

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2016  
(Un-Audited)**



**PROSPERITY WEAVING MILLS LTD.**

## **CONTENTS**

Company Information	03
Directors' Report to the Members	04
Condensed Interim Balance Sheet	08
Condensed Interim Profit and Loss Account	10
Condensed Interim Cash Flow Statement	11
Condensed Interim Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Information	13
Shareholders' Information	18



## 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	Executive Director
Mr. Tariq Zafar Bajwa	Executive Director

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

#### AUDIT COMMITTEE

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

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

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

#### EXECUTIVE COMMITTEE

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

#### CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

#### CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

#### AUDITORS

Messrs Deloitte Yousuf Adil  
Chartered Accountants

#### CORPORATE ADVISORS

Bandial & Associates

#### LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.  
Allied Bank Ltd.  
Askari Bank Ltd.  
Bank Alfalah Ltd.  
Faysal Bank Ltd.  
Habib Bank Ltd.  
Meezan Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Ltd.  
The Bank of Punjab  
United Bank Ltd.

#### REGISTERED OFFICE

Nagina House  
91-B-1, M.M. Alam Road  
Gulberg-III, Lahore-54660  
[www.nagina.com](http://www.nagina.com)

#### WEB REFERENCE

#### SHARES REGISTRAR

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

#### MILLS

13.5 K.M  
Sheikhupura Sharaqpur Road  
Sheikhupura



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

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the quarter ended on September 30, 2016. The comparative figures for the corresponding quarter ended on September 30, 2015 are included for comparison, except in balance sheet where comparative figures are for the year ended on June 30, 2016.

### **Company Performance**

Despite downtrend in greige fabric market your Company has been able to earn after tax profit of Rs.883,669 compared to loss of Rs.39,279,610 during corresponding quarter of previous year. Earning per share (EPS) is Rs. 0.05 compared to negative EPS of Rs.2.13 during the corresponding quarter of previous year.

Sales value, with a slight increase by 2.59% compared to corresponding quarter of previous year, stood at Rs. 1,167,020,696. Cost of sales due to rigorous cost control measure reduced from 97.06% of sales in the corresponding quarter of previous year to 94.22% of sales during the quarter under review. Gross Profit (GP) increased from 2.94% of sales to 5.78% of sales.

Overall operating expenses reduced from 3.74% of sales to 3.48% of sales. Finance cost reduced by 12.34% over the corresponding quarter of previous year and stood at 2.28% of sales. This reduction in finance cost was due to hard negotiations with banks, and reduction in KIBOR rates.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2016-17, Kapas, (seed cotton) arrivals upto October 15, 2016, at the Ginneries totaled to 4.374 million bales compared to 4.664 million bales of same period of previous year showing decrease in arrival of 6.22%.

### **Future Outlook**

Greige fabric market is currently under a bearish run. Product margins are squeezing because of lower product demand. The weaving business is experiencing difficult market conditions where demand for greige fabric is falling leading to depressed unit prices. Rupee Dollar parity remained stable which is a negative factor in our export competitiveness. It is feared that this situation may continue for some time. The management is trying to tackle the situation by striving to take aggressive cost saving measures while exploring opportunities of entering a variety of fabric markets. Government is mulling over a textile incentive package. By virtue of this package export rebate is likely to be given to textile exporters. We hope this package will be announced soon and would meet the needs of the ailing industry. Further government support is required to face the competition from competitors in the region. It is hoped that the government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, zero rate textile exports and encourage value addition in the textile sector.



