



HALF YEARLY ACCOUNTS
FOR SIX MONTHS ENDED
DECEMBER 31, 2014
(UN-AUDITED)

Paramount Spinning Mills Limited

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Company Information

BOARD OF DIRECTORS	Mr. Sohail Maqsood Mr. Iftikhar Ali Mr. Riaz Ahmed Mr. Maqsood ul haq Mr. Muhammad Salman Husain Chawala Mr. Muhammad Maqbool Anjum Mr. Ali Afzal Sheikh	(Chairman) (Chief Executive) (NIT Nominee)
AUDIT COMMITTEE	Mr. Muhammad Maqbool Anjum Mr. Maqsood ul haq Mr. Sohail Maqsood	(Chairman)
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Maqsood ul haq Mr. Iftikhar Ali Mr. Sohail Maqsood	(Chairman)
CHIEF FINANCIAL OFFICER	Mr. Nasir Mahmood	
COMPANY SECRETARY	Mr. Javaid Iqbal	
AUDITORS	M/s. Baker Tilly Mehmood Idrees Qamar Chartered Accountants 188, D-1, Model Town Lahore	
LEGAL ADVISOR	M/s. A.K. Brohi & Company-Advocate	
TAX CONSULTANT	M/s. Sharif & Company-Advocate	
SHARE REGISTRAR OFFICE	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32424826, 32412754, Fax. 32424835	
REGISTERED OFFICE	2nd Floor Finlay House I.I. Chundrigar Road, Karachi	
REGIONAL OFFICE	The Enterprise, Building No 1, 4th Floor, 1 Km, Thokar Niaz Baig, Multan Road, Lahore	
MILLS	S.I.T.E. Kotri , Raiwind	
WEB PRESENCE	www.gulshan.com.pk	

Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the half year ended December 31, 2014.

Financial Results:

Operating Indicators	Half Year Ended December 31, 2014	Half Year Ended December 31, 2013
	(Rupees)	(Rupees)
Sales	666,310,153	1,429,857,546
Gross (loss) / Profit	(18,226,765)	(62,493,126)
Pre Tax (loss) / Profit	(63,848,729)	594,133,025
Provision for Taxation	(761,662)	17,985,238
Earnings / (loss) Per Share	(3.64)	33.20

Overview:

The period under review has also been proved difficult. Challenges like severe energy crises coupled with on-going financial barriers have obstructed the optimum utilization of production capacities. Inaccessibility to the working capital facilities caused underutilization of production capacities, due to which the Company could not efficiently procure essential raw materials on time. This hindered the Company's plan to run the mills according to the installed capacities and resultantly could not achieve the desired production targets which further affected sales turnover as well as profitability. In spite of the ongoing adverse eventualities, the Management has attempted to use maximum probabilities to keep the Mills operational.

The Management is conscious of the issues that are affecting our operations and are committed to plans to turn Company into profitable entity by taking serious decisions for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers.

The debt amortization profile, higher financial cost and associated liquidity problems have forced the company to initiate restructuring of its debt obligations subject to reconciliation of financial obligations to ensure continued timely discharge of its commitments to its lenders. In this regard leading law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions has agreed in principle to the restructuring process. Once achieved it would improve the company's financial health and liquidity of the Company

Auditors Observation:

Auditors' Observation regarding going concern, liquidity issues and its repercussions, the Management has approached the banks/financial institutions for speed up the process of negotiations and finalization of financial restructuring of its debts and is confident that outcome will be positive and with reconciliation of amounts, release of security in post re-profiling scenario, as per pending litigation with the Lahore High Court, the financial health of the Company will be improved which will enable the Company to purchase cost effective timely raw material, manage the resources properly, combat the pressures of local and global market and tackle with energy crises. A Scheme of Arrangement by the Creditors is in process of finalization and after its approval from Honourable Sindh High Court, a syndicated restructuring agreement is proposed to be executed between the Company and respective banks. According to restructuring terms all ongoing litigations by or against the Company will be withdrawn by the respective parties.

