

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 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 information of the company for the half year ended on December 31, 2022 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2021 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2022.

Company Performance

Alhamdulillah, despite difficult business environment, your company has earned after tax profit of Rs. 77,100,252 or 1.08% of sales compared to Rs. 346,599,691 or 5.86% of sales during the same period of last year (SPLY). Earning per share (EPS) is Rs. 4.17 for the current first half of the year compared to Rs. 18.76 during the SPLY.

Sales revenue for the half year ended increased by 20.74% over the SPLY and stood at Rs. 7,143,411,166 compared to Rs. 5,916,314,475. The main reason for increase in sales is rise in per unit selling rate combined with some minor increase in the sales volume. Cost of sales increased from 88.98% of sales during SPLY to 92.81% of sales during the period under review. Increase in cost of sales is mainly due to increase in raw material, energy, labor, store & spares costs. Increase in cost of sales resulted in lower Gross Profit (GP) from 11.02% of sales during SPLY to 7.19% of sales during the period under review.

Sea freights were abnormally high because of global port disruptions, local freights were also high which resulted in rise in distribution costs from 1.47% of sales during SPLY to 2.46% of sales during the period under review. Administration expenses decreased from 0.97% of sales during SPLY to 0.92% 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 increased from 0.86% of sales during the SPLY to 1.53% of sales during the period under review. The increase in financial cost is mainly due to increase in working capital borrowing. Rising interest rates has also resulted in higher financial cost on working capital lines.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2022-23, Kapas, (seed cotton) arrivals upto February 01, 2023, at the Ginneries totaled 4.763 million bales compared to 7.421 million bales for similar period of financial year 2021-22 showing decrease in arrival of 35.81%.

Future Outlook

We are passing through hard economic times. The product margins are stressed in local as well as in global markets. Fabric demand has fallen sharply. Demand for fabrics is suffering due to the predictions of a worldwide recession and high textile inventory with retailers. Customers in the finished goods sector are also in deep stress due to which we are facing delayed lifting of sold goods and delayed payments for already lifted goods. Inflation in cost of production especially in energy and financial costs is making Pakistan weaving sector uncompetitive.

Government is about to enter into much needed IMF agreement. Consequent to the agreement, we foresee surge in cost of energy, interest costs, taxes etc. The second half of the current financial year looks to be difficult which may result in losses.

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. Unfortunately, all these factors have further intensified and depressed the outlook for the foreseeable future.

The State Bank of Pakistan (SBP) policy rate of 17% is significantly affecting demand for textiles and also raising the financial costs of the company. Another rise in policy rate is feared under IMF requirements. Long-term borrowing costs have also been raised by the SBP on the long-term financing facility (LTFF). Disbursements of LTFF loans are delayed without any clarity causing further rise in financial costs.

Due to international and domestic dynamics, the Pakistani economy is facing significant challenges. The economy of Pakistan remains unstable because of political uncertainty, devastating floods, Rupee devaluation, declining foreign exchange reserves and very high inflation. Given the low reserves position, the Government is expected to take difficult but necessary measures and reforms required by the International Monetary Fund (IMF) including increase of utility prices and additional taxes to bridge fiscal deficits. As a result, the input cost, both raw materials and utilities may rise further.

Your company remains cognizant of the present business challenges and is continually assessing its strategy to meet the customer's demand while improving productivity through innovation, efficiency and effective cost control initiatives. The expansion project of the company is on track. It is expected that 48 looms will become operational by the end of April, 2023. The new capacity will help to reduce overhead costs.

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 gratitude to the bankers for their continued support to the company.

On behalf of the Board.

Amin Ellahi Shaikh
Director

Haroon Shahzada Ellahi Shaikh
Director

Lahore: February 23, 2023

ممبران کے لئے ڈائریکٹرز کی رپورٹ

مجلسِ نظماً، 31 دسمبر 2022ء کو مختتمہ پہلی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 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 مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، مشکل کاروباری ماحول کے باوجود، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے دوران 346,599,691 روپے یا فروخت کا 5.86 فیصد کے مقابلے میں زیر جائزہ سہ ماہی کے دوران 77,100,252 روپے یا فروخت کا 1.08 فیصد بعد از ٹیکس منافع کمایا۔ رواں پہلی ششماہی کی فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 18.76 روپے کے مقابلے میں 4.17 روپے ہے۔

مختتمہ ششماہی میں فروخت آمدنی گزشتہ سال کی اسی مدت سے 20.74 فیصد تک زیادہ ہوئی اور گزشتہ سال کی اسی مدت کے دوران 5,916,314,475 روپے کے مقابلے میں 7,143,411,166 روپے رہی۔ فروخت میں اضافہ کی بڑی وجہ فروخت حجم میں معمولی اضافہ کے ساتھ ساتھ فی یونٹ فروخت شرح میں اضافہ ہے۔ فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 88.98 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 92.81 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر خام مال، بجلی، لیبر، اسٹور اور سپلیز کی لاگت میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 11.02 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کا 7.19 فیصد ہوا۔

سندھری مال برداری کے اخراجات عالمی بندرگاہوں کے خلل کی وجہ سے غیر معمولی زیادہ تھے، مقامی مال برداری بھی زیادہ تھی جس کے نتیجے میں تقسیم کے اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.47 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 2.46 فیصد تک زیادہ ہو گئے۔ انتظامی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 0.97 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 0.92 فیصد تک ہو گئے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 0.86 فیصد سے بڑھ کر زیر جائزہ سہ ماہی کے دوران فروخت کے 1.53 فیصد تک ہو گئی۔ مالی اخراجات میں اضافہ بنیادی طور پر ورکنگ کپٹل قرضوں میں اضافہ کی وجہ سے ہوا ہے۔ ورکنگ کپٹل لائسنز پر سود کی زیادہ شرحوں کے نتیجے میں بھی مالی لاگت زیادہ ہوئی ہے۔

پاکستان کاٹن جنرلز ایسوسی ایشن کی طرف سے فصل سال 2022-23 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم فروری 2023ء تک جنریز میں کپاس، (بیج کپاس) کی بیچنے والی سال 2021-22 کی اسی مدت تک کل 7.421 ملین گانٹھوں کے مقابلے میں 4.763 ملین گانٹھیں ہوئی جو کہ 35.81 فیصد کی خاطر کم رہی ہے۔

مستقبل کا نقطہ نظر

ہم مشکل معاشی دور سے گزر رہے ہیں۔ مقامی اور عالمی منڈیوں میں مصنوعات کے مارجن کم ہو گئے ہیں۔ فیبرک کی طلب میں تیزی سے کمی آئی ہے۔ دنیا بھر میں کساد بازاری اور خوردہ فروشوں کے ہاں ٹیکسٹائل کی زیادہ انویسٹری کی پیش گوئیوں کی وجہ سے کپڑوں کی طلب میں کمی آ رہی ہے۔ تیار سامان کے شعبے کے صارفین بھی شدید تباہی میں ہیں جس کی وجہ سے ہمیں فروخت شدہ سامان کو تاخیر سے اٹھانے اور پہلے سے اٹھائے گئے سامان کی ادائیگی میں تاخیر کا سامنا ہے۔ پیداواری لاگت بالخصوص توانائی اور مالیاتی لاگت میں مزید کمی پاکستان کے ویولنگ ٹیکسٹائل کو غیر مسابقتی بنا رہی ہے۔

حکومت آئی ایم ایف سے انتہائی ضروری معاہدہ کرنے والی ہے۔ معاہدے کے نتیجے میں، ہم توانائی کی لاگت، سود کے اخراجات، ٹیکس وغیرہ میں اضافے کی پیش گوئی کرتے ہیں۔ موجودہ مالی سال کی دوسری ششماہی مشکل دکھائی دے رہی ہے جو کہ نقصان پر منتج ہو سکتی ہے۔

صارفین تیار سامان کی طلب میں اچانک کمی کی شکایت کر رہے ہیں جس سے فیبرک کی قیمتوں پر دباؤ پڑتا ہے۔ روس/یوکرین تنازعہ بھی اپنے سائے ڈال رہا ہے۔ بد قسمتی سے، ان تمام عوامل نے مستقبل قریب کے نقطہ نظر کو مزید شدید اور افسردہ کر دیا ہے۔



PROSPERITY WEAVING MILLS LTD.

