

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2021
(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.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Soneri Bank Limited
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 statements of the Company for the 1st quarter ended on September 30, 2021. The comparative figures for the corresponding quarter ended on September 30, 2020 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2021.

Company Performance

Alhamdulillah, positive business environment continued to prevail for the textile industry during 1st quarter of the financial year 2021-22. During the quarter under review, your Company has earned after tax profit of Rs. 165,797,407 compared to Rs. 58,851,729 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 8.97 compared to Rs. 3.18 for the SPLY. Better profitability is the result of healthy product margins due to strong demand for fabrics from the value added sector. Consistent energy supply by the Government at competitive rates was a huge support to the industry and was of great help in boosting exports of the country.

Sales revenue for the quarter under review increased by 48.77% over the SPLY and stood at Rs. 2,635,710,500 compared to Rs. 1,771,690,933. Cost of sales decreased from 90.68% of sales during SPLY to 88.99% of sales during the period under review due to better product margins. Increase in sales revenue and decrease in cost of sales resulted in rise in Gross Profit (GP) by 1.76 times over the SPLY.

Higher sales resulted in Operating expenses decreasing from 3.86% of sales during SPLY to 2.83% of sales during the period under review. Generation of electricity from solar project helped to reduce energy expenses. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost in percentage terms reduced from 1.24% of sales during SPLY to 1.07% of sales during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22, Kapas, (seed cotton) arrivals up to October 15, 2021, at the Gineries totalled 5.208 million bales compared to 2.688 million bales for SPLY showing increase in arrival of 93.73%.

Future Outlook

The Company earned healthy profit during first quarter under review. The whole textile sector benefitted from surging global demand from the value added sector such as home textiles, garments, denim and the local fashion segment. A combination of rise in fabric selling rates and higher production volumes resulted in higher profits for the company.

However, in subsequent quarters, we are foreseeing rise in raw material costs which may impact the profit margins. Devaluation of Pakistani Rupee will cause higher raw material, chemical and spare part costs. Freight rates for export cargo has risen sharply and will affect export margins. Pakistan Economy is undergoing high inflation. This may cause rise in interest rates which is also detrimental for future profitability. Energy costs may also rise due to sharply higher oil and gas prices. Therefore, management is working on risk aversion strategies to maintain profitability.

The Ministry of Energy (Power Division) has recently notified the extension of the textile tariff till June 30th, 2022. A longer-term decision is required in this respect. It is hoped that the government will continue to provide gas and electricity at competitive rates to the industry. The textile sector has the largest share in the total exports of the country.

Management is cautiously optimistic that the financial year 2021-22 would remain reasonably profitable. The domestic cotton production is expected to be around 8.5 million bales. This is an improvement over the last year's production of 5.7 million bales. The favorable weather conditions are being attributed as the main reason for the increase. In spite of a larger crop, the industry will have to import a sizeable quantity of cotton as the demand far exceeds the domestic production.

The installation and production of 26 new looms and associated machinery will likely be completed by the end of 3rd quarter of this financial year. These high-tech looms will provide better product range spectrum. The second solar power project of 226.60 kw is also expected to be completed during this financial year.

It is hoped that the Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax so that stretched corporate cash flows can be eased out. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

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 thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board.

Haroon Shahzada Ellahi Shaikh

Director

Raza Ellahi Shaikh

Chief Executive Officer

Lahore: October 27, 2021



PROSPERITY WEAVING MILLS LTD.

ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 ستمبر 2021 کو مختصرہ پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے ریٹینٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021 کو مختصرہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، مالی سال 2021-22 کی پہلی سہ ماہی کے دوران ٹیکسٹائل انڈسٹری کے لئے کاروباری ماحول مثبت رہا ہے۔ آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 58,851,729 روپے کے مقابلے میں زیر جائزہ سہ ماہی کے دوران 165,797,407 روپے بعد از ٹیکس منافع کمایا ہے۔ سہ ماہی کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 3.18 روپے کے مقابلے میں 8.97 روپے رہی ہے۔ بہتر منافع ویلیو ایڈڈ سیکلر سے فیبرک کی مضبوط طلب کے باعث صحت مند مصنوعات مارجن کا نتیجہ ہے۔ حکمت کی طرف سے مسابقتی نرخوں پر پہلی کی مسلسل فراہمی نے انڈسٹری کی بہت زیادہ مدد کی اور ملک کی برآمدات کو فروغ دینے میں بڑی معاون رہی ہے۔

فروخت آمدنی گزشتہ سال کی اسی مدت سے 48.77% تک زیادہ ہوئی ہے اور گزشتہ سال اسی مدت کے دوران 1,771,690,933 روپے کے مقابلے میں 2,635,710,500 روپے رہی ہے۔ بہتر مصنوعات مارجن کی وجہ سے فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 90.68 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 88.99 فیصد تک کم ہوئی ہے۔ فروخت آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سہ ماہی سے 1.76 گنا زیادہ ہوا ہے۔

فروخت زیادہ ہونے کے نتیجے میں کاروباری اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 3.86 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 2.83 فیصد تک ہوئے ہیں۔ سٹری ٹوٹائی کے منصوبوں سے بجلی کی پیداوار نے توانائی کے اخراجات کو کم کرنے میں مدد کی ہے۔ کمپنی مستحکم نقد بہاؤ کا نکتہ اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران 1.24 فیصد سے کم ہو کر زیر جائزہ سہ ماہی کے دوران فروخت کے 1.07 فیصد ہو گئے ہیں۔

پاکستان کاٹن جزا ایبوسی ایشن کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 اکتوبر 2021 تک جزیز میں کپاس، (پتھ کپاس) کی پینچ سال 2020-21 کی کل 2,688 ملین گانٹھوں کے مقابلے میں 5,208 ملین گانٹھیں ہوئی جو کہ 93.73 فیصد کا اضافہ ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ سہ ماہی کے دوران کمپنی نے معقول منافع کمایا ہے۔ تمام ٹیکسٹائل سیکلر کو ویلیو ایڈڈ سیکلر جیسے کہ ہوم ٹیکسٹائل، گارمنٹس، ڈینم اور مقامی فیشننگ سٹکٹ سے عالمی طلب بڑھنے کا فائدہ ہوا ہے۔ فیبرک کی فروخت نرخوں میں اضافہ اور زیادہ پیداواری حجم کے امتزاج کے نتیجے میں کمپنی کے منافع جات زیادہ ہوئے ہیں۔

تاہم، آئندہ سہ ماہیوں میں، ہم خام مال کی قیمتوں میں اضافہ ہوتا دیکھ رہے ہیں جو منافع جات کو متاثر کر سکتا ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے خام مال، کیمیکل اور سپئر پارٹس کی قیمتوں میں اضافہ ہو جائے گا۔ ایکسپورٹ سامان کے لیے کرایوں کے نرخ میں تیزی سے اضافہ ہوا ہے اور جس سے ایکسپورٹ مارجن پر اثر پڑے گا۔ پاکستان کی معیشت بلند افراط زر سے گزر رہی ہے۔ یہ شرح سود میں اضافے کا سبب بن سکتا ہے جو مستقبل کے منافع کے لیے بھی نقصان دہ ہے۔ تیل اور گیس کی قیمتوں میں تیزی سے اضافے کی وجہ سے توانائی کے اخراجات بھی بڑھ سکتے ہیں۔ لہذا، منافع کو برقرار رکھنے کے لیے انتظامیہ خطرے سے بچنے کی حکمت عملی پر کام کر رہی ہے۔

وزارت توانائی (پاور ڈیویژن) نے حال ہی میں 30 جون 2022 تک ٹیکسٹائل ٹریفک کو توسیع کا اعلان کیا ہے۔ اس سلسلہ میں طویل مدتی فیصلہ کی ضرورت ہے۔ امید ہے کہ حکومت صنعت کو مسابقتی نرخوں پر گیس اور بجلی فراہم کرنا جاری رکھے گی۔ ملک کی کل درآمدت میں ٹیکسٹائل شعبہ کا بہت بڑا حصہ ہے۔

