

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH, 2009

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, Ferozewattan and Rawind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, fabric, dyed yarn, garments and home textile products.

2. BASIS OF PREPARATION

2.1

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and the International Financial Reporting Standards (IAS 34) "Interim Financial Reporting" as applicable in Pakistan. Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of this standard, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

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 31 March 2009 are consistent with those applied in the preparation of the preceding published financial statements of the Company for the year ended 30 June, 2008.

4. FIXED ASSETS

	Note	Unaudited 31 March 2009 Rupees	Audited 30 June, 2008 Rupees
Operating fixed assets	4.1	758,301,744	781,342,394
Capital work in progress		2,132,285	549,708
		760,434,029	781,892,102
4.1 Tangible fixed assets			
Opening book value		781,342,394	757,705,247
Additions during the period / year			
Owned			
- building on leased premises		-	325,008
- building on freehold land		199,200	803,096
- plant & machinery		4,249,582	40,714,612
- electric installations		1,372,570	4,120,124
- factory equipment		1,071,416	3,526,760
- office equipment		602,370	1,277,847
- furniture & fixtures		90,055	233,579
- Vehicles		14,202	328,224
Leased			
- Plant & machinery		31,562,300	7,268,921
- Vehicles		652,000	3,909,000
		39,813,695	62,507,171
Transfer from CWIP during the period / year		-	14,357,769
Less: Book value of assets disposed-off / transfer during the period / year		(30,590,604)	(9,883,025)
Depreciation charge for the period / year		(32,263,740)	(43,344,768)
Closing book value		758,301,744	781,342,394

Note	Unaudited 31 March 2009 Rupees	Audited 30 June, 2008 Rupees
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5. CONTINGENCIES AND COMMITMENTS

Confirmed letters of credit in respect of

Raw Materials	478,293	-
Stores and Spare parts	46,012	3,000,000
Plant & machinery	590,500	501,653
	1,114,805	3,501,653

There is no change in contingencies as reported in note in 28.1 in the financial statements for the period ended 30 June 2008.

QUARTER ENDED JANUARY TO MARCH 2009		PERIOD ENDED JULY TO MARCH 2009	
2008	2009	2008	2009
Rupees		Rupees	

6. SALES

Export Sales	6.1.	489,909,688	479,531,445	1,340,990,954	1,061,511,431
Local Sales	6.2	283,948,845	315,339,684	735,298,750	806,100,601
		773,858,533	794,871,129	2,076,289,704	1,867,612,032

6.1. Export **492,431,219** 477,525,388 **1,350,064,366** 1,037,332,037

Add :

Exchange gain	6,347,396	(4,820,968)	7,582,797	9,243,344
Export Rebate	1,401,169	10,086,952	4,806,114	23,812,270
	7,748,564	5,265,984	12,388,910	33,055,614

Less: Commission	10,270,095	3,259,927	21,462,322	8,876,220
	489,909,688	479,531,445	1,340,990,954	1,061,511,431

6.2. Local

Yarn/Garments/Processing/Waste **285,979,938** 318,146,212 **753,071,407** 812,744,584

Less: Commission & quality claim	2,031,092	2,806,528	17,772,656	6,643,983
	2,031,092	2,806,528	17,772,656	6,643,983
	283,948,845	315,339,684	735,298,750	806,100,601

7. CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation **29,191,862** 51,210,494

Add/Less: Adjustments for non cash charges and other items

	31 March 2009 Rupees	31 March 2008 Rupees
Depreciation	32,263,740	33,537,795
Provision of gratuity	4,501,996	5,905,222
Finance Cost	161,584,098	130,632,803
Interest income	37,080	(456,348)
Worker's profit participation fund	1,536,414	2,695,289
Gain on sale of fixed assets	(28,538)	(27,968)
Dividend income	(535)	(500)
Deferred Income	(568,449)	(544,241)
Amortization of discount on term finance certificates	-	191,503
Gain on sale of investments	-	(35,878,651)
Loss/(Gain) on remeasurement of investments	2,651,992	-

201,977,799 136,054,904
231,169,661 187,265,398

Cash flow from operating activities before working capital changes

(Increase)/ Decrease in current assets

Stores , spares parts & loose tools	(8,803,812)	(12,784,456)
Stock in trade	(42,125,590)	(559,019,410)
Trade debts	(57,923,558)	(58,548,826)
Loan and advances	(6,195,723)	41,915,655
Trade Deposits & prepayments	(483,476)	1,645,126
Other receivables	10,534,826	7,473,846
	(104,997,333)	(579,318,065)

(Decrease) / Increase in current liabilities

Trade and other payables **(34,766,799)** 35,807,607

Cash generated from / (used in) operating activities **91,405,529** (356,245,060)

Receipts / Payments for

Interest paid	(145,937,247)	(111,803,913)
Interest received	481	2,603,807
Taxes paid	(16,505,125)	(12,117,835)
Gratuity paid	(6,686,039)	(3,541,459)
	(169,127,929)	(124,859,400)

Net cash generated from / (used) in operating activities **(77,722,400)** (481,104,460)

8. RELATED PARTY TRANSACTIONS

Nature of transaction	Relationship with the company	PERIOD ENDED	
		Unaudited 31 March 2009	Unaudited 31 March 2008
		Rupees	Rupees
<u>Transactions</u>			
Purchase of goods and services	Associated Companies	235,859,975	239,660,705
Sale of goods and services	Associated Companies	30,166,263	26,080,512
Dyeing and conversion charges	Associated Companies	17,947,937	27,638,462
Processing charges	Associated Companies	95,147,740	104,746,993

9. PRESENTATION

All amounts have been rounded off to the nearest rupee.

All figures appearing in the financial statements except 30 June 2008 figures are un audited.

10. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **30 April 2009** by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR