

**HALF YEARLY REPORT  
FOR THE PERIOD ENDED  
DECEMBER 31, 2016  
(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	Executive Director
Mr. Tariq Zafar Bajwa	Executive Director

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

#### AUDIT COMMITTEE

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

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

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

#### EXECUTIVE COMMITTEE

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

#### CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

#### CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

#### AUDITORS

Messrs Deloitte Yousuf Adil  
Chartered Accountants

#### CORPORATE ADVISORS

Bandial & Associates

#### LEAD BANKERS

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

#### REGISTERED OFFICE

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

#### WEB REFERENCE

#### SHARES REGISTRAR

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

#### MILLS

13.5 K.M  
Sheikhupura Sharaqpur Road  
Sheikhupura



## PROSPERITY WEAVING MILLS LTD.

### DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2016 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2015 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2016.

#### **Company Performance**

Alhamdulillah, despite challenging market conditions, your Company has managed to earn net profit of Rs.10,072,773 for the half year compared to loss of Rs.17,155,851 during corresponding period of previous year. Earning per share (EPS) is Rs. 0.55 for the first half compared to negative EPS of Rs.0.93 during the corresponding period of previous year.

Sales revenue remained stable for the period under review and stood at Rs. 2,545,081,005 compared to Rs.2,538,071,063 during the corresponding period of previous year. Cost of sales remained at 95% compared to 95.07% of sales during the corresponding period of previous year. Gross Profit (GP) slightly increased by 1.74% over the corresponding period.

Owing to recent BMR, distribution cost for the half year decreased by 16.61% over the corresponding period of previous year. Overall operating expenses decreased by 9.71% over the corresponding period of previous year. Due to hard negotiations with banks and better management of working capital lines, finance cost have reduced by 14.72% over the corresponding period of previous year.

#### **Future Outlook**

Weaving sector is still going through hard times. Market conditions are not very supportive. Prices of greige fabric are under pressure. We are facing stiff competition from the competing countries. The aggressive policies of our competing countries are forcing prices of textile products to remain low. Exchange rate continues to remain stable which is not supporting us in the global price competition. However Government has recently announced textile package by virtue of which weaving and spinning sector would be entitled to 4% rebate on export proceeds realization. This is a long awaited welcome step taken by the government. Initially the package is confined to exports done by June 30, 2017 and is likely to continue conditionally for another one year.

It is hoped that the aggressive steps adopted by management will help to achieve a profit for the full year.

The planned BMR/ expansion is almost at completion stage. New looms have arrived at mills and are under erection process. After completion of erection process total looms would be enhanced to 324 from existing level of 276.

We hope that our Government will take vigorous supporting steps such as zero rating of textile exports, timely release of our sales tax and income tax refunds and allowing the market to determine realistic exchange rates.

#### **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.

**Raza Ellahi Shaikh**

Mg. Director (Chief Executive)

Lahore: February 23, 2017

## ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 دسمبر 2016 کو اختتام ششماہی کے لئے آڈیٹرز سے جائزہ شدہ کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 دسمبر 2015 کو اختتام ہونے والی ششماہی کے تقابلی اعداد و شمار موازنہ کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016 کو اختتام سال کے لئے ہیں۔

### کمپنی کی کارکردگی

الحمد للہ آپ کی کمپنی نے کشیدہ مارکیٹ حالات کے باوجود گزشتہ سال 2015 کی اسی ششماہی کے دوران 17,155,851 روپے نقصان کے مقابلے رواں ششماہی کے لئے خالص منافع 10,072,773 روپے کمایا۔ رواں ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کی 0.93 روپے منفی EPS کے مقابلے 0.55 روپے ہوئی ہے۔

زیر جائزہ مدت کے دوران فروخت کی آمدن مضحکم رہی اور گزشتہ سال کی اسی مدت کے دوران 2,538,071,063 روپے کے مقابلے 2,545,081,005 روپے ہوئی۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 95.07 فیصد کے مقابلے 95 فیصد رہی۔ خالص منافع (GP) گزشتہ سال اسی مدت کے مقابلے میں قدرے 1.74 فیصد زیادہ رہا۔

بوجہ حالیہ BMR، ششماہی کے لئے ڈسٹری بیوٹن لاگت گزشتہ سال کی اسی مدت سے 16.61 فیصد تک کم ہوئی۔ مجموعی انتظامی اخراجات گزشتہ سال کی اسی مدت کے مقابلے میں 9.71 فیصد سے کم ہوئے۔ بینکوں کے ساتھ گفت و شنید اور ورکنگ کپٹل لائنوں کے بہتر انتظامات کی وجہ سے، مالی لاگت گزشتہ سال کی اسی مدت کے مقابلے 14.72 فیصد کم ہوئی ہے۔

### مستقبل کا نقطہ نظر

ویونگ کا شعبہ ابھی تک مشکل دور سے گزر رہا ہے۔ مارکیٹ کے حالات خوشگوار نہیں ہیں۔ خام کپڑے کی قیمتیں دباؤ کے زیر اثر ہیں۔ ہم مسابقتی ممالک سے سخت مقابلہ کا سامنا کر رہے ہیں۔ ہمارے مسابقتی ممالک کی جارحانہ پالیسیاں ٹیکسٹائل مصنوعات کی قیمتیں کم رکھنے پر مجبور کر رہی ہیں۔ آنکھنچ ریش برقرار ہیں جو کہ عالمی سطح پر مقابلے کے لئے سازگار نہیں ہے۔ تاہم حکومت نے حال ہی میں ایک ٹیکسٹائل ٹیکنیج کا اعلان کیا ہے جس میں ویونگ اور سپننگ شے برآمدات سے حاصل ہونے والی رقم پر 4 فیصد رعایت کے حقدار ہوں گے۔ طویل انتظار کے بعد حکومت کی طرف سے اٹھایا گیا یہ اقدام خوش آئند ہے۔ ابتدائی طور پر، رعایتی برآمد ٹیکس 30 جون 2017 تک کی گئی برآمدات کے لئے مختص ہے اور مشروط طور پر مزید ایک سال جاری رہنے کا امکان ہے۔

امید ہے کہ انتظامیہ کی طرف سے کئے گئے جارحانہ اقدامات پورے سال کے لئے منافع کے حصول میں مدد کریں گے۔



## PROSPERITY WEAVING MILLS LTD.

منصوبہ بندی سے کی گئی BMR / توسیع تقریباً تکمیل کے مرحلے میں ہے۔ نئی لومڑیوں میں پہنچ گئی ہیں اور نصب کی جا رہی ہیں۔ نصب کا عمل مکمل ہونے کے بعد کل لومڑی 276 کی موجودگی سے 324 تک ہو جائیں گی۔ ہمیں امید ہے کہ ہماری حکومت ٹیکسٹائل برآمدات کی زیر پروریننگ، سیلز ٹیکس، کسٹم ڈیوٹی اور انکم ٹیکس واپسی کی بروقت ادائیگی اور مارکیٹ کو حقیقت پسندانہ پہنچانے میں کامیاب رہیں گے۔

اظہار تشکر

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

منجانب بورڈ

رضا الہی شاہ

مہنگہ ڈائریکٹر (چیف ایگزیکٹو)

لاہور: 23 فروری 2017ء

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Prosperity Weaving Mills Limited** (the Company) as at December 31, 2016, the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts, for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the person responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

