

PARAMOUNT SPINNING MILLS LIMITED

Financial Statements

For the Year Ended June 30, 2026



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

Qualified Opinion

We have audited the annexed financial statements of Paramount Spinning Mills Limited (the Company), which comprise the statement of financial position as of June 30, 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2026 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

1. Due to non-availability of information, we were unable to satisfy ourselves regarding the existence and valuation of fixed assets having carrying amounting to Rs. 2.511 million.
2. We were unable to obtain sufficient appropriate audit evidence regarding bank balances amounting to Rs. 3.364 million out of total bank balance amounting to Rs. 3.369 million.
3. We were unable to satisfy ourselves regarding balances payable in respect of trade and other payables and unclaimed dividend amounting to Rs. 17.378 million and Rs. 1.119 million, respectively.

Due to the lack of sufficient appropriate audit evidence in the areas mentioned above, we could not determine whether any adjustments might be necessary to these amounts and related disclosures in the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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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 financial statements have been prepared on other than going concern basis. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section we have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No	Matter	How the matter was addressed in our audit
1.	Contingencies and commitments	
	Refer to note 15 to the financial statements. The Company is facing litigation pertaining to claims filed by Government authorities concerning outstanding amounts owed. Given the nature and amount involved in such cases and the appellate forums at which these are pending the outcome and resultant accounting in financial statements are subject to significant judgment, which can change over time as new fact emerged and each legal case progresses, and therefore, we have identified this as key matter.	Our audit procedures included the following. • Read the terms of scheme of arrangement to ensure that all the conditions necessary for the withdrawal of these litigations have met. • Held discussions with the Company's legal counsel regarding the status of ongoing litigations and reviewed any cases that were withdrawn during the year. • Review legal and supporting documentation.

Information Other than the Financial Statements and Auditor's Report thereon;

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the matters stated in Basis for Qualified Opinion section above:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Usher ordinance, 1980 (XVIII 1980).

The engagement partner on the audit resulting in this independent auditor's report is *Muhammad Nawaz*.

Lahore
October 06, 2026
UDIN: AR202610916VB5zp4CQG



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

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**Independent Auditor's Review Report
To the Members of "Paramount Spinning Mills Limited"**

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Paramount Spinning Mills Limited for the year ended June 30, 2026, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

We draw attention to para 16 to the Statement of Compliance, which describe the reasons for non-compliance with certain non-mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, respectively. Our conclusion is not modified in respect of this matter.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

Lahore
October 06, 2026
UDIN: CR2026109161Yn1jKEMf

Malik Haroon Ahmad
Malik Haroon Ahmad & Co.
Chartered Accountants



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PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
Non - Current Assets			
Fixed assets	5	2,510,625	2,575,000
Investments in associated companies	6	-	-
		2,510,625	2,575,000
Current Assets			
Short-term investments	7	-	-
Tax refund due from Government	8	15,842,940	15,052,308
Cash and bank balances	9	3,520,713	8,381,717
		19,363,653	23,434,025
TOTAL ASSETS		21,874,278	26,009,025
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Share capital	10	173,523,290	173,523,290
Reserves		475,400,000	475,400,000
Accumulated losses		(1,377,796,767)	(1,373,679,200)
Loan from sponsors	11	148,512,600	148,512,600
Total equity		(580,360,877)	(576,243,310)
Liabilities			
Non- Current Liabilities			
Current Liabilities			
Loan from associates and others	12	580,710,517	580,194,930
Gratuity payable	13	2,241,765	2,241,765
Trade and other payables	14	18,164,037	18,696,804
Unclaimed dividend		1,118,836	1,118,836
		602,235,155	602,252,335
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		21,874,278	26,009,025

The annexed notes from 1 to 30 form an integral part of the financial statements

MHA & CO


Chief Executive


Chief Financial Officer


Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		Rupees	Rupees
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	16	(1,831,481)	(3,733,020)
Other income	17	14,388	44,767,352
Other operating expense	18	(2,126,117)	(670,624)
Finance cost	19	(2,112)	(7,467)
Profit / (loss) before taxation and levies		(3,945,322)	40,356,241
Levy	20.1	(172,245)	(1,219,111)
Profit / (loss) before taxation		(4,117,567)	39,137,130
Taxation	20.2	-	-
Profit / (loss) after taxation		(4,117,567)	39,137,130
Earnings / (loss) per share - basic and diluted	21	(0.24)	2.26

The annexed notes from 1 to 30 form an integral part of the financial statements

MHA & CO


Chief Executive


Chief Financial Officer


Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Profit / (loss) after taxation		(4,117,567)	39,137,130
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		(4,117,567)	39,137,130

The annexed notes from 1 to 30 form an integral part of the financial statements

MHA & CO

Shail M
Chief Executive

De
Chief Financial Officer

Harish Salte
Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share capital	Share premium	General reserve	Accumulated losses	Loan from sponsors	Total
	Rupees					
Balance as at July 1, 2024	173,523,290	15,400,000	460,000,000	(1,412,816,330)	175,000,000	(588,893,040)
Profit for the year	-	-	-	39,137,130	-	39,137,130
Other comprehensive income	-	-	-	-	-	-
Loan repaid/adjusted	-	-	-	-	(26,487,400)	(26,487,400)
Balance as at June 30, 2025	173,523,290	15,400,000	460,000,000	(1,373,679,200)	148,512,600	(576,243,310)
Balance as at July 01, 2025	173,523,290	15,400,000	460,000,000	(1,373,679,200)	148,512,600	(576,243,310)
Loss for the year	-	-	-	(4,117,567)	-	(4,117,567)
Other comprehensive income	-	-	-	-	-	-
Balance as at June 30, 2026	173,523,290	15,400,000	460,000,000	(1,377,796,767)	148,512,600	(580,360,877)

The annexed notes from 1 to 30 form an integral part of the financial statements

Saleem M
Chief Executive

Chief Financial Officer

MHA & CO

Michael Khan
Director

PARAMOUNT SPINNING MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(4,117,567)	39,137,130
Adjustments for non-cash charges and other items:			
Change in NRV of fixed assets		64,375	1,795,418
Finance cost		2,112	7,467
Interest income		(14,388)	(614,075)
Gain on disposal of vehicle		-	(320,916)
Levy		172,245	1,219,111
Gain on settlement of investments		-	(19,332,361)
Profit / (loss) before working capital changes		(3,893,223)	21,891,774
(Increase) / decrease in current assets:			
Trade and other receivables		-	7,941,000
Sales tax		(960,000)	960,000
Advances, deposits and prepayments		-	30,000
		(960,000)	8,931,000
Increase / (decrease) in current liabilities:			
Trade and other payables		(532,767)	(9,471,139)
Cash generated from / (used in) operations		(5,385,990)	21,351,635
Finance cost paid		(2,112)	(7,467)
Interest received		14,388	614,075
Tax and levy paid		(2,877)	(1,219,111)
Net cash generated from / (used in) operating activities		(5,376,591)	20,739,132
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt from disposal of Investment		-	-
Receipt from disposal of vehicle		-	592,526
Net cash generated from investing activities		-	592,526
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from sponsors		-	(10,000,000)
loan from associates and other parties		515,587	(15,095,000)
Net cash generated from / (used in) financing activities		515,587	(25,095,000)
Net decrease in cash and cash equivalents during the year		(4,861,004)	(3,763,342)
Cash and cash equivalents at the beginning of year		8,381,717	12,145,059
Cash and cash equivalents at the end of year	9	3,520,713	8,381,717

The annexed notes from 1 to 30 form an integral part of the financial statements

MHA & CO

Sch. 1.1
Chief Executive

[Signature]
Chief Financial Officer

[Signature]
Director

PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

1 LEGAL STATUS AND NATURE OF BUSINESS

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 of the Company is situated at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi, Pakistan. The manufacturing facilities of the Company were located at Kotri and Raiwind. The Company was principally engaged in progressive manufacturing and sales of cotton yarn, garments and yarn dyeing.

1.2 Scheme of arrangement with secured creditors

The Company had entered into a Scheme of Arrangement dated March 13, 2019 with United Bank Limited, as restructuring agent, and the majority of its lending financial institutions under Sections 279 to 283 read with Section 285 of the Companies Act, 2017. The Scheme 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 has since been fully implemented. All assets of the Company have been disposed of by the Asset Sale Committee, and the sale proceeds have been distributed amongst the secured creditors in accordance with the Scheme, resulting in the full and final settlement of the Company's liabilities towards the secured creditors. All pending litigations required to be withdrawn under the Scheme have also been withdrawn.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with financial reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 including accounting standard on "Non-Going Concern Basis of Accounting issued by ICAP and notified by SECP under S.R.O. 69(I)/2024", provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

Due to the scheme described in note 1.2 to these financial statements, and as the Company has no manufacturing facilities, no operations, no revenue and only two employees, and the directors have neither the intention nor the ability to recommence business, the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, these financial statements have been prepared on the non-going concern basis of accounting.

Under the non-going concern basis of accounting, assets are measured at their net realizable value, being the estimated amount expected to be realized from their sale, less costs to sell. Liabilities are measured at the amounts expected to be settled, considering the terms of settlement.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

3 STANDARDS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

New standards, amendments and improvements which are effective during the year and standards, amendments and improvements which are not yet effective

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2025 but, pursuant to paragraphs 2.2, above are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements. The standards, amends and improvements which are not yet effective are also not considered relevant and accordingly are not detailed in these financial statements.

4 MATERIAL ACCOUNTING POLICIES

4.1 Fixed Assets

Fixed assets are stated at their net realizable value, being the estimated amount expected to be realized from their sale, less costs to sell. No depreciation is charged. Changes in net realizable value are recognized in the statement of profit or loss. Addition in and disposal from fixed asset is accounted for in accordance with International Financial Reporting Standards.

4.2 Investments in equity instruments of associated companies

Investments in associated companies are measured at net realizable value, representing the estimated amount recoverable from disposal or realization. Any change in value is recognized in profit or loss.

4.3 Trade & Other receivables

Trade and other receivables are stated at their expected realizable value, after making provisions for expected credit loss where recovery is uncertain.

4.4 Short term investments

Short-term investments are carried at their net realizable value as at the reporting date. Gains or losses arising from changes in realizable value are recognized in profit or loss.

4.5 Tax Refund Due from Government

Tax refunds due from the government are carried at amounts considered recoverable, based on management's assessment of claims and related correspondence with tax authorities.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at face value. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances with banks.

4.7 Gratuity payable

Gratuity payable is recognized at the amount payable to employees under the Company's gratuity scheme. The balance of gratuity liability at the reporting date represents the residual obligation under the discontinued scheme, which will be settled in once fund are available to Company. No new service cost, interest cost, or re-measurements are recognized subsequent to the discontinuation of the scheme.

4.8 Trade & other payables

Trade and other payables are carried at the amounts expected to be settled, considering contractual terms and conditions.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

4.9 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current tax is recognized on the basis of taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred

No deferred tax is recognized, as the Company is no longer a going concern and the realization of deferred tax assets and settlement of deferred tax liabilities is not considered probable.

4.10 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is considered remote.

Contingent assets are not recognized in the financial statements. However, they are disclosed where the inflow of economic benefits is considered probable.

4.11 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit and loss account for the year.

4.12 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to off-set the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

4.13 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.14 Related party transactions

All related party transactions are carried out at mutually agreed terms. Transactions that are not at arm's length or lack clear commercial substance are undertaken with the approval of the Board of Directors.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

4.15 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- (i) Determination of the net realizable value of assets and costs to sell.
- (ii) Estimation of amounts of liabilities expected to be settled.
- (iii) Provisions for current tax and recognition of refunds due from government.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

5 FIXED ASSETS

2026				
Particulars	Furniture and fixtures	Office Equipment	Vehicles	Total
Opening NRV July 01, 2025	1,150,000	1,425,000	-	2,575,000
Addition during the year	-	-	-	-
Disposals during the year	-	-	-	-
Change in NRV	(35,406)	(28,969)	-	(64,375)
Closing NRV June 30, 2026	1,114,594	1,396,031	-	2,510,625

