

PRIME SECURITIES LIMITED

Regd. Office : Phoenix House, A Wing, 4th Floor, 462, Senapati Bapat Marg, Lower Parel, Mumbai 400013.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2002

Amt. in Rs. Lacs

	Quarter ended 31.12.2002	Quarter ended 31.12.2001	Nine Months ended 31.12.2002	Nine Months ended 31.12.2001	Year ended 31.03.2002
A. Income from Operations	8	-	28	19	45
B. Other Income	3	2	10	16	18
Total Income	11	2	38	35	63
C. Total Expenditure:					
Staff Cost	16	30	48	44	88
Rent	3	4	12	12	16
Telephone, Postage and Courier	2	3	7	12	14
Other Expenditure	13	4	36	33	47
D. Gross Profit / (Loss)	(23)	(39)	(65)	(96)	(102)
E. Interest	7	4	23	50	20
F. Depreciation	3	6	11	20	24
G. Diminution in Portfolio	*	*	*	*	34
H. Provision for Non-Performing Assets and Contingencies	*	*	*	*	41
I. Other Provisions / Write-offs / (Write-backs)	-	-	-	-	3
J. Profit/(Loss) before Tax	(33)	(49)	(99)	(166)	(224)
K. Deferred Tax Savings	1	-	3	-	2
L. Profit/(Loss) after Tax	(32)	(49)	(96)	(166)	(222)
M. Extraordinary items:					
- Non-Recurring Expenses	-	-	-	(50)	-
- Prior Period Adjustments	(3)	-	-	(21)	-
N. Profit/(Loss) after Adjustments	(35)	(49)	(96)	(237)	(222)
O. Paid-up Capital					
- Equity	2,341	2,341	2,341	2,341	2,341
- Preference	200	200	200	200	200
P. Reserves (excluding Revaluation Reserves)					7,577
Q. Debit Balance in P & L Account					(8,492)
R. Earnings per Share (in Rs. not annualised)					
- Basic	(0.14)	(0.21)	(0.41)	(0.71)	(0.95)
- Diluted	(0.13)	(0.19)	(0.39)	(0.65)	(0.90)
S. Aggregate of Non-Promoter Shareholding					
- Number of Shares	2,28,46,996	1,93,76,522	2,28,46,996	1,93,76,522	2,03,50,497
- Percentage of Shareholding	94.64	80.26	94.64	80.26	84.30

* Provision / Diminution, if any, will be made at the year end.

Notes :

- The Company does not have any identifiable segments as required by Accounting Standard 17 issued by ICAI.
- No provision for interest on loans from banks has been made although previous settlement terms have not been complied with, as negotiations with them are in progress for further reschedulement of outstanding amounts.
- As required by Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI, the Company has accounted for deferred tax in the current quarter. However, no such adjustment was made in the previous year's quarter.
- The above Results were taken on record by the Board of Directors of the Company at its Meeting held on January 30, 2003.
- Previous period figures have been re-grouped / re-classified wherever necessary.

Observations made by Auditors in Report for the year ended March 31, 2002 and Management Perception thereof :

- Auditors' Observation :** Going Concern assumption has been used in drawing the financial statements despite the accumulated losses. The Company's ongoing operations are largely dependent upon successful restructuring of debts / generation of cash from operations. **Management Perception :** The management, in its continued endeavour to reduce the Company's debts, has been successful in arriving at further settlements during the year with its bankers / lenders and is of the opinion that sufficient funds will be available from operations.
- Auditors' Observation :** Concessions / Waivers amounting to Rs 842.20 lacs have been considered in the financial statements. As the negotiations for reschedulement of the outstanding settled amounts are not concluded and / or waivers are conditional upon compliance with the terms of the settlement, an opinion regarding the liability cannot be formed. **Management Perception :** In view of the financial constraints, the Company has from time to time been renegotiating with the lenders and has generally been successful. The availability of concessions is dependent upon payments on time.
- Auditors' Observation :** An investment of Rs 1,118.09 lacs is in unquoted equity shares for which adequate information relating to the investee company is not available. Therefore, the diminution in value, other than temporary, cannot be ascertained. **Management Perception :** These investments continue to be included at cost as the management believes that there is no diminution, other than temporary, in their value, therefore requiring no provision in the accounts.
- Auditors' Observation :** Preference Shares amounting to Rs 200 lacs have not been redeemed which fell due for redemption on August 10, 1997. **Management Perception :** The Company is negotiating with the Preference Shareholder for further reschedulement for payment and does not expect withdrawal of concessions / waivers already granted to it.
- Auditors' Observation :** Non-receipt of confirmation from bank in respect of shares of book value of Rs 614.08 lacs pledged with them against amounts owed by the Company. **Management Perception :** The Company has obtained the confirmation subsequent to the finalisation of the last Balance Sheet.
- Auditors' Observation :** Non-receipt of consent of third parties for their shares valued at about Rs 4.41 lacs repledged by the Company against amount owed by the Company and its subsidiaries to third parties. **Management Perception :** It is an extremely old transaction and the Company is making efforts for obtaining such confirmation.
- Auditors' Observation :** The auditors are unable to form an opinion on the value of investments amounting to Rs 1,752.72 lacs made in subsidiaries. **Management Perception :** In view of the long term nature of the Company's investment in subsidiaries, no provisions are presently considered necessary.

For Prime Securities Limited

Mumbai
January 30, 2003

Hiroo Advani
Chairman