انتظامیہ محتاط طور پر امید ہے کہ مالی سال 2021-22 معقول حد تک منافع بخش رہے گا۔ مقامی کپاس کی پیداوار تقریباً 8.5 ملین گانٹھیں ہونے کی توقع ہے۔ یہ پینچلے سال 5.7 ملین گانٹھوں کی پیداوار کے مقابلے میں بہتر رہی ہے۔ سازگار موسمی حالات اور بہتر بیج اور کیڑے مارا دیات کے معیار کو اس اضافے کی بنیاد پر وجہ قرار دیا جا رہا ہے۔ بڑی فصل کے باوجود، صنعت کو کپاس کی ایک بڑی مقدار درآمد کرنی پڑے گی کیونکہ طلب مقامی پیداوار سے کہیں زیادہ ہے۔

26 مئی لومز اور متعلقہ مشینری کی تنصیب اور پیداوار اس مالی سال کی تیسری سہ ماہی تک مکمل ہو جائے گی۔ یہ جدید لومز بہتر پراڈکٹ ریٹنگ سیکلر فراہم کریں گی۔ 226.60 kw کا دوسرا سٹری ٹوٹائی کا منصوبہ بھی اسی مالی سال کے دوران مکمل ہونے کی توقع ہے۔

امید ہے کہ حکومت طویل المدت کاروباری دوستانہ پالیسیاں لانے کی جیسا کہ موثر انداز میں کم لاگت بلا تھقل توانائی کی فراہمی، بقا یا بلنگ ٹیکس اور انکم ٹیکس کی واپسی تاکہ کارپوریٹ ٹیکس فلو کو کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکلر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار تشکر

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

محمد رضا
مختار
چیف ایگزیکٹو آفیسر

مختار بورڈ

محمد شہزاد
ہارون شہزاد
ڈائریکٹر

لاہور: 127 اکتوبر 2021ء



PROSPERITY WEAVING MILLS LTD.


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	Un-Audited September 30, 2021	Audited June 30, 2021
NoteRupees.....	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2021: 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	1,618,066,484	1,459,037,799
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
TOTAL EQUITY	1,905,707,118	1,746,678,433
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 1,583,585,195	1,636,851,483
Employee retirement benefits	147,719,390	144,752,291
Deferred grant	5 -	1,630,759
Deferred taxation	59,799,491	59,799,491
	1,791,104,076	1,843,034,024
CURRENT LIABILITIES		
Trade and other payables	625,881,876	507,635,367
Accrued interest / markup	19,852,563	19,964,457
Short term borrowings	6 152,073,056	56,439,271
Current portion of long term finances	338,020,095	355,244,128
Current portion of deferred grant	6,477,975	6,477,975
Unclaimed dividend	6,050,395	6,255,331
	<u>1,148,355,960</u>	<u>952,016,529</u>
TOTAL LIABILITIES	2,939,460,036	2,795,050,553
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	<u>4,845,167,154</u>	<u>4,541,728,986</u>

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore: October 27, 2021


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	Un-Audited September 30, 2021	Audited June 30, 2021
NoteRupees.....	
NON-CURRENT ASSETS		
Property, plant and equipment	8 2,289,115,382	2,299,138,706
Long term deposits	15,039,000	15,039,000
	2,304,154,382	2,314,177,706
CURRENT ASSETS		
Stores, spare parts and loose tools	80,264,427	79,494,299
Stock-in-trade	1,242,209,475	956,620,251
Trade receivables	885,840,613	686,478,806
Advances	14,213,762	9,866,823
Short term prepayments	11,205,418	7,581,657
Other receivables	1,129,891	2,361,381
Sales tax refundable	38,219,543	38,856,991
Other financial assets	9 242,526,393	352,604,933
Advance income tax - net	23,988,624	32,319,337
Cash and bank balances	1,414,626	61,366,802
	2,541,012,772	2,227,551,280
TOTAL ASSETS	4,845,167,154	4,541,728,986

The annexed explanatory notes from 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2021

	Note	Quarter Ended	
		September 30 2021	September 30 2020
	Rupees.....	
Revenue from contracts with customers		2,635,710,500	1,771,690,933
Cost of sales	10	(2,345,612,677)	(1,606,567,819)
Gross profit		290,097,823	165,123,114
Distribution cost		(31,396,549)	(36,753,531)
Administrative expenses		(28,684,716)	(25,692,156)
Other operating expenses		(14,606,146)	(5,933,092)
		(74,687,411)	(68,378,779)
		215,410,412	96,744,335
Other income		9,895,024	6,426,467
Operating profit		225,305,436	103,170,802
Finance cost		(28,228,094)	(21,916,820)
Profit before taxation		197,077,342	81,253,982
Provision for taxation		(31,279,935)	(22,402,253)
Profit after taxation		165,797,407	58,851,729
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss:			
Fair value (loss)/gain on investment in equity instrument designated at FVTOCI		(6,768,722)	40,541,938
Total comprehensive income for the period		159,028,685	99,393,667
Earnings per share - basic and diluted		8.97	3.18

The annexed explanatory notes from 1 to 15 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: October 27, 2021



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended	
	September 30 2021	September 30 2020
Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	197,077,342	81,253,982
Adjustments for:		
Depreciation of property, plant and equipment	54,746,842	49,744,764
Amortization of intangible assets	-	294,675
Provision for employee benefits	9,222,858	8,681,292
Dividend income	(9,881,250)	(6,072,000)
Gain on disposal of property, plant and equipment	(13,774)	(354,467)
Finance cost	28,228,094	21,916,820
	82,302,770	74,211,084
Operating cash flow before working capital changes	279,380,112	155,465,066
Changes in Working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(770,128)	(3,488,020)
Stock-in-trade	(285,589,224)	(112,945,309)
Trade receivables	(199,361,807)	56,945,526
Advances	(4,346,939)	(334,015,193)
Short term prepayments	(3,623,761)	(8,339,571)
Other receivables	1,231,490	-
Sales tax refundable	637,448	(76,520,218)
	(491,822,921)	(478,362,785)
Decrease in trade and other payables	118,246,509	(47,337,074)
	(373,576,412)	(525,699,859)
Cash used in operations	(94,196,300)	(370,234,793)
Finance cost paid	(29,970,747)	(29,488,602)
Employee benefits paid	(6,255,759)	(5,719,595)
Income taxes paid	(22,949,223)	(19,809,532)
Net cash used in operating activities	(153,372,029)	(425,252,522)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(44,744,244)	(16,371,490)
Proceeds from disposal of property, plant and equipment	34,500	425,000
Purchase of other financial assets	(85,000,000)	(155,000,000)
Proceeds from sale of other financial assets	188,309,819	315,447,712
Dividend received	9,881,250	6,072,000
Net cash generated from investing activities	68,481,325	150,573,222
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	25,169,826	529,535,479
Repayment of long term finances	(95,660,147)	(107,666,750)
Short term borrowings excluding running finance and bank overdraft	-	(226,718,930)
Dividend paid	(204,936)	-
Net cash (used in)/generated from financing activities	(70,695,257)	195,149,799
Net decrease in cash and cash equivalents	(155,585,961)	(79,529,501)
Cash and cash equivalents at beginning of the period	4,927,531	(51,576,357)
Cash and cash equivalents at end of the period	(150,658,430)	(131,105,858)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,414,626	9,364,903
Running finance	(60,043,423)	(108,654,446)
Bank overdraft	(92,029,633)	(31,816,315)
	(150,658,430)	(131,105,858)

The annexed explanatory notes from 1 to 15 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: October 27, 2021



