

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Paramount Spinning Mills Limited** ("the Company") as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the condensed interim profit and loss account for the quarters ended December 31, 2010 and December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

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 December 31, 2010 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion, we would like to draw attention to Note 6.2.4 of this condensed interim financial information which explains the ongoing litigation between the investee company Gujranwala Energy Limited and Private Power & Infrastructure Board and Wartsila Finland. The ultimate outcome of the contingency arising from this matter cannot presently be determined, and, hence pending the resolution thereof, no adjustment for the same has been made in the accompanying condensed interim financial information.

Karachi 28-02-2011
Engagement Partner: Abdul Hameed Chaudhri

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS