

# **INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **PARAMOUNT SPINNING MILLS LIMITED** as at 31 December, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the half year then ended. (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 December, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December, 2008.

## **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 information 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 information as of and for the half year ended 31 December, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**KARACHI;**

**HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

**PARAMOUNT SPINNING MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	NOTE	31 DECEMBER 2008 (Unaudited) Rupees	30 JUNE 2008 (Audited) Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets	3	766,799,516	781,892,102
Long term investments	4	439,421,414	420,818,918
Long term security deposits		7,724,411	6,732,046
		<u>1,213,945,341</u>	<u>1,209,443,066</u>
<b>CURRENT ASSETS</b>			
Stores, spares parts & loose tools		49,003,310	53,990,519
Stock-in-trade	5	1,243,063,681	1,192,147,551
Trade debts		199,348,829	237,833,601
Loans and advances		74,292,752	41,810,219
Trade deposits and prepayments		5,595,932	6,098,230
Accrued markup		35,768	53,114
Other receivables		32,528,845	40,932,381
Short term investments		2,107,000	5,130,032
Cash and bank balances		42,068,510	74,634,972
		<u>1,648,044,627</u>	<u>1,652,630,619</u>
<b>TOTAL ASSETS</b>		<u><b>2,861,989,968</b></u>	<u><b>2,862,073,685</b></u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 25,000,000(30 June 2008:25,000,000) ordinary shares of Rs.10/- each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up capital	6	143,407,690	133,402,500
Reserves		475,400,000	475,400,000
Unappropriated profit		97,440,404	86,472,587
		<u>716,248,094</u>	<u>695,275,087</u>
<b>SURPLUS ON REVALUATION OF LAND- SHARE OF ASSOCIATES</b>		70,775,045	57,879,519
<b>SUBORDINATE LOAN</b>		80,000,000	80,000,000
<b>NON CURRENT LIABILITIES</b>			
Long term financing		199,961,027	233,803,657
Liabilities against assets subject to finance lease		52,499,207	60,017,534
Deferred liabilities		61,053,526	68,773,394
		<u>313,513,760</u>	<u>362,594,585</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		300,505,591	309,897,084
Accrued mark up		52,533,211	35,610,159
Short term borrowings		1,218,421,183	1,158,305,876
Current portion of long term financing		83,988,403	131,241,126
Current portion of liabilities against assets subject to finance lease		17,758,254	16,684,465
Provision for taxation		8,246,427	14,585,784
		<u>1,681,453,069</u>	<u>1,666,324,494</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,861,989,968</b></u>	<u><b>2,862,073,685</b></u>

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

CHIEF EXECUTIVE

DIRECTOR

**PARAMOUNT SPINNING MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT ( UN AUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	NOTE	31 DECEMBER 2008 Rupees	31 DECEMBER 2007 Rupees
<b>NET CASH GENERATED FROM / USED IN OPERATING ACTIVITIES</b>	<b>9</b>	<b>2,864,046</b>	<b>(224,585,955)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(3,241,857)	(6,116,576)
Proceeds from disposal of fixed assets		645,000	200,000
Dividend received		397	138
Proceeds from sale of short term investment		-	47,436,083
Long term deposits		(992,365)	750,282
<b>NET CASH ( USED IN) /GENERATED FROM INVESTING ACTIVITIES</b>		<b>(3,588,825)</b>	<b>42,269,927</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of redeemable capital		(81,095,353)	(80,928,787)
Term Finance from associates		-	17,700,000
Repayment of lease liability		(10,861,637)	(8,189,237)
Proceeds from short term borrowings		60,115,307	254,939,564
<b>NET CASH (USED IN)/ INFLOW FROM FINANCING ACTIVITIES</b>		<b>(31,841,683)</b>	<b>183,521,540</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(32,566,462)</b>	<b>1,205,512</b>
Cash and cash equivalents at the beginning of the period		<b>74,634,972</b>	<b>48,892,193</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>42,068,510</b>	<b>50,097,705</b>

The annexed notes 1 to 13 form an integral part of these condensed interim 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. Sohail Maqsood  
Mr. Muhammad Tanveer  
Mr. Muhammad Abdullah  
Mr. Riaz Ahmed

### **AUDIT COMMITTEE**

Mr. Riaz Ahmed (Chairman)  
Mr. Muhammad Abdullah  
Mr. Muhammad Tanveer

### **CHIEF FINANCIAL OFFICER**

Mr. Shadman Shoaib

### **COMPANY SECRETARY**

Mr. Zameer Q. Siddiqui

### **AUDITORS**

M/s.Hameed Chaudri & Co. Chartered Accountants Karachi

### **LEGAL ADVISOR**

M/s. A.K. Brohi & Co

### **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 Report**  
**For the half year ended 31st December 2008**

Dear Shareholders  
Assalam o Alaikum

Your Directors are pleased to present financial statements for the half year ended December 31st 2008 duly reviewed by the auditors.

**Economic and Sector Environment**

The Economic and business environment during the half year has been unfavorable on account of higher inflation, massive power shortage, increase in borrowing rates, minimum wages and gas tariff and declining demand due to economic slowdown in export markets. Declining business volumes coupled with power shortages and rising financial cost severely affected the textile business and many small and medium size textile units are at the brink of closure. Textile market has become extremely unpredictable and it is almost impossible to take long position in buying and selling.

**Operating and Financial Performance**

The Company despite difficult sector fundamentals has been successful in registering growth of 21% in sales and 25% in gross profit over same period last year. The gross profit margin improved to 15% from 14.5% in corresponding period last year. Due to strict control on operating expenses, the said expenses has been reduced to 6.8% of sales in corresponding period of last year to 5.8% of in the period under review. The improved gross profit and control on operating expenses led to 34% rise in operating profit. The Financial cost has shown substantial rise of 19.7% over corresponding period last year attributed to higher short term borrowings to meet working capital requirements and 5% points higher 6MKIBOR over corresponding period last year.

**Future Out look**

Although your company has withstand all economic challenges and achieve reasonable profits so far, however in view of deteriorating economic and industry conditions such as rising interest rates, production loss due to massive electricity and gas load shedding, dropping export orders due to global economic slowdown, it becomes really difficult to maintain profitability in Textile business. We strongly feel that if appropriate measures would not be taken by the Government to reduce cost of doing business particularly financial cost then in present environment of shrinking profitability margins, it would be difficult for textile industry to survive.

Under these adverse circumstances your management is making its best efforts to keep the company profitable through exercising better control on input costs and improvement in operating efficiencies.

We would like to thank our customers, suppliers and bankers for their continued support and would like to place on record appreciation for the valuable services of our employees.

For and On behalf of Board of Directors

(Naseer Ahmed)  
Chief Executive

Karachi  
28-02-09

**PARAMOUNT SPINNING MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER, 2008**

**1. CORPORATE INFORMATION**

The Company was incorporated as a public limited company and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office is located at Finlay House, I.I. Chundrigar Road, Karachi. The manufacturing facilities of the Company are located at kotri, Chunian, Ferozewattan and Rawind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, fabric, yarn dyeing, garments and home textile products.

**2. BASIS OF PREPARATION**

**2.1** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards (IAS)-34 "Interim Financial Reporting", as applicable in Pakistan. These condensed interim financial statements do not include all the informations and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2008.

**2.2 SIGNIFICANT ACCOUNTING POLICIES**

The present accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements for the half year ended 31 December 2008 are consistent with those applied in the preparation of the preceding published financial statements of the Company for the year ended 30 June, 2008.

