

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2022
(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

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
United Bank Ltd.

REGISTERED OFFICE

Nagina House,
91-B-1, M.M. Alam Road,
Gulberg-III, Lahore-54660

REGIONAL OFFICE

2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines,
Beaumont Road, Karachi - 75530

WEB REFERENCE

www.nagina.com

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House 7-Bank Square, Lahore
Phone # 042-37235081-2
Fax # 042-37358817

MILLS

13.5 K.M
Sheikhupura Sharaqpur Road, Sheikhupura



PROSPERITY WEAVING MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2022. The comparative figures for the corresponding quarter ended on September 30, 2021 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2022.

Company Performance

Alhamdulillah, the company remained profitable and earned an after tax profit of Rs. 60,080,993 compared to Rs. 165,797,407 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 3.25 compared to Rs. 8.97 for the SPLY. The profitable financial result is in spite of the recession that the textile sector in general and weaving sector in particular are currently experiencing.

Sales revenue for the quarter under review increased by 40.30% over the SPLY and stood at Rs. 3,697,947,416 compared to Rs. 2,635,710,500. Cost of sales increased from 88.99% of sales during SPLY to 91.88% of sales during the period under review. Increase in cost of sales is mainly due to increase in raw material and fuel cost. Supply chain constraints and devaluation of rupee against USD was the major reason for increase in raw material cost. Raw material costs increased from 72.87% of sales during SPLY to 79.41% of sales during the period under review. Fuel costs increased from 5.95% of sales during SPLY to 8.92% of sales during the period under review. Increase in cost of sales resulted in lower Gross Profit (GP) from 11.01% of sales during SPLY to 8.12% of sales during the period under review.

Sea freights were abnormally high because of global port disruptions which resulted in rise in distribution costs from 1.19% of sales during SPLY to 2.70% of sales during the period under review. Administration expenses increased due to inflationary impact. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost increased from 1.07% of sales during SPLY to 1.58% of sales during the period under review. Increase in finance costs is mainly due to increase in interest rates as well as increase in average short term borrowings of the Company. The increase in borrowings is mainly due to higher fabric inventory levels.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals up to October 1, 2022, at the Ginneries totalled 2.936 million bales compared to 3.846 million bales for SPLY showing decrease in arrival of 23.67%.

Future Outlook

We are observing high volatility in exchange rates, product prices and uncertain markets. Demand for fabrics is suffering due to the predictions of a worldwide recession. Floods in Pakistan have damaged the local raw cotton crop. Raw cotton shortage will trigger expensive imports and damage the competitiveness of the Pakistan textile industry. Energy shortages particularly in gas combined with electricity load shedding is affecting production. Rising prices of both gas and electricity will add to the difficulties. Customers are complaining of sudden drop in demand for finished goods putting downward pressure on fabric prices. The Russia/Ukraine conflict is also casting its shadow. The very high sea freights and continuing logistical problems are an added source of distress. Unfortunately, all these factors have further intensified and depressed the outlook for the foreseeable future.

After vigorous negotiations by the business associations Pakistan Government has agreed to give a concessional power rate of Rs. 19.99 per KW up to June, 2023 to export oriented sector. This is a welcome step and would help the industry. However, expected gas supply disruptions during winter will exert adverse financial pressure on the finances of the company.

In the 1st quarter of financial year 2022-23 there was a significant drop in demand for fabrics. Customers in the finished goods sector have delayed lifting of sold goods and delayed payments for already lifted goods. Due to this the company liquidity remained stuck. Therefore, finished product inventory is rising and forcing higher short-term borrowings. The State Bank of Pakistan (SBP) policy rate of 15% will significantly raise the financial costs. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed causing further rise in financial costs. The delay period for LTFF loans disbursements is uncertain. This delay is increasing the financial costs of the company. Minimum wages have increased which will raise the labour costs significantly.

However, your company is striving to manage the prevailing adverse situation. Our strengths lie in good liquidity position, the efficiency of our weaving mills, use of latest weaving technology, strict cost controls, lowering of overheads due to expansion and BMR, aggressive marketing strategies and value-added fabrics. These are the pillars on which our company will build the defensive structure to remain profitable. It is also hoped that demand for finished goods produced by our customers will revive and restore margins for weaving industry.

It is hoped that the Government will bring in business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax, controlling the inflation rate and reducing the financial costs. 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 26, 2022



PROSPERITY WEAVING MILLS LTD.

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2022ء کو پختہ پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 30 ستمبر 2021ء کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2022ء کو ختمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی منافع بخش رہی اور گزشتہ سال کی اسی مدت کے دوران 165,797,407 روپے کے مقابلے میں بلے جوازہ اسی مدت کے دوران 60,080,993 روپے بعد از ٹیکس منافع کمایا ہے۔ سہ ماہی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 8.97 روپے کے مقابلے میں 3.25 روپے ہے۔ مالیاتی نتیجہ اس کساد بازاری کے باوجود ہے جس کا سامنا عام طور پر ٹیکسٹائل ملیکر خاص طور پر یوٹک ملیکر اس وقت کر رہا ہے۔

زیر جائزہ سہ ماہی میں فروخت امدانی کی گزشتہ سال اسی مدت کے دوران سے 40.30 فیصد تک زیادہ ہوئی اور گزشتہ سال میں کی اسی مدت کے دوران 2,635,710,500 روپے کے مقابلے میں 3,697,947,416 روپے رہی ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 88.99 فیصد سے بڑھ کر زیر جائزہ اسی مدت کے دوران فروخت کے 91.88 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال اور ایندھن کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ سپلائی چین کی رکاوٹیں اور امریکی ڈالر کے برعکس روپے کی قدر میں کمی کی وجہ سے خام مال کی قیمتیں زیادہ ہوئی ہیں۔ خام مال کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 72.87 فیصد سے بڑھ کر زیر جائزہ اسی مدت کے دوران فروخت کی 79.41 فیصد تک ہو گئی ہے۔ ایندھن کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 5.95 فیصد سے بڑھ کر زیر جائزہ اسی مدت کے دوران فروخت کی 8.92 فیصد تک ہو گئی۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 11.01 فیصد سے کم ہو کر زیر جائزہ اسی مدت کے دوران فروخت کا 8.12 فیصد ہوا۔

سمندری مال برداری کے اخراجات عالمی بندرگاہوں کے خلل کی وجہ سے غیر معمولی زیادہ تھے جس کے نتیجے میں تقسیم کے اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.19 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 2.70 فیصد تک زیادہ ہو گئے ہیں۔ مہنگائی کے اثرات کی وجہ سے انتظامی اخراجات بڑھ گئے۔ کمپنی سیکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیوں بروقت ادا کرنے کے قابل رہی ہے۔ مالی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.07 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 1.58 فیصد تک ہو گئی۔ مالی اخراجات میں اضافہ بنیادی طور پر سودی شرحوں میں اضافے اور کمپنی کے اوسط قلیل مدتی قرضوں میں اضافے کی وجہ سے ہوا ہے۔ قرضوں میں اضافہ بنیادی طور پر زیادہ فیصلہ نوٹبٹری سطحوں کی وجہ سے ہوا ہے۔

پاکستان کاٹن جزر ایسوسی ایٹن کی طرف سے فصل سال 2022-23 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم اکتوبر 2022ء تک جزر میں کپاس، (سیج کپاس) کی پہنچ گزشتہ سال کی اسی مدت کے دوران 3,846 ملین گانٹھوں کے مقابلے میں 2,936 ملین گانٹھیں ہوئی جو کہ 23.67 فیصد کمی کی ظاہر کر رہی ہے۔

مستقبل کا نظریہ

ہم شرح مبادلہ، مصنوعات کی قیمتوں اور غیر یقینی منڈیوں میں بہت زیادہ اتار چڑھاؤ دیکھ رہے ہیں۔ عالمی کساد بازاری کی پیشین گوئیوں کی وجہ سے کپڑے کی طلب میں کمی آ رہی ہے۔ پاکستان میں سیلاب نے مقامی کپاس کی کئی فصل کو نقصان پہنچایا ہے۔ خام کپاس کی کمی مہنگی درآمدات کو متحرک کرے گی اور پاکستان کی ٹیکسٹائل انڈسٹری کی مسابقت کو نقصان پہنچائے گی۔ بجلی کی لوڈ شیڈنگ کے ساتھ باغیوں گیس میں توانائی کی قلت پیداوار کو متاثر کر رہی ہے۔ گیس اور بجلی دونوں کی قیمتوں میں اضافہ مشکلات میں اضافہ کرے گا۔ صارفین تیار سامان کی طلب میں اچانک کمی کی شکایت کر رہے ہیں جس سے کپڑے کی قیمتوں پر دباؤ پڑتا ہے۔ روس/یوکرین تنازعہ بھی اپنے سائے ڈال رہا ہے۔ سمندری مال برداری کا زیادہ کرایہ اور لاجسٹیکل مسائل کا تسلسل دباؤ کے اضافی ذرائع ہیں۔ بد قسمتی سے، ان تمام عوامل نے مستقبل قریب کے نقطہ نظر کو مزید تیز اور افسردہ کر دیا ہے۔

کاروباری تنظیموں کے پھر پورہ مذاکرات کے بعد حکومت پاکستان نے برآمدات پر پٹی ملکٹر کے لیے جون 2023 تک بجلی کی رعایتی شرح 19.99 روپے فی کلو واٹ دینے پر رضامندی ظاہر کر دی ہے۔ یہ ایک خوش آمدند قدم ہے اور اس سے ٹیکسٹائل انڈسٹری کو مدد ملے گی۔ تاہم، ہر دیوں میں گیس کی فراہمی میں خلل متوقع ہے جس سے کمپنی کے مالیات پر منفی مانی دباؤ پڑے گا۔

مالی سال 2022-23 کی پہلی سہ ماہی میں کپڑے کی طلب میں نمایاں کمی واقع ہوئی۔ تیار سامان کے شعبے کے صارفین نے فروخت شدہ سامان کو اٹھانے اور پہلے سے اٹھائے گئے سامان کی ادائیگی میں تاخیر کی ہے۔ جس کی وجہ سے کمپنی کی لیکویڈیٹی پینسی رہی، لہذا، تیار شدہ مصنوعات کی انویٹری بڑھ رہی ہے اور قلیل مدتی زیادہ قرض لینے پر مجبور کر رہی ہے۔ انٹیٹ بینک آف پاکستان (ایس بی پی) کی 15 فیصد پالیسی ریٹ مالیاتی اخراجات میں نمایاں اضافہ کرے گا۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض لینے کے اخراجات بھی بڑھائے گئے ہیں۔ LTFF قرضوں کی تقسیم میں تاخیر کی وجہ سے مالی اخراجات میں مزید اضافہ ہو رہا ہے۔ LTFF قرضوں کی تقسیم میں تاخیر کی مدت غیر یقینی ہے۔ اس تاخیر سے کمپنی کے مالی اخراجات بڑھ رہے ہیں۔ حکومت نے مزدوروں کے لیے کم از کم اجرت میں اضافہ کر دیا اور اس سے مزدوری کی لاگت میں نمایاں اضافہ ہوگا۔

تاہم، آپ کی کمپنی موجودہ منفی صورتحال کو سنبھالنے کی کوشش کر رہی ہے۔ ہماری طاقت اچھی لیکویڈیٹی پوزیشن، ہماری یوٹک ملز کی کارکردگی، جدید ترین یوٹک ٹیکنالوجی کے استعمال، لاگت پخت کنٹرول، توسیع اور BMR کی وجہ سے اور رہنڈز میں کمی، مارکیٹنگ کی جارحانہ حکمت عملی اور ویڈیو ایڈ ڈیمو گرس پر منحصر ہے۔ یہ وہ ستون ہیں جن پر ہماری کمپنی منافع بخش رہنے کے لیے دفاعی ڈھانچہ بنائے گی۔ پیسٹی امید کی جاتی ہے کہ ہمارے صارفین کی طرف سے تیار سامان کی طلب میں اضافہ اور یوٹک انڈسٹری کے مارجن کو بحال کیا جائے گا۔

امید ہے کہ حکومت کاروبار دوست پالیسیاں لائے گی جیسے کہ موثر انداز میں کم لاگت توانائی کی باقاعدگی فراہمی، بقایا ملیکر ٹیکس اور ایکٹس کی واپسی تاکہ مہنگائی کی شرح کو کنٹرول اور مالیاتی اخراجات کو کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل ملیکر میں ویڈیو 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 اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بینکرز کا بھی شکریہ ادا کرتے ہیں۔

رضا الہی شیخ
چیف ایگزیکٹو آفیسر

منجانب بورڈ

بارون شہزادہ الہی شیخ
ڈائریکٹر
لاہور: 26 اکتوبر 2022ء



PROSPERITY WEAVING MILLS LTD.


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	Un-Audited September 30, 2022	Audited June 30, 2022
NoteRupees.....	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2022: 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	1,775,367,142	1,728,278,632
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
TOTAL EQUITY	2,063,007,776	2,015,919,266
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 1,686,237,589	1,641,822,612
Employee retirement benefits	170,094,312	162,405,974
Deferred taxation	123,924,666	123,924,669
	1,980,256,567	1,928,153,255
CURRENT LIABILITIES		
Trade and other payables	780,870,841	803,781,613
Accrued interest / markup	52,370,813	41,658,337
Short term borrowings	5 1,326,178,434	1,099,608,910
Current portion of long term finances	293,908,480	303,656,639
Current portion of deferred grant	-	1,630,759
Provision for taxation - net	30,939,836	26,385,426
Unclaimed dividend	6,353,835	6,353,906
	2,490,622,239	2,283,075,590
TOTAL LIABILITIES	4,470,878,806	4,211,228,845
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	<u>6,533,886,582</u>	<u>6,227,148,111</u>

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

Lahore: October 26, 2022


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, 2022

	Note	Un-Audited September 30, 2022	Audited June 30, 2022
.....Rupees.....			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,623,337,235	2,513,598,681
Long term deposits		15,039,000	15,039,000
		2,638,376,235	2,528,637,681
CURRENT ASSETS			
Stores, spare parts and loose tools		135,365,322	114,890,959
Stock-in-trade		1,980,650,849	1,827,168,351
Trade receivables		1,217,881,731	1,242,520,030
Advances		10,854,669	14,456,727
Short term prepayments		15,065,121	2,840,151
Other receivables		1,275,107	1,329,724
Sales tax refundable		304,498,858	254,617,345
Other financial assets	8	202,897,834	215,890,321
Cash and bank balances		27,020,856	24,796,822
		3,895,510,347	3,698,510,430
TOTAL ASSETS		6,533,886,582	6,227,148,111

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, 2022

	Note	Quarter Ended	
		September 30 2022	September 30 2021
	Rupees.....	
Revenue from contracts with customers	9	3,697,947,416	2,635,710,500
Cost of sales	10	(3,397,713,460)	(2,345,612,677)
Gross profit		300,233,956	290,097,823
Distribution cost		(99,878,008)	(31,396,549)
Administrative expenses		(34,381,837)	(28,684,716)
Other operating expenses		(10,592,149)	(14,606,146)
		(144,851,994)	(74,687,411)
		155,381,962	215,410,412
Other income		6,028,091	9,895,024
Operating profit		161,410,053	225,305,436
Finance cost		(58,345,089)	(28,228,094)
Profit before taxation		103,064,964	197,077,342
Provision for taxation		(42,983,971)	(31,279,935)
Profit after taxation		60,080,993	165,797,407
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		(12,992,483)	(6,768,722)
Total comprehensive income for the period		47,088,510	159,028,685
Earnings per share - basic and diluted		3.25	8.97

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

Lahore: October 26, 2022


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Chief Executive Officer



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter Ended	
	September 30 2022	September 30 2021
Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	103,064,964	197,077,342
Adjustments for:		
Depreciation of property, plant and equipment	59,442,752	54,746,842
Provision for employee benefits	12,000,672	9,222,858
Dividend income	(4,495,925)	(9,881,250)
Gain on disposal of property, plant and equipment	(1,532,166)	(13,774)
Finance cost	58,345,089	28,228,094
	<u>123,760,422</u>	<u>82,302,770</u>
Operating cash flow before working capital changes	226,825,386	279,380,112
Changes in Working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(20,474,363)	(770,128)
Stock-in-trade	(153,482,498)	(285,589,224)
Trade receivables	24,638,299	(199,361,807)
Advances	3,602,058	(4,346,939)
Short term prepayments	(12,224,970)	(3,623,761)
Other receivables	54,617	1,231,490
Sales tax refundable	(49,881,513)	637,448
	<u>(207,768,370)</u>	<u>(491,822,921)</u>
(Decrease) / Increase in trade and other payables	<u>(22,910,772)</u>	<u>118,246,509</u>
	<u>(230,679,142)</u>	<u>(373,576,412)</u>
Cash used in operations	<u>(3,853,756)</u>	<u>(94,196,300)</u>
Finance cost paid	(49,263,372)	(29,970,747)
Employee benefits paid	(4,312,334)	(6,255,759)
Income taxes paid	(38,429,561)	(22,949,223)
Net cash used in operating activities	<u>(95,859,023)</u>	<u>(153,372,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(170,209,140)	(44,744,244)
Proceeds from disposal of property, plant and equipment	2,560,000	34,500
Purchase of other financial assets	-	(85,000,000)
Proceeds from sale of other financial assets	-	188,309,819
Dividend received	4,495,925	9,881,250
Net cash generated from investing activities	<u>(163,153,215)</u>	<u>68,481,325</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	113,228,900	25,169,826
Repayment of long term finances	(78,562,082)	(95,660,147)
Short term borrowings excluding running finance and bank overdraft	280,739,952	-
Dividend paid	(70)	(204,936)
Net cash generated from / (used in) financing activities	<u>315,406,700</u>	<u>(70,695,257)</u>
Net increase / (decrease) in cash and cash equivalents	<u>56,394,462</u>	<u>(155,585,961)</u>
Cash and cash equivalents at beginning of the period	<u>(704,641,790)</u>	<u>4,927,531</u>
Cash and cash equivalents at end of the period	<u>(648,247,328)</u>	<u>(150,658,430)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	27,020,856	1,414,626
Running finance	(609,050,930)	(60,043,423)
Bank overdraft	(66,217,254)	(92,029,633)
	<u>(648,247,328)</u>	<u>(150,658,430)</u>

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 26, 2022



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	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, 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 as 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
Comprehensive income						
Profit after taxation	-	-	-	-	184,106,890	184,106,890
Other comprehensive loss - net of tax	-	-	-	(26,654,963)	(1,039,780)	(27,694,743)
Transfer of loss on disposal of equity investments at FVTOCI to unappropriated profit	-	-	-	18,892	(18,892)	-
Total Comprehensive (loss) / income for the period	-	-	-	(26,636,071)	183,048,217	156,412,148
Transactions with owners						
Final dividend for the year ended June 30, 2021 @ 25% i.e. Rs.2.5 per ordinary share	-	-	-	-	(46,200,000)	(46,200,000)
Balance at June 30, 2022 (Audited)	184,800,000	16,600,000	102,840,634	(80,055,715)	1,791,734,347	2,015,919,266
Comprehensive income						
Profit after taxation	-	-	-	-	60,080,993	60,080,993
Other comprehensive loss - net of tax	-	-	-	(12,992,483)	-	(12,992,483)
Total comprehensive (loss) / income for the period	-	-	-	(12,992,483)	60,080,993	47,088,510
Balance at September 30, 2022 (Un-audited)	184,800,000	16,600,000	102,840,634	(93,048,198)	1,851,815,340	2,063,007,776

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 26, 2022



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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 and Regional Office at 2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi. 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 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, 2022. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022, 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, 2021.

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, 2022.

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, 2022.

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, 2022.

4 LONG TERM FINANCES

From Banking Companies

	Un-Audited September 30 2022	Audited June 30 2022
	-----Rupees-----	
Opening balance	1,945,479,251	1,992,095,611
Obtained during the period / year	113,228,900	311,265,194
Repayments made during the period / year	(78,562,082)	(357,881,554)
	<u>1,980,146,069</u>	<u>1,945,479,251</u>
Less: Current portion shown under current liabilities	<u>(293,908,480)</u>	<u>(303,656,639)</u>
	<u>1,686,237,589</u>	<u>1,641,822,612</u>



PROSPERITY WEAVING MILLS LTD.

	Un-Audited September 30 2021	Audited June 30 2022
	-----Rupees-----	
5 SHORT TERM BORROWING		
From banking companies:		
Running finance - secured	609,050,930	709,058,853
Bank overdraft - unsecured	66,217,254	20,379,759
Foreign currency loans - secured	650,910,250	370,170,298
	<u>1,326,178,434</u>	<u>1,099,608,910</u>
6 CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
There is no significant change in the status of contingencies as disclosed in the note 14.1 & 14.2 of the financial statement for the year ended June 30, 2022.		
6.2 Commitments		
Irrevocable letters of credit for		
Capital expenditures	672,755,098	728,855,142
Non-capital expenditures	72,902,172	310,675,634
	745,657,270	1,039,530,776
Short term lease		
Payable within one year	472,142	877,179
	<u>746,129,412</u>	<u>1,040,407,955</u>
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - owned	7.1 2,371,633,500	2,428,776,016
Capital work in progress	7.2 251,703,735	84,822,665
	<u>2,623,337,235</u>	<u>2,513,598,681</u>
7.1 Operating fixed assets - Owned		
Opening written down value	2,428,776,016	2,246,300,367
Additions during the period / year:		
Building on free hold land- Factory	-	20,258,873
Residential building	-	9,440,120
Plant and machinery	-	373,109,487
Factory equipment	-	4,397,223
Furniture and fixture	-	414,000
Office equipment	-	1,342,819
Vehicles	3,328,070	13,239,920
	3,328,070	422,202,442
Written down value of property, plant and equipment disposed off	(1,027,834)	(5,787,091)
Depreciation charged during the period/year	(59,442,752)	(233,939,702)
Written down value at end of the period/year	<u>2,371,633,500</u>	<u>2,428,776,016</u>
7.2 Capital work in progress		
Building under construction	23,693,114	10,936,816
Plant and machinery	95,330,350	41,683,999
Advances for plant and machinery	132,680,271	32,201,850
	<u>251,703,735</u>	<u>84,822,665</u>
Movement in capital work in progress		
At beginning of the period / year	84,822,665	52,838,339
Additions	166,881,070	454,186,768
Transfer to property, plant and equipment	-	(422,202,442)
At end of the period / year	<u>251,703,735</u>	<u>84,822,665</u>