*Deloitte Yousuf Adil*  
Chartered Accountants

**Engagement Partner:**  
Rana M. Usman Khan

Date: February 23, 2017  
Lahore



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

	Un-Audited December 31 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	200,000,000	200,000,000
Issued, subscribed and paid up capital	184,800,000	184,800,000
Capital reserve	47,334,317	17,180,505
Accumulated profit	677,125,028	699,392,255
<b>Total equity</b>	<b>909,259,345</b>	<b>901,372,760</b>
<b>SURPLUS ON REVALUATION OF LAND</b>	<b>55,564,634</b>	<b>55,564,634</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	4 1,602,097,277	1,128,495,966
Employees retirement benefits	77,693,549	72,014,971
Deferred taxation	20,833,428	20,833,428
	1,700,624,254	1,221,344,365
<b>CURRENT LIABILITIES</b>		
Trade and other payables	332,829,884	296,945,454
Accrued interest / mark-up	26,460,988	23,681,463
Short term borrowings	417,783,249	296,697,018
Current portion of long term finances	180,054,778	145,102,827
	957,128,899	762,426,762
<b>TOTAL LIABILITIES</b>	<b>2,657,753,153</b>	<b>1,983,771,127</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
5		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,622,577,132</b>	<b>2,940,708,521</b>

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

**Shahzada Ellahi Shaikh**  
Director

Lahore: February 23, 2017





# PROSPERITY WEAVING MILLS LTD.

		Un-Audited	Audited
		December 31	June 30
		2016	2016
Note		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	2,259,880,076	1,747,990,597
Long term deposits		15,039,000	15,039,000
		2,274,919,076	1,763,029,597
CURRENT ASSETS			
Stores, spare parts and loose tools		63,958,316	47,481,702
Stock-in-trade		429,764,838	297,162,407
Trade debts		258,658,282	283,067,622
Advances		40,273,003	50,546,135
Short term prepayments		6,077,085	7,591,665
Other receivables		944,435	1,669,089
Sales tax refundable		104,697,147	124,202,738
Short term investments	7	237,343,698	119,964,290
Advance income tax		143,749,707	127,896,255
Cash and bank balances		62,191,545	118,097,021
		1,347,658,056	1,177,678,924
TOTAL ASSETS		3,622,577,132	2,940,708,521

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

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



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half Year Ended		Quarter Ended	
	December 31 2016	December 31 2015	December 31 2016	December 31 2015
Note				
	.....Rupees.....		.....Rupees.....	
Sales-net	2,545,081,005	2,538,071,063	1,378,060,309	1,400,479,931
Cost of sales	8 (2,417,730,313)	(2,412,897,907)	(1,318,113,236)	(1,308,789,453)
<b>Gross profit</b>	<b>127,350,692</b>	<b>125,173,156</b>	<b>59,947,073</b>	<b>91,690,478</b>
Distribution cost	(41,730,372)	(50,040,408)	(22,125,229)	(27,487,582)
Administrative expenses	(34,331,405)	(31,554,368)	(17,029,120)	(13,794,214)
Other expenses	(518,424)	(3,223,242)	3,194,673	(952,199)
	(76,580,201)	(84,818,018)	(35,959,676)	(42,233,995)
	50,770,491	40,355,138	23,987,397	49,456,483
Other income	9,377,894	1,211,426	8,720,312	1,095,917
<b>Operating profit</b>	<b>60,148,385</b>	<b>41,566,564</b>	<b>32,707,709</b>	<b>50,552,400</b>
Finance cost	(50,075,612)	(58,722,415)	(23,518,605)	(28,428,641)
<b>Profit/(Loss) before taxation</b>	<b>10,072,773</b>	<b>(17,155,851)</b>	<b>9,189,104</b>	<b>22,123,759</b>
Provision for taxation	9 -	-	-	-
<b>Profit/(Loss) after taxation</b>	<b>10,072,773</b>	<b>(17,155,851)</b>	<b>9,189,104</b>	<b>22,123,759</b>
Other comprehensive income				
<b>Items that may be reclassified subsequently to profit or loss account</b>				
Unrealized gain / (loss) on remeasurement of available for sale investments	30,153,812	(6,102,974)	30,877,578	1,040,250
<b>Total comprehensive income / (loss) for the period</b>	<b>40,226,585</b>	<b>(23,258,825)</b>	<b>40,066,682</b>	<b>23,164,009</b>
<b>Earnings per share - basic and diluted</b>	<b>0.55</b>	<b>(0.93)</b>	<b>0.50</b>	<b>1.20</b>

