

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2020
(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
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	Chairman
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	Chairman
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 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' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2020. The comparative figures for the corresponding quarter ended on March 31, 2019 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2019.

Company Performance

Alhamdulillah, during the 3rd quarter of the financial year 2019-20 ended on March 31, 2020, your company has managed to earn after tax profit of Rs. 38,917,882 or 2.80% of sales compared to Rs. 35,174,674 or 1.95% of sales during corresponding quarter of previous year. Earning per share (EPS) is Rs. 2.11 in current quarter compared to Rs. 1.90 during the corresponding quarter of previous year.

Sales revenue for the period under review stood at Rs. 1,390,685,635 compared to Rs. 1,804,535,076 showing a reduction in sales by 22.93%. The main reason for reduction in sales is because of lower production due to reduction in looms. During the quarter under review, cost of sales decreased and stood at 89.18% of sales in comparison to 91.10% of sales during the corresponding quarter of previous year. This reduction in cost of sales in comparison to sales is due to better product prices. Decrease in cost of sales resulted in increase in gross profit (GP) from 8.90% of sales during same period last year to 10.82% of sales during the period under review.

Overall operating expenses increased from 3.23% of sales during the corresponding quarter of previous year to 4.33% of sales during the quarter 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 by 45.01% over the corresponding quarter of previous year. The decrease is mainly due to cheaper foreign currency borrowings for working capital and reduction in long term loans through repayments.

The financial performance of the company was partially affected by the government ordered shutdown of production from March 24, 2020.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals upto March 15, 2020, at the Ginneries totaled 8.571 million bales compared to 10.763 million bales for similar period of financial year 2018-19 showing decrease in arrival of 20.36%.

Future Outlook

Up to mid of March, 2020 operations of the company were smooth and company was earning reasonable margins on its product sales. Unfortunately, outbreak of COVID-19 has halted the smooth operating environment. Global economies have gone into recession and our buyers have instructed us to stop their contracted orders and dispatches for the time being. Devastating impact of COVID-19 on our daily life including the economy is now evident and the future appears to be challenging. We are unable at this time to assess the quantum of slow down and how the prevailing situation will impact the Company's operations during the fourth quarter of the financial year. However, the company may suffer losses during the April-June quarter which may significantly reduce annual profits.



PROSPERITY WEAVING MILLS LTD.

In cognizance of the prevailing situation Government has announced certain support schemes for the industry. We hope that this will help the industry to sustain the brunt of this recessionary period. The company wants to place on record its appreciation of the Government and State Bank measures to provide liquidity and financial support to Pakistani industry.

During the period under review PKR devalued against USD which resulted in rise in imported material costs. SBP is easing monetary tightening and is reducing the policy rate. This is a welcome sign and will reduce cost of doing business.

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 "Shahzada Ellahi Shaikh".

Shahzada Ellahi Shaikh
Chairman

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 29, 2020

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2020ء کو مختتمہ تیسری سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 مارچ 2019ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے سٹیٹیمینٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2019ء کو مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے پچھلے سال کی اسی سہ ماہی کے دوران 35,174,674 روپے یا فروخت کا 1.95 فیصد کے مقابلے میں 31 مارچ 2020 کو ختم ہونے والی مالی سال 2019-20 کی تیسری سہ ماہی کے دوران 38,917,882 روپے یا فروخت کا 2.80 فیصد بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 1.90 روپے کے مقابلے میں 2.11 روپے ہے۔

فروخت آمدنی 1,804,535,076 روپے کے مقابلے میں زیر جائزہ مدت کے لئے 1,390,685,635 روپے رہی۔ جو کہ 22.93 فیصد کی کمی ظاہر کرتی ہے۔ بنیادی طور پر فروخت میں کمی لومز میں کمی کے باعث کم پیداوار کی وجہ سے ہوئی ہے۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت میں کمی واقع ہوئی، اور یہ گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 91.10 فیصد کے مقابلے میں فروخت کے 89.18 فیصد رہی۔ فروخت کے مقابلے میں فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کا 8.90 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 10.82 فیصد ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 3.23 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کے 4.33 فیصد تک زیادہ 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 سہ ماہی سے 45.01 فیصد کم ہوئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر ورکنگ کپٹل کے لئے سستے غیر ملکی قرضہ اور دوبارہ ادائیگیوں کے ذریعے طویل مدتی قرضوں میں کمی کی وجہ سے ہوئی ہے۔

حکومت کی طرف سے 24 مارچ 2020 سے پیداوار بند رکھنے کے حکم کی وجہ سے کمپنی کی مالی کارکردگی جزوی طور پر متاثر ہوئی۔

فصل سال 2019-20 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 مارچ 2020ء تک جزیر میں آمد گزشتہ سال 2018-19 کی اسی مدت میں 0.763 بلین گانٹھوں کے مقابلے میں کل 8.571 بلین گانٹھیں ہو گئیں جو کہ 20.36 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

مارچ 2020 کے وسط تک، کمپنی کے معاملات ہموار تھے اور کمپنی اپنی مصنوعات کی فروخت پر مناسب مارجن حاصل کر رہی تھی۔ بد قسمتی سے 19 COVID-19 کے پھیلاؤ نے ہموار آپریٹنگ ماحول کو روک دیا ہے۔ عالمی معیشتیں کساد بازاری کی لپیٹ میں آگئی ہیں اور ہمارے خریداروں نے ہمیں ہدایت کی ہے کہ وہ ان کے معاہدے کے مطابق آرڈرز اور ترسیلات کو فی الحال روک لیں۔ معیشت سمیت ہماری روزمرہ کی زندگی پر 19 COVID-19 کے تباہ کن اثرات عیاں ہیں اور مستقبل مشکل دکھائی دیتا ہے۔ ہم فی الحال سست روی کی رفتار کا اندازہ لگانے سے قاصر ہیں اور مالی سال کی چوتھی سہ ماہی کے دوران کمپنی کے معاملات پر موجودہ صورتحال کس طرح اثر انداز ہوگی۔ تاہم، اپریل۔ جون سہ ماہی کے دوران کمپنی کو خسارے کا سامنا کرنا پڑ سکتا ہے جس سے سالانہ منافع میں نمایاں کمی واقع ہو سکتی ہے۔



PROSPERITY WEAVING MILLS LTD.

موجودہ صورتحال کے پیش نظر حکومت نے صنعت کے لئے چند امدادی منصوبوں کا اعلان کیا ہے۔ ہم امید کرتے ہیں کہ اس سے صنعت کو اس کساد بازاری کے دور سے بچنے میں مدد ملے گی۔ کمپنی پاکستانی صنعت کو لیکویڈیٹی اور مالی مدد فراہم کرنے کے حکومتی اور اسٹیٹ بینک اقدامات کو سراہتی ہے۔

زیر جائزہ مدت کے دوران ڈالر کے مقابلے میں پاکستانی روپیہ کی قیمت کم ہوئی جس کے نتیجے میں درآمدی مال کے اخراجات میں اضافہ ہوا۔ اسٹیٹ بینک مالیاتی پالیسی کی سختی میں کمی کر رہا ہے اور پالیسی شرح کو کم کر رہا ہے۔ یہ خوش آئند علامت ہے اور اس سے کاروبار کرنے کی لاگت کم ہوگی۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بینکنگز کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ

شہزادہ الہی شیخ

چیئر مین

رضا الہی شیخ

مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)

لاہور: 29 اپریل 2020ء



PROSPERITY WEAVING MILLS LTD.

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

	Un-Audited March 31, 2020	Audited June 30, 2019
	NoteRupees.....
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2019: 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	880,708,404	866,947,761
Revaluation surplus on land	102,840,634	102,840,634
TOTAL EQUITY	1,168,349,038	1,154,588,395
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 <u>1,191,635,669</u>	<u>1,401,669,107</u>
Employees retirement benefits	131,297,333	113,846,651
Deferred taxation	5,928,689	5,928,689
	1,328,861,691	1,521,444,447
CURRENT LIABILITIES		
Trade and other payables	<u>423,884,951</u>	<u>446,059,871</u>
Accrued interest / mark-up	22,656,909	43,411,088
Short term borrowings	493,057,557	1,020,731,819
Current portion of long term finances	278,239,568	271,872,149
Unclaimed dividend	5,289,249	4,890,794
	<u>1,223,128,234</u>	<u>1,786,965,721</u>
TOTAL LIABILITIES	2,551,989,925	3,308,410,168
CONTINGENCIES AND COMMITMENTS		
	5	
TOTAL EQUITY AND LIABILITIES	3,720,338,963	4,462,998,563

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

Lahore: April 29, 2020


Shahzada Ellahi Shaikh
Chairman


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

	Un-Audited March 31, 2020	Audited June 30, 2019
NoteRupees.....	
ASSETS		
NON-CURRENT ASSETS		
Proper plant & equipment	2,015,310,626	2,194,488,854
Intangible assets	1,375,144	2,259,165
Long term deposits	15,039,000	15,039,000
Sales tax refund bonds	-	28,600,000
	2,031,724,770	2,240,387,019
CURRENT ASSETS		
Stores, spare parts and loose tools	66,685,418	67,841,093
Stock-in-trade	639,217,021	520,264,696
Trade receivables	418,332,935	911,859,937
Advances	36,872,238	14,748,553
Short term prepayments	6,738,108	2,036,980
Other receivables	16,267,873	7,777,222
Sales tax refundable	27,578,743	42,951,091
Other financial assets	398,114,844	444,623,369
Advance income tax - net	62,818,890	96,257,531
Cash and bank balances	15,988,123	114,251,072
	1,688,614,193	2,222,611,544
TOTAL ASSETS	3,720,338,963	4,462,998,563

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine Months Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
NoteRupees.....	Rupees.....	
Sales-net	4,603,091,036	5,111,902,704	1,390,685,635	1,804,535,076
Cost of sales	8 (4,145,155,633)	(4,680,578,191)	(1,240,163,182)	(1,643,943,263)
Gross profit	457,935,403	431,324,513	150,522,453	160,591,813
Distribution cost	(75,533,800)	(74,412,003)	(37,536,181)	(30,586,704)
Administrative expenses	(77,140,709)	(69,479,313)	(25,035,994)	(22,361,413)
Other operating expenses	(22,503,563)	(28,287,848)	2,347,737	(5,376,286)
	<u>(175,178,072)</u>	<u>(172,179,164)</u>	<u>(60,224,438)</u>	<u>(58,324,403)</u>
	282,757,331	259,145,349	90,298,015	102,267,410
Other income	56,631,565	22,002,676	(5,937,821)	812,303
Operating profit	339,388,896	281,148,025	84,360,194	103,079,713
Finance cost	(92,528,143)	(132,362,458)	(25,698,721)	(46,729,227)
Profit before taxation	246,860,753	148,785,567	58,661,473	56,350,486
Provision for taxation	(69,071,172)	(60,844,850)	(19,743,591)	(21,175,812)
Profit after taxation	177,789,581	87,940,717	38,917,882	35,174,674
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealized (loss) on remeasurement of equity investments designated at FVTOCI	(98,893,046)		(147,720,429)	
Realized gain on remeasurement of equity investments designated at FVTOCI	8,784,108		8,784,108	
Items that may be reclassified subsequently to statement of profit or loss				
Unrealized (loss) / gain on remeasurement of available for sale investments		(20,127,319)		29,661,992
Total comprehensive income / (loss) for the period	87,680,643	67,813,398	(100,018,439)	64,836,666
Earnings per share - basic and diluted	9.62	4.76	2.11	1.90

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 29, 2020



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended	
	March 31, 2020	March 31, 2019
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	246,860,753	148,785,567
Adjustments for:		
Depreciation of property, plant and equipment	157,311,183	164,487,418
Amortization of intangible asset	884,021	884,022
Provision for employee benefits	28,625,054	22,620,231
Gain on disposal of property, plant and equipment	(6,791,756)	(2,542,548)
(Gain)/loss on sale of investments designated at FVTPL	(24,388,361)	16,273,001
Dividend income	(25,693,584)	(19,460,129)
Finance cost	92,528,143	132,362,458
Operating cash flow before working capital changes	469,335,453	463,410,020
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	1,155,675	(25,196,670)
Stock-in-trade	(118,952,325)	(281,846,873)
Trade receivables	493,527,002	103,902,762
Advances	(22,123,685)	(666,275)
Short-term prepayments	(4,701,128)	(4,430,664)
Other receivables	(8,490,651)	7,476,081
Sales tax refundable	15,372,348	(12,370,789)
	355,787,236	(213,132,428)
(Decrease)/increase in Trade and other payables	(22,174,920)	78,981,790
Cash generated from operations	802,947,769	329,259,382
Employee benefits paid	(11,174,372)	(9,686,159)
Finance cost paid	(113,282,322)	(127,790,165)
Income taxes paid	(35,632,531)	(25,497,974)
Net cash generated from operating activities	642,858,544	166,285,084
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,306,599)	(13,153,136)
Proceeds from disposal of property, plant and equipment	51,965,400	4,891,000
Purchase of short term investments	(975,853,977)	(187,904,845)
Proceeds from sale of short term investments	956,641,925	97,262,323
Proceeds from redemption of sales tax refund bonds	28,600,000	-
Dividend received	25,693,584	19,460,129
Net cash generated from/(used in investing activities)	63,740,333	(79,444,529)



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended	
	March 31, 2020	March 31, 2019
Rupees.....	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	-	38,782,000
Repayment of long term finances	(203,666,019)	(139,940,564)
Short term borrowings excluding running finance	(120,806,530)	(50,000,000)
Dividend paid	(73,521,545)	(36,635,775)
Net cash used in financing activities	(397,994,094)	(187,794,339)
Net increase /(decrease) in cash and cash equivalents (A+B+C)	308,604,783	(100,953,784)
Cash and cash equivalents at beginning of the period	(481,480,747)	(387,355,547)
Cash and cash equivalents at end of the period	(172,875,964)	(488,309,331)
Cash and cash equivalents		
Cash and bank balances	15,988,123	105,160,609
Running finance	(153,989,289)	(457,972,161)
Bank overdraft	(34,874,798)	(135,497,780)
	(172,875,964)	(488,309,332)

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 29, 2020



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Issued, Subscribed and paid up share capital	Capital reserves			Revenue Reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit	
-----Rupees-----						
Balance as at June 30, 2018 - restated (Audited)	184,800,000	16,600,000	55,564,634	15,740,345	728,371,633	1,001,076,612
Comprehensive income						
Profit after taxation	-	-	-	-	87,940,717	87,940,717
Other comprehensive loss - net of tax	-	-	-	(20,127,319)	-	(20,127,319)
Total comprehensive (loss)/income for the period	-	-	-	(20,127,319)	87,940,717	67,813,398
Surplus on revaluation on land	-	-	47,276,000	-	-	47,276,000
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 March 31, 2019 - Un-audited	184,800,000	16,600,000	102,840,634	(4,386,974)	779,352,350	1,079,206,010
Comprehensive income						
Profit after taxation	-	-	-	-	122,093,724	122,093,724
Other comprehensive loss - net of tax	-	-	-	(46,408,960)	(302,379)	(46,711,339)
Total comprehensive (loss)/income for the period	-	-	-	(46,408,960)	121,791,345	75,382,385
Balance as at June 30, 2019 - 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	-	-	-	-	177,789,581	177,789,581
Other comprehensive loss	-	-	-	(90,108,938)	-	(90,108,938)
Total comprehensive (loss)/income for the period	-	-	-	(90,108,938)	177,789,581	87,680,643
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 March 31, 2020 - Un-audited	184,800,000	16,600,000	102,840,634	(140,904,872)	1,005,013,276	1,168,349,038

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 29, 2020



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 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 Sheikhpura Sharaqpur 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 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, 2019. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019, 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 nine months ended March 31, 2019.