**3. FIXED ASSETS**

Operating fixed assets  
Capital work in progress

**Note**

**3.1**  
**3.2**

Unaudited 31 December 2008 Rupees	Audited 30 June, 2008 Rupees
764,677,118	781,342,394
2,122,398	549,708
<b>766,799,516</b>	<b>781,892,102</b>

**3.1 Tangible fixed assets**

Opening book value  
Additions during the period / year

**Owned**

- building on leased premises
- building on freehold land
- plant & machinery
- electric installations
- factory equipment
- office equipment
- furniture & fixtures
- Vehicles

**Leased**

- Plant & machinery
- Vehicles

781,342,394	757,705,247
-	325,008
199,198	803,096
3,297,517	40,714,612
892,074	4,120,124
913,920	3,526,760
496,202	1,277,847
68,729	233,579
1,067,285	328,224
30,000,000	7,268,921
652,000	3,909,000
<b>37,586,925</b>	<b>62,507,171</b>
-	14,357,769
<b>(31,643,687)</b>	<b>(9,883,025)</b>
<b>(22,608,514)</b>	<b>(43,344,768)</b>
<b>764,677,118</b>	<b>781,342,394</b>

Transfer from CWIP during the period / year

Less: Book value of assets disposed-off / transfer during the period / year

Depreciation charge for the period / year

Closing book value

**3.1.1**

	Note	Unaudited 31 December 2008 Rupees	Audited 30 June, 2008 Rupees
<b>3.1.1 Disposals / transfer during the period / year-at book value</b>			
<b>Owned / Leased:</b>			
Plant and machinery		29,974,142	6,264,222
Factory equipment		-	929,216
Vehicles		1,669,545	2,689,587
		<u>31,643,687</u>	<u>9,883,025</u>
<b>3.2 Capital work-in-progress</b>			
At the beginning of the period		549,708	14,811,048
Addition during the period / year	3.2.1	1,572,690	96,429
Transfer to fixed assets during the period / year		-	(14,357,769)
At the end of the period / year		<u>2,122,398</u>	<u>549,708</u>
<b>3.2.1 Capital work-in-progress</b>			
Civil works		1,565,781	99,429
Plant & machinery - letters of credit		6,909	-
		<u>1,572,690</u>	<u>99,429</u>
<b>4. LONG TERM INVESTMENTS</b>			
Associated companies	4.1	439,421,414	420,818,918
		<u>439,421,414</u>	<u>420,818,918</u>
<b>4.1 Associated Companies</b>			
<b>Listed</b>			
Gulistan Textile Mills Limited	4.1.1	297,496,530	287,248,588
Gulistan Spinning Mills Limited	4.1.2	5,808,613	5,662,277
<b>Unlisted</b>			
Gulistan Fiber Limited	4.1.3	91,547,383	85,233,208
Gulistan Power Generation Limited	4.1.4	44,568,888	42,674,845
		<u>439,421,414</u>	<u>420,818,918</u>
<b>4.1.1 Gulistan Textile Mills Limited</b>			
1,498,855 (2008:1,394,285) Ordinary shares of Rs.10 each		108,659,040	108,659,040
Share of post acquisition profits less dividend received		143,916,705	143,410,484
Share of surplus on revaluation of land		44,920,785	35,179,064
		<u>297,496,530</u>	<u>287,248,588</u>

Fair value of investments in associates is Rs.37.277 ( 30 June 2008: Rs 37.646) million.

The Company holds 8.68 % ( 30 June 2008: 8.68 %) of equity of Gulistan Textile Mills limited. The investee company is an associate of the Company by virtue of common directorship.



Note	Unaudited 31 December 2008 Rupees	Audited 30 June, 2008 Rupees
<b>4.1.2 Gulistan Spinning Mills Limited</b>		
184,343 (2008: 167,585) ordinary shares of Rs 10 each	2,346,250	2,346,250
Share of post acquisition profits	2,295,679	2,232,554
Share of surplus on Revaluation of land	1,166,684	1,083,473
	<b>5,808,613</b>	<b>5,662,277</b>

Fair value of investments in associates is Rs. 1.322 (30 June 2008: Rs 2.515) million.

The Company holds 1.39 % ( 30 June 2008 :1.39 %) of equity of Gulistan Spinning Mills limited. The investee company is an associate of the Company by virtue of common directorship.

<b>4.1.3 Gulistan Fibres Limited</b>		
741,185 (2008: 741,185) ordinary shares of Rs 10 each	5,530,760	5,530,760
Share of post acquisition profits	76,287,560	72,004,186
Share of surplus on Revaluation of land	9,729,063	7,698,262
	<b>91,547,383</b>	<b>85,233,208</b>

The Company 's Break up value per share is Rs.103.39 (30 June 2008:Rs 96.57) as per latest available unaudited financial statements for the half year ended 31 December 2008.

The Company holds 37.30 % ( 30 June 2008: 37.30 %) of equity of Gulistan Fibres limited. The investee company is an associate of the Company by virtue of common directorship.

<b>4.1.4 Gulistan Power Generations Limited</b>		
2,465,983 (2008: 2,465,980) ordinary shares of Rs 10 each	22,418,000	22,418,000
Share of post acquisition profits	7,192,375	6,338,125
Share of surplus on Revaluation of land	14,958,513	13,918,720
	<b>44,568,888</b>	<b>42,674,845</b>

The Company 's Break up value per share is Rs.32.67 (30 June 2008:Rs.25.55) as per latest available unaudited financial statements for the half year ended 31 December 2008.

The Company holds 33.76% ( 30 June 2008 : 33.76%) of equity of Gulistan Power Generations limited. The investee company is an associate of the Company by virtue of common directorship.

## 5. Stock in trade

Raw Material	491,090,125	672,679,686
Packing Material	37,438,748	35,960,748
Work in progress	54,046,112	71,300,136
Finished goods	660,487,953	412,206,981
	<b>1,243,062,938</b>	<b>1,192,147,551</b>

## 6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

During the period, the company issued 1,000,519 (30 June 2008:1,212,750) ordinary shares of Rs.10/- each as fully paid bonus shares.

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 CONTINGENCIES

There were no significant changes in contingencies as reported in note 28.1 in the annual financial statements for the year ended 30 June 2008.

### COMMITMENTS

7.2 Guarantees issued by banks to Collector of Custom on behalf of the Company aggregated to Rs.9.452 million (30 June 2008: Rs.6.851 million).

Commitments in respect of buildings and civil works aggregated to Rs.1.592 million (30 June 2008: Rs.1.592 million).

7.3 Commitments in respect of confirmed letters of credit:

	Unaudited 31 December 2008 Rupees	Audited 30 June, 2008 Rupees
Raw Materials	1,579,819	-
Stores and Spare parts	880,600	3,000,000
Plant & machinery	-	501,653
	<b>2,460,419</b>	<b>3,501,653</b>

## 8. COST OF SALES

Note	QUARTER ENDED		HALF YEAR ENDED	
	31 December		31 December	
	2008	2007	2008	2007
	----- Rupees -----			
Stocks - opening	437,692,472	260,318,288	412,206,981	222,242,634
Cost of goods manufactured	677,885,159	547,060,641	1,289,803,124	1,052,631,011
Purchases of finished goods	26,334,311	54,553,255	66,262,286	54,553,255
	704,219,470	601,613,896	1,356,065,410	1,107,184,266
	1,141,911,942	861,932,184	1,768,272,391	1,329,426,900
Stocks - closing	(660,487,953)	(412,548,731)	(660,487,953)	(412,548,731)
	<b>481,423,989</b>	<b>449,383,453</b>	<b>1,107,784,438</b>	<b>916,878,169</b>

### 8.1 Cost of goods manufactured

Work in process - opening	73,990,205	99,384,701	71,300,136	90,596,144
Raw materials and components consumed	469,366,246	414,829,793	920,013,472	748,391,988
Overheads	188,517,218	125,909,275	352,535,628	306,706,007
	657,883,464	540,739,068	1,272,549,100	1,055,097,995
	731,873,669	640,123,769	1,343,849,236	1,145,694,139
Work in process - closing	(54,046,112)	(93,063,128)	(54,046,112)	(93,063,128)
	<b>677,827,557</b>	<b>547,060,641</b>	<b>1,289,803,124</b>	<b>1,052,631,011</b>

	HALF YEAR ENDED	
	31 December	31 December
	2008	2007
	Rupees	Rupees
<b>9. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>18,817,156</b>	41,816,760
<b>Add/Less: Adjustments for non cash charges and other items</b>		
Depreciation	<b>22,608,514</b>	21,044,342
Provision of gratuity	<b>3,134,493</b>	4,397,222
Finance Cost	<b>99,243,322</b>	82,720,219
Interest income	<b>(519,263)</b>	(290,739)
Worker's profit participation fund	<b>990,377</b>	2,200,882
Gain on sale of fixed assets	<b>(28,538)</b>	(27,968)
Dividend income	<b>(397)</b>	(138)
Deferred Income	<b>(378,967)</b>	(362,828)
Exchange gain on foreign currency	<b>(2,518,979)</b>	-
Amortization of discount on term finance certificates	-	166,566
Gain on sale of investments	-	(35,872,122)
Loss/(Gain) on remeasurement of investments	<b>3,023,032</b>	(1,708,740)
	<b>125,553,594</b>	72,266,696
<b>Cash flow from operating activities before working capital changes</b>	<b>144,370,750</b>	114,083,456
<b>(Increase)/ Decrease in current assets</b>		
Stores , spares parts & loose tools	<b>4,987,209</b>	(9,971,369)
Stock in trade	<b>(50,916,130)</b>	(288,345,391)
Trade debts	<b>38,484,772</b>	31,112,015
Loan and advances	<b>(36,958,255)</b>	(5,503,495)
Trade Deposits & prepayments	<b>502,298</b>	(5,107,449)
Other receivables	<b>8,403,536</b>	(6,546,792)
	<b>(35,496,570)</b>	(284,362,481)
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	<b>(8,764,235)</b>	17,926,356
<b>Cash generated from / (used in) operating activities</b>	<b>100,109,946</b>	(152,352,669)
<b>Receipts / Payments for</b>		
Interest paid	<b>(82,320,270)</b>	(65,180,347)
Interest received	<b>990,377</b>	2,475,061
Taxes paid	<b>(10,110,062)</b>	(7,030,542)
Gratuity paid	<b>(5,805,945)</b>	(2,497,458)
	<b>(97,245,900)</b>	(72,233,286)
<b>Net cash generated from / (used) in operating activities</b>	<b>2,864,046</b>	(224,585,955)

## 10. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Associated Companies during the period were as follows:

Nature of transaction	Relationship with the company	HALF YEAR ENDED	
		Unaudited 31 December 2008 Rupees	Unaudited 31 December 2007 Rupees
<b>Transactions</b>			
Purchase of goods and services	Associated Companies	133,665,868	152,727,484
Sale of goods and services	Associated Companies	16,267,438	6,261,112
Dyeing and conversion charges	Associated Companies	12,341,772	18,168,057
Processing charges	Associated Companies	66,477,275	79,750,792
Interest Income	Associated Companies	-	1,109,040
<b>Others</b>			
Provision for gratuity	Post Employment benefits	3,134,493	4,397,458
Salaries and other benefits	Key management personnel	3,103,326	1,849,093
<b>Balances</b>			
Prepayments	Associated Companies	2,847,337	2,847,337
Trade debts	Associated Companies	14,675,047	17,860,787
Trade & other payables	Associated Companies	28,406,727	6,063,563
Loan from associates	Associated Companies	129,085,000	129,085,000
Accrued mark up	Associated Companies	8,423,340	2,832,356

## 11. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

## 12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **28 February 2009** by the Board of Directors of the Company.

## 13. GENERAL

Figures in the condensed interim financial statements have been rounded-off to the nearest Rupees.

