

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Paramount Spinning Mills Limited** as at December 31, 2006 and related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (herein after referred to as the “financial statements”) for the half year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company’s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Karachi:
Date:

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

PARAMOUNT SPINNING MILLS LIMITED
BALANCE SHEET (UN AUDITED)
AS AT 31 DECEMBER 2006

	NOTE	31 DECEMBER 2006	30 JUNE 2006
RUPEES			
ASSETS			
NON CURRENT ASSETS			
Fixed assets	5	804,002,522	808,483,360
Long term investments		494,796,321	499,215,480
Long term deposits		4,966,306	3,905,397
		<u>1,303,765,149</u>	<u>1,311,604,237</u>
CURRENT ASSETS			
Stores , spares & loose tools		90,000,936	57,661,853
Stocks in trade		826,919,837	466,103,232
Trade debts		205,192,383	190,081,001
Loans and advances		110,007,697	100,289,230
Current maturity of long term loan to associated company		20,000,000	20,000,000
Deposits and prepayments		15,990,967	13,145,266
Accrued mark up/interest		4,497,857	3,397,645
Other receivables		22,177,962	29,494,955
Short term investments		22,894,467	20,373,946
Cash and bank balances		45,270,509	38,445,022
		<u>1,362,952,615</u>	<u>938,992,150</u>
		<u>2,666,717,764</u>	<u>2,250,596,387</u>
EQUITY & LIABILITIES			
Authorised Share Capital - Ordinary shares of Rs 10 each		<u>250,000,000</u>	<u>125,000,000</u>
Share capital - Ordinary shares of Rs 10 each	6	121,275,000	110,250,000
Reserves		475,400,000	175,400,000
Unappropriated profit		123,621,741	449,335,363
Shareholder's equity		<u>720,296,741</u>	<u>734,985,363</u>
SURPLUS ON REVALUATION OF LAND		53,426,340	53,426,340
SUBORDINATE LOAN		80,000,000	80,000,000
NON CURRENT LIABILITIES			
Long term financing		320,438,517	401,144,048
Loan from associates	7	100,000,000	
Liabilities against asset subject to finance lease		36,133,886	22,150,425
Staff retirement benefits		18,614,456	16,562,017
Deferred taxation		2,184,034	9,290,067
		<u>477,370,893</u>	<u>449,146,557</u>
CURRENT LIABILITIES			
Trade and other payables		128,754,742	87,987,684
Accrued mark up/interest		34,224,819	25,286,284
Short term finances		976,961,326	641,045,816
Current maturity of long term financing		176,819,317	153,072,104
Current maturity of liabilities against asset subject to finance lease		10,380,537	10,600,381
Provision for taxation		8,483,048	15,045,858
		<u>1,335,623,789</u>	<u>933,038,127</u>
CONTINGENCIES AND COMMITMENTS	8	-	-
		<u>2,666,717,764</u>	<u>2,250,596,387</u>

The annexed notes form an integral part of these financial statements .

CHIEF EXECUTIVE

DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	NOTE	31 DECEMBER 2006	31 DECEMBER 2005
		RUPEES	
CASH USED IN OPERATING ACTIVITIES	10	(356,687,752)	(315,479,199)
CASH FLOW FROM INVESTING ACTIVITIES			
Sale proceeds of property, plant and equipment		560,000	-
Addition to fixed assets		(7,814,666)	(54,036,236)
Proceeds from held to maturity investment		868,956	-
Dividend received		-	888,665
Sale of short term investment		1,135,025	(2,349,191)
Long term deposits		(1,060,909)	296,485
Net cash used in investing activities		(6,311,594)	(55,200,277)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of redeemable capital		(56,958,318)	(46,275,580)
Issuance of Associated loan		100,000,000	-
Repayment of finance lease		(9,132,359)	(6,062,971)
Short term finances		335,915,510	412,936,329
Net cash from financing activities		369,824,833	360,597,778
Net (decrease) in cash and cash equivalents		6,825,487	(10,081,698)
Cash and cash equivalents at beginning of the period/ year		38,445,022	57,738,442
Cash and cash equivalents at end of the period/ year		45,270,509	47,656,744

The annexed notes form an integral part of these financial statements .

CHIEF EXECUTIVE

DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Abdul Shakoor (Chairman) Mr. Naseer Ahmed Mr. Tanveer Ahmed (Chief Executive) Mr. N.R. Siddiqui Mr. Gul Nawaz Mr. Mirza Mehmood ul Hassan Mr. Muhammad Abdullah Mr. Riaz Ahmed
AUDIT COMMITTEE	Mr. Abdul Shakoor (Chairman) Mr. N.R. Siddiqui Mr. Riaz Ahmed
CHIEF FINANCIAL OFFICER	Mr. Shadman Shoaib
COMPANY SECRETARY	Mr. Zameer Q. Siddiqui
AUDITORS	M/s.Hameed Chaudri & Company Chartered Accountants Karachi
LEGAL ADVISOR	M/s. A.K. Brohi & Company-Advocate
TAX CONSULTANT	M/s. Sharif & Company-Advocate
BANKERS	United Bank Limited Habib Bank Limited National Bank of Pakistan Limited
SHARE REGISTRAR OFFICE	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 2424826, 2412754, Fax. 2424835
REGISTERED OFFICE	2nd Floor Finlay House I.I. Chundrigar Road, Karachi
REGIONAL OFFICE	58 Main Gulberg, Lahore
MILLS	S.I.T.E. Korti