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Issued, subscribed and paid up capital	Capital reserve			Revenue reserve	Total	
	Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit		
----- Rupees -----						
Balance 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	-	-	-	-	58,851,729	58,851,729
Other comprehensive income - net of tax	-	-	-	40,541,938	-	40,541,938
Transfer of gain on disposal of equity investments at FVTOCI to unappropriated profit	-	-	-	(1,117,549)	1,117,549	-
Total comprehensive income for the period	-	-	-	39,424,389	59,969,278	99,393,667
Balance as at September 30, 2020 (Un-audited)	184,800,000	16,600,000	102,840,634	(47,778,338)	1,023,379,604	1,279,841,900
Comprehensive income						
Profit after taxation	-	-	-	-	582,725,025	582,725,025
Other comprehensive income - net of tax	-	-	-	23,048,281	(336,772)	22,711,509
Transfer of gain on disposal of equity investments at FVTOCI to unappropriated profit	-	-	-	(6,007,355)	6,007,355	-
Total Comprehensive income for the period	-	-	-	17,040,926	588,395,607	605,436,533
Transactions with owners						
Interim dividend for the year ended June 30, 2021 @ 75% i.e. Rs.7.5 per ordinary share	-	-	-	-	(138,600,000)	(138,600,000)
Balance at June 30, 2021 (Audited)	184,800,000	16,600,000	102,840,634	(30,737,412)	1,473,175,211	1,746,678,433
Comprehensive income						
Profit after taxation	-	-	-	-	165,797,407	165,797,407
Other comprehensive loss - net of tax	-	-	-	(6,768,722)	-	(6,768,722)
Transfer of gain on disposal of equity investments at FVTOCI to unappropriated profit	-	-	-	(15,913,510)	15,913,510	-
Total comprehensive (loss) / income for the period	-	-	-	(22,682,232)	181,710,917	159,028,685
Balance at September 30, 2021 (Un-audited)	184,800,000	16,600,000	102,840,634	(53,419,644)	1,654,886,128	1,905,707,118

The annexed explanatory notes from 1 to 15 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: October 27, 2021



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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, 2021. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021, 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 first quarter ended September 30, 2020.

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, 2021.

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, 2021.

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, 2021.

4 LONG TERM FINANCES

From Banking Companies

	Un-Audited September 30 2021	Audited June 30 2021
	-----Rupees-----	
Opening balance	1,992,095,611	1,618,544,819
Obtained during the period / year	25,169,826	498,567,718
Repayments made during the period / year	(95,660,147)	(125,016,926)
	<u>1,921,605,290</u>	<u>1,992,095,611</u>
Less: Current portion shown under current liabilities	<u>(338,020,095)</u>	<u>(355,244,128)</u>
	<u>1,583,585,195</u>	<u>1,636,851,483</u>



PROSPERITY WEAVING MILLS LTD.

	Un-Audited September 30 2021	Audited June 30 2021
	-----Rupees-----	
5 DEFERRED GRANT		
As at July 01	8,108,734	4,555,199
Recognized during the year	-	9,368,379
Amortized during the period/year	<u>(1,630,759)</u>	<u>(5,814,843)</u>
As at period/year end	<u>6,477,975</u>	<u>8,108,734</u>
Less: Current portion shown under current liabilities	<u>(6,477,975)</u>	<u>(6,477,975)</u>
	<u>-</u>	<u>1,630,759</u>
6 SHORT TERM BORROWING		
From banking companies:		
Running finance - secured	60,043,423	2,465,663
Bank overdraft - unsecured	<u>92,029,633</u>	<u>53,973,608</u>
	<u>152,073,056</u>	<u>56,439,271</u>
7 CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
There is no significant change in the status of contingencies as disclosed in the note 13.1 & 13.2 of the financial statement for the year ended June 30, 2021.		
7.2 Commitments		
Irrevocable letters of credit for		
Capital expenditures	338,978,540	19,118,862
Non-capital expenditures	112,416,115	261,542,993
	451,394,655	280,661,855
Short term lease		
Payable within one year	444,467	821,829
	<u>451,839,122</u>	<u>281,483,684</u>
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - owned	8.1 2,191,803,799	2,246,300,367
Capital work in progress	8.2 97,311,583	52,838,339
	<u>2,289,115,382</u>	<u>2,299,138,706</u>
8.1 Operating fixed assets - Owned		
Opening written down value	2,246,300,367	2,053,047,346
Additions during the period / year:		
Building on free hold land- Factory	-	5,815,940
Plant and machinery	-	390,991,583
Electric installation	-	2,695,917
Furniture and fixture	-	694,499
Office equipment	271,000	306,000
Vehicles	-	20,149,374
	271,000	420,653,313
Written down value of property, plant and equipment disposed off	(20,726)	(4,097,260)
Depreciation charged during the period/year	<u>(54,746,842)</u>	<u>(223,303,032)</u>
Written down value at end of the period/year	<u>2,191,803,799</u>	<u>2,246,300,367</u>
8.2 Capital work in progress		
Plant and machinery	52,460,282	46,997,849
Advances for plant and machinery	<u>44,851,301</u>	<u>5,840,490</u>
	<u>97,311,583</u>	<u>52,838,339</u>
Movement in capital work in progress		
At beginning of the period / year	52,838,339	39,824,587
Additions	44,473,244	433,667,065
Transfer to property, plant and equipment	-	(420,653,313)
At end of the period / year	<u>97,311,583</u>	<u>52,838,339</u>



