

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER, 2009

1. THE COMPANY AND ITS OPERATIONS

Paramount Spinning Mills Limited (the Company) was incorporated as a public limited Company on 22 August 1981 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 Kotrti, Chunian, Ferozewattwan and Raiwind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, fabric, yarn dyeing, garments and home textile products.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as adopted in Pakistan. However, the requirements of the Ordinance and the directives issued by the Securities and Exchange Commission of Pakistan have been followed where their requirements are not consistent with the requirements of the IFRSs.

Revised IAS 1 - Presentation of financial statements (2007) introduced the term total comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As required by the revised standard, the company has presented condensed interim comprehensive income in the profit and loss account.

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 30 September, 2009 are consistent with those applied in the preparation of the annual audited financial statements for the year ended 30 June 2009.

4. FIXED ASSETS

	Note	Unaudited 30 Sep 2009	Audited 30-Jun 2009
Rupees			
Operating fixed assets	4.1	750,766,441	759,398,140
Capital work in progress	4.2	944,556	944,556
		751,710,997	760,342,696
4.1 Tangible fixed assets			
Opening book value		759,398,140	781,342,394
Additions during the period / year			
Owned			
- building on leased premises		-	94,669
- building on freehold land		-	3,196,688
- plant & machinery		1,428,095	5,103,334
- electric installations		70,650	1,118,934
- factory equipment		58,597	848,076
- office equipment		160,462	759,400
- furniture & fixtures		-	139,004
- Vehicles		-	14,202
Leased			
- Plant & machinery		-	32,712,300
- Vehicles		-	652,000
		1,717,804	44,638,607
Transfer from CWIP during the period / year		-	7,056,016
Less: Book value of assets disposed-off / transfer during the period / year	4.1.1	-	(30,590,604)
Depreciation charge for the period / year		(10,349,503)	(43,048,273)
Closing book value		750,766,441	759,398,140

		Unaudited 30 Sept 2009	Audited 30-Jun 2009
		Rupees	
Note			
4.1.1	Disposals / transfer during the period / year-at book value		
	Owned / Leased:		
	Plant and machinery	-	29,974,142
	Vehicles	-	616,462
		-	30,590,604
4.2 Capital work-in-progress			
	At the beginning of the period	944,556	549,708
	Addition during the period / year	-	7,450,864
	Transfer to fixed assets during the period / year	-	(7,056,016)
	At the end of the period / year	944,556	944,556
4.2.1 Capital work-in-progress			
	Civil works	-	1,987,282
	Plant & machinery	-	5,463,582
		-	7,450,864

5. CONTINGENCIES AND COMMITMENTS

5.1 CONTINGENCIES

There were no significant changes in contingencies as reported in note 28.1 in the annual financial statements for the year ended 30 June 2009.

		Unaudited 30-Sep 2009	Audited 30 June, 2009
		Rupees	
COMMITMENTS			
	Building and civil works	1,527,606	1,527,606
	Confirmed letter of credits in respect of raw materials	142,111,717	192,618,722
	Guarantees issued to collector of customs	10,951,700	10,951,700
	Bills discounted	327,525,645	334,883,452
		482,116,668	539,981,480

QUARTER ENDED	
July to September	
2009	2008

Rupees

6. SALES

Export Sales	6.1.	423,500,601	440,843,729
Local Sales	6.2	329,259,361	297,903,558
		752,759,962	738,747,287

6.1. Export

		426,475,338	435,606,646
Add :			
Exchange gain		2,122,314	3,752,021
Export Rebate		1,736,512	9,068,525
		3,858,826	12,820,546
Less: Commission		6,833,563	7,583,463
		423,500,601	440,843,729

6.2. Local

Yarn/Garments/Processing/Waste		333,198,339	306,336,498
Less: Commission & quality claim		3,938,978	8,432,940
		3,938,978	8,432,940
		329,259,361	297,903,558

7. COST OF SALES

Stocks - opening		513,590,737	412,206,981
Cost of goods manufactured		565,021,286	611,917,964
Purchases of finished goods		38,642,778	39,927,976
		603,664,064	651,845,940
		1,117,254,801	1,064,052,921
Stocks - closing		(471,559,393)	(437,692,472)
		645,695,408	626,360,449

PERIOD ENDED	
July to September	
2009	2008

Rupees

8. CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	11,774,401	16,840,308
Add/Less: Adjustments for non cash charges and other items		
Depreciation	10,349,503	10,405,381
Provision of gratuity	2,441,600	3,574,882
Finance Cost	59,674,982	56,053,187
Interest income	(416,115)	(143,168)
Worker's profit participation fund	619,705	620,331
Gain on sale of fixed assets	-	(41,334)
Dividend income	(138)	(155)
Deferred Income	(189,483)	(188,190)
Loss/(Gain) on remeasurement of investments	(394,080)	-
	72,085,974	70,280,933
Cash flow from operating activities before working capital changes	83,860,375	87,121,241
(Increase)/ Decrease in current assets		
Stores , spares parts & loose tools	(3,195,339)	(408,973)
Stock in trade	49,673,896	145,648,974
Trade debts	(22,677,071)	(20,078,186)
Loan and advances	(22,500,270)	(18,210,392)
Trade Deposits & prepayments	(261,022)	461,527
Other receivables	3,707	(3,825,443)
	1,043,902	103,587,507
(Decrease) / Increase in current liabilities		
Trade and other payables	(6,504,449)	(2,889,635)
Cash generated from / (used in) operating activities	78,399,829	187,819,114
Receipts / Payments for		
Interest paid	(58,061,215)	(50,890,122)
Interest received	427,159	104,888
Taxes paid	(4,669,568)	(4,406,296)
Gratuity paid	(1,884,532)	(1,996,993)
	(64,188,155)	(57,188,523)
Net cash generated from / (used) in operating activities	14,211,673	130,630,591

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.

PERIOD ENDED	
July to September	
2009	2008

Nature of transaction	Relationship with the company	Rupees	
		2009	2008
Transactions			
Purchase of goods	Associated Companies	107,583,997	75,958,445
Sale of goods	Associated Companies	89,897,793	18,980,441
Dyeing and conversion charges	Associated Companies	4,918,001	6,193,361
Processing charges	Associated Companies	26,791,935	32,888,775

10. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **31 October, 2009** by the Board of Directors of the Company.

12. GENERAL

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

TANVEER AHMED
Chief Executive

NASEER AHMED
Director