

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 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

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 information of the company for the half year ended on December 31, 2021 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2020 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2021.

Company Performance

Alhamdulillah, during the 1st half of the financial year 2022 ended on December 31, 2021, your company has earned after tax profit of Rs. 346,599,691 or 5.86% of sales compared to Rs. 248,057,914 or 6.86% of sales during the same period of last year (SPLY). Earning per share (EPS) is Rs. 18.76 for the current first half of the year compared to Rs. 13.42 during the SPLY.

Strong demand for fabrics from the value added sector resulted in increase in sales revenue by 63.55% over the SPLY and stood at Rs. 5,916,314,475 compared to Rs. 3,617,479,799. Higher raw material cost resulted in increase in cost of sales from 86.88% of sales during SPLY to 88.98% of sales during the period under review. Increase in cost of sales resulted in decrease of Gross Profit (GP) from 13.12% of sales during SPLY to 11.02% of sales during the period under review.

Overall operating expenses decreased from 3.85% of sales during SPLY to 3% of sales during the period under review. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 1.13% of sales during SPLY to 0.86% of sales during the 1st half year ended under review. The decrease in finance cost is mainly due to lower short-term borrowings because of better cash flows.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22, Kapas, (seed cotton) arrivals upto February 15, 2022, at the Gineries totaled 7.435 million bales compared to 5.617 million bales for similar period of financial year 2020-21 showing increase in arrival of 32.37%.

Future Outlook

Your company has earned reasonable profits during the 1st half year of the financial year 2022 inspite of the substantial rise in raw material cost and inflation in costs especially wages, energy, interest and logistics. The whole textile sector benefitted from surging global demand from the value added sector. A combination of rise in fabric selling rates and higher production volumes resulted in better profits for the company.

Increasing raw material, energy and logistic costs are the matter of concern for the coming quarters. Devaluation of Pakistan rupee is likely to substantially increase the cost of raw material, and other conversion costs. Due to rising inflation State Bank of Pakistan (SBP) has resorted to monetary tightening and raised the interest rates. Resultantly, the borrowing cost has risen. Transportation and shipping costs are also on the rise. The cumulative cost increase will have an adverse impact on the profitability of the company. In addition, the impact of the IMF program is likely to increase energy costs further and may also result in higher taxation. However, management is cautiously optimistic the financial year 2021-22 would remain reasonably profitable.

The ongoing BMR/EXPANSION program envisages the addition 26 new looms and new compressor. 12 of the 26 looms have been installed and started production. The 14 balance looms are also expected to start production in this financial year. 8 of the Old looms have been sold. After the BMR program is completed the company will be operating 334 looms. These high-tech looms will provide additional production along with better product range. The second solar power project of 226.60 kw has also been installed and has started providing solar energy. Solar projects of the company will provide cheap electricity in an environmentally safe manner.

The company has decided for further expansion of the mills by adding another 48 looms with related back process and allied machinery. The addition of these new 48 looms will help to make the mills competitive. Machinery shipments are likely to commence from the end of calendar year 2022. It is hoped that 48 loom expansion project will be completed by the end of June 2023. A 20 megawatt grid station is also in planning stage to meet the rising electricity needs of the company. The successful completion of the expansion plan will take the capacity of the mills to 382 looms by June 2023.

It is hoped that Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner. Release of outstanding tax refunds should also be expedited. The Government should also encourage the completion of value chain in Pakistan so that as a country we can focus on export of finished textile products which will be more beneficial for the country.

Acknowledgement

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

On behalf of the Board.

Amin Ellahi Shaikh

Director

Raza Ellahi Shaikh

Chief Executive Officer

Lahore: February 24, 2022

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 دسمبر 2021ء کو مختتمہ پہلی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، اسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021ء کو مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے 31 دسمبر 2021ء کو ختم ہونے والی پہلی ششماہی کے دوران، ٹیکس کے بعد منافع 346,599,691 روپے یا فروخت کا 5.86 فیصد جبکہ گزشتہ سال کی اسی مدت کے دوران 248,057,914 روپے یا فروخت کا 6.86 فیصد بعد از ٹیکس منافع کمایا۔ ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 13.42 روپے کے مقابلے میں 18.76 روپے ہے۔

ویلیو ایڈڈ سیکٹر سے فیبرکس کی مضبوط طلب کے نتیجے میں فروخت کی آمدنی میں گزشتہ سال سے 63.55 فیصد تک بڑھ گئی اور 3,617,479,799 روپے کے مقابلے میں 5,916,314,475 روپے رہی ہے۔ خام مال کی زیادہ قیمت کے نتیجے میں فروخت کی لاگت گزشتہ سال فروخت کے 86.88 فیصد سے بڑھ کر زبرد جائزہ مدت کے دوران فروخت کے 88.98 فیصد تک ہوئی۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کے اسی مدت کے دوران فروخت کے 13.12 فیصد کم سے کم ہو کر زبرد جائزہ مدت کے دوران فروخت کے 11.02 فیصد تک ہو گیا۔

مجموعی آپریٹنگ اخراجات گزشتہ سال کے فروخت کے 3.85 فیصد سے کم ہو کر زبرد جائزہ مدت کے دوران فروخت کے 3 فیصد تک ہوئے۔ کمپنی مستحکم نقد بہاؤ پیدا کرنے اور اپنی آپریٹنگ اور مالی ذمہ داریوں کی بروقت ادائیگی کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.13 فیصد سے کم ہو کر زبرد جائزہ ختم ہونے والی پہلی ششماہی کے دوران فروخت کے 0.86 فیصد تک ہوئے۔ مالی لاگت میں کمی مختصر مدتی اوسط قرضوں کی کمی کے باعث ہوئی۔

پاکستان کاٹن جیزز ایسوسی ایشن کی طرف سے، فصل سال 2021-22 کے لئے، جاری کردہ اعداد و شمار کے مطابق 15 فروری 2022ء تک جیزز میں کپاس، (بیج کپاس) کی بیج سال 2021-22 کی کل 5.617 ملین کانٹوں کے مقابلے میں 7.435 ملین کانٹوں میں ہوئی جو کہ 32.37 فیصد اضافہ ظاہر کر رہی ہیں

مستقبل کا نقطہ نظر

خام مال کی قیمتوں میں نمایاں اضافہ اور اخراجات خاص طور پر اجرتوں، بجلی، سود اور لاجسٹکس میں اضافہ کے باوجود پہلی ششماہی کے دوران آپ کی کمپنی نیا مناسب منافع کمایا ہے۔ تمام ٹیکسٹائل سیکٹر کو ویلیو ایڈڈ سیکٹر سے عالمی طلب بڑھنے کا فائدہ ہوا ہے۔ فیبرک کی فروخت کی شرحوں میں اضافہ اور زیادہ پروڈکشن حجم کے نتیجے میں کمپنی کے منافع جات بہتر ہوئے ہیں۔



PROSPERITY WEAVING MILLS LTD.

خام مال، بجلی اور لاجسٹکس کی بڑھتی ہوئی قیمتیں آئندہ سہ ماہیوں کے لئے باعث تشویش ہیں۔ پاکستانی روپیہ کی قدر میں کمی سے خام مال کی قیمتوں، اور دیگر کنورژن اخراجات کافی زیادہ بڑھنے کا امکان ہے۔ افراط زر بڑھنے کی وجہ سے بینک دولت پاکستان (SBP) نے مائٹری سختی کا سہارا لیا اور سود کی شرحیں بڑھادی ہیں۔ جس کے نتیجے میں قرض کی لاگت بڑھ گئی۔ ٹرانسپورٹیشن اور شپنگ اخراجات بھی بڑھ رہے ہیں۔ مجموعی اخراجات میں اضافہ کمپنی کے منافع پر منفی اثرات ڈالے گا۔ اس کے علاوہ، آئی ایم ایف پروگرام کے اثرات سے بجلی کی قیمتوں میں مزید اضافہ اور ٹیکس بھی بڑھنے کا امکان ہے۔ تاہم، انتظامیہ پر امید ہے کہ مالی سال 2021-22 موزوں منافع بخش رہے گا۔


جاری بی ایم آر / توسیعی پروگرام میں 26 نئی لومز اور نئے کمپریسر کا اضافہ کیا گیا۔ 26 میں سے 12 لومز نصب ہو گئی ہیں اور پیداوار شروع کر دی ہے۔ توقع ہے کہ بقا باقی 14 لومز بھی اس مالی سال میں پیداوار شروع کر دیں گی۔ 8 پرانی لومز فروخت کر دی گئی ہیں۔ بی ایم آر پروگرام مکمل ہونے کے بعد کمپنی 334 لومز آپریٹ کرے گی۔ یہ اعلیٰ ٹیکنالوجی لومز بہتر پراڈکٹ رینج مہیا کریں گی۔ (Kw) 226.60 کا دوسرا سولر پاور پراجیکٹ بھی نصب ہو گیا ہے اور سولر انرجی مہیا کرنا شروع کر دی ہے۔ کمپنی کے سولر پراجیکٹس محفوظ ماحول دوست اور سستی بجلی فراہم کریں گے۔

کمپنی نے بی ایم آر / توسیعی پروگرام کے تحت مزید 48 لومز بمعہ بیک پروٹیس اور متعلقہ مشینری کے ساتھ توسیع کا فیصلہ کیا ہے۔ ان نئی 48 لومز کے اضافے سے مل کو مسابقتی بنانے میں مدد ملے گی۔ مشینری کی ترسیل کیلئے رسال 2022 کے اختتام سے شروع ہونے کا امکان ہے۔ امید ہے کہ 48 لومز کی توسیع کا منصوبہ جون 2023 کے آخر تک مکمل ہو جائے گا۔ 20 میگا واٹ کا ایک گرڈ سٹیشن بھی منصوبہ بندی کے مرحلے میں ہے تاکہ بجلی کی بڑھتی ہوئی ضروریات کو پورا کیا جاسکے۔ کمپنی کے توسیعی منصوبے کی تکمیل سے جون 2023 تک مل کی صلاحیت 382 لومز تک ہو جائے گی۔

امید ہے کہ حکومت طویل مدتی کاروبار دوست پالیسیاں لائے گی جیسا کہ توانائی کی مناسب نرخ پر بلا تامل فراہمی۔ بقا باقی ٹیکس ریفرنڈم کے اجراء کو بھی تیز کیا جائے۔ حکومت کو پاکستان میں ویلیو چین کی تکمیل کی حوصلہ افزائی بھی کرنی چاہئے تاکہ بطور ملک ہم تیار ٹیکسٹائل مصنوعات پر توجہ مرکوز کر سکیں جو ملک کے لئے مزید فائدہ مند ہوگا۔
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 اور دیگر حصہ داروں کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ


رضا الٰہی شیخ
چیف ایگزیکٹو آفیسر


امین الٰہی شیخ
ڈائریکٹر

لاہور: 24 فروری 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Prosperity Weaving Mills Limited****Report on Review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Prosperity Weaving Mills Limited (the Company) as at December 31, 2021 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of the person responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures reported in the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

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


Chartered AccountantsLahore
Date: February 25, 2022
UDIN: RR202110091mLWwEKrZH



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Un-Audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
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	1,767,954,336	1,459,037,799
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
Total equity	2,055,594,970	1,746,678,433
LIABILITIES		
Non-current liabilities		
Long term finances	4 1,664,266,164	1,636,851,483
Employees retirement benefits	153,478,186	144,752,291
Deferred taxation	86,799,490	59,799,491
Deferred grant	5 -	1,630,759
	<u>1,904,543,840</u>	<u>1,843,034,024</u>
Current liabilities		
Trade and other payables	613,469,122	507,635,367
Accrued interest / mark-up	21,157,380	19,964,457
Short term borrowings	594,808,896	56,439,271
Current portion of long term finances	347,374,690	355,244,128
Unclaimed dividend	6,411,726	6,255,331
Current portion of deferred grant	4,847,215	6,477,975
	<u>1,588,069,029</u>	<u>952,016,529</u>
Total liabilities	3,492,612,869	2,795,050,553
Contingencies and commitments	7	
Total equity and liabilities	5,548,207,839	4,541,728,986

The annexed explanatory notes from 1 to 16 form an integral part of the condensed interim financial statements.