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited September 30 2021	Audited June 30 2021
-----Rupees-----			
9 OTHER FINANCIAL ASSETS			
Investments classified as FVTOCI			
Equity investments	9.1	242,526,393	352,604,933
9.1 Reconciliation between fair value and cost of investments classified at FVTOCI			
Fair value of investments			
-in listed equity securities		242,526,393	352,604,933
Loss on remeasurement of investments		(53,419,644)	(30,737,412)
Cost of investment		<u>295,946,037</u>	<u>383,342,345</u>
Quarter Ended (Un-audited)			
		September 30 2021	September 30 2020
-----Rupees-----			
10 COST OF SALES			
Raw material consumed		1,920,512,904	1,220,576,095
Fuel and power		156,823,134	126,442,262
Salaries, wages and benefits		113,574,741	95,298,000
Stores and spares consumed		17,455,175	16,921,550
Sizing material consumed		38,494,747	30,358,822
Depreciation		52,103,095	47,443,549
Packing material consumed		10,344,788	7,255,564
Insurance		3,376,044	3,124,772
Repairs and maintenance		474,016	1,198,337
Vehicles running and maintenance		1,682,705	1,444,429
Traveling and conveyance		127,660	89,970
Lease rentals-land		100,656	91,506
Fee and subscription		204,000	38,000
Entertainment		306,808	259,464
Others		1,122,379	1,148,918
Manufacturing cost		2,316,702,852	1,551,691,238
Work-in-process:			
At beginning of period		112,850,341	86,316,978
At end of period		(161,437,424)	(88,709,741)
		<u>(48,587,083)</u>	<u>(2,392,763)</u>
Cost of goods manufactured		2,268,115,769	1,549,298,475
Finished stocks:			
At beginning of period		441,079,911	234,619,936
Cloth purchased		12,844	1,151,650
At end of period		(363,595,847)	(178,502,242)
		<u>77,496,908</u>	<u>57,269,344</u>
		<u>2,345,612,677</u>	<u>1,606,567,819</u>
11 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.



PROSPERITY WEAVING MILLS LTD.

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

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30	September 30
		2021	2020
	Rupees.....	
Associated companies	Purchase of goods and services	983,938,966	441,301,595
	Rent expense	276,705	251,550
Key Management Personnel	Remuneration and other benefits	11,463,144	9,180,086

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

12 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 Company's financial assets which are carried at fair value:

	September 30, 2021			Total
	Level 1	Level 2	Level 3	
	----- Rs -----			
Financial assets - at fair value				
Equity Investments designated at FVTOCI	242,526,393	-	-	242,526,393
At September 30, 2021	242,526,393	-	-	242,526,393

	June 30, 2021			
Financial assets - at fair value				
Equity Investments designated at FVTOCI	352,604,933	-	-	352,604,933
At June 30, 2021	352,604,933	-	-	352,604,933

At September 30, 2021 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.

13 CORRESPONDING FIGURES

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



PROSPERITY WEAVING MILLS LTD.

14 GENERAL

The figures have been rounded off to the nearest Rupee.

15 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 October 27, 2021.

Lahore: October 27, 2021

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

PROSPERITY WEAVING MILLS LTD.

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