2025				
Particulars	Furniture and fixtures	Office Equipment	Vehicles	Total
Opening NRV July 01, 2024	2,044,160	2,326,258	271,610	4,642,028
Addition during the year	-	-	-	-
Disposals during the year	-	-	(271,610)	(271,610)
Change in NRV	(894,160)	(901,258)	-	(1,795,418)
Closing NRV June 30, 2025	1,150,000	1,425,000	-	2,575,000

5.1 Change in NRV is charged to administrative expenses.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
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6 INVESTMENTS IN ASSOCIATED COMPANIES

Quoted

Gulistan Spinning Mills Limited	6.1	-	-
6.1 Gulistan Spinning Mills Limited (GTSM)			
Nil (2025: Nil) ordinary shares			
of Rs 10 each- cost		-	-
Share of post acquisition losses		-	-
		-	-

GTSM is an associated company of the Company based on common directorship. The Company as on reporting date holds 0% of share capital of the GTSM (2025: 0%).

In prior years, the Company entered into agreements with related parties and sold its entire holding of ordinary shares in Gulistan Spinning Mills Limited (GTSM) against the loan payable to those parties.

As at the reporting date, the shares have not yet been transferred into the names of the buyers in the Central Depository Company (CDC) records due to existing limitations and procedural constraints. However, the Company has already settled the related party loan against these shares, and the risks and rewards of ownership have been transferred to the buyers. Accordingly, the Company continues to treat the shares as derecognized in these financial statements.

7 SHORT -TERM INVESTMENTS

The Company previously held 8.68% equity shares of Gulistan Textile Mills Limited (GTML) at a cost of Rs 1,648,740. In prior years, due to suspension of trading in GTML shares, operational and financial difficulties, and significant doubt over GTML's ability to continue as a going concern, the investment had been fully impaired.

In previous year, the Company entered into agreement with related parties wherein the Company sold its entire holding to related parties against the loan payable to those parties. The agreed settlement value of the shares was Rs. 16,487,400. As the carrying value of the investment at the date of settlement was nil, the entire amount has been recognized as a gain in profit or loss in previous year.

As at reporting date the shares have not yet been transferred into the names of the buyers in the Central Depository Company (CDC) records due to existing limitations and procedural constraints.

8 TAX REFUND DUE FROM GOVERNMENT

Advance income tax	83,200	252,568
Sales tax	15,759,740	14,799,740
	15,842,940	15,052,308

9 CASH AND BANK BALANCES

Cash-in-hand		151,606	696,706
Balances with banks in;			
- current accounts		1,119,646	702,116
- deposit / call treasury accounts	9.1	5,460	4,033,430
- term deposit receipts	9.2	2,244,001	2,949,465
		3,520,713	8,381,717

9.1 Call treasury account carries profit ranging from 9% to 12% per annum.

9.2 These are under lien with respect to guarantees provided by financial institutions to different Government departments.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
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10 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Numbers	Numbers		Rupees	Rupees
Authorized capital				
25,000,000	25,000,000	Ordinary shares of Rs. 10 each	250,000,000	250,000,000
Issued, subscribed and paid-up capital				
2,700,000	2,700,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	27,000,000	27,000,000
14,652,329	14,652,329	Ordinary shares of Rs. 10 each issued as fully bonus shares	146,523,290	146,523,290
17,352,329	17,352,329		173,523,290	173,523,290

10.1 Ordinary share held by related parties at the year end:	2026	2025
Gulistan Fibers Limited	1,499,776	1,499,776

11 LOAN FROM SPONSORS- unsecured

Opening balance		148,512,600	175,000,000
Loan received during the year		-	-
Loan repaid during the year		-	(10,000,000)
Loan adjusted during the year	7	-	(16,487,400)
		148,512,600	148,512,600

This is an interest-free loan obtained from ex-chief executive and ex-director of the Company in previous years. The loan shall be repaid subject to availability of resources and at discretion of the Company. This loan has been classified in equity as per technical release 'Accounting Directors' Loan (TR-32) of the Institute of Chartered Accountants of Pakistan.

