



*OLYMPIA SPINNING &  
WEAVING MILLS LIMITED*

3<sup>rd</sup> Quarter  
Accounts  
(Un-Audited)  
March 31, 2016

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

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

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

**COMPANY SECRETARY** : MR. SYED AYAZUDDIN (ACTING)

**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 OF PAKISTAN  
: 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.

## OLYMPIA SPINNING & WEAVING MILLS LIMITED

### DIRECTOR REPORT

The Directors have pleasure in presenting their un-audited accounts of the Company for nine months ended March 31, 2016. During the period under review the amount of sales (net) was Rs.Nil as compared to previous corresponding period sales of Rs.Nil

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2016	MARCH 31, 2015
	RUPEES	RUPEES	Rupees	Rupees
Sales	-	-	-	-
Cost of sales	(31,300,041)	(55,902,252)	(4,690,473)	(13,430,946)
<b>Gross Loss</b>	<b>(31,300,041)</b>	<b>(55,902,252)</b>	<b>(4,690,473)</b>	<b>(13,430,946)</b>
Distribution Cost	-	-	-	-
Administrative expenses	(4,965,907)	(5,842,840)	(1,025,636)	(1,057,742)
Other operating income	(106,509,266)	1,759,784	22,367,604	396,936
	(111,475,173)	(4,083,056)	21,341,968	(660,806)
<b>Operating Loss</b>	<b>(142,775,214)</b>	<b>(59,985,308)</b>	<b>16,651,495</b>	<b>(14,091,753)</b>
Finance cost	(1,232,380)	(86,698,546)	(142,491)	(27,317,271)
<b>Loss before taxation</b>	<b>(144,007,594)</b>	<b>(146,683,854)</b>	<b>16,509,004</b>	<b>(41,409,024)</b>
<b>Taxation:</b>				
Current	(161,525)	-	-	-
<b>Profit/(Loss) after taxation</b>	<b>(144,169,119)</b>	<b>(146,683,854)</b>	<b>16,509,004</b>	<b>(41,409,024)</b>
<b>Earning /(Loss) per share-Basic and diluted (Rupees)</b>	<b>(12.01)</b>	<b>(12.22)</b>	<b>1.38</b>	<b>(3.45)</b>

#### FINANCIAL RESULTS

The financial results for nine months period ended March 31, 2016 have resulted in net loss after tax of Rs. 144,169,119/- . During the period the banks exercised their right and executed a Debt-Asset Swap (DAS) arrangement as disclosed in Note 6 . 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. The main reason of loss is the restructuring cost related to DAS arrangement and some fixed cost expenditures.

#### FUTURE PROSPECTS

The company is pursuing regulators for granting permission to diversify its business which is pending due to non issuance of NOC by Standard Chartered Bank illegally. The directors of the company are also considering different options to diversify into new avenues relating to textile industry or starting such profitable businesses that requires small capital investments. Also the management of the company started negotiations with Cotton ginners and other creditors for settlement of their outstanding balances.

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

Date: 28<sup>th</sup> April, 2016

**M.WAQAR MONNOO**  
CHIEF EXECUTIVE

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2016**

	Notes	Un-Audited	Audited
		March	June
		31, 2016	30, 2015
		Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
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		120,000,000	120,000,000
General reserve		3,580,053	3,580,053
Unappropriated loss		(1,295,576,111)	(1,555,931,178)
		(1,171,996,058)	(1,432,351,125)
Surplus on revaluation of property, plant and equipment	5	623,034,642	1,093,347,470
<b>NON CURRENT LIABILITIES</b>			
Long term financing	6	688,223,048	1,053,850,020
Deferred liabilities		-	260,009
<b>CURRENT LIABILITIES</b>			
Trade and other payables		514,963,533	535,011,463
Accrued Markup		-	141,637,335
Short-term borrowings		937,240	295,313,770
Current portion of			
- long term financing		279,120,983	239,924,930
		795,021,756	1,211,887,498
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-	-
		<b>934,283,388</b>	<b>1,926,993,872</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	820,784,713	1,794,885,054
Long term deposit		3,438,482	3,408,482
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		-	-
Trade debts		582,707	582,707
Other financial assets		34,789,056	34,789,056
Loans and advances		14,761,069	13,771,964
Income tax and sales tax refundable		17,632,031	38,586,008
Other receivables		37,245,799	35,824,441
Cash and bank balances		5,049,532	5,146,160
		110,060,194	128,700,336
		<b>934,283,388</b>	<b>1,926,993,872</b>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi

Date: 28<sup>th</sup> April, 2016

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees	Rupees	Rupees	Rupees
Sales	-	-	-	-
Cost of sales	(31,300,041)	(55,902,252)	(4,690,473)	(13,430,946)
<b>Gross Loss</b>	<b>(31,300,041)</b>	<b>(55,902,252)</b>	<b>(4,690,473)</b>	<b>(13,430,946)</b>
Distribution Cost	-	-	-	-
Administrative expenses	(4,965,907)	(5,842,840)	(1,025,636)	(1,057,742)
Other operating income	(106,509,266)	1,759,784	22,367,604	396,936
	(111,475,173)	(4,083,056)	21,341,968	(660,806)
<b>Operating Loss</b>	<b>(142,775,214)</b>	<b>(59,985,308)</b>	<b>16,651,495</b>	<b>(14,091,753)</b>
Finance cost	(1,232,380)	(86,698,546)	(142,491)	(27,317,271)
<b>Loss before taxation</b>	<b>(144,007,594)</b>	<b>(146,683,854)</b>	<b>16,509,004</b>	<b>(41,409,024)</b>
<b>Taxation:</b>				
Current	(161,525)	-	-	-
<b>Profit/(Loss) after taxation</b>	<b>(144,169,119)</b>	<b>(146,683,854)</b>	<b>16,509,004</b>	<b>(41,409,024)</b>
<b>Earning /(Loss) per share-Basic and diluted (Rupees)</b>	<b>(12.01)</b>	<b>(12.22)</b>	<b>1.38</b>	<b>(3.45)</b>

*The annexed notes form an integral part of this condensed interim financial information.*

CHIEF EXECUTIVE

DIRECTOR

Karachi

Date: 28<sup>th</sup> April, 2016

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees	Rupees	Rupees	Rupees
<b>Loss for the period after taxation</b>	(144,169,119)	(146,683,854)	16,509,004	(41,409,024)
Other comprehensive income/loss for the nine months ended March, 2016	(39,991)	-	-	-
<b>Total comprehensive Profit/(Loss) for the period</b>	<b>(144,209,110)</b>	<b>(146,683,854)</b>	<b>16,509,004</b>	<b>(41,409,024)</b>

*The annexed notes form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**DIRECTOR**

*Karachi*

*Date: 28<sup>th</sup> April, 2016*

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Share Capital	Revenue Reserve	Capital Reserve	Accumulated (Loss)	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
<b>Balance as at July 01, 2014</b>	120,000,000	3,580,053	-	(1,339,810,901)	(1,216,230,848)
Total comprehensive loss for the Nine Months ended 31 March 2015	-	-	-	(146,683,854)	(146,683,854)
Transfer from surplus on revaluation of property, plant & equipment for the Nine Months ended March 31, 2015	-	-	-	7,471,574	7,471,574
<b>Balance as at March 31, 2015</b>	120,000,000	3,580,053	-	(1,479,023,181)	(1,355,443,128)
Total comprehensive loss for the period from March 01, 2015 to June 30, 2015	-	-	-	(79,398,521)	(79,398,521)
Transfer from surplus on revaluation of property, plant and equipment for the period March 01, 2015 to June 30, 2015 on account of incremental depreciation	-	-	-	2,490,525	2,490,525
Realisation of Surplus on revaluation of property, plant and equipment on disposal	-	-	-	-	-
<b>Balance as at June 30, 2015</b>	120,000,000	3,580,053	-	(1,555,931,178)	(1,432,351,125)
Total comprehensive loss for the nine months ended 31 March, 2016	-	-	-	(144,209,110)	(144,209,110)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the nine months ended 31 March 2016	-	-	-	5,086,833	5,086,833
Realisation of Surplus on revaluation of property, plant	-	-	-	399,477,344	399,477,344
<b>Balance as at Mar 31, 2016</b>	120,000,000	3,580,053	-	(1,295,576,111)	(1,171,996,058)

*The annexed notes form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi

Date: 28<sup>th</sup> April, 2016

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	March-2016 Rupees	March-2015 Rupees
<b>CASH GENERATED FROM OPERATION</b>		
Loss before taxation	(144,007,594)	(146,683,854)
Adjustment for non cash charges and other items:		
Depreciation	21,796,606	37,707,520
Finance cost	1,232,380	86,698,546
(Gain)/loss on disposal of fixed assets	(1,077,118)	-
Liabilities no longer payable	(67,028,084)	-
Quality Claim-Raw Cotton	(238,981)	-
Devaluation of fixed assets	177,432,204	-
Gratuity	(300,000)	32,156
	<b>131,817,007</b>	<b>124,438,222</b>
Operating Profit before working capital changes	<b>(12,190,587)</b>	<b>(22,245,632)</b>
(Increase)/decrease in current assets:		
Stocks, stores and spares	-	1,330,357
Trade debts	(0)	25,623,166
Loan and advances	(989,105)	(158,077)
Sales tax	14,321,415	32,499,548
Other receivables	(1,421,358)	1,666,828
	<b>11,910,952</b>	<b>60,961,824</b>
Increase/(Decrease) in current liabilities:		
Trade and other payables	5,410,665	(43,167,885)
<b>Cash generated from operations</b>	<b>5,131,030</b>	<b>(4,451,694)</b>
Taxes paid	6,471,047	(1,941,575)
Finance cost paid	(101,061,255)	(266,271)
Gratuity-net	-	-
	<b>(94,590,208)</b>	<b>(2,207,846)</b>
Net cash generated from operating activities	<b>(89,459,179)</b>	<b>(6,659,539)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		-
Proceeds from disposal of property, plant and equipment	710,200,000	-
Long term deposit	(30,000)	-
Net cash generated from / (used in) investing activities	<b>710,170,000</b>	-
<b>CASH FLOW FORM FINANCING ACTIVITIES</b>		
Long term finance	(326,430,919)	4,465,164
Short term finance	(294,376,530)	2,419,736
Net cash generated from financing activities	<b>(620,807,449)</b>	<b>6,884,900</b>
Net increase in cash and cash equivalents	(96,628)	225,360
Cash and cash equivalents at the beginning of the period	5,146,160	4,780,035
Cash and cash equivalents at the end of the period	<b>5,049,532</b>	<b>5,005,395</b>

*The annexed notes form an integral part of these condensed interim financial information.*

CHIEF EXECUTIVE

DIRECTOR

Karachi

Date: 28<sup>th</sup> April, 2016



**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 The company was incorporated in Pakistan as a public limited company on October 28, 1960 under the Companies Act, 1913 (Now the Companies Ordinance, 1984), and its shares are quoted on the Pakistan 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 nine months ended March 31, 2016 of Rs.144.169 million (June 30, 2015: Loss Rupees 226.082 million) and as of that date, reported accumulated losses of Rupees 1,295.576 million (June 30, 2015: Rupees 1,555.931 million). The current liabilities exceeded its current assets by Rupees 684.961 million (June 30, 2015: Rupees 1,083.187 million) as of that date. During the current period the the company entered into Debt-Asset Swap (DAS) arrangement with its bankers underwhich banks acquires partial land and entire spinning machinery substantially reducing the principal due amount conditional write off of markup of Rs 388.318m.These conditions along with adverse key financial ratios and legal cases against the company as mentioned in note 7 (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. The company is continuously persuing regulators for granting permission to enter into Paper manufacturing business which is lingering due to non issuance of NOC by Standard Chartered Bank illegally. The directors of the company are also considering different options to diversify into new avenues relating to textile industry or starting such profitable businesses that requires small capital investments .The management of the company also started negotiations with Cotton ginner and other parties for settlement of their dues.Directors of the company have undertaken that if in case any additional funds are required for running the business of the company, will be provided by the sponsors and directors. Accordingly, these financial statements have been prepared on going concern assumption.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard "IAS" 34 'Interim Financial Reporting' as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange Limited and section 245 of the Companies Ordinance, 1984.

**3 SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2015.

**4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended 30 June, 2015.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2015.

	<b>March</b>	<b>June</b>
	<b>2016</b>	<b>2015</b>
<b>5 SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
Balance as at July 01, 2016	1,093,347,470	1,103,309,569
Reversal of Revaluation Surplus -Plant & Machinery	(65,748,651)	-
Realisation on disposal of fixed asset during the period	(399,477,344)	-
Transfer to equity on account of incremental depreciation for the period	(5,086,833)	(9,962,099)
Balance as at March 31,2016	<u>623,034,642</u>	<u>1,093,347,470</u>

During the period 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.

	<b>March</b>	<b>June</b>
	<b>2016</b>	<b>2015</b>
<b>6 LONG TERM FINANCING</b>		
<b>From banking companies - secured</b>		
<b>Term Finance</b>		
Loan 1. UBL TF	39,848,983	409,728,983
Loan 2. Askari Bank Ltd.	127,395,414	306,458,465
Loan 3. Summit Bank Ltd.	-	10,500,000
Loan 4. Bank AlFalah Ltd.	157,000,000	164,000,000
Loan 5. Soneri Bank	192,407,375	-
	516,651,772	890,687,448
<b>Frozen Markup</b>		
Loan 6.UBL NIDF-V (Cross Currency SWAP)	-	50,320,000
Loan 7.UBL NIDF-VI (Recoverable Markup)	222,272,000	157,672,000
Loan 8. UBL Deferred Markup.	-	99,934,650
Loan 9. Askari Bank Ltd.	119,888,598	36,980,840
Loan 10. Soneri Bank	46,158,000	-
	388,318,598	344,907,490
	<u>904,970,370</u>	<u>1,235,594,938</u>
<b>From related party - unsecured</b>		
Directors / Sponsors loan	62,373,661	58,180,012
	<u>967,344,031</u>	<u>1,293,774,950</u>
<b>Current maturity of long term financing</b>		
Current maturity Amount	279,120,983	239,924,930
	<u>279,120,983</u>	<u>239,924,930</u>
	<u>688,223,048</u>	<u>1,053,850,020</u>

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 RRs. 710.2 m was adjusted against fixed assets of the company. The entire accrued markup upto 30<sup>th</sup> June,2015 of Rs. 388.318 m will be reversed by the banks subject to the payment of balance principal as per schedule agreed with the banks.

**6.1 United Bank Limited (Loans)**

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 m through acquisition of 10.72 acres of land along with building therefore reducing the outstanding principal to Rs 39.8 m . All the accrued markup of Rs 222.272 m upto 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 m to Rs. 90 m.

**6.2 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 m All the accrued markup of Rs 119.888m upto 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 150m 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 m over receivables and personal guarantee of three directors. The charge over land & building will be reduced pursuant to the acquisition of 10.72 acres of land by UBL.

**6.3 Summit Bank Ltd. (Formerly My 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 (M) each respectively.

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

Bank Alfalah Ltd restructure Term loan on December 09,2015 by decreasing initial installments amounts w.e.f March 2016 to facilitate 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 90.005 million in six equal quarterly installments starting from 31 December 2020 for 10 years.

**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 40m and creation of 2nd ranking charge on land, building and spinning machinery to the extent of Rs 216 million.

**6.5 Soneri Bank Ltd. (Term Finance)**

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 80.0 m through acquisition of entire Spinning Plant & Machinery along with Askari Bank Ltd reducing the outstanding principal to Rs 192.407 m All the accrued markup of Rs 46.158m upto 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 3m 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(m), ranking charge over all current and fixed assets for Rs. 294 (m), legal mortgage of Rs. 0.1 (m) over resided property of directors, hypothecation charge on stock and book debts and personal guarantee of directors.

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

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 CONTINGENCIES

- 7.1.1 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.24.089 million.
- 7.1.2 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(M) 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 (M) has been made in the financial statements, as the legal opinion is favorable.
- 7.1.3 A foreign customer has filed a suit for \$ 1.734 million against the company for non delivery of goods against advance payment and requested the court to windup the company for recovery of the amount. The company contested the allegation in the High Court by filing a counter claim against the foreign buyer for \$ 1.734 (M) due to non performance on part of customer for non opening of L/Cs and other non compliances. The matter is pending in the High Court of Sindh.
- 7.1.4 Cross corporate Guarantee issued in favor of subsidiary / associated company amounts to Rs.52.50 million.
- 7.1.5 Guarantee issued to Excise and Taxation Officer by bank on behalf of the company amounting to Rs.25.37 million.