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

**Shahzada Ellahi Shaikh**  
Director

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

Lahore: February 23, 2017



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half Year Ended	
	December 31 2016	December 31 2015
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	10,072,773	(17,155,851)
Adjustments for:		
Depreciation of property, plant and equipment	83,707,306	92,643,952
Amortization of intangible asset	589,347	-
Provision for employee benefits	10,572,457	10,058,808
(Gain) / Loss on disposal of property, plant and equipment	(2,810,563)	1,772,509
Gain on sale of short term investments	-	(173,829)
Interest income	(45,081)	(62,597)
Dividend income	(6,522,250)	(975,000)
Finance cost	50,075,612	58,722,415
	<b>135,566,828</b>	<b>161,986,258</b>
Changes in working capital	<b>145,639,601</b>	<b>144,830,407</b>
(Increase) / decrease in:		
Stores, spare parts and loose tools	(16,476,614)	(13,097,997)
Stock-in-trade	(132,602,431)	(74,642,008)
Trade debts	24,409,340	(135,675,319)
Advances	10,273,132	(23,569,578)
Short-term prepayments	1,514,580	(1,519,622)
Other receivables	724,654	506,697
Sales tax	19,505,591	(7,175,082)
	<b>(92,651,748)</b>	<b>(255,172,909)</b>
Increase in:		
Trade and other payables	35,645,775	15,077,119
<b>Cash generated from / (used in) operations</b>	<b>88,633,628</b>	<b>(95,265,383)</b>
Employee benefits paid	(4,893,879)	(4,992,588)
Finance cost paid	(47,296,087)	(60,336,582)
Income taxes paid	(15,853,452)	(16,095,354)
<b>Net cash generated from / (used in) operating activities</b>	<b>20,590,210</b>	<b>(176,689,907)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(608,843,069)	(10,326,302)
Proceeds from disposal of property, plant and equipment	15,467,500	13,235,496
Purchase of short term investments	(87,225,596)	(82,802,974)
Proceeds from sale of short term investments	-	126,425,329
Dividend received	6,522,250	975,000
Interest received	45,081	62,597
<b>Net cash (used in) / generated from investing activities</b>	<b>(674,033,834)</b>	<b>47,569,146</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	572,098,790	-
Repayment of long term finances	(63,545,528)	(25,980,164)
Short term borrowings-net	121,086,231	276,846,196
Dividend paid	(32,101,345)	(27,504,948)
<b>Net cash from financing activities</b>	<b>597,538,148</b>	<b>223,361,084</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(55,905,476)</b>	<b>94,240,323</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>62,191,545</b>	<b>100,184,764</b>

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

**Shahzada Ellahi Shaikh**  
Director

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

Lahore: February 23, 2017



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, Subscribed and paid up share capital	Capital reserve		Revenue reserve	Total
		Amalgamation reserve	Fair value reserve	Accumulated profit	
-----Rupees-----					
Balance as at June 30, 2015 - Audited	184,800,000	16,600,000	-	691,965,667	893,365,667
Comprehensive income					
Loss after taxation	-	-	-	(17,155,851)	(17,155,851)
Other comprehensive (loss)	-	-	(6,102,974)	-	(6,102,974)
Total comprehensive loss	-	-	(6,102,974)	(17,155,851)	(23,258,825)
Transactions with owners					
Final dividend for the year ended June 30, 2015 @ 15% i.e. Rs. 1.50 per ordinary share	-	-	-	(27,720,000)	(27,720,000)
Balance as at December 31, 2015 - Un-Audited	184,800,000	16,600,000	(6,102,974)	647,089,816	842,386,842
Comprehensive income					
Profit after taxation	-	-	-	57,127,933	57,127,933
Other comprehensive income / (loss)	-	-	6,683,479	(4,825,494)	1,857,985
Total comprehensive income	-	-	6,683,479	52,302,439	58,985,918
Balance as at June 30, 2016 - Audited	184,800,000	16,600,000	580,505	699,392,255	901,372,760
Comprehensive income					
Profit after taxation	-	-	-	10,072,773	10,072,773
Other comprehensive income	-	-	30,153,812	-	30,153,812
Total comprehensive income	-	-	30,153,812	10,072,773	40,226,585
Transactions with owners					
Final dividend for the year ended June 30, 2016 @ 17.5% i.e. Rs. 1.75 per ordinary share	-	-	-	(32,340,000)	(32,340,000)
Balance as at December 31, 2016 - Un-Audited	184,800,000	16,600,000	30,734,317	677,125,028	909,259,345

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

**Shahzada Ellahi Shaikh**  
Director

Lahore: February 23, 2017

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



# PROSPERITY WEAVING MILLS LTD.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 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 half year ended December 31, 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 statements 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 half year ended December 31, 2015.
- 2.3 The condensed interim financial information is un-audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with Code of Corporate Governance and they have issued their review report thereon.

### 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 annual audited financial statements for the year ended June 30, 2016 except as disclosed hereunder.
- 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 annual published financial statements of the Company for the year ended June 30, 2016.

### 4 LONG TERM FINANCES

	Un-Audited December 31 2016	Audited June 30 2016
<b>From Banking Companies</b>		
Opening balance	1,273,598,793	1,359,896,390
Obtained during the period / year	572,098,790	-
Repayments made during the period / year	(63,545,528)	(86,297,597)
	<b>1,782,152,055</b>	<b>1,273,598,793</b>
Less: Current portion shown under current liabilities	<b>180,054,778</b>	<b>145,102,827</b>
	<b>1,602,097,277</b>	<b>1,128,495,966</b>



# PROSPERITY WEAVING MILLS LTD.

## 5 CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

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

### 5.2 Commitments

	Un-Audited December 31 2016	Audited June 30 2016
	-----Rupees-----	
<b>Irrevocable letters of credit for import of</b>		
Capital expenditures	87,152,800	675,655,698
Non-capital expenditures	129,872,037	16,372,282
	217,024,837	692,027,980
<b>Operating Lease</b>		
Payable within one year	50,417	561,667
Payable later than one year but not later than five years	-	-
	50,417	561,667
	217,075,254	692,589,647

## 6 FIXED ASSETS

Operating fixed assets	6.1	1,614,040,650	1,710,209,818
Capital work in progress		640,633,526	31,985,532
		2,254,674,176	1,742,195,350
Intangible asset		5,205,900	5,795,247
		2,259,880,076	1,747,990,597

### 6.1 Operating fixed assets - Owned

Opening written down value		1,710,209,818	1,885,505,011
Additions during the period / year			
Revaluation of land	6.1.1	-	-
Factory building		-	871,209
Non factory building		-	18,340,345
Plant and machinery		-	4,082,825
Factory equipment		-	1,235,000
Furniture and fittings		9,500	77,500
Office equipment		185,575	453,000
Vehicles		-	10,499,350
		195,075	35,559,229
Written down value of property, plant and equipment disposed off		(12,656,937)	(25,062,103)
Depreciation charged during the period/year		(83,707,306)	(185,792,319)
Written down value at end of the period/year		1,614,040,650	1,710,209,818

**6.1.1** The Company follows the revaluation model for its free hold land. The fair value measurement as at May 04, 2015 was performed by Hamid Mukhtar & Co. (Private) Limited, independent valuer not related to the Company. The fair value of the free hold land was determined using the comparable price method after performing detailed enquiries and verification.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of this land, therefore, management believes that the carrying value of 'free hold land' approximates its fair market value.



# PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited December 31 2016	Audited June 30 2016
		-----Rupees-----	
<b>7 SHORT TERM INVESTMENTS</b>			
Available for sale	7.1	237,343,698	119,964,290
		<u>237,343,698</u>	<u>119,964,290</u>

7.1 This represent investment in listed equity shares.

Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
December 31 2016	December 31 2015	December 31 2016	December 31 2015
.....Rupees.....		.....Rupees.....	

