

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 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. 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 statements of the Company for the 1st quarter ended on September 30, 2018. The comparative figures for the corresponding quarter ended on September 30, 2017 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2018.

Company Performance

Fabric market continues to go through a lean period. However, despite difficult operating environment your company has managed to remain profitable and posted a profit of Rs. 1,045,010 compared to Rs. 513,951 during corresponding quarter of previous year. Earning per share (EPS) is Rs. 0.06 compared to Rs. 0.03 during the corresponding quarter of previous year.

Sales revenue for the quarter under review decreased by 2.12% over the corresponding quarter of previous year and stood at Rs. 1,369,917,986 compared to Rs. 1,399,580,783. Per unit sales rates improved slightly compared to first quarter of last year. Cost of sales decreased from 94.46% of sales during same period of previous year to 93.17% of sales during quarter under review. Reduction in cost of sales resulted in increase in Gross Profit (GP) from 5.54% of sales during corresponding quarter of previous year to 6.83% of sales during quarter under review.

Overall operating expenses decreased by 19.84% over the corresponding quarter of previous year. Finance cost increased by 20.50% over the corresponding quarter of previous year and stood at Rs. 39,309,737. The major reason for increase in finance cost is higher utilization of working capital banking limits and increase in interest cost because of upward adjustment in interest rates.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2018-19, Kapas, (seed cotton) arrivals upto October 15, 2018, at the Gineries totalled 6.044 million bales compared to 5.984 million bales of same period of previous year showing increase in arrival of 1%.

Future Outlook

Fabric market is under severe bearish trends and demand from export markets is particularly low. Margins in fabric business is very poor. Trade tensions between USA and CHINA is damaging demand for fabric especially from China. The prevailing export situation is forcing weaving mills to divert sales to the local market. Recently Pakistani rupee has significantly devalued against USD. This rupee exchange rate adjustment is likely to give some advantage to exporters. However, we are witnessing devaluation in the currencies of regional countries which may eat up the competitive advantage of Pakistani weaving mills. Inflationary pressures are likely to intensify causing rise in wages and salaries as well as other operating costs. Financial costs are likely to rise as the State Bank of Pakistan is raising interest rates.

In order to boost exports of the country the Government has promised many incentives for the textile sector such as reduction in gas and electricity tariff. It is hoped that the Government would bring in business friendly policies such as uninterrupted and cost effective energy supplies, refund of outstanding sales tax, income tax, DLT and technology upgradation funds so that cash flows improve. Management is also apprehensive about the prospects for rising interest rates. Higher financial costs are to be expected going forward and this will affect future margins. The raw cotton production in the year 2018-19 is likely to be around 11 million bales. Therefore, cotton imports would be required to meet the raw material requirements of the spinning industry.

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 25, 2018

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2018ء کو اختتام پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2017ء 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 اختتام سال کے لئے ہیں۔

کمپنی کی کارکردگی

کپڑے کی مارکیٹ مسلسل تناؤ سے گزر رہی ہے۔ تاہم، مشکل کاروباری ماحول کے باوجود آپ کی کمپنی منافع بخش رہنے میں کامیاب رہی ہے اور گزشتہ سال کی اسی سہ ماہی کے دوران 513,951 روپے کے مقابلے اس سہ ماہی میں 1,045,010 روپے کا بعد از ٹیکس منافع کمایا ہے۔ زیر جائزہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 0.03 روپے کے مقابلے 0.06 روپے ہے۔

زیر جائزہ سہ ماہی کے دوران، فروخت کی آمدنی گزشتہ سال کی اسی سہ ماہی سے 2.12 فیصد تک کم ہوئی ہے اور 1,399,580,783 روپے کے موازنہ میں 1,369,917,986 روپے رہی۔ گزشتہ سال کی اسی سہ ماہی کے مقابلے اس سہ ماہی میں فروخت کی فی یونٹ شرح زیادہ رہی ہے۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کی فروخت کی 94.46 فیصد سے کم ہو کر اس سہ ماہی کی فروخت کی 93.17 فیصد ہو گئی۔ فروخت کی لاگت میں کمی کے نتیجے میں گزشتہ سال کی اسی سہ ماہی کے دوران مجموعی منافع (GP) فروخت کے 5.54 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کی 6.83 فیصد ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی سہ ماہی سے 19.84 فیصد تک کم ہوئے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی سے 20.50 فیصد زیادہ ہوئے اور 39,309,737 روپے رہے۔ مالی اخراجات میں اضافہ کی بڑی وجہ ورکنگ کیپٹل بینکنگ حدود کا زیادہ استعمال اور شرح سود میں زیادتی کی بدولت سود کے اخراجات میں اضافہ ہے۔

