

PARAMOUNT SPINNING MILLS LIMITED
CONDENSED BALANCE SHEET (UN AUDITED)
AS AT 30 SEPTEMBER 2009

	NOTE	30 SEPTEMBER 2009 (Unaudited)	30 JUNE 2009 (Audited)
Rupees			
ASSETS			
NON CURRENT ASSETS			
Fixed assets	4	751,710,997	760,342,696
Long term investments		436,487,965	436,487,965
Long term security deposits		8,648,860	7,148,860
		<u>1,196,847,822</u>	<u>1,203,979,521</u>
CURRENT ASSETS			
Stores, spares parts & loose tools		58,230,094	55,034,755
Stock-in-trade		1,209,832,325	1,259,506,221
Trade debts		297,129,236	274,452,165
Loans and advances		72,330,748	62,590,330
Trade deposits and prepayments		5,973,241	5,712,219
Accrued markup		133,082	144,127
Other receivables		26,989,907	26,993,614
Short term investments		2,539,245	2,145,165
Cash and bank balances		59,401,879	60,140,604
		<u>1,732,559,757</u>	<u>1,746,719,200</u>
TOTAL ASSETS		<u>2,929,407,579</u>	<u>2,950,698,721</u>
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		143,407,690	143,407,690
Reserves		475,400,000	475,400,000
Unappropriated profit		104,904,760	99,025,065
		<u>723,712,450</u>	<u>717,832,755</u>
SURPLUS ON REVALUATION OF LAND-SHARE OF ASSOCIATES		70,170,497	70,170,497
SUBORDINATE LOAN		80,000,000	80,000,000
DIRECTOR LOAN		95,000,000	95,000,000
NON CURRENT LIABILITIES			
Long term financing		55,447,342	64,718,657
Liabilities against assets subject to finance lease		42,716,115	43,931,626
Deferred liabilities		69,207,346	68,846,226
		<u>167,370,803</u>	<u>177,496,509</u>
CURRENT LIABILITIES			
Trade and other payables		255,998,920	261,883,664
Accrued mark up		48,460,568	46,846,801
Short term borrowings		1,424,342,950	1,410,715,209
Current portion of long term financing		43,113,945	53,842,630
Current portion of liabilities against assets subject to finance lease		15,342,738	19,481,237
Provision for taxation		5,894,706	17,429,419
		<u>1,793,153,828</u>	<u>1,810,198,960</u>
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		<u>2,929,407,579</u>	<u>2,950,698,721</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements .

TANVEER AHMED
Chief Executive

NASEER AHMED
Director

PARAMOUNT SPINNING MILLS LIMITED
CONDENSED CASH FLOW STATEMENT (UN AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	NOTE	30 SEP 2009	30 SEP 2008
Rupees			
NET CASH GENERATED FROM / USED IN OPERATING ACTIVITIES	8	14,211,673	130,630,591
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,724,268)	(1,807,256)
Proceeds from disposal of fixed assets		-	165,000
Dividend received		138	155
Proceeds from sale of short term investment		-	1,317,281
Long term deposits		(1,500,000)	(82,350)
NET CASH (USED IN) /GENERATED FROM INVESTING ACTIVITIES		(3,224,130)	(407,170)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of redeemable capital		(20,000,000)	(46,249,580)
Repayment of lease liability		(5,354,010)	(735,371)
Proceeds from short term borrowings		13,627,741	(112,139,686)
NET CASH (USED IN)/ INFLOW FROM FINANCING ACTIVITIES		(11,726,269)	(159,124,637)
Net (decrease) / increase in cash and cash equivalents		(738,725)	(28,901,216)
Cash and cash equivalents at the beginning of the period		60,140,604	74,634,972
Cash and cash equivalents at the end of the period		59,401,879	45,733,756

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements .

TANVEER AHMED
Chief Executive

NASEER AHMED
Director

PARAMOUNT SPINNING MILLS LIMITED

COMPANY INFORMATION

BAORD OF DIRECTORS	Mr. Abdul Shakoor Mr. Tanveer Ahmed Mr. Naseer Ahmed Mr. Sohail Maqsood Mrs. Neelofar Hameed Mr. Muhammad Abdullah Mr. Riaz Ahmed	(Chairman) (Chief Executive) (NIT Nominee)
AUDIT COMMITTEE	Mr. Riaz Ahmed Mr. Muhammad Abdullah Mr. Sohail Maqsood	(Chairman)
CHIEF FINANCIAL OFFICER	Mr. Nasir Mehmood	
COMPANY SECRETARY	Mr. Zameer Q.Siddiqui	
AUDITORS	M/s. Hameed Chaudhri & 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	
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	8th Aibak Block Garden Height Plaza,Garden Town,Lahore.	
MILLS	S.I.T.E. Kotri	

Paramount Spinning Mills Limited
Directors Report
For the 1st quarter ended
30th September 2009

Dear Shareholders
Assalam o Alaikum

Your Directors are pleased to present financial statements for the first quarter ended on 30th September 2009.

Operating and Financial Performance

The Company registered growth of 2% in net sales to Rs 752.7 million from Rs 738.75 million of same quarter last year. The gross profit dropped by 5% from Rs 112.39 to Rs 107 million mainly due to usage of expensive inventory of cotton in quarter under review. However gross profit margin remained at decent level of 14% during the quarter under review. Despite of inflationary pressures, company maintained strict control on operating expenses which resulted a drop in such expenses. The operating profit dropped by 5% from Rs 74.46 million in first quarter last year to Rs 70.92 million in quarter under review. The Financial cost increased by 6% over the same quarter last year. Net profit before tax dropped by 30% from Rs 16.84 million to Rs 11.77 million.

Future Out look

The Govt have announced Textile Policy for the revival of this sector but the statutory notification to give effect to various incentives / objectives of the policy are still eagerly awaited. The volume of the cotton crop is still uncertain. According to estimation we expect about 12 million cotton bales, out of which it is estimated about 1 million bales would be exported as the exporters are in the market to purchase it. Continuous deterioration in our currency would provide the exporter an edge in exporting the local cotton. The local requirement of cotton is about 13.5 million bales. The deficiency of 2.5 million bales would be met by import which is quite costly. This is the reason that in the beginning of the cotton season the prices were Rs. 3,400/- per mound. which is now around Rs. 3800/- per mound. Severe energy crises is being faced by the industry as the load shedding of gas which usually in the past started from December this year has started from the month of October. Under such adverse and beyond control circumstances nothing can be said about the future except that the Management would continue making its best efforts to keep the Company profitable by adopting all measures under its control and depending upon the relief provided by the Govt. to implement the textile policy

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

(Tanveer Ahmed)
Chief Executive

Karachi
31-10-09

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER, 2009

1. THE COMPANY AND ITS OPERATIONS

Paramount Spinning Mills Limited (the Company) was incorporated as a public limited Company on 22 August 1981 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 Kotrti, Chunian, Ferozewattwan and Raiwind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, fabric, yarn dyeing, garments and home textile products.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as adopted in Pakistan. However, the requirements of the Ordinance and the directives issued by the Securities and Exchange Commission of Pakistan have been followed where their requirements are not consistent with the requirements of the IFRSs.

Revised IAS 1 - Presentation of financial statements (2007) introduced the term total comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As required by the revised standard, the company has presented condensed interim comprehensive income in the profit and loss account.

3 SIGNIFICANT ACCOUNTING POLICIES

The present accounting policies and methods of computation adopted in the preparation of these condensed financial statements for the period ended 30 September, 2009 are consistent with those applied in the preparation of the annual audited financial statements for the year ended 30 June 2009.

4. FIXED ASSETS

	Note	Unaudited 30 Sep 2009	Audited 30-Jun 2009
Rupees			
Operating fixed assets	4.1	750,766,441	759,398,140
Capital work in progress	4.2	944,556	944,556
		751,710,997	760,342,696
4.1 Tangible fixed assets			
Opening book value		759,398,140	781,342,394
Additions during the period / year			
Owned			
- building on leased premises		-	94,669
- building on freehold land		-	3,196,688
- plant & machinery		1,428,095	5,103,334
- electric installations		70,650	1,118,934
- factory equipment		58,597	848,076
- office equipment		160,462	759,400
- furniture & fixtures		-	139,004
- Vehicles		-	14,202
Leased			
- Plant & machinery		-	32,712,300
- Vehicles		-	652,000
		1,717,804	44,638,607
Transfer from CWIP during the period / year		-	7,056,016
Less: Book value of assets disposed-off / transfer during the period / year	4.1.1	-	(30,590,604)
Depreciation charge for the period / year		(10,349,503)	(43,048,273)
Closing book value		750,766,441	759,398,140

		Unaudited 30 Sept 2009	Audited 30-Jun 2009
		Rupees	
Note			
4.1.1	Disposals / transfer during the period / year-at book value		
	Owned / Leased:		
	Plant and machinery	-	29,974,142
	Vehicles	-	616,462
		-	30,590,604
4.2 Capital work-in-progress			
	At the beginning of the period	944,556	549,708
	Addition during the period / year	-	7,450,864
	Transfer to fixed assets during the period / year	-	(7,056,016)
	At the end of the period / year	944,556	944,556
4.2.1 Capital work-in-progress			
	Civil works	-	1,987,282
	Plant & machinery	-	5,463,582
		-	7,450,864

5. CONTINGENCIES AND COMMITMENTS

5.1 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 2009.

		Unaudited 30-Sep 2009	Audited 30 June, 2009
		Rupees	
COMMITMENTS			
	Building and civil works	1,527,606	1,527,606
	Confirmed letter of credits in respect of raw materials	142,111,717	192,618,722
	Guarantees issued to collector of customs	10,951,700	10,951,700
	Bills discounted	327,525,645	334,883,452
		482,116,668	539,981,480

QUARTER ENDED	
July to September	
2009	2008

Rupees

6. SALES

Export Sales	6.1.	423,500,601	440,843,729
Local Sales	6.2	329,259,361	297,903,558
		752,759,962	738,747,287

6.1. Export

		426,475,338	435,606,646
Add :			
Exchange gain		2,122,314	3,752,021
Export Rebate		1,736,512	9,068,525
		3,858,826	12,820,546
Less: Commission		6,833,563	7,583,463
		423,500,601	440,843,729

6.2. Local

Yarn/Garments/Processing/Waste		333,198,339	306,336,498
Less: Commission & quality claim		3,938,978	8,432,940
		3,938,978	8,432,940
		329,259,361	297,903,558

7. COST OF SALES

Stocks - opening		513,590,737	412,206,981
Cost of goods manufactured		565,021,286	611,917,964
Purchases of finished goods		38,642,778	39,927,976
		603,664,064	651,845,940
		1,117,254,801	1,064,052,921
Stocks - closing		(471,559,393)	(437,692,472)
		645,695,408	626,360,449

PERIOD ENDED	
July to September	
2009	2008

Rupees

8. CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	11,774,401	16,840,308
Add/Less: Adjustments for non cash charges and other items		
Depreciation	10,349,503	10,405,381
Provision of gratuity	2,441,600	3,574,882
Finance Cost	59,674,982	56,053,187
Interest income	(416,115)	(143,168)
Worker's profit participation fund	619,705	620,331
Gain on sale of fixed assets	-	(41,334)
Dividend income	(138)	(155)
Deferred Income	(189,483)	(188,190)
Loss/(Gain) on remeasurement of investments	(394,080)	-
	72,085,974	70,280,933
Cash flow from operating activities before working capital changes	83,860,375	87,121,241
(Increase)/ Decrease in current assets		
Stores , spares parts & loose tools	(3,195,339)	(408,973)
Stock in trade	49,673,896	145,648,974
Trade debts	(22,677,071)	(20,078,186)
Loan and advances	(22,500,270)	(18,210,392)
Trade Deposits & prepayments	(261,022)	461,527
Other receivables	3,707	(3,825,443)
	1,043,902	103,587,507
(Decrease) / Increase in current liabilities		
Trade and other payables	(6,504,449)	(2,889,635)
Cash generated from / (used in) operating activities	78,399,829	187,819,114
Receipts / Payments for		
Interest paid	(58,061,215)	(50,890,122)
Interest received	427,159	104,888
Taxes paid	(4,669,568)	(4,406,296)
Gratuity paid	(1,884,532)	(1,996,993)
	(64,188,155)	(57,188,523)
Net cash generated from / (used) in operating activities	14,211,673	130,630,591

9. 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.

PERIOD ENDED	
July to September	
2009	2008
Rupees	

Nature of transaction	Relationship with the company		
<u>Transactions</u>			
Purchase of goods	Associated Companies	107,583,997	75,958,445
Sale of goods	Associated Companies	89,897,793	18,980,441
Dyeing and conversion charges	Associated Companies	4,918,001	6,193,361
Processing charges	Associated Companies	26,791,935	32,888,775

10. CORRESPONDING FIGURES

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

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **31 October, 2009** by the Board of Directors of the Company.

12. GENERAL

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

TANVEER AHMED
Chief Executive

NASEER AHMED
Director

PARAMOUNT SPINNING MILLS LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (UN AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	NOTE	1ST QUARTER 30 SEPTEMBER 2009 UNAUDITED	1ST QUARTER 30 SEPTEMBER 2008 UNAUDITED
Rupees			
Sales		752,759,962	738,747,287
Cost of sales	6	645,695,408	626,360,449
GROSS PROFIT		107,064,554	112,386,837
Operating expenses			
Distribution cost		22,106,530	24,429,061
Administration expenses		14,033,864	13,499,517
		36,140,394	37,928,578
Operating profit		70,924,160	74,458,259
Finance cost		59,674,982	56,053,187
Other operating expenses		619,705	1,937,612
		60,294,687	57,990,799
Other operating income		1,144,928	372,848
Profit before taxation		11,774,401	16,840,308
Taxation		5,894,706	2,751,519
Profit / (Loss) after taxation		5,879,695	14,088,789
Other comprehensive income		-	-
Total comprehensive income		5,879,695	14,088,789
Earning Per Share-Basic and diluted		0.41	0.98

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements .

PARAMOUNT SPINNING MILLS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

Share Capital	RESERVE		Unappropriated Profit	Total
	Share Premium	General Reserve		

----- Rupees -----

Balance as at 01 July 2008	133,402,500	15,400,000	460,000,000	86,472,587	695,275,087
Total comprehensive income for the period		-	-	14,088,789	14,088,789
Balance as at 30 September 2008	133,402,500	15,400,000	460,000,000	100,561,376	709,363,876
Total comprehensive income for the period		-	-	8,468,879	8,468,879
Bonus share issued	10,005,190	-	-	(10,005,190)	-
Balance as at 30 June 2009	143,407,690	15,400,000	460,000,000	99,025,065	717,832,755
Total comprehensive income for the period		-	-	5,879,695	5,879,695
Balance as at 30 September 2009	143,407,690	15,400,000	460,000,000	104,904,760	723,712,450

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements .

TANVEER AHMED
Chief Executive

NASEER AHMED
Director