**PARAMOUNT SPINNING MILLS LIMITED
DIRECTORS REVIEW TO THE SHAREHOLDERS
FOR THE FIRST QUARTER ENDED 30-9-2006.**

Dear Shareholders,
Assalam-o-Alaikum,

Your Directors are please to place before you the unaudited financial statements for the 1st quarter of the year ended 30-9-2006.

The sale during the period under review was Rs. 455 million and profit before tax is Rs. 4.675 million which comes to Rs. 1.114 million after tax.

In our Director's Report to the Shareholders for the fiscal June 30, 2006 we brought quite elaborately to your notice the difficulties, which the textile industry as a whole particularly the Garment sector is facing. Due to reduced cotton harvest of around 12 million, which increase its cost, the increase in markup due to economic measure adopted by the SBP to arrest the inflation, the increase in all other inputs like Gas labour etc. Since then no significant change has emerged nor the Government inspite of repeated approaches by the Association granted subsidy or facility. As a consequence of which nothing can be predicted about the future performance viz a viz profitability. In spite of such unfavorable circumstances your Management is adopting all possible efforts to reduce the cost of production without compromising on the quality of the end product by constantly modernizing and balancing each sector of production Unit.

The Management place on record the efforts and endeavors made by the employees at all levels and assistance by our financiers.

(TANVEER AHMED)
CHIEF EXECUTIVE

Karachi
31-10-2006

PARAMOUNT SPINNING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	NOTE	<i>QUARTER ENDED</i>		<i>HALF YEAR ENDED</i>	
		<i>OCTOBER TO DECEMBER</i>		<i>JULY TO DECEMBER</i>	
		<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
<i>UNAUDITED</i>					
<i>RUPEES</i>					
SALES	9	437,619,427	451,671,150	893,381,449	826,578,034
COST OF SALES	9	392,341,720	384,005,719	778,658,130	701,731,051
GROSS PROFIT		45,277,707	67,665,431	114,723,318	124,846,983
OPERATING EXPENSES					
Distribution Cost		15,412,442	8,767,589	32,583,938	21,943,298
Administrative Expenses		14,539,196	18,425,645	29,237,862	27,028,298
		29,951,638	27,193,234	61,821,800	48,971,596
OPERATING PROFIT		15,326,069	40,472,197	52,901,518	75,875,387
FINANCE COST		31,571,103	38,458,142	67,687,438	65,383,805
OTHER CHARGES		(233,794)	773,810	-	1,178,419
		(16,011,240)	1,240,245	(14,785,920)	9,313,163
OTHER INCOME	10	1,573,947	10,475,832	5,024,516	10,437,335
(PROFIT BEFORE TAXATION		(14,437,293)	11,716,077	(9,761,404)	19,750,498
SHARE OF (LOSS) / PROFIT FROM ASSOCIATES		(3,550,203)	-	(3,550,203)	-
		(17,987,496)	11,716,077	(13,311,607)	19,750,498
PROVISION FOR TAXATION					
CURRENT		4,921,299	3,316,176	8,483,048	6,238,184
DEFERRED		(7,106,033)	-	(7,106,033)	-
NET (LOSS)/ PROFIT AFTER TAXATION		(15,802,762)	8,399,901	(14,688,622)	13,512,314
BASIC AND DILUTED EARNING PER SHARE					
		(1.30)	0.69	(1.21)	1.11

The annexed notes form an integral part of these financial statements .

CHIEF EXECUTIVE

DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Share Capital	Share Premium	General Reserve	Unappropriated Profit	Total
Balance as at 30 June, 2005 (Restated)	105,000,000	15,400,000	160,000,000	450,529,815	730,929,815
Profit for the half year	-	-	-	13,512,314	13,512,314
Bonus Shares	5,250,000	-	-	(5,250,000)	-
Balance as at 31 December, 2005	110,250,000	15,400,000	160,000,000	458,792,129	744,442,129
Profit for the half year	-	-	-	(9,456,766)	(9,456,766)
Balance as at 30 June, 2006	110,250,000	15,400,000	160,000,000	449,335,363	734,985,363
Loss for the half year	-	-	-	(14,688,622)	(14,688,622)
Bonus share issued	11,025,000	-	-	(11,025,000)	-
Transfer to general reserves	-	-	300,000,000	(300,000,000)	-
Balance as at 31 December, 2006	121,275,000	15,400,000	460,000,000	123,621,741	720,296,741

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CHIEF EXECUTIVE

DIRECTOR

