

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2017
(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

WEB REFERENCE

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' REPORT TO THE MEMBERS

The Directors are pleased to present the un-audited condensed interim financial information of the company for the third quarter ended on March 31, 2017. The comparative figures for the corresponding quarter ended on March 31, 2016 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2016.

Company Performance

Textile weaving sector is going through difficult times characterised by low demand and low margins for fabrics. Despite these harsh operating conditions your company, Alhamdulillah has managed to remain profitable. After tax profit for the period under review is Rs.11,217,655 or 0.75% of sales compared to Rs. 39,079,021 or 2.91% of sales during corresponding quarter of previous year. Earning per share (EPS) is Rs. 0.61 compared to Rs.2.11 during the corresponding quarter of previous year.

Sales revenue for the quarter under review stood at Rs.1,501,885,438 compared to Rs.1,340,775,010 during the corresponding quarter. Increase in sales is due to higher volume as well as higher unit price. Cost of sales increased from 91.62% of sales during the corresponding quarter of previous year to 94.22% of sales during the quarter under review. Cost of sales increased due to increase in yarn prices, rise in energy costs and wages. These factors resulted in decrease in gross profit by 22.83% over the corresponding quarter of previous year.

Sales mix balance has tilted towards local market. As a result, distribution cost decreased by 11.08% over the corresponding quarter of previous year. Inflationary impact has caused increase in administrative expenses by 16.51% over the corresponding quarter of previous year. Due to better utilization pattern of working capital lines and intensive negotiations with banks, finance cost has reduced by 17.51% over the corresponding quarter of previous year.

Future Outlook

Greige fabric global demand continues to remain low and our buyers are reluctant to build up their inventory levels. We are facing stiff competition from other countries. This situation is exerting pressure on fabric prices and we are forced to sell at low margins. Overall textile exports of Pakistan are falling. In order to tackle the situation the Government has taken a welcome measure by announcing Rs. 180 billion PM export package. The export package, if implemented faithfully, has the potential to benefit the textile industry and revive its fortunes. We expect that funds under the announced PM scheme would soon be released to the exporters. However, core issues like uncompetitive exchange rate, high energy costs and low cotton quality and production are serious problems. Delay in release of sales tax, income tax and export refunds has also assumed alarming proportions. Management is making all possible measures to remain profitable in the last quarter of the year. In this regard management is taking steps such as cost controls, effective marketing strategies and diversification of its product range. The Balancing Modernisation and Replacement project implemented by your company has been completed and should show results from the next quarter.



PROSPERITY WEAVING MILLS LTD.

It is hoped that the Government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, allow the market to establish the fair value of Pakistani rupee against USD and encourage value addition in the textile sector.

Acknowledgement

The continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their gratitude to the bankers for their continued support to the Company.

On behalf of the Board.

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 26, 2017



PROSPERITY WEAVING MILLS LTD.

ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2017ء کی مختتمہ سہ ماہی کے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 مارچ 2016ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار موازنے کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016ء کے مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

ٹیکسٹائل و پونگ شعبہ فیکر کی کم طلب اور کم منافع کی وجہ سے مشکل دور سے گزر رہا ہے۔ الحمد للہ کمپنی ان مشکل انتظامی حالات کے باوجود منافع بخش رہنے میں کامیاب رہی ہے۔ زیر جائزہ مدت کے لئے بعد از ٹیکس منافع گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کا 2.91 فیصد یا 39,079,021 روپے کے مقابلے فروخت کا 0.75 فیصد یا 11,217,655 روپے ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 2.11 روپے کے مقابلے 0.61 روپے ہے۔

زیر جائزہ مدت کے لئے گزشتہ سال کی اسی مدت کے دوران فروخت کی آمدنی 1,340,775,010 روپے کے مقابلے میں 1,501,885,438 روپے رہی ہے۔ فروخت کی آمدنی میں اضافہ اعلیٰ حجم اور اعلیٰ پونٹ پر اس کے باعث حاصل ہوا ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 91.62 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کی 94.22 فیصد ہو گئی۔ فروخت کی لاگت میں اضافہ دھاگے کی قیمت میں اضافہ، بجلی کی قیمتوں اور اجرتوں میں اضافہ کی وجہ سے ہوا۔ جس کی وجہ سے گزشتہ سال کی اسی سہ ماہی سے 22.83 فیصد تک مجموعی منافع (GP) میں کمی واقع ہوئی ہے۔

سیلز ٹکس بیلنس کا مقامی مارکیٹ کی طرف رجحان ہے۔ جس کے نتیجہ میں ڈسٹری بیوٹن لاگت گزشتہ سال کی اسی سہ ماہی سے 11.08 فیصد سے کم ہو گئی ہے۔ زیر جائزہ مدت کے انتظامی اخراجات افراط زر کے اثرات کی وجہ سے گزشتہ سال کی اسی سہ ماہی سے 16.51 فیصد سے بڑھ گئے ہیں۔ ٹینکوں کے ساتھ پیچیدہ مذاکرات اور ورکنگ کیپٹل لائنوں کے بہتر انتظامات کی وجہ سے مالی لاگت گزشتہ سال کی اسی مدت سے 17.51 فیصد تک کم ہوئی ہے۔

مستقبل کا نقطہ نظر

کورے کپڑے کی عالمی طلب مسلسل کم رہی اور ہمارے خریدار اپنا فونٹری لیول بڑھانے سے ہچکچا رہے ہیں۔ ہم مسابقتی ممالک سے سخت مقابلہ کا سامنا کر رہے ہیں۔ یہ حالات کپڑے کی قیمت پر دباؤ بڑھا رہا ہے ہیں اور ہم کم منافع پر فروخت کرنے پر مجبور ہیں۔ پاکستان کی مجموعی ٹیکسٹائل برآمدات کم ہو رہی ہیں۔ حالات کو دیکھتے ہوئے حکومت نے 180 بلین روپے PM برآمدی ٹیکس کا اعلان کر کے خوش آئند قدم اٹھایا ہے۔ برآمدی ٹیکس اگر دیانتداری سے نافذ کیا گیا تو ٹیکسٹائل انڈسٹری کے لئے بہت ہی مفید اور اسکی تقدیر بدل دے گا۔ ہمیں امید ہے کہ اعلان کردہ PM سکیم کے تحت فنڈز برآمد کنندگان کو جلد واکزار کر دیئے جائیں گے۔ تاہم بنیادی نوعیت کے مسائل جیسا کہ غیر مسابقتی اسپیج ریٹ، بجلی کی لاگت میں اضافہ اور کپاس کی غیر معیاری کوالٹی اور پیداوار میں کمی سنگین مسائل ہیں۔ سیلز ٹیکس، انکم ٹیکس اور ایکسپورٹ ری فنڈز میں تاخیر بھی بقدر خطرے کا الارم دے رہے



PROSPERITY WEAVING MILLS LTD.

ہیں۔ انتظامیہ سال کی آخری سہ ماہی میں منافع بخش رہنے کے لئے تمام ممکن اقدامات اٹھا رہی ہے۔ بابت ہذا میں انتظامیہ لاگت پر کنٹرول، موثر مارکیٹنگ حکمت عملیوں اور اپنی مصنوعات کی رینج میں تبدیلی جیسے اقدامات اٹھا رہی ہے۔ کمپنی کی طرف سے نافذ کردہ ہیلتھنگ ماڈرنائزیشن اور تبدیلی کا منصوبہ مکمل کیا گیا ہے اور اگلی سہ ماہی سے نتائج برآمد ہونا شروع ہو جائیں گے۔

امید ہے کہ حکومت مختلف ٹیکسوں کی رقوم کی واپسی میں تیزی لانے، ملوں کو چلانے کے لئے وافرگیس کی فراہمی، امریکی ڈالر کے مقابلے پاکستانی روپے کی مناسب قدر قائم رکھ کر اور ٹیکسٹائل شعبہ میں ویلیو ایڈیشن کی حوصلہ افزائی کر کے 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، مینجمنٹ اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ

رضا الہی شیخ

میجنگ ڈائریکٹر (چیف ایگزیکٹو)

لاہور: 26 اپریل 2017ء



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	Un-Audited March 31, 2017	Audited June 30, 2016
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2016: 20,000,000)			
Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital		184,800,000	184,800,000
Capital reserve		28,671,504	17,180,505
Accumulated profit		688,342,683	699,392,255
Total equity		<u>901,814,187</u>	<u>901,372,760</u>
SURPLUS ON REVALUATION OF LAND		55,564,634	55,564,634
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	4	1,637,907,154	1,128,495,966
Employees retirement benefits		78,475,291	72,014,971
Deferred taxation		20,833,428	20,833,428
		1,737,215,873	1,221,344,365
CURRENT LIABILITIES			
Trade and other payables		352,867,310	296,945,454
Accrued interest / mark-up		24,795,471	23,681,463
Short term borrowings		626,850,464	296,697,018
Current portion of long term finances		196,994,960	145,102,827
		1,201,508,205	762,426,762
TOTAL LIABILITIES		<u>2,938,724,078</u>	<u>1,983,771,127</u>
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		<u>3,896,102,899</u>	<u>2,940,708,521</u>

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

Haroon Shahzada Ellahi Shaikh
Director

Lahore: April 26, 2017



PROSPERITY WEAVING MILLS LTD.

		Un-Audited	Audited
		March 31,	June 30,
		2017	2016
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	2,267,021,135	1,747,990,597
Long term deposits		15,039,000	15,039,000
		2,282,060,135	1,763,029,597
CURRENT ASSETS			
Stores, spare parts and loose tools		55,663,891	47,481,702
Stock-in-trade		453,199,255	297,162,407
Trade debts		378,534,525	283,067,622
Advances		76,652,917	50,546,135
Short term prepayments		4,705,753	7,591,665
Other receivables		17,950,500	1,669,089
Sales tax refundable		129,457,235	124,202,738
Short term Investments	7	345,351,005	119,964,290
Advance income tax		150,859,608	127,896,255
Cash and bank balances		1,668,075	118,097,021
		1,614,042,764	1,177,678,924
TOTAL ASSETS		3,896,102,899	2,940,708,521

The annexed explanatory notes from 1 to 14 form 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 NINE MONTHS ENDED MARCH 31, 2017

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees.....	Rupees.....	
Sales-net		4,046,966,443	3,878,846,073	1,501,885,438	1,340,775,010
Cost of sales	8	(3,832,878,534)	(3,641,276,741)	(1,415,148,221)	(1,228,378,834)
Gross profit		214,087,909	237,569,332	86,737,217	112,396,176
Distribution cost		(65,928,176)	(77,254,050)	(24,197,804)	(27,213,642)
Administrative expenses		(52,687,827)	(47,309,431)	(18,356,422)	(15,755,063)
Other expenses		(8,409,730)	(5,061,720)	(7,891,306)	(1,838,478)
		(127,025,733)	(129,625,201)	(50,445,532)	(44,807,183)
		87,062,176	107,944,131	36,291,685	67,588,993
Other income / (loss)		7,850,827	1,247,304	(1,527,067)	35,878
Operating profit		94,913,003	109,191,435	34,764,618	67,624,871
Finance cost		(73,622,575)	(87,268,265)	(23,546,963)	(28,545,850)
Profit before taxation		21,290,428	21,923,170	11,217,655	39,079,021
Provision for taxation	9	-	-	-	-
Profit after taxation		21,290,428	21,923,170	11,217,655	39,079,021
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss account					
Unrealized gain / (loss) on remeasurement of available for sale investments		11,490,999	(6,143,311)	(18,662,813)	(40,336)
Total comprehensive income / (loss) for the period		32,781,427	15,779,859	(7,445,158)	39,038,685
Earnings per share - basic and diluted		1.15	1.19	0.61	2.11

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

Haroon Shahzada Ellahi Shaikh
Director

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 26, 2017



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended	
	March 31, 2017	March 31, 2016
Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,290,428	21,923,170
Adjustments for:		
Depreciation on property, plant and equipment	124,415,641	138,989,372
Amortization of intangible assets	884,021	-
Provision for employee benefits	15,858,685	15,088,212
Loss on disposal of property, plant and equipment	6,429,939	1,886,849
Gain on disposal of short term investments	-	(173,829)
Interest income	(45,082)	(98,475)
Dividend income	(7,805,745)	(975,000)
Finance cost	73,622,575	87,268,265
	<u>213,360,034</u>	<u>241,985,394</u>
	234,650,462	263,908,564
Changes in Working capital		
(Increase) / decrease in		
Stores, spare parts and loose tools	(8,182,189)	(7,095,736)
Stock-in-trade	(156,036,848)	(45,299,036)
Trade debts	(95,466,903)	(60,155,945)
Advances	(26,106,782)	(49,562)
Short term prepayments	2,885,912	(3,023,291)
Other receivables	(16,281,411)	696,496
Sales tax	(5,254,497)	(20,069,183)
	<u>(304,442,718)</u>	<u>(134,996,257)</u>
Increase in current liabilities		
Trade and other payables	55,742,347	7,892,197
	<u>(248,700,371)</u>	<u>(127,104,060)</u>
Net cash (used in) / generated from operations	(14,049,909)	136,804,504
Finance cost paid	(72,508,567)	(88,691,112)
Employee benefits paid	(9,398,365)	(7,071,166)
Income taxes paid	(22,963,353)	(30,568,015)
Net cash generated from operating activities	(118,920,194)	10,474,211
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(721,195,683)	(45,758,721)
Proceeds from disposal of property, plant and equipment	70,435,544	18,493,500
Purchase of short term investments	(213,895,715)	(86,672,310)
Proceeds from sale of short term investments	-	126,425,329
Dividend received	7,805,745	975,000
Interest received	45,082	98,475
Net cash (used in) / generated from investing activities	(856,805,027)	13,561,273



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended	
	March 31, 2017	March 31, 2016
Rupees.....	
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	659,889,790	-
Repayment of long term finances	(98,586,469)	(54,524,833)
Short term borrowings-net	330,153,446	53,337,615
Dividends paid	(32,160,492)	(27,538,068)
Net cash generated / (used in) from financing activities	859,296,275	(28,725,286)
Net decrease in cash and cash equivalents	(116,428,946)	(4,689,802)
Cash and cash equivalents at beginning of the period	118,097,021	5,944,441
Cash and cash equivalents at end of the period	1,668,075	1,254,639

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

Lahore: April 26, 2017


Haroon Shahzada Ellahi Shaikh
Director


Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	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					
Profit after taxation	-	-	-	21,923,170	21,923,170
Other comprehensive loss	-	-	(6,143,311)	-	(6,143,311)
Total comprehensive (loss) / income	-	-	(6,143,311)	21,923,170	15,779,859
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 March 31, 2016 - Un-Audited	184,800,000	16,600,000	(6,143,311)	686,168,837	881,425,526
Comprehensive income					
Profit after taxation	-	-	-	18,048,912	18,048,912
Other comprehensive income / (loss)	-	-	6,723,816	(4,825,494)	1,898,322
Total comprehensive income	-	-	6,723,816	13,223,418	19,947,234
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	-	-	-	21,290,428	21,290,428
Other comprehensive income	-	-	11,490,999	-	11,490,999
Total comprehensive income	-	-	11,490,999	21,290,428	32,781,427
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 March 31, 2017 - Un-Audited	184,800,000	16,600,000	12,071,504	688,342,683	901,814,187

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

Lahore: April 26, 2017


Haroon Shahzada Ellahi Shaikh
Director


Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

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 nine months ended March 31, 2016.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 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

From Banking Companies

	Un-Audited March 31, 2017	Audited June 30, 2016
	-----Rupees-----	
Opening balance	1,273,598,793	1,359,896,390
Obtained during the period / year	659,889,790	-
Repayments made during the period / year	(98,586,469)	(86,297,597)
	<u>1,834,902,114</u>	<u>1,273,598,793</u>
Less: Current portion shown under current liabilities	196,994,960	145,102,827
	<u>1,637,907,154</u>	<u>1,128,495,966</u>



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 statement for the year ended June 30, 2016.

