



*OLYMPIA SPINNING &  
WEAVING MILLS LIMITED*

Annual Report

June 30, 2016

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

**CHIEF EXECUTIVE** : **MR. M. WAQAR MONNOO (Executive)**  
**CHAIRMAN** : **MRS. GHAZALA WAQAR (Non-Executive)**

**DIRECTORS** : MR. SIRAJ SADIQ MONNOO (Executive)  
: MR. SYED AYAZUDDIN (Non-Executive)  
: MR. SYED INAMUDDIN AHMED (Non-Executive)  
: MR. UMAR ILYAS SHAFI (Independent)  
: MR. AMIR SHAMIM (Non-Executive)

### AUDIT COMMITTEE MEMBERS

**CHAIRMAN (INDEPENDENT)** : MR. UMAR ILYAS SHAFI  
**MEMBER (NON-EXECUTIVE)** : MR. SYED AYAZUDDIN  
**MEMBER (NON-EXECUTIVE)** : MR. SYED INAMUDDIN AHMED

### HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

**CHAIRMAN (NON-EXECUTIVE)** : MR. SYED INAMUDDIN AHMED  
**MEMBER (NON-EXECUTIVE)** : MRS. GHAZALA WAQAR  
**MEMBER (INDEPENDENT)** : MR. UMAR ILYAS SHAFI

**LEGAL ADVISOR** : M/S. MAKHDOOM & CO. BARRISTERS & ADVOCATE

**AUDITORS** : MUSHTAQ & COMPANY  
CHARTERED ACCOUNTANTS  
407-408, COMMERCE CENTRE,  
HASRAT MOHANI ROAD, KARACHI.

**BANKERS** : UNITED BANK LTD  
: ASKARI BANK LTD  
: SONERI BANK LTD  
: ALLIED BANK LTD  
: BANK AL-FALAH LTD.

**REGISTERED OFFICE** : E/3, FARZANA BUILDING, 1ST FLOOR,  
BLOCK 7 & 8, K.C.H.S. UNION LTD.,  
SHAHEED-E-MILLAT ROAD,  
KARACHI-75350

**MILLS AT** : PLOT NO. H/23/3, LANDHI INDUSTRIAL AREA,  
LANDHI, KARACHI.

## **VISION STATEMENT**

We aim to offer high quality yarn both in Pakistan and abroad by continuously improving our products quality by keeping the most technologically advanced production machinery.

## **MISSION STATEMENT**

We strive to achieve market leadership through technological edge, distinguished by quality and customer satisfaction, and emphasis on employees long term welfare and ensure adequate return to shareholders.

We further wish to contribute to the development of the economy and the country through harmonized Endeavour.

## DIRECTORS REPORT

The Directors have pleasure in presenting their Annual Report along with audited accounts of the Company for year ended June 30, 2016 for your consideration and approval.

### OPERATING REVIEW:

The operating results of the period under review has resulted in net loss before taxation of Rs.63,661,552/- with net sales of Rs. Nil as compared to the last year's sale of Rs. 77,005,963/- which shows a decrease of 100% over last year's sale.

|  | 30 JUNE 2016    | 30 JUNE 2015    |
|--|-----------------|-----------------|
| <b>Appropriations is as under:</b>                       |                 |                 |
| Net loss before taxation                                 | (63,661,552)    | (225,899,794)   |
| Taxation   | (651,030)       | (103,603)       |
| Net loss for the year after taxation                     | (64,312,582)    | (226,003,397)   |
| Un-appropriated (loss) brought forward                   | (1,555,931,178) | (1,339,810,901) |
| Re-measurements adjustment of Post Retirement obligation | -               | (78,978)        |
| Net Effect of surplus on revaluation of fixed assets     | 405,698,446     | 9,962,099       |
| Transferred to accumulated profit                        |                 |                 |
| Accumulated (loss) carried forward                       | (1,214,545,313) | (1,555,931,178) |
| EPS  | (5.36)          | (18.83)         |

### FINANCIAL RESULTS:

The financial results for the year ended June 30, 2016 have shown net loss after tax of Rs.64, 312,582\-. The management closed the factory from May 2014 due to adverse operating conditions prevailing in the textile spinning sector. During the period the banks exercised their right and executed a Debt-Asset Swap (DAS) arrangement as disclosed in Note 7. The entire markup of Rs 388.318 m up to 30 June 2015 will be reversed by the banks subject to the payment of balance principal liability as per schedule agreed with the banks. We are also please to inform you that majority of cotton ginners and parties understand our position and agreed on bilateral settlement terms. The negotiations with remaining creditors are in process. As a result of our firm assurances not a single creditor went to Court for initiating recovery proceedings. The main reason of loss is the restructuring cost related to DAS arrangement and some fixed cost expenditures.

The auditors gave some remarks for which our Para wise reply is as follow:

- (a) The auditor has given their remarks on adverse financial position of the company and appropriateness of the going concern assumption. The management very briefly explains in note 1.2 various mitigating factors that are in company's favor to be in going concern for feasible future. The main factor that is in company's favor is the complete corporation of our valued bankers who not only restructure all loans but also gives us grace period of around 18 months so that we could start some cash flow generation. Due to this major restructuring and bilateral understanding with our creditors we see no adverse conditions that invoke winding up or liquidation of the company in near future. Other mitigating factors includes settlement with major creditors, dismissal of a major case of foreign customer in company's favor, company's plan for doing paper business together with renting its unused space and continuous support of sponsors. We are also working on different options diversifying our business. Till this day the company is operating with key staff members and expects to in operation soon with new business.
- (b) We are under litigation with Standard Chartered Bank whose confirmation remains unconfirmed.

- (c) The auditors have given their remarks on their inability to carry on impairment testing on fixed assets. In our opinion there is no apparent evidence of impairment of our fixed assets due to technological obsolescence, changes in economical environment or any other factor. The recent DAS transactions confirm our position in which land and building had been acquired by the bank at values not materially different from our book value. Due to rising property prices, dollar rate and inflation rate, the value of our assets will not be materially different from the book value.
- (d) The auditors have given their remarks for not doing directors training program as per COCG 2012. In this regard, four out of seven directors are serving the company for more than 15 years and have 14 years of education been exempt from this requirement. The directors training programs for remaining directors will be setup in due course.

#### **FUTURE PROSPECTS:**

The directors are very actively working on different plans to work out the best possible solution and to smoothly sail the company out of financial crisis and as described in note 1.2.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

We believe that the highest standards of corporate behavior in our society are essential to our long-term success. Therefore, your Company actively meets the social responsibilities to the nation. In the field of health the Company conducts medical camps for employees on regular basis and the emphasis remains on the diagnostic and preventive Care.

#### **CORPORATE GOVERNANCE:**

The Directors of the Company are aware of their responsibilities under the Code of Corporate Governance, incorporated in the Listing Regulations of the Stock Exchange in the country under instructions from Security & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in the Company as required by the Code.

As a part of the compliance of the Code, we confirm the following:

- 1- The enclosed financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- 2- Proper books of account have been maintained by the Company as required by the Companies Ordinance, 1984.
- 3- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting statements are based on reasonable and prudent judgment.
- 4- Internal Financial Reporting Standards (IFRS), as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- 5- The system of internal control is sound in design and has been effectively implemented and monitored.
- 6- There are no significant doubt upon the Company's ability to continue as a going concern as describe above and in Note 1.2.
- 7- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 8- Key operating and financial data of last six years is annexed.
- 9- During the year, six board meetings were held and the attendance by each director is given hereunder:

| <b>Name of Director</b> | <b>No of Meetings Attended</b> |
|-------------------------|--------------------------------|
| Mr M. Waqar Monnoo      | 6                              |
| Mrs. Ghazala Waqar      | 6                              |
| Mr. Siraj Sadiq Monnoo  | 6                              |
| Mr. Syed Ayazuddin      | 6                              |
| Mr. Aamir Shamim        | 6                              |
| Mr. Umar Illyas Shafi   | 6                              |
| Mr Syed Inamuddin       | 6                              |

10- There were no shares bought and sale by the Directors, CEO, and CFO, Company secretary and their spouses and minor children during the year.

11- The pattern of shareholding and additional information required by the Code of Corporate Governance is annexed.

**AUDITORS:**

You are requested to appoint auditors for the year 2016-2017 and fix their remuneration. The present auditors M/s. Mushtaq & Co., Chartered Accountants retires and offers them for re-appointment.

**ACKNOWLEDGEMENT:**

I would like to place on record the Co-operation shown by our Bankers for their support and without their co-operation, the present results could not have been achieved. The loyalty and devotion of the Staff members and the workers towards the Company is also one of the major factors for achieving the present results.

For and on behalf of the Board

Karachi: 6<sup>th</sup> October, 2016

M .WAQAR MONNOO  
(Chief Executive/Director)



**STATISTICAL SUMMARY OF KEY OPERATING & FINANCIAL DATE FOR LAST SIX YEARS.**

**(Rupees in Million)**

| <b>YEAR ENDED JUNE 30, 2016</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|

**OPERATING RESULTS**

|                          |         |          |          |          |          |          |
|--------------------------|---------|----------|----------|----------|----------|----------|
| Sales net                | -       | 77.01    | 1,971.66 | 2,634.36 | 2,278.47 | 4,298.25 |
| Gross profit.            | (38.60) | (104.86) | (194.08) | 193.55   | 139.30   | 365.08   |
| Operating expenses       | 14.98   | 16.19    | 56.30    | 155.08   | 71.80    | 96.50    |
| Operating profit         | (62.08) | (118.11) | (222.80) | 62.97    | 74.84    | 273.76   |
| Finance cost             | 1.58    | 107.79   | 130.93   | 148.68   | 162.37   | 193.38   |
| Profit/(Loss) before tax | (63.66) | (225.90) | (353.73) | (85.71)  | (87.53)  | 80.38    |
| Taxation                 | 0.66    | 0.53     | 7.91     | 21.92    | 21.94    | 37.35    |
| Profit /(Loss) after tax | (64.31) | (226.00) | (361.64) | (107.62) | (109.46) | 43.03    |

**FINANCIAL POSITION**

|                          |            |            |            |          |          |          |
|--------------------------|------------|------------|------------|----------|----------|----------|
| Paid-up Capital          | 120.00     | 120.00     | 120.00     | 120.00   | 120.00   | 120.00   |
| Retained earnings/(loss) | (1,210.97) | (1,552.35) | (1,336.23) | (965.15) | (815.73) | (709.69) |
| Total equity             | (1,090.97) | (1,432.35) | (1,216.23) | (845.15) | (695.73) | (589.69) |
| Long term finances       | 962.84     | 1,293.77   | 1,223.34   | 1,220.62 | 1,131.16 | 1,161.30 |
| Deferred liability       | 0.02       | 0.26       | 0.08       | 9.39     | 5.07     | 4.54     |
| Current liabilities      | 718.66     | 1,211.89   | 1,162.25   | 1,086.39 | 1,117.51 | 1,057.60 |
| Total assets             | 929.34     | 1,926.99   | 2,124.33   | 2,514.99 | 2,637.49 | 2,693.42 |
| Fixed assets (Gross)     | 939.91     | 2,021.29   | 2,021.29   | 2,110.52 | 2,092.21 | 2,138.60 |
| Accumulated depreciation | 113.64     | 226.40     | 176.07     | 154.30   | 96.72    | 213.39   |
| Fixed assets (Net)       | 826.27     | 1,794.89   | 1,845.22   | 1,956.22 | 1,995.50 | 1,925.21 |
| Long term deposits       | 3.44       | 3.41       | 3.41       | 3.41     | 5.06     | 6.37     |
| Long Term Investment     | -          | -          | -          | -        | 44.67    | 44.67    |
| Current assets           | 99.63      | 128.70     | 275.70     | 555.36   | 592.27   | 697.75   |

**RATIOS**

|  |        |          |          |         |         |         |
|--|--------|----------|----------|---------|---------|---------|
| Gross profit to sales % (Excluding Depreciation) | -      | (73.00)  | (7.25)   | 9.58    | 8.61    | 9.76    |
| Gross profit to sales % (Including Depreciation) | -      | (136.18) | (9.84)   | 7.35    | 6.11    | 8.49    |
| Cost of sales to sales %                         | -      | (236.18) | (109.84) | (92.65) | (93.89) | (91.51) |
| Net profit to sales %                            | -      | (293.35) | (17.94)  | (3.25)  | (3.84)  | 1.87    |
| Earning/(loss) per shares in Rs.                 | (5.36) | (18.83)  | (30.14)  | (8.97)  | (9.12)  | 3.59    |
| Earning/(loss) to equity %                       | 5.84   | 15.77    | 29.08    | 10.14   | 12.58   | (13.63) |
| Admin expenses to net sales %                    | -      | 21.03    | 2.86     | 5.89    | 3.15    | 2.25    |
| Return on fixed assets before tax %              | (7.70) | (12.75)  | (19.41)  | (4.39)  | (4.39)  | 4.17    |
| Return on total assets before tax %              | (6.85) | (11.72)  | (16.65)  | (3.41)  | (3.32)  | 2.98    |
| Debt equity ratio %                              | 194.54 | 127.12   | 107.72   | 83.75   | 76.67   | 74.15   |
| Current ratio                                    | 0.14   | 0.11     | 0.24     | 0.51    | 0.53    | 0.66    |
| Quick ratio                                      | 0.14   | 0.11     | 0.14     | 0.22    | 0.31    | 0.44    |
| Turn over to fixed assets times                  | -      | 0.04     | 1.08     | 1.35    | 1.14    | 2.23    |
| Turn over to total assets times                  | -      | 0.04     | 0.93     | 1.05    | 0.86    | 1.60    |

**FORM - A**  
**PATTERN OF HOLDING OF THE SHARES HELD BY THE**  
**SHAREHOLDERS AS AT JUNE 30, 2016**

| No. of Share | Shareholding |      |           |    | Total Shares Held |                   |
|--------------|--------------|------|-----------|----|-------------------|-------------------|
| 63           | Holding      | from | 001       | to | 100               | 8,680             |
| 32           | ---do---     |      | 101       | to | 500               | 27,907            |
| 19           | ---do---     |      | 501       | to | 1,000             | 22,130            |
| 56           | ---do---     |      | 1,001     | to | 5,000             | 196,419           |
| 15           | ---do---     |      | 5,001     | to | 10,000            | 135,500           |
| 5            | ---do---     |      | 10,001    | to | 15,000            | 60,319            |
| 2            | ---do---     |      | 15,001    | to | 20,000            | 34,500            |
| 3            | ---do---     |      | 20,001    | to | 25,000            | 70,000            |
| 1            | ---do---     |      | 25,001    | to | 30,000            | 25,500            |
| 2            | ---do---     |      | 35,001    | to | 40,000            | 73,500            |
| 3            | ---do---     |      | 40,001    | to | 45,000            | 133,179           |
| 1            | ---do---     |      | 60,001    | to | 65,000            | 61,366            |
| 1            | ---do---     |      | 105,001   | to | 110,000           | 106,500           |
| 1            | ---do---     |      | 145,001   | to | 150,000           | 150,000           |
| 1            | ---do---     |      | 160,001   | to | 165,000           | 162,500           |
| 1            | ---do---     |      | 165,001   | to | 170,000           | 170,000           |
| 1            | ---do---     |      | 425,001   | to | 430,000           | 428,500           |
| 1            | ---do---     |      | 1,150,001 | to | 1,155,000         | 1,151,655         |
| 1            | ---do---     |      | 1,875,001 | to | 1,880,000         | 1,878,570         |
| 1            | ---do---     |      | 2,300,001 | to | 2,305,000         | 2,300,025         |
| 1            | ---do---     |      | 4,800,001 | to | 4,805,000         | 4,803,250         |
| <b>211</b>   |              |      |           |    |                   | <b>12,000,000</b> |

| Categories Shareholders | No. of Shareholders | Shares Held       | Percentage  |
|-------------------------|---------------------|-------------------|-------------|
| Individuals             | 203                 | 11,779,869        | 98.17%      |
| Financial Institutions  | 1                   | 25                | 0.0002%     |
| Joint Stock Companies   | 5                   | 216,051           | 1.80%       |
| Other Companies         | 2                   | 4,055             | 0.03%       |
|                         | <b>211</b>          | <b>12,000,000</b> | <b>100%</b> |

**PATTERN OF HOLDING OF THE SHARES HELD BY THE  
SHAREHOLDERS AS AT JUNE 30, 2016**

**ADDITIONAL INFORMATION**

| <b><u>SHAREHOLDER'S CATEGORY</u></b>   | <b><u>Total Shares</u></b> | <b><u>Percentage</u></b> |
|--|----------------------------|--------------------------|
| <b>Associated Companies, Undertakings and related parties (Name-wise).</b>             | None                       | None                     |
| <b>Directors, CEO and their Spouse and Minor Children (Name-wise)</b>                  |                            |                          |
| (1) Muhammad Waqar Monnoo                      Chairman and Chief Executive / Director | 1,878,570                  | 15.65                    |
| (2) Mrs. Ghazala Waqar                              Director                           | 1,151,660                  | 9.60                     |
| (3) Mr. Siraj Sadiq Monnoo                         Director                            | 2,300,025                  | 19.17                    |
| (4) Mrs. Hina Siraj Sadiq                            Director's Spouse                 | 4,803,250                  | 40.03                    |
| (5) Mr. Syed Ayazuddin                             Director                            | 5,000                      | 0.042                    |
| (6) Mr. Umar Ilyas Shafi                            Director                           | 2,500                      | 0.021                    |
| (7) Mr. Syed Inamuddin                            Director                             | 2,500                      | 0.021                    |
| (8) Mr. Aamir Shamim                              Director                             | 2,500                      | 0.021                    |
| <b>Executives</b>  | None                       | None                     |
| <b>Public Sector, Joint Stock Companies and Corporations</b>                           |                            |                          |
| (1) Trustee National Bank of Pakistan Employees Pension fund                           | 3,918                      | 0.0327                   |
| (2) Trustee National Bank of Pakistan Employees Benevolent fund                        | 137                        | 0.0011                   |
| (3) National Bank Of Pakistan  | 25                         | 0.0002                   |
| (4) Fateh Textile Mills Ltd.   | 50                         | 0.0004                   |
| (5) Fikree's (SMC-PVT) Limited   | 1,000                      | 0.01                     |
| (6) Investment Corporation of Pakistan   | 450                        | 0.0038                   |
| <b>Abandoned properties &amp; Other Companies.</b>                                     |                            |                          |
| (1) Abandoned Properties Organization.   | 200                        | 0.0017                   |
| <b>Shareholders holding 10% or more voting interest<br/>in the Listed Companies</b>    |                            |                          |
| (1) Muhammad Waqar Monnoo.   | 1,878,570                  | 15.65                    |
| (2) Mr. Siraj Sadiq Monnoo.  | 2,300,025                  | 19.17                    |
| (3) Mrs. Hina Siraj Sadiq  | 4,803,250                  | 40.03                    |

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD  
ENDED 30TH JUNE, 2016**

This statement is being presented to comply with the Code of Corporate Governance contained in listing Regulation of the Karachi Stock Exchange (Guarantee) Ltd for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board comprises seven directors including CEO. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board. At present the board includes following:

| Category                       | Names                   |
|--------------------------------|-------------------------|
| <b>Independent Director</b>    | Mr Umar Ilyas Shafi     |
| <b>Executive Directors</b>     | Mr M.Waqar Monnoo       |
|                                | Mr Siraj Sadiq Monnoo   |
| <b>Non-Executive Directors</b> | Mrs Ghazala Waqar       |
|                                | Mr Syed Inamuddin Ahmed |
|                                | Mr Amir Shamim          |
|                                | Mr Syed Ayazuddin       |

The independent directors meets the criteria of independence under clause i(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a 'Code of Conduct' and ensures that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedures.
6. The board has developed a vision, mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman and, in the absence, by a director elected by the Board for this Purpose and the board met at least once in every quarter. Written notices of the Board meetings along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged in house orientation courses for its directors during the year to apprise them of their duties and responsibilities and to brief them regarding amendments in the Companies Ordinance / Corporate Laws.
10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, has been made during the year while any change (if any) in their remuneration and terms and conditions of employment is approved by the board.
11. The directors' report for this year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and acting CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, chairman of whom is independent director and two members are non executive directors of the company.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been framed and advised to the committee for compliance.
17. The board formed Human Resource and Remuneration Committee (HR&R). It comprises of three non executive directors.
18. The Board has set-up an effective internal audit function within the company. Unfortunately due to closure of factory and financial constrains, no Internal Audits were conducted during the year.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed Period", prior to the announcement of interim/final results and business decisions, which may material affect the market price of the company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all the market participants at once through stock exchanges.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

**FOR AND BEHALF OF THE BOARD OF DIRECTORS**

Karachi: 06<sup>th</sup> October, 2016

**M. WAQAR MONNOO**  
CHIEF EXECUTIVE

## Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of the members of Olympia Spinning & Weaving Mills Limited will be held at 11:00 a.m. on Saturday 29 October, 2016 at the registered office of the company at E-3 Farzana Building 1st Floor Block 7 & 8, K.C.H.S. Shaheed-e-Millat Road Karachi to transact the following business:

### Ordinary Business:

- 1 To confirm the minutes of the last Annual General Meeting held on October 31, 2015.
- 2 To receive, consider and adopt Audited Accounts for the year ended 30th June, 2016 together with Auditor's and Director's Report thereon.
- 3 To appoint Auditors for the year ending 30th June, 2017 and to fix their remuneration.
- 4 To transact any other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Karachi: 6th October, 2016

Mr. M.Waqar Monnoo  
Chief Executive

### Notes:

- (i) The Register of Members of the Company will remain closed from 23 October 2016 to 29 October 2016 (both days inclusive), members are requested to notify change of addresses (if any)
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power of attorney must be received at the Registered Office of the Company duly stamped, signed and witnessed not later than 48 hours before the meeting.
- (iv) Central Depository Company account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

### A For Attending the Meeting

- 1 In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall, authenticate his identity by showing his original National Identity Card (NIC) or original Passport at the time of attending the Meeting.
- 2 In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B For Appointing Proxies

- 1 In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- 2 The proxy form shall be witnessed by two persons whose name, addresses and NIC numbers shall be mentioned on the form.
- 3 Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- 4 The proxy shall produce his original NIC or original passport at the time of the Meeting.
- 5 Members are requested to notify immediately changes, if any, in their registered addresses.

C In order to comply with the requirements of SECP SRO 831 (1)/2012 dated July 2, 2012, members who hold shares in physical form and have not yet submitted photocopy of their CNIC are requested to send the same to the Share Registrar of Company Najeeb & Consultants (Private) Limited, 405 Commerce Centre Hasrat Mohani Road, Karachi at the earliest. CDC Shareholders are requested to submit their CNIC directly to their broker (Participant)/CDC Investor account services.

D Shareholders who hold shares in physical form are requested to provide option for dividend mandate to our share registrar in order to comply with the requirements of SECP Circular 18 of 2012 dated June 05, 2012. CDC shareholders are requested to submit their dividend mandate directly to their broker (Participant)/CDC Investor account services.

E (1) "The Government of Pakistan through Finance Act, 2016 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- |     |                                       |       |
|-----|---------------------------------------|-------|
| (a) | For filers of income tax returns:     | 12.5% |
| (b) | For non-filers of income tax returns: | 20%   |

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @20% instead @ 12.5%. The Joint shareholders are requested to submit their shareholding portion with identification of principal shareholder and Joint holder for deduction of taxes within 10 days of publication of this notice otherwise it will assumed that the shares are equally held by Joint shareholders.

2 For any query/problem/information, the investors may contact the company on phone Numbers 021-34536235, 021-34525720, e-mail addressed finance@olympiaspinning.com. and the relevant officer Mr. Arshad Iqbal of he Company and the Share Registrar Mr. Mohammad Sarfaraz of Najeeb Consultants (Private) Limited.

3 The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants. Whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar i.e. Mr. Mohammad Sarfaraz of Najeeb Consultants (Private) Limited. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. "

F SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements alongwith notice of annual General meeting electronically through email, Hence, members who hold shares in physical form and are interested in receiving the annual reports and notice of annual general meeting electronically in future are required to submit their email addresses and consent for electronic transmission to the share registrar of the company, CDC shareholders are requested to submit their email address and consent directly to their broker (Participant)/CDC Investor account services.

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626

Email Address: mushtaq\_vohra@hotmail.com

### REVIEW REPORT TO THE MEMBERS

#### *On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Olympia Spinning & Weaving Mills Limited** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirement of the Code. 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 Code.

As part of our audit of 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's statement on internal control covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instances of non compliance with requirements of the code as reflected in the paragraph reference where these are stated in the statement of Compliance:

| Paragraph reference | Description   |
|---------------------|---|
| 9                   | Appropriate arrangement to carry out Director training program has not been carried out as specified in clause (xi) of CCG. |

KARACHI:

Date: \_\_\_\_\_

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra

FCA



### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Olympia Spinning & Weaving Mills Limited** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that:

- a) The company has ceased the production since May 21, 2014 and incurred a loss for the year ended June 30, 2016 of Rupees 64.312 million (June 30, 2015: Loss Rupees 226.003 million) and as of that date, reported accumulated losses of Rupees 1214.545 million (June 30, 2015: Rupees 1555.931 million). The company's current liabilities exceeded its current assets by Rupees 619.027 million (June 30, 2015: Rupees 1083.187 million) as of that date. These conditions along with adverse key financial ratios, company's inability to comply with loan agreements and pay debts on due dates, discontinuance of operation and retirement of key employees indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Further the company has not been able to obtain enough finance to revive production. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on going concern basis, but in our judgment, management's use of going concern assumption in these financial statements is inappropriate.
- b) Balance with Standard Chartered amounting to Rs.5.602 million remains unconfirmed. Confirmation was sent. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

**Branch Office:** 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360

Email Address: mushtaq\_vohra@hotmail.com



- c) The company has not carried out a revaluation of property, plant and equipment on June 30, 2016 under International Accounting Standard (IAS) 16 "Property, Plant and Equipment". In the absence of revaluation figures, it is not possible to perform impairment test as suggested in the International Accounting Standards (IAS) 36 "Impairment of assets". Hence impact of the same on assets, revaluation surplus and on profit and loss account of the company cannot presently be determined.
- d) Except for the paragraph (a) to (c) and its effects on financial statements, in our opinion, proper books of accounts have been kept by the company as required by the Companies ordinance, 1984;
- e) in our opinion;
- i. Except for the paragraph (a) to (c) and its effects on financial statements, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.
  - ii. the expenditure incurred during the year was for the purpose of the company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- f) In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the inappropriate going concern assumption and other matters discussed in paragraph (a) to (c), the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- g) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi.

Dated: \_\_\_\_\_

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra,

FCA

OLYMPIA SPINNING & WEAVING MILLS LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2016

|  | NOTES | JUNE 30, 2016<br>RUPEES | JUNE 30, 2015<br>RUPEES |
|--|-------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>  |       |                         |                         |
| <b>SHARE CAPITAL AND RESERVES</b>  |       |                         |                         |
| Authorized capital<br>13,000,000 (2015: 13,000,000) Ordinary shares of Rs.10 each. |       | 130,000,000             | 130,000,000             |
| Issued, subscribed and paid up capital   | 4     | 120,000,000             | 120,000,000             |
| Reserves   | 5     | (1,210,965,260)         | (1,552,351,125)         |
|  |       | (1,090,965,260)         | (1,432,351,125)         |
| Surplus on revaluation of property, plant and equipment                            | 6     | 621,900,373             | 1,093,347,470           |
| <b>NON CURRENT LIABILITIES</b>   |       |                         |                         |
| Long term financing  | 7     | 679,721,646             | 1,053,850,020           |
| Deferred liabilities   | 8     | 23,421                  | 260,009                 |
| <b>CURRENT LIABILITIES</b>   |       |                         |                         |
| Trade and other payables   | 9     | 433,180,938             | 535,011,463             |
| Accrued Markup   | 10    | -                       | 141,637,335             |
| Short-term borrowings  | 11    | 2,355,517               | 295,313,770             |
| Current portion of - long term financing   |       | 283,120,983             | 239,924,930             |
|  |       | 718,657,438             | 1,211,887,498           |
| <b>CONTINGENCIES AND COMMITMENTS</b>   | 12    | -                       | -                       |
|  |       | <b>929,337,618</b>      | <b>1,926,993,872</b>    |
| <b>ASSETS</b>  |       |                         |                         |
| <b>NON CURRENT ASSETS</b>  |       |                         |                         |
| Property, plant and equipment  | 13    | 826,268,971             | 1,794,885,054           |
| Long term deposit  | 14    | 3,438,482               | 3,408,482               |
| <b>CURRENT ASSETS</b>  |       |                         |                         |
| Trade debts  | 15    | -                       | 582,707                 |
| Other financial assets   | 16    | 34,096,000              | 34,789,056              |
| Loans and advances   | 17    | 13,539,992              | 13,771,964              |
| Income tax and Sales tax Refundable  | 18    | 14,954,722              | 38,586,008              |
| Other receivables  | 19    | 31,188,269              | 35,824,441              |
| Cash and bank balances   | 20    | 5,851,182               | 5,146,160               |
|  |       | 99,630,165              | 128,700,336             |
|  |       | <b>929,337,618</b>      | <b>1,926,993,872</b>    |

The annexed notes from 1 to 34 form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

OLYMPIA SPINNING & WEAVING MILLS LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | NOTE | For the year ended June<br>30, 2016<br>RUPEES | For the year ended June<br>30, 2015<br>RUPEES |
|---|------|---|---|
| Sales (net)                                 | 21   | -   | 77,005,963                                    |
| Cost of Sales                               | 22   | (38,602,832)                                  | (181,869,896)                                 |
| <b>Gross (Loss)</b>                         |      | <b>(38,602,832)</b>                           | <b>(104,863,933)</b>                          |
| Administrative Expenses                     | 23   | (14,978,697)                                  | (16,194,653)                                  |
| Other Income                                | 24   | (8,495,110)                                   | 2,950,495                                     |
|   |      | (23,473,807)                                  | (13,244,158)                                  |
| <b>Operating (Loss)</b>                     |      | <b>(62,076,639)</b>                           | <b>(118,108,091)</b>                          |
| Finance Cost                                | 25   | (1,584,913)                                   | (107,791,703)                                 |
| <b>(Loss) before taxation</b>               |      | <b>(63,661,552)</b>                           | <b>(225,899,794)</b>                          |
| Taxation - Current                          | 26   | (662,582)                                     | (533,725)                                     |
| - Prior                                     |      | 11,552  | 430,122                                       |
| <b>(Loss) for the year after taxation</b>   |      | <b>(64,312,582)</b>                           | <b>(226,003,397)</b>                          |
| <b>(Loss) per share - Basic and diluted</b> | 27   | <b>(5.36)</b>                                 | <b>(18.83)</b>                                |

*The annexed notes from 1 to 34 form an integral part of these financial statements*

CHIEF EXECUTIVE

DIRECTOR

OLYMPIA SPINNING & WEAVING MILLS LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2016

| NOTE  | For the year ended<br>June 30, 2016<br>RUPEES | For the year ended<br>June 30, 2015<br>RUPEES |
|---|---|---|
| (Loss) for the year ended after taxation            | (64,312,582)                                  | (226,003,397)                                 |
| <b>Other Comprehensive Loss:</b>                    |   |   |
| Remeasurement of post retirement benefit obligation | -   | (78,978)                                      |
| <b>Total comprehensive (Loss) for the year</b>      | <b>(64,312,582)</b>                           | <b>(226,082,375)</b>                          |

*The annexed notes from 1 to 34 form an integral part of these financial statements*

CHIEF EXECUTIVE

DIRECTOR

OLYMPIA SPINNING & WEAVING MILLS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2016

| Note   | PAID UP CAPITAL    | REVENUE RESERVE  | CAPITAL RESERVE | ACCUMULATED LOSS       | TOTAL                  |
|--|--------------------|------------------|-----------------|------------------------|------------------------|
|  | RUPEES             |                  |                 |                        |                        |
| <b>Balance as at 01-07-2014</b>  | 120,000,000        | 3,580,053        |                 | (1,339,810,901)        | (1,216,230,848)        |
| Total comprehensive loss for the year ended June 30, 2015  | -                  | -                | -               | (226,082,375)          | (226,082,375)          |
| Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation | -                  | -                | -               | 9,962,099              | 9,962,099              |
| Realization of Surplus on revaluation of property, plant & equipment on disposal                           | -                  | -                | -               | -                      | -                      |
| <b>Balance as at 30-06-2015</b>  | <b>120,000,000</b> | <b>3,580,053</b> | <b>-</b>        | <b>(1,555,931,177)</b> | <b>(1,432,351,125)</b> |
| Total comprehensive loss for the year ended June 30, 2016  | -                  | -                | -               | (64,312,582)           | (64,312,582)           |
| Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation | -                  | -                | -               | 6,221,102              | 6,221,102              |
| Realization of Surplus on revaluation of property, plant & equipment on disposal                           | -                  | -                | -               | 399,477,344            | 399,477,344            |
| <b>Balance as at 30-06-2016</b>  | <b>120,000,000</b> | <b>3,580,053</b> | <b>-</b>        | <b>(1,214,545,313)</b> | <b>(1,090,965,261)</b> |

*The annexed notes from 1 to 34 form an integral part of these financial statements*

CHIEF EXECUTIVE

DIRECTOR

OLYMPIA SPINNING AND WEAVING MILLS LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016

|  | Note | For the year ended June<br>30, 2016<br>RUPEES | For the year ended June<br>30, 2015<br>RUPEES |
|--|------|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>               |      |   |   |
| Cash generated from operations                           | 28   | 10,483,399                                    | 30,300,253                                    |
| Taxes paid - net of refund received                      |      | 5,355,986                                     | (2,717,308)                                   |
| Finance cost paid  |      | (1,584,913)                                   | (956,450)                                     |
| Gratuity paid  |      | -   | -   |
| Long term deposits                                       |      | (30,000)                                      | -   |
| <b>Net cash from operating activities</b>                |      | <b>14,224,472</b>                             | <b>26,626,496</b>                             |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>               |      |   |   |
| Proceeds from disposal of property, plant and equipment  |      | -   | -   |
| Fixed capital expenditure                                |      | -   | -   |
| <b>Net cash used in investing activities</b>             |      | <b>-</b>                                      | <b>-</b>                                      |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>               |      |   |   |
| Long term finance  |      | (15,247,765)                                  | 31,558,220                                    |
| Short term borrowings                                    |      | 1,728,315                                     | (57,818,592)                                  |
| Repayment of lease liabilities                           |      | -   | -   |
| <b>Net cash used in financing activities</b>             |      | <b>(13,519,450)</b>                           | <b>(26,260,372)</b>                           |
| Net increase in cash and cash equivalents                |      | 705,022                                       | 366,124                                       |
| Cash and cash equivalents at the beginning of the year   |      | 5,146,160                                     | 5,288,842                                     |
| <b>Cash and cash equivalents at the end of the year.</b> |      | <b>5,851,181</b>                              | <b>5,146,160</b>                              |

*The annexed notes from 1 to 34 form an integral part of these financial statements*

CHIEF EXECUTIVE

DIRECTOR

## OLYMPIA SPINNING AND WEAVING MILLS LIMITED

### Notes to the financial statements

For the year ended 30 June 2016

#### 1 The Company and its Operations

##### 1.1 THE COMPANY AND ITS OPERATIONS:

The company was incorporated in Pakistan as a public limited company on October 28, 1960, and its shares are quoted on the Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn. The registered office of the company is situated at E-3 Farzana Building, 1st floor, Block 7 & 8, Shaheed-e-Millat Road Karachi.

1.2 The company has incurred a loss for the year ended June 30, 2016 of Rupees 64.312 Million (June 30, 2015 of Rupees 226.003 million ) and as of that date, reported accumulated losses of Rupees 1214.545 million (June 30, 2015: Rupees. 1555.931 million). The current liabilities exceeded its current assets by Rupees 619.027 million (June 30, 2015: Rupees 1083.187 million) as of that date. These conditions along with adverse key financial ratios and legal cases against the company as mentioned in note 12 (contingencies and commitment) indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However management assesses the reliability of going concern assumption in preparation of these financial statement and concluded that it is still in going concern based on following mitigating factors. Accordingly, these financial statements have been prepared on going concern assumption.

##### (i) Restructuring of Entire Bank Borrowing by Executing a Debt-Asset Swap arrangements

As already disclosed in Note 7, All our borrowers entrust our commitment agreed to restructure all our borrowings that existed at 30 June 2015 through a Debt-Asset Swap arrangement with conditional write off of Frozen markup of Rs 388.318 million subject to the payment of principal as per schedule agreed with the banks. This gives the company fresh start to workout new plans to start new businesses.

##### (ii) Settlement with Cotton Ginners and Store Partie

The company started negotiation with cotton ginners and other creditors to settle their dues amicably. We are please to inform you that majority of cotton ginners and parties understand our position and agreed on bilateral settlement terms. The negotiation with remaining creditors are in process. As a result of our firm assurances not a single creditor gone to Court for initiating recovery proceedings.

##### (iii) Dismissal of Case in Company Favor against Foreign Export Customer claim of \$1.734 million by Sindh High Cou:

During the year the Sindh High Court dismissed the suit for claim of \$1.734 million of foreign customer. This reduces a major contingent liability hanging over the company for past years.