## PROSPERITY WEAVING MILLS LTD.

### 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.

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

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

Lahore: October 27, 2016

## ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 ستمبر 2016 کو تختہ پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 30 ستمبر 2015 کو ختم ہونے والی اسی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016 کو تختہ سال کے ہیں۔

### کمپنی کی کارکردگی

خام فیبرک مارکیٹ میں مندی کے رجحان کے باوجود آپ کی کمپنی گزشتہ سال کی اسی سہ ماہی کے دوران 39,279,610 روپے نقصان کے مقابلہ میں زیر جائزہ مدت میں بعد از ٹیکس منافع 883,669 روپے کمانے کے قابل ہوئی ہے۔ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران منفی 2.13 روپے کے مقابلے میں 0.05 روپے ہے۔

سیلز ویلیو گزشتہ سال کی اسی سہ ماہی کے مقابلے 2.59 فیصد تک معمولی اضافہ سے 1,167,020,696 روپے پر رہی۔ فروخت کی لاگت موثر اقدامات کے باعث گزشتہ سال کی اسی سہ ماہی میں فروخت کی 97.06 فیصد سے زیر جائزہ سہ ماہی کے دوران فروخت کی 94.22 فیصد تک کم ہو گئی۔

مجموعی انتظامی اخراجات میں فروخت کے 3.74 فی صد سے فروخت کے 3.48 فی صد تک کی واقع ہوئی ہے۔ مالی لاگت پچھلے سال کی اسی سہ ماہی سے 12.34 فیصد تک کم ہو کر فروخت کی 2.28 فیصد پر رہی۔ مالی لاگت میں یہ کمی بینکوں کے ساتھ گفت و شنید اور KIBOR شرح میں کمی کی وجہ سے تھی۔

کراپ سال 2016-17 کیلئے پاکستان کاٹن جہز زائیوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 اکتوبر 2016 تک جہیز میں آمد گزشتہ سال کی اسی مدت میں 4,664 ملین گانٹھوں کے مقابلے میں 4,374 ملین گانٹھوں تک رہی۔ جو کہ 6.22 فیصد کی کمی ظاہر کرتی ہے۔

### مستقبل کا نقطہ نظر

خام فیبرک مارکیٹ میں مندی کا رجحان جاری ہے۔ مصنوعات کے مارجن مصنوعات کی کم طلب کی وجہ سے سکڑ رہے ہیں۔ ویونگ کا کاروبار مارکیٹ کے مشکل حالات سے گزر رہا ہے جہاں خام فیبرک کی طلب گر رہی ہے جس کے نتیجے میں قیمتیں بھی دباؤ کا شکار ہیں۔ روپیہ اور ڈالر کے تبادلے کی شرح کے مستحکم رجحان نے ہماری برآمدی مسابقت میں منفی کردار ادا کیا۔ خدشہ ہے کہ یہ حالت کچھ عرصہ ایسی رہ سکتی ہے۔ انتظامیہ صورت حال سے نمٹنے کے لئے مختلف فیبرک مارکیٹوں میں داخل ہونے کے مواقع کی تلاش کرتے ہوئے جارحانہ لاگت کی بچت کے اقدامات کرنے کی جدوجہد کر رہی ہے۔ حکومت ٹیکسٹائل کی حوصلہ افزائی کے ایک پیکیج پر غور کر رہی ہے۔ اس پیکیج کی وجہ سے ٹیکسٹائل برآمد کنندگان کو برآمدی چھوٹ دیئے جانے کا امکان ہے۔ ہمیں امید ہے کہ اس پیکیج کا جلد ہی اعلان کیا جائے گا جو کمزور صنعت کی ضروریات کو پورا کرے گا۔ اس کے علاوہ علاقے میں حریف سے مقابلے کا سامنا کرنے

کے لئے حکومت کے تعاون کی ضرورت ہے۔ امید ہے کہ حکومت مختلف ٹیکسوں کی رقوم کی واپسی میں تیزی لانے، بلیں چلانے کے لئے گیس کی وافر فراہمی، ٹیکسٹائل برآمدات پر صفر شرح اور ٹیکسٹائل کے شعبے میں ویلیو ایڈیشن کی حوصلہ افزائی کے ذریعے ٹیکسٹائل صنعت کی مدد کرے گی۔

اظہار تشکر

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

منجانب بورڈ



شوکت الہی شیخ

مینجنگ ڈائریکٹر (چیف ایگزیکٹو)

