

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

1 THE COMPANY AND ITS OPERATIONS

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 registered office is located at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi. The manufacturing facilities of the Company are located at Kotri, Ferozewattwan and Raiwind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, fabric, yarn dyeing and garments products.

2 BASIS OF PREPARATION

These condensed interim financial statements are unaudited but subject to limited scope review by external auditors. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30, June 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2010.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statement requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimates were same as those applied to the financial statements for the year ended June 30, 2010

	Note	Unaudited	Audited
		30 Sept 2010	30 June, 2010
		Rupees	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	756,046,715	760,143,178
Capital work in progress	5.2	4,779,472	3,266,325
		760,826,187	763,409,503
5.1 Operating fixed assets			
Opening book value		760,143,178	759,398,140
Additions during the period / year			
Owned			
- building on leased premises		-	649,905
- building on freehold land		-	460,016
- plant and machinery		5,017,120	11,964,351
- electric installations		290,750	2,724,920
- mill equipments		60,888	740,332
- office equipment		31,100	575,162
- furniture and fixtures		865,000	204,229
- vehicles		-	30,000
Leased			
- plant & machinery		-	19,497,705
- vehicles		-	2,434,000
		6,264,858	39,280,620
Transfer from CWIP during the period / year		-	4,061,959
Less:			
Book value of assets disposed-off during the period / year	5.1.1	-	(318,946)
Depreciation charge for the period / year		(10,361,321)	(42,278,594)
Closing book value		756,046,715	760,143,178
5.1.1 Disposals during the period / year-at book value			
Owned:			
- plant and machinery		-	318,946
		-	318,946
5.2 Capital work in progress			
At the beginning of the period		3,266,325	944,556
Addition during the period / year		1,513,147	6,383,728
Transfer to fixed assets during the period / year		-	(4,061,959)
At the end of the period / year		4,779,472	3,266,325

6. Contingencies and commitments

6.1 Contingencies

There were no significant change in contingencies as reported in note 29.1 in the annual financial statements for the year ended June 30, 2010.

7. SALES

	Note	QUARTER ENDED	
		30-Sep	
		2010	2009
		Rupees	
Export Sales	7.1	767,269,226	430,334,164
Local Sales	7.2	310,732,013	333,198,339
		1,078,001,239	763,532,503
7.1 Export Sales			
Yarn		371,795,791	274,194,724
Dyed Yarn		77,667,377	58,256,445
Garment		300,916,565	94,024,169
Rebate and exchange gain		16,889,493	3,858,826
		767,269,226	430,334,164

	QUARTER ENDED	
	30-Sep	
	2010	2009
	Rupees	
8. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	63,056,363	11,774,401
Adjustments for non cash charges and other items:		
Depreciation	10,361,321	10,349,503
Provision of gratuity	5,774,491	2,441,600
Interest income	(4,532)	(416,115)
Worker's profit participation fund	3,127,528	619,705
Worker's welfare fund fund	987,255	-
Dividend income	-	(138)
Deferred Income	(189,483)	(189,483)
Share of profit from associates	(4,620,579)	-
Finance Cost	60,136,500	59,674,982
Loss on remeasurement of investment	-	(394,080)
	75,572,501	72,085,974
Cash flow from operating activities before working capital changes	138,628,864	83,860,375
(Increase)/decrease in current assets		
Stores , spares parts and loose tools	1,702,013	(3,195,339)
Stock in trade	(21,202,945)	49,673,896
Trade debts	109,764,630	(22,677,071)
Loan and advances	(2,501,548)	(22,500,270)
Trade deposits and short term prepayments	(364,772)	(261,022)
Other receivables	8,671,086	3,707
	96,068,464	1,043,902
Increase in current liabilities		
Trade and other payables	(12,242,475)	(6,504,449)
Cash generated from operating activities	222,454,853	78,399,828
Receipts/Payments for		
Interest paid	(58,854,484)	(58,061,215)
Interest received	(6,730)	427,159
Taxes paid	(6,136,520)	(4,669,568)
Gratuity paid	(1,712,172)	(1,884,532)
	(66,709,906)	(64,188,155)
Net cash from operating activities	155,744,947	14,211,673

9. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key manag

Nature of transaction	Relationship with the company	QUARTER ENDED	
		Unaudited 30 Sept 2010	Unaudited 30 Sept 2009
		Rupees	
Transactions			
Purchase of goods and services	Associated Companies	98,025,911	107,583,997
Sale of goods and services	Associated Companies	56,195,500	89,897,793
Dyeing charges and loom rent	Associated Companies	6,478,239	4,918,001
Processing charges pur	Associated Companies	22,446,668	26,791,935

10. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **30 October 2010** by the Board of Directors of the Company.

11. GENERAL

Figures in the condensed interim financial statements have been rounded-off to the nearest Rupees.

CHIEF EXECUTIVE

DIRECTOR