

**HALF YEARLY REPORT  
FOR THE PERIOD ENDED  
DECEMBER 31, 2023  
(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](http://www.nagina.com)

### SHARES REGISTRAR

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

### MILLS

13.5 K.M  
Sheikhupura Sharaqpur Road, Sheikhupura



## 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, 2023 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2022 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2023.

### **Company Performance**

Difficult business environment continues to prevail. Alhamdulillah, despite challenging environment, your company has managed to remain profitable and earned after tax profit of Rs. 26,575,077 or 0.29% of sales compared to Rs. 77,100,253 or 1.08% of sales during the same period of last year (SPLY). Earning per share (EPS) is Rs. 1.44 for the current first half of the year compared to Rs. 4.17 during the SPLY.

Sales revenue for the half year increased by 26.91% over the SPLY and stood at Rs. 9,065,813,741 compared to Rs. 7,143,411,166. The main reason for increase in sales is rise in per unit selling rate coupled with volume rise. Cost of sales increased from 92.81% of sales during SPLY to 93.11% of sales during the period under review. Increase in cost of sales is mainly due to surging energy, labor costs etc. Depreciation expense also rose because of new project capitalization. Increase in cost of sales resulted in lower Gross Profit (GP) from 7.19% of sales during SPLY to 6.89% of sales during the period under review.

Operating expenses decreased from 3.59% of sales during SPLY to 3.15% 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 significantly increased from 1.53% of sales during SPLY to 2.62% of sales during the period under review. Increase in finance costs is mainly due to rising interest rates. The average working capital borrowing has risen because the customers are taking longer to repay. Since one and half year, there is no LTFF available. Hence all CAPEX done in past one year is on KIBOR based financing which has contributed to higher financial costs.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2023-24, Kapas, (seed cotton) arrivals upto January 31, 2024, at the Ginneries totaled 8.350 million bales compared to 4.764 million bales for similar period of financial year 2022-23 showing increase in arrival of 75.29%.

### **Future Outlook**

The weaving industry in particular and textile industry in general is going through turbulent times. The global and domestic fabric market is depressed. The costs such as wages, energy, financial, administration, sizing chemicals, packing material and transportation are continuously rising. The value added chain is also complaining of low demand which is resulting in lower fabric requirements in the domestic market. While selling the product predictability of costs has become increasingly difficult because of ever increasing government administered energy costs. Product margins have been squeezed and the demand for fabric has remained slow. The outlook for the second half of the financial year is very challenging.

The challenge facing the company is to remain profitable despite inflation and reduced demand. Your management is aware of the current difficult situation and is consistently evaluating its approach to meet customer demands, search new export markets, enhance productivity through innovation, efficiency and effective cost management initiatives. The financial outlook can improve if the benefits of a strengthening rupee are passed on to us in the form of lower fuel, electricity, gas and interest costs.



## PROSPERITY WEAVING MILLS LTD.

The government is likely to persist in raising costs associated with gas and electricity. However, it is reported that the Government is in discussion with IMF authorities to reduce the power tariff for exporting industries. We hope for a positive outcome.

Interest rates are likely to be reduced in current half year or early next financial year. If so, this will ease out the financial cost burden. In order to curb inflation, the country needs a stable exchange rate. We hope that after the national elections a stable Government will announce consistent and long term policies to help exporting industries to compete internationally.

It is hoped that the Government will bring in business friendly policies such as uninterrupted energy supplies during winter in cost effective manner, refund of outstanding taxes, controlling the inflation rate and reducing the financial costs and release of LTFF facility against the machinery against which LCs has already been retired. 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.

A handwritten signature in black ink, appearing to read "Haroon".

**Haroon Shahzada Ellahi Shaikh**  
Director

Lahore: February 14, 2024

A handwritten signature in black ink, appearing to read "Raza Ellahi Shaikh".