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing misfortunes. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations, effective utilizations of natural resources and raw materials. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

Future Outlook:

We have been conscious of the issues that are affecting our production and are committed to turn the Company into a profitable organization by implementing the restructuring process for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers. In spite of continued load shedding, the management is trying to implement its best efforts to ensure regain its growth, operational efficiency and optimum results for the Company and its valued stakeholders. This impediment is expected to be over in near future as the restructuring process is expected to be completed soon once the ongoing reconciliation & restructuring process is completed, we would be in better position to embark upon timely better priced procurement of the required raw materials. To increase profitability and improve performance, wide ranging and significant measures are being implemented by the Company focusing on cost reduction and increase in margins.

Acknowledgement:

We appreciate the efforts and with thanks place on record the continued support extended to us by our customers, suppliers and bankers. The valuable services rendered by our team of employees are gratefully acknowledged.

**Auditor's Report to the Members on Review of
Condensed Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim balance sheet of PARAMOUNT SPINNING MILLS LIMITED as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-inafter referred to as the interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the interim profit and loss account and interim statement of comprehensive income for the quarter ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

Except for the matter stated in paragraph (c) below, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse conclusion

- a) As described in note 1.3 to the condensed interim financial information, the financial information has been prepared on going concern basis. The condensed interim financial information of the company for the period ended December 31, 2014 reflects loss after taxation of Rs. 63,087,067 and so as of that date it has accumulated losses of Rs. 2,758,401,193 which resulted in net capital deficiency of Rs. 2,109,477,903 and its current liabilities exceed its current assets by Rs. 2,429,431,361. The company is facing operational and financial problems. Further, various banks and financial institutions have filed recovery suits against the company as detailed in note 15.1.1 to the condensed interim financial information, and the ultimate outcome of these suits cannot presently be determined because these matters are pending before various courts. These events indicate a material uncertainty that may cause significant doubt on the company's ability to continue as a going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate.
- b) Markup/ Interest on long-term finances, lease finances and short-term borrowings to the extent of Rs. 569,356,153, including balance aggregating Rs. 120,456,153 for current period, has not been accrued in the condensed interim financial information; thereby decreasing loss for the current period by Rs. 120,456,153, and decreasing current liabilities by Rs. 569,356,153 and increasing shareholder's equity by Rs. 569,356,153 as detailed in note 12 to the condensed interim financial information.
- c) As mentioned in note 9, 10, 11, 12 and 13 confirmations and period end bank statements were not available in respect of cash at banks, long-term financing, liabilities against assets subject to finance lease, local LCs payable, foreign bills payable, accrued markup / interest, and short-term borrowings respectively, due to pending litigations with these banks / financial institutions as referred in note 15.1.1.

Adverse conclusion

Based on our review, because of the significance of the matters referred in the preceding paragraphs (a) to (c) and its effect on the interim financial information we believe that the accompanying interim financial information do not give a true and fair view of the state of company's affairs as at 31st December 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the half year ended December 31, 2014.

