

**PARAMOUNT SPINNING MILLS LIMITED  
DIRECTORS REPORT  
FOR THE THIRD QUARTER ENDED 31-03-2010**

Dear Shareholders,  
Assalam-u-Alaikum.

We are pleased to present the unaudited financial statements of the Company for the third quarter ended 31-03-2010.

**Financial Results:**

During the third quarter under review the operational results of the Company are provided below.

	<b>31-10-2010</b>	<b>31-03-2009</b>
<b>Sales</b>	2,187,578,439	2,076,289,704
<b>Gross profit</b>	350,156,669	309,537,631
<b>Pre Tax Profit</b>	69,873,595	34,898,832
<b>After Tax Profit</b>	51,108,591	26,032,260
<b>Earning per Share</b>	3.24	1.65

The above figures depicts that during the period under review the total performance of the Company particularly the sales remained quite satisfactory.

Inspite of the fact that demand in textile sector, worldwide has increased but simultaneously the prices of cotton the raw material of yarn has also touched the height due to more demand and less supply particularly when our Govt has also allowed the free export of cotton.

**Future Outlook:**

The Govt. recently imposed quota restriction on yarn export, which is in principle against the free trade. This would impede spinning sectors ability to honor its commitment to its customers and earn the needed foreign exchange. Like many others we have also challenged the legality of the quota restrictions on yarn export in the judicial forum and have obtained interim relief against the restrictions on export of yarn. The matter is subjudiced in the Court of Law and the future export would depend upon the verdict of the Judiciary. It is our request to our Govt. to allow the export of yarn freely, as the export of cotton is allowed without any restrictions, which is the spirit of free trade charter. The timely action of the Govt would save the spinning sector from the adverse impact of embargo on export so that the industry fully avails this global opportunity for its viability and a bright future.

The performance of the other sectors of textile viz. Weaving, Stitching and Dying is also satisfactory. Our Company has a solitary benefit in textile regime to have the continuous chain of input right from the stage of cotton upto the made of garment and therefore, if

proper support at all levels by the Government is provided our capacity to earn the needed foreign exchange can further be enhanced by the export of value added product. The market demand of processed value added yarn is increasing. It is our earnest desire/effort to increase the quantum of export to strength the earning of foreign exchange.

The management like in the past is vigorously making efforts to increase company's efficiency and profit margins. The Managements reiterate that it would leave no stone unturned to ensure growth, and operational efficiency by producing the product of market acceptance.

**Acknowledgement:**

With thanks we place on record the continued support expended to us by our customer, supplier and bankers. The valuable services rendered by our dedicated team of employees are placed on record.

**Tanveer Ahmed**  
**Chief Executive**  
**30<sup>th</sup> April, 2010**