

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2020
(Un-Audited)**



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
Ms. Parveen Akhter Malik	Independent Non-Executive Director
Mr. Arfa Waheed Malik	Independent Non-Executive Director
Mr. Aneeq Khawar	Independent Non-Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	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. Raza Ellahi Shaikh	Executive Director

MANAGING DIRECTOR (Chief Executive) Mr. Raza Ellahi Shaikh

AUDIT COMMITTEE

Ms. Parveen Akhter Malik	Chairperson
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Ms. Parveen Akhter Malik	Chairperson
Mr. Raza Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Raza Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Amin 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 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' 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, 2020 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2019 are included for comparison, except for statement of financial position where figures are for the year ended on June 30, 2020.

Company Performance

Alhamdulillah, during the 1st half of the financial year 2021 ended on December 31, 2020, your company has earned after tax profit of Rs. 248,057,914 or 6.86% of sales compared to Rs. 138,871,699 or 4.32% of sales during the same period of last year (SPLY). Earning per share (EPS) is Rs. 13.42 for the current first half of the year compared to Rs. 7.51 during the SPLY. The profitability has exceeded management expectations because of better product rates due to robust demand for fabric.

Increase in sales is the combination of rise in volume and better product rates. Overall sales value was higher by 12.61% over SPLY and stood at Rs. 3,617,479,799 during the period under review in comparison to sale value of Rs. 3,212,405,401 of SPLY. Cost of sales decreased from 90.43% of sales during SPLY to 86.88% of sales during the period under review. Gross profit improved from 9.57% of sales during SPLY to 13.12% of sales during the period under review.

Overall operating expenses marginally increased from 3.58% of sales during SPLY to 3.85% of sales during the period under review. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 2.08% of sales during SPLY to 1.13% of sales during the 1st half year ended under review. The decrease in finance cost is mainly due to lower short-term borrowings because of better cash flows.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals upto February 15, 2021, at the Gineries totaled 5.617 million bales compared to 8.548 million bales for similar period of financial year 2019-20 showing decrease in arrival of 34.29%.

Future Outlook

It has been a very profitable half year. Fabric demand was robust in the local as well as in export markets allowing the company to enjoy better unit prices. The favorable market conditions and internal cost controls has resulted in one of the most profitable periods in recent times. Our customers in the Value-added textile businesses producing home textiles, towels, denim have received sizeable orders from global markets. This has increased fabric demand.

It appears that robust demand and good sale prices trend is likely to last for the rest of the financial year. We hope that annual financial results will be better. Profitability should also be helped by continuous efforts to develop new products and diversification of marketing channels. The newly installed 36 looms have started production and are contributing to higher sales value and profitability.

However, Government seems to be modifying its promise to provide concessional energy rates for the textile industry at 7.5 cents per unit and gas at 6.5 USD per MMBTU. It is feared that textile industry electricity tariff will be increased and it will be detrimental for company profits. Energy prices which are higher than our competitor countries will erode competitiveness of the Pakistan weaving industry. The government should strive to provide energy at internationally competitive rates to enable exports to flourish.

We appreciate the Government actions to combat the COVID related situation. We strictly followed the defined SOPs and yet operated at full capacity. We must extol SBP role for timely provision of various incentive schemes for the businesses such as payroll financing, deferment in long term loan repayments and concessional financing schemes like TERF and LTFF. This has given immense support for continuity of the businesses. SBP actions will help to expand the production of textiles in Pakistan which is a prerequisite to expanding exports. Interest rates remained stable which kept the finance cost under control.

The cotton crop shortage is forcing the textile industry to resort to imported cotton. Experts and growers attribute the cotton Crop shortage to unfavorable climatic conditions, lower cultivation area, low efficacy pesticides and low-quality seeds.

It is hoped that income tax and sales tax stuck up refunds will be released in a timely manner to the textile industry.

Acknowledgement

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

On behalf of the Board.

Haroon Shahzada Ellahi Shaikh

Director

Raza Ellahi Shaikh

Chief Executive Officer

Lahore: February 25, 2021



ممبران کے لئے مجلسِ نظماء کی رپورٹ

ڈائریکٹرز 31 دسمبر 2020ء کو اختتام پزیر ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے ہینلس شیٹ کے جہاں تقابلی اعداد و شمار 30 جون 2020ء کو اختتام سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، 31 دسمبر 2020 کو ختم ہونے والی مالی سال 2021 کی پہلی ششماہی کے دوران، آپ کی کمپنی نے پچھلے سال کی اسی مدت کے دوران 138,871,699 روپے یا فروخت کا 4.32 فیصد کے مقابلے میں 248,057,914 روپے یا فروخت کا 6.86 فیصد بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 7.51 روپے کے مقابلے میں سال کی پہلی ششماہی کے لئے 13.42 روپے ہے۔ فیبرک کی زیادہ طلب کے باعث پراڈکٹ کی بہتر شرحوں کی وجہ سے انتظامیہ کی توقعات سے زیادہ منافع ہوا۔

مجموعی طور پر فروخت میں اضافہ حجم میں اضافہ اور پراڈکٹ کی بہتر قیمتوں کے باعث ہوا ہے۔ زیر جائزہ مدت کی فروخت کی آمدنی گزشتہ سال سے 12.61 فیصد بڑھ گئی اور گزشتہ سال کی اسی مدت کی 3,212,405,401 روپے کی فروخت قدر کے مقابلے میں زیر جائزہ مدت کے دوران 3,617,479,799 روپے رہی۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کی فروخت کی 90.43 فیصد سے کم ہو کر 86.88 فیصد ہو گئی۔ مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 9.57 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 13.12 فیصد ہو گیا۔

مجموعی کاروباری اخراجات زیر جائزہ مدت کے دوران گزشتہ سال کی اسی مدت کے فروخت کے 3.58 فیصد سے معمولی بڑھ کر فروخت کے 3.85 فیصد تک ہوئے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی مدت میں فروخت کے 2.08 فیصد سے کم ہو کر زیر جائزہ مدت میں فروخت کے 1.13 فیصد ہوئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر بہتر نقد بہاؤ کی وجہ سے کم مختصر مدتی قرضوں کے باعث ہوئی ہے۔

فصل سال 2020-21 کیلئے پاکستان کاٹن جزو ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 فروری 2021 تک جزویں میں آمد مالی سال 2019-20 کی اسی مدت میں 8.548 ملین گانٹھوں کے مقابلے میں کل 5.617 ملین گانٹھیں ہو گئیں جو 34.29 فیصد کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ ششماہی بہت زیادہ منافع بخش رہی ہے۔ فیبرک کی طلب مقامی اور برآمدی مارکیٹوں دونوں میں حوصلہ افزا رہی ہے جس سے کمپنی بہتر ایشیائی قیمتوں کا فائدہ اٹھا رہی ہے۔ مارکیٹ کے موزوں حالات اور داخلی لاگت کنٹرولز کے نتیجے میں حالیہ ادوار کمپنی کے لئے بہت ہی منافع بخش مدتوں میں سے ایک ثابت ہوئے ہیں۔ ہمارے گاؤں کو ہوم ٹیکسٹائل، تولیے، ڈینیم تیار کرنے والے ویلیو ایڈڈ کاروبار کو بیرون ملک سے شاندار آرڈر موصول ہوئے ہیں۔ جس سے فیبرک کی طلب میں اضافہ ہوا ہے۔

یہ ظاہر ہوتا ہے کہ طلب میں اضافہ اور فروخت کی اچھی قیمتوں کا یہ رجحان مالی سال کے باقی عرصے تک برقرار رہنے کا امکان ہے۔ ہمیں امید ہے کہ اس رجحان سے سالانہ بہتر مالیاتی نتائج حاصل ہوں گے۔ نئی مصنوعات کی پیداوار اور مارکیٹنگ چینلز کی تنوع کی مسلسل کوششوں کے ذریعے بھی بہتر منافع حاصل کرنے میں مدد ملے گی۔ نصب شدہ نئی 36 لومز نے پروڈکشن دینا شروع کر دی ہے اور فروخت کی قدر اور منافع بڑھانے کی کردار ادا کر رہی ہیں۔



PROSPERITY WEAVING MILLS LTD.

تاہم، حکومت ٹیکسٹائل انڈسٹری کو بجلی 7.5 سینٹس فی یونٹ اور گیس 6.5 یو ایل پی ڈی فی ایم ایم بی ٹی یو پر مراعات دینے کے وعدے میں رد و بدل کرتی نظر آتی ہے۔ خدشہ ہے کہ ٹیکسٹائل انڈسٹری کے بجلی کے نرخوں میں اضافہ ہوگا اور کمپنی کے منافع کے لئے نقصان دہ ہوگا۔ بجلی کی قیمتیں جو ہمارے حریف ممالک سے زیادہ ہیں پاکستان ویونگ انڈسٹری کی مسابقت کو نقصان پہنچائیں گی۔ برآمدات کو فروغ دینے کے لئے حکومت کو بین الاقوامی مسابقتی نرخوں پر بجلی فراہم کرنے کی کوشش کرنی چاہئے۔

ہم COVID-19 سے متعلق صورتحال سے نمٹنے کے لئے حکومت کے اقدامات کو سراہتے ہیں۔ ہم نے بیان کردہ ایس او پیز پر سختی سے عمل کیا اور ابھی پوری صلاحیت سے عمل کر رہے ہیں۔ ہمیں کاروبار کے لئے مختلف رعایتی اسکیموں مثلاً تنخواہوں کی ادائیگی کے لئے سرمائے کی فراہمی، طویل مدتی قرض کی ادائیگیوں میں التوا اور رعایتی طویل مدتی فنانسنگ اسکیمیں جیسے کہ TERF اور LTFF کی بروقت فراہمی کے لئے SBP کے کردار کو لازماً سراہنا چاہیے۔ اس نے کاروباری اداروں کے تسلسل کے لئے بے پناہ تعاون فراہم کیا ہے۔ SBP کے اقدامات پاکستان میں ٹیکسٹائل کی پیداوار کو بڑھانے میں مددگار ہونگے جو برآمدات کو بڑھانے کے لئے لازماً درکار ہیں۔ سود کی شرح مستحکم رہی جس نے مالی لاگت کو قابو میں رکھا۔


کپاس کی فصل کی قلت ٹیکسٹائل صنعت کو درآمد شدہ کاٹن کا سہارا لینے پر مجبور کر رہی ہے۔ ماہرین اور کاشتکار کپاس کی فصل کی کمی کو غیر موسمیاتی حالات، کاشت کے کم رقبے، کیڑے ماراؤویات کی کم کارکردگی اور ناقص معیاری بیج کی وجہ قرار دے رہے ہیں۔


امید ہے کہ انکم ٹیکس اور سٹیز ٹیکس کی قابل واپسی قوم ٹیکسٹائل انڈسٹری کو بروقت جاری کردی جائیں گی۔

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


ہارون شہزادہ الہی شیخ
ڈائریکٹر


رضالہی شیخ
چیف ایگزیکٹو آفیسر
لاہور: 25 فروری 2021ء

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Prosperity Weaving Mills Limited****Report on 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, 2020 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, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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 standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. Nadeem Yousuf Adil.


Chartered Accountants

Place: Lahore

Date: February 26, 2021



PROSPERITY WEAVING MILLS LTD.


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Un-Audited December 31, 2020	Audited June 30, 2020
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2020: 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
Reserves	1,199,300,126	892,807,599
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
TOTAL EQUITY	1,486,940,760	1,180,448,233
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 1,763,419,074	1,532,463,585
Employees retirement benefits	138,566,417	131,777,782
Deferred taxation	14,817,450	2,578,748
Deferred grant	5 2,534,177	1,600,609
	<u>1,919,337,118</u>	<u>1,668,420,724</u>
CURRENT LIABILITIES		
Trade and other payables	422,296,035	553,599,248
Accrued interest / mark-up	19,804,466	25,774,267
Short term borrowings	50,090,360	366,998,931
Current portion of long term finances	278,762,295	86,081,234
Unclaimed dividend	5,289,251	5,289,251
Current portion of deferred grant	5 6,384,684	2,954,590
	<u>782,627,091</u>	<u>1,040,697,521</u>
TOTAL LIABILITIES	2,701,964,209	2,709,118,245
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	4,188,904,969	3,889,566,478

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore: February 25, 2021


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

	Un-Audited December 31, 2020	Audited June 30, 2020
Note	-----Rupees-----	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7 2,352,821,680	2,092,871,933
Intangible assets	491,123	1,080,471
Long term deposits	15,039,000	15,039,000
	2,368,351,803	2,108,991,404
CURRENT ASSETS		
Stores, spare parts and loose tools	83,708,032	55,171,197
Stock-in-trade	641,601,061	518,606,568
Trade receivables	603,109,369	587,479,860
Advances	7,984,907	7,685,037
Short term prepayments	8,607,486	2,502,764
Other receivables	3,373,677	3,507,783
Sales tax refundable	37,660,305	61,439,008
Other financial assets	8 347,413,128	473,158,143
Advance income tax-net	38,521,551	57,797,558
Cash and bank balances	48,573,650	13,227,156
	1,820,553,166	1,780,575,074
TOTAL ASSETS	<u>4,188,904,969</u>	<u>3,889,566,478</u>

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.


Raza Ellahi Shaikh
 Chief Executive Officer



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
NoteRupees.....	Rupees.....	
Sales-net	3,617,479,799	3,212,405,401	1,845,788,866	1,777,282,904
Cost of sales	9 (3,142,963,801)	(2,904,992,451)	(1,536,395,982)	(1,588,004,444)
Gross profit	474,515,998	307,412,950	309,392,884	189,278,460
Distribution cost	(68,435,736)	(37,997,619)	(31,682,205)	(22,707,912)
Administrative expenses	(49,080,728)	(52,104,715)	(23,388,572)	(24,935,246)
Other operating expenses	(21,901,706)	(24,851,300)	(15,968,614)	(21,690,317)
	(139,418,170)	(114,953,634)	(71,039,391)	(69,333,475)
	335,097,828	192,459,316	238,353,493	119,944,985
Other income	17,495,953	62,569,386	11,069,486	57,704,601
Operating profit	352,593,781	255,028,702	249,422,979	177,649,586
Finance cost	(40,950,241)	(66,829,422)	(19,033,421)	(27,091,667)
Profit before taxation	311,643,540	188,199,280	230,389,558	150,557,919
Provision for taxation	(63,585,626)	(49,327,581)	(41,183,373)	(28,965,573)
Profit after taxation	248,057,914	138,871,699	189,206,185	121,592,346
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss:				
Fair value gain on investment in equity instrument designated at FVTOCI	58,434,613	48,827,383	17,892,675	62,891,370
Total comprehensive income for the period	306,492,527	187,699,082	207,098,860	184,483,716
Earnings per share - basic and diluted	13.42	7.51	10.24	6.58

