

Paramount Spinning Mills Limited
Directors Report
For the half year ended 31 December 2007

Dear Shareholders
Assalam o Alaikum

Your Directors are pleased to present financial statements for the half year ended December 31,2007 duly reviewed by the auditors.

Operating Performance

The company registered net sales of Rs.1,072.70 million during the first half of current year as compared to Rs. 923.6 million of same period of last year, thus showing an increase of 16.51% which is mainly due to increased price of our end product as a consequence of increase in the input cost. The Company has earned profit before tax of Rs.41.816 million and net profit of Rs. 15.863 million after charging deferred taxation of Rs. 22.5 million.

Future Out look

In the prevailing circumstances when the cost of our major inputs i.e. cotton and labor is going up, the production due to frequent load shedding of power and gas is disrupted, the cost of markup is continuously increasing, our competitiveness in the world market have totally declined. In such a scenario it is difficult to predict about the future with certainty. These are probably the basic reasons as a consequence of which the textile export is dwindling down. In our previous reports we comprehensively brought to your notice the problems of textile industry as mentioned above coupled with the deteriorating law & order situation. In order to strengthen our competitiveness we strongly urge on our Govt. to provide the needed incentives / subsidies as extended by our neighboring competitors, so that further decline in export could be arrested.

Despite unfavourable position, your management is making earnest efforts to maintain its position by achieving optimum production with maintained quality standards through the required balancing replacement and modernization of the production units.

We thank to 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
29-02-08