## 8 PROPERTY, PLANT AND EQUIPMENT

Operating Assets	813,945,356	1,772,209,173
Capital Work In Progress	6,839,356	22,675,881
	<u>820,784,713</u>	<u>1,794,885,054</u>

8.1 PROPERTY PLANT AND EQUIPMENTS

PARTICULARS	C O S T / R E V A L U A T I O N (R U P E E S)						R A T E %	D E P R E C I A T I O N (R U P E E S)						W.D.V.	
	AS AT 01.07.2015	ADDITION	REVALUATION	DELETION	TRANSFER	AS AT 31.03.2016		AS AT 01.07.2015	FOR THE YEAR	REVALUATION	DELETION	TRANSFER	AS AT 31/03/2016	AS AT 31/03/2016	
<b>OWNED:</b>															
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	8,854,885		(7,259,199)	-	270,134,206		
Plant & Machinery	663,877,695	-	(396,673,255)	(263,324,000)	(3,880,440)	0	6%	143,457,098	10,365,733	(153,492,400)	-	(330,431)	0.00		
Office Equipment	10,141,057	-		-	-	10,141,057	10%	6,413,713	274,177		-	-	3,453,167		
Tools & Equipment	6,035,843	-		-	3,880,440	9,916,284	10%	2,767,073	501,578		-	330,431	6,317,202		
Furniture & Fixture	6,195,732	-		-	-	6,195,732	10%	4,267,198	141,860		-	-	1,786,675		
Motor Vehicle	11,187,969	-		-	-	11,187,969	20%	6,969,227	610,216		-	-	3,608,526		
Arms & Ammunition	67,375	-		-	-	67,375	10%	38,820	2,101		-	-	26,454		
Electrical & Pipe Fitting	51,869,849	-		-	-	51,869,849	10%	37,649,057	1,046,057		-	-	13,174,735		
	2,021,289,449	15,836,525	(396,673,255)	(716,382,081)	-	924,070,639		249,080,275	21,796,606	(153,492,400)	(7,259,199)	-	813,945,356		
<b>Total Rupees Mar - 2016</b>	<b>2,021,289,449</b>	<b>15,836,525</b>	<b>(396,673,255)</b>	<b>(716,382,081)</b>	<b>-</b>	<b>924,070,639</b>		<b>249,080,275</b>	<b>21,796,606</b>	<b>(153,492,400)</b>	<b>(7,259,199)</b>	<b>-</b>	<b>813,945,356</b>		

8.2 Depreciation has been allocated as under:

	March 2016	June 2015
Manufacturing (Cost of Sales)	20,768,252	51,203,760
Administrative Expenses	1,028,353	1,998,846
	<b>21,796,606</b>	<b>53,202,606</b>

8.3 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) 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>		

	<u>March</u> <u>2016</u>	<u>June</u> <u>2015</u>
<b>9 OTHER OPERATING INCOME</b>		
Income From Financial Assets		
Return on Bank Term Deposits	1,436,358	829,170
Others		
Gain/Loss on disposal of fixed assets	1,077,118	2,121,325
Devaluation of Plant & Machinery	(177,432,204)	
Rental Income	1,142,397	-
Liabilities No Longer Payable- Markup charged	(17,781,143)	-
Markup Reversed	59,589,603	-
-Net Markup Reversed	41,808,460	-
Liabilities No Longer Payable - Creditors	25,458,605	
	<u>(106,509,266)</u>	<u>2,950,495</u>
<b>10 TRANSACTIONS WITH RELATED PARTIES</b>		
Electricity purchased	1,422,005	14,036,193
Rent Income	662,526	1,416,086
	<u>2,084,531</u>	<u>15,452,279</u>

Transactions with associated undertakings are carried out on normal commercial terms and conditions at arms length price.

**11 EVENT AFTER THE BALANCE SHEET DATE:**

There were no significant event since the balance sheet date.

**12 DATE OF AUTHORISATION FOR ISSUE:**

These financial information were authorised for issue on 28<sup>th</sup> April,2016 by the board of directors of the company.

**13 GENERAL**

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Date:28<sup>th</sup> April,2016