Lahore: February 24, 2022


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	2,410,129,440	2,299,138,706
Long term deposits		15,039,000	15,039,000
		2,425,168,440	2,314,177,706
Current assets			
Stores, spare parts and loose tools		89,551,640	79,494,299
Stock-in-trade		1,095,670,280	956,620,251
Trade receivables		1,019,729,068	686,478,806
Advances		11,515,209	9,866,823
Short term prepayments		9,657,413	7,581,657
Other receivables		2,531,560	2,361,381
Sales tax refundable		66,704,666	38,856,991
Other financial assets	9	774,204,103	352,604,933
Advance income tax-net		20,783,507	32,319,337
Cash and bank balances		32,691,953	61,366,802
		3,123,039,399	2,227,551,280
Total assets		5,548,207,839	4,541,728,986

The annexed explanatory notes from 1 to 16 form an integral part of the condensed interim financial statements.


Raza Ellahi Shaikh
Chief Executive Officer



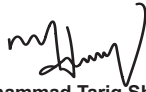
PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
NoteRupees.....	Rupees.....	
Revenue from contracts with customer	10 5,916,314,475	3,617,479,799	3,280,603,975	1,845,788,866
Cost of sales	11 (5,264,316,745)	(3,142,963,801)	(2,918,704,068)	(1,536,395,982)
Gross profit	651,997,730	474,515,998	361,899,907	309,392,884
Distribution cost	(86,834,237)	(68,435,736)	(55,437,688)	(31,682,205)
Administrative expenses	(57,567,550)	(49,080,728)	(28,882,834)	(23,388,572)
Other operating expenses	(32,816,575)	(21,901,706)	(18,210,429)	(15,968,614)
	(177,218,362)	(139,418,170)	(102,530,951)	(71,039,391)
	474,779,368	335,097,828	259,368,956	238,353,493
Other income	18,948,491	17,495,953	9,053,467	11,069,486
Operating profit	493,727,859	352,593,781	268,422,423	249,422,979
Finance cost	(51,003,725)	(40,950,241)	(22,775,631)	(19,033,421)
Profit before taxation	442,724,134	311,643,540	245,646,792	230,389,558
Provision for taxation	(96,124,443)	(63,585,626)	(64,844,508)	(41,183,373)
Profit for the period	346,599,691	248,057,914	180,802,284	189,206,185
Other comprehensive income:				
Items that will not be reclassified subsequently to statement of profit or loss				
Fair value gain on investment in equity instrument designated at FVTOCI	8,516,845	58,434,613	15,285,567	17,892,675
Total comprehensive income for the period	355,116,536	306,492,527	196,087,851	207,098,860
Earnings per share - basic and diluted	18.76	13.42	9.79	10.24

The annexed explanatory notes from 1 to 16 form an integral part of the condensed interim financial statements.


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 24, 2022



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended	
	December 31, 2021	December 31, 2020
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	442,724,134	311,643,540
Adjustments for:		
Depreciation of property, plant and equipment	111,613,277	102,871,278
Amortization of intangible asset	-	589,348
Provision for employee benefits	18,445,713	17,362,586
Gain on disposal of property, plant and equipment	(2,721,621)	(2,881,280)
Gain on sale of other financial assets	(327,235)	-
Unrealized gain on other financial assets	(1,064,444)	-
Dividend income	(14,835,189)	(14,614,673)
Finance cost	51,003,725	40,950,241
Operating cash flow before working capital changes	604,838,360	455,921,040
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(10,057,341)	(28,536,835)
Stock-in-trade	(139,050,029)	(122,994,493)
Trade receivables	(333,250,262)	(15,629,509)
Advances	(1,648,386)	(299,870)
Short-term prepayments	(2,075,756)	(6,104,722)
Other receivables	(170,179)	134,106
Sales tax refundable	(27,847,675)	23,778,703
	(514,099,628)	(149,652,620)
Increase / (decrease) in:		
Trade and other payables	105,833,755	(131,303,213)
Cash generated from operations	196,572,487	174,965,207
Employee benefits paid	(9,719,819)	(10,573,949)
Finance cost paid	(53,072,320)	(42,556,382)
Income taxes paid	(57,588,614)	(32,070,917)
Net cash generated from operating activities	76,191,734	89,763,959



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Half year ended	
December 31, 2021	December 31, 2020
.....Rupees.....	

B. CASH FLOWS FROM INVESTING ACTIVITIES

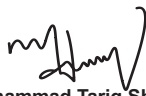
Purchase of property, plant and equipment	(224,896,890)	(363,194,745)
Proceeds from disposal of property, plant and equipment	5,014,500	3,255,000
Purchase of other financial assets	(725,000,465)	(229,796,055)
Proceeds from sale of other financial assets	313,309,819	413,975,683
Dividend received	14,835,189	14,614,673
Net cash used in investing activities	(616,737,847)	(161,145,444)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained	185,732,354	549,932,496
Repayment of long term finances	(166,187,111)	(126,295,946)
Short term borrowings excluding running finance and bank over draft	436,590,000	(302,195,418)
Dividend paid	(46,043,605)	-
Net cash generated from financing activities	410,091,638	121,441,132
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(130,454,475)	50,059,647
Cash and cash equivalents at beginning of the period	4,927,531	(51,576,357)
Cash and cash equivalents at end of the period	(125,526,944)	(1,516,710)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	32,691,953	48,573,650
Running finance	(150,240,142)	(581,556)
Bank overdraft	(7,978,755)	(49,508,804)
	(125,526,944)	(1,516,710)

The annexed explanatory notes from 1 to 16 form an integral part of the condensed interim financial statements.


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 24, 2022




PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Issued, Subscribed and paid up share capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on	Fair value reserve	Unappropriated profit	
Rupees						
Balance as at June 30, 2020 - (Audited)	184,800,000	16,600,000	102,840,634	(87,202,727)	963,410,326	1,180,448,233
Comprehensive income:						
Profit for the period	-	-	-	-	248,057,914	248,057,914
Other comprehensive income - net of tax	-	-	-	58,434,613	-	58,434,613
Total comprehensive income for the period	-	-	-	58,434,613	248,057,914	306,492,527
Transfer of gain on disposal of equity instrument at FVTOCI to unappropriated profit	-	-	-	(1,441,513)	1,441,513	-
Balance as at December 31, 2020 - Un-audited	184,800,000	16,600,000	102,840,634	(30,209,627)	1,212,909,753	1,486,940,760
Comprehensive income:						
Profit for the period	-	-	-	-	393,518,840	393,518,840
Other comprehensive income - net of tax	-	-	-	5,155,606	(336,772)	4,818,834
Total comprehensive income for the period	-	-	-	5,155,606	393,182,068	398,337,674
Transfer of gain on disposal of equity instrument at FVTOCI to unappropriated profit	-	-	-	(5,683,391)	5,683,391	-
Transactions with owners						
Interim dividend @ 75% i.e Rs 7.5 per share for the year ended June 30, 2021	-	-	-	-	(138,600,000)	(138,600,000)
Balance as at June 30, 2021 - Audited	184,800,000	16,600,000	102,840,634	(30,737,412)	1,473,175,212	1,746,678,434
Comprehensive income:						
Profit for the period	-	-	-	-	346,599,691	346,599,691
Other comprehensive Income - net of tax	-	-	-	8,516,845	-	8,516,845
Total comprehensive income for the period	-	-	-	8,516,845	346,599,691	355,116,536
Transfer of gain on disposal of equity instrument at FVTOCI to unappropriated profit	-	-	-	(15,894,620)	15,894,620	-
Transactions with owners						
Final Dividend @ 25% i.e. Rs. 2.5 per Ordinary	-	-	-	-	(46,200,000)	(46,200,000)
Balance as at December 31, 2021 - Un-audited	184,800,000	16,600,000	102,840,634	(38,115,187)	1,789,469,523	2,055,594,970

The annexed explanatory notes from 1 to 16 form an integral part of the condensed interim financial statements.


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Chief Executive Officer

Lahore: February 24, 2022



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 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 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 Sharaqpur road, District Shekhupura 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 half year ended December 31, 2020.
- 2.3 The condensed interim financial statements are un-audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with Code of Corporate Governance and they have issued their review report thereon.