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants

Lahore
March 10, 2015

Name of Engagement Partner:
Bilal Ahmed Khan, ACA

Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2014

		Un-audited December 31, 2014	Audited June 30, 2014
		-----Rupees-----	
ASSETS	Note		
Non current assets			
Property, plant and equipment	5	2,340,457,680	2,364,232,897
Long term investments	6	-	-
Long term loans		516,253	516,253
Long term deposits		3,484,406	3,484,406
		<u>2,344,458,339</u>	<u>2,368,233,556</u>
Current assets			
Stores, spare parts and loose tools		17,705,743	16,207,842
Stock-in-trade	7	371,055,554	375,656,141
Trade debts		23,906,760	63,553,396
Loans and advances		22,314,060	32,563,286
Short term deposits		3,856,903	3,856,903
Short term investment	8	24,731,100	24,731,100
Accrued mark-up / interest		619,825	549,488
Other receivables		136,762,121	148,658,936
Cash and bank balances	9	20,595,584	15,160,030
		<u>621,547,650</u>	<u>680,937,122</u>
Total assets		<u><u>2,966,005,989</u></u>	<u><u>3,049,170,678</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
25,000,000 (June 30, 2014: 25,000,000) ordinary shares of Rs.10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital			
17,352,329 (June 30, 2014: 17,352,329) ordinary shares of Rs. 10 each		173,523,290	173,523,290
Reserves		475,400,000	475,400,000
Accumulated loss		<u>(2,758,401,193)</u>	<u>(2,707,407,801)</u>
		<u>(2,109,477,903)</u>	<u>(2,058,484,511)</u>
Surplus on revaluation of operating fixed assets		1,521,437,590	1,533,531,265
Sub-ordinate loan		175,000,000	175,000,000
Non current liabilities			
Long term finances	10	142,235,639	142,235,639
Liabilities against assets subject to finance lease	10	-	-
Staff retirement benefit		35,172,781	32,319,898
Deferred taxation		150,658,871	151,420,533
		<u>328,067,291</u>	<u>325,976,070</u>
Current liabilities			
Trade and other payables	11	987,360,269	1,033,808,304
Accrued mark-up / interest	12	22,747,924	13,332,488
Short term borrowings	13	1,782,279,740	1,754,783,479
Current portion of non-current liabilities	14	258,591,078	259,065,242
Taxation		-	12,158,341
		<u>3,050,979,011</u>	<u>3,073,147,854</u>
Contingencies and commitments	15	-	-
Total equity and liabilities		<u><u>2,966,005,989</u></u>	<u><u>3,049,170,678</u></u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

Iftikhar Ali
Chief Executive

Sohail Maqsood
Director

PARAMOUNT SPINNING MILLS LIMITED

**Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter and Half Year Ended December 31, 2014**

	Note	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		----- Rupees -----			
Sales - net		325,080,377	746,006,894	666,310,153	1,429,857,546
Cost of sales	16	327,002,539	824,804,141	684,536,918	1,492,350,672
Gross loss		(1,922,162)	(78,797,247)	(18,226,765)	(62,493,126)
Distribution cost		1,720,101	39,594,124	2,697,774	60,005,476
Administrative expenses		16,457,514	21,801,486	34,709,552	40,003,705
Other expenses		-	4,466,165	-	4,466,165
Other income		(2,004,568)	(793,037,171)	(2,101,483)	(793,116,236)
		16,173,047	(727,175,396)	35,305,843	(688,640,890)
Profit / (loss) from operations		(18,095,209)	648,378,149	(53,532,608)	626,147,764
Finance cost		9,988,139	10,156,235	10,316,121	16,760,620
		(28,083,348)	638,221,914	(63,848,729)	609,387,143
Share of loss of Associated Companies		-	(9,659,118)	-	(15,254,118)
Profit / (loss) before taxation		(28,083,348)	628,562,796	(63,848,729)	594,133,025
Taxation					
- current	17	(3,412,298)	6,782,292	-	9,316,872
- deferred		(761,662)	8,668,366	(761,662)	8,668,366
		(4,173,960)	15,450,658	(761,662)	17,985,238
Profit / (loss) after taxation		(23,909,388)	613,112,138	(63,087,067)	576,147,787
Earnings / (loss) per share					
- basic and diluted		(1.38)	35.33	(3.64)	33.20

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter and Half Year Ended December 31, 2014**

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
Profit / (loss) after taxation	(23,909,388)	613,112,138	(63,087,067)	576,147,787
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>(23,909,388)</u>	<u>613,112,138</u>	<u>(63,087,067)</u>	<u>576,147,787</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