اسٹیٹ بینک آف پاکستان (SBP) کی 17 فیصد پالیسی شرح ٹیکسٹائل کی طلب کو نمایاں طور پر متاثر اور کمپنی کے مالی اخراجات میں بھی اضافہ کر رہی ہے۔ آئی ایم ایف کے تقاضوں کے تحت پالیسی شرح میں مزید اضافے کا خدشہ ہے۔ طویل المدتی مالیاتی سہولت (LTFF) پر SBP کی طرف سے طویل مدتی قرض کے اخراجات بھی بڑھادیئے گئے ہیں۔ LTFF قرضوں کی تقسیم بندی کسی وضاحت کے تاخیر کا شکار ہے جس کی وجہ سے مالی اخراجات میں مزید اضافہ ہو گیا ہے۔

بین الاقوامی اور ملکی محرکات کی وجہ سے پاکستانی معیشت کو اہم چیلنجز کا سامنا ہے۔ پاکستان کی معیشت سیاسی غیر یقینی صورتحال، تباہ کن سیلاب، روپے کی قدر میں کمی، زرمبادلہ کے گرتے ہوئے ذخائر اور بہت زیادہ افراط زر کی وجہ سے غیر مستحکم ہے۔ کم ذخائر کی پوزیشن کے پیش نظر، توقع کی جاتی ہے کہ حکومت مشکل لیکن ضروری اقدامات اور اصلاحات جو بین الاقوامی مالیاتی فنڈ (IMF) کی طرف سے درکار ہیں، بشمول پینٹنٹی کی قیمتوں میں اضافہ اور مالیاتی خسارے کو پورا کرنے کے لیے اضافی ٹیکس لگائے۔ جس کے نتیجے میں پیداواری لاگت، خام مال اور پمپلیٹی وٹوں میں مزید اضافہ ہو سکتا ہے۔


آپ کی کمپنی موجودہ کاروباری چیلنجز سے بخوبی واقف ہے اور جدت، کارکردگی اور لاگت پر قابو پانے کے موثر اقدامات کے ذریعے پیداواری صلاحیت کو بہتر بناتے ہوئے صارف کی طلب کو پورا کرنے کے لیے اپنی حکمت عملی کا مسلسل جائزہ لے رہی ہے۔ کمپنی کے توسیعی منصوبے پر کام جاری ہے۔ توقع ہے کہ اپریل 2023 کے آخر تک 48 لاکھ روپے شروع کر دیں گی۔ نئی صلاحیت اور رہا لاگت کو کم کرنے میں مدد ملے گی۔


امید ہے کہ حکومت کاروبار دوست پالیسیاں لائے گی جیسے کہ موثر انداز میں کم لاگت توانائی کی بلا تھقل فراہمی، بقایا بیگز ٹیکس اور انکم ٹیکس کی واپسی تاکہ مہنگائی کی شرح کو کنٹرول اور مالیاتی اخراجات کو کم کیا جاسکے۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلچو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار شکر

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 ڈینکروز کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ


بارون شہزادہ الٰہی شیخ
ڈائریکٹر


امین الٰہی شیخ
ڈائریکٹر

لاہور: 23 فروری 2023ء



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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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, 2022 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, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Sufyan.


Chartered Accountants

Lahore
Date: 24 February 2023
UDIN: RR202210180xLcCMPHve

An Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Un-Audited December 31, 2022	Audited June 30, 2022
Note	.....	Rupees
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 20,000,000 (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	1,687,356,168	1,728,278,632
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
Total equity	1,974,996,802	2,015,919,266
LIABILITIES		
Non-current liabilities		
Long term finances	4 2,258,825,715	1,641,822,612
Employees retirement benefits	177,292,046	162,405,974
Deferred taxation	113,361,051	123,924,669
	2,549,478,812	1,928,153,255
Current liabilities		
Trade and other payables	876,630,314	803,781,613
Accrued interest / mark-up	55,042,181	41,658,337
Short term borrowings	5 1,152,822,777	1,099,608,910
Current portion of long term finances	276,381,796	303,656,639
Unclaimed dividend	6,990,603	6,353,906
Provision for taxation	38,289,116	26,385,426
Current portion of deferred grant	-	1,630,759
	<u>2,406,156,787</u>	2,283,075,590
Total liabilities	4,955,635,599	4,211,228,845
Contingencies and commitments	6 -	-
Total equity and liabilities	<u>6,930,632,401</u>	<u>6,227,148,111</u>

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

Lahore: February 23, 2023


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2022	Audited June 30, 2022
	Note	..... Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,250,600,632	2,513,598,681
Long term deposits		15,039,000	15,039,000
		3,265,639,632	2,528,637,681
Current assets			
Stores, spare parts and loose tools		105,383,023	114,890,959
Stock-in-trade		1,697,745,863	1,827,168,351
Trade receivables		1,206,402,228	1,242,520,030
Advances		40,762,556	14,456,727
Short term prepayments		20,582,549	2,840,151
Other receivables		2,576,378	1,329,724
Sales tax refundable		244,586,799	254,617,345
Other financial assets	8	285,267,604	215,890,321
Cash and bank balances		61,685,769	24,796,822
		3,664,992,769	3,698,510,430
Total assets		6,930,632,401	6,227,148,111