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 اکتوبر 2018ء تک جزیرہ میں آمد گزشتہ سال کی اسی سہ ماہی میں 5.984 ملین کانٹنوں کے مقابلے میں کل 6.044 ملین کانٹنیں ہو گئی جو 1 فیصد کا اضافہ ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر


کپڑے کی مارکیٹ مندی کے رجحانات سے گزر رہی ہے اور برآمد مارکیٹ سے طلب خاص طور پر کم ہے۔ کپڑے کے کاروبار میں شرح منافع بھی بہت کم ہے۔ امریکہ اور چین کے درمیان تجارتی تناؤ خاص طور پر چین سے کپڑے کی طلب کو نقصان پہنچا رہا ہے۔ برآمد کی موجودہ صورت حال یونگ ملز کو اپنی فروخت مقامی مارکیٹ کی طرف منتقل کرنے پر مجبور کر رہی ہے۔ حال ہی میں پاکستانی روپیہ کی قدر امریکی ڈالر کے برعکس نمایاں طور پر کم ہوئی ہے۔ اس روپیہ کے تبادلہ کی شرح ایڈجسٹمنٹ سے برآمد کنندگان کو کچھ فائدہ حاصل ہونے کا امکان ہے۔ تاہم، ہم علاقائی ممالک کی کرنسیوں کی قدر میں بھی کمی دیکھ رہے ہیں جو پاکستانی یونگ ملز کے مسابقتی فائدہ کو ختم کر سکتی ہے۔ افراط زر کے شدید دباؤ کی وجہ سے اجرتوں، تنخواہوں کیساتھ کاروباری اخراجات کے بڑھنے کا امکان ہے۔ سٹیٹ بینک آف پاکستان کے شرح سود کو بڑھانے کی وجہ سے مالی اخراجات کے بڑھنے کا بھی امکان ہے۔

ملک کی برآمدات کو فروغ دینے کے لئے حکومت نے ٹیکسٹائل کاروبار کے لئے ٹیکس اور بجلی کے ٹیرف میں کمی جیسی بہت سی رعایتوں کا وعدہ کیا ہے۔ یہ امید کی جا رہی ہے کہ حکومت بلا تعطل اور سستی بجلی کی فراہمی، بقایا بلنگ ٹیکس، اکٹم ٹیکس، DLT اور ٹیکنالوجی کے آپ گریڈیشن فنڈز کی واپسی جیسی دوستانہ پالیسیاں لائے گی۔ جس سے نقدی بہاؤ بہتر ہوں گے۔ انتظامیہ بڑھتے ہوئے سودی شرح کے امکانات کے بارے میں بھی خدشات کا شکار ہے۔ مالی اخراجات کی زیادتی مستقبل میں بھی متوقع ہے جو مستقبل کے منافع کو متاثر کرے گی۔ سال 2018-19 میں خام کپاس کی پیداوار تقریباً 11 ملین کانٹنیں ہونے کا امکان ہے۔ اس لئے سپلنگ انڈسٹری کی خام مال کی ضروریات کو پورا کرنے کے لئے کپاس درآمد کرنے کی ضرورت ہوگی۔

اظہار تشکر

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

منجانب بورڈ


رضا الہی شیخ

مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)