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, 2019 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, 2019:

3.1.1 IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the company. IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e lessors continue to classify lease as either finance or operating lease. The Company has adopted IFRS 16 from July 01, 2019 and has elected recognition exemptions under this IFRS due to short term and low value leases.

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, 2019.



PROSPERITY WEAVING MILLS LTD.

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, 2019.

4 LONG TERM FINANCES

	Un-Audited March 31, 2020	Audited June 30, 2019
	-----Rupees-----	
From banking companies		
Opening balance	1,673,541,256	1,699,563,579
Obtained during the period / year	-	181,172,000
Repayments made during the period / year	(203,666,019)	(207,194,323)
	<u>1,469,875,237</u>	<u>1,673,541,256</u>
Less: Current portion shown under current liabilities	(278,239,568)	(271,872,149)
	<u><u>1,191,635,669</u></u>	<u><u>1,401,669,107</u></u>

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, 2019.

5.2 Commitments

Irrevocable letters of credit for

Capital expenditures	445,697,528	113,715,105
Non-capital expenditures	1,748,055	4,501,565
Raw Material	171,806,532	-
	<u>619,252,115</u>	<u>118,216,670</u>

Operating lease

Payable within one year	1,090,173	845,185
Payable later than one year but not later than five years	-	244,017
	<u>1,090,173</u>	<u>1,089,202</u>
	<u><u>620,342,288</u></u>	<u><u>119,305,872</u></u>

6 PRPOERT PLANT & EQUIPMENT

Operating fixed assets - Owned	6.1	1,999,742,106	2,189,508,049
Capital work in progress		15,568,520	4,980,805
		<u>2,015,310,626</u>	<u>2,194,488,854</u>



PROSPERITY WEAVING MILLS LTD.

	Un-Audited March 31, 2020	Audited June 30, 2019
	-----Rupees-----	
6.1 Operating fixed assets - Owned		
Opening written down value	2,189,508,049	2,209,083,425
Revaluation surplus on freehold land	-	47,276,000
Additions during the period / year		
Building-on free hold land	7,038,628	1,157,616
Plant and machinery	-	155,564,454
Factory equipment	-	78,900
Furniture and fittings	430,500	1,733,591
Office equipment	582,600	350,700
Vehicles	4,667,156	35,655,310
	12,718,884	194,540,571
Written down value of property, plant and equipment disposed off	(45,173,644)	(40,697,675)
Depreciation charged during the period / year	(157,311,183)	(220,694,272)
Written down value at end of the period / year	1,999,742,106	2,189,508,049
6.2 Capital work in progress		
Plant and machinery	7,726,918	96,692
Advances for plant and machinery	7,841,602	-
Advances for building on freehold land	-	4,884,113
	15,568,520	4,980,805
Movement in capital work in progress		
At beginning of the period / year	4,980,805	-
Additions	22,293,499	193,829,831
Transfer to property, plant and equipment	(11,705,784)	(188,849,026)
At end of the period / year	15,568,520	4,980,805
7 OTHER FINANCIAL ASSETS		
Investments designated at FVTPL		
Equity Investments	-	95,327,811
Mutual funds	-	5,325,290
	-	100,653,101
Investments classified as FVTOCI		
Equity investments	260,492,830	334,264,021
Mutual funds	137,622,014	9,706,247
	398,114,844	343,970,268
	398,114,844	444,623,369
7.1 Reconciliation between fair value and cost of investments classified at FVTOCI		
Fair value of investments		
-in listed equity securities	260,492,830	334,264,021
-in units of mutual funds	137,622,014	9,706,247
	398,114,844	343,970,268
Unrealized loss on remeasurement of investments	149,688,980	50,795,934
Cost of investment	547,803,824	394,766,202



PROSPERITY WEAVING MILLS LTD.

Nine Months Ended (Un-Audited)		Quarter Ended (Un-Audited)	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019

8 COST OF SALES

	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Raw material consumed	3,366,814,509	3,817,696,700	1,032,071,512	1,349,837,628
Fuel and power	359,409,233	421,121,633	109,460,413	119,045,302
Salaries, wages and benefits	297,927,530	290,720,452	106,686,168	102,503,550
Stores and spares consumed	51,666,320	44,031,547	16,191,123	16,483,919
Sizing material consumed	86,305,631	97,632,921	26,782,999	32,635,080
Depreciation	149,119,317	158,484,719	49,787,706	52,828,459
Packing material consumed	17,232,271	22,471,928	4,527,744	7,230,810
Insurance	8,995,824	9,147,944	2,987,417	3,155,441
Repairs and maintenance	912,565	3,566,401	(11,968)	561,857
Vehicles running and maintenance	5,564,050	4,608,626	2,274,860	1,473,690
Traveling and conveyance	400,890	435,158	87,368	122,963
Lease rentals-land	268,573	249,561	73,667	83,187
Fee and subscription	528,812	624,265	17,000	48,150
Entertainment	825,404	874,874	212,252	266,260
Others	4,281,917	4,857,038	1,266,140	2,186,165
	4,350,252,846	4,876,523,767	1,352,414,401	1,688,462,461
Work-in-process:				
At beginning of period	96,033,482	66,124,675	101,895,286	101,614,409
At end of period	(100,756,141)	(97,178,089)	(100,756,141)	(97,178,089)
	(4,722,659)	(31,053,414)	1,139,145	4,436,320
Cost of goods manufactured	4,345,530,187	4,845,470,353	1,353,553,546	1,692,898,781
Finished stocks:				
At beginning of period	75,507,815	88,881,054	162,798,919	205,271,308
Cloth purchased	500,215	1,882,502	193,301	1,428,892
At end of period	(276,382,584)	(255,655,718)	(276,382,584)	(255,655,718)
	(200,374,554)	(164,892,162)	(113,390,364)	(48,955,518)
	4,145,155,633	4,680,578,191	1,240,163,182	1,643,943,263

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 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	Nine Months Ended (Un-Audited)	
		March 31, 2020	March 31, 2019
	Rupees.....	
Associated companies	Purchase of goods and services	1,192,031,400	1,219,325,585
	Sale of goods and services	8,201,649	158,800
	Dividend paid	22,317,132	11,158,566
Key management personnel	Remuneration and other benefits	30,892,731	24,881,834
	Dividend paid to directors and their close family members	42,436,252	21,218,126

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



PROSPERITY WEAVING MILLS LTD.

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	Level 1	Level 2	Level 3	Total
	Rs			
Financial assets - at fair value				
-Equity investments designated at FVTOCI	260,492,830	-	-	260,492,830
-Mutual funds designated at FVTOCI	137,622,014	-	-	137,622,014
As at March 31, 2020	398,114,844	-	-	398,114,844

Financial assets - at fair value

-Equity investments designated at FVTPL	95,327,811	-	-	95,327,811
-Equity investments designated at FVTOCI	334,264,021	-	-	334,264,021
-Mutual funds designated at FVTPL	9,706,247	-	-	9,706,247
-Mutual funds designated at FVTOCI	5,325,290	-	-	5,325,290
As at June 30, 2019	444,623,369	-	-	444,623,369

At March 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.

11 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Nine Months Ended (Un-Audited)		
	June 30, 2019	Net Cash flow	March 31, 2020
Rupees.....		
Long term finances	1,673,541,256	(203,666,019)	1,469,875,237
Short term borrowings	1,020,731,819	(527,674,262)	493,057,557
	2,694,273,075	(731,340,281)	1,962,932,794

12 CORRESPONDING FIGURES

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

12.2 Figures have been rounded off to the nearest rupee.

13 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 29, 2020.

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: April 29, 2020

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