5.2 Commitments	Note	Un-Audited March 31, 2017	Audited June 30, 2016
Irrevocable letters of credit for import of		-----Rupees-----	
Capital expenditures		20,904,007	675,655,698
Non-capital expenditures		38,593,285	16,372,282
		59,497,292	692,027,980
Operating Lease			
Payable within one year		926,750	561,667
Payable later than one year but not later than five years		305,021	-
		1,231,771	561,667
		60,729,063	692,589,647

6 FIXED ASSETS

Operating fixed assets	6.1	1,536,409,467	1,710,209,818
Capital work in progress		725,700,442	31,985,532
		2,262,109,909	1,742,195,350
Intangible asset		4,911,226	5,795,247
		2,267,021,135	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			
Factory building		-	871,209
Non factory building		9,199,637	18,340,345
Plant and machinery		-	4,082,825
Factory Equipment		-	1,235,000
Furniture and fittings		177,000	77,500
Office equipment		648,575	453,000
Vehicles		17,455,561	10,499,350
		27,480,773	35,559,229
Written down value of property, plant and equipment disposed off		(76,865,483)	(25,062,103)
Depreciation charged during the period/year		(124,415,641)	(185,792,319)
Written down value at end of the period/year		1,536,409,467	1,710,209,818

7 SHORT TERM INVESTMENTS

Available for sale	7.1	345,351,005	119,964,290
		345,351,005	119,964,290

7.1 This represents investment in listed equity shares.



PROSPERITY WEAVING MILLS LTD.

Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
.....Rupees.....	Rupees.....	

8 COST OF SALES

Raw material consumed	3,121,906,437	2,866,154,003	1,115,898,403	967,192,695
Fuel and power	310,733,879	251,425,940	110,802,455	63,394,917
Salaries, wages and benefits	246,909,372	220,456,175	92,996,478	75,630,211
Stores and spares consumed	59,936,407	47,175,735	16,540,197	17,083,785
Sizing material consumed	80,017,299	79,842,073	27,334,033	28,699,576
Depreciation	119,659,613	133,981,073	39,123,012	44,609,245
Packing material consumed	16,478,573	16,740,996	5,750,285	5,073,417
Insurance	6,313,648	6,713,236	2,135,974	2,203,753
Repairs and maintenance	1,845,869	2,768,501	857,659	571,165
Electricity duty	2,399,374	2,091,316	851,715	711,826
Vehicles running and maintenance	3,493,576	3,699,230	1,174,633	1,253,707
Traveling and conveyance	413,102	366,798	157,165	125,723
Lease rentals-land	226,872	226,880	75,624	75,632
Fee and subscription	362,170	186,500	39,200	108,500
Entertainment	791,765	700,303	295,784	255,781
Others	3,014,265	2,812,302	1,250,353	1,127,836
	3,974,502,221	3,635,341,061	1,415,282,970	1,208,117,769

Work-in-process:

At beginning of period	67,448,521	67,507,067	88,841,451	71,044,388
At end of period	(73,666,078)	(71,739,368)	(73,666,078)	(71,739,368)
	(6,217,557)	(4,232,301)	15,175,373	(694,980)
	3,968,284,664	3,631,108,760	1,430,458,343	1,207,422,789

Finished stocks:

At beginning of period	111,350,052	170,422,416	231,493,878	181,414,610
Cloth purchased	58,218	235,741	10,400	31,611
At end of period	(246,814,400)	(160,490,176)	(246,814,400)	(160,490,176)
	(135,406,130)	10,167,981	(15,310,122)	20,956,045
	3,832,878,534	3,641,276,741	1,415,148,221	1,228,378,834

9 PROVISION FOR TAXATION

Provision for taxation has not been recorded due to adjustment of tax credit available u/s 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:



PROSPERITY WEAVING MILLS LTD.

		Nine Months Ended (Un-audited)	
		March 31, 2017	March 31, 2016
	Rupees.....	
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods and services	619,302,066	792,593,707
	Sale of goods and services	136,272	116,126
	Dividend paid	9,763,745	8,368,925
Key Management Personnel	Remuneration and other benefits	17,986,376	15,829,761
	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 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:

		March 31, 2017			
		Level 1	Level 2	Level 3	Total
		Rs			
Financial assets - at fair value					
Available for sale					
- Listed equity securities		345,351,005	-	-	345,351,005
		345,351,005	-	-	345,351,005
		June 30, 2016			
		Level 1	Level 2	Level 3	Total
		Rs			
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.



PROSPERITY WEAVING MILLS LTD.

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

These condensed interim financial statements have been approved by the board of directors of the Company and authorized for issue on April 26, 2017.

Lahore: April 26, 2017

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

Haroon Shahzada Ellahi Shaikh
Director

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

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