**Raza Ellahi Shaikh**  
Chief Executive Officer



## ڈائریکٹرز کا جائزہ

مجلسِ نظامہ 31 دسمبر 2023ء کو پختہ پہلی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔ 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیمینٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2023ء کو ختم ہونے والے سال کے لئے ہیں۔

### کمپنی کی کارکردگی

مشکل کاروباری ماحول بدستور برقرار ہے۔ مشکل ماحول کے باوجود، الحمد للہ، آپ کی کمپنی منافع بخش رہی اور گزشتہ سال کی اسی مدت کے دوران 77,100,253 روپے یا فروخت کا 1.08 فیصد کے مقابلے 26,575,077 روپے یا فروخت کا 0.29 فیصد بعد از ٹیکس منافع کمایا۔ رواں پہلی ششماہی کی فی ٹیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 4.17 روپے کے مقابلے 1.44 روپے ہے۔

زیر جائزہ ششماہی میں فروخت آمدنی گزشتہ سال سے 26.91 فیصد تک زیادہ ہوئی اور گزشتہ سال کی اسی مدت کے دوران 7,143,411,166 روپے کے مقابلے 9,065,813,741 روپے رہی۔ فروخت آمدنی میں اضافہ بنیادی طور پر حجم اور فی یونٹ فروخت شرح میں اضافہ کی وجہ سے ہوا ہے۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 92.81 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 93.11 فیصد تک زیادہ ہوئی ہے۔ فروخت کی لاگت میں اضافہ بنیادی طور پر توانائی، مزدوری کے اخراجات وغیرہ بڑھنے کی وجہ سے ہوا ہے۔ نئے پروڈکٹ کی کمپنٹلائزیشن سے ڈیپریسشن کے اخراجات میں اضافہ ہوا۔ فروخت کی لاگت میں اضافہ کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 7.19 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کا 6.89 فیصد ہوا۔

آپریٹنگ اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.59 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 3.15 فیصد تک کم ہو گئے۔ کمپنی مستحکم نقد بہاؤ پیدا کرنے اور اپنے آپریٹنگ اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.53 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کے 2.62 فیصد تک ہو گئی۔ مالی اخراجات میں اضافہ بنیادی طور پر سود کی شرحوں میں اضافہ کی وجہ سے ہوا ہے۔ اوسط ورکنگ کپٹل قرضہ بڑھ گیا ہے کیونکہ گلوبل ادائیگی میں تاخیر کر رہے ہیں۔ ڈیڑھ سال سے LTFE دستیاب نہیں ہے۔ چنانچہ گزشتہ ایک سال میں کئے گئے تمام CAPEX کا ہیر پرائی فنانسنگ پر ہے جس کے نتیجے قرضہ کی لاگتیں زیادہ ہیں۔

پاکستان کا ٹن جزیرا بیوسی ایٹن کی طرف سے فصل سال 2023-24 کے لئے جاری کردہ اعداد و شمار کے مطابق 31 جنوری 2024ء تک جزیرے میں کپاس، (بیج کپاس) کی بیجنگ مالی سال 2022-23 کی اسی مدت تک کل 4.764 بلین گانٹھوں کے مقابلے 8.350 بلین گانٹھیں ہوئی جو کہ 75.29 فیصد کا اضافہ ظاہر کر رہی ہے۔

### مستقبل کا نقطہ نظر

خاص طور پر یونگ انڈسٹری اور عام طور پر ٹیکسٹائل انڈسٹری مشکل ادوار سے گزر رہی ہے۔ عالمی اور مقامی فیبرک مارکیٹ دباؤ کا شکار ہے۔ اجرت، توانائی، مالیاتی، انتظامی، سائزنگ، کیمیکل، پیکنگ، میٹریل اور ٹرانسپورٹیشن جیسے اخراجات مسلسل بڑھ رہے ہیں۔ ویلیو ایڈڈ چین بھی کم طلب کا شکار ہے جس کے نتیجے مقامی مارکیٹ میں فیبرک کی طلب کم ہے۔ جبکہ مصنوعات کی فروخت کے دوران حکومت کے زیر انتظام توانائی کے اخراجات میں مسلسل اضافے کی وجہ سے لاگت کی پیش گوئی بہت ہی مشکل ہو گئی ہے۔ مصنوعات کے مارجن کم اور کپڑے کی طلب سست رہی ہے۔ مالی سال کی دوسری ششماہی کا نقطہ نظر مشکل ہے۔

افراط زور کم طلب کے باوجود کمپنی کو منافع بخش رہنے کا چیلنج درپیش ہے۔ آپ کی انتظامیہ موجودہ مشکل صورتحال سے آگاہ ہے اور صارفین کی طلب پورا کرنے، نئی برآمدی منڈیوں کی تلاش، جدت، کارکردگی اور لاگت کے موثر انتظامی اقدامات کے ذریعے پیداواری صلاحیت کو بڑھانے کے اپنے نقطہ نظر کا مسلسل جائزہ لے رہی ہے۔ مالیاتی نقطہ نظر بہتر ہو سکتا ہے اگر روپیہ کی مضبوطی کے فوائد ہمیں ایندھن، بجلی، گیس اور سود کی کم لاگت کی صورت میں پہنچائے جائیں۔

امکان ہے کہ حکومت گیس اور بجلی کی قیمتوں میں اضافے پر قائم رہے گی۔ تاہم، یہ اطلاع ہے کہ حکومت برآمد پڑتی صنعتوں کے لیے بجلی کے نرخوں کو کم کرنے کے لیے آئی ایم ایف حکام سے بات چیت کر رہی ہے۔ ہم مثبت نتائج کی امید رکھتے ہیں۔



## PROSPERITY WEAVING MILLS LTD.


موجودہ ششماہی یا اگلے مالی سال کے شروع میں شرح سود میں کمی کا امکان ہے۔ اگر ایسا ہوا تو، اس سے مالی لاگت کا بوجھ کم ہو جائے گا۔ مہنگائی کم کرنے کے لیے ملک کو مستحکم شرح مبادلہ کی ضرورت ہے۔ ہم امید کرتے ہیں کہ قومی انتخابات کے بعد مستحکم حکومت مستقل اور طویل مدتی پالیسیوں کا اعلان کرے گی تاکہ برآمد پڑنی صنعتوں کو بین الاقوامی سطح پر مقابلہ کرنے میں مدد ملے۔


امید ہے کہ حکومت کا رو بار دوست پالیسیاں لائے گی جیسے کہ موسم سرما کے دوران لاگت موثر انداز میں توانائی کی بلا تعلق فراہمی، بھٹا یا ٹیکس کی واپسی، تاکہ مہنگائی کی شرح کو کنٹرول اور مالیاتی اخراجات میں کمی لائی جاسکے اور جو LCs پہلے ہی ریٹائر ہو چکی ہیں کی مشینری کے لئے LTFF کی سہولت کا اجراء کرے گی۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹر میں ویلیو چین کی تکمیل کی حوصلہ افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار تشکر

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

منجانب بورڈ

  
رضا الہی شیخ  
چیف ایگزیکٹو آفیسر

  
ہارون شہزادہ الہی شیخ  
ڈائریکٹر

لاہور: 14 فروری 2024ء

**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, 2023, the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (hereinafter 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 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 persons responsible for 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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matter**

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended December 31, 2023 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

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

  
Chartered Accountants

Lahore

Date: February 21, 2024

UDIN: RR202310180RIZwrsWyG





# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	Un-Audited December 31, 2023	Audited June 30, 2023
Note	..... Rupees .....	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 40,000,000 (June 30, 2023: 40,000,000) ordinary shares of Rs. 10 each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital	184,800,000	184,800,000
Reserves	1,828,462,566	1,745,895,073
Revaluation surplus on land	<u>102,840,634</u>	<u>102,840,634</u>
<b>TOTAL EQUITY</b>	<b>2,116,103,200</b>	<b>2,033,535,707</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	4 <span style="border: 1px solid black; padding: 2px;">1,899,598,726</span>	2,111,368,970
Employee retirement benefits	244,943,398	218,458,386
Deferred taxation	<span style="border: 1px solid black; padding: 2px;">116,980,599</span>	131,389,532
	<u>2,261,522,723</u>	<u>2,461,216,888</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<span style="border: 1px solid black; padding: 2px;">904,728,673</span>	882,612,563
Accrued interest / mark-up	95,923,148	108,019,560
Short term borrowings	5 <span style="border: 1px solid black; padding: 2px;">1,326,888,065</span>	1,120,218,955
Current portion of long term finances	416,186,338	342,911,342
Unclaimed dividend	7,105,643	6,762,629
Provision for taxation	<span style="border: 1px solid black; padding: 2px;">36,194,772</span>	14,813,046
	<u>2,787,026,639</u>	<u>2,475,338,095</u>
<b>TOTAL LIABILITIES</b>	<b>5,048,549,362</b>	<b>4,936,554,983</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>7,164,652,562</b></u>	<u><b>6,970,090,690</b></u>

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

Lahore: February 14, 2024



# PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2023	Audited June 30, 2023
	Note	..... Rupees .....	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	3,196,512,725	3,345,297,817
Long term deposits		15,039,000	15,039,000
		3,211,551,725	3,360,336,817
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		196,446,298	116,773,484
Stock-in-trade		1,813,137,705	1,604,376,705
Trade receivables		1,334,504,120	1,325,398,504
Advances		54,981,679	40,055,566
Short term prepayments		16,681,342	2,985,034
Other receivables		6,454,220	1,873,635
Sales tax refundable		98,576,712	236,655,037
Other financial assets	8	298,217,157	190,011,871
Cash and bank balances		134,101,604	91,624,037
		3,953,100,837	3,609,753,873
<b>TOTAL ASSETS</b>		<b>7,164,652,562</b>	<b>6,970,090,690</b>

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, 2023

	Note	Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees		Rupees	
Revenue from contracts with customers	9	9,065,813,741	7,143,411,166	4,615,960,346	3,445,463,750
Cost of sales	10	(8,441,192,354)	(6,629,644,376)	(4,307,641,762)	(3,231,930,916)
<b>Gross profit</b>		<b>624,621,387</b>	<b>513,766,790</b>	<b>308,318,584</b>	<b>213,532,834</b>
Distribution cost		(191,374,420)	(175,866,214)	(97,724,043)	(75,988,206)
Administrative expenses		(79,456,336)	(65,976,393)	(39,381,270)	(31,594,556)
Other operating expenses		(14,550,502)	(14,651,314)	(9,815,905)	(4,059,165)
		(285,381,258)	(256,493,921)	(146,921,218)	(111,641,927)
		339,240,129	257,272,869	161,397,366	101,890,907
Other income		25,774,136	9,681,798	11,598,821	3,653,707
<b>Operating profit</b>		<b>365,014,265</b>	<b>266,954,667</b>	<b>172,996,187</b>	<b>105,544,614</b>
Finance cost		(237,707,692)	(109,120,395)	(109,581,259)	(50,775,306)
<b>Profit before taxation</b>		<b>127,306,573</b>	<b>157,834,271</b>	<b>63,414,928</b>	<b>54,769,307</b>
Provision for taxation		(100,731,496)	(80,734,019)	(46,985,321)	(37,750,048)
<b>Profit after taxation</b>		<b>26,575,077</b>	<b>77,100,253</b>	<b>16,429,607</b>	<b>17,019,260</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>					
Fair value gain/(loss) on investment in equity instrument designated at FVTOCI		111,432,416	(25,622,717)	82,171,164	(12,630,234)
<b>Total comprehensive income for the period</b>		<b>138,007,493</b>	<b>51,477,536</b>	<b>98,600,771</b>	<b>4,389,026</b>
<b>Earnings per share - basic and diluted</b>		<b>1.44</b>	<b>4.17</b>	<b>0.89</b>	<b>0.92</b>

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

Haroon Shahzada Ellahi Shaikh  
Director

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Chief Executive Officer

Lahore: February 14, 2024



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended	
	December 31, 2023	December 31, 2022
	..... Rupees .....	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	127,306,573	157,834,271
Adjustments for:		
Depreciation of property, plant and equipment	164,938,194	120,028,163
Provision for employee benefits	39,449,964	24,001,344
Gain on disposal of property, plant and equipment	(1,280,661)	(1,532,662)
Gain on sale of short term investments	(6,980)	(16,495)
Dividend income	(24,486,497)	(8,132,640)
Finance cost	237,707,692	109,120,395
Operating cashflow before working capital changes	543,628,285	401,302,376
<b>Changes in working capital</b>		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(79,672,814)	9,507,936
Stock-in-trade	(208,761,000)	129,422,488
Trade receivables	(9,105,616)	36,117,802
Advances	(14,926,113)	(26,305,829)
Short-term prepayments	(13,696,308)	(17,742,398)
Other receivables	(4,580,585)	(1,246,654)
Sales tax refundable	138,078,325	10,030,546
	(192,664,111)	139,783,891
Increase / (decrease) in:		
Trade and other payables	22,116,110	72,848,701
<b>Cash generated from operations</b>	<b>373,080,284</b>	<b>613,934,968</b>
Employee benefits paid	(12,964,952)	(9,115,272)
Finance cost paid	(249,804,103)	(97,367,310)
Income taxes paid	(93,758,703)	(79,393,947)
<b>Net cash generated from operating activities</b>	<b>16,552,525</b>	<b>428,058,439</b>



## PROSPERITY WEAVING MILLS LTD.

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended	
	December 31, 2023	December 31, 2022
	..... Rupees .....	
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(17,577,440)	(858,257,452)
Proceeds from disposal of property, plant and equipment	2,705,000	2,760,000
Purchase of short term investments	(35,394,575)	(96,054,150)
Proceeds from sale of short term investments	38,628,684	1,070,645
Dividend received	24,486,497	8,132,640
<b>Net cash generated from/(used in) investing activities</b>	<b>12,848,166</b>	<b>(942,348,317)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	-	755,064,650
Repayment of long term finances	(138,495,248)	(165,336,390)
Short term borrowings excluding running finance and bank overdraft	1,263,491,904	214,060,857
Dividend paid	(55,096,986)	(91,763,303)
<b>Net cash generated from financing activities</b>	<b>1,069,899,670</b>	<b>712,025,814</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,099,300,361</b>	<b>197,735,936</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(1,028,594,918)</b>	<b>(704,641,790)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>70,705,443</b>	<b>(506,905,854)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	134,101,604	61,685,769
Running finance	(712,355)	(557,171,630)
Bank overdraft	(62,683,806)	(11,419,992)
	<b>70,705,443</b>	<b>(506,905,854)</b>

