

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2007

1 INTRODUCTION

Paramount Spinning Mills Limited (the Company) was incorporated as a public limited company and its shares are listed on Karachi and Lahore stock exchanges in Pakistan. The company is principally engaged in manufacture and sale of yarn and fabric.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and the International Financial Reporting Standard (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 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the period ended 31 March 2007 are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2006.

4 PRESENTATION

- 4.1** Previous period figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. All amounts have been rounded off to the nearest rupee.
4.2 All figures appearing the financial statements except 31 March 2007 figures are un audited.

5 FIXED ASSETS

	31 MARCH	30 JUNE
	2007	2006
	Rupees	
Property, Plant and Equipment	757,891,570	785,643,916
Capital Work in Progress	35,953,168	22,839,444
	793,844,738	808,483,360

5.1 Property, Plant and Equipment- Additions

Owned:

Building on Leasehold land	1,562,640	7,794,403
Building on Freehold land	-	26,810,814
Plant and machinery	24,365,930	48,771,694
Electric Installation	838,262	3,461,174
Mill Equipment	2,029,422	7,484,568
Office equipment	1,173,613	458,767
Furniture and fittings	1,024,022	1,555,881
Vehicles	3,648,493	8,711,085

Leased:

Plant & Machinery	-	10,181,247
Vehicles	840,500	879,000

35,482,883	116,108,633
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5.2 Disposals / Transfer

Owned:

Freehold Land	961,911	-
Vehicles	-	669,000

Leased:

Plant & Machinery	13,603,704	3,650,000
Office Equipment	-	6,155,000
Vehicles	560,000	-

15,125,615	10,474,000
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			31 MARCH 2007	30 JUNE 2006
			Rupees	
6 SHARE CAPITAL			121,275,000	110,250,000
ISSUED, SUBSCRIBED & PAID UP				
	2,700,000	2,700,000		
		Ordinary Shares of Rs		
		10 each fully paid in	27,000,000	27,000,000
	9,427,500	8,325,000		
		Ordinary Shares of Rs	94,275,000	83,250,000
		10 each issued as fully		
	<u>12,127,500</u>	<u>11,025,000</u>	<u>121,275,000</u>	<u>110,250,000</u>

During the period the company issue 1,102,500 ordinary shares of Rs.10/- each as bonus shares amounting to Rs.11,025,000

7 CONTINGENCIES & COMMITMENTS

(a) Contingencies

There is no significant change in contingencies since the last balance sheet date.

(b) Commitments

Confirmed letters of credit in respect of machinery & spares	2,042,479	3,052,509
Commitments - building and other civil works	2,115,123	1,152,000
Guarantees issued to Collector of Custom	10,851,700	10,851,700

QUARTER ENDED JANUARY TO MARCH		PERIOD ENDED JULY TO MARCH	
2007	2006	2007	2006
Rupees			

8 COST OF SALES

Stocks at beginning	180,294,662	95,081,488	166,237,720	98,652,278
Cost of goods manufactured	324,490,897	350,736,479	1,089,359,345	1,048,745,885
Finished goods purchases	46,464,246	903,000	74,310,873	1,053,855
	370,955,143	351,639,479	1,163,670,218	1,049,799,740
Stocks at end	551,249,805	446,720,967	1,329,907,937	1,148,452,018
	(224,662,937)	(110,638,713)	(224,662,937)	(110,638,713)
	326,586,868	336,082,254	1,105,245,001	1,037,813,305
8.1 Cost of goods manufactured				
Work in process at beginning	61,320,679	41,171,172	53,025,800	45,890,442
Raw material & components	311,461,323	341,059,135	1,084,624,650	1,034,349,272
	372,782,002	382,230,307	1,137,650,450	1,080,239,714
Work in process at end	(48,291,105)	(31,493,829)	(48,291,105)	(31,493,829)
	324,490,897	350,736,478	1,089,359,345	1,048,745,885

PERIOD ENDED JULY TO MARCH	
2007	2006

11 TRANSACTION WITH ASSOCIATED COMPANIES

	Rupees	
Purchase of Yarn	123,003,413	108,371,757
Purchase of Store	573,428	-
Purchase of Cotton	-	53,355,478
Purchase of Fabric/cloth	49,339,694	9,088,889
Dyeing and conversion charges	9,627,021	10,107,712
Purchase of Electricity	59,750,292	59,419,493
Sale of Yarn	67,599,073	77,284,122
Sale of Store	1,632,746	40,920
Sale of Cotton	59,129,533	-
Sale of Waste	28,477,185	22,774,180
Sale of Cloth	29,755,708	102,255,477
Dyeing and conversion charges	15,821,282	11,972,794
Interest Income	1,109,040	1,000,001

Transactions with related parties are made at arm's length basis. The price charged to related party is generally determined under the "Comparable Uncontrolled Price Method".

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue on 30 April 2007 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR