

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 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 information of the company for the half year ended on December 31, 2018 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2017 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2018.

Company Performance

Alhamdulillah, your company has posted a decent after tax profit in the first half of the financial year. Company has earned after tax profit of Rs. 52,766,043 or 1.60% of sales compared to meager profit of Rs. 5,159,740 or 0.17% of sales. Earning per share (EPS) is Rs. 2.86 for the first half of financial year 2018-19 compared to 0.28 during the corresponding period of previous year.

Sales revenue for the half year is Rs. 3,307,367,628 compared to Rs. 3,038,481,556 showing 8.85% growth over the same period of previous year. Increase in sales revenue is mainly due to rupee depreciation against USD as well as improvement in price per meter sold. Cost of sales decreased from 95.33% of sales during the same period of previous year to 91.81% during the period under review. Increase in sales and decrease in cost of sales resulted in better gross profit (GP) from 4.67% of sales during same period of previous year to 8.19% of sales during the period under review.

Overall operating expenses increased by 31.44% over the same period of previous year. Finance cost increased by 25.83% over the same period of previous year. 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.

Future Outlook

Operating environment has started to improve for the weaving industry. Government has recently announced some encouraging steps such as fixed power tariff equal to US cents 7.5 for each unit of electricity as well as concessional rate for RLNG supply to the industry. These government measures will help our company to contain energy costs. Adjustments in the USD/RUPEE exchange rate is also helping the textile industry to regain international competitiveness. Exports of textile products from Pakistan are likely to increase and it is hoped that the weaving industry will also benefit. Inflation resulting from devaluation of the rupee is likely to increase the costs of sizing chemicals, packing materials, transport and labour costs. Continuous hikes in interest rates are also resulting in higher borrowing costs. We hope that export rebates, income tax and sales tax refunds stuck up for a long time will be released in a timely manner to the textile industry. It is also hoped that the government will ensure supply of gas and electricity to the textile industry in a continuous manner.

Management is focusing on product diversification, seeking new export markets with application of effective cost controls in order to improve margins. Therefore, the outlook for the rest of the financial year is cautiously optimistic. Management is alive to the risks and is striving to keep the company profitable.

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.

Shahzada Ellahi Shaikh
Chairman

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2019

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 دسمبر 2018ء کو اختتام پہلی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 31 دسمبر 2017ء کو ختم ہونے والی ششماہی 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

الحمد للہ، آپ کی کمپنی نے مالی سال کی پہلی ششماہی میں تسلی بخش بعد از ٹیکس منافع درج کیا ہے۔ کمپنی نے 5,159,740 روپے یا فروخت کا 0.17 فیصد معمولی منافع کے مقابلے میں 52,766,043 روپے یا فروخت کا 1.60 فیصد منافع کمایا ہے۔ مالی سال 2018-19 کی پہلی ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 0.28 روپے کے مقابلے میں 2.86 روپے ہے۔

ششماہی کے لئے فروخت آمدنی 3,038,481,556 روپے کے مقابلے میں 3,307,367,628 روپے ہے جو گزشتہ سال کی اسی مدت سے 8.85 فیصد بہتری ظاہر کر رہی ہے۔ فروخت آمدنی میں اضافہ بنیادی طور پر امریکی ڈالر کے برعکس روپیہ کی قدر میں کمی اور فی میٹر فروخت قیمت میں بہتری کی وجہ سے ہے۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کی فروخت کی 95.33 فیصد سے کم ہو کر 91.81 فیصد ہو گئی۔ فروخت میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مالی اخراجات گزشتہ سال کی اسی مدت کے دوران مجموعی منافع (GP) فروخت کے 4.67 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 8.19 فیصد ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت سے 31.44 فیصد تک زیادہ ہوئے۔ مالی اخراجات گزشتہ سال کی اسی مدت سے 25.83 فیصد زیادہ ہوئے۔ مالی اخراجات میں اضافہ کی اہم وجہ ورکنگ کیپٹل بیلنگنگ حدود کا زیادہ استعمال اور شرح سود میں زیادتی کی بدولت سود کے اخراجات میں اضافہ ہوا۔

مستقبل کا نقطہ نظر

ویونگ صنعت کے لئے کاروباری ماحول بہتر ہونا شروع ہو گیا ہے۔ حکومت نے حال ہی میں صنعت کے لئے بجلی کے فی یونٹ پر 7.5 امریکی سینٹس کے مساوی پاور ٹیرف اور RLNG فراہمی کے لئے رعایتی شرح مقرر کرنے جیسے چند حوصلہ افزاء اقدامات کا اعلان کیا ہے۔ یہ حکومتی اقدامات توانائی کی قیمتوں کو برقرار رکھنے میں ہماری کمپنی کی مدد کریں گے۔ امریکی ڈالر / روپیہ کے تبادلہ کی شرح میں ایڈجسٹمنٹ بین الاقوامی مقابلہ حاصل کرنے میں ٹیکسٹائل صنعت کی مدد بھی کر رہی ہے۔ پاکستان سے ٹیکسٹائل مصنوعات کی برآمدات قدرے بڑھ گئی ہیں اور امید ہے کہ ویونگ صنعت بھی فائدہ اٹھائے گی۔ روپے کی قدر میں کمی کے نتیجے افراط زر سے سائزنگ کیمیکلز، پیکنگ میٹریلز، ٹرانسپورٹ کی قیمتیں اور مزدوروں کی اجرتیں بڑھنے کا امکان ہے۔ سود کی شرحوں میں مسلسل اضافہ کے نتیجے قرض کی قیمتوں میں بھی اضافہ ہو رہا ہے۔ ہم امید کرتے ہیں کہ برآمدی اعانتیں، انکم ٹیکس اور سیلز ٹیکس کی واپسی کی طویل عرصہ سے تعطیلی ٹیکسٹائل صنعت کو بروقت انداز میں واگزار کی جائیں گی۔ یہ بھی امید کی جاتی ہے کہ حکومت مسلسل انداز میں ٹیکسٹائل صنعت کو ٹیکس اور بجلی کی فراہمی کو یقینی بنائے گی۔

انتظامیہ منافع کو بہتر بنانے کے لئے مؤثر لاگت کنٹرول کے اطلاق کے ساتھ مصنوعات کی متنوع، نئی برآمداریوں کی تلاش پر توجہ مرکوز کر رہی ہے۔ لہذا، مالی سال کے باقی عرصہ کے لئے نقطہ نظر بہت ہی اُمید افزا ہے۔ انتظامیہ خطرات کو بھانپتی ہے اور کمپنی کو منافع بخش رکھنے کے لئے کوشاں رہتی ہے۔



PROSPERITY WEAVING MILLS LTD.

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 کا بھی
شکریہ ادا کرتے ہیں۔

منجانب بورڈ

رضا الی شیخ
مہینگ ڈائریکٹر (چیف ایگزیکٹو)

شہزادہ الی شیخ
چیئر مین
لاہور: 26 فروری 2019ء

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Prosperity Weaving Mills Limited

Report on the Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed Interim statement of financial position of **Prosperity Weaving Mills Limited** (the Company) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures reported in the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Rana M. Usman Khan.

Deloitte Yousuf Adil
Chartered Accountants

Place: Lahore

Date: February 26, 2019



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Un-Audited December 31, 2018	Audited June 30, 2018
NoteRupees.....	
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
Reserves	726,728,710	760,711,978
Revaluation surplus on land	55,564,634	55,564,634
TOTAL EQUITY	967,093,344	1,001,076,612
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 1,395,691,367	1,492,380,256
Employees retirement benefits	107,879,308	99,689,123
	1,503,570,675	1,592,069,379
CURRENT LIABILITIES		
Trade and other payables	408,050,930	389,635,181
Accrued interest / mark-up	44,566,034	35,059,916
Short term borrowings	1,072,041,179	1,030,068,055
Current portion of long term finances	249,356,836	207,183,323
Unclaimed dividend	4,996,553	4,574,516
	1,779,011,532	1,666,520,991
TOTAL LIABILITIES	3,282,582,207	3,258,590,370
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	5 4,249,675,551	4,259,666,982

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

Lahore: February 26, 2019


Shahzada Ellahi Shaikh
Chairman


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

	Un-Audited December 31, 2018	Audited June 30, 2018
NoteRupees.....	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets	6 2,107,604,512	2,212,521,284
Long term deposits	15,039,000	15,039,000
Deferred taxation	20,420,379	20,420,379
	2,143,063,891	2,247,980,663
CURRENT ASSETS		
Stores, spare parts and loose tools	75,848,173	49,968,085
Stock-in-trade	595,341,219	358,371,438
Trade debts	669,225,927	713,046,835
Advances	60,105,412	37,266,080
Short term prepayments	8,564,926	1,789,848
Other receivables	35,644,932	36,319,112
Sales tax refundable	57,601,165	53,690,627
Short term investments	7 470,363,306	451,287,139
Advance income tax - net	118,186,462	142,234,647
Cash and bank balances	15,730,138	167,712,508
	2,106,611,660	2,011,686,319
TOTAL ASSETS	4,249,675,551	4,259,666,982

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees.....	Rupees.....	
Sales-net		3,307,367,628	3,038,481,556	1,937,449,642	1,638,900,773
Cost of sales	8	(3,036,634,928)	(2,896,723,562)	(1,760,251,442)	(1,574,733,958)
Gross profit		270,732,700	141,757,994	177,198,200	64,166,815
Distribution cost		(43,825,299)	(40,769,515)	(29,522,033)	(16,883,442)
Administrative expenses		(47,117,900)	(40,314,502)	(23,744,140)	(19,715,632)
Other operating expenses		(22,911,562)	(5,537,180)	(11,366,093)	(952,195)
		(113,854,761)	(86,621,197)	(64,632,266)	(37,551,269)
		156,877,939	55,136,797	112,565,934	26,615,546
Other income		21,190,373	18,077,333	18,535,292	13,461,624
Operating profit		178,068,312	73,214,130	131,101,226	40,077,170
Finance cost		(85,633,231)	(68,054,390)	(46,323,494)	(35,431,381)
Profit before taxation		92,435,081	5,159,740	84,777,732	4,645,789
Provision for taxation		(39,669,038)	-	(23,168,871)	-
Profit after taxation		52,766,043	5,159,740	61,608,861	4,645,789
Other comprehensive income					
Items that may be reclassified subsequently to statement of profit or loss					
Unrealized loss on remeasurement of available for sale investments	7.1.1	(49,789,311)	(42,660,494)	(55,047,636)	(17,951,290)
Total comprehensive income / (loss) for the period		2,976,732	(37,500,754)	6,561,225	(13,305,501)
Earnings per share - basic and diluted		2.86	0.28	3.33	0.25

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2019



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	92,435,081	5,159,740
Adjustments for:		
Depreciation of property, plant and equipment	109,650,463	111,643,589
Amortization of intangible asset	589,348	589,347
Provision for employee benefits	15,080,154	13,011,444
Gain on disposal of property, plant and equipment	(2,019,756)	(1,282,730)
Loss/(Gain) on sale of short term investments	14,250,951	(6,137,946)
Dividend income	(19,170,618)	(10,656,657)
Finance cost	85,633,231	68,054,390
Operating gain before working capital changes	296,448,854	180,381,177
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(25,880,088)	(5,139,074)
Stock-in-trade	(236,969,781)	(97,011,732)
Trade debts	43,820,908	174,769,030
Advances	(22,839,332)	14,206,198
Short-term prepayments	(6,775,078)	(4,665,558)
Other receivables	674,180	2,927,703
Sales tax	(3,910,538)	28,535,762
	(251,879,729)	113,622,329
Increase / (Decrease) in:		
Trade and other payables	18,415,749	(10,556,120)
Cash generated from operations	62,984,874	283,447,386
Employee benefits paid	(6,889,859)	(3,375,519)
Finance cost paid	(76,127,113)	(62,913,298)
Income taxes paid	(15,620,853)	(14,040,877)
Net cash (used in) / generated from operating activities	(35,652,951)	203,117,692
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,150,283)	(19,001,946)
Proceeds from disposal of property, plant and equipment	3,847,000	4,153,000
Purchase of short term investments	(152,530,815)	(51,399,580)
Proceeds from sale of short term investments	69,414,276	88,900,324
Dividend received	19,170,618	10,656,657
Net cash (used in) / generated from investing activities	(67,249,204)	33,308,455
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	38,782,000	-
Repayment of long term finances	(93,297,376)	(98,497,480)
Short term borrowings-net	41,973,124	(71,684,321)
Dividend paid	(36,537,963)	(36,696,857)
Net cash used in financing activities	(49,080,215)	(206,878,658)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(151,982,370)	29,547,489
Cash and cash equivalents at beginning of the period	167,712,508	15,253,278
Cash and cash equivalents at end of the period	15,730,138	44,800,767

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2019



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Issued, Subscribed and paid up share capital	Capital reserve			Revenue Reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Accumulated profit	
-----Rupees-----						
Balance as 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						
Profit after taxation	-	-	-	-	5,159,740	5,159,740
Other comprehensive loss - net of tax	-	-	-	(42,660,494)	-	(42,660,494)
Total comprehensive income / (loss) for the period	-	-	-	(42,660,494)	5,159,740	(37,500,754)
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)
Balance as at December 31, 2017 - Un-audited	184,800,000	16,600,000	55,564,634	(50,727,748)	687,478,338	893,715,224
Comprehensive income						
Profit after taxation	-	-	-	-	49,536,897	49,536,897
Other comprehensive income - net of tax	-	-	-	56,523,544	1,300,948	57,824,492
Total comprehensive income / (loss) for the period	-	-	-	56,523,544	50,837,845	107,361,389
Balance as 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	-	-	-	-	52,766,043	52,766,043
Other comprehensive loss	-	-	-	(49,789,311)	-	(49,789,311)
Total comprehensive income / (loss)	-	-	-	(49,789,311)	52,766,043	2,976,732
Transactions with owners						
Final dividend for the year ended June 30, 2018 @ 20 % i.e. Rs. 2 per ordinary share	-	-	-	-	(36,960,000)	(36,960,000)
Balance as at December 31, 2018 - Un-audited	184,800,000	16,600,000	55,564,634	(43,993,515)	754,122,225	967,093,344

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2019



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 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 210 kanals is located at 13.5 km Sharakpura road, District Sheikhupura in the Province of Punjab.

1.2 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 Statement of compliance

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where 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.

2.2 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 annual audited financial statements for the year ended June 30, 2018. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the half year ended December 31, 2017. The results for the quarter ended September 30, 2018 have been ammended in pursuance of SRO 229 (I)/2019 dated February 14, 2019 issued by Securities and Exchange Commission of Pakistan (SECP) as notified in note 2.4.

2.3 The condensed interim financial statements are 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.

2.4 Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 14, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.

3 Accounting policies and estimates

The significant accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2018 except as disclosed hereunder.

3.1 Changes in accounting policies due to adoption of new accounting standards

The following changes in accounting policies have taken place effective from July 1, 2018:



PROSPERITY WEAVING MILLS LTD.

3.1.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified prospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the period ended December 31, 2017 or June 30, 2018.

3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2018.

3.3 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 Estimates and judgements

Estimates and judgements made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018

4 LONG TERM FINANCES

	Un-Audited December 31, 2018	Audited June 30, 2018
	-----Rupees-----	
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	(93,297,376)	(246,634,557)
	1,645,048,203	1,699,563,579
Less: Current portion shown under current liabilities	(249,356,836)	(207,183,323)
	1,395,691,367	1,492,380,256

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in note 12 to the financial statements for the year ended June 30, 2018.

5.2 Commitments

Irrevocable letters of credit for

Capital expenditures	134,916,800	12,148,620
Non-capital expenditures	19,448,521	82,077,514
Raw Material	30,814,103	-
	185,179,424	94,226,134

Operating lease

Payable within one year	55,458	657,433
Payable later than one year but not later than five years	-	-
	55,458	657,433
	185,234,882	94,883,567

6 FIXED ASSETS

Property, plant and equipment

Operating fixed assets - Owned

Intangible asset

6.1	2,104,756,001	2,209,083,425
	2,848,511	3,437,859
	2,107,604,512	2,212,521,284



PROSPERITY WEAVING MILLS LTD.

Un-Audited
December 31,
2018
-----Rupees-----
Audited
June 30,
2018

6.1 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	-	1,819,074
Building-on lease hold land	-	13,869,356
Plant and machinery	3,528,374	178,764,415
Electric installation	-	2,212,380
Factory equipment	78,900	1,960,133
Furniture and fittings	505,570	386,973
Office equipment	238,200	222,960
Vehicles	2,799,239	11,481,362
	7,150,283	210,716,653
Written down value of property, plant and equipment disposed off	(1,827,244)	(4,666,588)
Depreciation charged during the period / year	(109,650,463)	(225,516,131)
Written down value at end of the period / year	2,104,756,001	2,209,083,425

7 SHORT TERM INVESTMENTS

Available for sale - at fair value

Equity Investments	444,394,197	425,477,427
Mutual funds	25,969,109	25,809,712
	470,363,306	451,287,139

7.1

7.1 Reconciliation between fair value and cost of investments classified as available for sale

Fair value of investments		
-in listed equity securities	444,394,197	425,477,427
-in units of mutual funds	25,969,109	25,809,712
	470,363,306	451,287,139
Unrealized (loss)/gain on remeasurement of investments	(43,993,515)	5,795,796
Transfer of unrealized loss due to impairment of investments classified as available for sale	-	(23,753,981)
	(43,993,515)	(17,958,185)
Cost of investment	514,356,821	469,245,324

7.1.1

7.1.1 Unrealised gain / (Loss) on remeasurement of available for sales investments

Opening balance	5,795,796	(8,067,254)
Loss on remeasurement of investments for the period/year	(64,040,262)	(7,442,016)
Transfer of realized loss to profit or loss	14,250,951	1,114,182
Charge for the period	(49,789,311)	(6,327,834)
Transfer of unrealized loss due to impairment of investments classified as available for sale	-	23,753,981
Related tax impact	-	(3,563,097)
	-	20,190,884
Closing balance	(43,993,515)	5,795,796



PROSPERITY WEAVING MILLS LTD.