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

Haroon Shahzada Ellahi Shaikh
Director



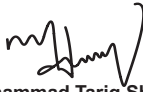
PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		Rupees		Rupees	
Revenue from contracts with customers	9	7,143,411,166	5,916,314,475	3,445,463,750	3,280,603,975
Cost of sales	10	(6,629,644,376)	(5,264,316,745)	(3,231,930,916)	(2,918,704,068)
Gross profit		513,766,790	651,997,730	213,532,834	361,899,907
Distribution cost		(175,866,214)	(86,834,237)	(75,988,206)	(55,437,688)
Administrative expenses		(65,976,393)	(57,567,550)	(31,594,556)	(28,882,834)
Other operating expenses		(14,651,314)	(32,816,575)	(4,059,165)	(18,210,429)
		(256,493,921)	(177,218,362)	(111,641,927)	(102,530,951)
		257,272,869	474,779,368	101,890,907	259,368,956
Other income		9,681,798	18,948,491	3,653,707	9,053,467
Operating profit		266,954,667	493,727,859	105,544,614	268,422,423
Finance cost		(109,120,395)	(51,003,725)	(50,775,306)	(22,775,631)
Profit before taxation		157,834,271	442,724,134	54,769,307	245,646,792
Provision for taxation		(80,734,019)	(96,124,443)	(37,750,048)	(64,844,508)
Profit for the period		77,100,253	346,599,691	17,019,260	180,802,284
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		(25,622,717)	8,516,845	(12,630,234)	15,285,567
Total comprehensive income for the period		51,477,536	355,116,536	4,389,026	196,087,851
Earnings per share - basic and diluted		4.17	18.76	0.92	9.79

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


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Director

Lahore: February 23, 2023

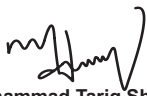


PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	157,834,271	442,724,134
Adjustments for:		
Depreciation of property, plant and equipment	120,028,163	111,613,277
Provision for employee benefits	24,001,344	18,445,713
Gain on disposal of property, plant and equipment	(1,532,662)	(2,721,621)
Gain on the sale of short term investment	(16,495)	(327,235)
Unrealized gain on short term investment	-	(1,064,444)
Dividend income	(8,132,640)	(14,835,189)
Finance cost	109,120,395	51,003,725
Operating cash flow before working capital changes	401,302,376	604,838,360
Changes in working capital		
Decrease / (increase) in:		
Stores, spare parts and loose tools	9,507,936	(10,057,341)
Stock-in-trade	129,422,488	(139,050,029)
Trade receivables	36,117,802	(333,250,262)
Advances	(26,305,829)	(1,648,386)
Short-term prepayments	(17,742,398)	(2,075,756)
Other receivables	(1,246,654)	(170,179)
Sales tax refundable	10,030,546	(27,847,675)
	139,783,891	(514,099,628)
Increase / (decrease) in:		
Trade and other payables	72,848,701	105,833,755
Cash generated from operations	613,934,968	196,572,487
Employee benefits paid	(9,115,272)	(9,719,819)
Finance cost paid	(97,367,310)	(53,072,320)
Income tax paid	(79,393,947)	(57,588,614)
Net cash generated from operating activities	428,058,439	76,191,734


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Director

Lahore: February 23, 2023



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
..... Rupees		
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(858,257,452)	(224,896,890)
Proceeds from disposal of property, plant and equipment	2,760,000	5,014,500
Purchase of short term investments	(96,054,150)	(725,000,465)
Proceeds from sale of short term investments	1,070,645	313,309,819
Dividend received	8,132,640	14,835,189
Net cash used in investing activities	(942,348,317)	(616,737,847)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	755,064,650	185,732,354
Repayment of long term finances	(165,336,390)	(166,187,111)
Short term borrowings excluding running finance & bank over draft	214,060,857	436,590,000
Dividend paid	-	-
Net cash generated from financing activities	(91,763,303)	(46,043,605)
Net cash generated from financing activities	712,025,814	410,091,638
Net (decrease) / increase in cash and cash equivalents (A+B+C)	197,735,936	(130,454,475)
Cash and cash equivalents at beginning of the period	(704,641,790)	4,927,531
Cash and cash equivalents at end of the period	(506,905,854)	(125,526,944)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	61,685,769	32,691,953
Running finance	(557,171,630)	(150,240,142)
Bank overdraft	(11,419,992)	(7,978,755)
	(506,905,854)	(125,526,944)

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


Amin Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Director

Lahore: February 23, 2023



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Issued, subscribed and paid up capital	Capital reserve			Revenue reserve	Total	
	Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Accumulated profit		
Rupees						
Balance as 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
Total comprehensive income for the period:						
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	-	-	-	(15,894,618)	15,894,618	-
Transactions with owners						
Final Dividend @ 25% i.e. Rs. 2.5 per Ordinary share	-	-	-	-	(46,200,000)	(46,200,000)
Balance as at December 31, 2021 - (Un-Audited)	184,800,000	16,600,000	102,840,634	(38,115,185)	1,789,469,521	2,055,594,970
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	3,304,606	3,304,606
Other comprehensive loss - net of tax	-	-	-	(41,940,530)	(1,039,780)	(42,980,310)
Total comprehensive (loss)/ income for the period	-	-	-	(41,940,530)	2,264,826	(39,675,704)
Balance as 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
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	77,100,253	77,100,253
Other comprehensive loss - net of tax	-	-	-	(25,622,717)	-	(25,622,717)
Total comprehensive (loss) / income for the period:	-	-	-	(25,622,717)	77,100,253	51,477,536
Trasnactions with owners:						
Final Dividend @ 50% i.e. Rs. 5 per Ordinary share	-	-	-	-	(92,400,000)	(92,400,000)
Balance as at December 31, 2022 - (Un-Audited)	184,800,000	16,600,000	102,840,634	(105,678,432)	1,776,434,600	1,974,996,802

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

Amin Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Director

Lahore: February 23, 2023



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 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. 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 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 half year ended December 31, 2021.

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, 2022.

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the company's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the company's operations and are, therefore, not detailed in these condensed interim financial statements.

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.



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2022	Audited June 30, 2022
		..... Rupees	
4 LONG TERM FINANCES			
From banking companies			
Opening balance		1,945,479,251	1,992,095,611
Obtained during the period / year		755,064,650	311,265,194
Repayments made during the period / year		(165,336,390)	(357,881,554)
		<u>2,535,207,511</u>	<u>1,945,479,251</u>
Less: Current portion shown under current liabilities		<u>(276,381,796)</u>	<u>(303,656,639)</u>
		<u>2,258,825,715</u>	<u>1,641,822,612</u>
5 SHORT TERM BORROWINGS			
From banking companies:			
Running finance - secured		557,171,630	709,058,853
Term finance - secured		275,000,000	-
Bank overdraft - unsecured		11,419,992	20,379,759
Foreign currency loans - secured		309,231,155	370,170,298
		<u>1,152,822,778</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 note 14.1 and 14.2 to the financial statements for the year ended June 30, 2022.			
6.2 Commitments			
Irrevocable letters of credit for:			
Capital expenditures		49,314,155	728,855,142
Non-capital expenditures		381,385,996	310,675,634
		<u>430,700,151</u>	<u>1,039,530,776</u>
		<u>Un-Audited December 31, 2022</u>	<u>Audited June 30, 2022</u>
		..... Rupees	
7 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets - Owned	7.1	2,449,989,374	2,428,776,016
Capital work in progress	7.2	800,611,258	84,822,665
		<u>3,250,600,632</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		-	29,698,993
Plant and machinery		111,255,914	373,109,487
Electric installation		27,050,585	-
Furniture and fittings		557,360	414,000
Office equipment		150,000	5,740,042
Vehicles		3,455,000	13,239,920
		<u>142,468,859</u>	<u>422,202,442</u>
Written down value of property, plant and equipment disposed off		(1,227,338)	(5,787,091)
Depreciation charged during the period / year		(120,028,163)	(233,939,702)
Written down value at end of the period / year		<u>2,449,989,374</u>	<u>2,428,776,016</u>
7.2	This includes an amount of Rs. 796.14 million as an advance payment relating to purchase and installation of 48 new looms.		



PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2022	Audited June 30, 2022
		..... Rupees	
8 OTHER FINANCIAL ASSETS	Note		
Investments classified as FVTOCI			
Equity investments	8.1	190,267,604	215,890,321
Investments classified as FVTPL			
Mutual funds		95,000,000	-
		285,267,604	215,890,321
8.1 Reconciliation between fair value and cost of investments classified at FVTOCI		Un-Audited December 31, 2022	Audited June 30, 2022
		..... Rupees	
Fair value of investments			
-in listed equity securities		190,267,604	215,890,321
Loss on remeasurement of investments		105,678,432	80,055,715
Cost of investment		295,946,036	295,946,036

	Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	..... Rupees .....		..... Rupees	
9 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Export				
Cloth	2,690,003,645	1,523,136,503	1,125,709,351	859,364,888
Add: Export rebate	592,496	294,065	270,522	211,182
	2,690,596,141	1,523,430,568	1,125,979,873	859,576,070
Local				
Cloth	5,121,540,038	5,099,585,587	2,674,235,328	2,809,749,589
Yarn	362,937	561,600	362,937	-
Waste	87,397,926	39,468,860	39,197,870	22,794,936
	5,209,300,901	5,139,616,047	2,713,796,135	2,832,544,525
Less: Sales tax on sales	(756,485,877)	(746,732,140)	(394,312,259)	(411,516,619)
	4,452,815,025	4,392,883,907	2,319,483,877	2,421,027,906
Total	7,143,411,166	5,916,314,475	3,445,463,750	3,280,603,976

10 COST OF SALES				
Raw material consumed	5,582,348,655	4,476,349,094	2,645,738,427	2,555,836,190
Fuel and power	556,626,545	326,609,106	226,871,239	169,785,972
Salaries, wages and benefits	300,967,976	231,605,798	147,013,075	118,031,057
Stores and spares consumed	57,339,672	36,025,725	36,163,033	18,570,550
Sizing material consumed	114,246,471	85,030,318	59,982,864	46,535,571
Depreciation	114,434,811	106,064,977	57,792,815	53,961,882
Packing material consumed	21,964,632	21,965,385	10,933,126	11,620,597
Insurance	9,460,013	7,039,714	4,739,680	3,663,670
Repairs and maintenance	7,320,863	955,685	3,371,606	481,669
Others	14,844,321	7,607,258	7,341,504	4,063,050
	6,779,553,957	5,299,253,060	3,199,947,367	2,982,550,208
Work-in-process:				
At beginning of period	214,220,851	112,850,341	234,627,983	161,437,424
At end of period	(239,097,814)	(162,690,957)	(239,097,814)	(162,690,957)
	(24,876,963)	(49,840,616)	(4,469,831)	(1,253,533)
Cost of goods manufactured	6,754,676,994	5,249,412,444	3,195,477,536	2,981,296,675



PROSPERITY WEAVING MILLS LTD.

	Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	..... Rupees .....		..... Rupees	
Finished stocks:				
At beginning of period	891,010,214	441,079,911	1,053,058,504	363,595,847
Cloth purchased	4,559,176	232,054	3,996,884	219,210
At end of period	(1,020,602,008)	(426,407,664)	(1,020,602,008)	(426,407,664)
	(125,032,618)	14,904,301	36,453,380	(62,592,607)
	6,629,644,376	5,264,316,745	3,231,930,915	2,918,704,068

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	Half Year Ended (Un-Audited)	
		December 31, 2022	December 31, 2021
		..... Rupees	
Associated companies	Purchase of goods and services	3,803,079,261	2,163,986,790
	Sale of goods and services and stores	152,779	-
	Dividend paid	27,896,415	13,948,208
Key management personnel	Remuneration and other benefits	27,386,645	24,713,687
	Dividend paid to directors and their close family members	53,047,815	26,523,907

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

12 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:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	..... Rupees			
Financial assets - at fair value				
-Equity investments designated at FVTOCI	190,267,604	-	-	190,267,604
-Mutual funds designated at FVTPL	95,000,000	-	-	95,000,000
At December 31, 2022	285,267,604	-	-	285,267,604
	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 December 31, 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.



PROSPERITY WEAVING MILLS LTD.

13 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Half Year Ended (Un-Audited)		
	June 30, 2022	Cash flow	December 31, 2022
	..... Rupees		
Long term finances	1,945,479,251	589,728,260	2,535,207,511
Short term borrowings	1,099,608,910	53,213,867	1,152,822,777
	3,045,088,161	642,942,127	3,688,030,288

14 CORRESPONDING FIGURES

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

14.2 Figures have been rounded off to the nearest rupee.

15 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 23, 2023.

Amin Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Director

Lahore: February 23, 2023

PROSPERITY WEAVING MILLS LTD.

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