

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2019
(Un-Audited)**



PROSPERITY WEAVING MILLS LTD.



PROSPERITY WEAVING MILLS LTD.

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PROSPERITY WEAVING MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Ms. Parveen Akhtar 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. Perveen Malik	Chairman
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Ms. Perveen Malik	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Raza Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Deloitte Yousuf Adil.
Chartered Accountants

CORPORATE ADVISORS

Bandial & Associates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

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

WEB REFERENCE

SHARES REGISTRAR

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

MILLS

13.5 K.M
Sheikhupura Sharaqpur Road
Sheikhupura



PROSPERITY WEAVING MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2019 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2018 are included for comparison, except for statement of financial position where figures are for the year ended on June 30, 2019.

Company Performance

Alhamdulillah, during the 1st half of the financial year 2020 ended on December 31, 2019, your company has earned after tax profit of Rs. 138,871,699 or 4.32% of sales compared to Rs. 52,766,043 or 1.60% of sales during the corresponding period of previous year. Earning per share (EPS) is Rs. 7.51 for the current first half of the year compared to Rs. 2.86 during the corresponding period of previous year.

Sales revenue for the half year is Rs. 3,212,405,401 compared to Rs. 3,307,367,628 showing decrease of 2.87% over the same period of previous year. Slight drop in sales is due to lower sales volume in quantitative terms as compared to previous year. However, comparative selling prices of fabric improved. Cost of sales decreased from 91.81% of sales during the same period of previous year to 90.43% during the period under review. Accordingly, Gross profit improved to 9.57% compared to 8.19% in the same period last year.

Overall operating expenses increased slightly by 0.97 % over the same period of previous year. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 2.59% of sales during the same period of previous year to 2.08% of sales during the 1st half year ended under review. *The decrease is mainly due to cheaper foreign currency borrowings for working capital and reduction in long term loans through repayments.*

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals upto February 15, 2020, at the Gineries totaled 8.548 million bales compared to 10.701 million bales for similar period of financial year 2018-19 showing decrease in arrival of 20.12%.

Future Outlook

Operating environment continues to be profitable for the weaving industry. Global demand for fabric from Pakistan is rising resulting in better unit price of fabric. International demand is particularly strong for value added finished products like home furnishings leading to better prices in the local market. Management is hopeful that current operating environment will continue to prevail during second half year. However, recent outbreak of Corona Virus may impact Chinese demand.

During the period under review Pakistani Rupee strengthened against USD. Interest rates remain high which is raising the financial cost. We appreciate the government measures for release of pending sales tax refunds to the industry due to which corporate liquidity improved. However, government seems to be modifying its promise to provide concessional energy rates for the textile industry at 7.5 cents per unit. It is feared that textile industry electricity tariff will be increased and it will be detrimental for the profits of the company. It is hoped that export rebates, income tax and sales tax stuck up refunds will be released in a timely manner to the textile industry.

Management is focusing on product diversification, seeking new export markets with application of effective cost controls in order to improve margins. Therefore, the outlook for the rest of the financial year is cautiously optimistic. Management is alive to the risks and is striving to keep the company profitable.

The company is investing in its Balancing, Modernisation and Replacement program on a continuous basis. Your management has decided for expansion/ BMR project consisting of 36 brand new weaving looms. Machinery is expected to arrive at the plant during current financial year. After the expansion, the production of the company will increase and help to enhance profits.

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.

Shahzada Ellahi Shaikh
Chairman

Lahore: February 26, 2020

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 دسمبر 2019ء کو اختتام ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2019ء کو اختتام سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے پچھلے سال کی اسی مدت کے دوران 52,766,043 روپے یا فروخت کا 1.60 فیصد کے مقابلے میں 31 دسمبر 2019 کو ختم ہونے والی مالی سال 2020 کی پہلی ششماہی کے دوران 138,871,699 روپے یا فروخت کا 4.32 فیصد بعد از ٹیکس منافع کمایا ہے۔ سال کی پہلی ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 2.86 روپے کے مقابلے میں 7.51 روپے ہے۔