## 8 COST OF SALES

Raw material consumed	2,006,008,034	1,898,961,308	1,032,271,968	933,812,839
Fuel and power	199,931,424	188,031,023	95,975,228	80,281,207
Salaries, wages and benefits	153,912,894	144,825,964	76,706,089	70,714,605
Stores and spares consumed	43,396,210	30,091,950	30,565,645	13,349,137
Sizing material consumed	52,683,266	51,142,497	25,667,210	24,441,191
Depreciation	80,536,601	89,371,828	40,268,300	44,723,577
Packing material consumed	10,728,288	11,667,579	5,378,403	6,072,769
Insurance	4,177,674	4,509,483	2,069,329	2,596,113
Repairs and maintenance	988,210	2,197,336	829,395	1,245,742
Electricity duty	1,547,659	1,379,490	737,408	708,738
Vehicles running and maintenance	2,318,943	2,445,523	1,102,902	1,318,445
Traveling and conveyance	255,937	241,075	132,317	99,855
Lease rentals-land	151,248	151,248	75,624	75,624
Fee and subscription	322,970	78,000	279,970	78,000
Entertainment	495,981	688,976	254,273	476,390
Others	1,763,912	1,440,012	930,244	587,549
	<u>2,559,219,251</u>	<u>2,427,223,292</u>	<u>1,313,244,305</u>	<u>1,180,581,781</u>
Work-in-process:				
At beginning of period	67,448,521	67,507,067	71,562,799	73,551,016
At end of period	(88,841,451)	(71,044,388)	(88,841,451)	(71,044,388)
	<u>(21,392,930)</u>	<u>(3,537,321)</u>	<u>(17,278,652)</u>	<u>2,506,628</u>
	<u>2,537,826,321</u>	<u>2,423,685,971</u>	<u>1,295,965,653</u>	<u>1,183,088,409</u>
Finished stocks:				
At beginning of period	111,350,052	170,422,416	253,639,261	306,911,524
Cloth purchased	47,818	204,130	2,200	204,130
At end of period	(231,493,878)	(181,414,610)	(231,493,878)	(181,414,610)
	<u>(120,096,008)</u>	<u>(10,788,064)</u>	<u>22,147,583</u>	<u>125,701,044</u>
	<u>2,417,730,313</u>	<u>2,412,897,907</u>	<u>1,318,113,236</u>	<u>1,308,789,453</u>



# PROSPERITY WEAVING MILLS LTD.

## 9 PROVISION FOR TAXATION

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

## 10 TRANSACTIONS WITH RELATED PARTIES

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

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

		Half Year Ended (Un-Audited)	
		December 31	December 31
		2016	2015
		.....Rupees.....	
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods and services	441,023,469	533,331,319
	Sale of goods and services	101,785	82,185
	Dividend paid	9,763,745	8,368,925
Key Management Personnel	Remuneration and other benefits	11,912,510	9,477,307
	Dividend paid to directors and their close family members	18,565,860	15,913,594

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.

## 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).





## PROSPERITY WEAVING MILLS LTD.

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

	December 31, 2016			Total
	Level 1	Level 2	Level 3	
	Rs			
Fair value through profit or loss	-	-	-	-
Financial assets - at fair value				
Available for sale				
- Listed equity securities	237,343,698	-	-	237,343,698
	237,343,698	-	-	237,343,698
	June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rs			
Fair value through profit or loss	-	-	-	-
Financial assets - at fair value				
Available for sale				
- Listed equity securities	119,964,290	-	-	119,964,290
	119,964,290	-	-	119,964,290

The company has not disclosed the fair value of all other financial assets and liabilities as their carrying value approximates their fair value.

### 12 OTHERS

There are no other significant activities since June 30, 2016 affecting the interim financial information.

### 13 CORRESPONDING FIGURES

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

Figures have been rounded off to the nearest rupee.

### 14 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information has been approved by the board of directors of the Company and authorized for issue on February 23, 2017.

**Shahzada Ellahi Shaikh**  
Director

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

Lahore: February 23, 2017

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