شہزاد الہی شیخ

چیئرمین

لاہور: 125 اکتوبر 2018ء



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	Un-Audited September 30, 2018	Audited June 30, 2018
Note	-----Rupees-----	
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	200,000,000	200,000,000
Issued, subscribed and paid up capital	184,800,000	184,800,000
Capital reserves	27,654,121	22,395,796
Revenue reserve	729,473,364	738,316,182
Revaluation surplus on land	55,564,634	55,564,634
TOTAL EQUITY	997,492,119	1,001,076,612
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	5 1,463,908,497	1,492,380,256
Employees retirement benefits	104,238,210	99,689,123
	1,568,146,707	1,592,069,379
CURRENT LIABILITIES		
Trade and other payables	405,433,998	389,635,181
Accrued interest / mark-up	33,957,358	35,059,916
Short term borrowings	1,159,690,914	1,030,068,055
Current portion of long term finances	227,793,894	207,183,323
Unclaimed dividend	4,574,516	4,574,516
	1,831,450,680	1,666,520,991
TOTAL LIABILITIES	3,399,597,387	3,258,590,370
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	4,397,089,506	4,259,666,982

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore: October 25, 2018


Shahzada Ellahi Shaikh
Chairman


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

		Un-Audited September 30, 2018	Audited June 30, 2018
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	2,162,739,697	2,212,521,284
Long term deposits		15,039,000	15,039,000
Deferred taxation		20,420,379	20,420,379
		2,198,199,076	2,247,980,663
CURRENT ASSETS			
Stores, spare parts and loose tools		55,256,163	49,968,085
Stock-in-trade		690,632,867	358,371,438
Trade debts		675,240,954	713,046,835
Advances		38,464,019	37,266,080
Short term prepayments		10,319,664	1,789,848
Other receivables		36,345,533	36,319,112
Sales tax refundable		60,863,482	53,690,627
Short term Investments	8	493,294,961	451,287,139
Advance income tax - net		132,142,604	142,234,647
Cash and bank balances		6,330,183	167,712,508
		2,198,890,430	2,011,686,319
TOTAL ASSETS		4,397,089,506	4,259,666,982

The annexed explanatory notes from 1 to 16 form an integral part of these 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 (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter Ended	
		September 30 2018	September 30 2017
	Rupees.....	
Sales		1,369,917,986	1,399,580,783
Cost of sales	9	(1,276,383,486)	(1,321,989,604)
Gross profit		93,534,500	77,591,179
Distribution cost		(14,303,266)	(23,886,073)
Administrative expenses		(23,373,760)	(20,598,870)
Other operating expenses		(1,657,641)	(4,584,985)
		(39,334,667)	(49,069,928)
		54,199,833	28,521,251
Other income		2,655,081	4,615,709
Operating profit		56,854,914	33,136,960
Finance cost		(39,309,737)	(32,623,009)
Profit before taxation		17,545,177	513,951
Provision for taxation		(16,500,167)	-
Profit after taxation		1,045,010	513,951
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Unrealized gain/(loss) on remeasurement of equity investments	13	5,258,325	(30,966,339)
Realized gain /(loss) on sale of equity investments	14	(9,887,828)	-
Other comprehensive income/(loss)		(4,629,503)	(30,966,339)
Total comprehensive income / (loss) for the period		(3,584,493)	(30,452,388)
Earnings per share - basic and diluted		0.06	0.03

The annexed explanatory notes from 1 to 16 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 25, 2018



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter Ended	
	September 30 2018	September 30 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,545,177	513,951
Adjustments for:		
Depreciation of property, plant and equipment	54,839,438	55,475,238
Amortization of intangible assets	294,674	294,673
Provision for employee retirement benefits	7,540,077	6,505,722
(Gain) / loss on disposal of property, plant and equipment	(1,642,537)	(503,948)
(Gain) on sale of short term investment	-	(2,756,325)
Dividend income	(1,012,544)	-
Finance cost	39,309,737	32,623,009
	99,328,845	91,638,369
Changes in Working capital	116,874,022	92,152,320
(Increase) / decrease in:		
Stores, spare parts and loose tools	(5,288,078)	(6,516,491)
Stock-in-trade	(332,261,429)	(159,971,235)
Trade debts	37,805,881	262,416,867
Advances	(1,197,939)	19,645,002
Short term prepayments	(8,529,816)	(4,735,394)
Other receivables	(26,421)	5,605,444
Sales tax	(7,172,855)	22,367,817
	(316,670,657)	138,812,010
Increase in trade and other payables	15,798,817	605,982
	(300,871,840)	139,417,992
Net cash (used in)/generated from operations	(183,997,818)	231,570,312
Finance cost paid	(40,412,295)	(30,258,039)
Employee benefits paid	(2,990,991)	(1,703,346)
Income taxes paid	(6,408,124)	(9,710,529)
Net cash (used in)/generated from operating activities	(233,809,228)	189,898,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,730,987)	(13,201,706)
Proceeds from disposal of property, plant and equipment	3,021,000	1,652,000
Purchase of short term investments	(80,618,785)	(7,247,657)
Proceeds from sale of short term investments	33,981,460	34,434,644
Dividend received	1,012,544	-
Net cash (used in)/generated from investing activities	(49,334,768)	15,637,281
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	38,782,000	-
Repayment of long term finances	(46,643,188)	(46,867,865)
Short term borrowings-net	129,622,859	(157,306,149)
Dividends paid	-	(10)
Net cash generated from/(used in) financing activities	121,761,671	(204,174,024)
Net (decrease)/increase in cash and cash equivalents	(161,382,325)	1,361,655
Cash and cash equivalents at beginning of the period	167,712,508	15,253,278
Cash and cash equivalents at end of the period	6,330,183	16,614,933

The annexed explanatory notes from 1 to 16 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 25, 2018



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid up capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Accumulated profit	
----- Rupees -----						
Balance 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 / (loss)						
Profit after taxation	-	-	-	-	513,951	513,951
Other comprehensive loss	-	-	-	(30,966,339)	-	(30,966,339)
Total comprehensive (loss) / income for the period	-	-	-	(30,966,339)	513,951	(30,452,388)
Balance as at September 30, 2017- Restated (Un-audited)	184,800,000	16,600,000	55,564,634	(39,033,593)	719,792,549	937,723,590
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)
Comprehensive income / (loss)						
Profit after taxation	-	-	-	-	54,182,686	54,182,686
Other comprehensive gain	-	-	-	44,829,389	1,300,947	46,130,336
Total comprehensive income for the period	-	-	-	44,829,389	55,483,633	100,313,022
Balance 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	-	-	-	-	1,045,010	1,045,010
Other comprehensive income /(loss)	-	-	-	5,258,325	(9,887,828)	(4,629,503)
Total comprehensive income/(loss) for the period	-	-	-	5,258,325	(8,842,818)	(3,584,493)
Balance at September 30, 2018 (Un-audited)	184,800,000	16,600,000	55,564,634	11,054,121	729,473,364	997,492,119

The annexed explanatory notes from 1 to 16 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 25, 2018



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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 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 102 kanals is located at 13.5 km Sharakpura road, District Sheikhupura 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, 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.

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, 2018.

- 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, 2018; 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, 2017.

3 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, 2018. Certain relevant new accounting standards (IFRS-9, IFRS-15) are effective from annual reporting period beginning on or after July 01, 2018 as notified by SECP and also adopted by the company, however these do not have significant impact on these condensed interim financial statements other than as disclosed in note 13 & 14.

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, 2018.



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited September 30 2018	Audited June 30 2018
-----Rupees-----			
5 LONG TERM FINANCES			
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		(46,643,188)	(246,634,557)
		<u>1,691,702,391</u>	<u>1,699,563,579</u>
Less: Current portion shown under current liabilities		<u>(227,793,894)</u>	<u>(207,183,323)</u>
		<u><u>1,463,908,497</u></u>	<u><u>1,492,380,256</u></u>
6 CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
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.			
6.2 Commitments			
Irrevocable letters of credit for			
Capital expenditures		-	12,148,620
Non-capital expenditures		18,198,617	82,077,514
		<u>18,198,617</u>	<u>94,226,134</u>
Operating Lease			
Payable within one year		356,446	657,433
Payable later than one year but not later than five years		-	-
		<u>356,446</u>	<u>657,433</u>
		<u><u>18,555,063</u></u>	<u><u>94,883,567</u></u>
7 FIXED ASSETS			
Property, plant and equipment:			
Operating fixed assets - owned	7.1	2,159,596,512	2,209,083,425
Intangible asset		3,143,185	3,437,859
		<u>2,162,739,697</u>	<u>2,212,521,284</u>
7.1 Operating fixed assets - Owned			
Opening written down value		2,209,083,425	2,228,549,491
Additions during the period / year:			
Building on free hold land- Factory		-	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 fixture		376,011	386,973
Office equipment		87,000	222,960
Vehicles		2,660,722	11,481,362
		<u>6,730,987</u>	<u>210,716,653</u>
Written down value of property, plant and equipment disposed off		(1,378,462)	(4,666,588)
Depreciation charged during the period/year		<u>(54,839,438)</u>	<u>(225,516,131)</u>
Written down value at end of the period/year		<u><u>2,159,596,512</u></u>	<u><u>2,209,083,425</u></u>



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited September 30 2018	Audited June 30 2018
8	SHORT TERM INVESTMENTS	-----Rupees-----	
	Equity investments at fair value through OCI:		
	Investment in listed equity securities	463,191,546	425,477,427
	Investment in mutual funds	30,103,415	25,809,712
		<u>493,294,961</u>	<u>451,287,139</u>
		Quarter Ended (Un-audited)	
		September 30 2018	September 30 2017
9	COST OF SALES	-----Rupees-----	
	Raw material consumed	1,150,183,177	1,114,838,848
	Fuel and power	165,747,856	136,959,821
	Salaries, wages and benefits	94,845,716	88,434,553
	Stores and spares consumed	11,575,154	12,612,211
	Sizing material consumed	31,105,102	32,194,746
	Depreciation	52,827,812	53,490,848
	Packing material consumed	7,325,261	6,161,188
	Insurance	3,004,092	2,141,189
	Repairs and maintenance	(253,785)	746,940
	Electricity duty	-	974,258
	Vehicles running and maintenance	1,638,843	1,230,187
	Traveling and conveyance	168,150	130,005
	Lease rentals-land	83,187	75,624
	Fee and subscription	504,335	98,041
	Entertainment	-	316,019
	Others	1,264,762	1,828,008
	Manufacturing cost	1,520,019,662	1,452,232,486
	Work-in-process:		
	At beginning of period	66,124,675	70,882,274
	At end of period	(85,427,975)	(81,529,486)
		<u>(19,303,300)</u>	<u>(10,647,212)</u>
	Cost of goods manufactured	1,500,716,362	1,441,585,274
	Finished stocks:		
	At beginning of period	88,881,054	186,253,433
	Cloth purchased	196,700	870
	At end of period	(313,410,630)	(305,849,973)
		<u>(224,332,876)</u>	<u>(119,595,670)</u>
		<u>1,276,383,486</u>	<u>1,321,989,604</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.

		Quarter Ended (Un-audited)	
		September 30 2018	September 30 2017
	Rupees.....	
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods and services	362,853,225	216,139,074
	Sale of goods and services	49,103	51,628
	Rent expense	217,800	198,000
Key Management Personnel	Remuneration and other benefits	7,263,046	6,811,452

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

11 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 Company's financial assets which are carried at fair value:

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
	----- Rs -----			
Financial assets				
Equity investments at fair value through OCI:				
- Listed equity securities	463,191,546	-	-	463,191,546
-Mutual funds	30,103,415	-	-	30,103,415
At September 30, 2018	493,294,961	-	-	493,294,961
	June 30, 2018			
Financial assets				
Equity investments at fair value through OCI:				
-Listed equity securities	425,477,427	-	-	425,477,427
-Mutual funds	25,809,712	-	-	25,809,712
At June 30, 2018	451,287,139	-	-	451,287,139

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 27, 2018 proposed to distribute to the shareholders of the company a cash dividend at the rate of 20 % (i.e. Rs.2/- 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 26, 2018.



PROSPERITY WEAVING MILLS LTD.

13 RECLASSIFICATIONS:

The corresponding figures of unrealized loss on remeasurement of investment in equity securities have been reclassified to comply with the requirements of IFRS-9 as follows:

Reclassification from	Reclassification to	Reason	Amount (Rs.)
Items that may be classified subsequently to Profit or loss	Items that may not be classified to Profit or loss	IFRS-9	30,966,339

14 REALIZED (LOSS) ON SALE OF EQUITY INVESTMENTS

This represents realized loss on sale of equity investments measured at fair value through other comprehensive income as per IFRS-9.

15 CORRESPONDING FIGURES

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

16 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 25, 2018.

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: October 25, 2018

PROSPERITY WEAVING MILLS LTD.

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