##### (iv) Paper Manufacturing Business

The shareholders of the company in an EOGM held in year 2012 approved the business of Paper Manufacturing subject to fulfilling legal formalities. All the borrowers provided their consent to the company except for the Standard Chartered Bank who illegally held charge over our fixed assets in respect of a debt fully paid in year 2006-2007. The company approached State Bank of Pakistan and SECP to intervene in the matter but unfortunately no action has been taken by them. The company has serve the final notice to standard Chartered Bank for release of NOC and if not provided will go to Court of law including the Office of relevant Ombudsman of Pakistan. We are very hopeful for a positive response from Standard Chartered Bank.

##### (v) Support of Directors, Sponsors and Olympia Power Generation (Pvt) Limite

Directors of the company have committed that if in case any additional funds are required for running the business of the company, will be provided by the sponsors and directors. Moreover Olympia Power will provide continuous support to the company by sale of electricity.

#### 2 BASIS OF PREPARATION

##### 2.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise stated.

##### 2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

##### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

##### 2.4 Use Of Estimates And Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



## 2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| <b>Standard or Interpretation</b>  | <b>Effective Date(Annual Periods Begning on or after)</b> |
|--|---|
| IFRS 2 Share -based Payments-Classification and Measurement of Share- based Payments Transactions(Amendment)   | January 1, 2018   |
| IFRS 10 Consolidated Financial Statements,IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates -Investment Entities: Applying the Consolidation Exception (Amendment) | January 1, 2016   |
| IFRS 10 Consolidation Financial Statements and IAS 28 Investment in Associates and Joint Ventures-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)    | Not yet finalized   |
| IFRS 11 Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)   | January 1, 2016   |
| IAS 1 Presentation of Financial Statements-Disclosure Initiative -(Amendment)  | January 1, 2016   |
| IAS 7 Financial Instruments: Disclosures-Disclosure Initiative-(Amendment)   | January 1, 2017   |
| IAS 12 Income Taxes-Recognition of deferred Tax Assets for Unrealized Losses (Amendments)  | January 1, 2017   |
| IAS 16 (No Suggestions) and Equipment IAS 38 intangible assets-Clarification of Acceptable Method of Depreciation and Amortization (Amendment)   | January 1, 2016   |
| IAS 16 Property, Plant and Equipment IAS 41 Agriculture- Agriculture: Barter Plants (Amendment)  | January 1, 2016   |
| IAS 27-Separate Financial Statements-Equity Method in Separate Financial Statements  | January 1, 2016   |

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also issued by IASB in September 2014.such improvements are generally effective for accounting periods beginning on or after January 2016. The company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| <b>Standard or Interpretation</b>                             | <b>Effective Date(Annual Periods Begning on or after)</b> |
|---|---|
| IFRS 9-Financial Instruments: Classification and Measurements | January 1, 2018   |
| IFRS 14-Regulatory Deferral Accounts                          | January 1, 2016   |
| IFRS 15-Revenue from Contracts with Customers                 | January 1, 2018   |
| IFRS 16-Leases  | January 1, 2019   |

### 3 Summary of Significant Accounting Policies

#### 3.1 Defined benefit plan

The company operates an unfunded gratuity plan for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The most recent actuarial valuation was carried out effective from June 30, 2015 using the Projected Unit Credit Method.

Any Remeasurement of post retirement benefit obligation recognized during the year if any, recognized in "Statement of Comprehensive Income "

#### 3.2 Taxation

##### Current

Provision for current taxation is made on the taxable income, if any, after taking into account tax credit and tax rebate available.

##### Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

#### 3.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### 3.4 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### 3.5 Property, plant and equipment

##### a) Owned

Property plant and equipment except land, Building and Plant & Machinery are stated at cost less accumulated depreciation and impairment loss, if any. Land, Building and Plant & Machinery are stated at revalued amount less accumulated depreciation and impairment loss, if any. Depreciation on additions during year is charged on pro-rata basis when the asset is acquired or capitalized. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the assets is derecognized. The company reviews the rate of depreciation, useful life, residual value of assets for possible impairment on annual basis. Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charges and impairment. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

##### b) Leased Assets subject to finance lease

Assets subject to finance lease are initially recorded at the lower of present value of minimum lease payment under the lease agreement and the fair value of the leased asset. The related obligations under the lease less financial charges allocated to future period are shown as a liability. Financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Capitalized or leased assets are depreciated on the same basis and on the same rate as owned assets. Income arising from sales and lease back transaction, if any, is deferred and is amortized equally over the lease period.

##### c) Capital work in progress

Capital work in progress is stated at cost and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use intended.

##### d) Impairment of fixed assets

In accordance with IAS 36, assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may be recoverable. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognized in the profit and loss account.

#### 3.6 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

#### 3.7 Stock in trade

These are valued at lower of cost and net realizable value (NRV) except waste which is valued at NRV, cost is determined as follows:

|                                  |  |
|----------------------------------|--|
| Raw material                     | Yearly average except those in transit which are stated at cost comprising invoice value plus other charge incurred thereon. |
| Work in process & Finished goods | Raw material cost plus appropriate Manufacturing Cost.   |
| Waste                            | At net realizable value  |

Net realizable value signifies the selling price prevailing in the market less selling expenses incidental to sales.

- 3.8 Trade debts**  
Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.
- 3.9 Cash and cash equivalent**  
Cash in hand, cash at bank and short-term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash equivalent are short-term highly liquid instrument that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.
- 3.10 Financial instruments**  
All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.
- 3.11 Offsetting of financial assets and liabilities**  
A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.
- 3.12 Revenue recognition**  
Sales are recognized on dispatch of goods to the customers. Dividend income is recognized when right to receive dividend is established. Interest income is recognized on accrual basis.
- 3.13 Derivative Financial Instruments**  
These are initially recognized at cost and are subsequently remeasured at their fair value. The method of recognizing gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Derivatives (Other than designated as hedging instrument) with positive market values (unrealized gains) are included in other assets and derivate with negative market values (unrealized). Losses are included in other liabilities in the balance sheet. The resultant gain and losses are included in the income currently.
- 3.14 Borrowing**  
Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.
- 3.15 Dividend and appropriation to reserves**  
The dividend distribution and appropriation to reserves is recognized in the period in which, these are approved.
- 3.16 Borrowing costs**  
Mark up, interest and other charges on borrowing are capitalized up to the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark up, interest and other charges are charged to profit and loss account.
- 3.17 Foreign currency transactions and translation**  
Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non - monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.
- 3.18 Transactions with related party**  
Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Ord. 1984.

|   | June 30, 2016          | June 30, 2015          |
|---|------------------------|------------------------|
|   | RUPEES                 | RUPEES                 |
| <b>4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>   |                        |                        |
| 2,200,000 (2015: 2,200,000) Ordinary shares of Rs.10 each allotted for consideration paid in cash | 22,000,000             | 22,000,000             |
| 200,000 (2015: 200,000) Ordinary shares of Rs.10 each allotted as bonus shares                    | 2,000,000              | 2,000,000              |
| 9,600,000 (2015: 9,600,000) Ordinary shares of Rs. 10 each issued as right shares                 | 96,000,000             | 96,000,000             |
|   | <b>120,000,000</b>     | <b>120,000,000</b>     |
| <b>5 RESERVES</b>   |                        |                        |
| Revenue reserve   | 3,580,053              | 3,580,053              |
| Accumulated loss  | (1,214,545,313)        | (1,555,931,178)        |
|   | <b>(1,210,965,260)</b> | <b>(1,552,351,125)</b> |
| <b>6 SURPLUS ON REVALUATION OF FIXED ASSETS</b>   |                        |                        |
| Balance as at June 30, 2015   | 1,093,347,470          | 1,103,309,569          |
| Reversal of Revaluation Surplus on Revaluation of Plant & Machinery                               | (65,748,651)           | -                      |
| Realization of Surplus on disposal of fixed asset during the period                               | (399,477,344)          | -                      |
| Transfer to equity on account of incremental depreciation   | (6,221,102)            | (9,962,099)            |
| Balance as at June 30,2016  | <b>621,900,373</b>     | <b>1,093,347,470</b>   |

During the year the company revalued its Plant & Machinery on the basis of taking average value of three valuations conducted by Al-Hadi Financial, K.G.Traders and Sadruddin Associates, independent Valuers on September 3,2015, September 8,2015 and August 25,2015 respectively on the request of Banks which result in downward valuation of Rs 243.180 million on FSV basis, out of which Rs 65.748 million off set the previous surplus. The management did not revalued Land & building as their fair value did not differs materially from its carrying amount as observed in DAS transaction with UBL.

The company revalued its Land, Factory Building and Plant and Machinery on market value basis by an independent value M/S Consultancy Support & Services, Management Consultant on 21st February 2012. The revaluation resulted in a cumulative surplus of Rs. 45.306 million .The company revalued its Land, Factory building & plant & machinery in 2009 which resulted in surplus of 223.989 million, 50.941 million & 49.515 million respectively. The revaluation was carried out under market value basis by an independent value Messer Consultancy Support & Service Management Consultants . The company revalued its leasehold land in 2008 & in 2005 by Messer Imran Associate & Messer Consultancy Support & Service Management Consultants respectively which resulted in net surplus of 252.122 million & 151.635 million respectively. The company has further revalued its factory building in the year 2006 by Consultancy Support & Services, Management Consultants, which resulted increase in net surplus of Rs. 122.681 million.

#### 7 LONG TERM FINANCING

##### From banking companies - secured

##### Term Finance

|                           |     |             |             |
|---------------------------|-----|-------------|-------------|
| Loan 1. UBL TF            | 7.1 | 39,848,983  | 409,728,983 |
| Loan 2 . Askari Bank Ltd. | 7.2 | 127,395,414 | 306,458,465 |
| Loan 3. Summit Bank Ltd.  | 7.3 | -           | 10,500,000  |
| Loan 4. Bank Alfalah Ltd. | 7.4 | 155,000,000 | 164,000,000 |
| Loan 5. Soneri Bank Ltd.  | 7.5 | 192,407,375 | -           |
|                           |     | 514,651,772 | 890,687,448 |

##### Frozen Markup

|  |     |             |             |
|--|-----|-------------|-------------|
| Loan 6.UBL NIDF-V (Cross Currency SWAP)    |     | -           | 50,320,000  |
| Loan 7.UBL NIDF-VI (Recoverable Markup)    | 7.1 | 222,272,000 | 157,672,000 |
| Loan 8. UBL Deferred Markup                |     | -           | 99,934,650  |
| Loan 9. Askari Bank Ltd. ( Frozen Markup ) | 7.2 | 119,888,598 | 36,980,840  |
| Loan 10. Soneri Bank Ltd.(Frozen Markup)   | 7.5 | 46,158,000  | -           |
|  |     | 388,318,598 | 344,907,490 |

##### From related party - unsecured

|                           |     |            |            |
|---------------------------|-----|------------|------------|
| Directors / Sponsors loan | 7.6 | 59,872,259 | 58,180,012 |
|                           |     | 59,872,259 | 58,180,012 |

Current maturity of long term financing

|                    |                      |
|--------------------|----------------------|
| (283,120,983)      | (239,924,930)        |
| (283,120,983)      | (239,924,930)        |
| <b>679,721,646</b> | <b>1,053,850,020</b> |

After successful restructuring negotiation with the company's financiers, the banker,exercising their right had entered into a Debt-Asset swap arrangement(DAS) under which debt of Rs. 710.2 million was adjusted against fixed assets of the company. The entire accrued markup up to 30<sup>th</sup> June,2015 of Rs. 388.318 million will be reversed by the banks subject to the payment of balance principal as per schedule agreed with the banks.

**7.1 United Bank Limited**

During the current period the United Bank Limited had restructure the Outstanding liabilities by entering into a Debt- Asset Swap (DAS arrangement) under which it adjust its principal liability by Rs 420.20 million through acquisition of 10.72 acres of land along with building therefore reducing the outstanding principal to Rs 39.8 million . All the accrued markup of Rs 222.272 million up to 30th June 2015 will be waived off if the company pay the entire principal amount within one year. Accordingly all the securities charges held by the UBL will be release except for the Memorandum of deposit of titled deeds which is reduced from Rs 575.396 million to Rs. 90 million.

**7.2 Askari Bank Ltd. (Term Finance)**

During the current period the Askari Bank Limited had restructure the Outstanding liabilities by entering into a Debt- Asset Swap (DAS arrangement) under which it adjust its principal liability by Rs 210.0 m through acquisition of entire Spinning Plant & Machinery along with Soneri Bank reducing the outstanding principal to Rs 127.395 million. The bank will recover any shortage(if any) from the company on sale of acquired machinery. All the accrued markup of Rs 119.888 million up to 30th June 2015 will be waived off if the company pay the entire principal amount within two years. The bank will modify the consent decree in the High Court of Sindh for recording of these modifications.