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

Haroon Shahzada Ellahi Shaikh  
Director

Muhammad Tariq Sheikh  
Chief Financial Officer

Raza Ellahi Shaikh  
Chief Executive Officer

Lahore: February 14, 2024



# PROSPERITY WEAVING MILLS LTD.


## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid up capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit	
Rupees						
<b>Balance as at June 30, 2022 - (Audited)</b>	184,800,000	16,600,000	102,840,634	(80,055,715)	1,791,734,347	2,015,919,266
<b>Total comprehensive income for the period:</b>						
Profit for the period	-	-	-	-	77,100,253	77,100,253
Other comprehensive loss net of tax	-	-	-	(25,622,717)	-	(25,622,717)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	(25,622,717)	77,100,253	51,477,536
<b>Transactions with owners</b>						
Final Dividend @ 50% i.e. Rs. 5 per Ordinary share	-	-	-	-	(92,400,000)	(92,400,000)
<b>Balance as at December 31, 2022 - (Un-Audited)</b>	184,800,000	16,600,000	102,840,634	(105,678,432)	1,776,434,600	1,974,996,802
<b>Total comprehensive income for the period:</b>						
Profit for the period	-	-	-	-	76,028,571	76,028,571
Other comprehensive income	-	-	-	(255,733)	(17,233,933)	(17,489,666)
<b>Total comprehensive income for the period</b>	-	-	-	(255,733)	58,794,638	58,538,905
<b>Balance as at June 30, 2023 - (Audited)</b>	184,800,000	16,600,000	102,840,634	(105,934,165)	1,835,229,238	2,033,535,707
<b>Total comprehensive income for the period:</b>						
Profit for the period	-	-	-	-	26,575,077	26,575,077
Other comprehensive income	-	-	-	111,432,416	-	111,432,416
<b>Total comprehensive income for the period:</b>	-	-	-	111,432,416	26,575,077	138,007,493
<b>Transfer of gain on disposal of equity investment at FVTOCI to unappropriated profit</b>	-	-	-	(4,135,655)	4,135,655	-
<b>Transactions with owners:</b>						
Final Dividend @ 30% i.e. Rs. 3 per Ordinary share	-	-	-	-	(55,440,000)	(55,440,000)
<b>Balance as at December 31, 2023 - (Un-Audited)</b>	184,800,000	16,600,000	102,840,634	1,362,596	1,810,499,970	2,116,103,200

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

Lahore: February 14, 2024

  
Haroon Shahzada Ellahi Shaikh  
Director

  
Muhammad Tariq Sheikh  
Chief Financial Officer

  
Raza Ellahi Shaikh  
Chief Executive Officer



## **PROSPERITY WEAVING MILLS LTD.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

#### **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 Building, 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 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, 2023. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023, 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, 2022.
- 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, 2023.

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, 2023. However, these will not have any significant effects on the company's operations and are, therefore, not detailed in these condensed interim financial statements.



# PROSPERITY WEAVING MILLS LTD.

## 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, 2023.

## 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, 2023.

	Un-Audited December 31, 2023	Audited June 30, 2023
	..... Rupees .....	
<b>4 LONG TERM FINANCES</b>		
<b>From banking companies</b>		
Opening balance	2,454,280,312	1,945,479,251
Obtained during the period / year	-	812,457,700
Repayments made during the period / year	<u>(138,495,248)</u>	<u>(303,656,640)</u>
	2,315,785,064	2,454,280,312
Less: Current portion shown under current liabilities	<u>(416,186,338)</u>	<u>(342,911,342)</u>
	<u>1,899,598,726</u>	<u>2,111,368,970</u>
<b>5 SHORT TERM BORROWINGS</b>		
From banking companies:		
Running finance - secured	5.1 712,355	1,010,806,510
Foreign currency loans - secured	5.1 1,263,491,904	-
Bank overdraft - unsecured	62,683,806	109,412,445
	<u>1,326,888,065</u>	<u>1,120,218,955</u>

5.1 The aggregate un-availed short term borrowing facilities amount to Rs. 3,273 million (June 2023: Rs. 3,526 million). Short term borrowings are secured against joint pari passu charge of Rs. 4,416 million (2023: Rs. 4,416 million) on all present and future current assets of the Company.

These facilities have been obtained from various commercial banks for working capital requirements; carrying mark-up ranging from 5.00% to 22.73% per annum. Borrowings are secured under first joint pasu charge over present and future current assets of the company. These facilities expire on various dates by December 31, 2024.

