

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 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](http://www.nagina.com)

### 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' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1<sup>st</sup> quarter ended on September 30, 2019. The comparative figures for the corresponding quarter ended on September 30, 2018 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2019.

#### **Company Performance**

Alhamdulillah, your Company has earned after tax profit Rs. 17,279,353 compared to Rs. 1,045,010 during corresponding quarter of previous year. Earning per share (EPS) is Rs. 0.94 compared to Rs. 0.06 during the corresponding quarter of previous year.

Sales revenue for the quarter under review increased by 4.76% over the corresponding quarter of previous year and stood at Rs. 1,435,122,497 compared to Rs. 1,369,917,986. Increase in sales revenue is mainly due to increase in product price. Cost of sales decreased from 93.17% of sales during same period of previous year to 91.77% of sales during quarter under review. Increase in sales revenue and decrease in cost of sales resulted in increase of Gross Profit (GP) from 6.83% of sales during corresponding quarter of previous year to 8.23% of sales during quarter under review.

Inflationary pressure has caused rise in operating expenses by 15.98% over the corresponding quarter of previous year. Finance cost slightly increased by 1.09% over the corresponding quarter of previous year and stood at Rs. 39,737,755 compared to Rs. 39,309,737 during the corresponding quarter of previous year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals up to October 15, 2019, at the Ginneries totalled 4.440 million bales compared to 6.044 million bales of same period of previous year showing decrease in arrival of 26.54%.

#### **Future Outlook**

The quarter under review has been reasonably profitable. The company benefitted from timely decisions on sales and raw material procurements. The trading environment for company products is improving on the back of product and customer diversification. Local customers of value added textiles are placing good orders. The benefits of the balancing, modernisation and replacement program is likely to keep the company technologically up-to-date and competitive. The company intends to maintain further investments in modernisation, expansion and improving energy efficiency of the manufacturing plant. However, going forward number of economic challenges are arising. Strengthening PKR against USD is reducing product contribution margins. Continued trade tensions between China and USA is resulting in lower global product demand. Issues such as high interest costs, stuck up sales tax refunds blocking liquidity and rising inflationary pressures pushing up costs are likely to have negative effects on profitability.

It is hoped that the Government would bring in business friendly policies such as uninterrupted and cost effective energy supplies, reduction in interest rates and refund of outstanding sales tax and income tax amounts. Management is vigilantly reviewing the ever changing conditions in order to enhance company profits.

#### **Acknowledgement**

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 thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board.

**Shahzada Ellahi Shaikh**  
Chairman

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

Lahore: October 24, 2019



### ڈائریکٹرز کا جائزہ

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

#### مالیاتی نتائج

الحمد للہ، آپ کی کمپنی نے پچھلے سال کی اسی سہ ماہی کے دوران 1,045,010 روپے کے مقابلے میں 17,279,353 روپے بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی سہ ماہی کے دوران 0.06 روپے کے مقابلے میں 0.94 روپے ہے۔

زیر جائزہ سہ ماہی کی فروخت آمدنی گزشتہ سال سے 4.76 فیصد بڑھ گئی اور گزشتہ سال کی اسی سہ ماہی کی 1,369,917,986 روپے کے مقابلے میں 1,435,122,497 روپے رہی۔ بنیادی طور پر فروخت کی آمدن میں اضافہ پراڈکٹ کی قیمت میں اضافہ کے باعث ہوا ہے۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کی فروخت کی 93.17 فیصد سے کم ہو کر 91.77 فیصد ہو گئی۔ فروخت کی آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 6.83 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 8.23 فیصد ہو گیا۔

افراط زر کے دباؤ کی وجہ سے انتظامی اخراجات گزشتہ سال کی اسی سہ ماہی سے 15.98 فیصد تک زیادہ ہوئے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی سے 1.09 فیصد تک معمولی بڑھے اور گزشتہ سال کی اسی مدت میں 39,309,737 روپے کے مقابلے میں 39,737,755 روپے رہے۔

فصل سال 2019-20 کیلئے پاکستان کاٹن جزی ز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (نچ کپاس) کی 15 اکتوبر 2019ء تک جزی بڑ میں آمد گزشتہ سال کی اسی مدت میں 6.044 ملین گانٹھوں کے مقابلے میں کل 4.440 ملین گانٹھیں ہو گئیں جو 26.54 فیصد کی کمی ظاہر کرتی ہے۔

#### مستقبل کا نقطہ نظر


زیر جائزہ سہ ماہی معقول طور پر منافع بخش رہی ہے۔ کمپنی نے فروخت اور خام مال کی خریداری کے بروقت فیصلوں سے فائدہ اٹھایا۔ مصنوعات اور گاہکوں کی تبدیلی اور جدت سے کمپنی کی مصنوعات کے لئے تجارتی ماحول بہتر ہو رہا ہے۔ ویلیو ایڈڈ ٹیکسٹائلز کے مقامی صارفین سے اچھے آرڈرز وصول ہو رہے ہیں۔ توازن، جدت اور تبدیلی پروگرام کے تحت حاصل ہونے والے فوائد کمپنی کو ٹیکنیکل طور پر جدید اور مسابقتی بنانے میں مدد دیں گے۔ کمپنی مینوفیکچرنگ پلانٹ کی جدت، توسیع اور توانائی کے استعمال کو بہتر بنانے میں مزید سرمایہ کاری برقرار رکھنے کا ارادہ رکھتی ہے۔ تاہم، ہم مستقبل میں کئی معاشی مشکلات ابھرتے دیکھ رہے ہیں۔ امریکی ڈالر کے برعکس پاکستانی روپیہ کی مضبوطی مصنوعات کے منافع کو کم کر رہی ہے۔ چین اور امریکہ کے درمیان جاری تجارتی تناؤ کے نتیجے میں مصنوعات کی عالمی طلب کم ہو رہی ہے۔ شرح سود میں اضافہ، سٹریٹجکس کی واپسی میں رکاوٹ جیسے معاملات کے باعث ایکویٹی کی کمی اور بڑھتے ہوئے افراط زر کے دباؤ سے قیمتوں میں اضافہ منافع کو منفی متاثر کر سکتا ہے۔

یہ امید کی جا رہی ہے کہ حکومت کاروبار میں دوستانہ پالیسیاں لانے کی جیسے کہ موثر لاگت میں بلا تعطل توانائی کی فراہمی، سود کی شرحوں میں کمی اور بقایا سٹریٹجکس اور آگ ٹیکس قوم کی واپسی۔ انتظامیہ کمپنی کے منافع کو بڑھانے کے لئے ہمیشہ تبدیل ہوتے حالات کا بغور جائزہ لے رہی 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۔

مخانب بورڈ

  
رضالہی شیخ

میجنگ ڈائریکٹر (چیف ایگزیکٹو)



شہزادہ الہی شیخ

چیرمین

لاہور: 124 اکتوبر 2019ء



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Un-Audited September 30, 2019	Audited June 30, 2019
Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 20,000,000 (June 30, 2019: 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	<b>184,800,000</b>	184,800,000
Reserves	<b>870,163,127</b>	866,947,761
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
<b>TOTAL EQUITY</b>	<b>1,157,803,761</b>	1,154,588,395
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	5 <span style="border: 1px solid black; padding: 2px;">1,329,472,967</span>	<span style="border: 1px solid black; padding: 2px;">1,401,669,107</span>
Employees retirement benefits	<span style="border: 1px solid black; padding: 2px;">118,723,777</span>	<span style="border: 1px solid black; padding: 2px;">113,846,651</span>
Deferred taxation	<span style="border: 1px solid black; padding: 2px;">5,928,689</span>	<span style="border: 1px solid black; padding: 2px;">5,928,689</span>
	<u>1,454,125,433</u>	<u>1,521,444,447</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<span style="border: 1px solid black; padding: 2px;">437,983,674</span>	<span style="border: 1px solid black; padding: 2px;">446,059,871</span>
Accrued interest / mark-up	<span style="border: 1px solid black; padding: 2px;">32,379,630</span>	<span style="border: 1px solid black; padding: 2px;">43,411,088</span>
Short term borrowings	<span style="border: 1px solid black; padding: 2px;">675,414,664</span>	<span style="border: 1px solid black; padding: 2px;">1,020,731,819</span>
Current portion of long term finances	<span style="border: 1px solid black; padding: 2px;">276,814,530</span>	<span style="border: 1px solid black; padding: 2px;">271,872,149</span>
Unclaimed dividend	<span style="border: 1px solid black; padding: 2px;">4,855,657</span>	<span style="border: 1px solid black; padding: 2px;">4,890,794</span>
	<u>1,427,448,155</u>	<u>1,786,965,721</u>
<b>TOTAL LIABILITIES</b>	<u>2,881,573,588</u>	<u>3,308,410,168</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>4,039,377,349</u>	<u>4,462,998,563</u>

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

Shahzada Ellahi Shaikh  
Chairman

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 24, 2019



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

		Un-Audited September 30, 2019	Audited June 30, 2019
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,105,684,628	2,194,488,854
Intangible assets		1,964,491	2,259,165
Long term deposits		15,039,000	15,039,000
Sales tax refund bonds		35,900,000	28,600,000
		<b>2,158,588,119</b>	<b>2,240,387,019</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		78,268,899	67,841,093
Stock-in-trade		548,444,187	520,264,696
Trade receivables		598,324,439	911,859,937
Advances		6,155,270	14,748,553
Short term prepayments		10,788,165	2,036,980
Other receivables		8,630,809	7,777,222
Sales tax refundable		39,906,324	42,951,091
Other financial assets	8	430,622,722	444,623,369
Advance income tax - net		87,349,197	96,257,531
Cash and bank balances		72,299,218	114,251,072
		<b>1,880,789,230</b>	<b>2,222,611,544</b>
<b>TOTAL ASSETS</b>		<b>4,039,377,349</b>	<b>4,462,998,563</b>

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

Shahzada Ellahi Shaikh  
Chairman

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 24, 2019



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter Ended	
		September 30 2019	September 30 2018
		.....Rupees.....	
Sales - net		1,435,122,497	1,369,917,986
Cost of sales	9	(1,316,988,007)	(1,276,383,486)
<b>Gross profit</b>		<b>118,134,490</b>	<b>93,534,500</b>
Distribution cost		(15,289,707)	(14,303,266)
Administrative expenses		(27,169,469)	(23,373,760)
Other operating expenses		(3,160,983)	(1,657,641)
		<b>(45,620,159)</b>	<b>(39,334,667)</b>
		<b>72,514,331</b>	<b>54,199,833</b>
Other income		4,864,785	2,655,081
<b>Operating profit</b>		<b>77,379,116</b>	<b>56,854,914</b>
Finance cost		(39,737,755)	(39,309,737)
<b>Profit before taxation</b>		<b>37,641,361</b>	<b>17,545,177</b>
Provision for taxation		(20,362,008)	(16,500,167)
<b>Profit after taxation</b>		<b>17,279,353</b>	<b>1,045,010</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified subsequently to statement of profit or loss:</b>			
Unrealized (loss)/gain on remeasurement of equity investments		(14,063,987)	5,258,325
Realized loss on sale of equity investments		-	(9,887,828)
<b>Other comprehensive loss</b>		<b>(14,063,987)</b>	<b>(4,629,503)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>3,215,366</b>	<b>(3,584,493)</b>
<b>Earnings per share - basic and diluted</b>		<b>0.94</b>	<b>0.06</b>

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

  
Shahzada Ellahi Shaikh  
Chairman

  
Muhammad Tariq Sheikh  
Chief Financial Officer

  
Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 24, 2019



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30 2019	September 30 2018
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	37,641,361	17,545,177
Adjustments for:		
Depreciation of property, plant and equipment	52,350,503	54,839,438
Amortization of intangible assets	294,674	294,674
Provision for employee retirement benefits	9,541,682	7,540,077
Dividend income	(2,840,020)	(1,012,544)
Interest income	(822,739)	-
Gain on disposal of property, plant and equipment	(6,173,048)	(1,642,537)
Loss on sale of short term investments	5,536,860	-
Fair value gain on other financial assets	(565,839)	-
Finance cost	39,737,755	39,309,737
	<b>97,059,828</b>	<b>99,328,845</b>
<b>Changes in Working capital</b>	<b>134,701,189</b>	<b>116,874,022</b>
(Increase) / decrease in:		
Stores, spare parts and loose tools	(10,427,806)	(5,288,078)
Stock-in-trade	(28,179,491)	(332,261,429)
Trade receivables	313,535,498	37,805,881
Advances	8,593,283	(1,197,939)
Short term prepayments	(8,751,185)	(8,529,816)
Other receivables	(30,848)	(26,421)
Sales tax refundable	(4,255,233)	(7,172,855)
	<b>270,484,218</b>	<b>(316,670,657)</b>
(Decrease) / increase in trade and other payables	(8,076,197)	15,798,817
	<b>262,408,021</b>	<b>(300,871,840)</b>
<b>Cash generated from / (used in) operations</b>	<b>397,109,210</b>	<b>(183,997,818)</b>
Finance cost paid	(50,769,213)	(40,412,295)
Employee benefits paid	(4,664,556)	(2,990,991)
Income taxes paid	(11,453,674)	(6,408,124)
<b>Net cash generated from / (used in) operating activities</b>	<b>330,221,767</b>	<b>(233,809,228)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,063,628)	(6,730,987)
Proceeds from disposal of property, plant and equipment	48,690,400	3,021,000
Purchase of short term investments	(48,798,145)	(80,618,785)
Proceeds from sale of short term investments	43,763,784	33,981,460
Dividend received	2,840,020	1,012,544
<b>Net cash generated from / (used in) investing activities</b>	<b>40,432,431</b>	<b>(49,334,768)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	-	38,782,000
Repayment of long term finances	(67,253,759)	(46,643,188)
Short term borrowings excluding running finance	(425,000,000)	(475,000,000)
Dividends paid	(35,138)	-
<b>Net cash used in financing activities</b>	<b>(492,288,897)</b>	<b>(482,861,188)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(121,634,699)</b>	<b>(766,005,184)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(481,480,747)</b>	<b>(387,355,547)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(603,115,446)</b>	<b>(1,153,360,731)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	72,299,218	6,330,183
Running finance	(498,521,028)	(1,093,671,030)
Bank overdraft	(176,893,636)	(66,019,884)
	<b>(603,115,446)</b>	<b>(1,153,360,731)</b>

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

Shahzada Ellahi Shaikh  
Chairman

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 24, 2019



## PROSPERITY WEAVING MILLS LTD.

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid up capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit	
----- Rupees -----						
<b>Balance at June 30, 2018 (Audited)</b>	184,800,000	16,600,000	55,564,634	5,795,796	738,316,182	1,001,076,612
Impact of adoption of IFRS - 9	-	-	-	9,944,549	(9,944,549)	-
<b>Balance at June 30, 2018 - restated</b>	184,800,000	16,600,000	55,564,634	15,740,345	728,371,633	1,001,076,612
<b>Comprehensive income / (loss)</b>						
Loss after taxation	-	-	-	-	(2,974,388)	(2,974,388)
Other comprehensive loss	-	-	-	(610,105)	-	(610,105)
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	(610,105)	(2,974,388)	(3,584,493)
<b>Balance as at September 30, 2018 (Un-audited)</b>	184,800,000	16,600,000	55,564,634	15,130,240	725,397,245	997,492,119
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2018 @ 20% i.e. Rs.2 per ordinary share	-	-	-	-	(36,960,000)	(36,960,000)
<b>Comprehensive income / (loss)</b>						
Profit after taxation	-	-	-	-	213,008,829	213,008,829
Other comprehensive income / (loss)	-	-	47,276,000	(65,926,174)	(302,379)	(18,952,553)
<b>Total comprehensive income / (loss) for the period</b>	-	-	47,276,000	(65,926,174)	212,706,450	194,056,276
<b>Balance at June 30, 2019 (Audited)</b>	184,800,000	16,600,000	102,840,634	(50,795,934)	901,143,695	1,154,588,395
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	17,279,353	17,279,353
Other comprehensive loss	-	-	-	(14,063,987)	-	(14,063,987)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(14,063,987)	17,279,353	3,215,366
<b>Balance at September 30, 2019 (Un-audited)</b>	<b>184,800,000</b>	<b>16,600,000</b>	<b>102,840,634</b>	<b>(64,859,921)</b>	<b>918,423,048</b>	<b>1,157,803,761</b>

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

Shahzada Ellahi Shaikh  
Chairman

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 24, 2019



# PROSPERITY WEAVING MILLS LTD.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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 manufacturing facility is located at 13.5 km Sharaqpur road, District Sheikhpura in the Province of Punjab.

### 2 STATEMENT OF COMPLIANCE

- 2.1 These un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2019 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.

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 the annual financial statements of the Company for the year ended June 30, 2019.

- 2.2 These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value.
- 2.3 These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. Figures presented in these condensed interim financial statements have been rounded off to the nearest Rupee.
- 2.4 The comparative Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2019; whereas comparative condensed statement of Profit or Loss and Other Comprehensive Income, condensed statement of Cash Flows and condensed statement of Changes in Equity are stated from the un-audited condensed interim financial statements for the First Quarter ended September 30, 2018.

### 3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019 except Certain relevant new accounting standards (IFRS-16) are effective from annual reporting period beginning on or after January 01, 2019 as notified by the SECP and also adopted by the company as stated below:

#### 3.1 First time adoption of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the company. IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items.

Lessor accounting remains similar to the current standard i.e lessors continue to classify lease as either finance or operating lease.

The company has adopted IFRS 16 from July 01, 2019 and has elected recognition exemptions under this IFRS due to short term and low value leases.

### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2019.



# PROSPERITY WEAVING MILLS LTD.

		Un-Audited September 30 2019	Audited June 30 2019
-----Rupees-----			
<b>5</b>	<b>LONG TERM FINANCES</b>		
	<b>From Banking Companies</b>		
	Opening balance	1,673,541,256	1,699,563,579
	Obtained during the period / year	-	181,172,000
	Repayments made during the period / year	(67,253,759)	(207,194,323)
		<b>1,606,287,497</b>	<b>1,673,541,256</b>
	Less: Current portion shown under current liabilities	(276,814,530)	(271,872,149)
		<b>1,329,472,967</b>	<b>1,401,669,107</b>
<b>6</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1</b>	<b>Contingencies</b>		
	There is no significant change in the status of contingencies as disclosed in the note 12.1 of the financial statement for the year ended June 30, 2018.		
<b>6.2</b>	<b>Commitments</b>	<b>Note</b>	
		Un-Audited September 30 2019	Audited June 30 2019
-----Rupees-----			
	<b>Irrevocable letters of credit for</b>		
	Capital expenditures	106,594,945	113,715,105
	Non-capital expenditures	7,282,719	4,501,565
		<b>113,877,664</b>	<b>118,216,670</b>
	<b>Operating Lease</b>		
	Payable within one year	392,090	845,185
	Payable later than one year but not later than five years	-	244,017
		<b>392,090</b>	<b>1,089,202</b>
		<b>114,269,754</b>	<b>119,305,872</b>
<b>7</b>	<b>FIXED ASSETS</b>		
	<b>Property, plant and equipment:</b>		
	Operating fixed assets - owned	2,096,886,030	2,189,508,049
	Capital work in progress	8,798,598	4,980,805
		<b>2,105,684,628</b>	<b>2,194,488,854</b>
<b>7.1</b>	<b>Operating fixed assets - Owned</b>		
	Opening written down value	2,189,508,049	2,209,083,425
	Additions during the period / year:		
	Revaluation of freehold land	-	47,276,000
	Building on free hold land- Factory	-	1,157,616
	Plant and machinery	-	155,564,454
	Factory Equipment	-	78,900
	Furniture and fixture	20,500	1,733,591
	Office equipment	46,600	350,700
	Vehicles	2,178,735	35,655,310
		<b>2,245,835</b>	<b>241,816,571</b>
	Written down value of property, plant and equipment disposed off	(42,517,351)	(40,697,675)
	Depreciation charged during the period/year	(52,350,503)	(220,694,272)
	Written down value at end of the period/year	<b>2,096,886,030</b>	<b>2,189,508,049</b>



# PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited September 30 2019	Audited June 30 2019
-----Rupees-----			
<b>8 OTHER FINANCIAL ASSETS</b>			
Investments measured at FVTPL		100,716,441	100,653,101
Investments measured at FVTOCI		329,906,281	343,970,268
	11	<u>430,622,722</u>	<u>444,623,369</u>

Quarter Ended (Un-audited)			
		September 30 2019	September 30 2018

.....Rupees.....			
<b>9 COST OF SALES</b>			
Raw material consumed		1,158,006,254	1,150,183,177
Fuel and power		137,551,948	165,747,856
Salaries, wages and benefits		96,622,335	94,542,045
Stores and spares consumed		12,811,717	11,575,154
Sizing material consumed		29,065,042	31,105,102
Depreciation		49,652,544	52,827,812
Packing material consumed		6,109,038	7,325,261
Insurance		2,962,415	3,004,092
Repairs and maintenance		626,267	(253,785)
Vehicles running and maintenance		1,971,300	1,638,843
Traveling and conveyance		128,125	168,150
Lease rentals-land		121,241	83,187
Fee and subscription		471,312	504,335
Entertainment		303,587	303,671
Others		1,404,680	1,264,762
<b>Manufacturing cost</b>		<b>1,497,807,805</b>	<b>1,520,019,662</b>
Work-in-process:			
At beginning of period		96,033,482	66,124,675
At end of period		(86,583,899)	(85,427,975)
		<u>9,449,583</u>	<u>(19,303,300)</u>
<b>Cost of goods manufactured</b>		<b>1,507,257,388</b>	<b>1,500,716,362</b>
Finished stocks:			
At beginning of period		75,507,815	88,881,054
Cloth purchased		282,409	196,700
At end of period		(266,059,605)	(313,410,630)
		<u>(190,269,381)</u>	<u>(224,332,876)</u>
		<u>1,316,988,007</u>	<u>1,276,383,486</u>

## 10 TRANSACTIONS WITH RELATED PARTIES

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



# PROSPERITY WEAVING MILLS LTD.

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30 2019	September 30 2018
		.....Rupees.....	
Associated companies	Purchase of goods and services	<b>408,572,252</b>	362,853,225
	Sale of goods and services	<b>46,800</b>	49,103
	Rent expense	<b>239,580</b>	217,800
Key Management Personnel	Remuneration and other benefits	<b>12,019,404</b>	7,263,046

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

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analysis 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 Company's financial assets which are carried at fair value:

	September 30, 2019			Total
	Level 1	Level 2	Level 3	
	-----Rs-----			
<b>Financial assets</b>				
- measured at fair value through profit or loss				
-Equity investments	95,659,049	-	-	95,659,049
-Mutual funds	5,057,392	-	-	5,057,392
- measured at fair value through OCI				
-Equity investments	320,967,602	-	-	320,967,602
-Mutual funds	8,938,679	-	-	8,938,679
<b>At September 30, 2019</b>	<b>430,622,722</b>	<b>-</b>	<b>-</b>	<b>430,622,722</b>
	June 30, 2019			
<b>Financial assets</b>				
- measured at fair value through profit or loss				
-Equity investments	95,327,811	-	-	95,327,811
-Mutual funds	5,325,290	-	-	5,325,290
- measured at fair value through OCI				
-Equity investments	334,264,021	-	-	334,264,021
-Mutual funds	9,706,247	-	-	9,706,247
<b>At June 30, 2019</b>	<b>444,623,369</b>	<b>-</b>	<b>-</b>	<b>444,623,369</b>

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

## 12 OTHERS

The Board of Directors in its meeting held on September 26, 2019 proposed to distribute to the shareholders of the company a cash dividend at the rate of 40 % (i.e. Rs.4/- per ordinary share). The dividend is subject to the approval by the shareholders of the company in its forthcoming Annual General Meeting to be held on October 25, 2019.



# PROSPERITY WEAVING MILLS LTD.

## 13 CORRESPONDING FIGURES

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

## 14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) have been approved by the board of directors of the Company and authorized for issue on October 24, 2019.

**Shahzada Ellahi Shaikh**  
Chairman

**Muhammad Tariq Sheikh**  
Chief Financial Officer

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

Lahore: October 24, 2019

**PROSPERITY WEAVING MILLS LTD.**

Nagina House, 91-B-1, M.M. Alam Road,  
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