12 LOAN FROM ASSOCIATES AND OTHERS - Unsecured

Gulistan Fibers Limited-Unsecured	12.1	136,665,638	136,665,638
Gulistan Power Generation		26,353,793	26,353,793
Interest free loan from other parties - unsecured	12.2	417,691,086	417,175,499
		580,710,517	580,194,930
12.1 Gulistan Fibers Limited- unsecured			
Balance at beginning of the year		136,665,638	136,665,638
Less: payments made during the year		-	-
		136,665,638	136,665,638

This loan was created in accordance with the settlement agreements dated December 30, 2013 executed between Silk Bank Limited (the Lender), Gulshan Spinning Mills Limited (an Associated Company), Gulistan Spinning Mills Limited (an Associated Company), Gulistan Fibers Limited (an Associated Company) and the Company. As per these agreements, short-term borrowings and outstanding bills payables aggregating Rs. 150 million of the Company were adjusted by the lender against mortgaged property of the Gulistan Fibers Limited, under the debt property swap arrangement. Accordingly, the Company has booked this loan as payable to Gulistan Fibers Limited by adjusting its short-term borrowings and bills payable.

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
12.3 Interest free loans from other parties - movement			
Balance at beginning of the year		417,175,499	435,115,460
Add: funds received/adjusted during the year		3,665,587	-
Less: repayments made		(3,150,000)	(15,095,000)
Less: adjustments	6	-	(2,844,961)
		<u>417,691,086</u>	<u>417,175,499</u>
These loans were advanced by the share holders of the company in order to finance working capital requirements and are payable on demand.			
12.2 Interest free loan from other parties comprises of:			
Naureen Tanveer		197,120,443	200,270,443
Mahrukh Zeenat Jahangir		55,348,469	55,348,469
Mrs Sana Kashif		10,498,528	10,498,528
Tanveer Ahmed Shakoor		154,723,646	151,058,059
		<u>417,691,086</u>	<u>417,175,499</u>
13 GRATUITY PAYABLE			
Net liability at beginning of the year		2,241,765	2,241,765
Less: benefits paid / adjusted		-	-
		<u>2,241,765</u>	<u>2,241,765</u>
13.1	The balance represents gratuity due to six former employees, computed on the basis of last drawn wages and completed years of service up to the discontinuation of the scheme. The amount became due and payable at that date and has not been revised since. Although the balance is long outstanding, management considers that the right of the former employees to receive their gratuity has not lapsed and has therefore not derecognised the liability.		
14 TRADE AND OTHER PAYABLES			
Creditors		10,431,823	11,003,304
Sindh development cess payable		7,308,364	7,308,364
Accrued expenses		423,850	385,136
		<u>18,164,037</u>	<u>18,696,804</u>

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
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15 CONTINGENCIES AND COMMITMENTS

Contingencies

Litigation with banks and financial institutions

All cases by and against the company with financial institutions have been withdrawn in accordance with the scheme.

Litigation with parties other than banks and financial institutions

- 15.1** The Company has not provided Rs. 3.00 million in respect of infrastructure cess levied by the Government of Sindh. Although the case was initially decided against the Company by a Single Judge of the Sindh High Court, a Division Bench granted a stay. The High Court later held that levy and collection of the cess prior to December 28, 2006, were illegal, but valid thereafter. Both the Company and the Government of Sindh filed appeals before the Supreme Court, which were disposed of in May 2011 with directions to first seek a decision from the High Court under the new law. During pendency, an interim arrangement allowed release of bank guarantees for consignments cleared up to December 27, 2006, and required 50% guarantees for subsequent clearances. As of the reporting date, the Company has furnished bank guarantees of Rs. 7.216 million in favour of the Excise and Taxation Department. The petition was disposed of vide consolidated judgment dated June 04, 2021, which the Company has challenged before the Supreme Court, where operation of the impugned judgment and recovery of the levy stand suspended.
- 15.2** Pursuant to the Supreme Court's judgment dated August 29, 2012, the Deputy Collector of Customs raised a demand of Rs. 134.197 million under Sections 83A and 202A of the Customs Act, 1969, relating to installation of textile machinery. The Company disputed the calculation as contrary to the judgment, FBR's clarification dated May 09, 2012, and the principles of natural justice, asserting that surcharge on surcharge was impermissible. Based on its computation, the Company paid Rs. 17.555 million on September 20, 2012. Following dismissal of the review petition on July 13, 2017, Customs Appraisement-West issued a fresh demand of Rs. 222.650 million. After hearing on August 07, 2018, the liability was revised to Rs. 25.874 million, against which Rs. 17.555 million had already been paid, and Rs. 8.318 million was subsequently deposited under protest. The Company's representation challenging the calculation method is pending before FBR.
- 15.3** The Company has filed a writ petition No. 2979 of 2010, against the levy of regulatory duty on export of yarn of Rs. 5.199 million. The Honourable High Court of Islamabad through its judgement dated July 22, 2013, partially accepted the petition of the Company. The Company has filed Intra Court Appeal No. 957/ 2013 against the impugned judgement and the Honourable High Court of Islamabad through its order dated August 20, 2013, suspended the impugned judgement. The Case is still sub-judice, wherein the stay order passed in Favor of the Company vide order dated August 20, 2013, is still intact.

Commitments

- 15.4** There is no capital commitment as at June 30, 2026 (2025: Nil).

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
16 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		1,224,106	571,481
Fees and subscription		36,800	-
Conveyance, travelling and entertainment		-	429,499
Advertisement		31,600	49,000
Auditors' remuneration	16.1	398,600	348,600
Postage, telegram and telephone		36,000	139,022
Legal and professional expenses		-	400,000
Computer software expense		40,000	-
Change in NRV of fixed assets	5.1	64,375	1,795,418
		<u>1,831,481</u>	<u>3,733,020</u>
16.1 Auditor's remuneration			
Annual audit		300,000	250,000
Half yearly review		85,000	85,000
Review report under Code of Corporate Governance		13,600	13,600
		<u>398,600</u>	<u>348,600</u>
17 OTHER INCOME			
Interest on deposit accounts		14,388	614,075
Consultancy services income		-	24,500,000
Gain on settlement of investments		-	19,332,361
Gain on disposal of fixed vehicle		-	320,916
		<u>14,388</u>	<u>44,767,352</u>
18 OTHER OPERATING EXPENSE			
Payment for liability previously written off		<u>2,126,117</u>	<u>670,624</u>
19 FINANCE COST			
Bank charges		<u>2,112</u>	<u>7,467</u>
20 TAXATION & LEVIES			
20.1 Levies			
Current year		-	1,219,111
Prior year		172,245	-
		<u>172,245</u>	<u>1,219,111</u>
20.2 Taxation			
Current		-	-
Deferred		-	-
		<u>-</u>	<u>-</u>
20.3 Reconciliation of current tax charged as per tax laws for the year, with current tax recognized in the statement of profit and loss is as follows:			
Current tax as per applicable tax laws		-	1,219,111
Portion of current tax representing current taxation		-	-
Portion of current tax representing levy		-	(1,219,111)
		<u>-</u>	<u>-</u>

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PARAMOUNT SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
21 EARNING PER SHARE			
Profit / (loss) after taxation - (Rupees)		<u>(4,117,567)</u>	<u>39,137,130</u>
Weighted average number of ordinary shares outstanding during the year - (Number)		<u>17,352,329</u>	<u>17,352,329</u>
Earnings / (loss) per share - basic and diluted - (Rupees)		<u>(0.24)</u>	<u>2.26</u>
There is no dilutive effect on the basic loss per share of the Company.			
22 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets - amortized cost			
Cash and bank balances		<u>3,520,713</u>	<u>8,381,717</u>
		<u>3,520,713</u>	<u>8,381,717</u>
Financial liabilities - amortized cost			
Loan from associates and others		580,710,517	580,194,930
Gratuity payable		2,241,765	2,241,765
Trade and other payables		18,164,037	18,696,804
Unclaimed dividend		1,118,836	1,118,836
		<u>602,235,155</u>	<u>602,252,335</u>

23 FINANCIAL RISK MANAGEMENT

The Company may have exposures to credit risk, liquidity risk and market risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

23.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date, if counter parties fail to perform as contracted/fail to discharge an obligation/commitment that it has entered into with the Company.

Credit risk mainly arises from deposits, trade debts, loans and advances, other receivables and balances with banks. The carrying amounts of financial assets that represent the Company's maximum credit exposure as at the reporting date are as follows:

	2026 Rupees	2025 Rupees
Bank balances	<u>3,369,107</u>	<u>7,685,011</u>
	<u>3,369,107</u>	<u>7,685,011</u>

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
Bank Al Habib Limited	PACRA	A1+	AAA
Sindh Bank Limited	VIS	A1+	AA
National Bank of Pakistan Limited	PACRA	A1+	AAA

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
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23.2 Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulties in meeting obligations associated with financial liabilities. The Company is facing difficulty in maintaining a sufficient level of liquidity due to financial problems, as all the banks and financial institutions have ceased their finance facilities. Pursuant to the Scheme of Arrangement (see Note 1.2), all charged assets have been sold, the proceeds have been distributed among the secured creditors, and all suits filed by the banks and financial institutions for recovery of these finances have been withdrawn.

	2026			2025		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees					
Loan from associates and other parties	580,710,517	580,710,517	-	580,194,930	580,194,930	-
Gratuity payable	2,241,765	2,241,765	-	2,241,765	2,241,765	-
Trade and other payables	18,164,037	18,164,037	-	18,696,804	18,696,804	-
Unclaimed dividend	1,118,836	1,118,836	-	1,118,836	1,118,836	-
	602,235,155	602,235,155		602,252,335	602,252,335	

23.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At reporting date, the Company is not exposed to currency risk that's why currency risk analysis has not been provided.

b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As on reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2026	2025
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	2,249,461	6,982,895
Financial liabilities	-	-

23.4 Capital risk management

There were no changes in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants(if any), commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
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24 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregated remuneration amounting to Nil (2025: Nil) was given to chief executive and 06 directors (2025: 06) during the year. The Company had no executive during the year.

25 CAPACITY AND PRODUCTION

All manufacturing facilities of the Company were disposed off.

26 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 26. Amounts due from and to related parties are shown under loan from associate and others. Other significant transactions with related parties are as follows:

Name of party	Relationship	Transaction	2026	2025
Sana Kashif	Shareholder	Loan repaid	-	6,100,000
		Loan adjusted against shares	-	2,844,961
Mahrukh Zeenat Jahangir	Shareholder	Loan repaid	-	4,100,000
Mr. Tanveer Ahmad Shakoor	Shareholder/ Sponsor	Loan received	3,665,587	-
		Loan repaid	-	4,895,000
Naureen Tanveer	Shareholder/ Sponsor	Loan received	-	-
		Loan repaid	3,150,000	4,895,000

27 NUMBER OF EMPLOYEES

Number of employees as at June 30, 2026

- Permanent	2	2
- Contractual	-	-
	<u>2</u>	<u>2</u>

Average number of employees during the year

- Permanent	2	2
- Contractual	-	-
	<u>2</u>	<u>2</u>

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	Note	2026 Rupees	2025 Rupees
28 SHARIAH DISCLOSURE			
Statement of financial position:			
- Financing / loans / advances obtained as per islamic mode		-	-
- Interest or mark-up accrued on any conventional loan or advance		-	-
- Long-term and short-term shariah compliant investments		-	-
- Shariah compliant bank deposits / bank balances / TDRs		2,249,461	6,982,895
Statement of profit or loss:			
- Revenue earned from a shariah compliant		-	-
- Profit earned from shariah compliant bank deposits / balances / TDRs		14,388	614,075
- Exchange gain earned		-	-
- Profit earned from shariah compliant investments		-	-
- Profit / interest earned on any conventional loan or advance paid on any conventional loan or advance		-	-
- Mark up / profit paid on islamic mode of financing		-	-
- Interest paid on any conventional loan or advance		-	-

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06/04/2026, by the Board of Directors of the Company.

30 GENERAL

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

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Chief Executive


Chief Financial Officer


Director