## 6 CONTINGENCIES AND COMMITMENTS

### 6.1 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, 2023.





# PROSPERITY WEAVING MILLS LTD.

		Un-Audited December 31, 2023	Audited June 30, 2023
<b>6.2 Commitments</b>			
Irrevocable letters of credit for:			
Non-capital expenditures	Note	..... Rupees .....	
Short term lease - payable within one year		291,047,723	23,562,265
		73,815	964,896
		<u>291,121,538</u>	<u>24,527,161</u>
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - Owned	7.1	3,196,512,725	3,345,297,817
		<u>3,196,512,725</u>	<u>3,345,297,817</u>
<b>7.1 Operating fixed assets - Owned</b>			
Opening written down value		3,345,297,817	2,428,776,016
Additions during the period / year:			
Building-on free hold land - Factory		-	94,785,118
Plant and machinery		-	1,006,963,542
Electric installation		-	51,568,264
Factory equipment		2,201,200	14,147,146
Furniture and fixtures		125,000	1,318,890
Office equipment		686,000	259,400
Vehicles		14,565,240	3,454,987
		<u>17,577,440</u>	<u>1,172,497,347</u>
Written down value of property, plant and equipment disposed off		(1,424,338)	(1,568,753)
Depreciation charged during the period / year		(164,938,194)	(254,406,793)
Written down value at end of the period / year		<u>3,196,512,725</u>	<u>3,345,297,817</u>
		Un-Audited December 31, 2023	Audited June 30, 2023
<b>8 OTHER FINANCIAL ASSETS</b>		..... Rupees .....	
<b>Investments classified as FVTOCI</b>			
Equity investments	8.1	263,199,770	190,011,871
<b>Investments classified as FVTPL</b>			
Mutual funds		35,017,387	-
		<u>298,217,157</u>	<u>190,011,871</u>
<b>8.1 Reconciliation between fair value and cost of investments classified at FVTOCI</b>		Un-Audited December 31, 2023	Audited June 30, 2023
		..... Rupees .....	
Fair value of investments			
-in listed equity securities		263,199,770	190,011,871
Unrealized (gain) / loss on remeasurement of investments		(1,362,604)	105,934,165
Cost of investment		<u>261,837,166</u>	<u>295,946,036</u>



# PROSPERITY WEAVING MILLS LTD.

	Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	..... Rupees .....		..... Rupees .....	
<b>9 REVENUE FROM CONTRACTS WITH CUSTOMERS</b>				
<b>Export</b>				
Cloth	2,823,847,997	2,690,003,645	1,256,952,216	1,125,709,351
Add: Export rebate	360,203	592,496	110,430	270,522
	<b>2,824,208,200</b>	2,690,596,141	<b>1,257,062,646</b>	1,125,979,873
<b>Local</b>				
Cloth	7,220,395,614	5,121,540,038	3,876,976,111	2,674,235,328
Yarn	10,721,480	362,937	10,721,480	362,937
Waste	129,636,939	87,397,926	66,771,201	39,197,870
	<b>7,360,754,033</b>	5,209,300,901	<b>3,954,468,792</b>	2,713,796,135
Less: Sales tax on sales	(1,119,148,491)	(756,485,877)	(595,571,091)	(394,312,259)
	<b>6,241,605,542</b>	4,452,815,025	<b>3,358,897,701</b>	2,319,483,877
<b>Total</b>	<b>9,065,813,741</b>	7,143,411,166	<b>4,615,960,346</b>	3,445,463,750
<b>10 COST OF SALES</b>				
Raw material consumed	6,837,849,071	5,582,348,655	3,370,603,149	2,645,738,427
Fuel and power	763,257,700	556,626,545	384,343,027	226,871,239
Salaries, wages and benefits	383,140,382	300,967,976	208,795,398	147,013,075
Stores and spares consumed	60,033,106	57,339,672	26,207,438	36,163,033
Sizing material consumed	146,682,026	114,246,471	73,751,564	59,982,864
Depreciation	159,543,982	114,434,811	79,790,335	57,792,815
Packing material consumed	34,563,218	21,964,632	17,713,194	10,933,126
Insurance	13,143,931	9,460,013	6,615,352	4,739,680
Repairs and maintenance	5,156,197	7,320,863	2,181,852	3,371,606
Electricity duty	9,191,928	3,525,936	4,749,475	1,987,498
Others	14,855,750	11,318,385	7,752,042	5,354,006
	<b>8,427,417,291</b>	<b>6,779,553,957</b>	<b>4,182,502,826</b>	<b>3,199,947,367</b>
Work-in-process:				
At beginning of period	152,180,194	214,220,851	238,553,188	234,627,983
At end of period	(267,394,868)	(239,097,814)	(267,394,868)	(239,097,814)
	<b>(115,214,674)</b>	<b>(24,876,963)</b>	<b>(28,841,680)</b>	<b>(4,469,831)</b>
<b>Cost of goods manufactured</b>	<b>8,312,202,617</b>	6,754,676,994	<b>4,153,661,146</b>	3,195,477,536