**Security (Askari Bank Limited):-**The loan is secured by first pari passu charge by way of mortgage of Rs 150 million over company land and building, first pari passu by way of hypothecation charge of Rs. 310 million over plant and machinery, ranking charge of Rs 40 million over receivables and personal guarantee of three directors. The charge over land & building which is Rs.67 million will be reduced pursuant to the acquisition of 10.72 acres of land by UBL.

**7.3 Summit Bank Ltd.**

During the current year the company entirely paid off the outstanding liability. Previously the Demand finance facility of Rs 50. million was provided on 9th October, 2006. After subsequent payments, amount of Rs 12.0 million is outstanding on 30.06.2014 . This amount is being repaid in monthly installments of Rs 500,000. Mark-up at the rate of 6 months kibar plus 4% payable quarterly.

**Security Summit Bank Ltd. (Mybank Ltd):-**The loan is secured by Mortgage charge over fixed assets and hypothecation charge over current assets of the company to extent of Rs. 40 million each respectively.

**7.4 Bank Alfalah Ltd. (Term Finance)**

Bank Alfalah Ltd had offered to restructure Term loan on December 09,2015 by decreasing initial installments amounts w.e.f March 2016 to facility the the company. All the remaining terms & conditions remains unchanged. Previously company had signed a restructuring agreement with Bank Alfalah Limited on 13th November 2012 through consent decree. The company will pay principal liability of Rs 192 million in 40 quarterly installments starting from 31st December 2012. The company will pay markup of Rs 83.005 million in six equal quarterly installments starting from 31 December 2020 for 10 years. The overdue principal installment till 30th June 2015 amount to Rs. 8 million.

**Security (Bank Alfalah Ltd):-**This term loan is secured by existing first pari passu hypothecation charge over movable assets and books debts to the extent of Rs 40 million and 2nd ranking charge on land, building and spinning machinery to the extent of Rs 216 million.

**7.5 Soneri Bank Ltd.**

During the current period the Soneri Bank Limited had restructure the Outstanding liabilities (short term financing) by entering into a Debt- Asset Swap (DAS arrangement) under which it adjust its principal liability by Rs 80 million through acquisition of entire Spinning Plant & Machinery along with Askari Bank Ltd reducing the outstanding principal to Rs 192.407 million. The bank will recover any shortage(if any) from the company on sale of acquired machinery. All the accrued markup of Rs 46.158 million up to 30th June 2015 will be waived off if the company pay the entire principal amount. If the company unable to pay the principal amount within 2 years then the same shall stand restructured as Term Finance Facility payable in 24 quarterly installments with markup to be charge at the rate of 3 months KIBOR or cost of funds whichever is lower.

**Security (Soneri Bank Limited):-**The above facility is secured by first pari passu charge over company's fixed assets amounting to Rs. 147 million, ranking charge over all current and fixed assets for Rs. 294 million and legal mortgage of Rs. 0.1 million over resided property of directors.

**7.6 The Loan from Directors / Sponsors is unsecured and interest free and is not repayable in the next twelve months.**

|   |     | June 30, 2016<br>RUPEES | June 30, 2015<br>RUPEES |
|---|-----|-------------------------|-------------------------|
| <b>8 DEFERRED LIABILITIES</b>   |     |                         |                         |
| Staff retirement benefit-gratuity   | 8.1 | 23,421                  | 260,009                 |
|   |     | <b>23,421</b>           | <b>260,009</b>          |
| <b>8.1 Movement in the net liability recognized in the balance sheet</b>              |     |                         |                         |
| (a) Opening net liability   |     | 260,009                 | 78,603                  |
| Expense for the year  |     | 23,421                  | 102,428                 |
| Liability written off   |     | (260,009)               |                         |
| Remeasurement on obligation   |     | -                       | 78,978                  |
|   |     | <b>23,421</b>           | <b>260,009</b>          |
| Contribution paid   |     | -                       | -                       |
| Closing net liability   |     | <b>23,421</b>           | <b>260,009</b>          |
| (b) <b>Expense recognized in the profit and loss account excluding actuarial loss</b> |     |                         |                         |
| Current service cost  |     | 23,421                  | 86,670                  |
| Interest cost   |     | -                       | 15,758                  |
|   |     | <b>23,421</b>           | <b>102,428</b>          |

(c) **General description**

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

(d) **Principal actuarial assumption**

Following are a few important actuarial assumptions used in the valuation.

|                                     | % | %  |
|-------------------------------------|---|----|
| Discount rate                       | 8 | 11 |
| Expected rate of increase in salary | 5 | 5  |

| (e) <b>Historical information</b>       | 2016   |         | 2015   |           | 2014      |        | 2013   |        | 2012   |  |
|---|--------|---------|--------|-----------|-----------|--------|--------|--------|--------|--|
|   | RUPEES | RUPEES  | RUPEES | RUPEES    | RUPEES    | RUPEES | RUPEES | RUPEES | RUPEES |  |
| Present value of the defined obligation | 23,421 | 260,009 | 78,603 | 9,390,368 | 5,068,896 |        |        |        |        |  |

(f) The expected gratuity expense for the year ending June 30, 2017 works out to 25,000/-

**8.2**

The company has provided for the current tax based on normal provisions of the income tax ordinance 2001. However, the Company has not provided for deferred tax since the Company's management expects that in consonance with the past trends, future tax liabilities would continue to be finalized under the final tax Regime or no tax liability due to gross losses. Therefore, any timing differences arising during the year are not expected to reverse in future periods. Deferred Tax asset not recognized in the accounts amounting to Rs.30.505 million as it is not probable that future economic benefits will be available to recover Deferred tax assets.

|                                    |     | June 30, 2016<br>RUPEES | June 30, 2015<br>RUPEES |
|------------------------------------|-----|-------------------------|-------------------------|
| <b>9 TRADE AND OTHER PAYABLES</b>  |     |                         |                         |
| Trade creditors                    | 9.1 | 396,994,761             | 496,352,440             |
| Advance From Customers - Export    |     | 2,491,765               | 2,491,765               |
| Withholding tax payable            |     | 612,697                 | 1,658,108               |
| Bills payable                      |     | -                       | 2,560,330               |
| Accrued expenses                   |     | 1,559,824               | 1,012,323               |
| Regulatory Duty Payable            |     | 24,089,788              | 24,089,788              |
| Worker's profit participation fund | 9.2 | 7,432,103               | 6,846,709               |
|                                    |     | <b>433,180,938</b>      | <b>535,011,463</b>      |

|  |       | June 30, 2016<br>RUPEES | June 30, 2015<br>RUPEES |
|--|-------|-------------------------|-------------------------|
| <b>9.1 Trade creditors include amount due to related parties as follows:</b> |       |                         |                         |
| Olympia Power Generation (Pvt) Ltd   | 9.1.1 | 96,907,577              | 54,479,457              |
| Olympia Paper Industries (Pvt) Ltd   |       | 9,835,311               | -                       |
|  |       | <b>106,742,888</b>      | <b>54,479,457</b>       |

9.1.1 This includes Rs 42.428 million net payable to Olympia Power Generation (Pvt) Ltd and is payable on demand. The negotiation for conversion into loan or to any other instrument is under process after fulfilling legal formalities.

**9.2 Worker's profit participation fund**

|                                      |  |                  |                  |
|--------------------------------------|--|------------------|------------------|
| Balance at the beginning of the year |  | 6,846,709        | 6,252,131        |
| Interest cost                        |  | 585,394          | 594,578          |
| Allocation for the year              |  | -                | -                |
| Balance at the end of the year       |  | <b>7,432,103</b> | <b>6,846,709</b> |

|   |  | June 30, 2016<br>RUPEES | June 30, 2015<br>RUPEES |
|---|--|-------------------------|-------------------------|
| <b>10 ACCRUED MARK-UP</b>               |  |                         |                         |
| Long term financing                     |  | -                       | 83,078,352              |
| Short term running finance              |  | -                       | 58,558,983              |
|   |  | <u>-</u>                | <u>141,637,335</u>      |
| <b>10.1</b>                             | The Overdue Markup for Long Term and Short Term Finance are amount to NIL (2015: Rs. 76,391,471/-) and NIL (2015:Rs. 52,974,603/-) respectively.   |                         |                         |
| <b>11 SHORT TERM BORROWINGS</b>         |  |                         |                         |
| Secured-banking companies               | 11.1   | -                       | 294,686,568             |
| Book Overdraft                          |  | 2,355,517               | 627,202                 |
|   |  | <u>2,355,517</u>        | <u>295,313,770</u>      |
| <b>11.1</b>                             | The facilities for running finance available from various banks amounted to NIL (June-2015 : Rs.235.467 million and carries mark-up ranging from NIL [June-2015 : 8% to 12.18%] per annum payable quarterly. The above facilities are secured by first pari passu charge over company's fixed assets amounting to Rs. 147 million, ranking charge over all current and fixed assets for Rs. 294 million, legal mortgage of Rs. 0.1 million over resided property of directors, pledge of raw cotton (if any) and hypothecation charge on stock and book debts and personal guarantee of directors. |                         |                         |
| <b>12 CONTINGENCIES AND COMMITMENTS</b> |  |                         |                         |
| <b>12.1 Contingencies</b>               |  |                         |                         |
|   | The Company with many other exporters filed a petition against the imposition of regulatory duty on its export of yarn. The court has granted interim stay order in favor of the company and allowed export of yarn without regulatory duty against post dated cheques. The unpaid amount of regulatory duty was Rs. 24 million.   |                         |                         |
| <b>12.2</b>                             | The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830.5 million entered into by the company with Standard Chartered bank. The company mainly contests on provision of unwinding cost calculation, mismatched dates of settlement with its long term loans repayments and other procedural non compliance of foreign bank. No provision of unwinding cost of cross currency swap contract of Rs 293.35 million has been made in the financial statements, as the legal opinion is favorable.                   |                         |                         |
| <b>12.3</b>                             | Cross corporate Guarantee issued in favor of subsidiary / associated company amounts to Rs. 52.5 million.  |                         |                         |
| <b>12.4</b>                             | Guarantee issued to Excise and Taxation Officer & SSGC by bank on behalf of the company amounting to Rs.25.796 million.  |                         |                         |
| <b>13 PROPERTY, PLANT AND EQUIPMENT</b> |  |                         |                         |
| Operating Assets                        | 13.1   | 826,268,971             | 1,772,209,173           |
| Capital Work In Progress                | 13.2   | -                       | 22,675,881              |
|   |  | <u>826,268,971</u>      | <u>1,794,885,054</u>    |