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 25, 2021



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended	
	December 31, 2020	December 31, 2019
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	311,643,540	188,199,280
Adjustments for:		
Depreciation of property, plant and equipment	102,871,278	104,734,610
Amortization of intangible asset	589,348	589,348
Provision for employee benefits	17,362,586	19,083,368
Gain on disposal of property, plant and equipment	(2,881,280)	(6,265,898)
Loss on sale of short term investments	-	8,938,644
Unrealized gain on short term investments	-	(28,108,193)
Dividend income	(14,614,673)	(24,003,063)
Finance cost	40,950,241	66,829,422
Operating cash flow before working capital changes	455,921,040	329,997,518
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(28,536,835)	(6,847,885)
Stock-in-trade	(122,994,493)	26,554,003
Trade receivables	(15,629,509)	297,556,970
Advances	(299,870)	(70,071,001)
Short-term prepayments	(6,104,722)	(6,383,251)
Other receivables	134,106	2,874,459
Sales tax refundable	23,778,703	24,082,357
	(149,652,620)	267,765,652
Decrease in Trade and other payables	(131,303,213)	(10,128,570)
Cash generated from operations	174,965,207	587,634,600
Employee benefits paid	(10,573,949)	(8,563,062)
Finance cost paid	(42,556,382)	(85,024,694)
Income taxes paid	(32,070,917)	(18,260,509)
Net cash generated from operating activities	89,763,959	475,786,335



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Half year ended	
December 31, 2020	December 31, 2019
.....Rupees.....	

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(363,194,745)	(8,307,303)
Proceeds from disposal of property, plant and equipment	3,255,000	49,915,398
Purchase of other financial assets	(229,796,055)	(217,701,982)
Proceeds from sale of other financial assets	413,975,683	73,918,038
Proceeds from redemption of sales tax refund bonds	-	28,600,000
Dividend received	14,614,673	24,003,063
Net cash used in investing activities	(161,145,444)	(49,572,786)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained	549,932,496	-
Repayment of long term finances	(126,295,946)	(135,459,889)
Short term borrowings excluding running finance	(302,195,418)	296,543,289
Dividend paid	-	(73,483,706)
Net cash generated from financing activities	121,441,132	87,599,694
Net increase/(decrease) in cash and cash equivalents (A+B+C)	50,059,647	513,813,243
Cash and cash equivalents at beginning of the period	(51,576,357)	(481,480,747)
Cash and cash equivalents at end of the period	(1,516,710)	32,332,496

CASH AND CASH EQUIVALENTS

Cash and bank balances	48,573,650	133,372,153
Running finance	(581,556)	(81,237,528)
Bank overdraft	(49,508,804)	(19,802,129)
	(1,516,710)	32,332,496

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 25, 2021



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Issued, Subscribed and paid up share capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Un-appropriated profit	
-----Rupees-----						
Balance as at June 30, 2019 - restated (Audited)	184,800,000	16,600,000	102,840,634	(50,795,934)	901,143,695	1,154,588,395
Comprehensive income						
Profit after taxation	-	-	-	-	138,871,699	138,871,699
Other comprehensive income - net of tax	-	-	-	48,827,383	-	48,827,383
Total comprehensive income for the period	-	-	-	48,827,383	138,871,699	187,699,082
Transactions with owners						
Final dividend for the year ended June 30, 2019 @ 40 % i.e. Rs. 4 per ordinary share	-	-	-	-	(73,920,000)	(73,920,000)
Balance as at December 31, 2019 - Un-audited	184,800,000	16,600,000	102,840,634	(1,968,551)	966,095,394	1,268,367,477
Comprehensive income						
Profit after taxation	-	-	-	-	15,883,595	15,883,595
Other comprehensive loss - net of tax	-	-	-	(102,496,602)	(1,306,237)	(103,802,839)
Transfer of loss on disposal of equity instrument at FVTOCI to unappropriated profit	-	-	-	17,262,426	(17,262,426)	-
Total comprehensive loss for the period	-	-	-	(85,234,176)	(2,685,068)	(87,919,244)
Balance as at June 30, 2020 - Audited	184,800,000	16,600,000	102,840,634	(87,202,727)	963,410,326	1,180,448,233
Comprehensive income						
Profit after taxation	-	-	-	-	248,057,914	248,057,914
Other comprehensive income - net of tax	-	-	-	58,434,613	-	58,434,613
Transfer of gain on disposal of equity instrument at FVTOCI to unappropriated profit	-	-	-	(1,441,513)	1,441,513	-
Total comprehensive income for the period	-	-	-	56,993,100	249,499,427	306,492,527
Balance as at December 31, 2020 - Un-audited	184,800,000	16,600,000	102,840,634	(30,209,627)	1,212,909,753	1,486,940,760

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 25, 2021



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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 Sheikhpura 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 Standard 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, 2020. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020, 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, 2019.
- 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.

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, 2020.

3.1 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, 2020.

3.2 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.

3.3 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, 2020.



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2020	Audited June 30, 2020
		-----Rupees-----	
4	LONG TERM FINANCES		
	From banking companies		
	Opening balance	1,618,544,819	1,673,541,256
	Obtained during the period / year	549,932,496	148,624,925
	Repayments made during the period / year	<u>(126,295,946)</u>	<u>(203,621,362)</u>
		2,042,181,369	1,618,544,819
	Less: Current portion shown under current liabilities	<u>(278,762,295)</u>	<u>(86,081,234)</u>
		<u>1,763,419,074</u>	<u>1,532,463,585</u>
5	DEFERRED GRANT		
	As at July 01	4,555,199	-
	Recognized during the year	8,578,673	4,865,819
	Amortized during the year	<u>(4,215,011)</u>	<u>(310,620)</u>
	As at June 30	<u>8,918,861</u>	<u>4,555,199</u>
	Less: Current portion shown under current liabilities	<u>(6,384,684)</u>	<u>(2,954,590)</u>
		<u>2,534,177</u>	<u>1,600,609</u>
6	CONTINGENCIES AND COMMITMENTS		
6.1	Contingencies		
	There is no significant change in the status of contingencies as disclosed in note 13.1 & 13.2 of the financial statements for the year ended June 30, 2020.		
6.2	Commitments		
	Irrevocable letters of credit for:		
	Capital expenditures	-	323,929,790
	Non-capital expenditures	8,741,575	-
	Raw Material	<u>69,169,516</u>	-
		77,911,091	323,929,790
	Short term lease		
	Payable within one year	<u>61,004</u>	<u>747,117</u>
		<u>77,972,095</u>	<u>324,676,907</u>
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets - Owned	2,352,821,680	2,053,047,346
	Capital work in progress	-	39,824,587
		<u>2,352,821,680</u>	<u>2,092,871,933</u>
7.1	Operating fixed assets - Owned		
	Opening written down value	2,053,047,346	2,189,508,049
	Additions during the period / year:		
	Building on free hold land-factory	5,815,940	7,038,630
	Plant and machinery	390,991,583	121,911,340
	Electric installation	2,695,917	1,500,000
	Furniture and fixtures	-	531,892
	Office equipment	170,500	639,899
	Vehicles	<u>3,345,392</u>	<u>4,667,157</u>
		403,019,332	136,288,918
	Written down value of property, plant and equipment disposed off	<u>(373,720)</u>	<u>(61,971,590)</u>
	Depreciation charged during the period / year	<u>(102,871,278)</u>	<u>(210,778,031)</u>
	Written down value at end of the period / year	<u>2,352,821,680</u>	<u>2,053,047,346</u>
8	OTHER FINANCIAL ASSETS		
	Investments classified as FVTOCI		
	Equity investments	347,238,999	279,944,652
	Mutual funds	<u>174,129</u>	<u>193,213,491</u>
		<u>347,413,128</u>	<u>473,158,143</u>
8.1	Reconciliation between fair value and cost of investments classified at FVTOCI		
	Fair value of investments		
	-in listed equity securities	347,238,999	279,944,652
	-in units of mutual funds	<u>174,129</u>	<u>193,213,491</u>
		<u>347,413,128</u>	<u>473,158,143</u>
	Unrealized loss on remeasurement of investments	<u>(30,209,627)</u>	<u>(87,202,727)</u>
	Cost of investment	<u>377,622,755</u>	<u>560,360,870</u>



PROSPERITY WEAVING MILLS LTD.

Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

9 COST OF SALES

Rupees.....	Rupees.....	
Raw material consumed	2,402,169,757	2,334,742,997	1,181,593,662	1,176,736,743
Fuel and power	246,343,740	249,948,820	119,901,478	112,396,872
Salaries, wages and benefits	186,727,226	191,241,362	91,429,226	94,619,027
Stores and spares consumed	33,236,174	35,475,197	16,314,624	22,663,480
Sizing material consumed	63,628,356	59,522,632	33,269,534	30,457,590
Depreciation	98,215,098	99,331,611	50,771,549	49,679,067
Packing material consumed	13,912,957	12,704,527	6,657,393	6,595,489
Insurance	5,742,325	6,008,407	2,617,553	3,045,992
Repairs and maintenance	3,410,620	924,533	2,212,283	298,266
Vehicles running and maintenance	2,799,754	3,289,190	1,355,325	1,317,890
Traveling and conveyance	180,290	313,522	90,320	185,397
Lease rentals-land	183,012	194,906	91,506	73,665
Fee and subscription	231,285	511,812	193,285	40,500
Entertainment	577,586	613,152	318,122	309,565
Others	2,589,110	3,015,777	1,440,192	1,611,097
Manufacturing cost	3,059,947,290	2,997,838,445	1,508,256,052	1,500,030,640

Work-in-process:

At beginning of period	86,316,978	96,033,482	88,709,741	86,583,899
At end of period	(95,020,428)	(101,895,286)	(95,020,428)	(101,895,286)
	(8,703,450)	(5,861,804)	(6,310,687)	(15,311,387)

Cost of goods manufactured

	3,051,243,840	2,991,976,641	1,501,945,365	1,484,719,253
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Finished stocks:

At beginning of period	234,619,936	75,507,815	178,502,242	266,059,605
Cloth purchased	4,728,126	306,914	3,576,476	24,505
At end of period	(147,628,101)	(162,798,919)	(147,628,101)	(162,798,919)
	91,719,961	(86,984,190)	34,450,617	103,285,191
	3,142,963,801	2,904,992,451	1,536,395,982	1,588,004,444

10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the company and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. The consideration is determined on commercial terms and conditions. The transactions with related parties during the period generally consist of sales and purchases.

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

Nature of Relationship	Nature of Transaction	Half Year Ended (Un-Audited)	
		December 31, 2020	December 31, 2019
	Rupees.....	
Associated companies	Purchase of goods and services	752,282,344	828,878,631
	Sale of goods and services and stores	-	8,136,375
	Dividend paid	-	22,317,132
Key management personnel	Remuneration and other benefits	18,144,762	21,690,195
	Dividend paid to directors and their close family members	-	42,436,252

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



PROSPERITY WEAVING MILLS LTD.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Financial assets - at fair value	----- Rs -----			
-Equity investments designated at FVTOCI	347,238,999	-	-	347,238,999
-Mutual funds designated at FVTOCI	174,129	-	-	174,129
At December 31, 2020	347,413,128	-	-	347,413,128

	June 30, 2020			Total
	Level 1	Level 2	Level 3	
Financial assets - at fair value	----- Rs -----			
-Equity investments designated at FVTOCI	279,944,652	-	-	279,944,652
-Mutual funds designated at FVTOCI	193,213,491	-	-	193,213,491
At June 30, 2020	473,158,143	-	-	473,158,143

At December 31, 2020 the company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

12 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Half Year Ended (Un-Audited)		
	June 30, 2020	Cash flow	December 31, 2020
	----- Rupees -----		
Long term finances	1,618,544,819	423,636,550	2,042,181,369
Short term borrowings	366,998,931	(316,908,571)	50,090,360
	1,985,543,750	106,727,979	2,092,271,729

13 CORRESPONDING FIGURES

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

13.2 Figures have been rounded off to the nearest rupee.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) have been approved by the board of directors of the Company and authorized for issue on February 25, 2021.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 25, 2021



PROSPERITY WEAVING MILLS LTD.

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PROSPERITY WEAVING MILLS LTD.

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