CHIEF EXECUTIVE

DIRECTOR

**PARAMOUNT SPINNING MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

NOTE	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	2008	2007	2008	2007
	----- Rupees -----			
<b>Sales</b>	<b>563,683,884</b>	527,645,784	<b>1,302,431,171</b>	1,072,740,904
<b>Cost of sales</b>	<b>481,423,989</b>	449,383,453	<b>1,107,784,438</b>	916,878,169
<b>GROSS PROFIT</b>	<b>82,259,895</b>	78,262,331	<b>194,646,733</b>	155,862,735
<b>Operating expenses</b>				
Distribution cost	<b>24,136,280</b>	17,781,380	<b>48,565,341</b>	41,490,848
Administration expenses	<b>13,954,131</b>	13,070,489	<b>27,453,648</b>	25,981,496
	<b>38,090,411</b>	30,851,869	<b>76,018,989</b>	67,472,344
<b>Operating profit</b>	<b>44,169,484</b>	47,410,462	<b>118,627,744</b>	88,390,391
Finance cost	<b>43,190,135</b>	35,836,902	<b>99,243,322</b>	82,886,785
Other operating expenses	<b>2,075,797</b>	497,409	<b>4,013,409</b>	2,200,882
	<b>(1,096,448)</b>	11,076,151	<b>15,371,013</b>	3,302,724
Other operating income	<b>3,073,295</b>	(1,625,378)	<b>3,446,143</b>	38,514,036
<b>Profit before taxation</b>	<b>1,976,847</b>	9,450,773	<b>18,817,156</b>	41,816,760
<b>Share of profit from associates</b>	<b>5,706,970</b>	2,446,316	<b>5,706,970</b>	2,446,316
<b>Profit after taxation</b>	<b>7,683,817</b>	11,897,089	<b>24,524,126</b>	44,263,076
<b>Taxation</b>				
Current	<b>5,494,908</b>	1,894,789	<b>8,246,427</b>	5,854,034
Deffered	(4,695,308)	22,545,431	<b>(4,695,308)</b>	22,545,431
<b>Profit / (Loss) after taxation</b>	<b>6,884,217</b>	(12,543,131)	<b>20,973,007</b>	15,863,611
	<b>Rupees</b>			
<b>Earning / (loss) Per Share-Basic and diluted</b>	<b>0.48</b>	(0.88)	<b>1.46</b>	1.11

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

CHIEF EXECUTIVE

DIRECTOR

**PARAMOUNT SPINNING MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Share Capital	RESERVE		Unappropriated Profit	Total
	Share Premium	General Reserve		

----- Rupees -----

<b>Balance as at 30 June 2007</b>	<b>121,275,000</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>72,827,743</b>	<b>669,502,743</b>
Profit after taxation for the half year	-	-	-	15,863,611	15,863,611
Bonus share issued	12,127,500	-	-	(12,127,500)	-
<b>Balance as at 31 December 2007</b>	<b>133,402,500</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>76,563,854</b>	<b>685,366,354</b>
Profit after taxation for the half year				9,908,733	9,908,733
<b>Balance as at 30 June 2008</b>	<b>133,402,500</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>86,472,587</b>	<b>695,275,087</b>
Profit after taxation for the half year				20,973,007	20,973,007
Bonus shares issued	10,005,190			(10,005,190)	-
<b>Balance as at 31 December 2008</b>	<b>143,407,690</b>	<b>15,400,000</b>	<b>460,000,000</b>	<b>97,440,404</b>	<b>716,248,094</b>

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

CHIEF EXECUTIVE

DIRECTOR