## 13.1 PROPERTY PLANT AND EQUIPMENTS

2016

| PARTICULARS                     | COST/ REVALUATION (RUPEES) |                   |                      |                      |             |                     | RATE<br>% | DEPRECIATION (RUPEES) |                   |                      |                    |           | W.D.V.              |                     |  |
|---------------------------------|----------------------------|-------------------|----------------------|----------------------|-------------|---------------------|-----------|-----------------------|-------------------|----------------------|--------------------|-----------|---------------------|---------------------|--|
|                                 | AS AT<br>01.07.2015        | ADDITION          | REVALUATION          | DELETION             | TRANSFER    | AS AT<br>30.06.2016 |           | AS AT<br>01.07.2015   | FOR THE YEAR      | REVALUATION          | DELETION           | TRANSFER  | AS AT<br>30.06.2016 | AS AT<br>30.06.2016 |  |
| OWNED:                          |                            |                   |                      |                      |             |                     |           |                       |                   |                      |                    |           |                     |                     |  |
| LEASE HOLD LAND                 | 900,689,031                | -                 |                      | (385,244,640)        | -           | 515,444,391         | -         | -                     |                   |                      |                    | -         | 515,444,391         |                     |  |
| FACTORY BUILDING                | 371,224,896                | 15,836,525        |                      | (67,813,441)         | -           | 319,247,981         | 4%        | 47,518,089            | 11,642,181        |                      | (7,259,199)        | -         | 51,901,071          | 267,346,910         |  |
| PLANT & MACHINERY-SPINNING      | 663,877,695                | -                 | (396,673,255)        | (263,324,000)        | (3,880,440) | -                   | 6%        | 143,457,098           | 10,365,733        | (153,492,400)        | -                  | (330,431) | -                   | -                   |  |
| PLANT & MACHINERY-OTHERS        | -                          | 15,839,356        | -                    | -                    | 3,880,440   | 19,719,796          | 6%        | -                     | 143,285           | -                    | -                  | 330,431   | 473,716             | 19,246,080          |  |
| OFFICE EQUIPMENT                | 10,141,057                 | -                 | -                    | -                    | -           | 10,141,057          | 10%       | 6,413,713             | 372,734           | -                    | -                  | -         | 6,786,447           | 3,354,610           |  |
| FACTORY TOOLS & EQUIPMENT       | 6,035,843                  | -                 | -                    | -                    | -           | 6,035,843           | 10%       | 2,767,073             | 326,877           | -                    | -                  | -         | 3,093,950           | 2,941,893           |  |
| FURNITURE & FIXTURE             | 6,195,732                  | -                 | -                    | -                    | -           | 6,195,732           | 10%       | 4,267,198             | 192,853           | -                    | -                  | -         | 4,460,051           | 1,735,681           |  |
| MOTOR VEHICLE                   | 11,187,969                 | -                 | -                    | -                    | -           | 11,187,969          | 20%       | 6,969,227             | 843,748           | -                    | -                  | -         | 7,812,975           | 3,374,994           |  |
| ARMS & AMMUNITION.              | 67,375                     | -                 | -                    | -                    | -           | 67,375              | 10%       | 38,820                | 2,856             | -                    | -                  | -         | 41,676              | 25,699              |  |
| ELECTRIC & PIPE FITTING         | 51,869,849                 | -                 | -                    | -                    | -           | 51,869,849          | 10%       | 37,649,057            | 1,422,079         | -                    | -                  | -         | 39,071,136          | 12,798,713          |  |
|                                 | 2,021,289,449              | 31,675,881        | (396,673,255)        | (716,382,081)        | -           | 939,909,994         |           | 249,080,275           | 25,312,346        | (153,492,400)        | (7,259,199)        | -         | 113,641,022         | 826,268,971         |  |
| <b>TOTAL RUPEES June - 2016</b> | <b>2,021,289,449</b>       | <b>31,675,881</b> | <b>(396,673,255)</b> | <b>(716,382,081)</b> | <b>-</b>    | <b>939,909,994</b>  |           | <b>249,080,275</b>    | <b>25,312,346</b> | <b>(153,492,400)</b> | <b>(7,259,199)</b> | <b>-</b>  | <b>113,641,022</b>  | <b>826,268,971</b>  |  |

13.1.1 Adjustment of leased machinery represents transfer to owned assets on completion of term of lease.

13.1.2 Depreciation has been allocated as under:

|                               | June -2016<br>RUPEES | June -2015<br>RUPEES |
|-------------------------------|----------------------|----------------------|
| Manufacturing (Cost of Sales) | 23,900,155           | 48,649,405           |
| Administrative Expenses       | 1,412,191            | 1,686,289            |
|                               | <b>25,312,346</b>    | <b>50,335,694</b>    |

13.1.3 Had there been no revaluation the net book value of land and factory building &amp; Plant &amp; Machinery at June 30, 2016 would have been as follows.

|                                     | Cost               | Book Value         |
|-------------------------------------|--------------------|--------------------|
| Lease hold land                     | 218,310            | 218,310            |
| Factory building on lease hold land | 157,590,281        | 22,224,364         |
| Plant & Machinery                   | -                  | -                  |
| As at 30th June 2016                | <b>157,808,591</b> | <b>22,442,674</b>  |
| As at 30th June 2015                | <b>670,704,876</b> | <b>634,150,454</b> |



## 13.1.4 PROPERTY PLANT AND EQUIPMENTS

2015

| PARTICULARS                     | COST / REVALUATION (RUPEES) |          |          |          |                      | RATE<br>% | DEPRECIATION (RUPEES) |                   |          |          |                      | W.D.V.              |  |
|---------------------------------|-----------------------------|----------|----------|----------|----------------------|-----------|-----------------------|-------------------|----------|----------|----------------------|---------------------|--|
|                                 | AS AT<br>01.07.2014         | ADDITION | DELETION | TRANSFER | AS AT<br>30.06.2015  |           | AS AT<br>01.07.2014   | FOR THE YEAR      | DELETION | TRANSFER | AS AT<br>30.06.2015  | AS AT<br>30.06.2015 |  |
| <b>OWNED:</b>                   |                             |          |          |          |                      |           |                       |                   |          |          |                      |                     |  |
| LEASE HOLD LAND                 | 900,689,031                 | -        | -        | -        | 900,689,031          | -         | -                     | -                 | -        | -        | 900,689,031          |                     |  |
| FACTORY BUILDING                | 371,224,896                 | -        | -        | -        | 371,224,896          | 4%        | 34,030,305            | 13,487,784        | -        | -        | 323,706,808          |                     |  |
| PLANT & MACHINERY               | 663,877,695                 | -        | -        | -        | 663,877,695          | 6%        | 110,238,762           | 33,218,336        | -        | -        | 520,420,597          |                     |  |
| OFFICE EQUIPMENT                | 10,141,057                  | -        | -        | -        | 10,141,057           | 10%       | 5,999,564             | 414,149           | -        | -        | 3,727,344            |                     |  |
| FACTORY TOOLS & EQUIPMENT       | 6,035,843                   | -        | -        | -        | 6,035,843            | 10%       | 2,403,876             | 363,197           | -        | -        | 3,268,770            |                     |  |
| FURNITURE & FIXTURE             | 6,195,732                   | -        | -        | -        | 6,195,732            | 10%       | 4,052,916             | 214,282           | -        | -        | 1,928,534            |                     |  |
| MOTOR VEHICLE                   | 11,187,969                  | -        | -        | -        | 11,187,969           | 20%       | 5,914,542             | 1,054,685         | -        | -        | 4,218,742            |                     |  |
| ARMS & AMMUNITION.              | 67,375                      | -        | -        | -        | 67,375               | 10%       | 35,647                | 3,173             | -        | -        | 28,555               |                     |  |
| ELECTRIC & PIPE FITTING         | 51,869,849                  | -        | -        | -        | 51,869,849           | 10%       | 36,068,969            | 1,580,088         | -        | -        | 14,220,792           |                     |  |
|                                 | 2,021,289,449               | -        | -        | -        | 2,021,289,449        |           | 198,744,581           | 50,335,694        | -        | -        | 1,772,209,173        |                     |  |
| <b>TOTAL RUPEES June - 2015</b> | <b>2,021,289,449</b>        | <b>-</b> | <b>-</b> | <b>-</b> | <b>2,021,289,449</b> |           | <b>198,744,581</b>    | <b>50,335,694</b> | <b>-</b> | <b>-</b> | <b>1,772,209,173</b> |                     |  |

| 13.1.5 DISPOSAL OF FIXED ASSETS |                    |                          |                    |                    |                  |                  |  |
|---------------------------------|--------------------|--------------------------|--------------------|--------------------|------------------|------------------|--|
| Particulars                     | Revalued Amount    | Accumulated Depreciation | Book Value         | Acquired Value     | Gain/(Loss)      | Mode             | Acquirer   |
| <b>LAND</b>                     |                    |                          |                    |                    |                  |                  |  |
| 10.72 Acres of Land             | 385,244,640        | -                        | 385,244,640        | 375,200,000        | (10,044,640)     | Acquired by Bank | United Bank Limited  |
| <b>BUILDING</b>                 |                    |                          |                    |                    |                  |                  |  |
| Building on 10.72 acre of land  | 67,813,441         | 7,259,199                | 60,554,242         | 45,000,000         | (15,554,242)     | Acquired by Bank | United Bank Limited  |
| <b>PLANT &amp; MACHINERY</b>    |                    |                          |                    |                    |                  |                  |  |
| Spinning Plant & Machinery      | 263,324,000        | -                        | 263,324,000        | 290,000,000        | 26,676,000       | Acquired by Bank | Askari Bank Limited (Rs 210m)<br>Soneri Bank Limited (Rs 80 m) |
| <b>Total Rupees</b>             | <b>716,382,081</b> | <b>7,259,199</b>         | <b>709,122,882</b> | <b>710,200,000</b> | <b>1,077,118</b> |                  |  |

|   | 2016<br>RUPEES  |                        |                   | 2015<br>RUPEES    |
|---|---|------------------------|-------------------|-------------------|
|   | TOTAL   | Civil work in Progress | Plant & Machinery | TOTAL             |
| <b>13.2 CAPITAL WORK IN PROGRESS</b>      |   |                        |                   |                   |
| Opening Balance                           | 22,675,881  | 15,836,525             | 6,839,356         | 22,675,881        |
| Addition                                  | -   | -                      | -                 | -                 |
| Transfer                                  | (22,675,881)  | (15,836,525)           | (6,839,356)       | -                 |
| Closing Balance                           | -   | -                      | -                 | <b>22,675,881</b> |
| <b>14 LONG TERM DEPOSITS</b>              |   |                        |                   |                   |
| K.E.S.C.                                  |   |                        | 1,829,694         | 1,829,694         |
| Other deposits                            |   |                        | 1,608,788         | 1,578,788         |
|   |   |                        | <b>3,438,482</b>  | <b>3,408,482</b>  |
| <b>15 TRADE DEBITS</b>                    |   |                        |                   |                   |
| Considered good                           |   |                        |                   |                   |
| Export - secured                          |   |                        | -                 | -                 |
| Local - unsecured                         |   |                        | -                 | 582,707           |
|   |   |                        | -                 | 582,707           |
| Considered Doubtful                       |   |                        | 1,764,527         | (1,256,157)       |
| Less - Provision for Doubtful Debts       |   | 30.1.4                 | (1,764,527)       | 1,256,157         |
|   |   |                        | -                 | <b>582,707</b>    |
| <b>16 OTHER FINANCIAL ASSETS</b>          |   |                        |                   |                   |
| Term Deposits Cross Currency Swap         |   | 16.1                   | 8,300,000         | 8,300,000         |
| Term Deposits - ETO & SSGC                |   | 16.2                   | 25,796,000        | 26,489,056        |
|   |   |                        | <b>34,096,000</b> | <b>34,789,056</b> |
| <b>16.1</b>                               | The above deposit had been held by bank as collateral security against Cross currency swap contract. This carries markup at the rate from 5.50% (2015 : 9.49 % to 9.51 % p.a.)  |                        |                   |                   |
| <b>16.2</b>                               | These represents TDR held by banks, under lien as security margins for guarantees issued to ETO & SSGC. These TDR are held in the name of director. These TDR's carries markup at the rate ranging from 5.75 % to 8 % per annum (2015: 6.7 % to 12% ) |                        |                   |                   |
| <b>17 LOANS AND ADVANCES</b>              |   |                        |                   |                   |
| <b>Unsecured-considered good</b>          |   |                        |                   |                   |
| Advances                                  |   |                        |                   |                   |
| To employees                              |   |                        |                   |                   |
| Staff                                     |   |                        | 49,000            | 81,780            |
| Workers                                   |   |                        | 28,000            | 151,896           |
|   |   |                        | 77,000            | 233,676           |
| <b>To suppliers</b>                       |   |                        |                   |                   |
| Considered Goods                          |   |                        | 1,441,459         | 1,516,755         |
| Considered Doubtful                       |   |                        | 244,496           | -                 |
| Less Provision for doubtful advances      |   |                        | (244,496)         | -                 |
| Infrastructure Cess Receivable            |   | 17.1                   | 12,021,533        | 12,021,533        |
|   |   |                        | <b>13,539,992</b> | <b>13,771,964</b> |
| <b>17.1</b>                               | In the light of recent Supreme Court decision and on advice of company's lawyer, the company claim Infrastructure Cess from 1994 to 2006 from Excise & Taxation Department.   |                        |                   |                   |
| <b>18 INCOME TAX AND SALES REFUNDABLE</b> |   |                        |                   |                   |
| Sales tax refundable                      |   |                        | 4,776,330         | 22,400,601        |
| Income tax refundable                     |   |                        |                   |                   |
| Opening Balance                           |   |                        | 16,185,407        | 13,571,702        |
| Withholding Tax during the year           |   |                        | 3,991,689         | 2,717,308         |
| Refund during the year                    |   |                        | (9,347,684)       | -                 |
| Less: Provision For Taxation              |   |                        | (651,020)         | (103,603)         |
|   |   |                        | 10,178,392        | 16,185,407        |
|   |   |                        | <b>14,954,722</b> | <b>38,586,008</b> |