3 ACCOUNTING POLICIES AND ESTIMATES

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



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2021	Audited June 30, 2021
	Note	-----Rupees-----	
4 LONG TERM FINANCES			
From banking companies			
Opening balance		1,992,095,611	1,618,544,819
Obtained during the period / year		185,732,354	498,567,718
Repayments made during the period / year		<u>(166,187,111)</u>	<u>(125,016,926)</u>
		2,011,640,854	1,992,095,611
Less: Current portion shown under current liabilities		<u>(347,374,690)</u>	<u>(355,244,128)</u>
		<u>1,664,266,164</u>	<u>1,636,851,483</u>
5 DEFERRED GRANT			
As at July 01		8,108,734	4,555,199
Recognized during the period/ year		-	9,368,379
Amortized during the period/ year		<u>(3,261,519)</u>	<u>(5,814,843)</u>
As at period/ year end		4,847,215	8,108,734
Less: Current portion shown under current liabilities		<u>(4,847,215)</u>	<u>(6,477,975)</u>
		<u>-</u>	<u>1,630,759</u>
6 SHORT TERM BORROWING			
From banking companies:			
Running finance - secured		586,830,142	2,465,663
Bank overdraft - unsecured		<u>7,978,755</u>	<u>53,973,608</u>
		<u>594,808,897</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 note 13.1 and 13.2 to the financial statements for the year ended June 30, 2021.			
7.2 Commitments	Note	Un-Audited December 31, 2021	Audited June 30, 2021
		-----Rupees-----	
Irrevocable letters of credit for:			
Capital expenditures		198,201,022	19,118,862
Non-capital expenditures		23,792,557	261,542,993
Raw Material		<u>23,316,482</u>	-
		245,310,061	280,661,855
Short term lease			
Payable within one year		<u>67,105</u>	<u>821,829</u>
		<u>67,105</u>	<u>821,829</u>
		<u>245,377,166</u>	<u>281,483,684</u>
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Owned	8.1	2,218,606,448	2,246,300,367
Capital work in progress		<u>191,522,992</u>	<u>52,838,339</u>
		<u>2,410,129,440</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		-	5,815,940
Plant and machinery		74,351,495	390,991,583
Electric installation		-	2,695,917
Furniture and fixtures		328,000	694,499
Office equipment		579,500	306,000
Vehicles		<u>10,953,240</u>	<u>20,149,374</u>
		86,212,235	420,653,313
Written down value of property, plant and equipment disposed off		<u>(2,292,877)</u>	<u>(4,097,260)</u>
Depreciation charged during the period / year		<u>(111,613,277)</u>	<u>(223,303,032)</u>
Written down value at end of the period / year		<u>2,218,606,448</u>	<u>2,246,300,367</u>



PROSPERITY WEAVING MILLS LTD.

			Un-Audited December 31, 2021	Audited June 30, 2021
9 OTHER FINANCIAL ASSETS	Note		-----Rupees-----	
Investments classified as FVTOCI				
Equity investments	9.1		257,829,996	352,604,933
Investments classified as FVTPL				
Mutual funds			<u>516,374,107</u>	-
			<u>774,204,103</u>	<u>352,604,933</u>
9.1 Reconciliation between fair value and cost of investments classified at FVTOCI				
Fair value of investments				
-in listed equity securities			257,829,996	352,604,933
Unrealized (loss) on remeasurement of investments			<u>(38,115,187)</u>	<u>(30,737,412)</u>
Cost of investment			<u>295,945,183</u>	<u>383,342,345</u>
			Half Year Ended (Un-Audited)	Quarter Ended (Un-Audited)
		December 31,	December 31,	December 31,
		2021	2020	2020
		-----Rupees-----	-----Rupees-----	
10 Revenue from contracts with customer				
Export				
Cloth		1,523,136,503	1,524,677,293	859,364,888
Add: Export rebate		<u>294,065</u>	<u>194,980</u>	<u>211,182</u>
		<u>1,523,430,568</u>	<u>1,524,872,273</u>	<u>859,576,070</u>
Local				
Cloth		5,099,585,587	2,425,431,808	2,809,749,589
Yarn		561,600	497,738	-
Waste		<u>39,468,860</u>	<u>22,408,510</u>	<u>22,794,936</u>
		<u>5,139,616,047</u>	<u>2,448,338,056</u>	<u>2,832,544,525</u>
Less: Sales tax on sales		<u>(746,732,140)</u>	<u>(355,730,530)</u>	<u>(411,516,619)</u>
		<u>4,392,883,907</u>	<u>2,092,607,526</u>	<u>1,155,538,693</u>
Total		<u>5,916,314,475</u>	<u>3,617,479,799</u>	<u>3,280,603,976</u>
11 COST OF SALES				
Raw material consumed		4,476,349,094	2,402,169,757	2,555,836,190
Fuel and power		326,609,106	246,343,740	169,785,972
Salaries, wages and benefits		231,605,798	186,727,226	118,031,057
Stores and spares consumed		36,025,725	33,236,174	18,570,550
Sizing material consumed		85,030,318	63,628,356	46,535,571
Depreciation		106,064,977	98,215,098	53,961,882
Packing material consumed		21,965,385	13,912,957	11,620,597
Insurance		7,039,714	5,742,325	3,663,670
Repairs and maintenance		955,685	3,410,620	481,669
Vehicles running and maintenance		3,570,113	2,799,754	1,887,408
Traveling and conveyance		327,885	180,290	200,225
Lease Rentals-Land		201,312	183,012	100,656
Fee and Subscription		457,700	231,285	253,700
Entertainment		643,954	577,586	337,146
Others		<u>2,406,294</u>	<u>2,589,110</u>	<u>1,283,915</u>
		<u>5,299,253,060</u>	<u>3,059,947,290</u>	<u>2,982,550,208</u>
Work-in-process:				
At beginning of period		112,850,341	86,316,978	161,437,424
At end of period		<u>(162,690,957)</u>	<u>(95,020,428)</u>	<u>(162,690,957)</u>
		<u>(49,840,616)</u>	<u>(8,703,450)</u>	<u>(1,253,533)</u>
Cost of goods manufactured		<u>5,249,412,444</u>	<u>3,051,243,840</u>	<u>2,981,296,675</u>
Finished stocks:				
At beginning of period		441,079,911	234,619,936	363,595,847
Cloth purchased		232,054	4,728,126	219,210
At end of period		<u>(426,407,664)</u>	<u>(147,628,101)</u>	<u>(426,407,664)</u>
		<u>14,904,301</u>	<u>91,719,961</u>	<u>(62,592,607)</u>
		<u>5,264,316,745</u>	<u>3,142,963,801</u>	<u>2,918,704,068</u>
				<u>1,508,256,052</u>
				<u>88,709,741</u>
				<u>(95,020,428)</u>
				<u>(6,310,687)</u>
				<u>1,501,945,365</u>
				<u>178,502,242</u>
				<u>3,576,476</u>
				<u>(147,628,101)</u>
				<u>34,450,617</u>
				<u>1,536,395,982</u>



PROSPERITY WEAVING MILLS LTD.

12 TRANSACTIONS WITH RELATED PARTIES

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

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

Nature of Relationship	Nature of Transaction	Half Year Ended (Un-Audited)	
		December 31, 2021	December 31, 2020
	Rupees.....	
Associated companies	Purchase of goods and services	2,163,986,790	752,282,344
	Dividend paid	13,948,208	-
Key management personnel	Remuneration and other benefits	24,713,687	18,144,762
	Dividend paid to directors and their close family members	26,523,907	-

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

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The following table presents the Funds/Company's financial assets which are carried at fair value:

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
 Rupees			
Financial assets - at fair value				
-Equity investments designated at FVTOCI	257,829,996	-	-	257,829,996
-Mutual funds designated at FVTPL	-	516,374,107	-	516,374,107
At December 31, 2021	257,829,996	516,374,107	-	774,204,103

	June 30, 2021			Total
	Level 1	Level 2	Level 3	
 Rupees			
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 December 31, 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.

14 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Half Year Ended (Un-Audited)		
	June 30, 2021	Cash flow	December 31, 2021
Rupees.....		
Long term finances	1,992,095,611	19,545,243	2,011,640,854
Short term borrowings	56,439,271	538,369,625	594,808,896
	2,048,534,882	557,914,868	2,606,449,750



PROSPERITY WEAVING MILLS LTD.

15 CORRESPONDING FIGURES

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

15.2 Figures have been rounded off to the nearest rupee.

16 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements have been approved by the board of directors of the Company and authorized for issue on February 24, 2022.

Lahore: February 24, 2022


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Chief Executive Officer

PROSPERITY WEAVING MILLS LTD.

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