8 COST OF SALES

	Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Rupees.....	Rupees.....	
Raw material consumed	2,467,859,072	2,237,503,402	1,317,675,895	1,122,664,554
Fuel and power	302,076,331	262,795,551	136,328,475	125,835,730
Salaries, wages and benefits	188,216,902	177,102,929	93,371,186	88,668,376
Stores and spares consumed	27,547,628	21,373,631	15,972,474	8,761,420
Sizing material consumed	64,997,841	56,412,542	33,892,739	24,217,796
Depreciation	105,656,260	107,587,556	52,828,448	54,096,708
Packing material consumed	15,241,118	11,652,005	7,915,857	5,490,817
Insurance	5,992,503	4,436,325	2,988,411	2,295,136
Repairs and maintenance	3,004,544	1,228,378	3,258,329	481,438
Electricity duty	-	1,563,865	-	589,607
Vehicles running and maintenance	3,134,936	2,461,529	1,496,093	1,231,342
Traveling and conveyance	312,195	278,779	144,045	148,774
Lease rentals-land	166,374	176,460	83,187	100,836
Fee and subscription	576,115	161,041	71,780	63,000
Entertainment	608,614	622,137	608,614	306,118
Others	2,670,873	2,906,665	1,406,110	1,078,657
	3,188,061,306	2,888,262,795	1,668,041,644	1,436,030,309
Work-in-process:				
At beginning of period	66,124,675	70,882,274	85,427,975	81,529,486
At end of period	(101,614,409)	(81,149,786)	(101,614,409)	(81,149,786)
	(35,489,734)	(10,267,512)	(16,186,434)	379,700
Cost of goods manufactured	3,152,571,572	2,877,995,283	1,651,855,210	1,436,410,009
Finished stocks:				
At beginning of period	88,881,054	186,253,433	313,410,630	305,849,973
Cloth purchased	453,611	903,504	256,911	902,634
At end of period	(205,271,308)	(168,428,658)	(205,271,308)	(168,428,658)
	(115,936,644)	18,728,279	108,396,233	138,323,949
	3,036,634,928	2,896,723,562	1,760,251,442	1,574,733,958

9 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, 2018	December 31, 2017
	Rupees.....	
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods and services	803,585,590	362,118,362
	Sale of goods and services	122,233	89,744
	Dividend paid	11,158,566	11,158,566
Key management personnel	Remuneration and other benefits	17,344,033	14,253,730
	Dividend paid to directors and their close family members	21,218,126	21,218,126

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.

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



PROSPERITY WEAVING MILLS LTD.

10 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 Funds/Company's financial assets which are carried at fair value:

	Level 1	Level 2	Level 3	Total
	Rs			
Financial assets - at fair value				
Available for sale				
- Listed equity securities	444,394,197	-	-	444,394,197
- Units of mutual funds	-	25,969,109	-	25,969,109
At December 31, 2018	444,394,197	25,969,109	-	470,363,306
Financial assets - at fair value				
Available for sale				
-Listed equity securities	425,477,427	-	-	425,477,427
-Units of mutual funds	-	25,809,712	-	25,809,712
At June 30, 2018	425,477,427	25,809,712	-	451,287,139

At December 31, 2018 the company holds short term investments where the company has used Level 1 and Level 2 inputs for the measurement of fair values and there is no transfer between levels.

The company considers carrying value of all other financial assets and liabilities, approximate to their fair value.

11 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Half Year Ended (Un-Audited)		
	June 30, 2018	Cash flow	December 31, 2018
Rupees.....		
Long term finances	1,699,563,579	(54,515,376)	1,645,048,203
Short term borrowings	1,030,068,055	41,973,124	1,072,041,179
	2,729,631,634	(12,542,252)	2,717,089,382

12 CORRESPONDING FIGURES

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

Figures have been rounded off to the nearest rupee.

13 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements have been approved by the board of directors of the Company and authorized for issue on February 26, 2019.





Shahzada Ellahi Shaikh **Muhammad Tariq Sheikh** **Raza Ellahi Shaikh**
Lahore: February 26, 2019 **Chairman** **Chief Financial Officer** **Mg. Director (Chief Executive)**

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