## PROSPERITY WEAVING MILLS LTD.

Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
..... Rupees .....		..... Rupees .....	

Finished stocks:

At beginning of period	947,743,542	891,010,214	998,163,637	1,053,058,504
Cloth purchased / Processing charges	101,913,204	4,559,176	76,483,988	3,996,884
At end of period	(920,667,009)	(1,020,602,008)	(920,667,009)	(1,020,602,008)
	128,989,737	(125,032,618)	153,980,616	36,453,380
	8,441,192,354	6,629,644,376	4,307,641,762	3,231,930,915

### 11 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 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, 2023	December 31, 2022
		..... Rupees .....	
<b>Nature of Relationship</b>	<b>Nature of Transaction</b>		
Associated companies	Purchase of goods and services	4,966,835,836	3,802,470,501
	Sale of goods and services and stores	-	152,779
	Dividend paid	16,737,849	27,896,415
	Rent Expense	669,636	608,760
Key management personnel	Remuneration and other benefits	31,851,973	27,386,645
	Payment of Dividend to directors and their close family members	31,712,940	53,047,815

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



## PROSPERITY WEAVING MILLS LTD.

### 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 i.e. (unobservable inputs).

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

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
..... Rupees .....				
<b>At December 31, 2023</b>				
Financial assets - at fair value				
-Equity investments designated at FVTOCI	263,199,770	-	-	263,199,770
-Mutual funds designated at FVTPL	-	35,017,387	-	35,017,387
<b>At December 31, 2023</b>	<b>263,199,770</b>	<b>35,017,387</b>	<b>-</b>	<b>298,217,157</b>
June 30, 2023				
Financial assets - at fair value				
Equity investments designated at FVTOCI	190,011,871	-	-	190,011,871
At June 30, 2023	190,011,871	-	-	190,011,871

At December 31, 2023, the Company holds short term investments where the company has used Level 1 or level 2 inputs for the measurement of fair values and there is no transfer between levels.

### 13 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Half Year Ended (Un-Audited)		
	June 30, 2023	Net Cash flow	December 31, 2023
..... Rupees .....			
Long term finances	2,454,280,312	(138,495,248)	2,315,785,064
Short term borrowings	1,120,218,955	206,669,110	1,326,888,065
	<b>3,574,499,267</b>	<b>68,173,862</b>	<b>3,642,673,129</b>



## PROSPERITY WEAVING MILLS LTD.

### 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 14, 2024.

**Haroon Shahzada Ellahi Shaikh**  
Director

**Muhammad Tariq Sheikh**  
Chief Financial Officer

**Raza Ellahi Shaikh**  
Chief Executive Officer

Lahore: February 14, 2024

**PROSPERITY WEAVING MILLS LTD.**

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