

**PARAMOUNT SPINNING
MILLS LIMITED**

FINANCIAL STATEMENTS
FOR THE PERIOD
DECEMBER 31, 2023

PARAMOUNT SPINNING MILLS LTD

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**PARAMOUNT SPINNING MILLS LIMITED
COMPANY INFORMATION**

BOARD OF DIRECTORS	Mr. Muhammad Akhtar Mirza (Chairman) Mr. Sohail Maqsood (Chief Executive) Mr. Muhammad Ashraf Khan Mr. Abid Sattar Mr. Muhammad Arif Mrs. Zarqa Asif Mr. Muhammad Junaid
AUDIT COMMITTEE	Mr. Muhammad Junaid (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Muhammad Arif (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza
CHIEF FINANCIAL OFFICER	Mr. Nasir Mahmood
COMPANY SECRETARY	Mr. Muhammad Ijaz
AUDITORS	M/s. Malik Haroon Shahid Safder & Co. Chartered Accountants. Lahore
LEGAL ADVISOR	Akhtar Javed-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	2nd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore
WEB PRESENCE	http://www.gulshan.com.pk/corporate/paramount.html

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PARAMOUNT SPINNING MILLS LIMITED

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, 2023.

Financial Results

Operating indicators	Half Year Ended December 31, 2023 (Rupees)	Half Year Ended December 31, 2022 (Rupees)
Sales	-	-
Gross profit / (loss)	-	-
Pre Tax profit / (loss)	(1,569,400)	(1,928,397)
Provision for Taxation	-	-
Earnings / (loss) Per Share	(0.09)	(0.11)

Overview:

A Scheme of arrangement under section 279 to 283 and 285 of the Companies Act 2017 ("Scheme of Arrangement") was filed before Sindh High Court at Karachi vide J.C.M. Petition No. 05/19. The Sindh High Court vide its order dated October 25, 2019, sanctioned the Scheme of Arrangement which is being implemented. The Assets of the company were sold by the Asset sale committee constituted by court comprising of five leading financial institutions, however the pending litigation with the Banks by and against the company is being withdrawn in terms of the Scheme of Arrangement and other ancillary matters shall also be dealt with in accordance with the Scheme of Arrangement.

Future Outlook:

The Scheme of Arrangement shall be implemented and legal proceedings with the Banks by and against the Company shall be withdrawn in terms of the Scheme of Arrangement. There after the Company would be in a better position to structure the way forward.

Acknowledgement:

The Board wishes to place on record its appreciation for the employees members of management team for their efforts, commitment and hard work during this tough time.

LAHORE


SOHAIL MAQSOOD
CHIEF EXECUTIVE



INDEPENDENT AUDITOR'S REVIEW REPORT
to the Members of Paramount Spinning Mills Limited
Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Paramount Spinning Mills Limited (the Company) as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended 31 December 2023. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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 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 Qualified Conclusion

1. Due to non-availability of information, we were unable to satisfy ourselves regarding the existence and valuation of property, plant, and equipment having carrying amounting to Rs. 4.927 million.
2. We could neither obtain any information regarding the cash in hand nor receive any confirmations from most of the banks regarding bank balances. Accordingly, we are unable to verify cash and bank balances aggregating to Rs. 3.997 million.
3. We were unable to satisfy ourselves regarding balances payable in respect of post-employment benefits payables, unclaimed dividend and trade and other payables amounting to Rs. 2.362million, Rs. 1.119 million and Rs. 33.425 million respectively.

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MALIK HAROON AHMAD & CO.

(Formerly Malik Haroon Shahid Safder & Co.)

Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.uccsglobal.org

We conducted our review in accordance with International Standards on Review Engagement (ISREs). We are independent of the Company in accordance with the ethical requirements that are relevant to our review of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the review evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2023, and of its financial performance and its cash flows for the six-month period then ended, in accordance with International Accounting Standard 34 Interim Financial Reporting as applicable Accounting and Reporting Standard in Pakistan.

Emphasis of Matter

We draw attention to notes 1.2 and 2.2 of the financial statements, which state that the Company along with its restructuring agent – United Bank Limited, and the majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") and the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, the interim financial statements have been prepared on break-up value basis. Our conclusion is not modified in respect of this matter.

Lahore
February 28, 2024
UDIN: RR2023102065Myf1BAwp

Malik Haroon Ahmad & Co.
Malik Haroon Ahmad & Co.
Chartered Accountants

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Islamabad Office: Office No. 9 & 10, 3rd Floor, Pakland Square, G8 Markaz, Islamabad

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A Strategic Alliance
New York Mexico

PARAMOUNT SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 (UNAUDITED)

		Note	(Unaudited) December, 31 2023	(Audited) June 30, 2023
----- Rupees -----				
ASSETS				
Property, plant and equipment		5	4,927,416	5,195,532
Other receivables			16,034,355	16,034,466
Advances, deposits and prepayments			30,000	50,000
Cash and bank balances			3,996,763	4,403,586
Total Assets			24,988,534	25,683,584
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized capital				
25,000,000 (30 June 2023: 25,000,000) ordinary shares of Rs.10/- each			250,000,000	250,000,000
Share capital			173,523,290	173,523,290
Reserves			475,400,000	475,400,000
Sub-ordinate loan			175,000,000	175,000,000
Accumulated loss			(1,428,471,731)	(1,426,902,331)
			(604,548,441)	(602,979,041)
Liabilities				
Loan from associates and other parties			592,630,890	583,900,891
Post employment benefits payables			2,361,765	2,421,765
Trade and other payables			33,425,483	41,221,133
Unclaimed dividend			1,118,836	1,118,836
			629,536,974	628,662,625
CONTINGENCIES AND COMMITMENTS				
Total Equity and Liabilities		6	24,988,534	25,683,584

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

MHA & CO

Schait. M
CHIEF EXECUTIVE

Masir
CHIEF FINANCIAL OFFICER

Maid Sultan
DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- Rupees -----				
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Administrative expenses	(1,574,217)	(1,930,943)	(1,070,075)	(860,214)
Other operating expenses	-	(464)	-	-
Other operating income	9,156	3,010	9,156	1,009
	(1,565,061)	(1,928,397)	(1,060,919)	(859,205)
Loss from Operations	(1,565,061)	(1,928,397)	(1,060,919)	(859,205)
Finance cost	(4,338)	-	-	-
Loss before taxation	(1,569,400)	(1,928,397)	(1,060,919)	(859,205)
Taxation	-	-	-	-
Loss after taxation	(1,569,400)	(1,928,397)	(1,060,919)	(859,205)
Loss per share				
- basic and diluted	(0.09)	(0.11)	(0.06)	(0.05)

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

MHA & CO

(Signature)

Schait.M
CHIEF EXECUTIVE

Masir
CHIEF FINANCIAL OFFICER

Ahmed Khan
DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- Rupees -----				
Loss after taxation	(1,569,400)	(1,928,397)	(1,060,919)	(859,205)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(1,569,400)	(1,928,397)	(1,060,919)	(859,205)

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

MHA & CO

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M. Passer

Schait. m
 CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Neelkanta
 DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Share Capital	General Reserve		Sub-ordinated loan	Total
		Share Premium	General reserve		
Rupees					
Balance as at 01 July 2022	173,523,290	15,400,000	460,000,000	175,000,000	(596,554,018)
Total comprehensive loss for the period	-	-	-	-	(1,928,397)
Balance as at 31 Dec 2022	173,523,290	15,400,000	460,000,000	175,000,000	(1,928,397)
Balance as at 01 July 2023	173,523,290	15,400,000	460,000,000	175,000,000	(602,979,041)
Total comprehensive loss for the period	-	-	-	-	(1,569,400)
Balance as at 31 December 2023	173,523,290	15,400,000	460,000,000	175,000,000	(604,548,441)

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

MHA & CO

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Sohail M
 CHIEF EXECUTIVE

M Ashr

CHIEF FINANCIAL OFFICER

Ashraf
 DIRECTOR

PARAMOUNT SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Note	Six months ended	
		December 31, 2023	December 31, 2022
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	7	(9,063,329)	(1,693,371)
Finance cost paid		(4,338)	(464)
Interest received		(9,156)	3,010
Gratuity paid		(60,000)	(99,200)
Net cash used in operating activities		(9,136,822)	(1,790,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and other parties		8,729,999	1,454,999
Net cash generated from financing activities		8,729,999	1,454,999
Net decrease in cash and cash equivalents		(406,823)	(335,026)
Cash and cash equivalents - at beginning of the year		4,403,586	4,958,180
Cash and cash equivalents - at end of the year		3,996,763	4,623,154

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

MHA & CO

Sohail M
 CHIEF EXECUTIVE

Masir
 CHIEF FINANCIAL OFFICER

Abid Sattar
 DIRECTOR

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PARAMOUNT SPINNING MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

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 (now Pakistan Stock Exchange Limited). The registered office is located at Finlay House, I.I. Chundrigar Road, Karachi.

1.2 Scheme of arrangement with secured creditors

The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions had signed a "Scheme of Arrangement" dated March 13, 2019 under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The Scheme of Arrangement was sanctioned by the Hon'ble High Court of Sindh at Karachi vide order dated October 25, 2019, passed in J. C. M. Petition No. 5 of 2019. The Scheme of Arrangement, after its sanctioning by the Court became binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. Asset sale committee, pursuant to the terms of scheme of arrangement has sold all charged assets and proceeds thereof have been distributed among the secured creditors and lenders for the balances due to them. The pending litigation with Banks filed by and against the Company is being withdrawn in accordance with terms of the scheme of arrangement.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 237 of the Companies Act, 2017. It 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. 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, 2023.

2.2 Basis of measurement

Due to the Scheme as described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation of financial statements is no longer appropriate. Accordingly, these financial statements have been prepared on liquidation/break-up value basis, following the intention of the parties to settle the liabilities through proceeds of disposal of assets of the company as contemplated in the scheme.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2023.

4 CRITICAL 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. Estimation and judgements made by the management in the preparation of this condensed interim financial information were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2023.

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PARAMOUNT SPINNING MILLS LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

5 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- (Rupees) -----			
Operating fixed assets	5.1	4,927,416	5,195,532
		<u>4,927,416</u>	<u>5,195,532</u>
5.1 Operating fixed assets			
Book value at beginning of the period / year		5,195,532	5,921,572
Depreciation charge for the period / year		(268,116)	(639,677)
Book value at end of the period / year		<u>4,927,416</u>	<u>5,281,895</u>

6 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the matters since the date of published annual financial statements for the year ended 30-06-2023.

7 CASH USED IN OPERATION OPERATIONS

	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
Loss before taxation		(1,569,400)	(1,928,397)
Adjustments for non-cash charges and other items			
Depreciation of operating fixed assets		268,116	322,378
Finance cost		4,338	464
Interest income		9,156	(3,010)
Working capital changes	7.1	(7,775,539)	(84,806)
		<u>(9,063,329)</u>	<u>(1,693,371)</u>
7.1 Movement in working capital			
(Increase) / decrease in current assets:			
Loans and advances		-	(85,000)
Other receivables		111	5,654
Security deposits		20,000	-
		<u>20,111</u>	<u>(79,346)</u>
Increase / (decrease) in trade and other payables		(7,795,650)	(5,460)
		<u>(7,775,539)</u>	<u>(84,806)</u>

8 RELATED PARTY TRANSACTIONS

The related parties comprises associated companies, directors and key management personnel. Significant transactions with related parties during the period are as follows:

Name of party	Relationship	Transaction	Amount
Mr. Tanveer Ahmad	Shareholder	Loan received	(94,868,479)
Fehmeeda Begum	Shareholder	Loan repaid	86,138,479

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PARAMOUNT SPINNING MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 (UN-AUDITED)

9 AUTHORIZATION OF INTERIM FINANCIAL INFORMATION

This condensed interim financial statements (un-audited) has been authorized for issue by the Board of Directors of the Company on 28-02-2024.

10 GENERAL

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

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Sohail M
CHIEF EXECUTIVE

Nasir
CHIEF FINANCIAL OFFICER

Abid Sattar
DIRECTOR