27 اکتوبر 2016ء



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Un-Audited September 30 2016	Audited June 30 2016
Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 20,000,000 (June 30, 2016: 20,000,000)		
Ordinary shares of Rs. 10 each	<b>200,000,000</b>	200,000,000
Issued, subscribed and paid up capital	<b>184,800,000</b>	184,800,000
Capital reserves	<b>16,456,739</b>	17,180,505
Accumulated profit	<b>700,275,924</b>	699,392,255
<b>Total equity</b>	<b>901,532,663</b>	901,372,760
<b>SURPLUS ON REVALUATION OF LAND</b>	<b>55,564,634</b>	55,564,634
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	<b>1,081,628,102</b>	1,128,495,966
Employees retirement benefits	<b>74,534,822</b>	72,014,971
Deferred taxation	<b>20,833,428</b>	20,833,428
	<b>1,176,996,352</b>	1,221,344,365
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>319,794,505</b>	296,945,454
Accrued interest / mark-up	<b>23,650,625</b>	23,681,463
Short term borrowings	<b>379,632,086</b>	296,697,018
Current portion of long term finances	<b>160,197,927</b>	145,102,827
	<b>883,275,143</b>	762,426,762
<b>TOTAL LIABILITIES</b>	<b>2,060,271,495</b>	1,983,771,127
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>4</b>	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,017,368,792</b>	2,940,708,521

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

Lahore: October 27, 2016

  
**Shahzada Ellahi Shaikh**  
Director



		Un-Audited	Audited
		September 30	June 30
		2016	2016
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	1,750,754,266	1,747,990,597
Long term deposits		15,039,000	15,039,000
		1,765,793,266	1,763,029,597
CURRENT ASSETS			
Stores, spare parts and loose tools		71,792,855	47,481,702
Stock-in-trade		445,631,947	297,162,407
Trade debts		256,419,712	283,067,622
Advances		59,048,031	50,546,135
Short term prepayments		5,858,866	7,591,665
Other receivables		1,469,474	1,669,089
Sales tax refundable		80,232,331	124,202,738
Short term Investments		156,457,180	119,964,290
Advance income tax		137,956,351	127,896,255
Cash and bank balances		36,708,779	118,097,021
		1,251,575,526	1,177,678,924
TOTAL ASSETS		3,017,368,792	2,940,708,521

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

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

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Note	Quarter Ended	
		September 30	September 30
		2016	2015
		.....Rupees.....	
Sales-net		1,167,020,696	1,137,591,132
Cost of sales	6	(1,099,617,077)	(1,104,108,454)
<b>Gross profit</b>		<b>67,403,619</b>	<b>33,482,678</b>
Distribution cost		(19,605,143)	(22,552,826)
Administrative expenses		(17,302,285)	(17,760,154)
Other expenses		(3,713,097)	(2,271,043)
		(40,620,525)	(42,584,023)
		26,783,094	(9,101,345)
Other income		657,582	115,509
<b>Operating profit / (loss)</b>		<b>27,440,676</b>	<b>(8,985,836)</b>
Finance cost		(26,557,007)	(30,293,774)
<b>Profit / (loss) before taxation</b>		<b>883,669</b>	<b>(39,279,610)</b>
Provision for taxation	7	-	-
<b>Profit / (loss) after taxation</b>		<b>883,669</b>	<b>(39,279,610)</b>
<b>Other comprehensive income / (loss)</b>			
Items that will not be reclassified to profit and loss account		-	-
Items that may be reclassified subsequently to profit and loss account			
Unrealized loss on remeasurement of available for sale investments		(723,766)	(7,143,224)
Total other comprehensive (loss) for the period		(723,766)	(7,143,224)
<b>Total comprehensive income / (loss) for the period</b>		<b>159,903</b>	<b>(46,422,834)</b>
<b>Earnings per share - basic and diluted</b>		<b>0.05</b>	<b>(2.13)</b>