**Condensed Interim Cash Flow Statement (Un-audited)
For the Half Year Ended December 31, 2014**

	Note	Half year ended	
		December 31, 2014	December 31, 2013
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	(17,844,738)	33,836,565
Interest received		193,409	150,277
Interest paid		(900,686)	(20,966,999)
Income tax paid		(644,682)	(8,596,849)
Gratuity paid		(2,653,414)	(7,599,498)
Net cash used in operating activities		(21,850,110)	(3,176,504)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,098,933)	(1,685,328)
Proceed from disposal of operating fixed assets		2,362,500	400,000
Long term loans - net		-	189,391
Net cash used in investing activities		263,567	(1,095,937)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease finances - net		(474,164)	(1,430,125)
Short term borrowings - net		27,496,261	11,347,983
Net cash generated from financing activities		27,022,097	9,917,858
Net increase in cash and cash equivalents		5,235,554	5,645,417
Cash and cash equivalents - at beginning of the period		15,160,030	12,833,924
Cash and cash equivalents - at end of the period		20,595,584	18,479,341

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half Year Ended December 31, 2014**

	Issued, subscribed and paid-up capital	Reserves		Accumulated loss	Total
		Share premium	General reserve		
----- Rupees -----					
Balance as at July 1, 2013	173,523,290	15,400,000	460,000,000	(2,798,842,238)	(2,149,918,948)
Profit for the half year ended December 31, 2013	-	-	-	576,147,787	576,147,787
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	576,147,787	576,147,787
Surplus on revaluation of operating fixed assets realised during the period on account of incremental depreciation for the half year ended	-	-	-	13,713,862	13,713,862
Effect of item directly credited in equity by Associated Companies	-	-	-	10,739,464	10,739,464
Balance as at December 31, 2013	<u>173,523,290</u>	<u>15,400,000</u>	<u>460,000,000</u>	<u>(2,198,241,125)</u>	<u>(1,549,317,835)</u>
Balance as at July 1, 2014	173,523,290	15,400,000	460,000,000	(2,707,407,801)	(2,058,484,511)
Loss for the half year ended December 31, 2014	-	-	-	(63,087,067)	(63,087,067)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(63,087,067)	(63,087,067)
Surplus on revaluation of operating fixed assets realised during the period on account of incremental depreciation for the half year ended - net of deferred taxation	-	-	-	12,093,675	12,093,675
Effect of item directly credited in equity by Associated Companies	-	-	-	-	-
Balance as at December 31, 2014	<u>173,523,290</u>	<u>15,400,000</u>	<u>460,000,000</u>	<u>(2,758,401,193)</u>	<u>(2,109,477,903)</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

**Notes to the Condensed Interim Financial Information (Un-audited)
For the Half Year Ended 31 December 2014**

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Paramount Spinning Mills Limited (the Company) was incorporated as a public limited Company on August 22, 1981 and its shares are listed on Karachi and Lahore Stock Exchanges. The registered office is located at Finlay House, I.I. Chundrigar Road, Karachi. The manufacturing facilities of the Company are located at Kotri and Raiwind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, garments and yarn dyeing.
- 1.2 The Board of Directors of the Company in its meeting held on April 5, 2011 approved the scheme of merger by amalgamation of Gulistan Spinning Mills Limited, Gulshan Spinning Mills Limited into Paramount Spinning Mills Limited along with the approval of the share swap ratio in relation thereto. The Company on orders of Sindh High Court called Extra Ordinary General Meeting on August 1, 2011 in which the above said scheme was approved by the shareholders of the Company. No Objection Certificates from its creditors and lenders are pending for the said matter.
- 1.3 Going concern assumption

The Company has accumulated loss of Rs.2,758.401 million as at December 31, 2014 and as at that date its current liabilities exceeded its current assets by Rs. 2,429.431 million. This is mainly due to under utilisation of capacity because of insufficiency of working capital lines. All the working capital lines and other finances have been blocked by respective banks and financial institutions due to litigations with these lenders as detailed in note 15.1.1 to this condensed interim financial information. These Conditions along with other adverse key financial ratios and the pending litigations with the banking companies and financial institutions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared under the going concern assumption due to following reasons:

(a) Restructuring / rescheduling of existing debt / loan facilities

- The Company alongwith its restructuring agent (a leading financial institutions) and all lending financial institutions & banks are in the process of finalising and approving the terms to restructure the outstanding debt obligations of the Company. An indicative term sheet of the restructuring terms is in the process of finalisation; immediately thereafter it will be signed by all parties and legal documentation will be executed to formalize the restructuring of outstanding debts of the Company, as disclosed in Note No. 1.3 of audited annual financial statements. Salient features of this indicative term sheet are as follows:
- the existing facilities will be restructured and consolidated into a long term facility and aggregate principal outstanding will be repaid over 8 years. The sponsors will inject equity through sale of assets of the Company for approximately Rs.1,369 million. Balance of the outstanding facility amount will be repaid in instalments over a period of 8 years on quarterly basis as per the agreed repayment schedule;
- Total accrued and outstanding mark-up due / payable till December 31, 2014 by the Company to its existing lenders will be repaid starting immediately after the expiry of 8 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and
- Mark-up rate shall be 5.00% per annum for the first 2 years of repayment tenor, however, a mark-up of 0.50% per annum shall be paid by the Company during the first year and mark-up at the rate of 1.00% will be paid in second year of the repayment tenor. Whereas the remaining differential mark-up amount for these periods will be accumulated and repaid on quarterly basis starting from second-year of the accrued mark-up period. For the remaining 6 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.

(b) the management has made arrangements whereby third party cotton is being processed against processing fee for utilisation of unutilised capacity.

(c) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, right sizing of the man power, resource conservation, close monitoring of other fixed cost ect.

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the profitability of the Company in the foreseeable future. Therefore, this condensed interim financial information does not include any adjustment that might result, should the Company not be able to continue as a going concern.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2014.

Amendment to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2014.

		Un-audited December 31, 2014	Audited June 30, 2014
		-----Rupees-----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Net book value at beginning of the period / year		2,364,232,897	2,410,718,695
Additions during the period / year	5.1	2,099,081	6,510,409
Disposal, costing Rs. 3,132,334 (June 30 2014 Rs. 4,779,320) at net book value		(524,763)	(634,861)
Depreciation charge for the period / year		(25,349,535)	(52,361,346)
Net book value at end of the period / year		<u>2,340,457,680</u>	<u>2,364,232,897</u>
5.1 Additions during the period / year:			
Building		-	2,688,834
Plant and machinery		1,697,341	975,096
Electric Installations		353,940	2,636,551
Mills equipment		-	154,928
Furniture and fixtures		47,800	3,200
Office equipment		-	51,800
		<u>2,099,081</u>	<u>6,510,409</u>

5.2 Leased assets include plant and machinery at net book value of Rs. 31.706 million (June 30, 2014: Rs. 32.107 million) and vehicles at net book value of Rs. 3.672 million (June 30, 2014: Rs. 4.080 million) which have not been transferred to owned assets due to non-availability of relevant documents. Lease liability in respect of these assets has been fully repaid but due to litigations with financial institutions as detailed in note 15.1.1 lessors have not issued relevant supporting documents for transfer of the ownership of these assets.

PARAMOUNT SPINNING MILLS LIMITED

		Un-audited December 31, 2014	Audited June 30, 2014
		-----Rupees-----	
6.	LONG TERM INVESTMENTS		
	In Associated Companies		
	Quoted		
	Gulistan Spinning Mills Limited	6.1	-
	Unquoted		
	Gulistan Fibres Limited	6.2	-
		<u>-</u>	<u>-</u>
6.1	Gulistan Spinning Mills Limited		
	202,777 (June 30, 2014: 202,777) ordinary shares of Rs.10 each - cost	6.1.1	2,346,250
	Equity held 1.39% (June 30, 2014: 1.39%)		
	Market value Rs.0.517 million (June 30, 2014: Rs.0.953 million)		-
	Share of post acquisition losses	(14,452,640)	(14,452,640)
	Share of item directly credited in the equity of Associated Company	374,407	374,407
	Share of surplus on revaluation of fixed assets	11,731,983	11,731,983
		<u>-</u>	<u>-</u>
6.1.1	Gulistan Spinning Mills Limited is an Associated Company based on common directorship.		
		Un-audited December 31, 2014	Audited June 30, 2014
		-----Rupees-----	
6.2	Gulistan Fibres Limited		
	Nil (June 30, 2014: 741,185) ordinary shares of Rs.10 each - cost	-	5,530,760
	Share of post acquisition losses	-	(254,010,741)
	Share of item directly credited in the equity of Associated Company	-	14,134,893
	Share of surplus on revaluation of fixed assets	-	248,538,281
		<u>-</u>	<u>14,193,193</u>
	Less: investment disposed during the period	-	14,193,193
		<u>-</u>	<u>-</u>
7.	STOCK-IN-TRADE		
	All of the current assets of the Company are under banks' charge as security of short term borrowings (note 13). The Company filed a suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before Banking Court, Sindh High Court and Lahore High Court for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully explained in note 15.1.1.		
8.	SHORT TERM INVESTMENT	Un-audited December 31, 2014	Audited June 30, 2014
	- At fair value through profit or loss	-----Rupees-----	
	Gulistan Textile Mills Limited		
	1,648,740 (June 30, 2014: 1,648,740) ordinary shares of Rs.10 each	<u>24,731,100</u>	<u>24,731,100</u>
	Equity held 8.68% (June 30, 2014: 8.68%)		
	The market value of investment in Gulistan Textile Mills Limited as at the year end is not available as trading in shares of the investee company has been suspended on the stock exchanges for the time being. Fair value of this investment is computed on the basis of latest available rate i.e. Rs.15 per share.		

9. CASH AND BANK BALANCES

Majority of the Company's bank accounts operations have been blocked by the respective bank due to on-going litigations with these banks as detailed in note 15.1.1 to this condensed interim financial information. Further, due to the litigation and blockage of bank accounts, complete bank statements for the current period of six months ended December 31, 2014 and preceding financial year ended June 30, 2014 of banks were not available to ensure balances held with these banks.

10. LONG TERM FINANCES AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

The Company filed a suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and lending banks have also filed suits before different High Courts for recovery of their long term & short term liabilities and lease finances through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 15.1.1.

Due to the abovementioned litigations the Company's financial arrangements with banking companies and lessors are disputed and these liabilities have become payable on demand so instalments due after the year ending December 31, 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statements Presentation'.

11. TRADE AND OTHER PAYABLES

This represents overdue bills payable / letters of credit payable to various financial institutions in respect of letters of credit (LCs) issued by the financial institutions in favour of various local and imported raw material suppliers. The Company is in litigation with banks and financial institutions as detailed in note 15.1.1 so current status and balance confirmation of these bills payable could not be ascertained due to non-availability of relevant documents. Further, no provision of any further commission / interest / mark-up or penalty in respect of overdue LCs has been made in the financial statements. Amount of the un-provided commission / interest / mark-up or penalty is impracticable to determine as at the reporting date.

12. ACCRUED MARK-UP / INTEREST

During the period of six months ended December 31, 2014, the Company has not provided mark-up / interest on its long term finances, lease finances and short term borrowings to the extent of Rs. 13.112 million, Rs. 1.483 million and Rs. 105.861 million respectively due to pending litigations with the financial institutions. Further, as detailed in note 1.3, the management is in the process of finalisation of restructuring of its debts and as per indicative restructuring term sheet total accrued and outstanding mark-up till June 30, 2014 will be repaid after the completion of repayment term of principal i.e. 8 years. Un-provided mark-up / interest upto the balance sheet date aggregated Rs. 569.356 million. This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided mark-up / interest could not be ascertained because of non-availability of relevant information and documents due to on-going litigations with banks and financial institutions.

		Un-audited December 31, 2014	Audited June 30, 2014
-----Rupees-----			
13. SHORT TERM BORROWINGS	Note		
Short term finances - secured	13.1	1,175,729,007	1,175,729,007
Running finances - secured	13.1	315,343,108	315,343,108
Loan from a related party - unsecured		21,662,236	21,662,236
Interest free loans from related parties - unsecured	13.2	244,170,760	221,052,642
Temporary bank overdraft - unsecured	13.3	25,374,629	20,996,486
		1,782,279,740	1,754,783,479

The abovementioned balances are against expired finance facilities and have not been renewed by the respective banks / financial institutions. These banks & financial Institutions have filed suits before different Civil Courts, Banking Courts and High Courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The Company had also filed a suit in the Lahore High Court for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs as more fully detailed in note 15.1.1.

Further, due to these litigations, complete bank statements for the current period ended December 31, 2014 and preceding financial year ended June 30, 2014 of all banks / financial institutions were also not available to ensure period end balances of these finance facilities.

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	Un-audited December 31, 2014	Audited June 30, 2014
	-----Rupees-----	
13.2 Interest free loans from related parties - unsecured		
Balance at beginning of the period / year	221,052,642	222,282,061
Add: funds received during the period / year	36,047,191	75,636,994
Less: repayments / adjustment made during the period / year	(12,929,073)	(76,866,413)
Balance at end of the year / period	244,170,760	221,052,642

13.2.1 These loans were advanced by Spouse of the Chief Executive and other relatives (related parties) in order to meet working capital shortage.

13.3 These have arisen due to issuance of cheques in excess of balance at bank accounts.

	Un-audited December 31, 2014	Audited June 30, 2014
	-----Rupees-----	
14. CURRENT PORTION OF NON-CURRENT LIABILITIES		
	Note	
Long term finances:		
- overdue instalments	156,967,816	129,904,668
- instalments due within next twelve months	54,126,294	54,126,294
- instalments due after December 31, 2015 / June 30, 2014	14.1 22,101,108	49,164,256
	233,195,218	233,195,218
Liabilities against assets subject to finance lease		
- overdue instalments	21,629,303	15,595,880
- instalments due within next twelve months	3,392,452	6,025,582
- instalments due after December 31, 2015 / June 30, 2014	14.1 374,106	4,248,562
	25,395,860	25,870,024
	258,591,078	259,065,242

14.1 Refer contents of note 10 to this condensed interim financial information.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Liabilities towards banks and financial institutions

(a) Various banks and financial institutions have filed recovery suits before Banking Court - Karachi, Sindh High Court and Lahore High Court for recovery of their long term and short term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 2,332.365 million (June 30, 2014: Rs. 2,332.365 million).

The management is strongly contesting the above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. Since all the cases are pending before various Courts therefore the ultimate outcome these cases can not be established.

(b) The Company filed a global suit in the Lahore High Court (LHC) against all banks / financial institutions under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The LHC vide its interim order dated October 25, 2012 ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The LHC through its order dated September 11, 2013 dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the abovementioned order. The Divisional Bench passed the order, dated November 27, 2013, that respondent bank will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013 will remain suspended meanwhile.

However, the Company alongwith its restructuring agent and all lending financial institutions & banks are in the process of finalising and approving the terms to restructure the outstanding debt obligations of the Company. An indicative term sheet of the restructuring terms is being signed; immediately thereafter legal documentation will be executed to formalize the restructuring of outstanding debts of the Company. The management expects that entire process will be completed in due course of time and these recovery suits will be settled accordingly.

15.1.2 There has been no change in the matters as detailed in notes 30.1.2 and 30.1.3 to the Company's published annual financial statements for the year ended June 30, 2014.

15.1.3 Counter guarantees aggregating Rs.9.067 million (June 30, 2014: Rs.9.067 million) were given by the Company to various banks outstanding as at December 31, 2014 in respect of guarantees issued in favour of various Government Departments / Institutions.

15.2 Commitments

There has been no commitment as at December 31, 2014 and June 30, 2014.

		(Un-audited)			
		Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note		----- (Rupees) -----			
16.	COST OF SALES				
	Stocks - opening	128,162,942	263,000,506	134,652,489	277,040,674
	Cost of goods manufactured	322,375,570	800,480,101	666,596,486	1,453,986,464
	Purchase of finished goods	8,180,200	-	15,004,116	-
		330,555,770	800,480,101	681,600,602	1,453,986,464
		458,718,712	1,063,480,607	816,253,092	1,731,027,138
	Stocks - closing	(131,716,174)	(238,676,466)	(131,716,174)	(238,676,466)
		327,002,539	824,804,141	684,536,918	1,492,350,672
16.1	Cost of goods manufactured				
	Opening work-in-process	20,758,431	28,048,663	19,794,740	32,436,817
	Raw materials consumed	211,751,936	543,590,377	454,283,824	944,149,876
	Direct labour and overheads	107,313,552	273,638,890	209,966,271	522,197,600
		319,065,488	817,229,267	664,250,095	1,466,347,476
		339,823,919	845,277,930	684,044,835	1,498,784,293
	Closing work-in-process	(17,448,349)	(44,797,829)	(17,448,349)	(44,797,829)
		322,375,570	800,480,101	666,596,486	1,453,986,464

17. TAXATION

No provision from minimum tax due under section 113 of the Ordinance is incorporated as the Company has suffered gross loss before depreciation and other inadmissible expenses.

		(Un-audited) Half year ended	
		December 31, 2014	December 31, 2013
		-----Rupees-----	
18.	CASH GENERATED FROM OPERATIONS		
	Profit / (loss) before taxation	(63,848,729)	594,133,025
	Adjustments for non-cash and other items:		
	Depreciation of operating fixed assets	25,349,535	26,206,663
	Provision of gratuity	5,506,296	10,424,929
	Finance cost	10,316,121	16,760,620
	Share of loss of Associated Companies	-	15,254,118
	Exchange loss - net	-	4,466,165
	Interest income	(263,746)	(305,726)
	Gain on disposal of operating fixed assets	(1,837,737)	(312,632)
	Gain on disposal of investment in an Associated Company	-	(311,161,501)
	Gain on reclassification of investment in an Associated Company to investment at fair value through profit or loss	-	(481,336,377)
	Working capital changes	6,933,522	159,707,281
		<u>(17,844,738)</u>	<u>33,836,565</u>
18.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(1,497,901)	(2,853,848)
	Stock-in-trade	4,600,587	3,557,961
	Trade debts	39,646,636	99,870,158
	Loans and advances	(1,264,433)	(6,453,517)
	Short term deposits	-	175,600
	Other receivables	11,896,815	(18,712,519)
		<u>53,381,704</u>	<u>75,583,835</u>
	Increase in trade and other payables	(46,648,182)	84,123,446
		<u>6,933,522</u>	<u>159,707,281</u>
19.	FINANCIAL RISK MANAGEMENT		
	The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.		
	The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2014.		
	There have been no changes in the risk management policies since the year end.		

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	(Un-audited)	
	Half year ended	
	December 31, 2014	December 31, 2013
	-----Rupees-----	
20. RELATED PARTY TRANSACTIONS		
20.1 Significant transactions with related parties are as follows:		
Nature of transactions		
Purchases	77,925,770	82,153,263
Sales	1,648,450	578,000
Processing income	-	2,653,580
Mark-up accrued	22,738,505	1,040,354
Advance given for purchase of yarn / cotton	-	7,955,147
Sale of investment in an Associated Company	-	76,816,413
Interest free loans received	36,047,191	7,205,616
Interest free loans repaid	12,929,073	6,500,000
Interest bearing loan repaid	-	100,000
Remuneration and other benefits to key management personnel	3,718,785	6,019,956
	Un-audited December 31, 2014	Audited June 30, 2014
	-----Rupees-----	

20.2 Period / year end balances are as follows:

Payable to related parties		
Trade and other payables	49,312,259	37,673,363
Accrued mark-up / interest	22,738,505	13,323,069
Short term borrowings	265,832,996	242,714,878

21. GENERAL

21.1 Figures have been rounded off to the nearest rupee except stated otherwise.

21.2 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on March 10, 2015.



Paramount Spinning Mills Limited

2nd Floor, Finlay House, I.I. Chundigar Road, karachi - Pakistan.