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited September 30 2022	Audited June 30 2022
-----Rupees-----			
8 OTHER FINANCIAL ASSETS			
Investments classified as FVTOCI			
Equity investments	8.1	202,897,834	215,890,321
8.1 Reconciliation between fair value and cost of investments classified at FVTOCI			
Fair value of investments			
-in listed equity securities		202,897,834	215,890,321
Loss on remeasurement of investments		(93,048,230)	(80,055,715)
Cost of investment		<u>295,946,064</u>	<u>295,946,036</u>
Quarter Ended (Un-audited)			
		September 30	September 30
		2022	2021
.....Rupees.....			
9 Revenue from contracts with customer			
Export			
Cloth		1,564,294,294	663,771,615
Add: Export rebate		321,974	82,883
		<u>1,564,616,268</u>	<u>663,854,498</u>
Local			
Cloth		2,447,304,710	2,289,835,998
Yarn		-	561,600
Waste		48,200,056	16,673,924
		<u>2,495,504,766</u>	<u>2,307,071,522</u>
Less: Sales tax on sales		(362,173,618)	(335,215,521)
		<u>2,133,331,149</u>	<u>1,971,856,002</u>
Total		<u>3,697,947,416</u>	<u>2,635,710,500</u>
10 COST OF SALES			
Raw material consumed		2,936,610,228	1,920,512,904
Fuel and power		329,755,306	156,823,134
Salaries, wages and benefits		153,954,901	113,574,741
Stores and spares consumed		21,176,639	17,455,175
Sizing material consumed		54,263,607	38,494,747
Depreciation		56,641,996	52,103,095
Packing material consumed		11,031,506	10,344,788
Insurance		4,720,333	3,376,044
Repairs and maintenance		3,949,257	474,016
Vehicles running and maintenance		3,275,710	1,682,705
Traveling and conveyance		166,510	127,660
Lease rentals-land		100,656	100,656
Fee and subscription		57,750	204,000
Electricity duty		1,538,438	-
Entertainment		431,891	306,808
Others		1,931,862	1,122,379
Manufacturing cost		3,579,606,590	2,316,702,852
Work-in-process:			
At beginning of period		214,220,851	112,850,341
At end of period		(234,627,983)	(161,437,424)
		<u>(20,407,132)</u>	<u>(48,587,083)</u>
Cost of goods manufactured		3,559,199,458	2,268,115,769
Finished stocks:			
At beginning of period		891,010,214	441,079,911
Cloth purchased		562,292	12,844
At end of period		(1,053,058,504)	(363,595,847)
		<u>(161,485,998)</u>	<u>77,496,908</u>
		<u>3,397,713,460</u>	<u>2,345,612,677</u>



PROSPERITY WEAVING MILLS LTD.

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.

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 2022	September 30 2021
	Rupees.....	
Associated companies	Purchase of goods and services	2,097,544,793	983,938,966
	Rent expense	304,380	276,705
	Sale of goods and services	152,779	-
Key Management Personnel	Remuneration and other benefits	14,497,487	11,463,144

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

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

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

	September 30, 2022			Total
	Level 1	Level 2	Level 3	
.....Rs.....				
Financial assets - at fair value				
Equity Investments designated at FVTOCI	202,897,834	-	-	202,897,834
At September 30, 2022	202,897,834	-	-	202,897,834
June 30, 2022				
Financial assets - at fair value				
Equity Investments designated at FVTOCI	215,890,321	-	-	215,890,321
At June 30, 2022	215,890,321	-	-	215,890,321

At September 30, 2022 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 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Quarter ended (Un-audited)		
	June 30, 2022	Net Cash flow	September 30, 2022
Rupees.....		
Long term finances	1,945,479,251	34,666,818	1,980,146,069
Short term borrowings	1,099,608,910	226,569,524	1,326,178,434
	3,045,088,161	261,236,342	3,306,324,503



PROSPERITY WEAVING MILLS LTD.

14 CORRESPONDING FIGURES

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

14.1 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 26, 2022.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: October 26, 2022

PROSPERITY WEAVING MILLS LTD.

Nagina House, 91-B-1, M.M. Alam Road,
Gulberg-III Lahore-54660