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

Lahore: October 27, 2016

  
**Shahzada Ellahi Shaikh**  
Director

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



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended	
	September 30 2016	September 30 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	.....Rupees.....	
Profit/(loss) before taxation	883,669	(39,279,610)
Adjustments for:		
Depreciation on property, plant and equipment	41,917,948	46,274,017
Amortization of intangible assets	294,674	-
Provision for employee retirement benefits	5,286,229	5,029,404
Loss on disposal of property, plant and equipment	3,528,144	1,914,360
Gain on disposal of short term investment	-	(115,509)
Finance cost	26,557,007	30,293,774
	<b>77,584,002</b>	<b>83,396,046</b>
	<b>78,467,671</b>	<b>44,116,436</b>
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(24,311,153)	(7,521,991)
Stock-in-trade	(148,469,540)	(164,446,359)
Trade debts	26,647,910	(57,972,793)
Advances	(8,501,896)	(18,616,330)
Short term prepayments	1,732,799	(2,431,642)
Other receivables	199,615	459,322
Sales tax refundable	43,970,407	11,631,135
	<b>(108,731,858)</b>	<b>(238,898,658)</b>
Increase in current liabilities		
Trade and other payables	22,849,075	22,667,892
	<b>(85,882,783)</b>	<b>(216,230,766)</b>
<b>Cash used in operations</b>	<b>(7,415,112)</b>	<b>(172,114,330)</b>
Finance cost paid	(26,587,845)	(31,866,335)
Employee retirement benefits paid	(2,766,378)	(3,405,104)
Income taxes paid	(10,060,096)	(7,214,831)
<b>Net cash used in operating activities</b>	<b>(46,829,431)</b>	<b>(214,600,600)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(50,471,935)	(4,227,675)
Proceeds from disposal of property, plant and equipment	1,967,500	4,550,000
Purchase of short term investment	(37,216,656)	(42,802,974)
Proceeds from disposal of short term investment	-	86,367,009
<b>Net cash (used in) / from investing activities</b>	<b>(85,721,091)</b>	<b>43,886,360</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(31,772,764)	(15,249,264)
Increase / (decrease) in short term borrowings	82,935,068	204,353,327
Dividends paid	(24)	(4,648)
<b>Net cash from financing activities</b>	<b>51,162,280</b>	<b>189,099,415</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(81,388,242)</b>	<b>18,385,175</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>118,097,021</b>	<b>5,944,441</b>
<b>Cash and cash equivalents at end of the period</b>	<b>36,708,779</b>	<b>24,329,616</b>

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

Shahzada Ellahi Shaikh  
Director

Shaukat Ellahi Shaikh  
Mg. Director (Chief Executive)

Lahore: October 27, 2016

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Paid up Share capital	Capital reserves		Revenue reserve	Total
		Amalgamation reserve	Fair value reserve	Accumulated profit	
	----- Rupees -----				
<b>Balance as at June 30, 2015 (Audited)</b>	184,800,000	16,600,000	-	691,965,667	893,365,667
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(39,279,610)	(39,279,610)
Other comprehensive loss	-	-	(7,143,224)	-	(7,143,224)
<b>Total comprehensive loss for the period</b>	-	-	(7,143,224)	(39,279,610)	(46,422,834)
<b>Transactions with owners</b>					
<b>Balance as at September 30, 2015 (Un-audited)</b>	184,800,000	16,600,000	(7,143,224)	652,686,057	846,942,833
<b>Transactions with owners</b>					
Final dividend for the year ended June 30, 2015 @ 15% i.e. Rs.1.5 per ordinary share	-	-	-	(27,720,000)	(27,720,000)
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	79,251,692	79,251,692
Other comprehensive income / (loss) - net of tax	-	-	7,723,729	(4,825,494)	2,898,235
<b>Total comprehensive income for the period</b>	-	-	7,723,729	74,426,198	82,149,927
<b>Balance as at June 30, 2016 (Audited)</b>	184,800,000	16,600,000	580,505	699,392,255	901,372,760
<b>Comprehensive income / (loss)</b>					
Profit after taxation	-	-	-	883,669	883,669
Other comprehensive loss	-	-	(723,766)	-	(723,766)
<b>Total comprehensive income for the period</b>	-	-	(723,766)	883,669	159,903
<b>Balance as at September 30, 2016 (Un-audited)</b>	184,800,000	16,600,000	(143,261)	700,275,924	901,532,663

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



**Shahzada Ellahi Shaikh**  
Director

Lahore: October 27, 2016



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



## **PROSPERITY WEAVING MILLS LTD.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

#### **1 LEGAL STATUS AND OPERATIONS**

- 1.1** Prosperity Weaving Mills Limited "the Company" was incorporated in Pakistan on November 20, 1991 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore. The Company is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of woven cloth. The Mill is located at District Sheikhpura in the Province of Punjab.
- 1.2** This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

#### **2 BASIS OF PREPARATION**

- 2.1** This condensed interim financial information of the Company for the quarter ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** The condensed interim financial information should be read in conjunction with annual audited financial statement for the year ended June 30, 2016. Comparative balance sheet is extracted from annual audited financial statement for the year ended June 30, 2016, whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the quarter ended September 30, 2015.

#### **3 ACCOUNTING POLICIES AND ESTIMATES**

- 3.1** The accounting policies and methods of computation adopted for preparation of the condensed interim financial information are the same as those applied in preparation of the audited annual published financial statements for the year ended June 30, 2016.
- 3.2** Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of audited annual published financial statements of the Company for the year ended June 30, 2016.

Un-audited September 30 2016	Audited June 30 2016
-----Rupees-----	

#### 4 CONTINGENCIES AND COMMITMENTS

##### 4.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the financial statement for the year ended June 30, 2016.

##### 4.2 Commitments

###### Irrevocable letters of credit for

Capital expenditures

Non-capital expenditures

634,970,542	675,655,698
32,400,442	16,372,282
<b>667,370,984</b>	<b>692,027,980</b>

###### Operating Lease

payable with in one year

payable later than one year but not later than five years

<b>306,042</b>	561,667
-	-
<b>306,042</b>	<b>561,667</b>
<b>667,677,026</b>	<b>692,589,647</b>

#### 5 FIXED ASSETS

###### Property, plant and equipment

Operating fixed assets (note 5.1)

Capital work in progress

<b>1,662,805,726</b>	1,710,209,818
<b>82,447,967</b>	31,985,532
<b>1,745,253,693</b>	<b>1,742,195,350</b>
<b>5,500,573</b>	<b>5,795,247</b>
<b>1,750,754,266</b>	<b>1,747,990,597</b>

###### Intangible assets

##### 5.1 Operating fixed assets

Opening written down value

Additions during the period / year

Factory building

Non factory building

Plant and machinery

Factory equipment

Furniture and fittings

Office equipment

Vehicles

<b>1,710,209,818</b>	1,885,505,011
-	871,209
-	18,340,345
-	4,082,825
-	1,235,000
-	77,500
<b>9,500</b>	<b>453,000</b>
-	10,499,350
<b>9,500</b>	<b>35,559,229</b>

Written down value of property, plant and equipment disposed off

Depreciation charged during the period/year

Written down value at end of the period/year

<b>(5,495,644)</b>	(25,062,103)
<b>(41,917,948)</b>	(185,792,319)
<b>1,662,805,726</b>	<b>1,710,209,818</b>

Quarter Ended (Un-audited)	
September 30 2016	September 30 2015

**6 COST OF SALES**

.....Rupees.....

Raw material consumed	973,736,066	965,148,469
Fuel and power	103,956,196	107,749,816
Salaries, wages and benefits	77,206,805	74,111,359
Stores and spares consumed	12,830,565	16,742,813
Sizing material consumed	27,016,056	26,701,306
Depreciation	40,268,301	44,648,251
Packing material consumed	5,349,885	5,594,810
Insurance	2,108,345	1,913,370
Repairs and maintenance	158,815	951,594
Electricity duty	810,251	670,752
Vehicles running and maintenance	1,216,041	1,127,078
Traveling and conveyance	123,620	141,220
Lease rentals-land	75,624	75,624
Fee and subscription	43,000	-
Entertainment	241,708	212,586
Others	833,668	852,463
	<b>1,245,974,946</b>	<b>1,246,641,511</b>
Work-in-process:		
At beginning of period	67,448,521	67,507,067
At end of period	(71,562,799)	(73,551,016)
	<b>(4,114,278)</b>	<b>(6,043,949)</b>
	<b>1,241,860,668</b>	<b>1,240,597,562</b>
Finished stocks:		
At beginning of period	111,350,052	170,422,416
Cloth Purchased	45,618	-
At end of period	(253,639,261)	(306,911,524)
	<b>(142,243,591)</b>	<b>(136,489,108)</b>
	<b>1,099,617,077</b>	<b>1,104,108,454</b>

**7 PROVISION FOR TAXATION**

- 7.1 Provision for current tax relating to business income has not been recorded due to tax credit available u/s 65B of the Income Tax Ordinance, 2001.
- 7.2 No provision of deferred tax has been made as the impact of the same is considered immaterial.

**8 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated companies, directors of the company and key management personnel. The Company in the normal course of business enters into transactions with various related parties. The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30	September 30
		2016	2015
		.....Rupees.....	
Associated companies	Purchase of goods and services	287,061,103	268,750,447
	Sale of goods and services	54,811	55,146
	Rent expense	180,000	165,000
Key Management Personnel	Remuneration and other benefits	6,302,629	5,833,481

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

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

## 9 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are 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 (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data i.e.; (unobservable inputs).

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

	September 30, 2016		
	Level 1	Level 2	Level 3
	-----Rs-----		
Financial assets - at fair value through profit or loss	-	-	-
Financial assets - at fair value Available for sale			
- Listed equity securities	156,457,180	-	-
	156,457,180	-	-
	June 30, 2016		
	Level 1	Level 2	Level 3
	-----Rs-----		
Financial assets - at fair value through profit or loss	-	-	-
Financial assets - at fair value Available for sale			
- Listed equity securities	119,964,290	-	-
	119,964,290	-	-

At 30 September, 2016, the Company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.





## PROSPERITY WEAVING MILLS LTD.

### 10 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended June 30, 2016.

### 11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 27, 2016.

### 12 OTHERS

The Board of Directors in its meeting held on September 29, 2016 proposed to distribute to the shareholders of the company a cash dividend at the rate of 17.5 % (i.e. Rs.1.75/- 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 28, 2016.

### 13 CORRESPONDING FIGURES

Corresponding figures have been rearranged and regrouped wherever necessary for the purpose of comparison. However no significant changes have been made.

Figures have been rounded off to the nearest Rupee.

Lahore: October 27, 2016

**Shahzada Ellahi Shaikh**  
Director

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



**SHAREHOLDERS' INFORMATION**

**1. Requirement of CNIC Number / National Tax Number (NTN) Certificate.**

As has already notified from time to time, the Securities and Exchange Commission of Pakistan (SECP), vide Notification SRO 275(I)/2016 dated March 31, 2016 read with Notification SRO 19(I)/2014 dated January 10, 2014 and Notification SRO 831(I)/2012 dated July 5, 2012 required that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member.

Members who have not yet submitted copy of their valid Computerized National Identity Card (CNIC) / National Tax Number (NTN) Certificate (in case of Corporate Entity) are requested to submit the same at the earliest.

Copy of CNIC/NTN may be sent directly to the Share Registrar:

M/s Hameed Majeed Associates (Pvt.) Limited,  
1st Floor, H.M. House,  
7-Bank Square,  
Lahore  
Ph # (+92-42) 37235081-82  
Fax # (+92-42) 37358817

**Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.**

**2. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income Tax Ordinance").**

Pursuant to the provisions of the Finance Act, 2016 with effect from July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- (a) Rate of tax deduction for filer of income tax returns @12.5%
- (b) Rate of tax deduction for non-filer of income tax returns @20%

All shareholders of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC (individuals) and NTN (Corporate entities) certificate to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. to allow the Company to ascertain the status of the shareholder.

Shareholders of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Ltd (CDC) are requested to send valid copies of their CNIC (individuals) and NTN (Corporate entities) certificate to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

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