ششماہی کی فروخت آمدنی گزشتہ سال کی اسی مدت کے دوران 3,307,367,628 روپے کے مقابلے میں 3,212,405,401 روپے پر قائم رہی جو 2.87 فیصد کمی ظاہر کر رہی ہے۔ فروخت کی آمدن میں معمولی کمی بنیادی طور پر گزشتہ سال کے مقابلے میں کم فروخت حجم کے باعث ہوئی ہے۔ تاہم، فیبرک کی فروخت قیمتیں پچھلے سال سے بہتر ہوئیں۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کی فروخت کے 91.81 فیصد سے کم ہو کر 90.43 فیصد ہو گئی ہے۔ جس کی وجہ سے مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران 8.19 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران 9.57 فیصد ہو گیا۔ مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت سے 0.97 فیصد تک معمولی زیادہ ہوئے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی ششماہی کے دوران فروخت کے 2.59 فیصد سے کم ہو کر زیر جائزہ پہلی ششماہی کے دوران فروخت کے 2.08 فیصد ہوئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر کنگ کپچرل کے لئے سستے غیر ملکی کرنسی قرضوں اور ادائیگیوں کے ذریعے طویل مدتی قرضوں میں کمی کی وجہ سے ہوئی ہے۔

فصل سال 2019-20 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 فروری 2020ء تک جزیز میں آمد گزشتہ سال 2018-19 کی اسی مدت میں 10.701 ملین گانٹھوں کے مقابلے میں کل 8.548 ملین گانٹھیں ہو گئیں جو 20.12 فیصد کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

ویولنگ انڈسٹری کے لئے کاروباری ماحول منافع بخش رہا ہے۔ پاکستان سے فیبرک کی عالمی طلب بڑھ رہی ہے جس کے نتیجے میں فیبرک کی پونٹ قیمت بہتر ہوئی۔ ویلیو ایڈڈ تیار مصنوعات جیسا کہ گھریلو آرائشی سامان کے لئے بین الاقوامی طلب خاص طور پر بہتر ہوئی ہے جس سے مقامی مارکیٹ میں قیمتیں بہتر ہو رہی ہیں۔ انتظامیہ کو امید ہے کہ موجودہ کاروباری ماحول دوسری ششماہی کے دوران بھی جاری رہے گا۔ تاہم، کرونا وائرس کا موجودہ بریک ڈاؤن چین کی طلب کو متاثر کر سکتا ہے۔

زیر جائزہ مدت کے دوران پاکستانی روپیہ امریکی ڈالر کے مقابلے میں مستحکم ہوا۔ شرح سود بدستور زیادہ رہی جو مالی لاگت میں اضافہ کر رہی ہے۔ ہم زیر التوا سیل ٹیکس کی قابل واپسی رقوم کی صنعت کو واپسی کے حکومتی اقدامات کو سراہتے ہیں جس کی وجہ سے کارپوریٹ لیکویڈیٹی میں بہتری آئی۔ تاہم، حکومت ٹیکسٹائل کی صنعت کو 7.5 سینٹ فی پونٹ پر مراعاتی توانائی کی شرح فراہم کرنے کے اپنے وعدے میں ترمیم کرنی نظر آ رہی ہے۔ خدشہ ہے کہ ٹیکسٹائل انڈسٹری کے بجلی کے



PROSPERITY WEAVING MILLS LTD.

نرخوں میں اضافہ ہوگا اور یہ کمپنی کے منافع کے لئے نقصان دہ ہوگا۔ امید کی جاتی ہے کہ برآمدی رعایات، اکٹم ٹیکس اور سیلز ٹیکس کی رکی ہوئی قابل واپسی رقوم کو ٹیکسٹائل انڈسٹری بروقت ادا کئے جائیں گے۔

انتظامیہ منافع کو بہتر بنانے کے لئے مؤثر لاگت کنٹرولز کے اطلاق کے ساتھ مصنوعات کی تنوع، نئی برآمدی منڈیوں کی تلاش پر توجہ مرکوز کر رہی ہے۔ لہذا، مالی سال کی دوسری ششماہی کا نقطہ نظر بہ احتیاط پر اُمید ہے۔ انتظامیہ خطرات سے آگاہ ہے اور کمپنی کو منافع بخش رکھنے کے لئے کوشاں ہے۔ کمپنی اپنی پیداواری سہولیات میں مسلسل توازن، جدت اور توسیع کو جاری رکھے ہوئے ہے۔ آپ کی انتظامیہ نے 36 بلکل نئی ویونگ لومز کی توسیع/بی ایم آر منصوبہ کا فیصلہ کیا ہے۔ مشینری پلانٹ پر موجودہ مالی سال کے دوران پہنچ جانے کی توقع ہے۔ توسیع کے بعد، کمپنی کی پیداوار میں اضافہ اور منافع کو بڑھانے میں مدد ملے گی۔

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۔

منجانب بورڈ

رضا الہی شیخ

مینیجنگ ڈائریکٹر (چیف ایگزیکٹو)

شہزادہ الہی شیخ

چیئر مین

لاہور: 26 فروری 2020ء

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, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures reported in the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.

Deloitte Yousuf Adil
Chartered Accountants

Place: Lahore

Date: February 26, 2020



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	Un-Audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 20,000,000 (June 30, 2019: 20,000,000) Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital		184,800,000	184,800,000
Reserves		980,726,843	866,947,761
Revaluation surplus on land		<u>102,840,634</u>	<u>102,840,634</u>
TOTAL EQUITY		1,268,367,477	1,154,588,395
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	4	<u>1,260,554,318</u>	<u>1,401,669,107</u>
Employees retirement benefits		124,366,957	113,846,651
Deferred taxation		<u>5,928,689</u>	<u>5,928,689</u>
		1,390,849,964	1,521,444,447
CURRENT LIABILITIES			
Trade and other payables		<u>435,931,301</u>	<u>446,059,871</u>
Accrued interest / mark-up		25,215,816	43,411,088
Short term borrowings		822,582,946	1,020,731,819
Current portion of long term finances		<u>277,527,049</u>	<u>271,872,149</u>
Unclaimed dividend		5,327,088	4,890,794
		1,566,584,200	1,786,965,721
TOTAL LIABILITIES		2,957,434,164	3,308,410,168
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	5	<u>4,225,801,641</u>	<u>4,462,998,563</u>

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

Lahore: February 26, 2020


Shahzada Ellahi Shaikh
Chairman


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,054,412,047	2,194,488,854
Intangible assets		1,669,817	2,259,165
Long term deposits		15,039,000	15,039,000
Sales tax refund bonds		-	28,600,000
		2,071,120,864	2,240,387,019
CURRENT ASSETS			
Stores, spare parts and loose tools		74,688,978	67,841,093
Stock-in-trade		493,710,693	520,264,696
Trade receivables		614,302,967	911,859,937
Advances		84,819,554	14,748,553
Short term prepayments		8,420,231	2,036,980
Other receivables		4,902,763	7,777,222
Sales tax refundable		18,868,734	42,951,091
Other financial assets	7	656,404,245	444,623,369
Advance income tax-net		65,190,459	96,257,531
Cash and bank balances		133,372,153	114,251,072
		2,154,680,777	2,222,611,544
TOTAL ASSETS		4,225,801,641	4,462,998,563

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

Raza Ellahi Shaikh
Mg. Director (Chief Executive)



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees.....		Rupees.....	
Sales-net		3,212,405,401	3,307,367,628	1,777,282,904	1,937,449,642
Cost of sales	8	(2,904,992,451)	(3,036,634,928)	(1,588,004,444)	(1,760,251,442)
Gross profit		307,412,950	270,732,700	189,278,460	177,198,200
Distribution cost		(37,997,619)	(43,825,299)	(22,707,912)	(29,522,033)
Administrative expenses		(52,104,715)	(47,117,900)	(24,935,246)	(23,744,140)
Other operating expenses		(24,851,300)	(22,911,562)	(21,690,317)	(11,366,093)
		(114,953,634)	(113,854,761)	(69,333,475)	(64,632,266)
		192,459,316	156,877,939	119,944,985	112,565,934
Other income		62,569,386	21,190,373	57,704,601	18,535,292
Operating profit		255,028,702	178,068,312	177,649,586	131,101,226
Finance cost		(66,829,422)	(85,633,231)	(27,091,667)	(46,323,494)
Profit before taxation		188,199,280	92,435,081	150,557,919	84,777,732
Provision for taxation		(49,327,581)	(39,669,038)	(28,965,573)	(23,168,871)
Profit after taxation		138,871,699	52,766,043	121,592,346	61,608,861
Other comprehensive income					
Items that will not be reclassified subsequently to statement of profit or loss:					
Unrealized gain on remeasurement of equity investment designated at FVTOCI		48,827,383	-	62,891,370	-
Items that may be reclassified subsequently to statement of profit or loss:					
Unrealized loss on remeasurement of available for sale investments		-	(49,789,311)	-	(55,047,636)
		48,827,383	(49,789,311)	62,891,370	(55,047,636)
Total comprehensive income for the period		187,699,082	2,976,732	184,483,716	6,561,225
Earnings per share - basic and diluted		7.51	2.86	6.58	3.33

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2020



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for:

Depreciation of property, plant and equipment
Amortization of intangible asset
Provision for employee benefits
Gain on disposal of property, plant and equipment
Loss on sale of short term investments
Unrealised gain on short term investments
Dividend income
Finance cost

Operating cash flows before working capital changes

Changes in working capital

(Increase) / decrease in:

Stores, spare parts and loose tools
Stock-in-trade
Trade receivables
Advances
Short-term prepayments
Other receivables
Sales tax refundable

Increase / (decrease) in:

Trade and other payables

Cash generated from operations

Employee benefits paid

Finance cost paid

Income taxes paid

Net cash generated from / (used in) operating activities

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment
Proceeds from disposal of property, plant and equipment
Purchase of short term investments
Proceeds from sale of short term investments
Proceeds from redemption of sales tax refund bonds
Dividend received

Net cash used in investing activities

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained
Repayment of long term finances
Short term borrowings excluding running finance
Dividend paid

Net cash generated from/(used in) financing activities

Net increase/(decrease) in cash and cash equivalents (A+B+C)

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

CASH AND CASH EQUIVALENTS

Cash and bank balances

Running finance

Bank overdraft

Half year ended	
December 31, 2019	December 31, 2018
.....Rupees.....	
188,199,280	92,435,081
104,734,610	109,650,463
589,348	589,348
19,083,368	15,080,154
(6,265,898)	(2,019,756)
8,938,644	14,250,951
(28,108,193)	-
(24,003,063)	(19,170,618)
66,829,422	85,633,231
329,997,518	296,448,854
(6,847,885)	(25,880,088)
26,554,003	(236,969,781)
297,556,970	43,820,908
(70,071,001)	(22,839,332)
(6,383,251)	(6,775,078)
2,874,459	674,180
24,082,357	(3,910,538)
267,765,652	(251,879,729)
(10,128,570)	18,415,749
587,634,600	62,984,874
(8,563,062)	(6,889,859)
(85,024,694)	(76,127,113)
(18,260,509)	(15,620,853)
475,786,335	(35,652,951)
(8,307,303)	(7,150,283)
49,915,398	3,847,000
(217,701,982)	(152,530,815)
73,918,038	69,414,276
28,600,000	-
24,003,063	19,170,618
(49,572,786)	(67,249,204)
-	38,782,000
(135,459,889)	(93,297,376)
296,543,289	(475,000,000)
(73,483,706)	(36,537,963)
87,599,694	(566,053,339)
513,813,243	(668,955,494)
(481,480,747)	(387,355,547)
32,332,496	(1,056,311,041)
133,372,153	15,730,138
(81,237,528)	(975,538,516)
(19,802,129)	(96,502,663)
32,332,496	(1,056,311,041)

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

Shahzada Ellahi Shaikh

Chairman

Muhammad Tariq Sheikh

Chief Financial Officer

Raza Ellahi Shaikh

Mg. Director (Chief Executive)

Lahore: February 26, 2020



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, Subscribed and paid up capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit	
-----Rupees-----						
Balance as at June 30, 2018 - Audited	184,800,000	16,600,000	55,564,634	15,740,345	728,371,633	1,001,076,612
Comprehensive income:						
Profit after taxation	-	-	-	-	52,766,043	52,766,043
Other comprehensive loss - net of tax	-	-	-	(49,789,311)	-	(49,789,311)
Total comprehensive (loss) / income for the period	-	-	-	(49,789,311)	52,766,043	2,976,732
Transactions with owners						
Final dividend for the year ended June 30, 2018 @ 20 % i.e. Rs. 2 per ordinary share	-	-	-	-	(36,960,000)	(36,960,000)
Balance as at December 31, 2018 - Un-audited	184,800,000	16,600,000	55,564,634	(34,048,966)	744,177,676	967,093,344
Comprehensive income:						
Profit after taxation	-	-	-	-	157,268,398	157,268,398
Other comprehensive income - net of tax	-	-	47,276,000	(16,746,968)	(302,379)	30,226,653
Total comprehensive income / (loss) for the period	-	-	47,276,000	(16,746,968)	156,966,019	187,495,051
Balance as at June 30, 2019 - Audited	184,800,000	16,600,000	102,840,634	(50,795,934)	901,143,695	1,154,588,395
Comprehensive income						
Profit after taxation	-	-	-	-	138,871,699	138,871,699
Other comprehensive income	-	-	-	48,827,383	-	48,827,383
Total comprehensive income for the period	-	-	-	48,827,383	138,871,699	187,699,082
Transactions with owners						
Final dividend for the year ended June 30, 2019 @ 40 % i.e. Rs. 4 per ordinary share	-	-	-	-	(73,920,000)	(73,920,000)
Balance as at December 31, 2019 - Un-audited	184,800,000	16,600,000	102,840,634	(1,968,551)	966,095,394	1,268,367,477

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

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2020



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 Sheikhupura Sharaqpur road, District Sheikhupura in the Province of Punjab.

1.2 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the half year ended December 31, 2018.

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 section 237 of Companies Act, 2017 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, 2019 except as disclosed hereunder.

3.1 Changes in accounting policies due to adoption of new accounting standards

The following changes in accounting policies have taken place effective from July 1, 2019:

3.1.1 IFRS 16 - Leases

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

3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

3.3 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 Estimates and judgements

Estimates and judgements made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019.



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2019	Audited June 30, 2019
		-----Rupees-----	
4 LONG TERM FINANCES			
From banking companies:			
Opening balance		1,673,541,256	1,699,563,579
Obtained during the period / year		-	181,172,000
Repayments made during the period / year		(135,459,889)	(207,194,323)
		1,538,081,367	1,673,541,256
Less: Current portion shown under current liabilities		(277,527,049)	(271,872,149)
		1,260,554,318	1,401,669,107
5 CONTINGENCIES AND COMMITMENTS			
5.1 Contingencies			
There is no significant change in the status of contingencies as disclosed in note 12 to the financial statements for the year ended June 30, 2019.			
		Un-Audited December 31, 2019	Audited June 30, 2019
		-----Rupees-----	
5.2 Commitments	Note		
Irrevocable letters of credit for:			
Capital expenditures		103,307,750	113,715,105
Non-capital expenditures		1,791,311	4,501,565
Raw material		281,477,848	-
		386,576,909	118,216,670
Operating lease			
Payable within one year		61,004	845,185
Payable later than one year but not later than five years		-	244,017
		61,004	1,089,202
		386,637,913	119,305,872
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Owned	6.1	2,050,449,402	2,189,508,049
Capital work in progress	6.2	3,962,645	4,980,805
		2,054,412,047	2,194,488,854
6.1 Operating fixed assets - Owned			
Opening written down value		2,189,508,049	2,209,083,425
Revaluation surplus on freehold land		-	47,276,000
Additions during the period / year:			
Building-on free hold land		7,038,628	1,157,616
Plant and machinery		-	155,564,454
Factory equipment		-	78,900
Furniture and fittings		20,500	1,733,591
Office equipment		87,600	350,700
Vehicles		2,178,735	35,655,310
		9,325,463	194,540,571
Written down value of property, plant and equipment disposed off		(43,649,500)	(40,697,675)
Depreciation charged during the period / year		(104,734,610)	(220,694,272)
Written down value at end of the period / year		2,050,449,402	2,189,508,049

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PROSPERITY WEAVING MILLS LTD.

9 TRANSACTIONS WITH RELATED PARTIES

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

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

		Half Year Ended (Un-Audited)	
		December 31,	December 31
		2019	2018
Nature of Relationship	Nature of Transaction	----- Rupees -----	
Associated companies	Purchase of goods and services	828,878,631	803,585,590
	Sale of goods and services and stores	8,136,375	122,233
	Dividend paid	22,317,132	11,158,566
Key management personnel	Remuneration and other benefits	21,690,195	17,344,033
	Dividend paid to directors and their close family members	42,436,252	21,218,126

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

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets - at fair value				
-Equity investments designated at FVTPL	123,606,593	-	-	123,606,593
-Equity investments designated at FVTOCI	381,550,825	-	-	381,550,825
-Mutual funds designated at FVTOCI	11,246,827	-	-	11,246,827
-Mutual funds designated at FVTPL	140,000,000	-	-	140,000,000
At December 31, 2019	656,404,245	-	-	656,404,245
Financial assets - at fair value				
-Equity investments designated at FVTPL	95,327,811	-	-	95,327,811
-Equity investments designated at FVTOCI	334,264,021	-	-	334,264,021
-Mutual funds designated at FVTPL	9,706,247	-	-	9,706,247
-Mutual funds designated at FVTOCI	5,325,290	-	-	5,325,290
At June 30, 2019	444,623,369	-	-	444,623,369

At December 31, 2019 the company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

11 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Half Year Ended (Un-Audited)		
	June 30, 2019	Net cash flows	December 31, 2019
	----- Rupees -----		
Long term finances	1,673,541,256	(135,459,889)	1,538,081,367
Short term borrowings	1,020,731,819	198,148,873	822,582,946
	2,694,273,075	62,688,984	2,360,664,313



PROSPERITY WEAVING MILLS LTD.

12 CORRESPONDING FIGURES

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

12.2 Figures have been rounded off to the nearest rupee.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the board of directors of the Company and authorized for issue on February 26, 2020.

Shahzada Ellahi Shaikh
Chairman

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Mg. Director (Chief Executive)

Lahore: February 26, 2020

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PROSPERITY WEAVING MILLS LTD.

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