|   |   |                      |                      |
|---|---|----------------------|----------------------|
| <b>19 OTHER RECEIVABLES</b>                         |   |                      |                      |
| Others  |   | 2,002,418            | -                    |
| Claims receivables                                  | 19.1  | 30,600,679           | 38,214,692           |
| Less - Provision for doubtful claim receivable      | 19.2  | (1,414,828)          | (2,390,251)          |
|   |   | <u>31,188,269</u>    | <u>35,824,441</u>    |
| <b>19.1</b>   | These represent claims lodged by the company against suppliers for cancellation of raw material contracts.                                      |                      |                      |
| <b>19.2 Provision for doubtful claim receivable</b> |   |                      |                      |
| Balance at the beginning of the year                |   | 2,390,251            | 2,390,251            |
| Provision made during the year                      |   | 6,638,590            | -                    |
| Bad debts written-off during the year               |   | (7,614,014)          | -                    |
| Balance at the end of the year                      |   | <u>1,414,827</u>     | <u>2,390,251</u>     |
| <b>20 CASH AND BANK BALANCES</b>                    |   |                      |                      |
| Cash in hand  |   | 114,271              | 492                  |
| Cash at bank in current accounts                    | 20.1  | 5,736,911            | 5,145,668            |
|   |   | <u>5,851,182</u>     | <u>5,146,160</u>     |
| <b>20.1</b>   | This includes Rs.5.602 million(2015:5.001 million) disputed bank balance of Standard Chartered Bank with which the Company is under litigation. |                      |                      |
| <b>21 SALES</b>                                     |   |                      |                      |
| Local   |   |                      |                      |
| Raw Material  |   | -                    | 77,613,607           |
|   |   | -                    | 77,613,607           |
| Brokerage and Commission & Quality Claim            |   | -                    | (607,644)            |
|   |   | -                    | <u>77,005,963</u>    |
| <b>22 COST OF SALES</b>                             |   |                      |                      |
| Raw material consumed                               | 22.1  | -                    | -                    |
| Packing material consumed                           | 22.2  | -                    | -                    |
| Stores and spare parts consumed                     | 22.3  | -                    | -                    |
| Salaries, wages and benefits                        | 22.4  | 844,780              | 1,658,955            |
| Utilities and power purchase from KE and OPG        |   | 10,855,381           | 21,523,340           |
| Vehicle running and maintenance                     |   | 173,964              | 165,787              |
| Repairs and maintenance                             |   | 1,650,200            | 10,300               |
| Insurance   |   | 1,111,360            | 1,940,230            |
| Miscellaneous overheads                             |   | 66,992               | -                    |
| Depreciation  | 13.1.2  | 23,900,155           | 48,649,405           |
|   |   | 38,602,832           | 73,948,017           |
| Work in process                                     |   |                      |                      |
| Opening   |   | -                    | -                    |
| Closing   |   | -                    | -                    |
| Cost of goods manufactured                          |   | 38,602,832           | 73,948,017           |
| Cost of Raw Material Sold                           |   | -                    | 107,921,879          |
| Finished goods and waste                            |   |                      |                      |
| Opening   |   | -                    | -                    |
| Closing   |   | -                    | -                    |
| Cost of sales                                       |   | <u>38,602,832</u>    | <u>181,869,896</u>   |
|   |   | <b>June 30, 2016</b> | <b>June 30, 2015</b> |
|   |   | <b>RUPEES</b>        | <b>RUPEES</b>        |
| <b>22.1 RAW MATERIAL CONSUMED</b>                   |   |                      |                      |
| Opening stock                                       |   | -                    | 107,921,879          |
| Purchases   |   | -                    | -                    |
|   |   | -                    | 107,921,879          |
| Cost of Raw Material Sold                           |   | -                    | -                    |
| Closing stock                                       |   | -                    | -                    |
|   |   | -                    | <u>107,921,879</u>   |
| <b>22.2 PACKING MATERIAL CONSUMED</b>               |   |                      |                      |
| Opening stock                                       |   | -                    | 1,910,666            |
| Purchases   |   | -                    | -                    |
|   |   | -                    | 1,910,666            |
| Less - Obsolete Material Write Off                  |   | -                    | (1,349,965)          |
| Less - Provision for Impairment                     |   | -                    | (560,701)            |
| Closing stock                                       |   | -                    | -                    |
|   |   | -                    | <u>-</u>             |

|  |   |  |             |
|--|---|--|-------------|
| <b>22.3 STORES AND SPARES CONSUMED</b> |   |  |             |
| Opening stock                          | - |  | 7,170,177   |
| Purchases                              | - |  | -           |
|  | - |  | 7,170,177   |
| Stores & Spares (Sold)                 | - |  | -           |
| Stores & Spares (Return)               | - |  | (1,026,050) |
| Less - Obsolete Material Write Off     | - |  | (1,378,058) |
| Less - Provision for Impairment        | - |  | (4,766,069) |
| Closing stock                          | - |  | -           |
|  | - |  | -           |

22.4 It includes Rs. 23,421/- (June 2015: Rs. 102,428/-) in respect of staff retirement benefits.

|   |        |                   |                   |
|---|--------|-------------------|-------------------|
| <b>23 ADMINISTRATIVE EXPENSES</b>               |        |                   |                   |
| Salaries and other benefits                     | 23.1   | 1,129,058         | 1,455,898         |
| Rent, rates and taxes                           |        | 910,669           | 717,657           |
| Electric gas and water                          |        | 1,123,869         | 1,399,959         |
| Postage, telephone and telex                    |        | 389,737           | 406,118           |
| Printing and stationery                         |        | 330               | -                 |
| Legal and professional                          |        | 120,727           | 633,526           |
| Repairs and maintenance                         |        | 6,000             | -                 |
| Advertisement and publicity                     |        | 29,700            | 29,700            |
| Motor vehicle expenses                          |        | 292,769           | 310,971           |
| Entertainment                                   |        | 98,630            | 89,601            |
| Auditor's remuneration:                         |        |                   |                   |
| Audit fee                                       |        | 500,000           | 500,000           |
| Half yearly review fee                          |        | 132,880           | 132,880           |
|   |        | 632,880           | 632,880           |
| Miscellaneous                                   |        | 11,557            | 203,840           |
| Insurance Expense                               |        | 511,671           | 573,421           |
| Disallowed Sales tax                            |        | 917,453           | -                 |
| Claim receivable written off                    |        | 5,223,762         | -                 |
| Provision for doubtful claim receivable         |        | 1,414,828         | -                 |
| Provision for doubtful debt                     |        | 508,370           | -                 |
| Provision for doubtful advances                 |        | 244,496           | -                 |
| Obsolete Material Write Off - Packing Material  | 22.2   | -                 | 1,349,965         |
| Obsolete Material Write Off - Stores and Spares | 22.3   | -                 | 1,378,058         |
| Provision for Impairment - Packing Material     | 22.2   | -                 | 560,701           |
| Provision for Impairment - Stores and Spares    | 22.3   | -                 | 4,766,069         |
| Depreciation                                    | 13.1.2 | 1,412,191         | 1,686,289         |
|   |        | <b>14,978,697</b> | <b>16,194,653</b> |

**23.1 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

| EXECUTIVES                                   |          |
|--|----------|
| 2016   | 2015     |
| (Rupees)                                     | (Rupees) |
| Managerial Remuneration and other Allowances | -        |
| Number of Persons                            | -        |

- (a) The Chief Executive and Directors of the company have waived their remuneration and meeting fee.  
(b) The Chief Executive and two directors of the company are provided with free use of company maintained car and telephone at their residences.

|   | June 30, 2016      | June 30, 2015    |
|---|--------------------|------------------|
|   | RUPEES             | RUPEES           |
| <b>24 OTHER OPERATING INCOME</b>                    |                    |                  |
| <b>Income From Financial Assets</b>                 |                    |                  |
| Return on Bank Term Deposits-SCB                    | 667,118            | 829,170          |
| Return on Bank Term Deposits-Director's TDR         | 1,830,290          | -                |
|   | 2,497,408          | 829,170          |
| <b>Others</b>                                       |                    |                  |
| Scrap Sales   | 653,150            | -                |
| Rental Income                                       | 2,747,311          | 2,121,325        |
| Loss on Revaluation on Fixed Assets                 | (177,432,204)      | -                |
| Gain on fixed assets taken over by Bank             | 1,077,118          | -                |
| Liabilities No Longer Payable-Markup Reversed       | 41,808,460         | -                |
| Liabilities No Longer Payable-Creditors written off | 103,197,339        | -                |
|   | -                  | -                |
| Liabilities No Longer Payable written back          | 16,956,308         | -                |
|   | <b>(8,495,110)</b> | <b>2,950,495</b> |

|                                    |                  |                  |                    |
|------------------------------------|------------------|------------------|--------------------|
| <b>25 FINANCE COST</b>             |                  |                  |                    |
| Interest/mark-up on                |                  |                  |                    |
| Long term loans                    | -                |                  | 70,535,930         |
| Bank running finance               | -                |                  | 36,299,323         |
| Worker's profit participation fund | 585,394          |                  | 594,578            |
|                                    | 585,394          |                  | 107,429,831        |
| Bank charges and commission        | 999,519          |                  | 361,872            |
|                                    | <b>1,584,913</b> |                  | <b>107,791,703</b> |
| <b>26 TAXATION</b>                 |                  |                  |                    |
| Current                            | <b>26.1</b>      | (662,582)        | (533,725)          |
| Prior                              |                  | 11,552           | 430,122            |
|                                    |                  | <b>(651,030)</b> | <b>(103,603)</b>   |

**26.1 Current**

The Provision for taxation has been made in these financial statement on the basis of section 15 of the income tax ordinance 2001

**26.2** The numerical reconciliation between the average rate and the applicable tax rate has not been presented in these financial statements as the total income is liable to tax under section 15 of income tax ordinance, 2001.

**27 LOSS PER SHARE - BASIC & DILUTED**

There is no dilutive effect on the basic earnings per share of the company

|   |              |               |
|---|--------------|---------------|
| Loss for the year in rupees                 | (64,312,582) | (226,003,397) |
| Total number of ordinary shares             | 12,000,000   | 12,000,000    |
| Loss per share in rupees- Basic and diluted | (5.36)       | (18.83)       |

**28 CASH GENERATED FROM OPERATIONS**

(Loss) before taxation (63,661,552) (225,899,794)

Adjustment for non cash charges and other items

|  |                   |                    |
|--|-------------------|--------------------|
| Depreciation                               | 25,312,346        | 50,335,694         |
| Finance cost                               | 1,584,913         | 107,791,703        |
| Finance cost-Reversed                      | (41,808,460)      | -                  |
| Liabilities no longer payable-creditors    | (103,197,339)     | -                  |
| Liabilities No Longer Payable written back | (16,956,308)      | -                  |
| (Gain) on disposal of fixed assets         | (1,077,118)       | -                  |
| Devaluation of fixed Assets                | 177,432,204       | -                  |
| Disallowed Sales tax                       | 917,453           | -                  |
| Provision for doubtful Advances            | 244,496           | -                  |
| Provision for doubtful debts               | 508,370           | -                  |
| Provision for gratuity                     | 23,421            | 102,428            |
|  | <b>42,983,979</b> | <b>158,229,825</b> |

Operating profit before working capital changes (20,677,573) (67,669,969)

(Increase)/decrease in current assets

|                            |                   |                    |
|----------------------------|-------------------|--------------------|
| Stock, Store & spare parts | -                 | 117,002,722        |
| Trade debts                | 74,337            | 26,963,657         |
| Short Term Investments     | 693,056           | (26,489,056)       |
| Loans and advances         | (12,524)          | 302,633            |
| Refund due from Government | 16,706,818        | 31,951,770         |
| Other receivables          | 4,636,172         | 252,000            |
|                            | <b>22,097,859</b> | <b>149,983,726</b> |

Increase/(decrease) in current liabilities

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Trade and other payables | 9,063,113         | (52,013,504)      |
|                          | <b>10,483,399</b> | <b>30,300,253</b> |

**29 TRANSACTION WITH RELATED PARTIES**

The related parties and associated undertakings comprise, local associated companies, directors and key management personnel. Transaction with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of their employment are as follows:

|   |              |            |
|---|--------------|------------|
| Purchase of electricity   | <b>29.1</b>  | 1,548,175  |
| Rent Income   | <b>29.2</b>  | 1,197,720  |
| Purchase of Fixed Assets from Olympia Paper Industries(Pvt) Ltd |              | 15,839,356 |
| Amount payable to Olympia Power Generation(Pvt) Ltd             | <b>9.1.1</b> | 42,428,120 |

**29.1** This amount represents the purchase of electric power from Olympia Power Generation (Private) Limited

**29.2** This amount represents the rent income from Olympia Power Generation (Private) Limited and Olympia Paper Industries Pvt Ltd

