635,080	28,005,426
Depreciation	158,484,719	161,685,397	52,828,459	54,097,841
Packing material consumed	22,471,928	18,207,059	7,230,810	6,555,054
Insurance	9,147,944	6,550,794	3,155,441	2,114,469
Repairs and maintenance	3,566,401	2,417,840	561,857	1,189,462
Electricity duty	-	-	-	(1,563,865)
Vehicles running and maintenance	4,608,626	3,861,022	1,473,690	1,399,493
Traveling and conveyance	435,158	506,076	122,963	227,297
Lease rentals-land	249,561	259,647	83,187	83,187
Fee and subscription	624,265	231,941	48,150	70,900
Entertainment	874,874	920,565	266,260	298,428
Others	4,857,038	3,922,760	2,186,165	1,016,095
	4,876,523,767	4,296,773,714	1,688,462,461	1,408,510,919
Work-in-process:				
At beginning of period	66,124,675	70,882,274	101,614,409	81,149,786
At end of period	(97,178,089)	(73,427,993)	(97,178,089)	(73,427,993)
	(31,053,414)	(2,545,719)	4,436,320	7,721,793
Cost of goods manufactured	4,845,470,353	4,294,227,995	1,692,898,781	1,416,232,712
Finished stocks:				
At beginning of period	88,881,054	186,253,433	205,271,308	168,428,658
Cloth purchased	1,882,502	926,925	1,428,892	23,421
At end of period	(255,655,718)	(251,943,012)	(255,655,718)	(251,943,012)
	(164,892,162)	(64,762,654)	(48,955,518)	(83,490,933)
	4,680,578,191	4,229,465,341	1,643,943,263	1,332,741,779

9 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:

Nature of Relationship	Nature of Transaction	Nine Months Ended (Un-Audited)	
		March 31, 2019	March 31, 2018
	Rupees.....	
Associated companies	Purchase of goods and services	1,219,325,585	576,028,222
	Sale of goods and services	158,800	107,105
	Dividend paid	11,158,566	11,158,566
Key management personnel	Remuneration and other benefits	24,881,834	20,530,157
	Dividend paid to directors and their close family members	21,218,126	21,218,126

The transactions between the Company and the related parties are carried out as per agreed terms. The consideration is determined on commercial terms and conditions.

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



PROSPERITY WEAVING MILLS LTD.

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

	Level 1	Level 2	Level 3	Total
	Rs			
Financial assets - at fair value				
Available for sale				
- Listed equity securities	486,143,706	-	-	486,143,706
- Units of mutual funds	-	19,385,633	-	19,385,633
At March 31, 2019	486,143,706	19,385,633	-	505,529,339
Financial assets - at fair value				
Available for sale				
-Listed equity securities	425,477,427	-	-	425,477,427
-Units of mutual funds	-	25,809,712	-	25,809,712
At June 30, 2018	425,477,427	25,809,712	-	451,287,139

At March 31, 2019 the company holds short term investments where the company has used Level 1 and Level 2 inputs for the measurement of fair values and there is no transfer between levels.

The company considers carrying value of all other financial assets and liabilities, approximate to their fair value.

11 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Nine Months Ended (Un-Audited)		
	June 30, 2018	Cash flow	March 31, 2019
	Rupees.....		
Long term finances	1,699,563,579	(101,158,564)	1,598,405,015
Short term borrowings	1,030,068,055	(11,598,115)	1,018,469,940
	2,729,631,634	(112,756,679)	2,616,874,955

12 CORRESPONDING FIGURES


Corresponding figures have been rearranged and regrouped where ever necessary for the purpose of comparison.

Figures have been rounded off to the nearest rupee.

13 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements have been approved by the board of directors of the Company and authorized for issue on April 25, 2019.


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 25, 2019

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