**29.3** Transactions with associated undertakings/subsidiary are carried out on at arms length price.

### 30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

#### 30.1 Credit risk

##### 30.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 95.122 million (June 30, 2015 : Rs.93.522 million), financial assets which are subject to credit risk aggregate to Rs.89.386 million (June 30, 2015 : Rs. 88.377 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

|   | 2016<br>Rupees    | 2015<br>Rupees    |
|---|-------------------|-------------------|
| Long term deposits                        | 3,438,482         | 3,408,482         |
| Trade debts                               | -                 | 582,707           |
| Loans and advances                        | 13,539,992        | 13,771,964        |
| Trade deposits and short term prepayments | 34,096,000        | 34,789,056        |
| Other Receivables                         | 31,188,269        | 35,824,441        |
| Bank balances                             | 5,736,911         | 5,145,668         |
|   | <b>87,999,654</b> | <b>93,522,318</b> |

30.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

|          | 2016<br>Rupees | 2015<br>Rupees |
|----------|----------------|----------------|
| Domestic | -              | 582,707        |
|          | -              | <b>582,707</b> |

30.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

|              | 2016<br>Rupees | 2015<br>Rupees |
|--------------|----------------|----------------|
| Yarn         | -              | 582,707        |
| Waste        | -              | -              |
| Raw Material | -              | -              |
|              | -              | <b>582,707</b> |

30.1.4 The aging of trade debtors at the balance sheet is as follows.

|   | 2016<br>Rupees   | 2015<br>Rupees   |
|---|------------------|------------------|
| Not past due  | -                | -                |
| Past due 0 - 30 days                                      | -                | -                |
| Past due 31 - 90 days                                     | -                | -                |
| Past due 90 days - 1 year                                 | -                | -                |
| More than one year  | 1,764,527        | 1,838,864        |
|   | 1,764,527        | 1,838,864        |
| Impairment  | (1,764,527)      | (1,256,157)      |
|   | -                | <b>582,707</b>   |
| <b>Particulars of Provision for doubtful receivables:</b> |                  |                  |
| Provision for bad debts at the beginning of year          | 1,256,157        | 1,256,157        |
| Bad debts provision provided during the year              | 508,370          | -                |
| Bad debts recovered during the year                       | -                | -                |
| Provision for bad debts at the end of year                | <b>1,764,527</b> | <b>1,256,157</b> |

##### 30.1.5 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

|                              | 2016                 |                        |                    |                      |                    |                      |
|------------------------------|----------------------|------------------------|--------------------|----------------------|--------------------|----------------------|
|                              | Carrying Amount      | Contractual Cash flows | Six months or less | Six to twelve months | Two to five years  | More than five years |
|                              |                      |                        |                    |                      |                    |                      |
| <b>Non - derivative</b>      |                      |                        |                    |                      |                    |                      |
| <b>Financial liabilities</b> |                      |                        |                    |                      |                    |                      |
| Long term financing          | 962,842,629          | 962,842,629            | 277,120,983        | 6,000,000            | 679,721,646        | -                    |
| Trade and other payables     | 433,180,938          | 433,180,938            | 433,180,938        | -                    | -                  | -                    |
| Accrued mark up and interest | -                    | -                      | -                  | -                    | -                  | -                    |
| Short term borrowings        | 2,355,517            | 2,355,517              | 2,355,517          | -                    | -                  | -                    |
|                              | <b>1,398,379,084</b> | <b>1,398,379,084</b>   | <b>712,657,438</b> | <b>6,000,000</b>     | <b>679,721,646</b> | <b>-</b>             |

|                              | 2015                 |                        |                    |                      |                    |                      |
|------------------------------|----------------------|------------------------|--------------------|----------------------|--------------------|----------------------|
|                              | Carrying Amount      | Contractual Cash flows | Six months or less | Six to twelve months | Two to five years  | More than five years |
| <b>Rupees</b>                |                      |                        |                    |                      |                    |                      |
| <b>Non - derivative</b>      |                      |                        |                    |                      |                    |                      |
| <b>Financial liabilities</b> |                      |                        |                    |                      |                    |                      |
| Long term financing          | 1,293,774,950        | 1,267,285,894          | 205,398,833        | 69,120,739           | 583,907,571        | 408,858,751          |
| Trade and other payables     | 535,011,463          | 535,011,463            | 535,011,463        | -                    | -                  | -                    |
| Accrued mark up / interest   | 141,637,335          | 141,637,335            | 141,637,335        | -                    | -                  | -                    |
| Short term borrowings        | 295,313,770          | 295,313,770            | -                  | 295,313,770          | -                  | -                    |
|                              | <b>2,265,737,518</b> | <b>2,239,248,462</b>   | <b>882,047,631</b> | <b>364,434,509</b>   | <b>583,907,571</b> | <b>408,858,751</b>   |

30.1.6 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30, 2016. The rates of mark up have been disclosed in relevant notes to these financial statements.

**30.1.7 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

**30.1.8 Currency risk**

**Exposure to currency risk**

The company is exposed to currency risk on trade debts and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar. The company's exposure to foreign currency risk is as follows.

|                  | US Dollar |      | Rupees |      |
|------------------|-----------|------|--------|------|
|                  | 2016      | 2015 | 2016   | 2015 |
| Trade debts 2016 | -         | -    | -      | -    |
| Trade debts 2015 | -         | -    | -      | -    |

The following significant exchange rates applied during the year.

|                    | Average rates |      | Reporting date rates |      |
|--------------------|---------------|------|----------------------|------|
|                    | 2016          | 2015 | 2016                 | 2015 |
| US Dollar to Rupee | -             | -    | -                    | -    |

**Sensitivity analysis:**

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

|           | 2016   | 2015   |
|-----------|--------|--------|
|           | Rupees | Rupees |
| US Dollar | -      | -      |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

**30.1.9 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows.

|                                  | 2016        | 2015          |
|----------------------------------|-------------|---------------|
|                                  | Rupees      | Rupees        |
| <b>Fixed rate instruments</b>    |             |               |
| Financial assets                 | -           | -             |
| Financial liabilities            | -           | -             |
| <b>Variable rate instruments</b> |             |               |
| Financial assets                 | 908,531,714 | 34,789,056    |
| Financial liabilities            | 517,030,710 | 1,336,255,868 |

**Fair value sensitivity analysis for fixed rate instrument**

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

**Cash flow sensitivity analysis for variable rate instrument**

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2015.

|  | Profit and loss  |                  |
|--|------------------|------------------|
|  | 100 bps increase | 100 bps decrease |
| <b>Rupees</b>  |                  |                  |
| Cash flow sensitivity - variable rate instruments 2016 | 5,170,307        | (5,170,307)      |
| Cash flow sensitivity - variable rate instruments 2015 | 13,362,559       | (13,362,559)     |

**30.1.10 Fair value of financial assets and liabilities**

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**30.1.11 Off balance sheet items**

Bank guarantees issued in ordinary course of business

Letters of credit for raw material & Machinery

|   | 2016<br>Rupees | 2015<br>Rupees |
|---|----------------|----------------|
| Bank guarantees issued in ordinary course of business | 25,370,000     | 25,370,000     |
| Letters of credit for raw material & Machinery        | -              | -              |

**30.1.12** The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

**30.1.13 CAPITAL RISK MANAGEMENT**

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

|                        |            | 2016            | 2015            |
|------------------------|------------|-----------------|-----------------|
| Borrowings             | Rupees     | 682,077,163     | 1,054,477,222   |
| Equity                 | Rupees     | (1,090,965,260) | (1,432,351,125) |
| Total capital employed | Rupees     | (408,888,097)   | (377,873,903)   |
| Gearing ratio          | Percentage | (166.81)        | (279.06)        |

**30.1.14 MEASUREMENT OF FAIR VALUES:**

A number of the Company's accounting policies and disclosure require the the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. The carrying value of financial assets and financial liabilities approximates their fair values.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

-Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

-Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between different levels of fair values mentioned above. The respective basis of valuation at fair values are disclosed in notes to the account wherever applicable.

The following table provides fair value measurement of non-recurring measurements at fair value.

|   | Level 1 | Level 2 | Level 3              |
|---|---------|---------|----------------------|
| <b>30 June 2016</b>                         |         |         |                      |
| Revalued Land & Building                    | -       | -       | Rs 782.791 million   |
| <b>30 June 2015</b>                         |         |         |                      |
| Revalued Land, Building & Plant & Machinery | -       | -       | Rs 1,744.816 million |

**31 NUMBER OF EMPLOYEES**

The number of employees including contractual employees of the Company as at 30 June 2016 were 3 (2015: 4) and weighted average number of employees were 4 (2015: 4)

**32 DISCLOSURE REQUIREMENTS FOR ALL SHARE ISLAMIC INDEX**

The company did not avail or have any type of Islamic banking products.

**33 GENERAL**

Corresponding figures have been rearranged and reclassified, whenever necessary, for better presentation and disclosure.

**34 DATE OF AUTHORISATION FOR ISSUE**

The Board of directors of the company authorized these financial statements for issue on \_\_\_\_\_.

CHIEF EXECUTIVE

DIRECTOR



**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
(full address)

being member (s) of Olympia Spinning & Weaving Mills Limited hereby appoint

Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_  
(full address) or failing him / her

Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

(being members of the Company) as my / our Proxy to attend, act and votes for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, 29 October, 2016 at Registered Office at E/3, Farzana Building, Block 7& 8, K.C.H.S. Union Limited, Shaheed-e-Millat Road, Karachi-75350 and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_

In presence of \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Signature and address of witness

Please affix  
Correct  
Revenue  
Stamp

\_\_\_\_\_

Signature of Member(s)

Share holder's Folio No. \_\_\_\_\_ Number of Shares held \_\_\_\_\_

A member entitled to attend, speak and vote at a General Meeting is entitled to appoint a proxy to attend speak and vote instead of him / her.

The Instrument appointing a proxy shall be in writing under the hand of the appointer or of this / her attorney duly authorised in writing, if the appointer is a Corporation, under its common seal or the hand of an officer or attorney duly authorized. A proxy must be a member of the Company.

The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.

پراکسی FORM

میں / بم of \_\_\_\_\_ (مکمل پتہ)

اولمپیا سپینگ & بنائی ملز لمیٹڈ کے ممبر (ممبران) ہونے کی وجہ سے اس طرح سے تقرر

Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_  
یا اس میں ناکام رہنے کے / اس (مکمل ایڈریس)

Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_  
(مکمل پتہ)

میرے / ہمارے پراکسی کے طور پر (کمپنی کے ارکان ہونے کے)، شرکت ME / ہمارے لیے اور 56th پر اپنے / اپنی جانب سے کام کرتے ہیں اور ووٹ کمپنی کی سالانہ جنرل میٹنگ 3 / E، فرزانہ بلڈنگ، بلاک 7 & 8 میں رجسٹر آفس میں 29 Saturday، اکتوبر، 2016 کو منعقد ہوگی، KCHS یونین لمیٹڈ، شہید ملت روڈ، کراچی میں 75350 اور اس کے کسی بھی التوا میں .

میرے / ہمارے ہاتھ / مہر 2016 day of \_\_\_\_\_ this گواہ کے طور پر .

موجودگی of \_\_\_\_\_ میں

دستخط اور گواہ کا پتہ

صحیح ریونیو سٹیپ  
نتھی مہربانی

اراکین کے دستخط) ے

حصص held \_\_\_\_\_ کی اشیاء کے سٹاک ہولڈر فولیو نمبر \_\_\_\_\_ Number

شرکت بولتے ہیں اور ایک عام اجلاس میں ووٹ کے حقدار کسی رکن سے بات شرکت اور / بجائے اس کے ووٹ ڈالنے کو اس کے ، لئے ایک پراکسی مقرر کرنے کا حق حاصل ہے

آلے کی ایک پراکسی تقرری appointer کی یا اس کے ہاتھ کے ساتھ مضمون میں ہوں گے / اس کے وکیل ودوت، تحریری اجازت appointer

اس کے عام کی مہر یا کسی افسر یا وکیل مجاز کے ہاتھ کے تحت، ایک کارپوریشن ہے A. پراکسی کمپنی کا رکن ہونا ضروری ہے.

انسٹرومنٹ، اٹارنی کی طاقت کے ساتھ، ایک پراکسی کی تقرری کوئی ہے تو ایک ساتھ مل کر، جس کے تحت اس پر دستخط ہونے یا ایک

notarially مصدقہ کاپی، نہیں 48 گھنٹے سے کم اجلاس کے انعقاد کے وقت سے پہلے کمپنی کے رجسٹرڈ دفتر میں جمع کیا جانا چاہئے .